VAMED

ANNUAL REPORT 2011

	2011	2010
Orders on hand (€ m)	845.1	801.2
Sales (€ m)	737.4	712.8
International sales (%)	54.7	51.4
EBIT (€ m)	44.4	41.0
EBT (€ m)	46.0	42.6
Staff (as at Dec. 31)	3,724	3,110

Acc. to International Financial Reporting Standards (IFRS)

VAMED

VAMED Aktiengesellschaft
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ANNUAL REPORT 2011

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FOREWORD OF THE EXECUTIVE BOARD

VAMED's success in 2011 is based on our unique value chain from project development via construction to complete operational management in all areas of health care, i.e. prevention, acute care, rehabilitation and nursing. Our proven track record of economic success despite internationally demanding circumstances also means that VAMED is very well positioned to successfully address future challenges.

As the leading global provider of health care services VAMED is eager to render significant contributions to the continued development of health care systems and the enhancement of individual persons' quality of life. Through innovative approaches and wide-ranging offers VAMED has successfully managed to expand existing potentials, tap new markets, and solidify our leading market position also in 2011.
health. care. vitality. stand for the overall competence VAMED may refer to in the business fields prevention, acute care, rehabilitation and nursing.

In just three decades VAMED turned into a major health care provider with an international portfolio and is currently working in more than 60 countries on four continents. While at a first glance all these markets and their requirements seem to be most varied, the basic challenges we are facing are essentially the same. We therefore offer our partners and customers a complete portfolio, ranging from project development, planning and construction of health care facilities, via highly specialized services to complete operational management. VAMED accompanies projects over the entire life cycle of a health care facility. This way we ensure its sustainable success through a meaningful evaluation of how investment costs compare to long-term operating costs. However, it is not only the economical use of available resources that motivates these measures: they in particular result in quality improvements from which both patients and the staff of health care facilities will benefit.

Our determined efforts in quality management met with highest level approval also in 2011: The National Research Center for Maternal and Child Health in Astana, Kazakhstan, managed by VAMED, was the first public health care facility in the CIS to receive JCI accreditation, i.e. certification according to highest international quality and safety standards.

By 2011, VAMED had implemented more than 600 projects at national and international level, including 17 Public Private Partnership (PPP) models. It is in particular this innovative overall implementation approach employing customized partnership models that opens up new opportunities for investments in the health infrastructure sector. Furthermore, VAMED is a competence partner for many governments, ministries, and major public health care providers regarding the development and implementation of future-oriented health care provision plans.

In the acute care sector, VAMED may refer to significant achievements in 2011 in connection with planning and turn-key construction. A major success could be achieved in Germany: VAMED is going to build a new hospital in the district town Hofheim for the Main-Taunus district hospitals group. A further large contract was won in Russia for the renovation and expansion of City Hospital No. 4 in Sochi. That hospital will play an important role in health care during the 2014 Olympic Winter Games and turn into a VAMED reference project for the entire Russian area.

VAMED may also refer to successes in the rehabilitation sector in 2011. At Sonnberghof, a special oncological rehabilitation facility planned, built and operated by VAMED, about 100 beds for oncological rehabilitation, covered by statutory health insurance, have been available in the east of Austria as of the fall of 2011. With its seven rehabilitation centers and a market share of about 15 %, VAMED is currently the largest private provider of rehabilitation services in Austria.
Also the prevention and health tourism sector rendered a positive contribution to VAMED's overall success in 2011. Attracting around 2.5 million guests, VAMED Vitality World managed to raise its market share in Austria to more than 25 %. The inauguration of la pura women's health resort kamptal in mid-2011 marks the opening up a novel center with a focus on the health and wellbeing of women, which makes it unique in Austria and all of Europe. This means that VAMED generated an important surge in innovation in the health tourism sector in 2011, consolidating our market leadership in health and thermal spa tourism.

Also the year 2012 holds major challenges across the board for VAMED. The framework conditions against which health care providers operate will continue to change in light of demographic developments. The networking of sectors and technical areas, as well as an increasing demand for prevention and rehabilitation, are going to determine future development, the result of which will be integrated health care models. That process will not only be to the patients' benefit, it will also improve the economics of health care in general. VAMED will continue with consistency along the route of innovation and cooperation and meet the challenges of quality competition with success.

We are confident that VAMED's competences will be much in demand in light of the health care systems' dynamics. Also in the year 2011, VAMED again managed to increase turnover and results. We owe this success above all to our staff, and we should like to take this opportunity to express our appreciation for their outstanding performance, their attitude towards work, their cost awareness, commitment and drive. Likewise, we owe thanks to our customers, partners, and shareholders for the trust they placed in us and for their support during the past fiscal year.

The success of 2011 demonstrates that the VAMED group may build on its staff and partners and is capable of mastering major challenges using its own power and strength. Through our work and our wide and unique range of offers in acute care, rehabilitation and nursing as well as prevention we will also in the future evidence the economic success of our integrated health care models and their benefit for people's health and wellbeing.

Dr. Ernst Wastler
Chairman of the
Executive Board

Mag. Erich Ennsbrunner
Member of the
Executive Board

Mag. Gottfried Koos
Member of the
Executive Board

MMag. Andrea Raffaseder
Member of the
Executive Board

REPORT OF THE SUPERVISORY BOARD

At the Annual Shareholders' Meeting of VAMED AG, held on March 17, 2011, Dr. Robert HINK was elected to the Supervisory Board. KR Dkfm. Karl HOLLWEGER resigned from his position on the Supervisory Board.

In the fiscal year 2011, the Supervisory Board's deliberations focused on activities to strengthen the corporate areas 'Services' and 'Total Operational Management', on measures to further expand, strengthen and consolidate the position of the VAMED group in the health care sector in Central Europe and internationally (in particular in connection with the political situation in the Arab world/'Arab Spring'), as well as on the formation of companies and on corporate acquisitions.

The Executive Board informed the Supervisory Board in writing and orally on the development of the corporate business, the situation of the company, the group companies and the entire VAMED group. Where required in accordance with the provisions of the Companies Act, the Memorandum and Articles of Associations, or the company's rules and regulations, the Supervisory Board's approval was obtained.

The Financial Statements and the Management Report of VAMED AG were audited by Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna, who issued an unqualified report.

As regards the preparation of separate consolidated financial statements, the Executive Board made use of the exemption provisions under the Austrian Business Code, section 245, under which, as a result of inclusion into the majority shareholder's consolidated financial statements, no separate consolidated financial statements had to be prepared; (condensed) financial statements of the subgroup, representing the VAMED segment in the majority shareholder's consolidated financial statements, were made available to the Supervisory Board.

The Supervisory Board set up a Balance Sheet Committee to audit the financial statements of VAMED AG and the (condensed) financial statements of the VAMED group; after detailed audits and following the Balance Sheet Committee's meeting on March 1, 2012, the Committee recommended the Supervisory Board to approve of the financial statements.

In its meeting of March 14, 2012, the Supervisory Board accordingly approved of the Financial Statements, including Management Report, of VAMED AG, thereby adopting them under the Companies Act, section 96, para. 4.

The Supervisory Board is in approval of the Executive Board's suggestion on the use of the profit for the year.

The Supervisory Board suggests appointing Deloitte Audit Wirtschaftsprüfungs GmbH, 1010 Vienna, Renngasse 1/Freyung, as auditors for the Financial Statements 2012 of VAMED AG.

Thanks and recognition are due to the staff for their contribution in the fiscal year 2011.

Vienna, March 14, 2012

Dr. Gerd Krick
Chairman of the Supervisory Board

CORPORATE ORGANS OF VAMED AG

The Executive Board

CHAIRMAN OF THE EXECUTIVE BOARD	**Dr. Ernst Wastler**
MEMBER OF THE EXECUTIVE BOARD	**Mag. Erich Ennsbrunner**
MEMBER OF THE EXECUTIVE BOARD	**Mag. Gottfried Koos**
MEMBER OF THE EXECUTIVE BOARD	**MMag. Andrea Raffaseder**

The Supervisory Board

CHAIRMAN	**Dr. Gerd Krick** Chairman of the Supervisory Board of Fresenius SE & Co. KGaA Chairman of the Supervisory Board of Fresenius Management SE
DEPUTY CHAIRMAN	**Dkfm. Stephan Sturm** Member of the Executive Board of Fresenius Management SE, the general partner of Fresenius SE & Co. KGaA
MEMBERS	**Dr. Robert Hink (since March 17, 2011)** Secretary General of the Austrian Association of Municipalities (ret.)
	KR Dkfm. Karl Hollweger (until March 17, 2011) CEO of Österreichische Industrieholding AG (ret.)
	Dr. Reinhard Platzer CEO of Kommunalkredit Austria AG (ret.)
	KR Karl Samstag CEO of Bank Austria Creditanstalt AG (ret.)
	Mag. Andreas Schmidradner Managing Director of B&C Holding GmbH
DELEGATED BY THE WORKS COUNCIL	**Josef Artner**
	Otto Hager
	Ing. Robert Winkelmayer

VAMED GROUP STRUCTURE

As a globally operating company, VAMED is specialized on projects and services for hospitals and health care facilities, and each individual order places very special and challenging demands on the company. VAMED is eager to face these challenges: With technical expertise, competence and professionalism we turn into reality ideas and visions for the health of tomorrow.

PROJECTS		SERVICES	
INTERNATIONAL (without Central Europe)	CENTRAL EUROPE	for AKH and KAV, Vienna	CENTRAL EUROPE and INTERNATIONAL
VE VAMED ENGINEERING GmbH & CO KG, Vienna	**VSG** VAMED Estate Development and Engineering GmbH & CO KG, Vienna	**VKMB** VAMED-KMB Technical Operation and Management Ltd., Vienna	**VMS** VAMED Management and Service GmbH & Co KG, Vienna

»VAMED's clustering and networking of expertise positions the company as a unique partner in health care.«

VAMED WORLDWIDE

Employing a staff of several thousand, VAMED works worldwide on ideas and their implementation for health care facilities of the future.

VAMED has implemented with success more than 600 facilities in health care and health tourism (hospitals, research centers, nursing homes, residences for senior citizens, health and spa centers and thermal resorts) in more than 60 countries. Just under 80 % of these projects were implemented in Europe. In addition, VAMED has established firm roots in the form of important projects already many years ago in Southern Central Asia, Africa, Asia, and Latin America, where the company has secured its competitive advantage through know-how, professionalism, and solutions tailored to meet local needs.

»Committed to health, worldwide.«

VAMED AS AN INTEGRATED HEALTH CARE PROVIDER

From individual services to overall implementation projects, including operational management: VAMED is the partner for all health-care sector projects where overall solution competence is required.

health. care. vitality. are the three aspects of human health and wellbeing, for which we are working worldwide.

The networking and integration of all competencies in the project business and service sectors alike helps VAMED develop customized solutions for projects and enables us to offer from a single source whatever is required for their implementation.

»As we understand health in a holistic way, VAMED provides the full range of services.«

VAMED'S PERFORMANCE SPECTRUM

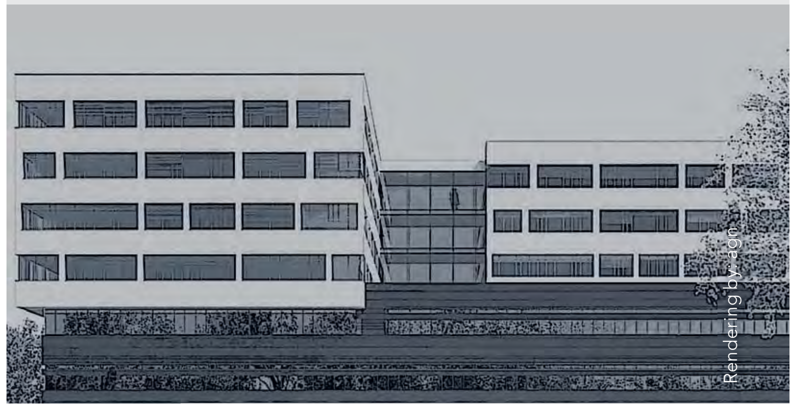
VAMED combines professional consultation, planning and construction, financial engineering and management competence and – backed up by a firm commitment to quality, efficiency, and reliability – ensures the sustainable success of projects and of partners in health care – globally.

PROJECT DEVELOPMENT

It all starts with the first idea.

The initial idea for a project is the driving force behind a joint plan: Based on a first idea for a project, VAMED develops individually adjusted and customized solutions to put the project on the right track in functional, technical and financial terms.

- **Ideas, plans**
- **Market and efficiency analyses**
- **Planning criteria**
- **Staff and organization planning**
- **Information systems**
- **Financial engineering**



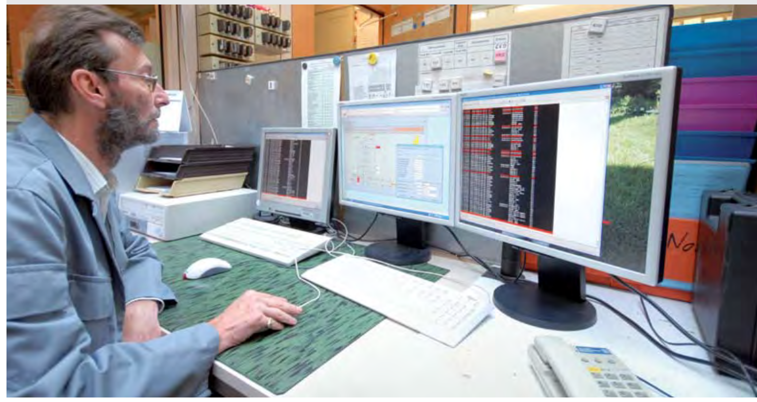
PLANNING

Competence through concentrated know-how.

The complex challenges faced when planning projects in the health care sector require a professional team that can put its experience and know-how to good use in designing new solutions – a team that can be trusted.

VAMED's experts, forming a competent and well-coordinated team, plan projects from the very beginning and assume responsibility for their complete implementation.

- **Target planning**
- **Functional and operational planning**
- **General planning**
- **Architecture and technical building systems planning**
- **Medical equipment planning**
- **IT planning**



CONSTRUCTION

From the planning stage to the finished building.

VAMED is the professional partner for health care projects, from the ground-breaking ceremony to handing-over the turn-key project. Implementation meeting all requirements in terms of deadlines, costs and quality is ensured, as is financial engineering and accompanying control.

- **Medical equipment packages**
- **Turnkey contracting**
- **Project management**
- **Financial engineering**
- **Putting into operation**
- **Staff training**

OPERATIONAL MANAGEMENT

Comprehensive support, assuming full responsibility.

VAMED offers the whole service and operational management range for all health care facilities.

The service business has a modular structure and comprises all areas. With this integrated range of services VAMED warrants optimum management and control over a facility's entire life cycle.

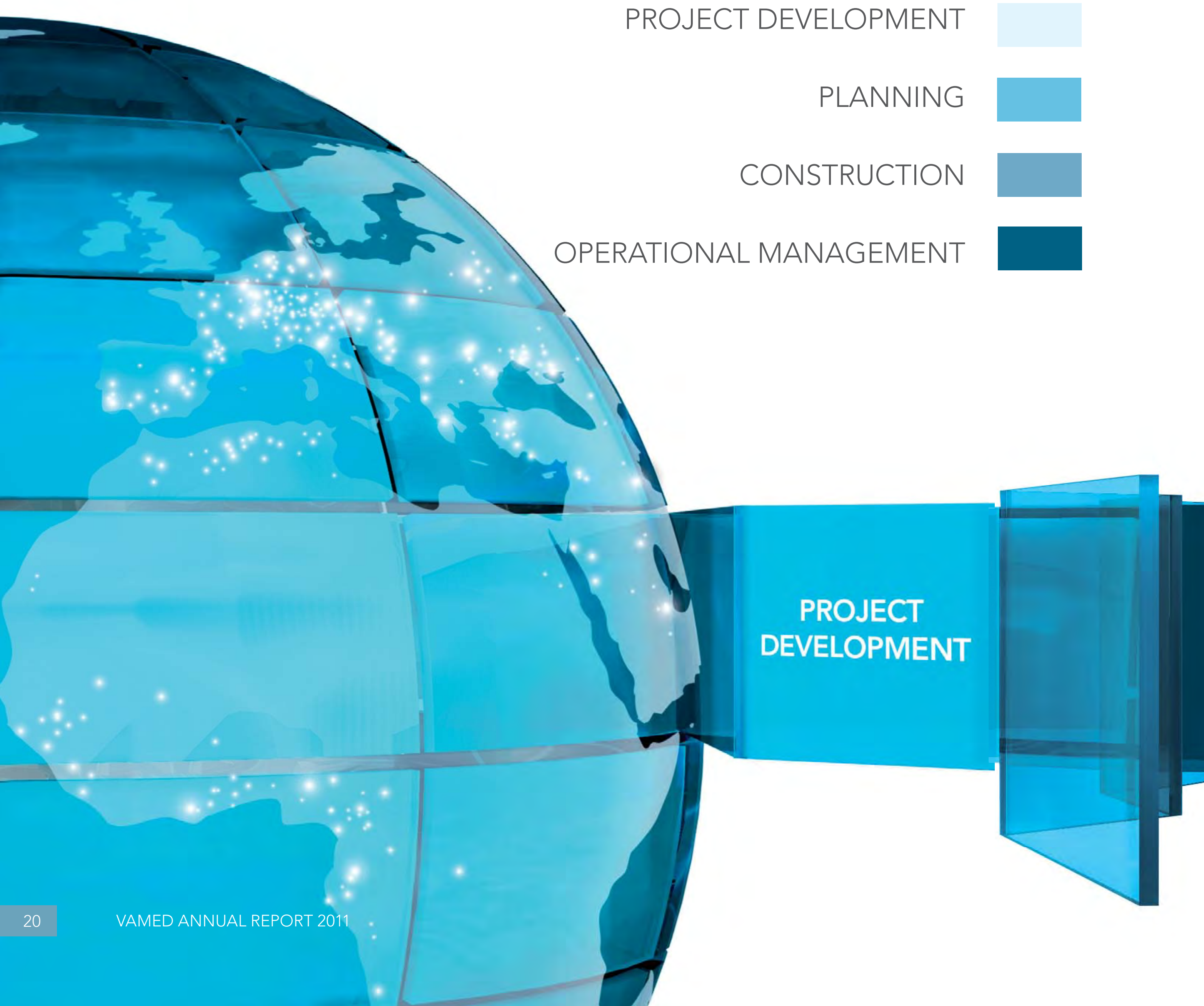
- **Total operational management**
- **Commercial, technical and infrastructure services**
- **IT solutions**
- **Logistics**
- **Quality management**

VAMED PROJECTS

By 2011, VAMED had implemented more than 600 projects at an international level, 17 of which were Public Private Partnership (PPP) models.

It is in particular the public sector that displays increasing interest in Public Private Partnerships (PPPs). For these business models, public and private partners set up a joint project company to plan, build, finance and operate hospitals and other health care facilities.

In order to increase efficiency and ensure its competitive edge, VAMED is always trying to find new and innovative approaches. Apart from partnership-based implementation models, as for instance PPP and lifecycle models, these include international structured financial engineering and the continuous further development of instruments and processes for the implementation and operational management of health care facilities.



VAMED PROJECTS

PROJECT DEVELOPMENT | PLANNING | CONSTRUCTION | OPERATIONAL MANAGEMENT

GARS AM KAMP REHABILITATION CLINIC, GARS AM KAMP, AUSTRIA

CUSTOMER
Province of Lower Austria

HOSPITAL TYPE
Psychiatric rehabilitation

NUMBER OF BEDS
100

PROJECT SCOPE
Conversion of a former hotel into a rehabilitation clinic, extension, total operational management

COMPLETION
2011

HEALTH CARE CENTER OBERNDORF, OBERNDORF, AUSTRIA

CUSTOMER
Oberndorf municipality

HOSPITAL TYPE
General public hospital and rehabilitation center for orthopedics, accident and neurosurgery, as well as health center

NUMBER OF BEDS
110 (acute), 60 (rehabilitation)

PROJECT SCOPE
Total operational management as well as planning and extension of the existing general public hospital; turn-key construction of the rehabilitation and health center

COMPLETION
2011, Health Center 2013

GENERAL HOSPITAL OF THE CITY OF VIENNA, VIENNA, AUSTRIA

CUSTOMER
ARGE-AKH (Republic of Austria and City of Vienna)

HOSPITAL TYPE
General hospital and university clinics

NUMBER OF BEDS
2,100

PROJECT SCOPE
Completion and putting-into-operation of General Hospital – Medical University Campus, staff training; ongoing extension work and technical management ever since

COMPLETION
1994

FACILITY MANAGEMENT
since 1986

EFQM-AWARD 2010
(European Foundation for Quality Management)

THERME WIEN MED, VIENNA, AUSTRIA

CUSTOMER
Therme Wien GmbH & Co KG

HOSPITAL TYPE
Medical competence center for the locomotor system (outpatient rehabilitation)

PROJECT SCOPE
Project development, planning, turn-key construction and total operational management

COMPLETION
2011

OPERATIONAL MANAGEMENT
since 2011

ONCOLOGICAL REHABILITATION CENTER SONNBERGHOF, BAD SAUERBRUNN, AUSTRIA

CUSTOMER
VAMED-operated

HOSPITAL TYPE
Center for oncological rehabilitation

NUMBER OF BEDS
240

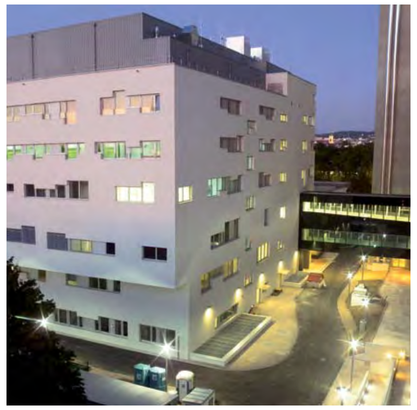
PROJECT SCOPE
Project development, planning, construction and total operational management

OPERATIONAL MANAGEMENT
since 2009

VAMED PROJECTS

PROJECT DEVELOPMENT   PLANNING   CONSTRUCTION   OPERATIONAL MANAGEMENT

CENTER FOR PEDIATRIC SURGERY, VIENNA, AUSTRIA



CUSTOMER
ARGE-AKH (Republic of Austria and City of Vienna)

HOSPITAL TYPE
Center for pediatric surgery

NUMBER OF BEDS
21

PROJECT SCOPE
Planning and construction

COMPLETION
2011

LA PURA WOMEN'S HEALTH RESORT KAMPTAL, GARS AM KAMP, AUSTRIA

CUSTOMER
Health Resort Gars Ltd.

KEY FACTS
Medical wellness resort for women only

PROJECT SCOPE
Renovation, extension and repositioning of the former Medical Vital Resort Gars, total operational management

OPERATIONAL MANAGEMENT
since 2011

AQUA DOME TIROL THERME LAENGENFELD, LAENGENFELD, AUSTRIA

CUSTOMER
Thermal Spa Laengenfeld Development and Operating Ltd.

KEY FACTS
Thermal resort with indoor and outdoor pools, sauna area, fitness, beauty and medical center, gastronomy area, 320-bed 4-star hotel with own thermal spa complex, seminar facilities

PROJECT SCOPE
Project development, financing, planning, construction, putting-into-operation and total operational management following completion

COMPLETION
2010, extension 2012

AUSTRIA'S LEADING SPA RESORT 2011

COLOGNE-MERHEIM HOSPITAL, COLOGNE, GERMANY

CUSTOMER
Hospitals of the City of Cologne, non-profit Ltd.

HOSPITAL TYPE
General hospital

NUMBER OF BEDS
108 additional beds (total of 750 beds)

PROJECT SCOPE
Planning, turn-key construction and putting-into-operation of new hospital structures supplementary to the Cologne-Merheim Hospital, including car park

COMPLETION
2012

UNIVERSITY HOSPITAL CHARITÉ BERLIN, BERLIN, GERMANY

CUSTOMER
University Hospital Charité Berlin

HOSPITAL TYPE
University hospital

NUMBER OF BEDS
3,200 beds at four locations

PROJECT SCOPE
Facility management via the service company CFM (Charité Facility Management Ltd.), a joint company of Charité, VAMED, Dussmann and Hellmann

FACILITY MANAGEMENT
since 2006

VAMED PROJECTS

PROJECT DEVELOPMENT · PLANNING · CONSTRUCTION · OPERATIONAL MANAGEMENT

MAIN-TAUNUS DISTRICT HOSPITALS GROUP,
HOFHEIM AM TAUNUS, GERMANY

CUSTOMER
Main-Taunus Hospitals Ltd.

HOSPITAL TYPE
General hospital

NUMBER OF BEDS
173 beds for inpatients and 10 dayclinic beds

PROJECT SCOPE
Planning, financing and turn-key construction

COMPLETION
2016

UNIVERSITY HOSPITAL SCHLESWIG-HOLSTEIN,
KIEL, LÜBECK, GERMANY

CUSTOMER
University Hospital Schleswig-Holstein

HOSPITAL TYPE
General hospital, university clinic

NUMBER OF BEDS
2,400

PROJECT SCOPE
Establishing and managing two service companies for hospital IT operation

IMPLEMENTATION
since 2010

GENERAL HOSPITAL "SVETI VRACEVI",
BIJELJINA, BOSNIA-HERZEGOVINA

CUSTOMER
Ministry of Health

HOSPITAL TYPE
General hospital

NUMBER OF BEDS
246

PROJECT SCOPE
Planning, financial engineering, turn-key construction and equipment, putting-into-operation and staff training

COMPLETION
2012

MEDITERRA CLINICS,
CZECH REPUBLIC

CUSTOMER
VAMED-operated

HOSPITAL TYPE
3 general hospitals,
1 general hospital with rehabilitation facilities

NUMBER OF BEDS
434 beds at four locations

PROJECT SCOPE
Total operational management of all four hospitals, as well as extension of the Malvazinky hospital

OPERATIONAL MANAGEMENT
since 2008

VAMED PROJECTS

PROJECT DEVELOPMENT PLANNING CONSTRUCTION OPERATIONAL MANAGEMENT

REGIONAL HOSPITAL NO. 1, KRASNODAR, RUSSIA

CUSTOMER
Krasnodar Region

HOSPITAL TYPE
Central hospital

NUMBER OF BEDS
300 new beds
(total of 1,200 beds)

PROJECT SCOPE
Planning and implementation of reconstruction and extension of the central hospital, incl. putting-into-operation

COMPLETION
2012

HOSPITAL NO. 4, SOCHI, RUSSIA

CUSTOMER
Krasnodar Region

HOSPITAL TYPE
General hospital

NUMBER OF BEDS
350

PROJECT SCOPE
Extension and modernization of the municipal hospital

COMPLETION
2013

NATIONAL RESEARCH CENTER FOR MATERNAL AND CHILD HEALTH, ASTANA, KAZAKHSTAN

CUSTOMER
National Medical Holding

HOSPITAL TYPE
Mother/child hospital

NUMBER OF BEDS
500

PROJECT SCOPE
Total operational management in cooperation with Medical University of Vienna International

MANAGEMENT
since 2009

JCI-CERTIFICATION
(Joint Commission International)

AL AIN HOSPITAL, ABU DHABI, UAE

CUSTOMER
Abu Dhabi Health Service Company, Al Ain

HOSPITAL TYPE
Specialist hospital as well as teaching hospital

NUMBER OF BEDS
425

PROJECT SCOPE
Total operational management in cooperation with Medical University of Vienna International

OPERATIONAL MANAGEMENT
since 2007

SEHA HOSPITAL OF THE YEAR 2010
(Abu Dhabi Health Service Company)

JCI-CERTIFICATION
(Joint Commission International)

VAMED PROJECTS

PROJECT DEVELOPMENT PLANNING CONSTRUCTION OPERATIONAL MANAGEMENT

ONCOLOGICAL CENTER HUE, HUE, VIETNAM

CUSTOMER
Ministry of Health/Hue hospital

HOSPITAL TYPE
General hospital

NUMBER OF BEDS
2,050

PROJECT SCOPE
Enlargement of the existing hospital by an oncology center

COMPLETION
2013

MAHOSOT UNIVERSITY HOSPITAL, VIENTIANE, LAOS

CUSTOMER
Ministry of Health

HOSPITAL TYPE
University hospital

NUMBER OF BEDS
450

PROJECT SCOPE
Enlargement of radiology department, surgical and intensive care wards

COMPLETION
2011

NATIONAL CANCER INSTITUTE, KUALA LUMPUR, MALAYSIA

CUSTOMER
Ministry of Health

HOSPITAL TYPE
Oncology Center

NUMBER OF BEDS
252

PROJECT SCOPE
Planning, supply and installation of medical equipment

COMPLETION
2013

XUNDIAN HOSPITAL, XUNDIAN, P.R. OF CHINA

CUSTOMER
Xundian hospital

HOSPITAL TYPE
General hospital

PROJECT SCOPE
Planning, supply and installation of medical equipment

COMPLETION
2012

VAMED PROJECTS

PROJECT DEVELOPMENT | PLANNING | CONSTRUCTION | OPERATIONAL MANAGEMENT

5 POLYCLINICS, GHANA

CUSTOMER
Ministry of Health

HOSPITAL TYPE
Polyclinics

NUMBER OF BEDS
75 (15 at each location)

PROJECT SCOPE
Planning, financial engineering, turn-key construction, equipment, and putting-into-operation

COMPLETION
2010

GENERAL HOSPITAL OWENDO, OWENDO, GABON

CUSTOMER
Ministry of Health

HOSPITAL TYPE
General hospital

NUMBER OF BEDS
151

PROJECT SCOPE
Planning, financial engineering, turn-key construction and putting-into-operation

COMPLETION
2013

CENTER FOR RADIATION THERAPY MISSABOUGOU, MALI

CUSTOMER
Ministry of Health

HOSPITAL TYPE
Radiation therapy

PROJECT SCOPE
Planning, turn-key construction and putting-into-operation

COMPLETION
2012

HÔPITAL COMMUNAUTAIRE AUTRICHIEN-HAITIEN, ST. LOUIS DU NORD, HAITI

CUSTOMER
Hilfswerk Austria International (NGO)

HOSPITAL TYPE
Specialist hospital for children, internal medicine, gynecology and surgery

NUMBER OF BEDS
20

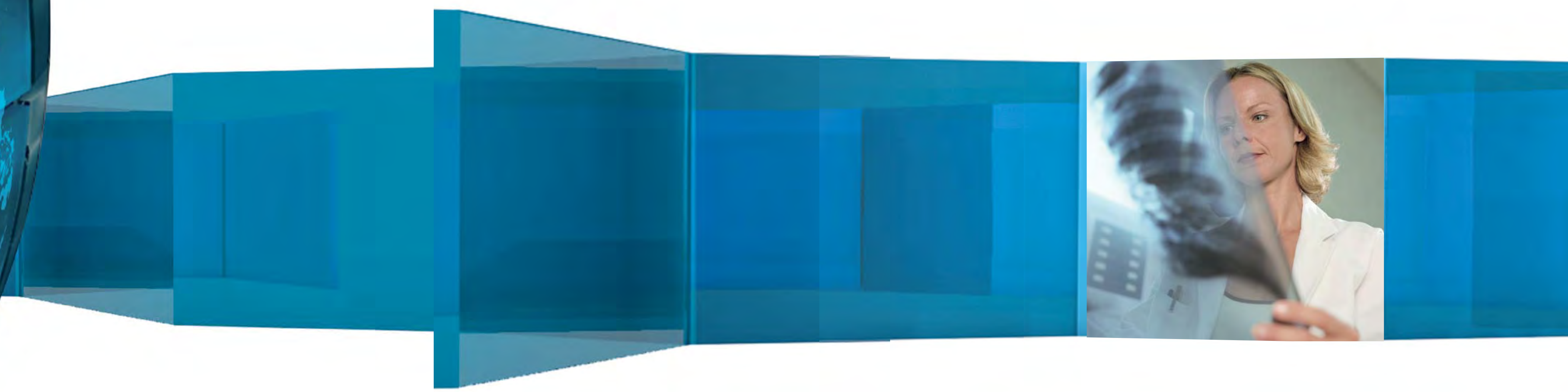
PROJECT SCOPE
Project development, planning, construction, operational management

COMPLETION
2011

GROUP REPORT 2011

Group Management Report, Consolidated Income Statement, Statement of Comprehensive Income of the Group, Consolidated Balance Sheet, Consolidated Cash Flow Statement, Consolidated Statement of Shareholders' Equity, Notes on the Consolidated Financial Statements

The consolidated financial statements of the VAMED group are equivalent to the segment report "Fresenius Vamed" in the consolidated financial statements of Fresenius SE & Co. KGaA according to IFRS and are referred to herein as 'financial statements of the VAMED group'.



GROUP MANAGEMENT REPORT 2011

VAMED achieved excellent results in 2011.
VAMED may refer to a successful fiscal year 2011 – sales increased by 3 %, EBIT is up more than 8 %, and earnings before tax (EBT) improved by 8 %. An order intake of about the same level as last year and a plus of almost 5 % in our order books form a solid basis for future growth.

1. Economic report

1.1 General economic and business situation

VAMED is specialized on international projects and services for hospitals and health care centers. Our range of services comprises the complete value chain in the health care sector, ranging from consultation, project development, planning and turn-key completion via maintenance and technical management to total facility management. Our wide-ranging competencies warrant an efficient and successful support of complex health care facilities over their entire life cycles. VAMED is in addition a pioneer in the area of Public Private Partnership (PPP) models for hospitals and other health care facilities in Central Europe.

As a global provider of health care facilities with a wide-ranging service portfolio, VAMED has achieved a unique market position.

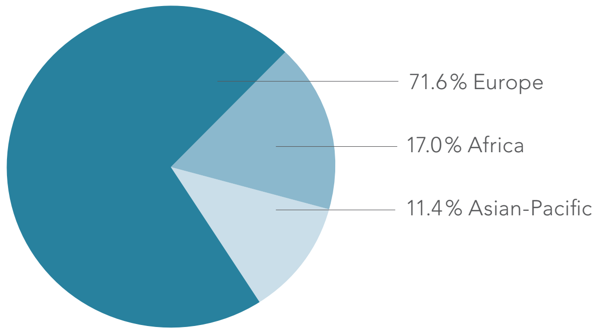
VAMED has so far successfully implemented some 600 projects in more than 60 countries dispersed over four continents.

1.2 Business development

Economic development
In the fiscal year 2011, VAMED managed to increase sales by more than 3 % to a total of € 737 million (2010: € 713 million). The organic growth rate was 4 %. Sales by sectors developed as follows:

in T€	2011	2010	Changes
Project business	493,854	486,433	1.5 %
Service Business	243,553	226,408	7.6 %
Total	**737,407**	**712,841**	**3.4 %**

Sales broken down by regions:
In 2011, Europe was the most dynamic sales region, accounting for 71.6 % of total sales. Africa and the Asian-Pacific regions contributed 17.0 % and 11.4 %, respectively, to total sales.



2011: T€ 737,407

In 2011, VAMED was further responsible for sales of a volume of about € 595 million (2010: € 569 million) in connection with management contracts. The resulting fees are shown in VAMED's financial statements.

In the year under review, project business again developed excellently and orders on hand rose by 5.0 % to € 845 million.

VAMED's earnings performance also was outstanding. EBIT rose by 8 % to € 44 million (2010: € 41 million), and the EBIT margin of 6 % exceeded the previous year's level (2010: 5.8 %). In project business, EBIT rose by 23 % to € 28 million (2010: € 23 million). In service business, VAMED achieved an EBIT of € 16 million (2010: € 18 million).

A result of our business model's low capital intensity, VAMED's return on equity (ROE) before taxes is excellent at 20.6 % (2010: 21.2 %).

VAMED's net income was € 34 million, an increase of 13% against the previous period (2010: € 30 million).

VAMED'S VALUE CHAIN

PROJECT BUSINESS

- Project development
- Consulting
- Planning
- Project management and construction

SERVICE BUSINESS

- Total operational management
- Facility management
- Medico-technical management
- Logistics/procurement
- IT solutions/information systems

Project business

Our project business comprises consultation, project development and planning, the turn-key completion of a project, including financing management. VAMED responds flexibly to their local clients' needs, providing customer-tailored solutions, all from one source. VAMED also implements projects together with cooperation partners. It is in particular the public sector that displays increasing interest in Public Private Partnerships (PPPs). For these business models, public and private partners set up a joint project company to plan, build, finance and operate hospitals and other health care facilities. Also for 2011, VAMED may refer to a successful performance in its project business. In the following, brief information about important projects in individual project business target markets is given:

Europe

Another major success could be achieved in Germany: VAMED won a contract for the new construction of a hospital for the Main-Taunus district hospitals group. The new hospital is planned to further improve treatment quality and render hospital operation more efficient. The investment volume amounts to € 42 million. The contract for the turn-key construction of a new Examination and Treatment Center at the University Hospital of Cologne (U/B West) will be completed in 2012. The investment volume amounts to € 65 million. VAMED was also put in charge of facility management over a period of 25 years, including required reinvestments. The partial reconstruction of the Merheim Clinic near Cologne, which was started in 2009, is on schedule. Special mention must be made of the fact that construction work is being carried out with the facility in full operation. The investment volume amounts to € 58 million.

In Austria, the focus was on the development of further PPP projects and on holistic implementation models. In early 2011, the renovation and extension work of the Gars am Kamp Rehabilitation Clinic was finished. Operations were successfully started. We also completed a Psycho-Social Health Center in Rust. The inauguration of la pura women's health resort kamptal marks the opening of a center that is purely focused on women's health, which makes it unique. Based on latest insights into modern gender medicine, the services provided in an exclusive hotel atmosphere are in line with holistic concepts of prevention and treatment and constitute a meaningful synthesis of conventional and proven complementary medicine. On the premises of the Otto Wagner Hospital in Vienna, we have started the turn-key construction of a rehabilitation center for inpatients to improve orthopedic acute care. VAMED will also be in charge of that center's operational management. The order received for the enlargement and operational management of a further nursing home in Rechnitz – we are now in charge of a total of three such institutions – further strengthens our existing PPP partnership regarding nursing homes in the Burgenland province.

In Bosnia, work on the major order for the overall implementation of the 246-bed General Hospital Bijeljina was continued as planned. In Romania, contracts for the modernization and renewal of a total of three hospitals were signed. In Russia, construction work on a 300-bed turn-key hospital in Krasnodar was carried on according to schedule. That hospital is planned to be completed in 2012. VAMED was awarded a major contract for the renovation and enlargement of the Municipal Hospital No. 4 in Sochi. With its 350 beds and 16 operating rooms that hospital will provide a major contribution to health care during the 2014 Olympic Winter Games. The hospital will also constitute a reference project for further health care facilities in Russia. In Turkmenistan, the first medical technology supply contracts are already being carried out. In Ashgabat, three orders could be won (House of Health, Traumatology, New Frontier Hospital), as well as a further one in Bereket.

Africa

In Gabon, construction work on the turn-key specialist hospital for cancer patients in Angondje was completed ahead of schedule. The stage 1 renovation and extension work on a large hospital in Libreville was completed in 2011 ahead of schedule. What followed was a more than € 100 million contract for work on stage 2. Following the successful completion and putting-into-operation of five polyclinics in Ghana, we won a follow-up contract for the construction of further five turn-key polyclinics. In Nigeria, final completion work on a total of 14 university hospitals, which we modernized, was successfully continued. We also managed to open up the market in Mali and received a contract for the construction of a radiation therapy center.

Asia-Pacific

Malaysia, Vietnam, and China are important markets for VAMED in Asia, where we have been working with success for many years already. The high level of customer satisfaction with our handling of existing contracts helped VAMED obtain new orders, as for instance in China. In 2011, we received a total of seven medical technology supply contracts from different Chinese provinces. Among others, VAMED is in charge of the entire medical technology of the People's Hospital Wuhu. The investment volume amounts to € 5.6 million.

In Malaysia, VAMED was commissioned with the planning, supply and installation of medical technology for the National Cancer Institute. Furthermore, the International Medical Center Sarawak was completed. In Vietnam, in addition to the implementation of existing projects as planned, VAMED won a further forward-looking contract: the enlargement of the hospital in Hue with special facilities for oncological care.

A first order for the modernization and enlargement of the Mahosot University Hospital marks our successful entry into the Laotian market.

Latin America

In addition to existing projects in El Salvador, Peru, and Colombia, VAMED received a first order from Honduras. That order is for the planning, supply, installation and putting-into-operation of medical technology for two hospitals.

One year after the devastating earthquake in Haiti the new Hôpital Communautaire Autrichien – Haïtien was opened up. That hospital ensures basic healthcare for tens of thousands of people. The realization of that project is the result of a successful cooperation of partners from Austria and Germany. As a partner, VAMED was in charge of construction and operated the hospital in the start-up phase.

Service Business

VAMED's service business has a modular structure and comprises all facility management aspects in technical, commercial and infrastructure terms for health care objects. Services on offer include the maintenance of buildings, services of all devices and medico-technical equipment, waste management and energy management, cleaning of buildings and exterior facilities, security services and also technical operational management, and total facility management of health care facilities. With this offer of integrated solutions VAMED warrants an optimum management and operation of a facility over its entire life cycle, from its construction to the end of its primary useful life, or to its modernization and extension. VAMED also takes over logistics tasks in health care. Through optimizing processes, VAMED minimizes logistics costs and ensures the required quality of health care. We therefore take particular pride in the fact that our determined efforts in quality management have won highest-level accolades also in 2011: The National Research Center for Maternal and Child Health in Astana, Kazakhstan, managed by VAMED, was the first public health care facility in the CIS to receive JCI accreditation, i.e. certification according to highest international quality and safety standards. In Austria, the Neurological Therapeutic Center Kapfenberg, for the fourth time in a row, was awarded the Golden Seal of the Joint Commission International, the highest health care facility quality certification body of worldwide renown, and therefore accredited under the industry's most rigorous quality standards.

The following survey outlines relevant changes in individual target markets of our services business:

Europe

In 2011, VAMED successfully continued its 25-year partnership with the General Hospital of the City of Vienna – Medical University Campus (AKH). VAMED has been in charge of technical management of the AKH since 1986. Apart from that, VAMED is actively involved in construction work for the final completion of the AKH. The AKH Vienna is one of the largest hospitals in Europe, comprising 30 clinics and institutes with about 2,100 beds.

In Lower Austria, VAMED successfully continued the facility management of two hospitals with a total of 1,230 beds. Apart from the AKH, this is the second largest service contract VAMED has won in Austria. After putting-into-operation of the Gars am Kamp Rehabilitation Clinic, VAMED is now in charge of seven rehabilitation facilities and, with a market share of about 15 %, the largest private provider of rehabilitation services in Austria.

The PPP model Oberndorf near Salzburg has become a VAMED reference project for integrated health care. Following the taking over of total operational management in 2008, the reconstruction and extension of the existing acute hospital as well as the turnkey construction of the rehabilitation center could be successfully completed. The additional health center will be completed in 2012.

In Germany, Charité CFM Facility Management Ltd., the consortium led by VAMED, is in charge of the entire service sector, except for Charité's purely medical services. A staff of about 2,600 is busy fulfilling one of the largest orders ever placed in the European hospitals sector. The service contract with the Hamburg-Eppendorf university hospital was continued to the customer's full satisfaction and an early extension of that contract has again been agreed upon. The five-year partnership entered into with Schleswig-Holstein University Hospital in 2010 is being continued with success. That partnership aims at further improving IT services and IT equipment and at increasing the operational efficiency of the IT infrastructure.

Asia-Pacific

The management contract for total operational management in Abu Dhabi was again extended. After Al Ain Hospital in Abu Dhabi/UAE, the National Research Center for Maternity and Child Health in Astana/Kazakhstan, with about 500 beds, is the second hospital in our Asian target markets where VAMED has assumed total operational management. These projects are implemented in cooperation with the Vienna University of Medicine and constitute important reference projects of VAMED's total operational management competencies.

As a result of consistent efforts at working the market in Thailand, VAMED also managed to perform well there: Following first contracts in 2009, the service contracts for the Ramathibodi University Hospital as well as a consultation contract for a Medical Spa in Bangkok were successfully continued.

Africa

The Medical Center Tripoli in Libya is one of VAMED's most important technical operational management reference projects. The refurbishment of the Gharian Hospital in Libya, during ongoing operations, will be continued in 2012.

In Gabon, VAMED is in charge of the total operational management of seven regional hospitals and of the technical operational management of the Omar Bongo Ondimba Hospital in Libreville.

VAMED Vitality World

A new health consciousness and the desire for increased vitality are converting spas and wellness centers into valuable health care facilities of ever increasing importance. With the thermal spa and health resorts of VAMED Vitality World, and owing to decades of experience in all relevant fields, VAMED succeeded in bridging the gap between preventive medicine and health tourism and developed an offer for our health-conscious guests that unites the benefits of a health tourism facility with the beauty of the natural environment surrounding it. Currently, VAMED operates eight thermal spa and health tourism resorts in six different Austrian provinces and thus is the country's market leader.

In 2011, VAMED started extensive renovation and enlargement work at two VAMED Vitality World resorts, AQUA DOME-Tirol Therme Laengenfeld and Therme Geinberg. These projects, together with the inauguration of la pura women's health resort kamptal with a focus on the health and wellbeing of women, indicate that, in 2011, VAMED generated an important surge in quality and innovation in the health tourism sector to ensure our market leadership in the long term. In the same year, four of the VAMED Vitality World resorts received international awards. Tauern SPA Zell am See-Kaprun was chosen "Europe's Leading Lifestyle Resort 2011". St. Martins Spa & Lodge was the winner in the category "Austria's Leading Resort", and AQUA DOME-Tirol Therme Laengenfeld in the category "Austria's Leading SPA Resort". Already in the first year after its opening, Therme Wien was ranked first in the "Best Thermal Spa" and on the third place in the "Best Sanatorium" categories at the "European Health & Spa Awards", and received the Marketing Award 2011 from the European Waterpark Association (EWA).

1.3 Results of operations, financial position, assets and liabilities of the VAMED group

1.3.1 Results of operations

In the fiscal year 2011, the VAMED group managed to increase consolidated sales from T€ 712,841 to T€ 737,407, or by about 3 %.

Breakdown of sales by regions and sectors:

in T€	2011	2010	Changes
Project business	493,854	486,433	1.5 %
Service business	243,553	226,408	7.6 %
Total	**737,407**	712,841	**3.4 %**

Earnings before taxes and non-controlling interests (EBT) are about € 46 million, up some € 3.4 million (or about 8 %) against the previous period.

At about € 1.6 million, the financial result is at a similar level than last year's € 1.5 million approx.

Taxes on income and earnings fell by about € 0.9 million to about € 11 million. Based on EBT, the tax ratio is 24.2 % (previous period: 28.3 %).

1.3.2 Assets and liabilities

in T€	Dec. 31, 2011	%	Dec. 31, 2010	%
ASSETS				
Current assets	419,654	70.6 %	381,785	69.6 %
Property, plant and equipment; goodwill; other intangible assets	80,452	13.5 %	78,922	14.4 %
Other non-current assets	94,251	15.9 %	88,022	16.0 %
Balance sheet total	**594,357**	**100.0 %**	**548,729**	**100.0 %**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Short-term liabilities	305,422	51.4 %	274,934	50.1 %
Long-term liabilities	65,318	11.0 %	72,833	13.3 %
Shareholders' equity	223,617	37.6 %	200,962	36.6 %
Balance sheet total	**594,357**	**100.0 %**	**548,729**	**100.0 %**

Investments

The following investments were made by the VAMED group:

in T€	2011	2010
Property, plant and equipment	5,680	6,784
Goodwill	0	138
Other intangible assets	1,333	1,990
Total	**7,013**	**8,912**

The increase in property, plant and equipment mainly refers to replacement and renewal investments in connection with furniture and fixtures.

1.3.3 Financial position

in T€	2011	2010	Changes
Order intake (project business)	603,715	624,757	-3.4%
Sales	737,407	712,841	3.4%
Operative result before interest, taxes, depreciation, amortization (EBITDA)	51,242	48,619	5.4%
EBITDA margin	6.9%	6.8%	
Operating result (EBIT)	44,393	41,018	8.2%
EBIT margin	6.0%	5.8%	
Earnings before taxes and non-controlling interests (EBT)	45,975	42,566	8.0%
EBT margin	6.2%	6.0%	
Net income	34,179	30,126	13.5%
Balance sheet total	594,357	548,729	8.3%
Shareholders' equity	223,617	200,962	11.3%
Equity ratio	37.6%	36.6%	
Tax ratio (based on EBT)	24.2%	28.3%	

1.4 Non-financial performance indicators

The past record of success and the future potential of the VAMED group are essentially based on the following key factors:

- unique overall competencies in the health care sector;
- the skills and potentials of our staff members, the result of their training, expertise, and project experience;
- their ability and readiness to cooperate beyond organizational units and geographic boundaries;
- internationalism, multi-cultural experience and the resulting ability to develop adequate solutions worldwide;
- producer-independence; our product and producer neutrality ensures optimum benefits for our customers;
- the ability of the entire VAMED group – in the sense of a 'learning organization' – to put to good use and further develop the experience gathered in connection with projects;
- the setting of demanding standards by management and the committed promotion of staff complying with them;
- integration into a large international group operating in the health care sector, tapping all opportunities an international network offers.

This is why the company for years already has attached top priority to further developing their human capital, the single most important factor to ensure lasting success, and established an HCM – Human Capital Management program. Related processes within the lead companies of the VAMED group aim at raising individual training levels and improving qualitative and quantitative resources, thus promoting the organization's capability to perform.

Within the scope of strategic personnel planning, processes are being implemented for the identification of high potentials, i.e. top performers capable of assuming managerial responsibilities. The aim is to specifically train them to fulfill future tasks.

The HCM program is an important instrument that helps to promote identification with the company, prevent high potentials from leaving our company and develop best-trained staff well familiar with the relevant sector in each case to fill responsible positions, and in general to both widen and deepen know-how over the entire value chain of the VAMED group. This at the same time helps to shorten familiarization periods and to substantially reduce placement errors.

The expansion of the 'VAMED Academy', our internal training and further training center, by additional technical fields and topics on issues like personality development, leadership skills, social and methodological competencies was advanced in 2011 with consistency and will be continued in 2012.

The further development of staff is supplemented and supported by knowledge management systems and quality management systems established at individual company level to meet most challenging standards (e.g., according to ISO 9001:2000, ISO 13485:2003, EFQM, Joint Commission, E-Qalin, and KTQ). In technical terms, all requirements for the various knowledge management components (knowledge portal, panel of experts, Communities of Practice, etc.) could be put in place in 2008. Currently, there are eight Communities of Practice across entities. Furthermore, 27 project-specific Teamspaces have been implemented. VAMED staff access the knowledge portal about 6,000 times a day to retrieve information and exchange information beyond the limits of their departments of companies.

The year 2008 also saw the start of the VAMED group's first trainee program. In May 2011, the second round of the trainee program was successfully completed which, in addition to the training for Hospital Function and Operational Organization Planners, also comprises the profile 'Facility Operators'. A new trainee program, this time with a focus on Controlling, is planned for 2012. Our partners' trust, on which the success of the VAMED group is effectively based, is built on the potential of our staff, our supporting systems, and our overall competencies.

Staff

In the year under review, the consolidated companies of the VAMED group had on average 675 manual employees, 2,922 non-manual employees, and 52 apprentices (previous period: 484 manual employees, 2,520 non-manual employees, and 44 apprentices). Changes in the consolidated group resulted in an increase in the total number of staff of 558.

2. Risk report

2.1 General risks

Professional project control and professional project management have become well-established core competencies of the VAMED group in the construction as well as services sector. General risks associated with the project and services business are covered by operating well-tested systems for their identification, assessment and minimization, adjusted to the business activity at issue. These systems for a satisfactory avoidance of default, liquidity and cash-flow risks comprise organizational measures (as for instance risk calculation standards for working out offers; risk assessment prior to acceptance of orders; ongoing project controlling including project supervisory meetings and continuously updated risk evaluation; budget checking at regular intervals, etc.), quality assurance measures (quality standards comprising several business fields, in particular according to ISO 9001:2000, ISO 13485:2003 and EFQM), and measures regarding financial issues (credit reviews; dunning system; ensuring receipt of payment through advance payments, L/Cs, or guaranteed loans; safe investments; sufficient prudential reserves). In the year 2011, VAMED continued its successful strategy to increasingly offer overall implementation models with a major focus on total operational management for health care facilities. Complex and sophisticated services for our established health-care markets require relatively long development periods and entail significant cost risks. While such long development periods are usual in the trade, VAMED may put its specific experience, standardized procedure models, knowledge databases and wide-ranging interdisciplinary technical competencies to good use to substantially shorten these development periods and therefore markedly curtail exposure to cost risks.

Almost all countries are currently experiencing enormous cost pressure in meeting health care demands, which can be felt in the hospital and rehabilitation sectors in particular. In Europe, strategies to reduce hospital bed capacity and to close down or to merge hospitals continue to meet with greater approval than plans to catch up on the existing backlog of investment projects.

VAMED addresses this general market risk through holistic implementation models including financing (e.g. PPP models). Fair and reasonable sharing of opportunities and risks with mostly public partners/sponsors and a clear focus on core competencies in each situation usually constitute the only chance to implement investment projects and increase cost effectiveness in the health care sector.

A targeted further development of core competencies from the services sector (management) and the project business for their synergetic application against the backdrop of wide-ranging international experience is required to implement such models. Associated risks can be minimized through competent quality management, professional knowledge management and by operating broadly-based development programs for the staff and the management alike.

For cases in which an event of risk occurs despite wide-ranging measures to minimize risks, a crisis management system has been established which provides for a clearly defined plan to proceed by stages. Using simulated cases, this system is being trained systematically and on a regular basis. In particular with regard to our responsibility as operators of health care facilities we have detailed plans and protective measures for our staff, patients and guests in place to ensure the continued functioning of those health care facilities we are in charge of. Simultaneously we have developed detailed key staff regulations to ensure the operativeness to the required extent of central organization units. Wide-ranging precautionary and protective measures were taken to protect key staff.

2.2 Specific risks

Hedging transactions tailored to the scope of individual projects and their duration are entered into to provide cover against trade receivables and future purchases of products and services quoted in foreign currencies.

3. Supplementary report

No events of significant importance with regard to the results of operations, financial position, assets and liabilities of the VAMED group have occurred after the end of the year under review.

4. Outlook

VAMED's tasks in Europe in the year 2012 will largely be determined by holistic implementation models and PPP projects. Outside of Europe, our focus will be on customer-tailored solutions for health care facilities along VAMED's value chain. A particular future focus will be on the development of integrated health care models.
Internationally, health care systems are less exposed to cyclical fluctuations than many other economic sectors; the past years, however, have shown some countries to stop or postpone planned investments in the health care sector. A fact which VAMED managed to counter thanks to our wide and international portfolio of countries.

VAMED in general differs between established and developing health care markets. In established health care markets with increasing cost pressure and also rising cost awareness, in particular our services that help generate noticeable and immediate economies are much in demand.

In addition to increasing efficiency through professional technical management, infrastructure or commercial management and logistics, there are a vast number of novel processes indirectly controlled by procedures in the medical and nursing fields that still bear substantial potential for improved efficiency. VAMED is at the cutting edge in developing these new processes.

Profoundly new processes, however, are often contingent on new structural and technical infrastructure for their efficient implementation. In VAMED's established markets therefore the focus will be on services and the adjustment of health care facilities' infrastructures, in particular within the framework of lifecycle and health care PPP models.

In the large number of emerging markets, the provision of efficient health care systems that meet people's needs continues to have priority for the VAMED group. While work to develop primary supply structures has largely been completed, the focus in many markets is now on the promotion of the availability of secondary health care and on creating tertiary as well as teaching and research structures within 'Centers of Excellence'. Also in a large number of Asian, Middle Eastern, Southern Central Asian as well as African markets there is increasing demand for professional services according to European standards.

This in turn generates demand also in emerging markets for VAMED's core competencies in the project as well as service business segments. In the majority of cases, market entry is via the classical project business. Building up a modern range of offers in fields like rehabilitation, nursing and preventive care meets with increasing interest in emerging markets, too.

VAMED's international reference projects, as for instance Charité in Berlin, the Al Ain hospital in Abu Dhabi, or the Center for Maternal and Child Health in Kazakhstan, today constitute landmark projects and arouse much interest in both established and emerging markets. Also the integrated health care project in Oberndorf/Austria is developing to become a reference project and is already attracting huge attention at home and internationally. In some international markets, VAMED expects hesitant flows of funds from financing countries also as a result of political instability. Affected are some countries in Africa and Latin America, but also some Eastern European countries.

The outstanding international reputation the VAMED group has built through their professionalism and reliability, based on the wide-ranging portfolio of services and countries, leaves us face the future with confidence and optimism.

Also in 2012, VAMED will be determined to live up to the trust placed by partners and customers at home and abroad in our competences and our ability to successfully implement projects meeting all requirements as to costs, deadlines and quality. Also in the future we will attach top priority to developing innovative approaches and qualitative solutions and ensuring their successful implementation.

Living up to the VAMED motto: 'think global, act local' also in 2012, we will put the wide-ranging international network of branches and joint ventures in Central and Eastern Europe, the Middle East, in Asia, Africa and Latin America, including the total value chain and customer-tailored solutions, to our customers' and partners' availability for people's health and quality of life.

Vienna, March 1, 2012

The Executive Board

Dr. Ernst Wastler
Chairman of the Executive Board

Mag. Erich Ennsbrunner
Member of the Executive Board

Mag. Gottfried Koos
Member of the Executive Board

MMag. Andrea Raffaseder
Member of the Executive Board

CONSOLIDATED FINANCIAL STATEMENTS 2011

Condensed
CONSOLIDATED FINANCIAL STATEMENTS
of VAMED AG VIENNA
for the fiscal year
January 1 to December 31, 2011

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The consolidated financial statements of the VAMED group are equivalent to the segment report "Fresenius Vamed" in the consolidated financial statements of Fresenius SE & Co. KGaA according to IFRS and are referred to herein as "financial statements of the VAMED group".

VAMED GROUP – INCOME STATEMENT

January 1 to December 31, in T€	Note(s)	2011	2010
Sales	3	737,407	712,841
Cost of sales	4, 5	-627,912	-604,330
Gross profit		**109,495**	**108,511**
Selling and general administrative expenses	6	-71,123	-71,158
Other expenses	7	-775	-1,090
Other income	7	6,795	4,755
Operating result (EBIT)		**44,393**	**41,018**
Interest income	8	2,293	2,216
Interest expenses	9	-711	-668
Earnings before taxes and non-controlling interests (EBT)		**45,975**	**42,566**
Income taxes	10	-11,145	-12,031
Earnings after income taxes and before non-controlling interests (EAT)		**34,830**	**30,535**
Non-controlling interests	11	-651	-409
Net income		**34,179**	**30,126**

VAMED GROUP – STATEMENT OF COMPREHENSIVE INCOME

Earnings after income taxes and before non-controlling interests (EAT)		**34,830**	**30,535**
Other comprehensive income			
Cash flow hedges		-399	236
Foreign currency translation		-452	339
Other comprehensive income		**-851**	**575**
Comprehensive income		**33,979**	**31,110**
Attributable to non-controlling interests		**-647**	**-409**
Group income statement		-651	-409
Other comprehensive income		4	0
Comprehensive income of the group		**33,332**	**30,701**

VAMED GROUP – BALANCE SHEET

ASSETS

as at December 31, in T€	Note(s)	2011	2010
Cash and cash equivalents	12	88,092	79,467
Trade accounts receivable, less allowance for doubtful accounts	13	74,822	63,396
Accounts receivable from and loans to related parties	14	48,114	133,961
Inventories	15	159,993	82,452
Prepaid expenses and other current assets	16	48,633	22,509
Total current assets		**419,654**	**381,785**
Property, plant and equipment	17	28,294	26,047
Goodwill	18	48,105	48,105
Other intangible assets	18	4,053	4,770
Deferred taxes	10	11,745	3,124
Other non-current assets	13, 16, 19	82,506	84,898
Total non-current assets		**174,703**	**166,944**
Total assets		**594,357**	**548,729**

LIABILITIES AND SHAREHOLDERS' EQUITY

as at December 31, in T€	Note(s)	2011	2010
Trade accounts payable	20	68,031	80,734
Short-term trade accounts payable to related parties	21	19,993	535
Short-term accrued expenses and other short-term liabilities	22, 23	169,103	185,785
Short-term borrowings	24	681	401
Short-term loans from related parties	24	0	525
Current portion of long-term debt and liabilities from capital lease obligations	24	42,826	150
Short-term accruals for income taxes	25	4,788	6,804
Total short-term liabilities		**305,422**	**274,934**
Long-term debt and liabilities from capital lease obligations, less current portion	24	587	14,702
Long-term accrued expenses and other long-term liabilities	22, 23	39,132	43,215
Pension liabilities	26	2,030	2,749
Deferred taxes	10	23,569	12,167
Total long-term liabilities		**65,318**	**72,833**
Non-controlling interests		**2,184**	**2,683**
Subscribed capital	27	10,000	10,000
Capital reserve	27	41,119	41,081
Other reserves	27	171,144	147,177
Accumulated other comprehensive income	28	-830	21
Total shareholders' equity of the group		**221,433**	**198,279**
Total shareholders' equity		**223,617**	**200,962**
Total liabilities and shareholders' equity		**594,357**	**548,729**

VAMED GROUP – CASH FLOW STATEMENT

January 1 to December 31, in T€	2011	2010
Cash provided by/used for operating activities		
Net income of the group	34,179	30,126
Non-controlling interests	651	409
Adjustments to reconcile group net income to cash and cash equivalents provided by operating activities		
Depreciation and amortization	6,849	7,600
Change in deferred taxes	3,496	1,378
Gain/loss on sale of fixed assets	-1,561	-67
Other expenses/income not recognized as cash	981	904
Change in assets and liabilities, net of amounts from businesses acquired or disposed of		
Change in trade accounts receivable, net	-2,989	-4,421
Change in inventories	-76,647	-40,104
Change in prepaid expenses and other current assets	-22,954	176
Change in accounts receivable from/payable to related parties	14,102	-1,602
Change in trade accounts payable, accruals and other liabilities	-36,789	49,142
Change in accruals for income taxes	-1,989	3,446
Cash provided by/used for operating activities	**-82,671**	**46,987**
Cash provided by/used for investment activities		
Purchase of property, plant and equipment	-7,013	-8,771
Proceeds from the sale of property, plant and equipment	413	59
Acquisition of investments, net of cash acquired	-2,649	-3,608
Proceeds from divestitures	3,729	7
Cash provided by/used for investment activities	**-5,520**	**-12,313**
Cash provided by/used for financing activities		
Proceeds from short-term borrowings	-668	0
Repayments of short-term borrowings	-66	-1,008
Proceeds from/repayment of borrowings from related parties	-525	455
Proceeds from/repayment of borrowings to related parties	78,849	-18,105
Proceeds from long-term debt and liabilities from capital lease obligations	28,687	9,603
Repayment of long-term debt and liabilities from capital lease obligations	-144	-247
Dividends paid	-8,800	-8,450
Change in non-controlling interests	-517	-563
Cash provided by/used for financing activities	**96,816**	**-18,315**
Net change in cash and cash equivalents	**8,625**	**16,359**
Cash and cash equivalents at the beginning of the year	**79,467**	**63,108**
Cash and cash equivalents at the end of the year	**88,092**	**79,467**
thereof: cash and cash equivalents subject to restricted disposition	9,630	3,424

VAMED GROUP – STATEMENT OF SHAREHOLDERS' EQUITY

January 1 to December 31, in T€	Subscribed capital	Reserves: Capital reserve	Reserves: Other reserves	Other comprehensive income	Total shareholders' equity of the group	Non-controlling interests	Total shareholders' equity
As at December 31, 2009	**10,000**	**41,081**	**125,215**	**-554**	**175,742**	**2,837**	**178,579**
Effects of the inclusion of items in connection with FSE segment reporting (VAMED's goodwill and option reserve)	0	0	904	0	904	0	904
Other comprehensive income Cash flow hedges	0	0	0	236	236	0	236
Foreign currency translation	0	0	0	339	339	0	339
Effect of changes of the consolidated group	0	0	-618	0	-618	0	-618
Creation and/or reversal of reserves	0	0	0	0	0	0	0
Dividends	0	0	-8,450	0	-8,450	-563	-9,013
Net income	0	0	30,126	0	30,126	409	30,535
As at December 31, 2010	**10,000**	**41,081**	**147,177**	**21**	**198,279**	**2,683**	**200,962**
Effects of the inclusion of items in connection with FSE segment reporting (VAMED's goodwill and option reserve)	0	0	981	0	981	0	981
Other comprehensive income Cash flow hedges	0	0	0	-399	-399	0	-399
Foreign currency translation	0	0	0	-452	-452	0	-452
Effect of changes of the consolidated group	0	0	-2,461	0	-2,461	-594	-3,055
Creation and/or reversal of reserves	0	38	68	0	106	0	106
Dividends	0	0	-8,800	0	-8,800	-556	-9,356
Net income	0	0	34,179	0	34,179	651	34,830
As at December 31, 2011	**10,000**	**41,119**	**171,144**	**-830**	**221,433**	**2,184**	**223,617**

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NOTES

GENERAL NOTES

1. General

I. Group structure

The VAMED group offers health care services worldwide. The headquarters and the location of the lead company, VAMED Aktiengesellschaft, is in 1230 Vienna, Sterngasse 5.
VAMED Aktiengesellschaft (in the following also VAMED AG, or VAG) is owned by Fresenius ProServe GmbH (in the following also FPS), Oberursel, a wholly-owned subsidiary of Fresenius SE & Co. KGaA (in the following also FSE), Bad Homburg v.d.H., (77 %), IMIB Immobilien und Industriebeteiligungen GmbH, Vienna, (13 %), and B & C Beteiligungsmanagement GmbH, Vienna, (10 %).
Fresenius is a globally active health care group with products and services for dialysis, hospitals, as well as the medical care of outpatients. The Fresenius group further operates hospitals and provides engineering and general services for hospitals and other health care facilities. In addition to the activities of FSE, the operating activities were split into the following legally independent business segments (subgroups) in the fiscal year 2011:

- Fresenius Medical Care
- Fresenius Kabi
- Fresenius Helios
- Fresenius Vamed

General notes on the financial statements of the VAMED group
VAMED AG is included in the consolidated financial statements of Fresenius SE & Co. KGaA with its seat in 61346 Bad Homburg v.d.H., Germany, and makes use of the exemption provisions under the Austrian Business Code, section 245. FSE draws up the consolidated financial statements in the German language in accordance with IFRS under the German Commercial Code, section 315a.

Therefore, the financial statements of the VAMED group have been drawn up on a voluntary basis and are fully in line with the segment report for the 'Fresenius Vamed' segment in FSE's consolidated financial statements according to IFRS. The financial statements of the VAMED group are in euro.
For the purpose of clear presentation, figures are given in thousand euros (T€). As a result of the required rounding, minor deviations of total and percentage figures may be seen.
The VAMED group's financial statements vary from the International Financial Reporting Standards (IFRS) and the interpretations by the International Financial Reporting Interpretations Committee (IFRIC) in the following points:

- The goodwill from the acquisition of the VAMED group at the level of the parent company FSE has been included in the financial statements of the VAMED group (push-down accounting).
- Goodwill from acquisitions of other FSE segments has been included in the VAMED group's financial statements at the values indicated by FSE (push down accounting).
- The present Notes on the VAMED group's financial statements have been drawn up to the extent required for a clear understanding of the balance sheet and the income statement and do not claim to be complete in the sense of the International Financial Reporting Standards (IFRS).

As for the full wording of the abbreviated company names used in these Notes, please see List of Participating Interests. Broken down into 'fully consolidated companies' and 'non-consolidated companies', that list gives company names in alphabetical order on the basis of their German-language abbreviations.

Also those companies are shown as affiliated and non-consolidated entities which, via FSE's consolidated group, are included in the FSE Financial Statements.

II. Basis of presentation

The financial statements of the VAMED group have been drawn up in accordance with the parent's guidelines (in particular as regards the application of IFRS, materiality thresholds, and the determination of the consolidated group) and for purposes of drawing up FSE's consolidated financial statements and are included into FSE's consolidated financial statements according to IFRS as the 'Fresenius Vamed' segment.
In order to improve clarity of presentation, various items have been aggregated in VAMED's consolidated balance sheet and income statement. These items are analyzed separately in the Notes where this provides useful information to the users of VAMED's consolidated financial statements.
The VAMED group's balance sheet contains the information required under IAS 1 (Presentation of Financial Statements) and presents assets and liabilities using a current/non-current classification.

The consolidated statement of income is classified using the cost-of-sales accounting format.

III. Summary of significant accounting principles

a) Principles of consolidation
The financial statements of consolidated entities have been prepared using uniform accounting methods.
Capital consolidation is performed by offsetting investments in subsidiaries against the underlying revalued equity at the date of acquisition. The assets and liabilities of subsidiaries, as well as non-controlling interests, are recognized at their fair values. Any remaining debit balance is recognized as goodwill and is tested at least once a year for impairment.

All intercompany revenues, expenses, income, receivables and payables are eliminated. In the year under review, no profits and losses on items of property, plant and equipment and inventory acquired from other group entities had to be eliminated.

Deferred tax assets are recognized on temporary differences resulting from consolidation procedures. Non-controlling interests comprise the interest of non-controlling shareholders in the consolidated equity of group entities. Profits and losses attributable to the non-controlling shareholders are separately disclosed in the income statement.
Companies that have not been included in VAMED's financial statements are valued at purchase cost less accumulated depreciation.

b) Composition of the Group
The consolidated financial statements of the group include VAMED AG as well as all material companies in which VAMED AG holds a direct or indirect majority interest, or a majority of voting rights, and may exercise control.
The consolidated financial statements of 2011 include VAMED AG and 17 (2010: 12) Austrian as well as 14 (2010: 12) foreign companies.
In the year under review, the composition of the group changed as follows:

- First consolidation of the following companies as at January 1, 2011
  - NTK (Neurological Therapeutic Center Kapfenberg Ltd., Kapfenberg, Austria)
  - RMB (Rehabilitation Center Montafon Operating Ltd., Schruns, Austria)
  - STC (Senior Residents Center St. Corona am Schöpfl Operating Ltd., St. Corona am Schöpfl, Austria)
  - TAU (TAU Management and Operating Ltd., Vöcklabruck, Austria)
  - TBS (Thermal Center Seewinkel Operating Ltd., Vienna, Austria)
  - VE (P) (PRINSAMED - PROJECTOS INTERNACIONAIS DE SAÚDE UNIPESSOAL LDA, Lisbon, Portugal)
  - VE (U) (TOV "VAMED UKRAINE", Kiev, Ukraine)
  - VHP-CZ (VAMED Health Projects CZ s.r.o., Prague, Czech Republic)

- Deconsolidation of the following company as at January 1, 2011
  - SUC (SUMINISTROS DE COMERCIO EXTERIOR, S.A., Madrid, Spain)

The companies TAU, VE (P), VE (U), and VHP-CZ were established in the year under review and immediately included in the consolidated group. Also, RMB and TBS were included (in accordance with internal guidelines) in the consolidated group in the first full year of operation.
The companies NTK and STC, in which VAMED (via the lead company VMS) continues to be interested at 90 % and 100 % , respectively, were included in the consolidated group as at January 1, 2011 as there has been a marked increase of VAMED's economic risk for changed framework conditions (with NTK, changes in state subsidies to cover losses; liquidity guarantee to ensure STC's continued operation).
As SUC (SUMINISTROS DE COMERCIO EXTERIOR, S.A.) was sold in the year under review, that company was deconsolidated.
A complete list of investments of VAMED AG is given in detail in these Notes.

c) Classifications
The classification of the items in VAMED's consolidated financial statements is based on the presentation in the parent's consolidated financial statements under IFRS.

d) Sales recognition policy
Sales from services are recognized at amounts estimated to be received under reimbursement arrangements with third party payors. Sales from services are recognized on the date services and related products are provided and the payor is obligated to pay. Product sales are recognized when title to the

product passes to the customers, either at the time of shipment, upon receipt by the customer or upon any other terms that clearly define passage of title. Sales are stated net of discounts, allowances and rebates.
Sales for long-term production contracts are recognized depending on the individual agreement and in accordance with the 'Completed Contract Method' (CCM) or, if requirements for its application are met, in accordance with the 'Percentage-of-Completion Method' (PoC) on the basis of a project's stage of completion. The sales to be recognized are calculated as a percentage of the costs already incurred based on the estimated total cost of the contract, or milestones laid down in the contract. Profits are only recognized when the outcome of a production contract accounted for using the PoC method can be measured reliably.

e) Government grants

Public sector grants are not recognized until there is reasonable assurance that the respective conditions are met and the grants will be received. At first, the grant is recorded as a liability and offset against earnings over the useful life of the asset in line with depreciation.

f) Impairment

The VAMED group reviews the carrying amount of its property, plant and equipment, its intangible assets with definite useful lives as well as other non-current assets for impairment whenever events or changes in circumstances indicate that the carrying amount is higher than the asset's net realizable value or the value in use. The net realizable value of an asset is defined as its fair value less costs to sell. The value in use is the present value of future cash flows expected to be derived from the relevant assets.
If it is not possible to estimate the future cash flows from the individual assets, impairment is tested on the basis of future cash flows of the smallest cash-generating units (CGUs).

If the reasons for impairment cease to exist, an adequate increase is effected, with the exception of goodwill write-downs. Assets to be disposed of by sale are reported at the lower of carrying amount or fair value less cost to sell. For such assets, depreciation is ceased. In the year under review, no such assets are shown.

g) Capitalized Interest

The VAMED group includes capitalized interest as part of the costs of the assets if they are directly attributable to the acquisition, construction or manufacture of qualifying assets. For the fiscal years 2011 and 2010, interest of T€ 1,902 and T€ 582, based on an average interest rate of 2.95 % and 2.39 %, respectively, was recognized as a component of the cost of assets.

h) Deferred taxes

Deferred tax assets and liabilities are recognized for the future consequences attributable to temporary differences between the group's financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Furthermore, deferred taxes are recognized on consolidation procedures affecting net income. Deferred tax assets also include claims to future tax reductions which arise from the expected usage of existing tax losses available for carryforward. The recoverability of deferred tax assets from tax loss carried over, and their usability, is assessed on the basis of the VAMED group's performance planning as well as tax strategies that can be practically implemented.

Deferred taxes are computed using enacted or published future tax rates in the relevant national jurisdictions when the amounts are recovered. The recoverability of the carrying amount of a deferred tax asset is reviewed at each balance sheet date. The carrying amount of a deferred tax asset is shown to the extent that it is probable that sufficient taxable profit will be available to utilize part or all of that deferred tax asset.

i) Cash and cash equivalents

Cash and cash equivalents comprise cash funds and short-term time deposits.

j) Trade accounts receivable

Trade accounts receivable are stated at their nominal value less allowance for doubtful accounts. Allowances are estimated mainly on the basis of payment history to date, the age structure of balances, and all information available on the contract partners. In order to assess the appropriateness of allowances, the VAMED group checks regularly whether there have been any divergences to previous payment history.

k) Inventories

Inventories comprise all assets which are held for sale in the normal course of business (finished products), in the process of production for such sale (work in progress, incl. long-term production contracts) or consumed in the production process or in the rendering of services (raw materials and supplies). As regards raw materials and supplies, merchandise, and CCM-valued work not yet invoiced, inventories are stated at the lower of acquisition or manufacturing cost (determined by using the average cost or first-in, first-out method) or net realizable value. As regards PoC-valued work that cannot yet be invoiced, valuation is effected on the basis of acquisition or manufacturing cost plus overheads and share of profit or loss equal to the degree of completion.

l) Property, plant and equipment

Property, plant and equipment are stated at acquisition and manufacturing cost less accumulated depreciation. Significant improvements in asset values to beyond their original amounts are recognized as assets. Repair and maintenance costs that do not extend the useful lives of the assets are charged to expense as incurred. Depreciation on property, plant and equipment is calculated using the straight-line method over the estimated useful lives of the assets, ranging from 4 to 60 years for buildings and improvements and 3 to 13 years for technical plants, machinery and equipment.

m) Intangible assets with definite useful lives

In the VAMED group, intangible assets with definite useful lives resulting from consolidation, as for instance customer relations, are amortized using the straight-line method over the remaining useful lives of the assets (usually 4 to 5 years) and reviewed for impairment. All other intangible assets are amortized over their individual estimated useful lives between 1 and 10 years.
Impairment losses are recognized in the event of losses in value of a lasting nature. Impairment losses are reversed when the reasons for impairment no longer exists.

n) Goodwill and other intangible assets with indefinite useful lives

The VAMED group identifies intangible assets with indefinite useful lives if, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which those assets are expected to generate net cash inflows for the group.
The identified intangible assets with indefinite useful lives, such as trade names or certain management contracts acquired in connection with M&As, are recognized and reported apart from goodwill. They are recorded at acquisition costs. Goodwill and intangible assets with indefinite useful lives are not amortized but tested for impairment annually or when an event becomes known that could trigger an impairment (impairment test). To perform the annual impairment test of goodwill, the VAMED group identified smallest cash-generating units (CGUs) and determined the carrying amount of each CGU by assigning to it the assets and liabilities, including the existing goodwill and intangible assets. As a rule, a CGU is determined to be one level below segment level in line with operative control ('management approach').

At least once a year, the fair value of each CGU is compared to its carrying amount. The fair value of a CGU is determined using a discounted cash flow approach based upon the cash flow expected to be generated by such CGU. In case the value in use of the CGU is less than its carrying amount, the difference is at first recorded as an impairment of the fair value of such CGU's goodwill.
For the goodwill of the Fresenius Vamed segment shown in the financial statements of the VAMED group as determined by the parent company, impairment tests are carried out for the CGUs 'Project Business' and 'Service Business'. Impairment tests of all other goodwills are performed at lead company level.

To evaluate the recoverability of separable intangible assets with indefinite useful lives, the VAMED group compares the fair values of these intangible assets with their carrying amounts. An intangible asset's fair value is determined using a discounted cash flow approach and other methods, if appropriate.
The recoverability of goodwill and other separable intangible assets with indefinite useful lives recorded in VAMED's consolidated balance sheet was verified. As a result, the VAMED group did not record any goodwill impairment losses in 2011 and 2010.
A negative difference (badwill), if any, resulting from the purchase price allocation, after reviewing the value approach, shall be immediately recognized in profit or loss. Apart from goodwill, no other intangible assets with indefinite useful lives are shown.

o) Leasing

Leased assets assigned to the VAMED group based on the risk and rewards approach (finance leases) are recognized as property, plant and equipment and measured on receipt date at their fair values, as long as the present values of lease payments are not lower. Leased assets are depreciated in straight-line over their useful lives. If there is doubt as to whether title to the leased asset passes at a later stage and there is no advantageous purchase option the asset is depreciated over the contractual lease term, if this is shorter. An impairment loss is recognized if the recoverable amount is lower than the amortized cost of the leased asset. If the reasons for write-downs cease to exist, adequate increases are effected. Finance lease liabilities are measured at the present value of the future lease payments and are recognized as financial liability.

p) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The VAMED group categorizes its financial instruments as follows: Cash and cash equivalents, assets recognized at amortized costs, liabilities recognized at repayment amounts, derivatives designated as hedging instruments, as well as assets at market value and liabilities at market value. Within the VAMED group, other categories of financial instruments exist to an insignificant extent only or not at all.

Derivative financial instruments (foreign currency forward contracts) are recognized in the balance sheet as assets or liabilities at fair value. Changes in the fair value of derivative financial instruments classified as fair value hedges and in the corresponding underlyings are recognized periodically in earnings. The effective portion of changes in fair value of financial instruments classified as cash flow hedges is recognized in shareholders' equity (Accumulated Other Comprehensive Income (Loss)) until the secured underlying transaction is realized (see Note 30, Financial Instruments). The non-effective portion of cash flow hedges is recognized in earnings immediately.
Changes in the fair value of derivatives with regard to which no hedge accounting is applied are recognized periodically in earnings.

q) Liabilities

Liabilities are generally stated at amortized costs as at the balance sheet date, which normally corresponds with their repayment amount.

r) Legal contingencies

In the ordinary course of VAMED group's operations, the VAMED group is subject to legal disputes and procedures relating to various aspects of its business. The VAMED group regularly analyzes current information about such claims for probable losses and provides accruals for such matters, including estimated expenses for legal services, as appropriate. The VAMED group utilizes its internal legal department as well as external resources for these assessments. In making the decision regarding the need for a loss accrual, the VAMED group considers the degree of probability of an unfavorable outcome and its ability to make a reasonable estimate of the amount of loss.

The filing of a suit or formal assertion of a claim, or the disclosure of any such suit or assertion, does not necessarily indicate that an accrual of a loss is appropriate.

s) Other accrued expenses

Accruals for taxes and other obligations are recognized when there is a present obligation to a third party arising from past events, it is probable that the obligation will be settled in the future, and the amount can be reliably estimated. Tax accruals include obligations for the current year and for prior years.

t) Pension liabilities and similar obligations

The actuarial valuation of pension liabilities is effected in accordance with the accumulated benefits obligations approach for post-employment benefit obligations (projected unit credit method), taking future wage, salary and pension increase rates into account. Actuarial gains or losses exceeding 10 % of the pension liabilities' present value are taken into consideration over the beneficiaries' expected future average service period.

u) Stock option plans

The total value of FSE stock options and convertible bonds, as at the day of issue, granted to members of the VAMED group's Executive Board and to the VAMED group's staff is amortized over the blocking period using the value as determined by the parent (in accordance with financial mathematics models).

v) Foreign currency translation

The reporting currency is the euro. Substantially, all assets and liabilities of the foreign subsidiaries are translated at mid-closing rates on balance sheet date, while revenues and expenses are translated at average exchange rates. Adjustments due to foreign currency translation fluctuations are excluded from net earnings and are reported in accumulated other comprehensive income (loss).
Gains and losses arising from the translation of foreign currency positions, as far as these are not considered foreign equity instruments, are recorded as 'Other Expenses' or 'Other Income'. During the fiscal year 2011, the VAMED group recognized T€ 481 (previous period: T€ 881) of other expenses and T€ 496 (previous period: T€ 1,030) as other income.

The exchange rates of the main currencies affecting foreign currency translation developed as follows:

	Year-end exchange rate		Average exchange rate	
	Dec. 31, 2011	Dec. 31, 2010	**2011**	**2010**
AED (United Arab Emirates Dirham) per €	4.752	4.908	5.113	4.869
CZK (Czech Crown) per €	25.800	25.061	24.590	25.285
RUB (Russian Rouble) per €	41.765	40.820	40.885	40.258
USD (US Dollar) per €	1.294	1.336	1.392	1.326

w) Fair value hierarchy

The three-tier fair value hierarchy according to IFRS 7, Financial Instruments Disclosures, classifies assets and liabilities recognized at fair value based on the inputs used in determining the fair value. Level 1 is defined as observable inputs, such as prices quoted in active markets.

Level 2 is defined as inputs other than prices quoted in active markets that are directly or indirectly observable.

Level 3 is defined as unobservable inputs for which little or no market data exist, therefore requiring the company to develop its own assumptions. The fair value hierarchy is used in Note 26, Pensions and similar obligations.

x) Use of estimates

The preparation of the VAMED group's consolidated financial statements in conformity with IFRS requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the balance sheet date, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

y) Receivables management

The entities of the VAMED group perform ongoing evaluations of the financial situation of their customers and in the vast majority of cases require collateral, in the form of down payments, letters of credit, or bank guarantees, from the customers in particular when they place construction orders.

z) Recent pronouncements

The fiscal year 2011 is based on IFRS as mandatorily required if stipulated by the parent or voluntarily applied earlier for fiscal years starting on January 1, 2011.

In the fiscal year 2011, no standards of importance for the business activity of the VAMED group have been applied for the first time.

aa) Recent pronouncements not yet applied

The International Accounting Standards Board (IASB) issued the following new standards and interpretations relevant for the VAMED group that are applicable at the earliest for fiscal years starting on or after January 1, 2012:

- IAS 19, Employee Benefits (amended version)
- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)
- IFRS 10, Consolidated Financial Statements
- IFRS 11, Joint Arrangements
- IFRS 12, Disclosure of Interests in Other Entities
- IFRS 13, Fair Value Measurement
- IAS 28, Investments in Associates and Joint Ventures (amended version)
- IFRS 9, Financial Instruments

In June 2011, the IASB issued an amended version of IAS 19, Employee Benefits. Among other changes, this version eliminates the corridor approach to account for actuarial gains and losses and requires recognizing them directly in Other Comprehensive Income (OCI) without recycling to the Income Statement and stipulates that plan assets shall be discounted instead of calculating their expected return.

Moreover, several new disclosures are required. The amended version of IAS 19 is effective retrospectively for fiscal years beginning on or after January 1, 2013, with a few simplifications to retrospective implementation. Earlier adoption is permitted.

In June 2011, the IASB issued Presentation of Items of Other Comprehensive Income (Amendments to IAS 1). According to the amendments, the statement of comprehensive income shall present items of OCI that can be reclassified to profit and loss separately from items that cannot be reclassified. Tax shall be allocated to each of these two groups if OCI items are presented before tax. The amended version of IAS 1 is effective retrospectively for fiscal years beginning on or after July 1, 2012. Earlier adoption is permitted.

In May 2011, the IASB issued IFRS 10, Consolidated Financial Statements. The new standard provides one single definition of 'control'. The new standard replaces the previously relevant consolidation guidance in IAS 27 (2008), Consolidated and Separate Financial Statements and SIC-12, Consolidation – Special Purpose Entities. According to IFRS 10, an entity (subsidiary) is controlled by an investor who is exposed to or has rights to variable returns from the involvement with the entity (subsidiary) when the investor has existing rights that give it the ability to direct the activities that significantly affect the investee's returns. IFRS 10 is effective retrospectively for fiscal years beginning on or after January 1, 2013; an earlier adoption is permitted concurrently with IFRS 11, IFRS 12 and IAS 28 (as amended in 2011).

In May 2011, the IASB issued IFRS 11, Joint Arrangements. The standard defines and regulates the accounting of arrangements under common control (joint arrangements). The new standard replaces the guidance on accounting for joint ventures previously included in IAS 31, Interest in Joint Ventures, and SIC-13, Jointly Controlled Entities – Non-Monetary Contributions by Venturers. Joint arrangements as defined under IFRS 11 are arrangements for which two or more parties have contractually agreed joint control. Joint control exists if decisions about relevant activities must be taken unanimously by all parties. Moreover, IFRS 11 classifies joint arrangements in joint operations and joint ventures and gives guidance on how to account for both types. Parties to a joint operation have rights to the assets and obligations for the liabilities of the arrangement and shall include them in their consolidated financial statements proportionately to their interest. Parties to a joint venture have a right to the net position (asset or liability) of the arrangement and the arrangement shall be accounted for following the equity method. The option to consolidate using the proportionate method of accounting has been eliminated. IFRS 11 is effective retrospectively for fiscal years beginning on or after January 1, 2013; an earlier adoption is permitted concurrently with IFRS 10, IFRS 12 and IAS 28 (as amended in 2011).

In May 2011, the IASB issued an amended version of IAS 28, Investments in Associates and Joint Ventures. This version stipulates that joint ventures as described in IFRS 11, Joint Arrangements, shall be accounted for following the equity method guidance in IAS 28. The revised IAS 28 is effective retrospectively for fiscal years beginning on or after January 1, 2013; an earlier adoption is permitted concurrently with IFRS 10, IFRS 11 and IFRS 12.

In May 2011, the IASB issued IFRS 12, Disclosure of Interests in Other Entities. The standard gathers all disclosure requirements for interests held in other entities, including joint arrangements. IFRS 12 is effective retrospectively for fiscal years beginning on or after January 1, 2013; an earlier adoption is permitted concurrently with IFRS 10, IFRS 11 and IAS 28 (as amended in 2011).

In May 2011, the IASB issued IFRS 13, Fair Value Measurement. The standard defines fair value as an exit price in a transaction between market participants at the measurement date and enhances disclosures related to fair value measurements. In addition, IFRS 13 gives guidance on performing fair value measurements required by other IFRS. IFRS 13 increases convergence with the U.S. GAAP guidance in the field of fair value measurements. IFRS 13 is effective for fiscal years beginning on or after January 1, 2013; an earlier adoption is permitted.

In October 2010, the IASB issued additions to IFRS 9, Financial Instruments for the accounting of financial liabilities. These additions complete the classification and measurement of financial instruments phase of the project to replace IAS 39, Financial Instruments: Recognition and Measurement. The new guidance requires entities that choose to measure financial liabilities at fair value to generally present changes in the entity's own credit risk in other comprehensive income (loss). Other current accounting guidance for financial liabilities has been maintained. In November 2009, the IASB issued IFRS 9, Financial Instruments for the accounting of financial assets, which replaces the IAS 39 financial asset categories with two categories. Financial instruments that have basic loan features and are managed on a contractual yield basis, must be measured at amortized cost. All other financial instruments are measured at fair value through the Income Statement. Changes in value of strategic investment in equity instruments can be presented as Other Comprehensive Income (Loss). IFRS 9 is effective for fiscal years beginning on or after January 1, 2015; an earlier adoption is permitted. Entities shall only apply the changes to IFRS 9 regarding the accounting for financial liabilities in earlier periods if the guidance on financial assets is also applied.

The EU Commission's endorsement of IAS 19 (as amended in 2011), IAS 1 (as amended in 2011), IFRS 10, IFRS 11, IFRS 12, IFRS 13, IAS 28 (as amended in 2011) and IFRS 9 is still outstanding.
The parent company is currently evaluating the impact of the new standards on its consolidated financial statements and determining a suitable implementation date. As a rule, the VAMED group (in accordance with the parent's decision) does not apply reporting standards before their application has been made mandatory.

IV. Critical accounting policies

In the opinion of the Management of the VAMED group, the following accounting policies and topics are critical for the consolidated financial statements in the present economic environment.
The influences and judgments as well as the uncertainties which affect them are also important factors to be considered when looking at present and future operating earnings of the VAMED group.

a) Recoverability of goodwill and intangible assets with indefinite useful lives

The amount of intangible assets, including goodwill and tradenames, represents a considerable part of the total assets of the VAMED group. As at December 31, 2011, and December 31, 2010, the carrying amounts of these items were € 48.1 million and € 48.1 million, respectively. This represented 8.1 % and 8.8 % of the balance sheet total and 21.5 % and 23.9 % of equity.

Impairment tests of goodwill and non-amortizable intangible assets with indefinite useful lives are performed at least once a year, or if events occur or circumstances change that would indicate the carrying amount might be impaired.

To determine possible impairments of these assets, the fair value of the CGUs is compared to their carrying amounts. The fair value of each CGU is determined using estimated future cash flows for the unit discounted by a weighted average cost of capital (WACC).

Estimating the discounted future cash flows involves significant assumptions, especially regarding future sales prices, quantities sold, and costs. In determining discounted cash flows, the VAMED group utilizes for every reporting unit its three-year budget, projections for years four to ten, and a corresponding growth rate for all remaining years.
These growth rates are assumed to be about 1.0 % at an unchanged 25 % income tax burden. WACC (after income tax) has been agreed with the parent to be 5.87 %. Country-specific adjustments did not occur.
In case the value in use of the CGU is less than its carrying amount the difference is at first recorded as an impairment of the fair value of such CGU's goodwill. An increase of the WACC by 0.5 % would not have resulted in the recognition of an impairment loss in 2011.

A prolonged downturn in the health care industry with sales prices below expectations and/or the costs of the provisions of services and the implementation of construction projects exceeding expectations could adversely affect the VAMED group's estimation of future cash flows in specific segments. Future adverse changes in a reporting unit's economic environment could affect the discount rate. A possible consequence could be a negative influence of additional goodwill impairment losses on the VAMED group's future operating results.

b) Legal contingencies
The VAMED group is not involved in any litigation resulting from the ordinary course of its business, the outcome of which may have a material effect on the financial position, results of operations or cash flows of the VAMED group.

The VAMED group regularly analyzes current information about potential litigation for probable losses and provides accruals for such matters, including estimated expenses for legal services, as appropriate. The VAMED group utilizes its internal legal department as well as external resources for these assessments. In making the decision regarding the need for a loss accrual, the VAMED group considers the degree of probability of an unfavorable outcome and its ability to make a reasonable estimate of the amount of loss.
The filing of a suit or formal assertion of a claim, or the disclosure of any such suit or assertion, would not necessarily indicate that an accrual of a loss is appropriate.

c) Allowance for doubtful accounts
Trade accounts receivable are a significant asset and the allowance for doubtful accounts is a significant estimate made by the Management. Trade accounts receivable, net of allowance, were € 84.4 million and € 79.3 million in 2011 and 2010, respectively. The allowance for doubtful accounts was € 5.1 million and € 6.6 million as of December 31, 2011 and December 31, 2010, respectively.

2. Acquisitions and divestitures

In the year under review, no companies were acquired that were included in the consolidated group.

SUC (SUMINISTROS DE COMERCIO EXTERIOR, S.A.) was sold in 2011 and therefore deconsolidated.

NOTES ON THE INCOME STATEMENT

(all figures in T€, except for staff numbers)

3. Sales

Sales by activity were as follows:

	2011	2010
Project business	493,854	486,433
Service business	243,553	226,408
Sales	**737,407**	**712,841**

Sales broken down by regions:

	2011	2010
Austria	333,742	346,162
Germany	113,714	70,311
Other European countries	80,473	147,736
Africa	125,515	96,811
South America	0	3,338
Asia	83,963	48,483
Sales	**737,407**	**712,841**

4. Cost of sales

Cost of sales comprised the following:

	2011	2010
Personnel	134,844	114,865
Material and third-party services, depreciation and amortization	493,068	489,465
Cost of sales	**627,912**	**604,330**

5. Personnel expenses

Cost of sales, selling and general administrative expenses included personnel expenses of T€ 171,531 and T€ 148,750 in 2011 and 2010, respectively.

	2011	2010
Wages and salaries	131,351	113,468
Social security contributions, cost of retirement benefits (incl. severance payments) and other	40,180	35,282
Personnel expenses	**171,531**	**148,750**

The VAMED group's annual average number of employees by function is shown below:

	2011	2010
Production and service	3,102	2,573
General administration	466	404
Sales and marketing	81	71
Total employees (heads)	**3,649**	**3,048**

6. Selling and general administrative expenses

Selling and general administrative expenses are broken down as follows:

	2011	2010
Selling expenses	26,013	26,369
General administrative expenses	45,110	44,789
Selling and general administrative expenses	**71,123**	**71,158**

7. Other expenses, other income

Other expenses mainly include effects of exchange rate changes and of the revaluation of guarantee obligations, money transfer costs and bank guarantee costs.

Other income includes income from investments, gains from the sale of property, plant, and equipment as well as intangible assets, exchange rate gains, income from the reversal of accruals, income from insurance recovery payments, revaluation of guarantees and other operating income.

8. Interest income

Interest income results from investments in the parent companies FSE and FPS, lendings and loans to non-consolidated group companies, as well as interest on bank deposits.

9. Interest expenses

Interest expenses mainly result from local and project-related interim financing (including a small FSE and non-consolidated companies-related part).

10. Income taxes

Income taxes were attributable to the following geographic regions:

	2011	2010
Austria	5,737	9,450
Germany	4,154	2,135
Other foreign countries	1,254	446
Total income taxes	**11,145**	**12,031**

Income tax expenses for 2011 and 2010 consisted of the following:

	2011			2010		
	Current tax	Deferred tax	Income taxes	Current tax	Deferred tax	Income taxes
Austria	4,613	1,124	5,737	8,243	1,207	9,450
Germany	2,378	1,776	4,154	2,305	-170	2,135
Other foreign countries	658	596	1,254	225	221	446
Total	**7,649**	**3,496**	**11,145**	**10,773**	**1,258**	**12,031**

In the year under review, the corporate tax rate in Austria has remained unchanged against the previous year at 25 %.

A reconciliation between the expected and actual income tax expense is shown below.

The expected corporate income tax expense is computed by applying the Austrian corporation tax rate on income before income taxes and non-controlling interests.

	2011	2010
Computed 'expected' income tax expense	11,494	10,642
Increase (reduction) in income taxes resulting from: Items not recognized for tax purposes	477	256
Foreign tax rate differential	-626	251
Tax-free income	-442	-286
Taxes for prior years	-826	1,077
Other	1,068	92
Income tax according to income statement	**11,145**	**12,031**
Effective tax rate	24.24 %	28.26 %

Deferred taxes

The tax effects of the temporary valuation differences that give rise to deferred tax assets and liabilities mainly result from the valuation of balance sheet items according to the PoC method (accounts receivable, inventories, and project-related accruals).

As at the balance sheet date, deferred tax assets amount to T€ 11,745, deferred tax liabilities to T€ 23,569, resulting in net deferred tax liabilities of T€ 11,824.

As at the balance sheet date, deferred tax assets from loss carryforwards are recognized in the amount of T€ 2,638. In the previous period, that amount was T€ 1,526. According to budgets, the loss carryforwards meet the criteria for recognition and will be used up over the next five years.

VAMED AG and its subsidiaries are subject to tax audits on a regular basis.

The tax audit covering the period 1999 to 2001 has been completed except for one point with regard to which an appeal is still pending. The most recent tax audit covered the period 2003 to 2005 and was completed in 2010.

In the year under review, two group companies were subject to tax audits.

11. Non-controlling interests

Non-controlling interests are held in HSB, NFM, NTK, TAU, and MED; their profit shares are shown under non-controlling interests.

NOTES ON THE BALANCE SHEET

(all amounts in T€)

12. Cash and cash equivalents

As at December 31, 2011, and December 31, 2010, committed funds of T€ 9,630 and T€ 3,424, respectively, were included in cash and cash equivalents.

	2011	2010
Cash and cash equivalents	88,092	79,167
Securities (available for sale)	0	300
Cash and cash equivalents	**88,092**	**79,467**

13. Trade accounts receivable

As of December 31, trade accounts receivable were as follows:

	2011			2010		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Trade accounts receivable	79,174	10,290	89,464	69,696	16,157	85,853
Less allowance for doubtful accounts	-4,352	-737	-5,089	-6,300	-255	-6,554
Trade accounts receivable, net	**74,822**	**9,553**	**84,375**	**63,396**	**15,902**	**79,298**

Accounts receivable of T€ 84,375 include T€ 3,024 related to Libyan projects. As to their recoverability, see Note 15.

14. Accounts receivable from and loans to related parties

As at December 31, these receivables were as follows:

	2011	2010
Trade accounts receivable	6,107	5,777
Receivables from financing and other clearing	42,007	128,184
Accounts receivable from and loans to related parties	**48,114**	**133,961**

As at December 31, 2011, and December 31, 2010, this item included receivables from the group companies FPS and FSE, and the Kabi and Helios segments, in the amount of T€ 41,443 and T€ 127,474, respectively.

15. Inventories

As of December 31, inventories consisted of the following:

	2011	2010
Raw materials and purchased components	1,722	1,423
Services not yet invoiced valued acc. to CCM	20,451	14,040
valued acc. to PoC	136,705	66,127
Finished goods	1,115	863
Inventories	**159,993**	**82,452**

Advance payments from customers that could be directly allocated to individual projects were offset against the gross amount of services not yet invoiced.

As at December 31, 2011, and December 31, 2010, advance payment offset amounts totaled T€ 236,491 and T€ 169,659, respectively.

Total inventories, amounting to T€ 159,993, include T€ 16,367 for Libyan projects.

On the initiative of our Libyan customers, talks on the resumption of both project and service-related orders were started in the fourth quarter of 2011 already. The first letter of credit to cover service business invoices was issued in December 2011. The Management thus assumes the continued implementation of orders, with partial delays, and therefore the recoverability of both inventories and accounts receivable. In the period between the balance sheet date and the drawing up of the Financial Statements, payments from Libyan customers in the amount of T€ 1,204 were received, of which T€ 779 refer to accounts receivable for the fiscal year 2011. The balance constitutes advance payments for deliveries still to be effected.

The companies of the VAMED group are obliged to purchase T€ 8,675 of goods and services on fixed terms, of which, on December 31, T€ 152 was committed for purchases for 2013. The terms of these agreements do not exceed two years. VAMED's purchase obligations that are matched by same-size purchase obligations on the customers' party are not shown.

VAMED also has contingent purchase obligations vis-à-vis suppliers in connection with construction projects the fulfilling of which is linked to the implementation of projects with final customers so that these amounts are not shown.

16. Prepaid expenses and other current and non-current assets

As at December 31, prepaid expenses and other current and non-current assets comprised the following:

	2011			2010		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Prepayments	30,218	16	30,234	7,136	523	7,659
Receivables from fiscal authority	7,283	14	7,297	8,280	15	8,295
Interest receivable	47	0	47	3	0	3
Prepaid expenses	5,841	17,146	22,987	4,646	18,750	23,396
Derivative financial instruments	66	0	66	626	0	626
Investments and long-term loans	0	50,932	50,932	0	48,205	48,205
Other assets	5,644	4,845	10,489	2,284	1,503	3,787
Prepaid expenses and other assets, gross	**49,099**	**72,953**	**122,052**	**22,975**	**68,996**	**91,971**
Less allowances	-466	0	-466	-466	0	-466
Prepaid expenses and other current and non-current assets	**48,633**	**72,953**	**121,586**	**22,509**	**68,996**	**91,505**

The item 'Investments and long-term loans' includes investments in non-consolidated companies (in accordance with the List of Participating Interests) as well as long-term loans to non-consolidated companies.

Depreciations on these assets in the amount of T€ 22 and T€ 1,135 were recognized in the fiscal years 2011 and 2010, respectively.

'Other non-current assets' also includes the long-term part of accounts receivable in the amount of T€ 9,553 (previous period: T€ 15,902).

17. Property, plant and equipment

As of December 31, 2011, and December 31, 2010, the acquisition and manufacturing costs as well as accumulated depreciation of property, plant and equipment consisted of the following:

Acquisition and manufacturing costs	As at January 1, 2011	Changes in entities consolidated	Additions/ Transfers	Disposals	Foreign currency translation	As at December 31, 2011
Land and land facilities	774	1	0	0	-2	**773**
Buildings and improvements	17,360	5,013	2,905	-2	-108	**25,169**
Machinery, equipment and rental equipment under capital leases	37,045	3,802	3,215	-2,726	-395	**40,942**
Construction in progress	2,155	20	-440	0	-41	**1,694**
Total	**57,335**	**8,836**	**5,680**	**-2,727**	**-547**	**68,577**

Depreciation and amortization	As at January 1, 2011	Changes in entities consolidated	Additions/ Transfers	Disposals	Foreign currency translation	As at December 31, 2011
Land and land facilities	0	0	0	0	0	**0**
Buildings and improvements	8,770	3,942	695	0	-25	**13,381**
Machinery, equipment and rental equipment under capital leases	22,518	3,080	3,950	-2,426	-221	**26,901**
Construction in progress	0	0	0	0	0	**0**
Total	**31,288**	**7,022**	**4,644**	**-2,426**	**-247**	**40,282**

Acquisition and manufacturing costs	As at January 1, 2010	Changes in entities consolidated	Additions/ Transfers	Disposals	Foreign currency translation	As at December 31, 2010
Land and land facilities	770	0	0	0	4	**774**
Buildings and improvements	16,154	32	1,002	-21	194	**17,360**
Machinery, equipment and rental equipment under capital leases	37,520	905	4,530	-6,910	1,001	**37,045**
Construction in progress	880	0	1,252	0	22	**2,155**
Total	**55,324**	**937**	**6,784**	**-6,931**	**1,221**	**57,335**

Depreciation and amortization	As at January 1, 2010	Changes in entities consolidated	Additions/ Transfers	Disposals	Foreign currency translation	As at December 31, 2010
Land and land facilities	0	0	0	0	0	0
Buildings and improvements	8,222	10	524	-21	34	**8,770**
Machinery, equipment and rental equipment under capital leases	20,882	549	4,029	-3,370	428	**22,518**
Construction in progress	0	0	0	0	0	**0**
Total	**29,105**	**559**	**4,553**	**-3,391**	**463**	**31,288**

Carrying amounts	**December 31, 2011**	**December 31, 2010**
Land and land facilities	773	774
Buildings and improvements	11,788	8,590
Machinery, equipment and rental equipment under capital leases	14,040	14,527
Construction in progress	1,694	2,155
Total	**28,294**	**26,047**

Depreciation and amortization are allocated within cost of sales, selling and general administrative expenses, depending upon the area in which the asset is used.

Leasing

'Machinery, equipment and rental equipment under capital leases' includes amounts for leased movable assets and for buildings.

As at December 31, 2011, and December 31, 2010, the carrying amounts of these items were T€ 3,275 and T€ 3,677, respectively.

18. Goodwill and other intangible assets

As at December 31, 2011, and December 31, 2010, the acquisition and manufacturing costs as well as accumulated amortization of intangible assets consisted of the following:

Acquisition and manufacturing costs	As at January 1, 2011	Changes in entities consolidated	Additions/ Transfers	Disposals	Foreign currency translation	As at December 31, 2011
Goodwill (non-regular amortization)	48,730	0	0	0	0	**48,730**
Other (regular amortization)	12,088	498	1,333	-303	-17	**13,598**
Other (non-regular amortization)	0	0	0	0	0	**0**
Total	**60,818**	**498**	**1,333**	**-303**	**-17**	**62,328**

Depreciation and amortization	As at January 1, 2011	Changes in entities consolidated	Additions/ Transfers	Disposals	Foreign currency translation	As at December 31, 2011
Goodwill (non-regular amortization)	625	0	0	0	0	**625**
Other (regular amortization)	7,318	361	2,182	-303	-12	**9,545**
Other (non-regular amortization)	0	0	0	0	0	**0**
Total	**7,943**	**361**	**2,182**	**-303**	**-12**	**10,171**

Acquisition and manufacturing costs	As at January 1, 2010	Changes in entities consolidated	Additions/ Transfers	Disposals	Foreign currency translation	As at December 31, 2010
Goodwill (non-regular amortization)	44,927	3,665	138	0	0	**48,730**
Other (regular amortization)	8,626	1,469	2,198	-236	32	**12,088**
Other (non-regular amortization)	208	0	-208	0	0	**0**
Total	**53,761**	**5,134**	**2,128**	**-236**	**32**	**60,818**

Depreciation and amortization	As at January 1, 2010	Changes in entities consolidated	Additions/ Transfers	Disposals	Foreign currency translation	As at December 31, 2010
Goodwill (non-regular amortization)	625	0	0	0	0	**625**
Other (regular amortization)	5,614	8	1,913	-235	18	**7,318**
Other (non-regular amortization)	0	0	0	0	0	**0**
Total	**6,239**	**8**	**1,913**	**-235**	**18**	**7,943**

Carrying amounts	**December 31, 2011**	**December 31, 2010**
Goodwill (non-regular amortization)	48,105	48,105
Other (regular amortization)	4,053	4,770
Other (non-regular amortization)	0	0
Total	**52,158**	**52,875**

19. Other non-current assets

This item mainly shows interests in non-consolidated companies as well as loans to non-consolidated investments and non-current prepaid expenses. As for a breakdown, see Note 16.

20. Trade accounts payable

Trade accounts payable are mainly project business related.

21. Accounts payable to related parties

Accounts payable include amounts payable to consolidated FSE companies of T€ 89 (previous period: T€ 384) and to non-consolidated companies and companies in which investments are held of T€ 19,904 (previous period: T€ 151).

22. Accrued expenses

As of December 31, short and long-term accruals consisted of the following:

			2011			2010
	Short-term	Long-term	Total	Short-term	Long-term	Total
Personnel expenses	14,717	19,671	34,388	13,670	16,993	30,662
Warranty	648	180	829	794	1,260	2,054
Invoices outstanding	40,721	4,217	44,938	31,033	4,397	35,430
Other accrued expenses	11,519	1,297	12,815	6,524	1,468	7,992
Accrued expenses	**67,605**	**25,366**	**92,971**	**52,021**	**24,118**	**76,139**

The following table shows the development of other accrued expenses in the fiscal year:

	As at January 1, 2011	Changes in entities consolidated	Additions	Transfer	Con-sumption	Dissolution	As at December 31, 2011
Personnel expenses	30,662	2,739	9,275	325	-8,170	-444	34,388
Warranty	2,054	0	758	0	-341	-1,642	829
Invoices outstanding	35,430	279	37,299	-14	-24,194	-3,862	44,938
Other accrued expenses	7,992	52	8,495	193	-3,558	-358	12,815
Accrued expenses	**76,139**	**3,070**	**55,826**	**504**	**-36,262**	**-6,306**	**92,971**

Accruals for personnel expenses mainly refer to bonuses, severance payments, anniversary bonuses, holidays not yet taken and obligations to make additional contributions to pension funds.

Warranty-related accruals refer to warranty claims under construction and service projects.

Accruals for invoices not yet paid mainly refer to construction project-related services already provided but not yet invoiced.

Other accrued expenses comprise auditing and consultation services, interest, and other non-project-related expenditure.

23. Other liabilities

As of December 31, other liabilities consisted of the following:

			2011			2010
	Short-term	Long-term	Total	Short-term	Long-term	Total
Social-security-related liabilities	3,155	0	3,155	2,732	0	2,732
Personnel liabilities	1,255	22	1,277	1,324	99	1,423
Tax liabilities	14,012	0	14,012	10,325	0	10,325
Non-current trade accounts payable	0	784	784	0	677	677
Deferred income	1,505	8,220	9,725	1,673	8,431	10,105
Derivative financial instruments	384	0	384	560	0	560
Other liabilities	10,591	1,535	12,126	46,703	1,530	48,233
Long-term portion of other liabilities	0	2,787	2,787	0	1,802	1,802
Other liabilities	**30,902**	**13,347**	**44,250**	**63,317**	**12,540**	**75,857**
Advance payments from customers	**70,596**	**419**	**71,015**	**70,447**	**6,557**	**77,004**

24. Debt and liabilities from capital lease obligations

a) Short-term borrowings from third parties

Short-term borrowings refer to project-related interim financing.

b) Long-term debt and liabilities from capital lease obligations

As at December 31, long-term debt and liabilities from capital lease obligations consisted of the following:

			2011			2010
	Short-term	Long-term	Total	Short-term	Long-term	Total
Long-term borrowings	42,716	0	42,716	6	13,996	14,002
Lease obligations	110	587	697	144	706	850
Long-term debt and liabilities from capital lease obligations	**42,826**	**587**	**43,413**	**150**	**14,702**	**14,852**

25. Short-term accruals for income taxes

This item shows expected tax liabilities (less prepayments effected).

26. Pensions and similar obligations

Guaranteed benefit obligations have largely been transferred to a pension fund. Benefit claims (pension) are contingent on period of service and compensation received. Accrued amounts refer to active beneficiaries as well as former employees and dependents.

In addition to defined benefit plans there are also defined contribution plans, with regard to which payments (dependent on employees' own contributions) are effected to pension funds. For defined contribution plans there are no liabilities exceeding continuous contribution payments so that no accruals or liabilities are shown.

MERCER Human Resource are the experts in charge of determining accrued amounts (for companies in Austria on the basis of the 'AVOE 2008 - Employees' mortality tables).

The following table shows the changes in benefit obligations, the changes in plan assets and the funded status of the pension plans. Benefits paid as shown in the changes in benefit obligations represent payments made from both the funded and unfunded plans, while the benefits paid as shown in the changes in plan assets include only benefit payments from VAMED group's funded benefit plans.

	2011	2010
Benefit obligations at the beginning of the year	**18,704**	**16,151**
Changes in entities consolidated	272	0
Service cost	337	253
Interest cost	845	875
Contributions by plan participants	13	10
Transfer	365	0
Actuarial losses/gains	-406	2,175
Thereof adjustments according to Experience	182	-68
Benefits paid	-864	-750
Amendments	-13	-10
Benefit obligations at the end of the year	**19,252**	**18,704**
Thereof vested	15,691	14,452
Fair value of plan assets at the beginning of the year	**11,950**	**11,384**
Actual return on plan assets	-562	732
Contributions by the employer	1,698	565
Contributions by plan participants	13	10
Transfer	342	0
Benefits paid	-848	-741
Fair value of plan assets at the end of the year	**12,593**	**11,950**
Funded status as of December 31	**6,659**	**6,754**

The plan assets are neither used by the staff of the VAMED group nor invested in the VAMED group.

The following weighted-average assumptions were utilized in determining benefit obligations as of December 31:

	2011	2010
Discount rate	4.80 %	4.55 %
Rate of compensation increase	2.51 %	2.49 %
Rate of pension increase	1.75 %	1.75 %

In the year under review, benefit costs in the amount of T€ 715 (previous period: € 531) accrued for VAMED group's defined benefit pension plans, which are composed as follows:

	2011	2010
Service cost	337	253
Interest cost	845	875
Expected return of plan assets	-610	-620
Amortization non-realized gain/loss	142	23
Net periodic benefit cost	**715**	**531**

Net periodic benefit cost is allocated as personnel expense within cost of sales or selling and general administrative expenses. The allocation depends upon the area in which the beneficiary is employed.

The following weighted-average assumptions were used in determining net periodic benefit cost for the year ended December 31:

	2011	2010
Discount rate	4.55 %	5.55 %
Expected return of plan assets	5.50 %	5.50 %
Rate of compensation increase	2.49 %	2.55 %

Gains in connection with accumulated benefit obligations mainly result from changes in the discount rates on which actuarial computations are based. Computation is based on the 'AVOE 2008 – Employees' mortality tables.

Actuarial losses and gains (due to the actuarial plan asset losses (AGL) resulting from the pension funds' performance) amount to T€ -4,629 (previous period: T€ -4,005).

Of these actuarial losses, a partial amount of T€ 180 will be offset against earnings in the subsequent year.

The following table shows the expected future benefit payments:

Expected benefit payments		For the fiscal years
	698	2012
	714	2013
	768	2014
	848	2015
	864	2016
	5,110	2017 until 2021
Total	**9,003**	**for the next 10 years**

Plan investment policy and strategy

Plan assets are managed exclusively by the pension fund in accordance with its investment strategy and are broken down as follows:

	2011	2010
Investment fund for shares	27.85 %	29.46 %
Bond funds	39.53 %	37.51 %
Real estate funds	4.30 %	4.16 %
Other	28.32 %	28.87 %

The 'Other' portion of the plan assets is mainly determined on the basis of Level 1 and 2 ('Fair Value Measurement', approx. 59 % and 36 %, respectively); some 5 % of these assets are determined on a Level 3 basis.

Defined contribution plans

VAMED group's total expense under defined contribution plans for 2011 was T€ 1,407 (previous period: T€ 1,358).

The main part relates to the Austrian plan, which employees of the VAMED group's lead companies can join. Employees can deposit up to 5 % of their pay, and the company contributes 100 % of the employee's contribution.

27. Shareholders' equity

Subscribed capital
There were no changes of the subscribed capital in the year under review.

Capital reserve
The capital reserve shows the capital reserve from the consolidated financial statements of VAMED AG as at December 31, 2007 (according to the Austrian Business Code), plus additions from the first entry of the goodwill (at parent company level), as well as one subsidiary's capital reserve , which is not available for distribution.

Other reserves
Other reserves comprise earnings generated by group entities in the reporting year and in prior years to the extent that they have not been distributed.

Dividends
Under the Austrian Companies Act, the amount of dividends available for distribution to shareholders is based upon the net profit as shown in VAMED AG's financial statements drawn up under the Austrian Business Code.

28. Other Comprehensive Income (Loss)

	Before taxes January 1, 2011	Changes	Before taxes December 31, 2011	Tax effect January 1, 2011	Changes	Tax effect December 31, 2011	After taxes January 1, 2011	After taxes December 31, 2011
Realized and unrealized gains/ losses from derivative financial instruments	172	-555	-383	-58	156	98	114	-285
Foreign currency translation adjustment	264	-481	-217	-24	24	0	240	-217
Effect of changes of the consolidated group	-333	5	-328	0	0	0	-333	-328
Other comprehensive income	**103**	**-1,031**	**-928**	**-82**	**180**	**98**	**21**	**-830**

29. Commitments, contingent liabilities

Operating leases and rental payments
The companies of the VAMED group lease office buildings as well as machinery and equipment under various lease agreements expiring on dates through 2034.

Rental expenses in 2011 amounted to T€ 12,306, in the previous period to T€ 8,638. For the first to the fifth subsequent year, obligations under these contracts amount to T€ 37,002, then to T€ 51,274 (previous period: T€ 31,058, and T€ 32,455).

The VAMED group has contingent liabilities in an assessable amount of € 54.4 million max. (previous period: € 54.4 million) resulting from guarantees and similar obligations (mainly in connection with various construction and service projects). No amount is indicated for those additional contingent liabilities that, as at the balance sheet date, could not be assessed in the light of the circumstances.

Legal proceedings
In the year under review, the companies of the VAMED group were not involved in any legal proceedings (neither as plaintiff nor as defendant) of material importance for future business performance. All foreseeable risks resulting from such proceedings have been covered by write-downs and accruals, or insurance contracts.

30. Financial instruments

Valuation of financial instruments
Cash and cash equivalents are stated at nominal value, which equals the fair value.

Short-term financial instruments like accounts receivable and payable, and short-term borrowings, are valued at their carrying amounts, which are reasonable estimates of the fair value due to the relatively short period to maturity of these instruments.

Valuation of derivatives (foreign currency forwards) is done on the basis of a comparison of the contracted forward rate with the forward rate as at the balance sheet date for the remaining term of the contract. The result is then discounted on the basis of the market interest rates prevailing at the balance sheet date for the respective currency.

The VAMED group is exposed to risks related to foreign exchange fluctuations in connection with its international business activities that are partly denominated in currencies other than the euro. In order to manage foreign exchange rate fluctuation risks, the VAMED group enters into certain hedging transactions with highly rated banks or the parent's Treasury.

Market risk
The VAMED group has determined the euro as its financial reporting currency. The international activities of the group companies result in transaction risks that relate to sales and purchases denominated in foreign currencies.

For the purpose of hedging existing and foreseeable foreign exchange transaction exposures, the VAMED group enters into foreign exchange forward contracts. These hedging transactions were recognized as cash flow hedges.

The hedge-effective portion of changes in the fair value of foreign exchange forward contracts that are designated and qualified as cash flow hedges of forecasted product and service purchases and sales is reported in Accumulated Other Comprehensive Income (Loss).

Credit risk
The VAMED group has a major exposure on the merits of loss of receivables. This risk is administered through careful credit rating throughout the entire project phase, consistent receivables management, taking out insurance cover (wherever possible), and by outsourcing the financing risk ('soft loans').

Liquidity risk
The VAMED group uses effective working capital and cash management to control liquidity in order to ensure discharge of existing and future financial obligations. In light of cash and cash equivalents and receivables from cash pooling and investments as existent on the balance sheet date and the financing structure of construction projects, the Management of the VAMED group believes these items as well as the cash generated by operating activities and additional short-term borrowings to be sufficient to meet the foreseeable demand for liquidity of the VAMED group.

31. Supplementary information on capital management

The VAMED group has a solid financial profile. There is little demand for debt (in the form of borrowings and bank loans), mainly the result of the project business structure with downpayments of substantial size at project start. Project-related accounts payable and downpayments received as well as project-related accruals are the main debt items. Due to the company's diversification within the health care sector and its strong market positions in global, growing and non-cyclical markets, fundamentally stable, predictable and sustainable cash flows are generated.

VAMED group's customers are almost invariably of high credit quality. Moreover, the downpayments and provision of security received in the majority of transactions ensure that cash flows can be planned with reasonable certainty.

Further details on the development of shareholders' equity and debt are given in the Management Report under '1.3 Results of operations, financial position, assets and liabilities of the VAMED group'.

32. Notes on segment reporting

The VAMED group has identified the business segments 'Project Business' and 'Service Business', which corresponds to internal organizational and reporting structures (management approach) as at December 31, 2011.

Sales and proceeds between the business segments are principally at arm's length. Administrative services are billed in accordance with service level agreements.

33. Related party transactions

In the year under review, there were no business transactions between companies of the VAMED group and Executive or Supervisory Board members of VAMED AG.

34. Subsequent events

Since the end of the fiscal year 2011, there have been no significant changes in the VAMED group's corporate position or operating environment. At present, there are no plans to carry out any significant changes in the group's structure, administration, legal form, or in the area of personnel.

35. Compensation report

The Executive Board's total compensation amounted to T€ 1,839 (previous period: T€ 1,772).

In the year under review, no loans or advance payments on future compensation elements were made to members of VAMED AG's Executive Board.

36. Information on the Supervisory Board

Members of the Supervisory Board in the year under review:

Supervisory Board:
Dr. Gerd Krick, Bad Homburg (Chairman)
Dkfm. Stephan Sturm, Bad Homburg
(Deputy Chairman)
Dr. Robert Hink, Vienna, as of March 17, 2011
KR Dkfm. Karl Hollweger, Vienna, until March 17, 2011
Dr. Reinhard Platzer, Vienna
KR Karl Samstag, Vienna
Mag. Andreas Schmidradner, Vienna

Employees' representatives:
Josef Artner, Vienna
Otto Hager, Vienna
Ing. Robert Winkelmayer, Vienna

The Supervisory Board compensation is fixed by the VAMED AG General Meeting and in the year under review amounted to T€ 91 (previous period: T€ 91).

37. Auditor's fees

In 2011 and 2010, fees for the auditor Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna, and other Deloitte companies abroad, were expensed as follows:

	2011		2010	
	Total	Thereof: Austria	Total	Thereof: Austria
Audit fees	401	270	252	199
Tax consulting fees	11	0	23	0
Other fees	0	0	0	0
Total auditor's fees	**412**	**270**	**275**	**199**

38. Investments

VAMED AG's investments are listed in the Annex to the Notes.

39. Responsibility statement

"To the best of our knowledge, and in accordance with applicable reporting principles, the consolidated financial statements of the VAMED group give a true and fair view of the assets, liabilities, financial position and profit or loss of the VAMED group, and the Management Report includes a fair review of the development and performance of the business and the position of the VAMED group, together with a description of the principal opportunities and risks associated with the expected development of the VAMED group."

Vienna, March 1, 2012

The Executive Board

Dr. Ernst Wastler
Chairman of the Executive Board

Mag. Erich Ennsbrunner
Member of the Executive Board

Mag. Gottfried Koos
Member of the Executive Board

MMag. Andrea Raffaseder
Member of the Executive Board

LIST OF PARTICIPATING INTERESTS OF VAMED AG AS AT DECEMBER 31, 2011

(Without indirect interests, interests of below 10 %, as well as closed-down/non-operating firms)

Abbreviation	Company, location	Capital interest %
Fully consolidated companies:		
VAG	VAMED AG, Vienna, Austria	
hi	hospitalia international ltd., Oberursel, Germany	100.00
HSB	Sauerbrunn Spa Operation Ltd., Bad Sauerbrunn, Austria	95.00
HTB	HERMED Technical Consulting Ltd., Kirchheimbolanden, Germany	100.00
MED	MEDITERRA s.r.o., Prague, Czech Republic	100.00
NET	MEDNET s.r.o., Prague, Czech Republic	100.00
ALM	ALMEDA, a.s., Neratovice, Czech Republic	76.00
NTV	Nemocnice Tanvald, s.r.o., Tanvald, Czech Republic	0.30
SED	MEDITERRA – Sedlčany, s.r.o., Sedlčany, Czech Republic	100.00
NFM	Lower Austrian Facility Management Ltd., Wiener Neustadt, Austria	60.00
NTK	Neurological Therapeutic Center Kapfenberg Ltd., Kapfenberg, Austria	90.00
PSS	Dr. Pierer Sanatorium Salzburg GmbH & Co KG, Salzburg, Austria	100.00
PSS GMBH	Dr. Pierer Sanatorium Salzburg Ltd., Salzburg, Austria	100.00
RMB	Rehabilitation Center Montafon Operating Ltd., Schruns, Austria	100.00
STC	Senior Residents Center St. Corona am Schöpfl Operating Ltd., St. Corona am Schöpfl, Austria	100.00
TAU	TAU Management and Operating Ltd., Vöcklabruck, Austria	60.00
TBS	Thermal Center Seewinkel Operating Ltd., Vienna, Austria	100.00
TMD	TEMAMED Medical Technology Services Ltd., Kirchheimbolanden, Germany	100.00
VE	VAMED ENGINEERING GmbH & CO KG, Vienna, Austria	100.00
VE GMBH	VAMED ENGINEERING Ltd., Vienna, Austria	100.00
VE (P)	PRINSAMED - PROJECTOS INTERNACIONAIS DE SAÚDE UNIPESSOAL LDA, Lisbon, Portugal	100.00
VE (U)	TOV "VAMED UKRAINE", Kiev, Ukraine	100.00
VHP	VAMED Health Project Ltd, Berlin, Germany	100.00
VHP-CZ	VAMED Health Projects CZ s.r.o., Prague, Czech Republic	100.00
VKMB	VAMED-KMB Technical Operation and Management Ltd., Vienna, Austria	100.00
VMS	VAMED Management and Service GmbH & Co KG, Vienna, Austria	100.00
VMS GMBH	VAMED Management and Service Ltd., Vienna, Austria	100.00
VMS-D	VAMED Management und Service Ltd. Germany, Berlin, Germany	100.00
VMT	VAMED Medical Technology Ltd., Vienna, Austria	100.00
V-NL	VAMED Nederland B.V., Arnheim, The Netherlands	100.00
VSG	VAMED Estate Development and Engineering GmbH & Co KG, Vienna, Austria	100.00
VSG GMBH	VAMED Estate Development and Engineering Ltd., Vienna, Austria	100.00
Non-consolidated companies:		
BBH	Blumauerplatz Holding Ltd., Linz, Austria	100.00
BPB	Burgenland Nursing Home Operating Ltd., Neudörfl, Austria	49.00
CFM	Charité Facility Management Ltd., Berlin, Germany	16.33
CWS	CW Hospital Service Ltd., Düsseldorf, Germany	25.00
EHD	PT. European Hospital Development, Jakarta, Indonesia	30.00
GOK	Charitable Oberndorf Hospital Operating Ltd., Oberndorf, Austria	49.00
GRB	Health Resort Gars Operating Ltd., Gars am Kamp, Austria	19.14
GRG	Health Resort Gars Ltd., Gars am Kamp, Austria	19.90
ITS	UK S-H Information Technology Services Ltd., Lübeck, Germany	49.00
ITT	UK S-H Information Technology Ltd., Lübeck, Germany	49.00
KFE	KFE Hospital Facility Management Eppendorf Ltd., Hamburg, Germany	49.00
KME	KME Hospital Medical Technology Eppendorf Ltd., Hamburg, Germany	49.00
LKV	LKV Hospital Construction and Leasing Ltd., Linz, Austria	49.00
MTK GmbH	VAMED MTK Hofheim Management Ltd., Berlin, Germany	75.00
MTK KG	VAMED MTK Hofheim GmbH & Co. KG, Berlin, Germany	75.00
NRZ	Neurological Rehabilitation Center 'Rosenhügel' Construction and Operating Ltd., Vienna, Austria	49.00
NTG	Neurological Therapeutic Center Gmundnerberg Ltd., Linz, Austria	41.40
PSZ	Psychosomatic Center Eggenburg Ltd., Eggenburg, Austria	29.00
RBB	Rehabilitation Center Baumgartner Höhe Operating Ltd., Vienna, Austria	100.00
RKB	Rehabilitation Center Kitzbühel Operating Ltd., Kitzbühel, Austria	100.00
ROB	Rehabilitation Center Oberndorf Operating Ltd., Oberndorf, Austria	100.00
RVB	Rehabilitation Center St. Veit im Pongau Operating Ltd., Salzburg, Austria	76.00
RZO	Rheumatic Center Vienna-Oberlaa Ltd., Vienna, Austria	49.00
TBG	'TBG' Thermal Center Geinberg Operating Ltd., Linz, Austria	18.00
TBL	TBL Thermal Center Laa a.d. Thaya Operating Ltd., Laa a.d. Thaya, Austria	19.98
THG	"THG" Thermal Center Geinberg Construction Ltd., Geinberg, Austria	27.34
THL	THL Thermal Center Laa a.d. Thaya Project Development and Construction Ltd., Laa a.d. Thaya, Austria	19.96
TWB	Tauern SPA World Operating GmbH & Co KG, Kaprun, Austria	17.07
TWB GMBH	Tauern SPA World Operating Ltd., Kaprun, Austria	20.99
TWE	Tauern SPA World Construction GmbH & Co KG, Kaprun, Austria	17.07
TWE GMBH	Tauern SPA World Construction Ltd., Kaprun, Austria	20.99
TWO	Thermal Center Vienna GmbH & Co KG, Vienna, Austria	19.99
TWO GmbH	Thermal Center Vienna Ltd., Vienna, Austria	19.99
UKH-Linz	UKH-Linz Construction and Leasing Ltd., Linz, Austria	33.33
UKK	VAMED UKK Project Ltd., Berlin, Germany	100.00
VAROM	VAMED ROMANIA S.R.L., Bucharest, Romania	100.00
VBH	'VAMED B&H' d.o.o. Tuzla, Tuzla, Bosnia-Herzegovina	100.00
VDS	VAMED Dominikus Service Ltd., Berlin, Germany	49.00
VE (M)	VAMED ENGINEERING (M) SDN. BHD., Kuala Lumpur, Malaysia	30.00
VE (T)	Vamed (Thailand) Co., Ltd., Bangkok, Thailand	15.00
VEE	VAMED EMIRATES LLC, Abu Dhabi, United Arab Emirates	20.00
VE-NIG	VAMED ENGINEERING NIGERIA LIMITED, Abuja, Nigeria	15.00
VE-PHD	Philippine Hospital Project Development Corporation, Manila, Philippines	40.00
VHC	VAMED Healthcare Co. Ltd., Peking, P.R. of China	100.00
VHS	VAMED HEALTHCARE SERVICES SDN. BHD., Kuala Lumpur, Malaysia	88.57
VHT	VAMED Healthcare Services (Thailand) Ltd., Bangkok, Thailand	49.00
VMR	Health Institution - Institute for diagnostics "VAMED" Novi Sad, Novi Sad, Serbia	75.00
VMS-CZ	VAMED CZ s.r.o., Prague, Czech Republic	100.00
VOJ	"VOJVODINA SPA" Ltd. Novo Milosevo, Novo Milosevo, Serbia	51.00
V-RU	OOO VAMED, Moscow, Russian Federation	100.00

All company names are shown as registered, except for German-language company names, with regard to which an interpretive English equivalent is given.

AUDITOR'S REPORT

We have audited the 'Condensed Consolidated Financial Statements', comprising balance sheet, income statement, cash flow statement, statement of changes in equity, and condensed Notes, of VAMED AG, Vienna, for the fiscal year January 1 to December 31, 2011. The condensed consolidated financial statements are based on the parent's Group Reporting Package prepared under generally accepted accounting principles in accordance with the International Financial Reporting Standards (IFRS) and the consolidated group stipulated therein. The preparation and the contents of that Group Reporting Package, prepared exclusively for the purpose of integration into the parent's consolidated financial statements, and the resulting condensed consolidated financial statements, are the responsibility of the company's legal representatives. Our responsibility is to express an opinion on the condensed consolidated financial statements based on our audit. On signing the job arrangement letter, our mandate, and our responsibility, also vis-à-vis third parties, are subject to the General Conditions of Contract for the Public Accounting Professions (AAB 2011) as published by the Chamber of Public Accountants. Therefore, our liability is excluded for cases of slight negligence. For gross negligence, a maximum liability limit of € 2 million is agreed upon in accordance with the Austrian Business Code, section 275.

We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the condensed consolidated financial statements are free of material misstatements. Our understanding of the business and the economic and legal environment of the subgroup and expectations as to possible misstatements were taken into account in the determination of the audit procedures. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the condensed consolidated financial statements. An audit also includes assessing the accounting principles applied and significant estimates made by the legal representatives as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.

The VAMED subgroup's financial statements vary from the International Financial Reporting Standards (IFRS) and the interpretations by the International Financial Reporting Interpretations Committee (IFRIC) in the following points:

- The goodwill from the acquisition of the VAMED group at the level of the parent company FSE has been included in the financial statements of the VAMED AG subgroup (push-down accounting);
- The goodwill from acquisitions of other FSE segments has been included in the VAMED subgroup's financial statements at the values indicated by FSE (push down accounting).
- The present Notes on the subgroup's financial statements have been drawn up to the extent required for a clear understanding of the balance sheet and the income statement and do not claim to be complete in the sense of the International Financial Reporting Standards (IFRS).
- The consolidated group was adopted from the Group Reporting Package and for the first time comprises two non-profit organizations from which the subgroup does not benefit directly.

In our opinion, which is based on the results of our audit, the condensed financial statements of the VAMED AG subgroup, Vienna, as at December 31, 2011, subject to the qualifications stipulated in the above paragraph, were prepared in accordance with the parent's generally accepted accounting principles, which provide for the application of the International Financial Reporting Standards (IFRS), and give a true and fair view of the financial position of the VAMED AG subgroup as at 31 December 2011 and of its financial performance for the financial year from 1 January 2011 to 31 December 2011 in accordance with the above accounting standards.

Vienna, March 1, 2012

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Renngasse 1/
Freyung
1010 Wien

Deloitte Audit Wirtschaftsprüfungs GmbH

Dr. Michael Heller
Certified Public Accountant

ppa. Dr. Claudia Brunnhuber-Holzinger
Certified Public Accountant

This English translation of the audit report was prepared for the client's convenience only. It is no legally relevant translation of the German audit report.

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