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VAMED ANNUAL REPORT 2012

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ANNUAL REPORT **2012**

	2012	2011
Orders on hand (€ m)	986.6	845.1
Sales (€ m)	846.4	737.4
International sales (%)	62.1	54.7
EBIT (€ m)	50.8	44.4
EBT (€ m)	49.9	46.0
Staff (as at Dec. 31)	4,432	3,724

Acc. to International Financial Reporting Standards (IFRS)

VAMED Aktiengesellschaft
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VAMED AG

VAMED PROJECTS 28

GROUP REPORT 2012

FOREWORD OF THE EXECUTIVE BOARD

In 2012, VAMED looked back on a 30-year track record of success in the health care sector worldwide. In that anniversary year, VAMED's unique value chain in prevention, acute care, rehabilitation and nursing has again evidenced our economic success despite internationally demanding circumstances and confirmed that VAMED is very well positioned to successfully address future challenges.

VAMED's path over the past 30 years has been characterized by pioneering spirit, entrepreneurial vision, and the courage to get involved with completely different cultures. From the very beginning, VAMED was set to face global competition. Within three decades, we have succeeded in developing a unique range of offers in health care and in introducing innovative models in prevention and rehabilitation.

By 2012, VAMED had implemented around 600 projects at national and international level, including 18 Private Public Partnership (PPP) models. It is in particular this innovative overall implementation approach of employing customized partnership models that opens up new opportunities for investments in the health infrastructure sector. Additionally, 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. 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 2012. health. care. vitality. stands for the overall competence VAMED may refer to in the business fields prevention, acute care, rehabilitation and nursing.

We offer our partners and customers a complete portfolio, ranging from project development and the planning and construction of health care facilities, to highly specialized services, including total 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.

In the acute care sector, VAMED may again refer to significant achievements in 2012 in connection with planning and turn-key construction. In Russia, the construction of a turn-key 300-bed hospital in Krasnodar was completed according to schedule and handed over to the customer in the second half of 2012. In Gabon, the turn-key specialized hospital for cancer patients in Angondje was officially inaugurated by the President.

In rehabilitation, VAMED operates eight facilities in Austria and is the country's leading private provider of rehabilitation services. In western Austria, two new rehabilitation center projects were started in 2012: In Kitzbühel, work on the construction of a new rehabilitation center for musculoskeletal conditions was commenced in May 2012. July 2012 saw the ground-breaking ceremony for an oncological rehabilitation center in St. Veit im Pongau. And in Switzerland VAMED added yet another rehabilitation center of renown in 2012: the Rehabilitation Clinic Zihlschlacht.
The taking over of H.C. Hospital Consulting S.p.A. in Italy in 2012 extends the VAMED group's international market reach in medico-technical management. The addition of the new subsidiary means that the VAMED group now provides services for more than 300 health care facilities with about 100,000 beds worldwide.

Also the prevention and health tourism sector rendered a positive contribution to VAMED 's overall success in 2012. The completion of the unique Geinberg5 Private Spa Villas and the extension of AQUA DOME-Tirol Therme Längenfeld mark the addition of premium-quality facilities to two important resorts of the VAMED Vitality World. This means that VAMED set clear quality standards and further consolidated their market leadership in the Austrian health and thermal spa tourism sector in 2012: At a market share of about 28%, some 2.4 million guests are attracted each year.

The year 2013 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 need for an ever-closer networking of our health service fields 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 but improve the economics of health care in general as well.

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, in light of the health care systems' dynamics, VAMED's competences will be much in demand.

Also in the year 2012, 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 2012 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 global range of offers in prevention, acute care, rehabilitation and nursing 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.

Mag. Wolfgang Kaltenegger Member of the Executive Board	MMag. Andrea Raffaseder Member of the Executive Board	Dr. Ernst Wastler Chairman of the Executive Board	Mag. Gottfried Koos Member of the Executive Board

REPORT OF THE SUPERVISORY BOARD

At the Supervisory Board meeting of March 14, 2012, Mag. Erich ENNSBRUNNER, after having reached agreement to that effect with the Supervisory Board, announced his resignation from his Executive Board function, to take effect on June 30, 2012. At the same meeting, Mag. Wolfgang KALTENEGGER was appointed Executive Board member of VAMED AG as of July 1, 2012. Mag. Wolfgang KALTENEGGER took over Financing and Controlling from Mag. Erich ENNSBRUNNER and was put in charge of the strategic business field VAMED Vitality World.

At the Annual Shareholders' Meeting, held on March 14, 2012, an amendment of the company's Memorandum and Articles of Association was resolved upon in connection with the conversion of bearer shares to registered shares.

In the fiscal year 2012, the Supervisory Board's deliberations focused on corporate acquisitions and on activities to strengthen the corporate areas ‚Services' and ‚Total Operational Management', as well as on measures to further expand, strengthen and consolidate the position of the VAMED group in the health care sector in Central Europe and internationally.

The Executive Board informed the Supervisory Board in writing and orally on the future corporate policy, the future development of the assets, financial position and performance of VAMED AG and of the VAMED group, as well as on the corporate business, the situation of the company and of 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 consolidated financial statements of the majority shareholder were also submitted 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 February 28, 2013, the Committee recommended the Supervisory Board to approve of the financial statements.

In its meeting of March 7, 2013, 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 2013 of VAMED AG.

Thanks and recognition are due to the staff for their contribution in the fiscal year 2012.

Vienna, March 7, 2013

The Supervisory Board
Dr. Gerd Krick
(Chairman)

CORPORATE ORGANS OF VAMED AG

The Executive Board

CHAIRMAN OF THE EXECUTIVE BOARD	**Dr. Ernst Wastler**
MEMBER OF THE EXECUTIVE BOARD	**Mag. Wolfgang Kaltenegger (since July 1, 2012)**
MEMBER OF THE EXECUTIVE BOARD	**Mag. Erich Ennsbrunner (until June 30, 2012)**
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** Secretary General of the Austrian Association of Municipalities (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 we receive 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.

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

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

WORLD OF VAMED

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

»Committed without limits to health, worldwide.«

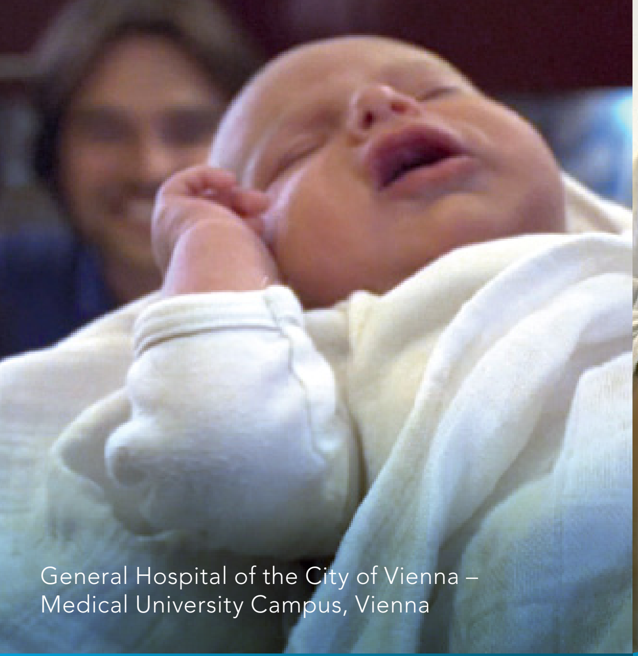
VAMED has implemented with success around 600 facilities in health care and health tourism (hospitals, research centers, nursing homes, residences for senior citizens, health and spa centers, and thermal resorts) in 70 countries. Just under 80 % of these projects were implemented in Europe (incl. CIS). In addition, VAMED has established firm roots in the form of important projects already many years ago in Middle East, Africa, Asia, and Latin America, where the company has secured its competitive advantage through know-how, professionalism, and solutions tailored to meet local needs.

Ulaanbaatar, Mongolia
Beijing, P.R. of China
Hanoi, Vietnam
Bangkok, Thailand
Manila, Philippines
Kuala Lumpur, Malaysia

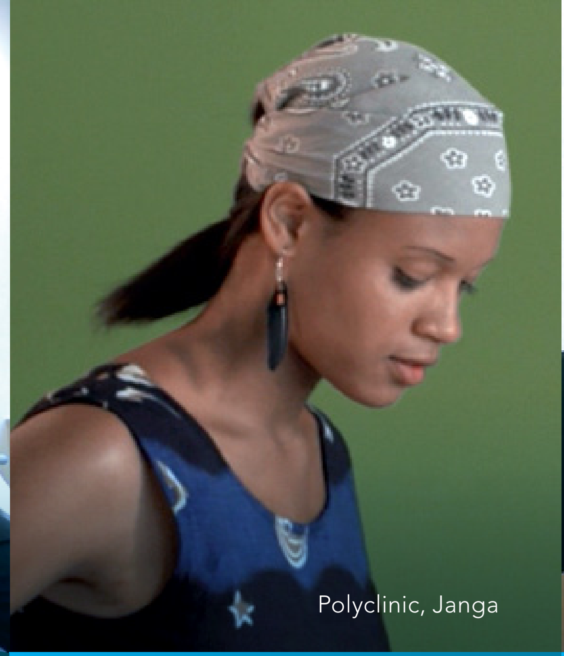
Tegucigalpa, Honduras
Bogotá, Colombia
Port-of-Spain, Trinidad and Tobago

Eindhoven, The Netherlands
Kiel, Lübeck, Germany
Hamburg, Germany
Cologne, Düsseldorf, Germany
Kirchheimbolanden, Germany
Berlin, Germany
Bad Homburg, Germany
Rapperswil-Jona, Switzerland
Zihlschlacht-Sitterdorf, Switzerland
Prague, Czech Republic
Vienna, Austria – VAMED Headquarters
Budapest, Hungary
Bagno a Ripoli, Italy
Milan, Italy
Tuzla, Bosnia and Herzegovina
Bijeljina, Bosnia and Herzegovina
Novi Sad, Serbia
Bucharest, Romania
Warsaw, Poland
Lisbon, Portugal
Athens, Greece
Ankara, Turkey
Moscow, Russia
Krasnodar, Russia
Sochi, Russia
St. Petersburg, Russia
Donetsk, Ukraine
Kiev, Ukraine
Yalta, Ukraine
Astana, Kazakhstan
Ashgabat, Turkmenistan
Baku, Azerbaijan

Abu Dhabi, UAE
Baghdad, Iraq
Erbil, Iraq
Tripoli, Libya
Dakar, Senegal
Accra, Ghana
Abuja, Nigeria
Libreville, Gabon
Luanda, Angola
Praia, Cap Verde
Maputo, Mozambique


General Hospital of the City of Vienna –
Medical University Campus, Vienna


Al Ain Hospital,
Abu Dhabi


Polyclinic, Janga


Baoshan Sitang Hospital,
Shanghai

TAUERN SPA Zell am See – Kaprun

VAMED AS AN INTEGRATED HEALTH CARE PROVIDER

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

»VAMED's portfolio of services is focused on human health only. A life long.«

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.

VAMED'S PERFORMANCE SPECTRUM

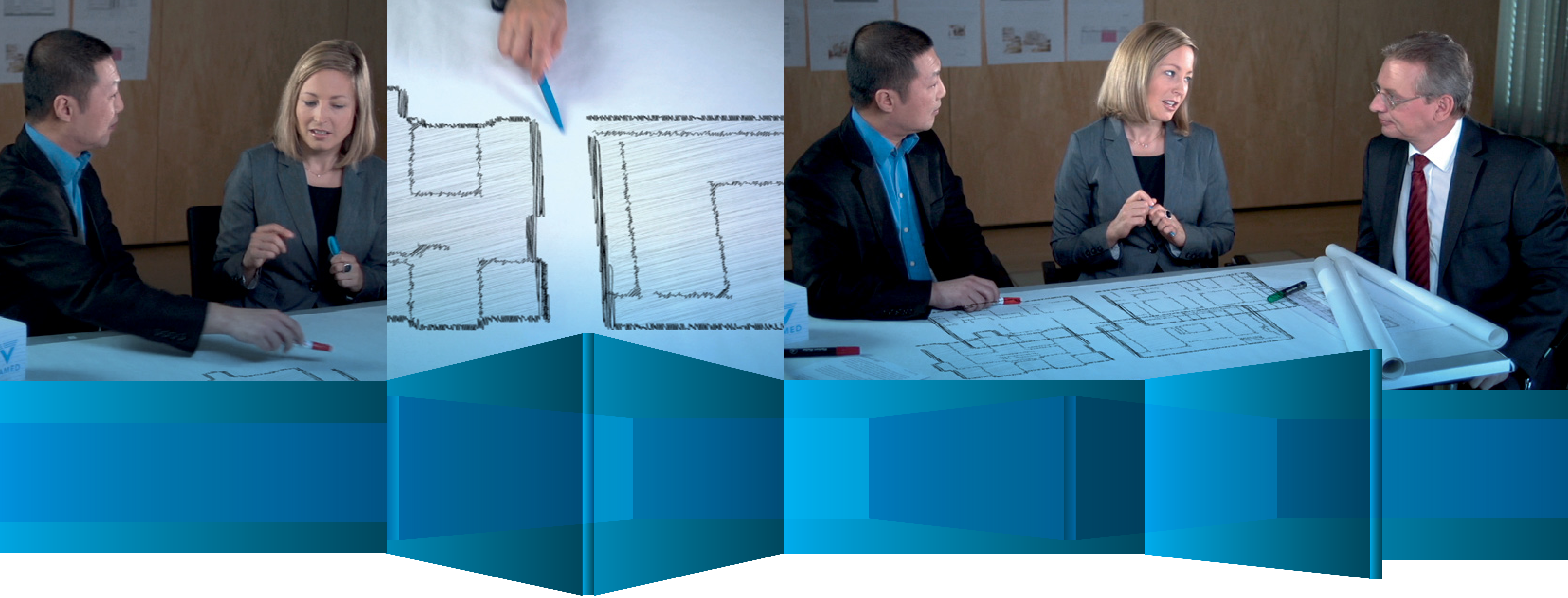
VAMED combines professional consultation, planning and construction, financial engineering and management competence and – backed up by a firm commitment to quality, efficiency, and reliability – ensures the sustainable success of projects and of partners in health care – globally.

PROJECT DEVELOPMENT

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

It all starts with the initial idea.

The initial idea for a project is the driving force behind a joint plan: Sparked by an initial 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.



PLANNING

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

PROJECT MANAGEMENT AND 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-technology packages**
- **General contractor's function**
- **Project management**
- **Project financing**
- **Putting into operation**
- **Staff training**

SERVICES

Optimized processes ensure high quality in health care.

VAMED offers a full range of services for all types of health care facilities.

VAMED's service business has a modular structure and comprises all facility management aspects in technical, commercial and infrastructure terms. Through optimizing processes, VAMED minimizes costs and ensures the required quality of health care.

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

OPERATIONAL MANAGEMENT

Comprehensive support, assuming full responsibility.

As one of the very few companies worldwide, VAMED has the know-how it takes to manage a health care facility over its entire life cycle, from the initial project idea to total operational management, using our own resources.

VAMED stands ready to provide whatever management service is desired, from outsourcing solutions for partial operations via partnership models to total operational management.

- Total operational management

VAMED PROJECTS

By 2012, VAMED had implemented around 600 projects at an international level, 18 of which were Private Public Partnership (PPP) models.

Public sector clients display 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 lifecycle and PPP 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

PROJECT DEVELOPMENT

PLANNING

PROJECT MANAGEMENT & CONSTRUCTION

SERVICES

OPERATIONAL MANAGEMENT

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

GENERAL HOSPITAL OF THE CITY OF VIENNA – MEDICAL UNIVERSITY CAMPUS
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 since 1986

COMPLETION
1994

FACILITY MANAGEMENT
Since 1986

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, construction and total operational management

COMPLETION
2011

OPERATIONAL MANAGEMENT
Since 2011

REHABILITATION CLINIC VIENNA BAUMGARTEN
VIENNA, AUSTRIA

CUSTOMER
VAMED-operated

HOSPITAL TYPE
Rehabilitation

NUMBER OF BEDS
152

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

COMPLETION
2013

VAMED PROJECTS

PROJECT DEVELOPMENT | PLANNING | PROJECT MANAGEMENT & CONSTRUCTION | SERVICES | OPERATIONAL MANAGEMENT

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

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

CUSTOMER
Gesundheitsresort Gars GmbH

KEY FACTS
Medical wellness resort exclusively for women

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

OPERATIONAL MANAGEMENT
Since 2011

VAMED VITALITY WORLD

THERME GEINBERG SPA RESORT
GEINBERG, AUSTRIA

CUSTOMER
TBG Thermal Center Geinberg Operating Ltd.

KEY FACTS
Enlargement of Therme Geinberg by 21 SPA villas (5-star) with own wellness area, exclusive SPA, oriental world of experience with Hamam and gastronomy area

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

COMPLETION
October 2012

VAMED VITALITY WORLD

REHAZENTRUM KITZBÜHEL
KITZBÜHEL, AUSTRIA

CUSTOMER
VAMED-operated

HOSPITAL TYPE
Rehabilitation for musculoskeletal conditions

NUMBER OF BEDS
120

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

COMPLETION
2013

AQUA DOME-TIROL THERME LÄNGENFELD
LÄNGENFELD, AUSTRIA

CUSTOMER
Thermal Spa Längenfeld development and operating Ltd.

KEY FACTS
4-star superior hotel, directly adjoining thermal resort with indoor and outdoor pools and own children's area, sauna area, fitness and beauty centers, Hotel-SPA area, gastronomy area, spacious seminar facilities

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

ENLARGEMENT
54 rooms, 6 family suites, new seminar rooms, Hotel Premium SPA "SPA 3000". More than 2,000m² sauna area, baths and tranquility oasis on two floors

VAMED VITALITY WORLD

AUSTRIA'S LEADING SPA RESORT 2012

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; project development, planning, construction and total operational management of the rehabilitation center

COMPLETION
Acute Care and Rehabilitation Center 2011,
Outpatient Center 2013

VAMED PROJECTS

PROJECT DEVELOPMENT
PLANNING
PROJECT MANAGEMENT & CONSTRUCTION
SERVICES
OPERATIONAL MANAGEMENT

REHABILITATION CENTER ST. VEIT IM PONGAU
ST. VEIT IM PONGAU, AUSTRIA

CUSTOMER
VAMED-operated

HOSPITAL TYPE
Oncological rehabilitation

NUMBER OF BEDS
120

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

COMPLETION
2013

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

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 construction

COMPLETION
2016

UNIVERSITY HOSPITAL SCHLESWIG-HOLSTEIN
KIEL, LÜBECK, GERMANY

CUSTOMER
University Hospital Schleswig-Holstein

HOSPITAL TYPE
University hospital

NUMBER OF BEDS
2,400

PROJECT SCOPE
Establishing and managing two service companies for IT operation

IMPLEMENTATION
Since 2010

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, construction and putting-into-operation of supplementary hospital structures, including car park

COMPLETION
2012

REHABILITATION CLINIC MALVAZINKY
CZECH REPUBLIC

CUSTOMER
VAMED-operated

HOSPITAL TYPE
Orthopedic rehabilitation

NUMBER OF BEDS
60

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

COMPLETION
2012

VAMED PROJECTS

PROJECT DEVELOPMENT

PLANNING

PROJECT MANAGEMENT & CONSTRUCTION

SERVICES

OPERATIONAL MANAGEMENT

GENERAL HOSPITAL "SVETI VRACEVI"
BIJELJINA, BOSNIA-HERZEGOVINA

CUSTOMER
Ministry of Health

HOSPITAL TYPE
General hospital

NUMBER OF BEDS
246

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

COMPLETION
2013

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

6 NMH HOSPITALS
KAZAKHSTAN

CUSTOMER
National Medical Holding (NMH)

HOSPITAL TYPE
General hospital

NUMBER OF BEDS
1,250

PROJECT SCOPE
Consulting for the implementation of an integrated technical operational management system for 6 hospitals

COMPLETION
2012

IMC PRIVATE HOSPITAL
ULAANBAATAR, MONGOLIA

CUSTOMER
MCS Group

HOSPITAL TYPE
General hospital

NUMBER OF BEDS
92

PROJECT SCOPE
Planning contract for architecture, building services, supply and installation of medical equipment and maintenance

COMPLETION
2013

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

VAMED PROJECTS

PROJECT DEVELOPMENT
PLANNING
PROJECT MANAGEMENT & CONSTRUCTION
SERVICES
OPERATIONAL MANAGEMENT

HEFEI NO. 2
PROVINCE ANHUI,
P. R. OF CHINA

CUSTOMER
Hefei No. 2 People's Hospital

HOSPITAL TYPE
General hospital

NUMBER OF BEDS
1,600

PROJECT SCOPE
Planning, supply and installation of medical equipment, staff training

COMPLETION
2013

ZIYANG NO. 2
PROVINCE SICHUAN,
P. R. OF CHINA

CUSTOMER
Ziyang No. 2 Hospital

HOSPITAL TYPE
General hospital

NUMBER OF BEDS
1,200

PROJECT SCOPE
Planning, supply and installation of medical equipment, staff training

COMPLETION
2013

SAN FERNANDO HOSPITAL
SAN FERNANDO,
TRINIDAD AND TOBAGO

CUSTOMER
UDeCOTT

HOSPITAL TYPE
General hospital

NUMBER OF BEDS
216

PROJECT SCOPE
Detailed planning, adaptation of the existing hospital

COMPLETION
2012

POLYCLINICS II
GHANA

CUSTOMER
Ministry of Health

HOSPITAL TYPE
Polyclinic
General hospital

NUMBER OF BEDS
15 beds each at the locations Babile, Ko, Lambussie, Hain, and Wechiau

PROJECT SCOPE
Planning, construction, provision of medical equipment and putting-into-operation

COMPLETION
2012

POLYCLINICS III
GHANA

CUSTOMER
Ministry of Health

HOSPITAL TYPE
Polyclinic
General hospital

NUMBER OF BEDS
15 beds each at the locations Wamfie, Nkrankwanta, Techimantia, Bomaa, and Kwatire

PROJECT SCOPE
Planning, construction, provision of medical equipment and putting-into-operation

COMPLETION
2014

GENERAL HOSPITAL OWENDO
OWENDO, GABON

CUSTOMER
Ministry of Health

HOSPITAL TYPE
General hospital

NUMBER OF BEDS
151

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

COMPLETION
2013

6.00 am, Vienna

9.00 am, Abu Dhabi

GROUP REPORT 2012

- 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

VAMED achieved excellent results in 2012.
VAMED may refer to a successful fiscal year 2012 – sales increased by 15%, EBIT is up 15%, and earnings before tax (EBT) improved by 9%. A 9% rise in new orders and a plus of almost 17% 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 for the health care industry with a wide-ranging service portfolio, VAMED has achieved a unique market position.

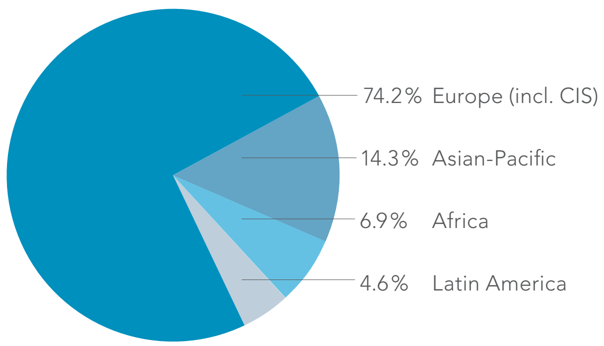
VAMED has so far successfully implemented some 600 projects in around 70 countries dispersed over four continents.

1.2 Business development

Economic development
In the fiscal year 2012, VAMED managed to increase sales by 15% to a total of € 846 million (2011: € 737 million). The organic growth rate was 5%. Sales by sectors developed as follows:

in T€	2012	2011	Changes
Project business	506,124	493,854	2.5%
Service business	340,310	243,553	39.7%
Total	**846,434**	**737,407**	**14.8%**

Sales broken down by regions
In 2012, Europe was our top sales region, accounting for 74.2% of total sales. The Asian-Pacific region, Africa, and Latin America contributed 14.3%, 6.9% and 4.6%, respectively, to total sales.



2012: T€ 846,434

In the year under review, project business again developed excellently and orders on hand rose by 17% to € 987 million.

VAMED's earnings performance also was outstanding. EBIT rose by 15% to € 51 million (2011: € 44 million), of which the project business and the service business account for € 25 million (2011: € 28 million) and € 26 million (2011: € 16 million), respectively. The EBIT margin of 6% is at previous year's level.

A result of our business's low capital intensity, VAMED's return on equity (ROE) before taxes is excellent at 20% (2011: 21%).

The net income of the VAMED group was € 35 million, an increase of 3% against the previous period (2011: € 34 million).

VAMED'S VALUE CHAIN

PROJECT BUSINESS

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

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 projects, including financing management. VAMED responds flexibly to our clients' needs, providing customer-tailored solutions, all from one source. VAMED also implements projects together with cooperation partners. Public sector clients display 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 the following, brief information is given about important projects in individual project business target markets:

Europe

In Germany, all VAMED projects were successfully continued. The extension of the Main-Taunus District Hospitals in Hofheim, at an investment volume of € 42 million, was carried on according to schedule. The new facilities will further improve treatment quality and render hospital operation more efficient. The turn-key construction of a new Examination and Treatment Center at the University Hospital of Cologne (U/B West) was completed. The investment volume amounted to € 65 million. In connection with that 'life-cycle project', VAMED also received a 25-year facility management contract. The construction of new hospital structures supplementary to the existing Cologne-Merheim Hospital, started in 2009, was successfully completed as well. The special challenge was that construction work had to be carried out with the hospital in full operation. The investment volume amounted to € 58 million.

In Austria, the focus was on the development of further PPP projects and on holistic implementation models. May 2012 saw the official inauguration of the Integrated Health Care Center Oberndorf near Salzburg, where new approaches have been adopted in the provision of medical care. The combination of an acute care hospital and a rehabilitation center with the planned outpatient care center at one location constitutes a unique reference project in public health care in Austria.

Two further rehabilitation center projects were started in the west of Austria: In May 2012, the ground was broken for the construction of a new rehabilitation center in Kitzbühel, which specializes on orthopedic conditions. July 2012 saw the start of construction work on the oncological rehabilitation center St. Veit im Pongau, the first center of that type in the region.

Work on the turn-key construction of the Vienna-Baumgarten Rehabilitation Center was continued. In 2013, three new centers will commence operations. The order volume amounts to € 72 million. In the Burgenland province, the opening up of the VAMED-built nursing home in Rechnitz further strengthens our existing PPP partnership for nursing facilities.

VAMED has always had a special focus on sustainability when planning and constructing health care facilities. In 2012, our sustainability-focused approach was assessed and confirmed by a neutral test institute for the first time. As a result, 'Green Buildings', where energy efficiency plays an almost exclusive role, have become 'Blue Buildings', which in addition to ecological requirements also fulfill economic, social and functional tasks in an exemplary manner. This means that not only the building's life cycle needs to be sustainable; much emphasis is also given to the people working and living in such building.

VAMED was awarded the ÖGNI pre-certificate in silver for sustainability by ÖGNI, the Austrian Association for the advancement of sustainability in construction and property development, for the planning and implementation of the oncological rehabilitation center St. Veit im Pongau – the first one in the entire German-speaking area.

In Bosnia, work on the major order for the overall implementation of the 220-bed General Hospital Bijeljina was continued as planned. That project will be completed in 2013.

In Russia, the turn-key 300-bed hospital in Krasnodar was handed over to the customer as planned. In Sochi, the renovation and expansion of the City Hospital No. 4 was continued to schedule: 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 further orders for the supply of medical technology were carried out.

Africa

In Gabon, work on a turn-key construction project, the specialist hospital for cancer patients in Angondje, was completed ahead of schedule. Also, stage 1 extension work of the Centre Hospitalier de Libreville was successfully completed.

In Ghana, the follow-up contract for the construction of further five turn-key polyclinics was carried on.

In Nigeria, VAMED modernized a total of 14 university hospitals. Our first order from Mali, for the construction of a radiation therapy center, was completed within a period of no more than twelve months.

First orders from Senegal, Mozambique and Cap Verde show that we successfully entered these markets in 2012.

Asia-Pacific

In Malaysia, Vietnam, and China, important markets for VAMED in Asia, we have been working with success for many years already. The high level of satisfaction our work enjoys with our Chinese customers secured new orders in 2012. This means that we managed to continue the previous year's success story and entered into our books new orders for the supply of medical technology of a value of about € 71 million.

In Malaysia, VAMED continued performing the order for the planning, supply and installation of medical equipment for the National Cancer Institute. The investment volume amounts to € 31 million.

In Vietnam, we equipped as planned a hospital in Hue with special facilities for oncological care at an order volume of € 17 million. In Laos, the modernization of the 450-bed Mahosot University Hospital, which started in 2011, was successfully completed. That order included the renovation and modernization of the surgical center.

Latin America

In addition to the projects already implemented in Latin America, we won our first contract from Trinidad and Tobago: VAMED was commissioned with the extension and modernization of the San Fernando General Hospital. In Honduras, VAMED received a follow-up order for the planning, supply and installation of medical technology. In order to further strengthen our presence on the Latin American market, VAMED established a branch office in Bogotá, Colombia.

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 range from the maintenance of buildings and of all devices, service of medico-technical equipment, via technical management to the total operational management of health care facilities. VAMED also provides services related to energy management, waste management, cleaning of buildings and exterior facilities, as well as security services. 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.

The following survey outlines relevant changes in our service business target markets:

Europe

In Austria, VAMED successfully continued its more than 25-year long partnership with the General Hospital of the City of Vienna – Medical University Campus (AKH) also in 2012. VAMED has been in charge of technical management of the AKH since 1986. Apart from that, VAMED has continued work on the further extension of the AKH. The AKH Vienna is one of Europe's largest hospitals, comprising 30 clinics and institutes with about 2,100 beds.

VAMED's second largest technical service contract, after the Vienna General Hospital, is for two hospitals with a total of 1,230 beds in the province of Lower Austria. In 2012, we continued with success the technical management of these two hospitals.

Being in charge of eight rehabilitation facilities, VAMED is the largest private provider of rehabilitation services in Austria. Three further rehabilitation centers, in Salzburg, Tirol and Vienna, are under construction. These will be managed by VAMED and are scheduled to start operations in 2013.

The order for the construction and adaptation of the Rehabilitation Clinic in Zihlschlacht is VAMED's first order for a project in Switzerland. VAMED was also entrusted with total facility management of that Clinic, a rehabilitation center for neurological rehabilitation, early rehabilitation, Parkinson, cervical spine sprain, and psycho-mentally gravely injured patients.

In Germany, Charité CFM Facility Management Ltd., the consortium led by VAMED, has been in charge of the entire service sector of the University Hospital Charité Berlin, except for Charité's purely medical services, since 2006. A staff of about 2,600 is busy fulfilling one of the largest orders ever placed in the European hospitals sector. In 2012, the VAMED-led consortium was again awarded the technical management contract. The fact that the consortium has once again received that contract evidences the trust Charité places in the quality of our services.

The service contract with the Hamburg-Eppendorf university hospital was again continued to the customer's full satisfaction.

In 2010, a five-year partnership was agreed with the Schleswig-Holstein University Hospital, which was continued with success in 2012. That partnership aims at improving IT services and IT equipment and at increasing the efficiency of the IT infrastructure.

In 2012, the VAMED group acquired H.C. Hospital Consulting S.p.A. (HCC) in Italy; with that subsidiary, VAMED now provides services for more than 300 health care facilities with about 100,000 beds worldwide. Through the subsidiary Hermed Switzerland, VAMED succeeded in taking a first step into the service market for Swiss hospitals.

Asia-Pacific

As a result of consistent efforts at working the market in Thailand, VAMED also managed to perform well there. Following first contracts in 2009, further service contracts could be won in 2012. These include the implementation of a hospital information system at a University Clinic in Bangkok.

Africa

In Gabon, VAMED is in charge of total operations of seven regional hospitals and of the technical operation of the Omar Bongo Ondimba Hospital in Libreville. The management contracts for the six regional hospitals, which are supervised by the Ministry of Health, were prolonged in 2012.

After construction and extension work of the hospitals in Angondje and Libreville, Gabon, had been completed, VAMED was put in charge of their technical management.

VAMED Vitality World

In Austria, VAMED operates eight thermal spa and health resorts in six different provinces, where we welcome 2.4 million guests a year. At a market share of 28%, VAMED is market leader in Austria.

In 2012, VAMED completed extensive renovation and enlargement work at two VAMED Vitality World resorts, AQUA DOME-Tirol Therme Längenfeld and Therme Geinberg. The completion of the extension project Geinberg5, with its unique Private Spa Villas, and the enlargement of AQUA DOME-Tirol Therme Längenfeld by an annexed hotel, an Exclusive SPA for hotel guests and an additional conference and seminar area indicate that, in 2012, VAMED generated an important surge in quality and innovation in the health tourism sector to ensure our market leadership in the long term.

In 2012, the VAMED Vitality World resorts again received recognition at the internationally coveted World Travel Awards. The jury chose TAUERN SPA Zell am See-Kaprun to be "Europe's Leading Lifestyle Resort 2012". St. Martins Therme & Lodge was the winner in the category "Austria's Leading Resort", and AQUA DOME-Tirol Therme Längenfeld in the category "Austria's Leading SPA Resort". In addition, VAMED Vitality World was chosen "World's Leading Medical Wellness and SPA Operator" for the second time in a row.

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

1.3.1 Results of operations

In the fiscal year 2012, the VAMED group managed to increase consolidated sales from T€ 737,407 to T€ 846,434, or by about 15%.

Breakdown of sales by sectors:

in T€	2012	2011	Changes
Project business	506,124	493,854	2.5%
Service business	340,310	243,553	39.7%
Total	**846,434**	**737,407**	**14.8%**

Earnings before taxes and non-controlling interests (EBT) amount to € 49.9 million, up some € 3.9 million (or 8.5%) against the previous period.

The financial result is € -1.0 million, or € 2.6 million below last year's result of € 1.6 million, which is largely the result of the very low interest rate level and the leveraged acquisition of interests.

Taxes on income and earnings rose by about € 2.6 million to € 13.8 million. Based on EBT, the tax ratio is 27.6% (previous period: 24.2%).

1.3.2 Assets and liabilities

in T€	Dec. 31, 2012	%	Dec. 31, 2011	%
ASSETS				
Current assets	462,488	68.4%	419,654	70.6%
Property, plant and equipment; goodwill; other intangible assets	117,906	17.4%	80,452	13.5%
Other non-current assets	95,916	14.2%	94,251	15.9%
Balance sheet total	**676,310**	**100.0%**	**594,357**	**100.0%**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Short-term liabilities	319,359	47.2%	305,422	51.4%
Long-term liabilities	105,823	15.6%	65,318	11.0%
Shareholders' Equity	251,128	37.1%	223,617	37.6%
Balance sheet total	**676,310**	**100.0%**	**594,357**	**100.0%**

Investments

The following investments were made by the VAMED group:

in T€	2012	2011
Property, plant and equipment	8,684	5,680
Other intangible assets	2,322	1,333
Total	**11,006**	**7,013**

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€	2012	2011	Changes
Order intake (Project business)	657,244	603,715	8.9%
Sales	846,434	737,407	14.8%
Operative result before interest, taxes, depreciation, amortization (EBITDA)	59,418	51,242	16.0%
EBITDA margin	7.0%	6.9%	
Operating result (EBIT)	50,839	44,393	14.5%
EBIT margin	6.0%	6.0%	
Earnings before taxes and non-controlling interests (EBT)	49,887	45,975	8.5%
EBT margin	5.9%	6.2%	
Net income	35,268	34,179	3.2%
Balance sheet total	676,310	594,357	13.8%
Shareholders' equity	251,128	223,617	12.3%
Equity ratio	37.1%	37.6%	
Tax ratio (based on EBT)	27.6%	24.2%	

1.4 Non-financial performance indicators

The past record of success and the future potential of VAMED 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 extend cooperation to 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.

VAMED is committed to respecting ethical standards (Compliance Rules) with regard to our staff and in our relations with customers, suppliers and all other business partners. In order to ensure that these high requirements are met, VAMED has implemented a group-wide Compliance System to monitor adherence to all (self-imposed) obligations as stipulated in our Code of Conduct. The implementation and realization of e-learning modules within our knowledge management system was launched in 2012. The VAMED Code of Conduct has been implemented as the first e-learning project and will be made available for all VAMED staff online in the German and English languages in 2013.

For many years already VAMED 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 VAMED's lead companies 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, to focus the training of high potentials and to prepare best-trained staff well familiar with the relevant sector in each case for 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 2012 with consistency and will be pursued in a targeted manner also in 2013 and enlarged by risk management, to give but one example. 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 already in 2008.

Currently, there are eight Communities of Practice across entities. Furthermore, 28 project-specific Teamspaces have been implemented. VAMED staff access the knowledge portal about 7,700 times a day to retrieve information and exchange information beyond the limits of their departments or companies.

The year 2008 saw the start of the VAMED group's first trainee program. In October 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 'Operations Managers'. In 2012, a further successful new trainee program was launched with a focus on controlling.

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 2012, the consolidated companies of the VAMED group had on average 671 manual employees, 3,622 non-manual employees, and 121 apprentices (previous period: 675 manual employees, 2,922 non-manual employees, and 52 apprentices). Changes in the consolidated group resulted in an increase in the total number of staff of 591.

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 9001:2008, ISO 13485:2003, ISO 14001:2004 and EFQM), and measures regarding financial issues (credit reviews; dunning system; ensuring receipt of payment through requesting advance payment, L/Cs, or guaranteed loans; safe investments; sufficient prudential reserves). In the year 2012, VAMED continued its successful strategy to increasingly offer overall implementation models with a major focus on total operational management for health care facilities.

The complexity of sophisticated services in our established health-care markets requires relatively long development periods and entails 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.

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, to close down or to merge hospitals and to implement specialized hospitals continue to dominate.

VAMED addresses this development through holistic implementation models including financing (e.g., life-cycle models and innovative PPP models along the entire VAMED value chain). 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, our patients and guests in place to ensure the continued functioning of those health care facilities we are in charge of.

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 2013 will largely be determined by holistic implementation models and PPP projects. Outside of Europe, our focus will be on tailored solutions and customer-oriented financial engineering 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 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 life-cycle and PPP models.

In the majority of VAMED's fast growing health care markets, the provision of efficient health care systems that meet people's needs continues to have priority. 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 in emerging markets for VAMED's core competencies in the project as well as service business segments. In the vast majority of cases, contracts are procured 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 or the Center for Maternal and Child Health in Kazakhstan, 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 2013, VAMED will be determined to live up to the trust placed by partners and customers at home and abroad in 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 quality solutions and ensuring their successful implementation. Living up to the VAMED motto: 'think global, act local' also in 2013, 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, February 28, 2013

The Executive Board

Dr. Ernst Wastler
Chairman of the Executive Board

Mag. Wolfgang Kaltenegger
Member of the Executive Board

Mag. Gottfried Koos
Member of the Executive Board

MMag. Andrea Raffaseder
Member of the Executive Board


12.00 am, Janga


3.00 pm, Shanghai

CONSOLIDATED FINANCIAL STATEMENTS

Condensed CONSOLIDATED FINANCIAL STATEMENTS of VAMED AG VIENNA for the fiscal year January 1 to December 31, 2012

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)	2012	2011
Sales	3	846,434	737,407
Cost of sales	4, 5	-723,065	-627,912
Gross profit		**123,369**	**109,495**
Selling and general administrative expenses	6	-74,411	-71,123
Other expenses	7	-992	-775
Other income	7	2,874	6,795
Operating result (EBIT)		**50,839**	**44,393**
Interest income	8	1,823	2,293
Interest expenses	9	-2,775	-711
Earnings before taxes and non-controlling interests (EBT)		**49,887**	**45,975**
Income taxes	10	-13,784	-11,145
Earnings after income taxes and before non-controlling interests (EAT)		**36,103**	**34,830**
Non-controlling interests	11	-834	-651
Net income		**35,268**	**34,179**

VAMED GROUP – STATEMENT OF COMPREHENSIVE INCOME

Earnings after income taxes and before non-controlling interests (EAT)		**36,103**	**34,830**
Other comprehensive income			
Cash flow hedges		257	-399
Currency translation effects and other		340	-452
Other Comprehensive Income		**597**	**-851**
Total comprehensive income for the period		**36,700**	**33,979**
Attributable to non-controlling interests		**-834**	**-647**
Group income statement		-834	-651
Other Comprehensive Income		0	4
Comprehensive income of the group		**35,866**	**33,332**

VAMED GROUP – BALANCE SHEET

ASSETS

as at December 31, in T€	Note(s)	2012	2011
Cash and cash equivalents	12	83,129	88,092
Trade accounts receivable, less allowance for doubtful accounts	13	174,022	74,822
Accounts receivable from and loans to related parties	14	38,300	48,114
Inventories	15	95,330	159,993
Prepaid expenses and other current assets	16	71,707	48,633
Total current assets		**462,488**	**419,654**
Property, plant and equipment	17	34,083	28,294
Goodwill	18	77,279	48,105
Other intangible assets	18	6,544	4,053
Deferred taxes	10	2,464	11,745
Other non-current assets	13, 16, 19	93,452	82,506
Total non-current assets		**213,822**	**174,703**
Total assets		**676,310**	**594,357**

LIABILITIES AND SHAREHOLDERS' EQUITY

as at December 31, in T€	Note(s)	2012	2011
Trade accounts payable	20	110,606	86,971
Short-term trade accounts payable to related parties	21	300	1,053
Short-term accrued expenses and other short-term liabilities	22, 23	175,982	169,103
Short-term borrowings	24	10,192	681
Short-term loans from related parties	24	17,141	0
Current portion of long-term debt and liabilities from capital lease obligations	24	817	42,826
Short-term accruals for income taxes	25	4,321	4,788
Total short-term liabilities		**319,359**	**305,422**
Long-term debt and liabilities from capital lease obligations, less current portion	24	2,456	587
Long-term liabilities and loans from related parties	24	43,544	0
Long-term accrued expenses and other long-term liabilities	22, 23	41,892	39,132
Pension liabilities	26	2,417	2,030
Deferred taxes	10	15,514	23,569
Total long-term liabilities		**105,823**	**65,318**
Non-controlling interests		**2,393**	**2,184**
Subscribed capital	27	10,000	10,000
Capital reserve	27	41,152	41,119
Other reserves	27	197,816	171,144
Accumulated other comprehensive income	28	-233	-830
Total shareholders' equity of the group		**248,735**	**221,433**
Total shareholders' equity		**251,128**	**223,617**
Total liabilities and shareholders' equity		**676,310**	**594,357**

VAMED GROUP – CASHFLOW STATEMENT

January 1 to December 31, in T€	2012	2011
Cash provided by/used for operating activities		
Net income of the group	35,268	34,179
Non-controlling interests	834	651
Adjustments to reconcile group net income to cash and cash equivalents provided by operating activities		
Depreciation and amortization	8,579	6,849
Changes in deferred taxes	1,437	3,496
Gain/loss on sale of fixed assets	-131	-1,561
Other expenses/income not recognized as cash	1,089	981
Change in assets and liabilities, net of amounts from businesses acquired or disposed of		
Changes in accounts receivable, net	-68,493	-2,989
Changes in inventories	66,085	-76,647
Changes in prepaid expenses and other current assets	-20,769	-22,954
Changes in accounts receivable from/payable to related parties	-15,654	14,102
Changes in accounts payable, accruals and other liabilities	27,166	-36,789
Changes in accruals for income taxes	-684	-1,989
Cash provided by/used for operating activities	**34,727**	**-82,671**
Cash provided by/used for investment activities		
Purchase of property, plant and equipment	-11,006	-7,013
Proceeds from the sale of property, plant and equipment	292	413
Acquisition of investments, net of cash acquired	-33,363	-2,649
Proceeds from divestitures	0	3,729
Cash provided by/used for investment activities	**-44,077**	**-5,520**
Cash provided by/used for financing activities		
Proceeds from/repayment of short term loans	-4,159	-734
Proceeds from/repayment of borrowings from related parties	60,685	-525
Proceeds from/repayment of borrowings to related parties	1,831	78,849
Proceeds from/repayment of long-term debt and liabilities from capital lease obligations	-43,780	28,543
Payments to capital reserve	32	0
Dividends paid	-9,250	-8,800
Changes in non-controlling interests	-972	-517
Cash provided by/used for financing activities	**4,387**	**96,816**
Net change in cash and cash equivalents	**-4,963**	**8,625**
Cash and cash equivalents at the beginning of the year	**88,092**	**79,467**
Cash and cash equivalents at the end of the year	**83,129**	**88,092**
thereof: cash and cash equivalents subject to restricted disposition	0	9,630

VAMED GROUP – STATEMENT OF SHAREHOLDERS' EQUITY

		Reserves					
January 1 to December 31, in T€	Subscribed capital	Capital reserve	Other reserves	Other Compre-hensive Income	Total shareholders' equity of the group	Non-controlling interests	Total shareholders' equity
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
Currency translation effects and other	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**
Effects of the inclusion of items in connection with FSE segment reporting (VAMED's goodwill and option reserve)	0	0	1,089	0	1,089	0	1,089
Other Comprehensive Income: Cash flow hedges	0	0	0	257	257	0	257
Currency translation effects and other	0	0	0	340	340	0	340
Effect of changes of the consolidated group	0	0	-435	0	-435	347	-88
Creation and/or reversal of reserves	0	33	0	0	33	0	33
Dividends	0	0	-9,250	0	-9,250	-972	-10,222
Net income	0	0	35,268	0	35,268	834	36,102
As at December 31, 2012	**10,000**	**41,152**	**197,816**	**-233**	**248,735**	**2,393**	**251,128**

6.00 pm, Kaprun

9.00 pm, Vienna

NOTES

GENERAL NOTES

NOTES ON THE INCOME STATEMENT

NOTES ON THE BALANCE SHEET

OTHER 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 in the fiscal year 2012:

- 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 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);
- The 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) or arises from the difference between the purchase prices and the amortized carrying amounts. The total goodwill resulting from the above circumstances amounts to € 50.5 million.
- 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. In case of acquisitions within the group, the carrying amounts have been recognized. 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 2012 include VAMED AG and 17 (2011: 17) Austrian as well as 17 (2011: 14) 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, 2012
  - HCC (H.C. Hospital Consulting S.p.A., Bagno a Ripoli (Florence), Italy)
  - RZS (Rehabilitation Clinic Zihlschlacht AG, Zihlschlacht-Sitterdorf, Switzerland)
  - UKK (VAMED UKK Project Ltd., Berlin, Germany)
- No deconsolidation took place during the year under review.

While HCC was acquired in the first half of 2012 only, consolidation was effected retroactively as at January 1, 2012, as the acquirer held a controlling interest in HCC on a contractual basis as of January 1, 2012, already. In the year under review, RZS was acquired from the Fresenius Helios segment (i.e., in a transaction under common control) and included in VAMED's consolidated financial statements retroactively as at January 1, 2012. After resumption of full operative activities, UKK was also included in the consolidated group as at January 1, 2012.

Special purpose entities (SPEs) are required to be consolidated if a company of the VAMED group exercises a controlling interest over an SPE (i.e., receives essentially all benefits and incurs all risks). Companies of the VAMED group participate in longer-term project companies set up for defined periods of time and for specific purposes, viz. the construction and operation of thermal spas. These project companies are SPEs, yet as VAMED does not exercise a controlling interest they have not been consolidated. In 2012, the project companies turned over € 86 million (2011: € 78 million). These SPEs are mainly financed through debt, participation rights and investment grants. From today's perspective and due to the contractual situation, no material risk of loss arises from these SPEs. 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. Certain items in the consolidated financial statements of 2011 have been reclassified to conform with the presentation in 2012.

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. 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. In general grants are recorded when received and released to income in proportion to the depreciation charged over the useful life of the asset.

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 2012 and 2011, interest of T€ 1,384 and T€ 1,902, based on an average interest rate of 2.13 % and 2.95 %, respectively, was recognized as a component of the cost of assets.

h) Income taxes
Current income taxes are determined on the basis of the financial results for the fiscal year as at the balance sheet date, taking into account the legal situation in the various countries. Expected or paid additional tax expenses and tax income for previous periods are also taken into consideration. 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 determined 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 can not 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 50 years for buildings and improvements and 3 to 14 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 6 years) and reviewed for impairment. All other intangible assets are amortized over their individual estimated useful lives of between 1 and 15 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 2012 and 2011. 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 2012, the VAMED group recognized T€ 575 (previous period: T€ 481) of other expenses and T€ 434 (previous period: T€ 496) 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, 2012	Dec. 31, 2011	**2012**	**2011**
AED (United Arab Emirates dirham) per €	4.846	4.752	4.719	5.113
CHF (Swiss franc) per €	1.207	1.216	1.205	1.233
CZK (Czech crown) per €	25.140	25.800	25.146	24.590
MYR (Malaysian ringgit) per €	4.035	4.106	3.967	4.256
RUB (Russian rouble) per €	40.330	41.765	39.926	40.885
TTD (Trinidad dollar) per €	8.391	8.123	8.219	8.882
USD (US dollar) per €	1.319	1.294	1.285	1.392

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 2012 is based on IFRS as mandatorily required or, if stipulated by the parent, voluntarily applied earlier for fiscal years starting on January 1, 2012. In the fiscal year 2012, 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, 2013:

- Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)
- Mandatory Effective Date and Transition Disclosures (Amendments to IFRS 9 and IFRS 7)
- 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
- IAS 28, Investments in Associates and Joint Ventures (amended version)
- IFRS 12, Disclosure of Interests in Other Entities
- IFRS 13, Fair Value Measurement
- IFRS 9, Financial Instruments

In December 2011, the IASB issued Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7). These amendments require disclosing gross and net amounts for financial instruments that are offset in the balance sheet, and amounts for financial instruments that are subject to master netting agreements and other similar clearing agreements.

The amended version of IAS 7 is effective for annual reporting periods on or after January 1, 2013, and interim periods within those annual periods. The VAMED group will apply the amended version of IAS 7 as of January 1, 2013.

In December 2011, IASB issued Mandatory Effective Date and Transition Disclosures (Amendments to IFRS 9 and IFRS 7). The IFRS 9 amendments postpone the compulsory IFRS 9 adoption date from January 1, 2013, to January 1, 2015. Earlier adoption is permitted. The IFRS 7 amendments exempt companies from the obligation to adjust the figures of the previous fiscal year. Instead, additional disclosures may be made in the Notes. The VAMED group will take account of these guidelines upon the first application of IFRS 9.

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. The VAMED group will apply the amended version of IAS 19 as of January 1, 2013. The likely result will be an increase in severance and pension liabilities as well as a reduction of VAMED AG owners' equity in the amount of € 14.4 million approx. each.

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. The VAMED group will apply the amended version of IAS 1 as of January 1, 2013.

In May 2011, the IASB issued IFRS 10, Consolidated Financial Statements, and modified the relevant transitional provisions in June 2012. 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). The VAMED group will apply IFRS 10 as of January 1, 2013.

In May 2011, the IASB issued IFRS 11, Joint Arrangements, and in June 2012 modified the relevant transitional provisions. 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). The VAMED group will apply IFRS 11 as of January 1, 2013.

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 IFRS 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. The VAMED group will apply the amended version of IAS 28 as of January 1, 2013.

In May 2011, the IASB issued IFRS 12, Disclosure of Interests in Other Entities, and modified the relevant transitional provisions in June 2012. 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). The VAMED group will apply IFRS 12 as of January 1, 2013.

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. The VAMED group will apply IFRS 13 as of January 1, 2013.

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 and of the amendments of IFRS 9 and IFRS 7 are still outstanding. 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 trade names, represents a considerable part of the total assets of the VAMED group. As at December 31, 2012, and December 31, 2011, the carrying amounts of these items were € 77.3 million and € 48.1 million, respectively. This represented 11.4 % and 8.1 % of the balance sheet total and 30.8 % and 21.5 % 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 5.37 %. 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 2012.

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 € 180.0 million and € 84.4 million in 2012 and 2011, respectively.

The allowance for doubtful accounts was € 5.7 million and € 5.1 million as of December 31, 2012 and December 31, 2011, respectively.

2. Acquisitions and divestitures

In the year under review, the following companies were acquired and included in the consolidated group:

- HCC (H.C. Hospital Consulting S.p.A., Bagno a Ripoli (Florence), Italy)

- RZS (Rehabilitation Clinic Zihlschlacht AG, Zihlschlacht-Sitterdorf, Switzerland) (acquisition across segments from Fresenius Helios)

These companies were included in the consolidated group as of January 1, 2012, with effects on sales, earnings and the balance sheet as follows (in € million):

Sales	69.7
EBITDA	5.5
EBIT	4.1
Net interest	-1.7
Net income	1.7
Balance sheet total	**80.2**

In the year under review there were no disposals of consolidated companies.

NOTES ON THE INCOME STATEMENT

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

3. Sales

Sales by activity were as follows:

	2012	2011
Project business	506,124	493,854
Service business	340,310	243,553
Sales	**846,434**	**737,407**

Sales broken down by regions:

	2012	2011
Austria	320,975	333,742
Germany	114,132	113,714
Other European countries	192,769	80,473
Africa	58,195	125,515
South America	39,218	0
Asia	121,145	83,963
Sales	**846,434**	**737,407**

4. Cost of sales

Cost of sales comprised the following:

	2012	2011
Personnel	169,079	134,844
Material and third-party services, depreciation and amortization	553,986	493,068
Cost of sales	**723,065**	**627,912**

5. Personnel expenses

Cost of sales, selling and general administrative expenses included personnel expenses of T€ 207,668 and T€ 171,531 in 2012 and 2011, respectively.

	2012	2011
Wages and salaries	161,789	131,351
Social security contributions, cost of retirement benefits (incl. severance payments) and other personnel expenses	45,879	40,180
Personnel expenses	**207,668**	**171,531**

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

	2012	2011
Production and services	3,868	3,102
General administration	462	466
Sales and marketing	84	81
Total employees (heads)	**4,414**	**3,649**

6. Selling and general administrative expenses

Selling and general administrative expenses are broken down as follows:

	2012	2011
Selling expenses	27,398	26,013
General administrative expenses	47,013	45,110
Selling and general administrative expenses	**74,411**	**71,123**

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 non-project-related 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 result from local and project-related interim financing and, vis-à-vis FSE and FPS, in connection with the acquisition of investments.

10. Income taxes

Income taxes were attributable to the following geographic regions:

	2012	2011
Austria	7,675	5,737
Germany	2,671	4,154
Other foreign countries	3,438	1,254
Total income taxes	**13,784**	**11,145**

Income tax expenses for 2012 and 2011 consisted of the following:

	2012 Current tax	2012 Deferred tax	2012 Income taxes	2011 Current tax	2011 Deferred tax	2011 Income taxes
Austria	5,212	2,463	7,675	4,613	1,124	5,737
Germany	4,905	-2,234	2,671	2,378	1,776	4,154
Other foreign countries	2,320	1,118	3,438	658	596	1,254
Total	**12,437**	**1,347**	**13,784**	**7,649**	**3,496**	**11,145**

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.

	2012	2011
Computed ‚expected' income tax expense	12,472	11,494
Increase (reduction) in income taxes resulting from:		
Items not recognized for tax purposes	1,004	477
Foreign tax rate differential	-102	-626
Tax-free income	-188	-442
Taxes for prior years	-982	-826
Other	1,580	1,068
Income tax according to income statement	**13,784**	**11,145**
Effective tax rate	27.63 %	24.24 %

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€ 2,464, deferred tax liabilities to T€ 15,514, resulting in net deferred tax liabilities of T€ 13,050. As at the balance sheet date, deferred tax assets from loss carryforwards are recognized in the amount of T€ 987. In the previous period, that amount was T€ 2,638. According to budget, 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 audits of the Austrian lead companies conducted in previous years have been completed except for an appeal case referring to 2000 and 2001.

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

11. Non-controlling interests

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

NOTES ON THE BALANCE SHEET

Notes on current assets (all figures in T€)

12. Cash and cash equivalents

As at December 31, 2012, and December 31, 2011, committed funds of T€ 0 and T€ 9,630, respectively, were included in cash and cash equivalents.

13. Trade accounts receivable

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

	2012			2011		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Trade accounts receivable	179,021	6,661	185,682	79,174	10,290	89,464
Less allowance for doubtful accounts	-4,999	-703	-5,703	-4,352	-737	-5,089
Trade accounts receivable, net	**174,022**	**5,958**	**179,980**	**74,822**	**9,553**	**84,375**

Accounts receivable of T€ 179,980 include T€ 3,603 related to Libyan projects. As to their recoverability, see Note 15. Inventories

14. Accounts receivable from and loans to related parties

As at December 31, these receivables were as follows:

	2012	2011
Trade accounts receivable	8,844	6,107
Receivables from financing and other clearing	29,456	42,007
Accounts receivable from and loans to related parties	**38,300**	**48,114**

As at December 31, 2012, and December 31, 2011, this item included receivables from the group companies FPS and FSE and the Fresenius Medical Care, Kabi and Helios segments, in the amount of T€ 28,934 and T€ 41,443, respectively.

15. Inventories

As of December 31, inventories consisted of the following:

	2012	2011
Raw materials and purchased components	1,520	1,722
Services not yet invoiced valued acc. to CCM	32,172	20,451
valued acc. to PoC	59,895	136,705
Finished goods	1,743	1,115
Inventories	**95,330**	**159,993**

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, 2012, and December 31, 2011, advance payment offset amounts totaled T€ 173,780 and T€ 236,491, respectively.

Total inventories, amounting to T€ 95,330, include T€ 22,181 for Libyan projects.

As regards these Libyan projects, restart agreements for two existing projects were signed with the Libyan customer in the year under review. For one further long-term project, two letters of credit in the amount of T€ 1,200 each were issued in 2012 and paid in full. The Management thus assumes the continued implementation of orders and therefore the recoverability of both inventories and accounts receivable.

The companies of the VAMED group are obliged to purchase T€ 15,090 of goods and services on fixed terms, of which, on December 31, T€ 14,226 was committed for purchases for 2013. The terms of these agreements do not exceed six 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:

	2012			2011		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Prepayments	34,713	1,021	35,734	30,218	16	30,234
Receivables from fiscal authorities	15,260	50	15,310	7,283	14	7,297
Interest receivable	26	0	26	47	0	47
Prepaid expenses	7,047	16,102	23,149	5,841	17,146	22,987
Derivative financial instruments	47	0	47	66	0	66
Investments and long-term loans	0	57,097	57,097	0	45,505	45,505
Other assets	14,750	13,224	27,974	5,644	10,272	15,916
Prepaid expenses and other assets, gross	**71,843**	**87,494**	**159,337**	**49,099**	**72,953**	**122,052**
Less allowances	-136	0	-136	-466	0	-466
Prepaid expenses and other current and non-current assets	**71,707**	**87,494**	**159,201**	**48,633**	**72,953**	**121,586**

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

Depreciations on these assets in the amount of T€ 5 and T€ 22 were recognized in the fiscal years 2012 and 2011, respectively.

‚Other non-current assets' also includes the long-term part of accounts receivable in the amount of T€ 5,958 (previous period: T€ 9,553).

Notes on non-current assets (all amounts in T€)

17. Property, plant and equipment

As at December 31, 2012, and December 31, 2011, 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, 2012	Changes in entities consolidated	Additions/ Transfers	Disposals	Foreign currency translation	As at December 31, 2012
Land and land facilities	773	0	0	0	2	**775**
Buildings and improvements	25,169	609	2,700	-1,314	111	**27,275**
Machinery, equipment and rental equipment under capital leases	40,942	4,859	5,052	-2,558	356	**48,650**
Construction in progress	1,694	0	1,593	0	-367	**2,920**
Total	**68,577**	**5,469**	**9,345**	**-3,873**	**102**	**79,619**

Depreciation and amortization	As at January 1, 2012	Changes in entities consolidated	Additions/ Transfers	Disposals	Foreign currency translation	As at December 31, 2012
Land and land facilities	0	0	0	0	0	**0**
Buildings and improvements	13,381	145	832	-1,240	21	**13,139**
Machinery, equipment and rental equipment under capital leases	26,901	3,209	4,622	-2,475	140	**32,397**
Construction in progress	0	0	0	0	0	**0**
Total	**40,282**	**3,354**	**5,454**	**-3,715**	**162**	**45,536**

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**

Carrying amounts	December 31, 2012	December 31, 2011
Land and land facilities	775	773
Buildings and improvements	14,136	11,788
Machinery, equipment and rental equipment under capital leases	16,253	14,040
Construction in progress	2,920	1,694
Total	**34,083**	**28,294**

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, 2012, and December 31, 2011, the carrying amounts of these items were T€ 3,077 and T€ 3,275, respectively.

18. Goodwill and other intangible assets

As at December 31, 2012, and December 31, 2011, 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, 2012	Changes in entities consolidated	Additions/ Transfers	Disposals	Foreign currency translation	As at December 31, 2012
Goodwill (non-regular amortization)	48,730	29,174	0	0	0	**77,904**
Other (regular amortization)	13,598	4,699	2,322	-435	17	**20,201**
Total	**62,328**	**33,873**	**2,322**	**-435**	**17**	**98,105**

Depreciation and amortization	As at January 1, 2012	Changes in entities consolidated	Additions/ Transfers	Disposals	Foreign currency translation	As at December 31, 2012
Goodwill (non-regular amortization)	625	0	0	0	0	**625**
Other (regular amortization)	9,545	1,411	3,121	-431	10	**13,657**
Total	**10,171**	**1,411**	**3,121**	**-431**	**10**	**14,282**

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**
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**
Total	**7,943**	**361**	**2,182**	**-303**	**-12**	**10,171**

Carrying amounts	December 31, 2012	December 31, 2011
Goodwill (non-regular amortization)	77,279	48,105
Other (regular amortization)	6,544	4,053
Total	**83,823**	**52,158**

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€ 80 (previous period: T€ 89) and to non-consolidated companies of T€ 220 (previous period: T€ 964).

22. Accrued expenses

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

	2012			2011		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Personnel expenses	16,295	21,243	37,538	14,717	19,671	34,388
Warranty	479	80	560	648	180	829
Invoices outstanding	63,943	3,848	67,790	40,721	4,217	44,938
Other accrued expenses	7,805	935	8,740	11,519	1,297	12,815
Accrued expenses	**88,522**	**26,106**	**114,628**	**67,605**	**25,366**	**92,971**

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

	As at January 1, 2012	Changes in entities consolidated	Additions	Transfer	Con-sumption	Dissolution	As at December 31, 2012
Personnel expenses	34,388	1,387	12,330	108	-7,571	-3,103	37,538
Warranty	829	0	376	0	-167	-477	560
Invoices outstanding	44,938	292	60,776	-108	-27,937	-10,171	67,790
Other accrued expenses	12,815	237	4,578	0	-8,218	-671	8,740
Accrued expenses	**92,971**	**1,915**	**78,060**	**0**	**-43,894**	**-14,423**	**114,628**

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 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 at December 31, other liabilities consisted of the following:

	Short-term	Long-term	2012 Total	Short-term	Long-term	2011 Total
Social-security-related liabilities	5,018	0	5,018	3,155	0	3,155
Personnel liabilities	1,348	36	1,385	1,255	22	1,277
Tax liabilities	15,191	281	15,472	14,012	0	14,012
Non-current trade accounts payable	0	3,793	3,793	0	784	784
Deferred income	4,955	6,499	11,453	1,505	8,220	9,725
Derivative financial instruments	106	0	106	384	0	384
Other liabilities	6,159	4,336	10,495	10,591	1,535	12,126
Long-term portion of other liabilities	0	0	0	0	2,787	2,787
Other liabilities	**32,777**	**14,945**	**47,722**	**30,902**	**13,347**	**44,250**
Advance payments from customers	**54,683**	**841**	**55,524**	**70,596**	**419**	**71,015**

24. Debt and liabilities from capital lease obligations

a) Short-term borrowings from third parties

Short-term borrowings refer to project-related interim financing and factoring-related liabilities.

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:

	Short-term	Long-term	2012 Total	Short-term	Long-term	2011 Total
Long-term borrowings	745	1,895	2,640	42,716	0	42,716
Lease obligations	72	561	633	110	587	697
Long-term debt and liabilities from capital lease obligations	**817**	**2,456**	**3,273**	**42,826**	**587**	**43,413**

c) Short-term and long-term borrowings from related parties

This item shows short-term and long-term borrowings from FPS.

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 pension funds. 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.

External experts are in charge of determining accrued amounts (for companies in Austria this is done by Mercer (Austria) GmbH 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.

	2012	2011
Benefit obligations at the beginning of the year	**19,252**	**18,704**
Changes in entities consolidated	11,572	272
Foreign currency translation	20	0
Service cost	853	337
Prior service cost	-211	0
Interest cost	1,490	845
Contributions by plan participants	551	13
Transfer	0	365
Actuarial losses (+) or gains (-)	6,574	-406
Thereof adjustments according to experience	557	182
Benefits paid	-1,806	-864
Amendments	-12	-13
Benefit obligations at the end of the year	**38,283**	**19,252**
Thereof vested	31,073	15,691
Fair value of plan assets at the beginning of the year	**12,593**	**11,950**
Changes in entities consolidated	11,359	0
Foreign currency translation	23	0
Actual return on plan assets	1,403	-562
Contributions by the employer	1,311	1,698
Contributions by plan participants	551	13
Transfer	0	342
Benefits paid	-1,751	-848
Fair value of plan assets at the end of the year	**25,489**	**12,593**
Funded status as of December 31	**12,794**	**6,659**
Total actuarial losses (-) or gains (+) for benefit obligations and plan assets accumulated	-10,377	-4,629
Pension liabilities	**2,417**	**2,030**

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:

	2012	2011
Discount rate	3.06%	4.80%
Rate of compensation increase	2.09%	2.51%
Rate of pension increase	1.05%	1.75%

In the year under review, benefit costs in the amount of T€ 1,551 (previous period: € 715) accrued for VAMED group's defined benefit pension plans, which are composed as follows:

	2012	2011
Service cost	853	337
Interest cost	1,490	845
Expected return of plan assets	-972	-610
Amortization non-realized gain/loss	180	142
Net periodic benefit cost	**1,551**	**715**

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 (based on the valuation as at December 31 of the preceding year) were used in determining net periodic benefit cost (NPPC) for the current year:

	2012	2011
Discount rate	4.80%	4.55%
Expected return of plan assets	5.50%	5.50%
Rate of compensation increase	2.51%	2.49%

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 (-) or gains (+) amount to T€ -10,377 (previous period: T€ -4,629). This increase mainly results from the interest rate change in determining the PBO (3.06%, previous period: 4.80%) as well as from the first consolidation of RZS.

Of these actuarial losses, a partial amount of T€ 437 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
	2.498	2013
	2.393	2014
	2.334	2015
	2.354	2016
	2.272	2017
	11.492	2018 bis 2022
Total	**23.343**	**for the next 10 years**

Plan investment policy and strategy

Plan assets are managed exclusively by the pension funds in accordance with their respective investment strategies and are broken down as follows:

	2012	2011
Investment fund for shares	25.71%	27.85%
Bond funds	48.52%	39.53%
Real estate funds	11.65%	4.30%
Other	14.11%	28.32%

The ‚Other' portion of the plan assets is mainly determined on the basis of Level 1 and 2 (‚Fair Value Measurement', approx. 68% and 32%, respectively).

Defined contribution plans

VAMED group's total expense under defined contribution plans for the fiscal year was T€ 1,328 (previous period: T€ 1,407).

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, 2012	Changes	Before taxes December 31, 2012	Tax effect January 1, 2012	Changes	Tax effect December 31, 2012	After taxes January 1, 2012	After taxes December 31, 2012
Realized and unrealized gains/ losses from derivative financial instruments	-383	346	-37	98	-89	9	-285	-28
Foreign currency translation adjustment	-217	370	153	0	0	0	-217	153
Other effects of changes	-328	-30	-358	0	0	0	-328	-358
Other Comprehensive Income (Loss)	**-928**	**686**	**-242**	**98**	**-89**	**9**	**-830**	**-233**

OTHER NOTES

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 2012 amounted to T€ 18,515, in the previous period to T€ 12,306.

For the first to the fifth subsequent year, obligations under these contracts amount to T€ 55,761, then to T€ 67,660 (previous period: T€ 37,002 and T€ 51,274).

The VAMED group has contingent liabilities in an assessable amount of € 47.5 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 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 division reporting

The VAMED group has identified the business divisions ‚Project Business' and ‚Service Business', which corresponds to internal organizational and reporting structures (management approach) as at December 31, 2012.
Sales and proceeds between the business divisions 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 2012, 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€ 1,936 (previous period: T€ 1,839).

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
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€ 90 (previous period: T€ 91).

37. Auditor's fees

In 2012 and 2011, fees for the auditor Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna, and other Deloitte companies abroad, were expensed as follows:

	2012		2011	
	Total	Thereof Austria	Total	Thereof Austria
Audit fees	307	215	401	270
Tax consulting fees	8	0	11	0
Other fees	35	35	0	0
Total auditor's fees	**350**	**250**	**412**	**270**

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, February 28, 2013

The Executive Board

Dr. Ernst Wastler
Chairman of the Executive Board

Mag. Wolfgang Kaltenegger
Member of the Executive Board

Mag. Gottfried Koos
Member of the Executive Board

MMag. Andrea Raffaseder
Member of the Executive Board

LIST OF INVESTMENTS OF VAMED GROUP AS AT DECEMBER 31, 2012

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

Abbreviation	Company, location	Capital interest %
Fully consolidated companies:		
VAG	VAMED AG, Vienna, Austria	
HCC	H.C. Hospital Consulting S.p.A., Bagno a Ripoli (Florence), Italy	92.71
hi	hospitalia international ltd., Bad Homburg v.d.H., 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 Clinic Montafon Operating Ltd., Schruns, Austria	100.00
RZS	Rehabilitation Clinic Zihlschlacht AG, Zihlschlacht-Sitterdorf, Switzerland	100.00
STC	Senior Residents Center St. Corona am Schöpfl Operating Ltd., St. Corona am Schöpfl, Austria	100.00
TAU	TAU Management 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
UKK	VAMED UKK Project Ltd., Berlin, 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	17.00
HMT	HERMED Medical Technology Switzerland AG, Rapperswil-Jona, Switzerland	56.00
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	100.00
MTK KG	VAMED MTK Hofheim GmbH & Co. KG, Berlin, Germany	100,00
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
SEN	SENALPA S.r.l., Venice, Italy	21.40
TBG	'TBG' Thermal Center Geinberg Operating Ltd., Linz, Austria	18.00
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
VAROM	VAMED ROMANIA S.R.L., Bucharest, Romania	100.00
VBH	„VAMED B&H" d.o.o. Tuzla, Tuzla, Bosnia and Herzegovina	100.00
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, 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, 2012. The condensed consolidated financial statements are based on the Group Reporting Package, prepared 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 enclosed 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 VAMED subgroup's financial statements include goodwill from the acquisition of the VAMED group by the parent (‚push down accounting') as well as goodwill from the acquisition of other segments of the parent by the VAMED group that result from the ‚push down accounting' or have been recognized at the difference between the purchase prices and the carrying amounts, always using the amounts provided by the parent. As for details, also regarding figures, we refer to the ‚General notes on the financial statements of the VAMED group' as contained in the Notes to the VAMED subgroup's financial statements (‚Notes').

- The Notes to the VAMED subgroup's financial statements (‚Notes'), as stated therein in ‚General notes on the financial statements of the VAMED group', do not include all disclosures required under IRFS.

- The VAMED subgroup's financial statements comprises two non-profit organizations, which turn over a total of € 11.1 million, from which the VAMED group 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, 2012, subject to the qualifications stipulated in the above paragraph, were prepared in accordance with 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 2012 and of its financial performance for the financial year from 1 January 2012 to 31 December 2012.

Vienna, February 28, 2013

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1010 Wien

Deloitte Audit Wirtschaftsprüfungs GmbH

Dr. Christoph Waldeck
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.