CompuGroup Medical SE

Annual Report 2015

Synchronizing Healthcare

CompuGroup Medical

Our Vision

CompuGroup Medical stands for the best possible healthcare. We support healthcare through available, structured medical data. We facilitate diagnosis and therapy, simplify workflows and enhance the exchange between all those involved in healthcare. We successfully employ intelligent IT in healthcare – to provide better and ever more financially sustainable healthcare in the best interest of all people.

Contents

Key facts 2015

Group Revenue (€ million)
543

Cash Net Income (€ million)
73

Employees
4,287

EBITDA (€ million)
112

Earnings Per share (€)
0.77

Chairman's Statement

Dear Shareholders,
When we started 2015, it was with a clear promise to significantly improve the margins and profitability of CGM.

We had just finished two years where priority was given to areas such as market consolidations, product investments and internal improvements at the clear expense of short-term operating profits. We spent 2013 and 2014 to lay the foundation for a larger, stronger, faster growing and more profitable CGM for the future and 2015 was our first opportunity to show that these last years have been put to good use.

Summarizing 2015 I am extremely pleased to observe that we delivered on our promise and that we reached a new all-time high in almost every relevant operational and financial measure. With revenue of 543 million and operating profit of 112 million the operating margin is 2 percentage points higher than in 2014 and margin expansion is projected to continue also in 2016. Our goal is to create more and more operating leverage in CGM's business and to develop CGM with a core set of assets that can be monetized at a low marginal cost in the future. How we performed in 2015 and the outlook we have given for 2016 confirms our loyalty to this strategy and is exactly how a successful scalable technology business like CGM should display profitable growth.

Another promise we made for 2015 was to restore growth for our connectivity services – our HCS segment. These are offerings to connect and optimize care delivery that reach out to all participants in healthcare, including health insurance companies and the pharmaceutical industry. Not only is HCS the most scalable part of our business, it is also where CGM can make the largest contribution to healthcare in general. Summarizing 2015 for this business area it is again a year of significant achievement with strong organic growth and a solid 5 percent margin improvement for the segment. Our progress in 2015 is by no means a coincidence and is again the harvest from investments over the last years to develop a new generation of HCS products and services to embark again on a path of growth. Through our HCS services we can solve many of the fundamental challenges of modern healthcare and I can only remain optimistic and enthusiastic about our future prospects when I see the potential that lies within CGM innovations such as medical value communication and our CGM Life technology used for advanced membership services for private health insurance.

The outcome in 2015 is especially impressive as underneath the figures, we continue to make significant current investments in future business areas for CGM. The largest and most notable investment in 2015 was the still on-going Telematics Infrastructure pilot project in Germany. We are now more than two years into this project and despite the significant increase in implementation time and costs the project continues to be a success story. Our efforts and investments bring unique capabilities to CGM with a complete suite of end-to-end components ready for the planned nation-wide rollout of the new IT standard in German healthcare. CGM will have a head start to all relevant competition and will enjoy this leadership position with most investments already made and with technology challenges already mastered.

CGM has stayed loyal and committed to the German electronic health card and Telematics Infrastructure initiative for more than a decade. At the end of 2015 we got an important confirmation in support of our pledge when the German parliament approved the new "eHealth Law", where the mandatory national rollout and use of the Telematics Infrastructure and electronic health card became part of German law at the beginning of 2016. We salute the leadership and vision of German politicians, the federal Ministry of Health, the National Association of Statutory Health Insurance Physicians, the Statutory Health Insurance Funds and other leading organizations regarding their drive to see the new law through and their collective efforts to ensure that all preconditions are met to ensure the beginning of national rollout in 2016. The Telematics Infrastructure will bring Germany to the forefront of technology and will provide opportunities for quality and efficiency improvements in German healthcare that many other healthcare economies can only dream about. We are proud and enthusiastic to play a leading role in this whole initiative and are sure that in coming years it will bring benefit to all members of the CGM family: customers, employees and shareholders.

The plan for 2015 was always to consolidate current positions, improve the assets we already own and to hold back on further acquisitions and market consolidations. As much we believe that we can add value to other IT companies in the healthcare sector we did not want to over-extend ourselves given the management attention needed to support our current organic growth and business development initiatives. The special situation and opportunities surrounding the new eHealth law in our German home market is the best example to illustrate this. Still, even in a period with a more restrictive approach to acquisitions, we were able to further strengthen our presence in South Africa, Belgium, Italy and Germany during 2015. None of these acquisitions were big, but they still represent a consistent and relentless pursuit of an ever larger platform of CGM users in our current core markets. Our buy and build strategy is unchanged and we will continue also in the future to accelerate growth in our core business and extend our healthcare provider base through targeted acquisitions.

As always, I want to thank all my colleagues, all our shareholders, our customers and all the members of the CGM family for their dedication to our business, for their loyalty and for their support. 2015 was a year of great progress and through your commitment and participation we will continue on our positive trend in 2016 and in many exciting years to come.

Yours sincerely,

Frank Gotthardt
Chairman, CEO
27 March 2016

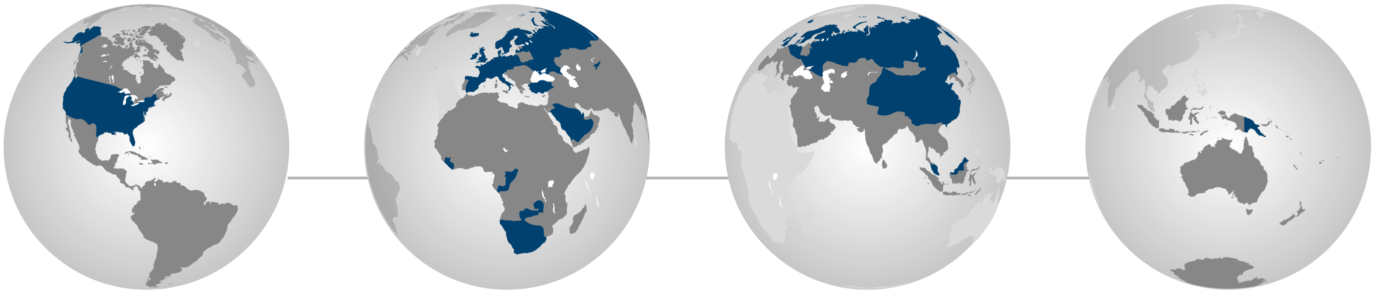
CompuGroup Medical
At a glance

Synchronizing Healthcare

The German eHealth Revolution

A timely rollout of the Telematics Infrastructure to an estimated 240,000 participants in healthcare all over Germany in the 2016-2018 timeframe.

Unique global position

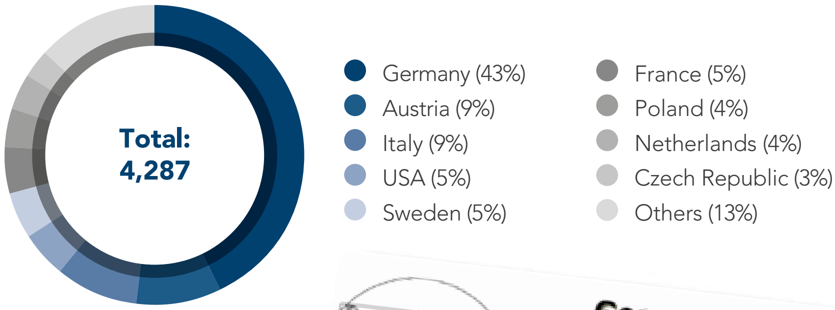


CompuGroup Medical is a leading global eHealth provider with office locations in 19 countries. Today we have the trust of customers from Koblenz to Kuala Lumpur, from Kiruna to Cape Town and Lublin to Los Angeles – in 46 countries worldwide.

Our products assist doctors and dentists, hospitals, laboratories, pharmacies and other care providers towards safer and more efficient healthcare.

The heart of CGM beats in the Rhineland-Palatinate city of Koblenz. CGM's success story started here around 30 years ago. Today, around 750 employees – 18 percent of our global workforce – work in the company headquarter on the grounds of the historical Maria Trost site.

Regional employee deployment



* image by "gematik GmbH"

Electronic Health Card and Telematics Infrastructure

The introduction of the electronic health card (eGK) in Germany is one of the largest and most demanding IT projects in the world. In the near future, around 217,000 doctors and dentists, 21,000 pharmacies and 2,100 hospitals will use the 70 million eGKs issued to those with public health insurance.

The Telematics Infrastructure is a closed network where you get access only with the eGK. It connects the IT systems of doctors' offices, pharmacies, hospitals and health insurances together in a completely secure way, enabling a system-wide exchange of information in healthcare.

CGM is ready for the challenge!

In 2014 and 2015, CGM in a consortium with Strategy& and KoCo Connector has been developing and testing the Telematics Infrastructure in one of two test regions in Germany. This project brings unique capabilities to CGM with a complete suite of end-to-end components, hardware and software, fully certified to relevant standards and ready in time for the start of the planned nation-wide roll-out of the telematics infrastructure in the middle of 2016.

CGM will have a head start to other participants in the future market for IT infrastructure products and services for healthcare all over Germany, and will enjoy this leadership position with most investments already made and with technology challenges already mastered.

The German eHealth law

In December 2015, the German parliament approved the so called "eHealth law". The new law came into force 1 January 2016 and gives not only precise deadlines for the connection and electronic applications, but also incentives for a timely introduction and use of the Telematics Infrastructure as well as sanctions if schedules are not kept.

Long-term growth

The eGK and Telematics Infrastructure is a long-term growth opportunity for CGM. With a full nationwide rollout beginning in the middle of 2016 CGM has the opportunity to sell new eGK-compliant online access products to this complete market and in particular to all existing ~64,000 customer locations in Germany. Even more important; the Telematics Infrastructure fits perfectly with CGMs strategy to provide more products and services to its customers also in Germany, such as eServices, ePrescriptions, eLabOrder, physician networks, online clinical pathways, hosting services etc.

Business Areas

Software for Doctors

Modern information systems for the ambulatory sector

Our integrated practice management software and electronic medical records are packaged into an end-to-end solution that covers all clinical, administrative and financial functions needed to operate a modern care facility.

The solution from CGM creates safe and efficient structures for general practitioners, office-based specialists, dentists, medical care centers, physician networks, school healthcare and other ambulatory care providers.

Whether it is documentation, prescriptions, billing or administration – we make sure that bureaucracy and paperwork disappear and that the most important medical information is provided where and when it is needed.

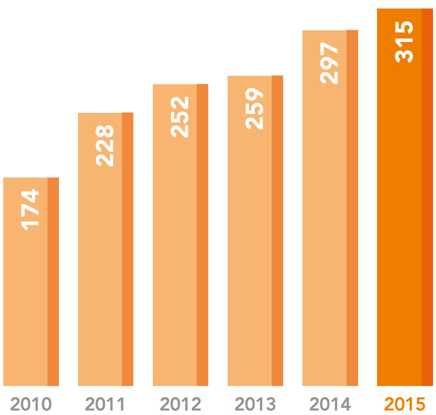
CGM was one of the first companies to develop a fully integrated online consumer service for medical offices worldwide.

With CGM, doctors and patients are in direct contact with each other – whether it is about an appointment request, a prescription renewal, an online consultation or requesting findings. The online services not only represent an innovative additional service for patients, they also lower administrative expenditures. This results in the entire medical office team having more time for what is really important: patient care.

"CGM CLINICAL™ is a great solution because it lets you have so much information at your fingertips – the steps related to opening and closing an encounter are very efficient. Having the ability to review a patient's previous history enhances the level of care we deliver while eliminating redundant data entry!"

Kathy Barela, Practice Administrator (Client: Scott Southard, Maryland, USA)

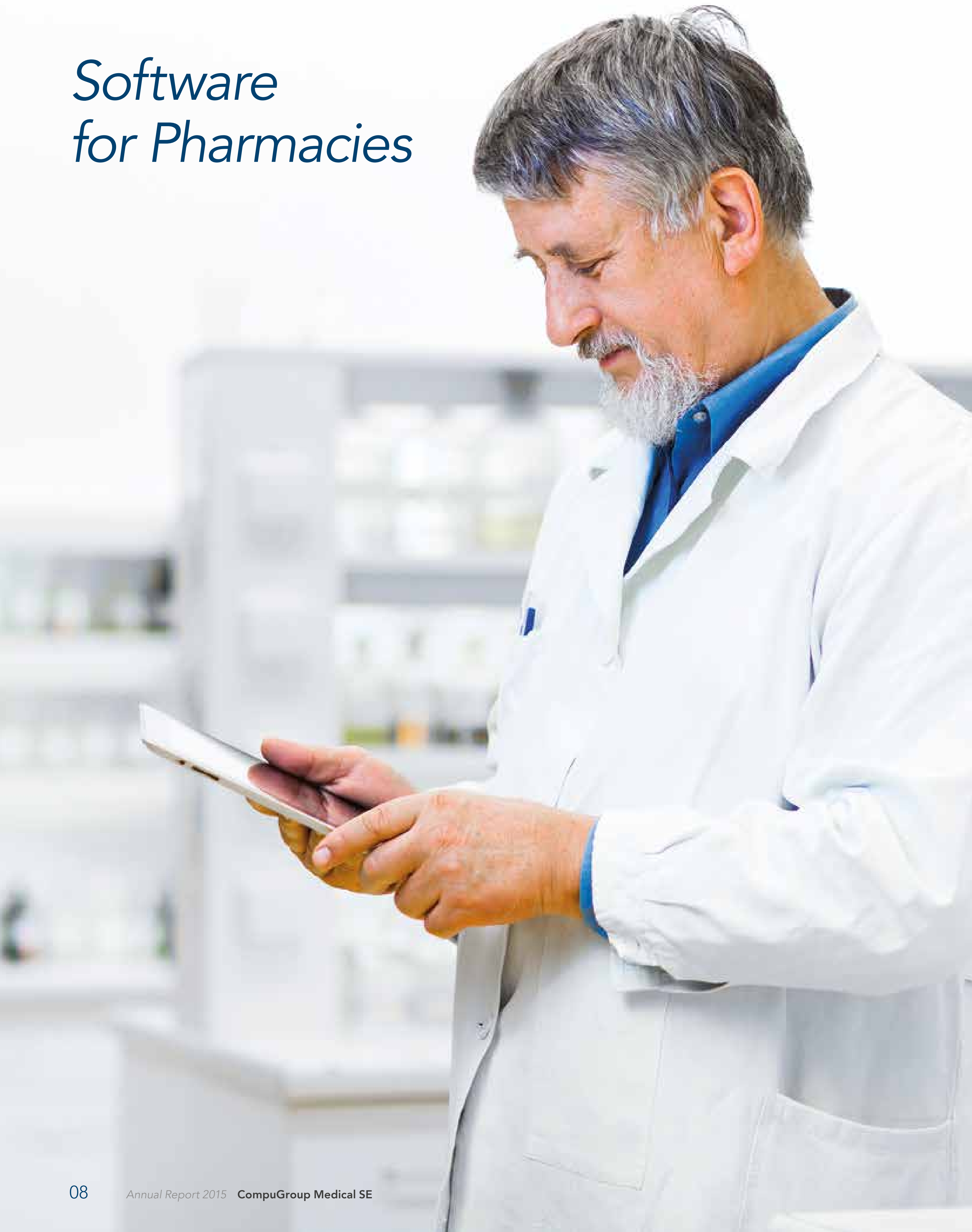
Revenue (EUR million) Software for doctors



77% Recurring revenue

58% of Group revenue: software for doctors

Software for Pharmacies



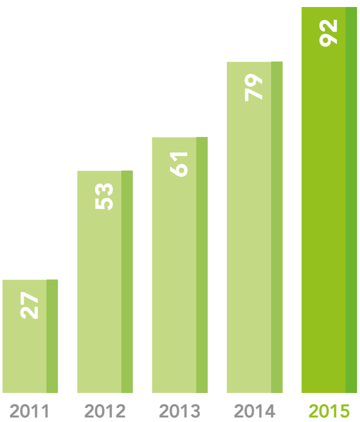
Modern information systems for community pharmacies

Software for pharmacies is focused on integrated clinical, administrative and financial software applications for pharmacies.

The software and related services provide accurate information and decision support to manage the complete drug supply chain from procurement and shipping of drugs through efficient management and control of inventory all the way to planning, execution and controlling of the retailing function.

Safe and cost-efficient dispensing to patients is ensured through advanced drug safety and control functions as well as decision support tools for generic substitution and cost optimization strategies. We also offer in-store and online merchandising programs supported by paper-based and screen-based communication and advertising solutions.

Revenue (EUR million) Software for pharmacies



"Intuitive and future-proof. All that and more provides WINAPO 64 to me!"

Dr. Peter Sandmann, Pharmacist (Client: Isartal-Pharmacy, Munich, Germany)

70% Recurring revenue

17% of Group revenue: software for pharmacies

Software for Hospitals

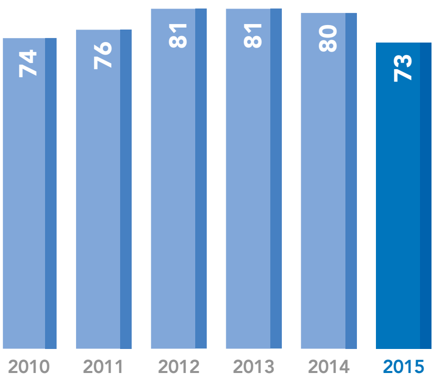
Modern information systems for secondary care institutions

During a patient's stay in a hospital, he or she passes through many wards: from admission to in-patient care and medication, from operation to discharge.

Our solution guides all management and medical specialists in all tasks and creates efficient structures for hospitals, rehabilitation centers and social care institutions.

Our hospital information system facilitates patient administration, resource and personnel management, medical documentation and billing programs in addition to a number of clinical applications aimed at various specialized departments and laboratories. As a full service provider, CGM pursues an integrated care approach and provides customized solutions for practically all aspects of administration, planning and care delivery in secondary care institutions.

Revenue (EUR million) Software for hospitals



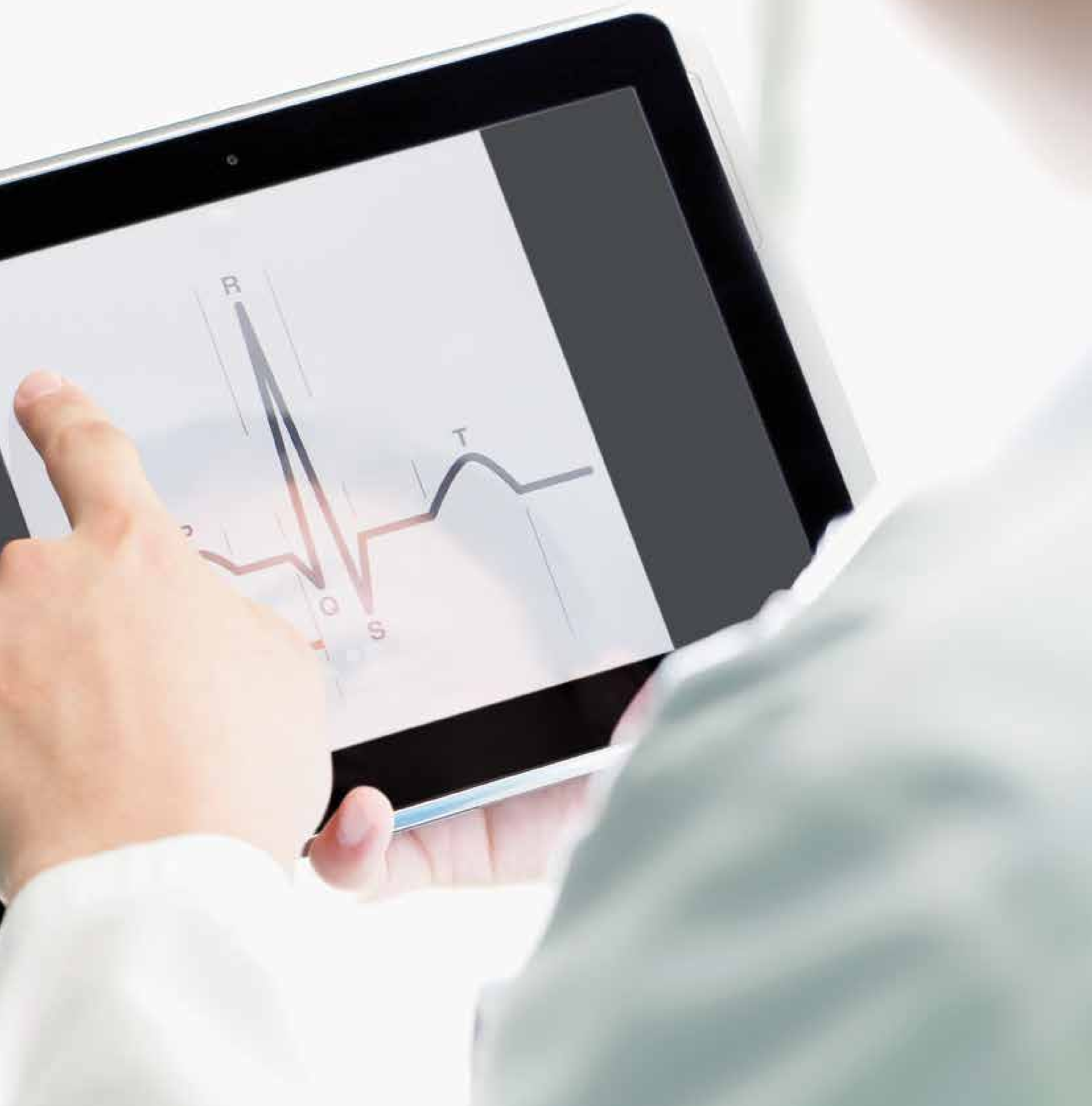
53% Recurring revenue

13% of Group revenue: software for hospitals

"The project 'data center migration' displayed that a transfer of clinical IT-Systems during operation and additional aggravating factor overall new building project is not only possible but also can run smoothly. By the good preparation and cooperation from all involved participants the complex project could be implemented without problems and in a timely manner."

Dipl.-Ing. Dr. Günther Krenn, Medical IT Services (Project "RZ-Migration Landesklinikum Neunkirchen (NÖLK)") (Client: NÖ Landeskliniken-Holding, Sankt Pölten, Austria)

Connectivity Services



Networking systems for the healthcare sector

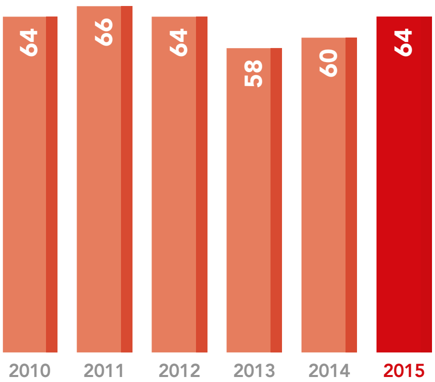
Physicians, pharmacists and treatment teams are working more and more closely together. Symptoms such as visual disorders can be treated together; prescribed medications could be coordinated with each other and preventative measures taken.

This benefits all participants: patients are holistically treated and are less likely to suffer from other health-related complications.

To offer targeted treatment, physicians require comprehensive data – preferably before the patient consultation. We take care of providing all relevant information in a timely manner – whether from colleagues, a laboratory, a health insurance or hospital. Our networking solutions enable the secure exchange of data between the healthcare sectors – and this, fully integrated into the daily practice routine.

Our Software Assisted Medicine (SAM) links physicians, patients and payers and assists in the implementation of crucial initiatives into practice. The physician receives information about signs of a rare disease earlier – and he receives it precisely at the moment the patient is sitting in front of him. Together with physicians and payers, we create many ground-breaking innovations, helpful programs and direct interfaces in our SAM projects. Scientists confirm: Patients are healthier and the providers have a cost reduction of approximately 15%. This progress provides quality of life on the one hand, and also reduces costs.

Revenue (EUR million) Connectivity services



"With our ePortal, we build the first fully digital bridges between all participants and provide our insured and their treating physicians with the digital invoice management a unique service."

Klaus Dombke, Leader Patient-, Performance- and Health management at AXA health insurance, Cologne, Germany

12%

of Group revenue: connectivity services

Management Board

Frank Gotthardt
Chairman of the Management Board, CEO

Frank Gotthardt became a pioneer of IT in the healthcare sector in his days as a computer scientist. He is Chairman of the Management Board of CompuGroup Medical SE. He built the leading global eHealth company, domiciled in Koblenz, up from nothing and has continued to lead and shape it since its founding. Today, 400,000 customers and 4,300 employees worldwide have put their trust in CompuGroup Medical SE. Mr. Gotthardt is also the Regional Chairman of the Economic Council of Rhineland-Palatinate, a member of the Federal Executive Board and Deputy Chairman of the Federal Commission for Health.

Frank Brecher
Chief Process Officer, CPO

Frank Brecher has been a member of the Executive Board of CompuGroup Medical SE since 2015 and has been employed with CompuGroup Medical since 1998 initially occupying various management positions in the group's dental software business. Beginning in late 2007, he was responsible for CGM's business operations in the hospital, clinic and rehabilitation sector in Germany. In 2011, Mr. Brecher was a key manager involved in the acquisition of LAUER-FISCHER and played a vital role in the successful integration of this new subsidiary in CGM. At the end of 2011, Mr. Brecher was appointed to the Executive Board of CGM Deutschland AG. Since April 2013, Mr. Brecher has also led and coordinated the worldwide rollout of CGM's new uniform IT platform "OneGroup IT".

Uwe Eibich
Executive Vice President, Central Europe

Uwe Eibich has been a member of the Executive Board of CompuGroup Medical SE since 2007 and today he leads the largest CGM business area, D-A-CH. In the D-A-CH area, Uwe Eibich is responsible for all areas offering products and solutions for our physicians in medical practices, dentists, pharmacies as well as rehab-, social- and health care facilities in Germany, Austria and Switzerland. Before his start at CGM, the computer scientist was initially self-employed and then later worked for a dental software manufacturer before beginning his career path at CompuGroup Medical in 1998. In his former positions at CGM, he headed the CGM business operations in Germany and supervised the international expansion. In addition, Uwe Eibich is the Deputy Chairman of the Federal Association for Healthcare IT (bvitg).

Christian B. Teig
Chief Financial Officer, CFO

Christian B. Teig was born in Norway in 1965. He has been on the Executive Board of CompuGroup Medical SE since 2008. He is the former CEO of the subsidiary, Profdoc. During his time in this position, he developed it into one of Scandinavia's market leaders and acquired customers in Africa and Asia. Prior to this position, he worked in the IT division of Norsk Data and also as a Management Consultant for McKinsey & Company. In 1990, Mr. Teig earned a B.S. degree from the University of California in Santa Barbara and in 1995, his MBA from INSEAD in France.

Supervisory Board Report

The Supervisory Board of CGM SE has performed the duties required by law and the Articles of Association during the 2015 financial year. The Supervisory Board regularly advised the Management Board in its management of the company and supervised the company's Management Board. The Supervisory Board was directly involved in all decisions of major significance to the company.

The Management Board informed the Supervisory Board regularly, comprehensively and promptly by means of verbal and written reports on all issues of relevance to corporate planning and strategic development, the course of business, the general situation of the group including any risks, and risk management.

The Supervisory Board obtained regular reports from the Management Board regarding measures implemented to improve results as well as possible, planned and completed company acquisitions. Opportunities and risks of possible transactions were discussed in detail with the Management Board. Deviations from the business plans and targets were explained fully.

The Supervisory Board formed an Audit Committee whose Chairman is at the same time the Chairman of the Supervisory board.
The Audit Committee held four meetings in total for the year under review and discussed the interim financial reports of the Management Board as well as prepared the resolutions of the Supervisory Board. The committee submitted its recommendation for the appointment of an auditor for the fiscal year 2015 to the Supervisory Board. The Supervisory Board was regularly informed of the Audit Committee's work.

The Supervisory Board held seven ordinary meetings in the year under review. Furthermore, two resolutions were concluded in telephone conferences:

January 16, 2015:
The member of the Supervisory Board Professor Dr. med. dent. Rolf Hinz vacated on January 6, 2015 his Supervisory Board mandate with effect from February 6, 2015. In this conference call the Supervisory Board decided to recommend Mr. René Obermann as a new Supervisory Board member in the Annual General Meeting on May 20, 2015. The proposal from the Management Board, to appoint Mr. Obermann legally by the local court Koblenz for the period of transition, was approved.

March 19, 2015:
In the March 2015 session where the financial position was determined, the annual financial statements of CGM 2014, the 2014 consolidated financial statements and the respective management reports were explained in detail to the Supervisory Board by the Management Board in the presence of the auditors. The Management Board and the employees of the auditing firm PricewaterhouseCoopers AG in Frankfurt (PWC) personally answered all questions in detail, which were posed by the Supervisory Board in the subsequent discussion. The annual financial statement was determined and group accounts were approved. The proposal presented by the Management Board for the appropriation of earnings was approved and the agenda for the 2015 Annual General Meeting was set. The agenda including the resolution proposals, particularly the conversion plan incl. the future statutes of CompuGroup Medical SE was consented.

In this session the Supervisory Board discussed and approved the creation and the nomination of the new board-level "Process- and Efficiency management". Mr. Frank Brecher was appointed as a member of the Management Board with the responsibility for the resort "Process- and Efficiency management" for the period from April 1, 2015 to March 31, 2019. In addition, other activities, plans and financial aspects were presented to the Supervisory Board for fiscal year 2015.

The Supervisory Board discussed with the Management Board about company acquisitions in Belgium, Netherlands, Spain and Germany. The acquisitions were approved by the Supervisory Board.

The compliance statement of the German Corporate Governance Code was discussed and restated unchanged.

May 20, 2015:
At the meeting, the Management Board reported on the current situation in all business areas. The Supervisory Board discussed and approved in principle the Management Board's proposal to restructure the HCS-Business.

June 20, 2015:
The Supervisory Board discussed and approved the Management Board's proposal to restructure the HCS-Business.

June 20/21, 2015:
In its annual strategy meeting with the Management Board and second level management, the Supervisory Board discussed initiatives to promote growth and opportunities to improve profitability. Considerations for a reorientation of the HCS-Business and strategies for M&A transactions in future were in the focus.

Supervisory Board Report continued

July 30, 2015:
In a conference call, the Supervisory Board discussed the Management Board's plan to acquire a company active in the Patient- and Doctors portal area in Italy. The Supervisory Board approved this transaction.

September 10, 2015:
Within this Supervisory Board meeting, the Supervisory Board has been informed about the project status of the implementation for the electronic healthcard in Germany. The Supervisory Board resolved the updated rules of procedure of the Executive Board, as well as the compliance statement regarding the German Corporate Governance Code.

In this session the efficiency audit of the Management Board has been made and discussed.

In accordance with Section 111 paragraph 5 of the Stock Corporation Act (AktG) the Supervisory Board has discussed an appropriate target figure for the proportion of women in the Supervisory Board and Management Board of the company:

The Supervisory Board determined a target figure of 1/6 for the period until June 30, 2017 for the Supervisory Board. The target figure for the Management Board is zero.

November 06, 2015:
The draft of the 2016 budget was presented by the Management Board and discussed by the Management and Supervisory Boards.

December 04, 2015:
The Supervisory Board was informed about the current situation of all business areas in this session. The budget submitted by the Board in 2016 for the CGM Group was explained in detail to the Supervisory Board and then subsequently approved. The Supervisory Board received the Management Board's report on: the accounting process, the effectiveness of the internal control system, risk management and the internal audit system. The Supervisory Board given its approval to the execution of two cooperation agreements. Both companies are controlled by the CEO.

December 04, 2015:
On the same day a Supervisory Board meeting of the future CompuGroup Medical SE was performed. In this session, Dr. Klaus Esser was elected as its chairman and Prof. Dr. Daniel Gotthardt was elected as his deputy. The previous board members of CompuGroup Medical SE were appointed for the period of the remaining contract terms, to the Executive Board of the future CompuGroup Medical SE. Mr. Frank Gotthardt was appointed for the Chief Executive Officer. The rules of procedure for the Executive Board and the Supervisory Board of the future CompuGroup Medical SE were determined.

With the registry of CompuGroup Medical SE in the commercial register of Koblenz the previous employee representatives retired from the Supervisory Board. Maik Pagenkopf and Klaus Schrod were appointed to the Supervisory Board as employee representatives of CompuGroup Medical SE.

During the reporting period no conflicts of interest had occurred in the Supervisory Board.

At one of the resolutions approving cooperation agreements on 04 December 2015 Prof. Dr. Daniel Gotthardt has not participated.

At the above-mentioned meetings in fiscal year 2015, all board members were always present.

The auditors, elected by the Annual General Meeting and appointed by the Supervisory Board Audit Firm (PWC) has audited the financial statements of CompuGroup Medical SE, the consolidated financial statements and the respective annual report of CompuGroup Medical SE and the Group at 31 December 2015, including the accounting as required by law and issued unrestricted audit opinions.

In the meeting on March 17, 2016 the Supervisory Board discussed based on the following: annual statement for the 2015 financial year as provided by the Management Board; consolidated financial statements and the management report of the Company and the Group; the Management Board's proposal for the appropriation of accumulated earnings; and the respective audit reports issued by the financial auditor. The documents submitted were reviewed by the Supervisory Board. In this session, where the financial position was determined, the employees from the financial auditing firm, PricewaterhouseCoopers AG (PwC) in Frankfurt personally answered all questions posed by the Supervisory Board in detail.

The Supervisory Board took note of the audit's findings and did not raise any objection.

In accordance with Section 171 of the Stock Corporation Act (AktG), the Supervisory Board has reviewed and adopted the following: annual financial statements of the parent company and the group; the annual reports of CompuGroup Medical SE and the group; the Management Board's recommended appropriation of net earnings for the year; the risk management report. The financial statements of CompuGroup Medical SE have thus been approved. The consolidated financial statements have also been adopted.

The Management Board has submitted the report stipulated by Section 312 of the Stock Corporation Act (AktG) concerning relationships with related companies (dependency report) to the Supervisory Board together with the declaration required by Section 312 (3) of the Stock Corporation Act (AktG). The aforementioned auditor has checked the dependency report and issued the following certificate confirming the results of the audit:

"Based on our obligatory audit and assessment, we confirm that
1. *the actual details in the report are correct,*
2. *the payments rendered by the company were not unreasonably high for the legal transactions listed in the report."*

The Supervisory Board has noted and approved the audit results and has also reviewed the dependency report. Following the final results of the review conducted by the Supervisory Board, no objections were raised either against it or against the Management Board's declaration at the end of the dependency report.

Our longstanding Supervisory Board member Professor Dr. med. dent. Rolf Hinz resigned his seat with effect from February 06, 2016. The Supervisory Board would like to thank Professor Hinz for his knowledgeable and always lively, committed support to the success story of CompuGroup Medical, from 1993 to 2015. For many years, Professor Hinz guided the work of the Supervisory Board with great success.

Upon registration of the transformation of the Company into a European Company in the commercial register on February 05, 2016 the previous employee representative Karl Grüner and Lothar Wild retired from the Board. The Supervisory Board wishes to thank both for their cooperation in recent years.

For the employees, Maik Pagenkopf and Klaus Schrod were appointed to the Supervisory Board of CompuGroup Medial SE.

The Supervisory Board would like to thank all the members of the Management Board and the employees of CompuGroup Medical SE including those employed with its subsidiaries for their commitment and work performed in the past financial year.

Koblenz, March 17, 2016

The Supervisory Board

Dr. Klaus Esser
Chairman

Corporate Governance Statement

The actions of CompuGroup Medical´s Management Board and Supervisory Board are based on the principles of good and responsible corporate governance. In this statement, the Management Board – also acting on behalf of the Supervisory Board – provides its report on corporate governance in the Company pursuant to sub-section 3.10 of the German Corporate Governance Code (GCGC) and pursuant to section 289a (1) of the German Commercial Code (HGB).

Declaration of Conformity

This declaration of conformity relates to conformity with the recommendations of the German Corporate Governance Codex (GCGC) in accordance with section 161 of the Aktiengesetz (German Stock Corporation Act).

Since the last declaration of conformity dated September 2015, CompuGroup Medical SE has conformed to the recommendations of the GCGC as amended on May 05, 2015 subject to the deviations mentioned in the aforesaid declaration.

In the future, CompuGroup Medical SE will comply with the recommendations of the German Corporate Governance Codex with the following exceptions:

Section 3.8 of the GCGC

A deductible within a D&O insurance for the Supervisory Board which suits all Management Board members should be determined. The current D&O insurance does not follow this recommendation as a deductible is not considered commensurate due to the amount of remuneration of the Supervisory Board.

Section 4.2.2 of the GCGC

The Supervisory Board should take the ratio of Senior Management to the overall workforce and its development over time into consideration when determining the compensation of the Management Board members. The Supervisory Board will not follow this recommendation because it does not consider this approach appropriate when determining the compensation of the Management Board members.

Section 4.2.3 of the GCGC

According to section 4.2.3 the compensation of the Management Board should be limited, both in terms of the total amount and the variable components. The management contract with the CEO does not provide such a limitation in order to provide an incentive effect which would not be given to the same extend in case of a limitation.

The Supervisory Board has reserved the right to adjust performance targets or underlying comparison parameters during the contract period. This is necessary in order to obtain the necessary flexibility to respond to relevant changes in market and business environment.

Pension commitments to Management Board Members are currently nonexistent are also not intended for in the future.

Section 5.1.2 of the GCGC

An age limit for members of the Management Board shall be specified. CompuGroup Medical does not comply with this recommendation and has not fixed an age limit for its Management Board members. The company believes that a rigid age limit does not represent an appropriate selection criterion for its corporate officers and will consider this aspect on a case by case basis when evaluating potential candidates. The Supervisory Board considers also an appropriate diversity with regards to the company's international scope.

Section 5.2 of the GCGC

The company deviates from the recommendation in section 5.2 of the GCGC stipulating that the Chairman of the Supervisory Board shall not be Chairman of the Audit Committee. The Chairman of the Supervisory Board of CompuGroup Medical has specific knowledge and experience in the field of accounting and internal control procedures and is also considered to be independent.

Section 5.3.3 of the GCGC

The Supervisory Board shall form a nomination committee composed exclusively of shareholder representatives which proposes suitable candidates to the Supervisory Board for recommendation to the General Meeting. CompuGroup Medical does not comply with this recommendation as has no nomination committee. It is not considered necessary to constitute a separate nomination committee as a working procedure has been established for the Supervisory Board to carry out the duties of a nomination committee in close cooperation with the largest shareholders of CompuGroup Medical.

Section 5.4.1 of the GCGC

According to section 5.4.1 of the Corporate Governance code an age limit for members of the Supervisory Board shall be specified. CompuGroup Medical does not comply with this recommendation and has not fixed an age limit for its Supervisory Board members. The company believes that a rigid age limit does not represent an appropriate selection criterion for its Supervisory Board Members and will consider this aspect on a case by case basis when evaluating potential candidates.

With regard to the composition of the Supervisory Board, the company will predominantly take into account potential candidates' expertise, skills and professional experience. Therefore the Supervisory Board will not specify any regular limit for the duration of membership in the Supervisory Board.

Only for the ratio of women in the Supervisory Board, the Board will determine the targets regarding its future composition. This is necessary to retain preferably flexibility in assessing the suitability of potential candidates.

Section 5.4.6 of the GCGC

The compensation arrangements for the Supervisory Board basically provide for a uniform fixed compensation. All Supervisory Board members are expected to perform their tasks with the highest level of engagement with focus on the company's long-term success. Up to now, only the chairman of the Supervisory Board receives a 50 percent higher compensation, because the work pattern of the chairman is clearly larger than the work pattern of all other Board Members, including the deputy chairman and the committee members.

Koblenz, March 2016

Dr. Klaus Esser
Chairman Supervisory Board

Frank Gotthardt
Chief Executive Officer

Corporate Governance practices

CompuGroup Medical acknowledges the obligation to behave as a responsible member of society. Our business is based on trust and we are daily dealing with issues related to health care safety, patient privacy and public procurement processes. CompuGroup Medical's business activities will always comply with applicable laws and regulations and act in an ethical and socially responsible manner. This ethical foundation in some instances result in CompuGroup Medical's corporate governance principles to go beyond the requirements of law and the recommendations of the GCGC. There are written instructions with ethical guidelines which apply to all our staff, and to all those who act on CompuGroup Medical's behalf. We also expect our suppliers and partners to have ethical guidelines in their own enterprises, which are consistent with CompuGroup Medical's ethical values. The documents describing the CompuGroup Medical guidelines are permanently available from our website at www.cgm.com.

Operation principles of the Management and Supervisory Board

CompuGroup Medical SE is a company under German law, which also represents the basis of the GCGC. One of the fundamental principles of German stock corporation law is the dual management system involving two bodies, the Management Board and the Supervisory Board, each of which is vested with independent competences. CompuGroup Medical's Management Board and Supervisory Board cooperate closely and confiding in managing and monitoring the Company.

The Management Board is responsible for managing the enterprise. Its members are jointly accountable for the management of the enterprise. The Chairman of the Management Board coordinates the work of the Management Board and is also the Group Chief Executive Officer (CEO). Underneath the CEO, the organizational design is a regional-functional matrix organization with senior executives reporting directly to the Group CEO. This structure is supported by a detailed governance model that determines the way in which CompuGroup Medical operates. In 2011 one member of the Management Board was assigned to the regional line organization as Executive Vice President and overall responsible for the region of Central Europe. The other Management Board member is assigned to the functional organization as Chief Financial Officer (CFO). All members of the Management Board meet on a weekly basis to discuss a broad set of issues ranging from daily operations to the Group strategy. The Management Board together with all regional managers composes the Strategic Management Group, which meets about ten times per year to harmonize operations and ensure knowledge sharing across geographies and functions.

CompuGroup Medical supports the concept of an effective Supervisory Board in line with the company's needs for expertise, capacity, balanced decision-making and ability to independently evaluate the company's activities and the conduct of its management. The Supervisory Board appoints, supervises and advises the members of the Management Board and is directly involved in decisions of fundamental importance to the enterprise. The chairman of the Supervisory Board coordinates the work of the Supervisory Board. The duties of the Supervisory Board and its Committees are regulated in the Articles of Association. In addition, the Supervisory Board has adopted terms of reference governing its work. The Supervisory Board does not comprise any former Management Board members. It comprises a sufficient number of independent members not maintaining any personal or business relationship with the Company or its Management Board. Supervisory Board meetings are generally held six to eight times per year, and during at least one of these meetings the corporate strategy is up for review. Every month, the Supervisory Board receives a financial review, management reports and forward-looking analysis. The Supervisory Board regularly reviews the efficiency of its work. The last efficiency review took place in 2015. The next efficiency review is scheduled for 2017. The efficiency of the Supervisory Board's work, including its cooperation with the Management Board, was determined on the basis of a list of questions and a subsequent discussion at a Supervisory Board meeting. The Supervisory Board has established one Committee from among its members: The Audit Committee consists of the Chairman of the Supervisory Board, two shareholder representatives, and one employee representative. The Supervisory Board has appointed its Chairman, Dr. Klaus Esser, as the independent Audit Committee financial expert. The Audit Committee monitors the Company's financial reporting process, discusses and examines annual consolidated financial statements and management reports prepared by the Management Board, as well as the quarterly financial reports. Based on the independent auditors' report, the Audit Committee gives recommendations with respect to the approval of the annual financial statements and the consolidated financial statements by the Supervisory Board. Furthermore, the Audit Committee recommends to the Supervisory Board the independent auditors elected at the General Shareholders' Meeting to audit the annual financial statements.

Corporate Governance Statement continued

The Management and Supervisory Board members are obliged to act in CompuGroup Medical SE's best interests. In the completed financial year, there was no conflict of interest, which was disclosed to the Supervisory Board. None of the Management Board members of CompuGroup Medical SE sat on more than three Supervisory Boards of listed non-Group companies.

Targets for the composition of the Supervisory Board and Management Board

According to § 111 paragraph 5 AktG. the company's Supervisory Board has advised and determined the targets for the respective proportion
of women in according to the specific situation of the company in September 2015 as follows:

a. For the Supervisory Board a target of 1/6 has been set, for the period ending June 30, 2017
b. For the Management Board a target of zero has been set, for the period ending June 30, 2017

Compensation of the Management Board and Supervisory Board

CompuGroup Medical SE complies with the recommendations of the GCGC to provide details of the compensation of each individual member of the Executive Board and Supervisory Board. The principles of the compensation systems and compensation amounts are outlined in the Compensation Report, which is part of the management report.

Risk management

Good corporate governance entails the responsible handling of company risks. The Management Board of CompuGroup Medical use general and company-specific reporting and monitoring systems to identify, assess and manage these risks. These systems are continually developed and adjusted to match changes in overall conditions. The Management Board regularly informs the Supervisory Board about existing risks and the development of these risks. The Audit Committee deals in particular with monitoring the accounting process, including reporting, the efficiency of the internal control system, risk management and the internal auditing system, compliance and audit of the annual financial statements. More detailed information about CompuGroup Medical's risk management is presented in the Risk Report. It also contains the report on the accounting-related internal control and risk management system required in accordance with the German Accounting Modernization Act.

Accounting and auditing

CompuGroup Medical SE prepares its consolidated financial statements in accordance with the provisions of the International Financial Reporting Standards (IFRS) as applicable in the European Union. The annual financial statements of CompuGroup Medical SE are prepared in accordance with the German Commercial Code (HGB). The consolidated financial statements are prepared by the Management and audited by the auditors and the Supervisory Board. The interim reports are discussed between the Audit Committee and the Management Board prior to publication. The consolidated financial statements and the financial statements of CompuGroup Medical SE for the fiscal year 2015 were audited by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt, the auditors elected by the 2015 Annual General Meeting. The audit was based on German auditing rules, taking account of the generally accepted auditing standards issued by the German Auditors' Institute as well as the International Standards on Auditing. In addition, a contractual agreement was concluded with the auditors to the effect that the auditors will immediately inform the Supervisory Board of any grounds for disqualification or partiality as well as of all findings and events of importance arising during the performance of the audit. There was no ground to provide such information in the framework of the audit of the financial year 2015.

Shareholders and Annual General Meeting

The shareholders of CompuGroup Medical exercise their rights in General Meetings. The Annual General Meeting takes place during the first six months of the business year. The Chairman of the Supervisory Board is the chair of the General Meeting. The General Meeting performs all duties assigned by the law. Our aim is to make the participation in General Meetings as easy for the stockholders as possible. Thus, all reports and documents necessary to the participation, including the Annual Report, are published in an easily accessible way on the company's Internet site together with the agenda. The Management Board arranges for the appointment of a representative to exercise shareholders' voting rights in accordance with instructions.

Shareholdings of Management and Supervisory Board

The following shareholdings currently consist to Management and Supervisory Board members:

Management Board:	
Frank Gotthardt:	17,910,804 shares (approximately 33.65%)
Uwe Eibich:	97,744 shares (approximately 0.18%)
Frank Brecher:	1284 shares (approximately 0.00%)
Supervisory Board:	
Prof. Dr. Daniel Gotthardt:	3,571,711 shares (approximately 6.71%)
Dr. Klaus Esser	140,000 shares (approximately 0.26%)

Transparency

A standardized, comprehensive and prompt information flow is highly valued in CompuGroup Medical SE. CompuGroup Medical's business situation and results will be outlined in the Annual Report, in the quarterly reports, at the annual investor and analyst conference and regular conference calls. Furthermore, press releases or, if legally required, ad hoc announcements will also provide information.
All announcements and reports are available on the Internet at www.cgm.com under the section Investor Relations. CompuGroup Medical SE has prepared the required directory of persons with insider information (insider register). The affected persons are informed about the legal obligations and penalties.

Combined Management Report
Financial year 2015

The CGM Group
CompuGroup Medical SE (CGM) develops and sells efficiency and quality-enhancing software as well as information technology services exclusively for the healthcare sector. The company plays a leading role in the development of global e-health solutions and enjoys market leadership in Germany as well as in other key European countries. CGM's software products and related services are designed to support all medical and organizational activities in doctors' offices, medical laboratories, pharmacies, hospitals and other provider organizations. Its information services for health insurance companies and pharmaceutical producers contribute towards safer and more efficient healthcare. The company's services are based on a unique customer base of doctors, dentists, hospitals and pharmacies, as well as other service providers in healthcare. With headquarters in Germany (Koblenz), the company has a wide and global reach with offices in 19 countries and installations in 46 countries worldwide. Approximately 4,300 highly qualified employees support customers with innovative solutions for the steady growing demands of the healthcare system.

Organizational structure
The CGM Group consists of many companies in several countries; all controlled directly or indirectly by the parent legal entity CompuGroup Medical SE. For a complete list of Group companies and other equity investments, see Section A of the notes to the Consolidated Financial Statements. The subsidiaries in each country serve as a platform for our local employees who perform the tasks of sales and marketing, service and support, research and development as well as general administration close to customers and markets. Independent of the legal entities, the Group is managed as "one company" with reporting lines and decision powers defined by operating segments and not by legal structure.

Operating segments
CGM serves a broad range of healthcare providers, from general practitioners, community clinics and pharmacies, to hospitals and medical laboratories. In addition, we offer products and services to facilitate networking between various healthcare participants, targeted specifically at pharmaceutical companies, healthcare payers, healthcare providers and also patients. Our offer is built around a portfolio of reliable and user friendly software applications, complemented by a broad range of value-added services to facilitate networking within the complete healthcare universe. Our solutions are tailored to specific user communities, each with a unique set of requirements and success factors. The following six business segments contain our complete portfolio of products, solutions and services:

Ambulatory Information Systems is focused on practice management software and electronic medical records for office-based physicians, dentists, medical care centers and physician's networks. The customers are usually primary care providers working in ambulatory care, providing health services on an outpatient basis to those who visit a healthcare facility and depart after treatment on the same day. For these providers, products and services are packaged into an end-to-end solution that covers all clinical, administrative and financial functions needed to operate a modern care facility. The integrated software solution creates efficient structures for the customers to manage, analyze and use medical data, organize business operations and generate invoices, including extensive administrative support and workflow functionality.

Pharmacy Information Systems is focused on integrated clinical, administrative and financial software applications for retail pharmacies. The software and related services provide accurate information and decision support to manage the complete drug supply chain from procurement and shipping of drugs through efficient management and control of inventory all the way to planning, execution and controlling of the retailing function. Safe and cost-efficient dispensing to patients is ensured through advanced drug safety and control functions as well as decision support tools for generic substitution and cost optimization strategies. We also offer in-store and online merchandising programs supported by paper-based and screen-based communication and advertising solutions.

Hospital Information Systems is focused on clinical and administrative solutions for the inpatient sector, where health services are provided over a prolonged period of time (from days to years) through highly specialized, secondary care institutions. The customers range from acute hospitals to rehabilitation centers and social services, including multi-site hospital networks and regional care organizations. The software and related services facilitate patient administration, resource and personnel management, medical documentation and billing programs in addition to a number of clinical applications aimed at various specialized departments and laboratories. As a full service provider, CGM pursues an integrated care approach and provides customized solutions for practically all aspects of administration, planning and care delivery in secondary care institutions.

Communication & Data is targeted at pharmaceutical companies, enabling them to provide information to healthcare providers through software interfaces. In addition, CGM collects and mediates anonymous clinical data for market studies, clinical trials etc.

Workflow & Decision Support is targeted at healthcare payers (health insurers, managed care companies and public sector organizations) by providing an information channel to healthcare providers via software interfaces. Information, best practices and clinical guidelines are integrated in the workflow of the doctors to optimize decision-making and thereby assist them in delivering the highest quality and most cost efficient care. Other service examples from this segment are clinical decision support systems as well as drugs and therapy databases for healthcare providers.

Internet Service Provider is targeted at healthcare providers (physicians, dentists, pharmacists and hospitals), providing secure Internet and intranet solutions, through which a secure exchange of medical data is guaranteed.

Reporting segments

The business segments described above form the basis of our IFRS reporting segments (IFRS: International Financial Reporting Standards). The IFRS reporting segments are described in Section F of the notes to the Consolidated Financial Statements.

Business model

CGM's business model is built for long-term sustainability and profitability. Software maintenance and other recurring revenue is the primary source of income. The managed service type contracts that CGM offers reflects the ongoing nature of the value we deliver to our clients. For a fixed and predictable annual cost, the client is offered high-quality products backed by premiere service and readily available and competent support. For our investors, the choice of a service-oriented business model provides CGM with high quality and visibility of future earnings. Based on these principles, the market characteristics and corresponding business model differ significantly between the business segments.

Ambulatory and Pharmacy Information Systems target smaller, office based providers where the customer, buyer, decision maker and daily user of the software often is one and the same person. Sales and decision cycles are short, and installation and delivery of solutions is usually completed over the course of a few days. Software maintenance and other recurring revenue is the primary source of income and over the last few years the proportion of recurring revenue has been stable around 75 percent. Other revenue is up-front (one-time) charges coming from license sales, training/consulting and other sales such as third party licenses, associated hardware and equipment etc. Customer relationships are generally long-term.

Hospital Information Systems is a project oriented business where the buyer, decision maker and daily user typically are not the same person. In this segment, the customer is usually a hospital administration (IT or procurement department), the administration of a hospital chain or other operator of hospital networks, a regional care organization or regional public sector organization. In Europe, hospitals and care institutions are predominantly owned and operated by the public sector and thus subject to public tendering regulations with long lead times and long decision cycles. Installation and delivery of solutions can range from a few months to multi-year delivery projects. Compared to Ambulatory and Pharmacy Information Systems, the volume of consulting and other professional services is significantly higher and software maintenance and other recurring revenue currently constitute around 53 percent of revenue.

The business model in Communication & Data is based on co-operation agreements (typically with 6-12 months duration), ad-hoc advertising (on-going) and project revenue for collection and mediation of clinical data.

Revenue in Workflow & Decision Support is based on project sales (license and professional services), software maintenance and support, and performance-based revenue (cost and quality of care based).

The Internet Service Provider business model is based on subscriptions which make up virtually all revenue in this segment.

External factors influencing the business

The healthcare market is in general a large and growing market, with a resilient profile relative to business cycles. According to the 2015 Global Health Care Outlook study published by the audit and consulting firm Deloitte, global healthcare spending is expected to grow 5.2 percent annually in the period up to 2018 when it will reach USD 9.3 billion per year. The Economist Intelligence Unit (EIU) estimates that global health care spending as a percentage of Gross Domestic Product (GDP) averages 10.6 percent in 2015, with regional percentages of 17.4 percent in North America, 10.7 percent in Western Europe, 8.0 percent in Latin America, 6.6 percent in Asia/Australasia, and 6.4 percent in the Middle East/Africa. Furthermore, healthcare providers are being asked to offer ever-more sophisticated and expensive treatments for an ageing population. In many parts of the world, costs related to healthcare are currently rising at four to five times the rate of growth in wages and inflation. Even during economic downturns, people will still require medical aid and medicine to overcome illness. Therefore, a business in the healthcare sector is often considered to be defensive because the products and services are essential. Having a consistent demand for goods and services makes this sector less sensitive to business cycle fluctuations.

Changes to the composition of the Group

Compared with the previous year, the composition of the Group has changed through a number of acquisitions as listed below. In addition, certain subsidiaries have been merged and/or changed name but this does not materially change the Group and is not discussed in this management report. For more information about such internal mergers and company name changes, as well as smaller acquisitions, see Section A of the notes to the Consolidated Financial Statements.

Acquisition of Medical EDI Services (PTY) LTD, South Africa

In January 2015, CGM South Africa Pty Ltd, a 100 percent owned subsidiary of CGM SE, acquired 100 percent of the shares in Medical EDI Services (Pty) Ltd in South Africa ("MedEDI"). The primary business activities of MedEDI are development, sale and support of MedEDI Practice Management Application software as well as bill switching to Medical Insurers (electronic bill transfer and associated services). The company also sells complimentary products such as Electronic Health Records to its customers. MedEDI operates from office locations in Margate (headquarter), Pretoria and Cape Town. Through this acquisition, CGM has considerably strengthened its market position in South Africa. MedEDI contributes revenue of EUR 6.1 million and EBITDA of EUR 2.2 million to the Group in the reporting period.

Acquisition of Compufit BVBA, Belgium
In March 2015, CGM SE acquired 100 percent of the shares in Compufit Bvba in Belgium. Compufit is a market leader in software for physiotherapists as well as rehabilitation clinics. With this acquisition, CGM will now serve 50% of the physiotherapists as well as 30% of the rehabilitation clinics in Belgium. Compufit is with 6,000 customers number one in these markets. Out of 141 Belgian hospitals which offer rehabilitation, 44 use Compufit's software product. Additionally, it sells hardware and other products. Compufit contributes revenue of EUR 1.8 million and EBITDA of EUR 0.6 million to the Group in the reporting period.

Acquisition of Stock group, Germany
In May 2015, CompuGroup Medical Deutschland AG, a 100 percent owned subsidiary of CGM SE, acquired 100 percent of the shares in Stock Informatik GmbH & Co KG and Stock Verwaltung GmbH in Germany. Stock Informatik offers software and related services in occupational medicine, preventative medicine and occupational safety in Germany. The company's comprehensive software suite supports companies in the prevention and active care regarding the health of their employees and is used in numerous institutions ranging from clinics and businesses to major corporations. As a European specialist, Stock Informatik also offers its solutions in Switzerland and Austria. Stock group contributes revenue of EUR 1.9 million and EBITDA of EUR 0.5 million to the Group in the reporting period.

Acquisition of Medicitalia S.r.l, Italy
In August 2015 CompuGroup Medical Italia SpA, a 100 percent owned subsidiary of CGM SE, acquired 90 percent of the shares in Medicitalia S.r.l. in Italy. www.Medicitalia.it is a leading online portal for consumers and specialist doctors in Italy. Medicitalia contributes revenue of EUR 0.2 million and zero EBITDA to the Group in the reporting period.

Acquisition of LMZ-Soft AG, Germany
In October 2015 CGM Systema Deutschland GmbH, a 100 percent owned subsidiary of CGM SE, acquired 100 percent of the shares in LMZ-Soft AG in Germany. LMZ is a provider of software solutions for rehabilitation clinics in Germany. LMZ contributes revenue of EUR 0.4 million and EBITDA EUR 0.1 million to the Group in the reporting period.

Objectives and strategies
The unchanged strategic aim of CGM is to continue to expand its position as a leading international provider of IT solutions for the healthcare system. The key elements of its corporate strategy can be summarized as follows:

– Continue to grow the customer base of doctors, dentist, pharmacists and hospitals through acquisition and organic growth
– Organic growth by adding new products and services to existing customers and through additional revenue streams from pharmaceutical companies, healthcare payers and other participants in healthcare
– Continued leadership in technology and innovation.

Internal management system
The internal management system of CGM is based on a set of key performance Indicators (KPIs). The KPIs used to manage our performance are derived from three primary objectives:

1. Growth
2. Return on Capital
3. Sustainability

In any fundamental value calculation, growth is a primary driver of monetary value. In addition, and also because of the inherent economic benefit, growth drives pricing multiples in the stock market. Growth also offers benefits that go beyond economic equations. Growth enables the further development of the company, creates career opportunities and motivates employees. For our customers, growth means we can invest more into our products and services with technology investments spread over a larger revenue base. In summary, growth is crucial to all stakeholders of CGM: customers, employees and shareowners.

In addition to organic growth, CGM uses acquisitions as a means to grow the business and therefore needs a system to ensure the efficient use of capital. Return on Capital (ROC) simultaneously captures improved income statement profitability and balance sheet efficiency and focuses management on controllable drivers of fundamental intrinsic value. This measure is also in harmony with the information we get from a more comprehensive net-present-value analysis. ROC rewards efficient use of capital in the daily management of the business and is a useful metric for comparing profitability across segments and business units based on the amount of capital they use.

The long-term viability and sustainability of the company is recognized as another fundamental value for all stakeholders in CGM. The business is based on long-term customer relationships with software maintenance and recurring service fees as the primary source of income. Any relevant way to measure and ensure the size and development of the customer base and the size of the portfolio of recurring revenue is considered. We also recognize the importance of our employees as unique knowledge workers, carriers of experience and continuity in customer relations and therefore look for specific ways to measure and stimulate employee engagement as part of our sustainability objective. Our ability to make technology innovations and develop strategic partnerships also counts towards securing the long-term prospects of our business.

A comprehensive set of financial and non-financial key performance indicators are derived from the three primary objectives described above. Unchanged to 2014 we used the following financial KPIs to manage our performance in 2015. Unless otherwise stated, all financial numbers are reported and audited IFRS figures. The numbers from last year are adjusted according to IAS 8 to account for the inclusion of anniversary bonus provisions. For further details, please see section A.c of the notes to the Consolidated Financial Statements.

Sales revenue/revenue growth. This measure gives the highest level insight into our ability to fulfill our primary growth objective. The absolute size of CGM is internally defined by the sales to third parties ("revenue"), and growth is defined as the year-on-year revenue growth calculated as current year sales revenue relative to the same period 12 months ago, expressed as a percentage.

Recurring revenue/recurring revenue growth. Our recurring revenue includes all software maintenance contracts plus subscriptions for services such as Internet access (ISP), EDI and transaction processing, business process outsourcing, data center hosting, hardware rental etc. The principal source of recurring revenue is software maintenance which customers pay to get software updates and enhancements as well as access to a hotline support service.

EUR '000	2015	2014	Source
Software maintenance and other recurring revenue	361,194	332,084	Note 19
Hardware rental (non-IFRS)	5,212	5,709	Internal accounts
Recurring revenue	**366,406**	**337,793**	
Growth (in %)	**8.5%**	**10.3%**	

Organic growth. Organic growth is defined as the year-on-year growth in revenue excluding all revenue from acquisitions with first time consolidation within the last two financial years. Foreign exchange rate differences are included. Organic growth is an important component of our overall growth strategy and is also an important measure of our ability to add value to our acquisitions.

EUR '000	2015	2014	2013	Source
Group sales revenue	543,066	515,104	459,555	Income Statement
farma3tec/Mondofarma	-6,386	-4,110	-/-	Company Acquisitions
Labelsoft/Caretrace	-2,562	-819	-/-	Company Acquisitions
Sales and service partners Germany	-2,700	-3,076	-/-	Internal Accounts
Puntofarma	-1,540	-2,060	-/-	Internal Accounts
MedEDI	-6,084	-/-	-/-	Company Acquisitions
Compufit	-1,820	-/-	-/-	Company Acquisitions
Stock Informatik	-1,876	-/-	-/-	Company Acquisitions
LMZ	-367	-/-	-/-	Company Acquisitions
REWE/DMS (divestiture)	5,400	-/-	-/-	Internal Accounts
Other acquisitions	-478	-29,822	-9,707	Internal Accounts
Group organic revenue	**524,654**	**475,217**	**449,848**	
Organic growth (in %)	**1.9%**	**3.4%**	**-0.2%**	

EBITDA/EBITDA margin. Earnings before interest, taxes, depreciation and amortization (EBITDA) is a good indicator of our raw cash generating ability, before consideration of expenditures related to taxation, investments and financing. It is particularly relevant when comparing segments and business units since both capital procurement, larger investments (in particular company acquisitions) and taxation are Group level responsibilities that are not subject to the direct influence of the business units. Correspondingly, the EBITDA margin defined as the EBITDA relative to sales revenue expressed as a percentage is a good indicator of operating profitability.

Combined Management Report continued

Cash Net Income. Cash Net Income is defined as the reported consolidated net income plus amortization and goodwill impairment less amortization of self-developed software. This measure is used to estimate the total cash liquidity generated after all expenditures to maintain the current business and sustain the organic growth have been paid, including all reported taxes and financial income and expenses.

(EUR '000)	2015	Adjusted 2014	Source
Consolidated net income	38,622	23,762	Income statement
Amortization without amortization of self-developed software	32,891	30,139	Change in Intangible and Tangible Assets
Goodwill impairment	1,352	1,561	Change in Intangible and Tangible Assets
Cash Net Income	**72,865**	**55,461**	

Leverage. Debt financing and leverage represents an important measure at the corporate level to optimize the cost of capital in the Group. Leverage is defined as the ratio of net debt to EBITDA, where net debt is calculated as current and non-current liabilities to banks and credit institutions minus cash and cash equivalents.

(EUR '000)	2015	Adjusted 2014	Source
Net debt	327,035	334,915	a + b – c
a. Liabilities to banks (non-current)	310,158	336,437	Statement of financial position
b. Liabilities to banks (current)	41,934	19,943	Statement of financial position
c. Cash and cash equivalents	25,057	21,465	Statement of financial position
Earnings before interest, taxes depr. and amort. (EBITDA)	112,319	96,203	Income statement
Leverage	**2,91**	**3,48**	

Return on Capital. Return on Capital is defined as after-tax operating income over invested capital expressed as a percentage. After-tax operating income is calculated as reported earnings before interest and taxes (EBIT) reduced by a pro-forma tax rate (30%). Invested capital is defined as total assets less current liabilities plus current liabilities to banks less cash and cash equivalents calculated at the beginning of the year. This definition of invested capital excludes the working capital provided through trade payables and other short term liabilities on which no interest or other return must be paid. Furthermore, the timing difference assumes that investments made during the course of a year will generally not start generating earnings before the next year. All figures are taken as year-end values.

EUR '000	2015	2014*	2013*	Source
Earnings before interest and tax (EBIT)	67,774	53,422		Income statement
After-tax operating income	47,442	37,395		EBIT x (1 – 30%)
Invested Capital		595,334	556,881	a – b + c – d
a. Assets		737,547	692,083	Statement of financial position
b. Current liabilities		140,691	155,308	Statement of financial position
c. Current liabilities to banks		19,943	43,559	Statement of financial position
d. Cash and cash equivalents		21,465	23,453	Statement of financial position
Return on Capital (%)	**8.0%**	**6.7%**		**After-tax operating income / Invested Capital (t-1)**

* Adjusted due to retrospective adoption of IFRS 10 in 2013 and IAS 8 correction in 2014.

CGM's access to a large and growing customer base, the reputation we hold among our customers and our ability to serve them through highly qualified and motivated employees are critical non-financial success factors which drive all our primary objectives. Unchanged to 2014 we used the following non-financial KPI to manage our performance in 2015:

Customer base. The customer base represents an important measure to assess our size and relative importance in the healthcare sector. The customer base is defined as the number of healthcare professionals (doctors, dentists, pharmacists) using CGM software and services and is counted in the CRM systems used by our sales and customer service departments.

A comprehensive planning and performance management system has been introduced to include the financial and non-financial performance indicators listed above. A group-wide planning and reporting software has been customized for CGM to bring the financial reporting and performance management information out to line management. The most important KPIs are closely monitored and distributed to the managers together with a financial reporting package which includes budget targets. The cycle of review and discussion with management is typically monthly with a world-wide physical management group meeting in the Koblenz headquarter followed by one-on-one discussion between the segment managers and the CEO and his staff. In case of negative deviations, a deeper and more detailed analysis is performed to identify root-causes and initiate corrective measures.

Research and development

Software development in CGM is generally organized centrally and can be broken down into the four main areas specified below:

– Development of individual components of the existing Ambulatory Information Systems and Pharmacy Information Systems, development activity that occurs both centrally and locally.
– Development of platform products, which are independent products that are plugged into the physician or dentist information systems via interfaces. Examples include electronic archiving systems or systems for managing appointments and optimizing organizational procedures.
– Development of a new generation of Ambulatory Information Systems as well as the development of a new international Hospital Information System, both based on a shared data model and technology platform ("G3"). The separation of business logic from user interface makes it possible to implement core functions through one-off development and maintenance work, these functions being subsequently deployed in different products and their individual product user interfaces.
– Development of innovative software solutions for use in Software Assisted Medicine (SAM).

Individual components are increasingly being adapted by central teams of developers across the sector. Training sessions by external instructors ensure that the teams remain up to date with technological developments. Group companies are continually working to provide customers with state-of-the-art software solutions and services. To ensure the quality of the products on offer, our development teams work with the latest tools in compliance with internationally recognized standards.

Future generations of software developed by CGM will be distinguished by having an individualized front-end solution uniquely adapted to the individual CGM product lines, while back-end modules are developed for all main product lines across platforms. This can be described as a "building block principle". In the medium term, this means, especially for the back-end area, that those development activities will become as centralized as possible. In contrast, developing and updating the front-end area will remain the responsibility of the subsidiaries close to markets and customers.

Capitalized in-house services

In accordance with the provisions of IAS 38, the development work for capitalized in-house services (approximately 269,000 hours) is capitalized as an asset, which had a EUR 9.6 million effect on CompuGroup Medical's EBITDA in 2015. The amortization of capitalized in-house services from prior periods was EUR 2.5 million in 2015. The vast majority of this development work stemmed from the new development project G3.HIS (new development of a Hospital Information System) which involves several Group companies. The larger item in terms of development hours has generated costs in the current year. This mainly involves software maintenance by adapting/constantly improving software products to new and/or amended legal or contractual requirements, work which cannot be recognized in assets. Depending on the area of expertise and/or current regulations, updates are generally required each quarter. The share of capitalized in-house services relative to total software development and maintenance costs was 9 percent in the reporting period. The average number of employees working in software development and maintenance during 2015 was 1,372.

Report on Economic Position

General economic conditions

Global economic development

Compared to last year, CGM has not experienced any material change in its business due to changes in the global economic environment. This can be partially attributed to the resilient and defensive attributes of the healthcare sector and the robust business model of CGM, but also to a relatively stable macroeconomic picture in CGM's main markets Europe (in particular Germany) and the United States.

In its most recent Economic Outlook published in November 2015, the OECD provides an analysis of the major economic trends in 2015. Global growth is expected at around 3 percent in 2015, well below its long-run average. Overall, the global trade, which was already growing relatively slowly over the past few years, appears to have stagnated and even declined since late 2014. However, growth in the OECD economies has held up this year, at around 2 percent, helped by an upturn in private consumption growth.

Weak global trade growth centers on emerging markets and developments in China appear to be at the heart of the slowing global economy. Commodity exporters such as Australia, Brazil, Canada and Russia have been particularly affected as have economies with close trade links to China, including Japan, Korea and South East Asian economies. Many economies, and especially these emerging markets, face financial challenges as well as a weaker outlook for their exports. Deep recessions have emerged in countries like Brazil and Russia.

Despite these growth weaknesses and financial vulnerabilities, the OECD's projections show a modest revival of both world trade and GDP growth. In part, this is because policy actions are already being implemented that will help to address the weak underlying trends. For example, China has announced a range of stimulus measures including lowering bank lending rates and expanding infrastructure investments. These policy actions should help to put a floor under global commodity prices and stabilize commodity-exporting economies. Globally, all countries have some policy efforts in effect to realize higher global growth, employment and increase living standards.

In the United States, where GDP growth has been relatively robust and unemployment falling, wage growth has not yet started to pick up. Without wage growth, the recovery will lose steam and prospects for the US to support the rebound in global trade and growth will come into question.

Forward-looking growth prospects have clouded during 2015. A further sharp slowdown in emerging market economies is weighting on global activity and trade, and subdued investment and productivity growth is holding back the momentum of the recovery of the advanced economies. Supportive macroeconomic policies and lower commodity prices are projected to strengthen global growth gradually through 2016 and 2017, but his outcome is far from certain given rising downside risks and vulnerabilities, and uncertainties about the path of policies and the response of trade and investment. The outlook for emerging markets is a key source of global uncertainty at present, given their large contribution to global trade and GDP growth. A more significant slowdown in Chinese domestic demand could hit financial market confidence and the growth prospects of many economies, including advanced economies. For emerging markets more broadly, challenges have increased, reflecting weaker commodity prices, tighter credit conditions and lower potential output growth. In such scenario, growth would also be hit in the euro area as well as Japan, where the short-run impact of past stimulus has proved weaker than anticipated and uncertainty remains about future policy choices.

Industry development

The consistent trend of a growing healthcare sector, including healthcare-specific information technology and related services, was apparent also in 2015 and is expected to continue. According to a study published by Markets and Markets in September 2015, the healthcare IT market is poised to reach USD 228.7 Billion by 2020, growing at a CAGR of 13.4% during the forecast period of 2015 to 2020. Market growth can be attributed to the growing need to adhere to regulatory guidelines, government initiatives for eHealth, high return on investment (ROI), and rising needs to curtail escalating healthcare costs. On the other hand, lack of in-house IT domain knowledge and reluctance among end users to adopt new methods are expected to restrain the overall market growth to a certain extent during the forecast period.

The healthcare IT market, by product, is in the study from Markets and Markets segmented into healthcare provider solutions, healthcare payer solutions, and HCIT outsourcing services. Within this segmentation, CGM is predominantly active in healthcare provider solutions. The healthcare provider solutions segment is expected to grow at the highest CAGR of 16.4% during the forecast period. This segment is further categorized into clinical solutions and non-clinical solutions. Non-clinical solutions accounted for the largest share of the global healthcare IT market in 2014. However, the clinical solutions segment is poised to grow at the highest CAGR of 19.8% in the forecast period. Growth in this segment can be attributed be the increasing demand for improved patient safety and patient care, stringent regulations regarding healthcare provider solutions, and need for integrated healthcare systems.

North America is the largest regional segment of the global healthcare IT market; it accounted for the largest share of 45.5% of the healthcare IT market in 2014, followed by Europe, Asia-Pacific, Latin America, and the Middle East & Africa. The large share of this region can be attributed to the stringent legislative and accreditation requirements regarding healthcare, high adoption rate of HCIT technologies (for reducing the soaring healthcare costs), regulatory requirements regarding patient safety, and the presence of a large number of IT companies in this region. Although North America and Europe will continue to dominate the market during the forecast period, a majority of growth in the global healthcare IT market will be driven by the rising demand for various imaging modalities in APAC and Latin America. China, India, and Brazil are expected to offer significant growth opportunities for market players in the forecast period, as the governments in these countries are increasingly focusing on enabling efficient, affordable, and on-time delivery of quality care through the implementation of healthcare IT solutions.

The European eHealth industry has assumed a leading role with its personalized healthcare systems, medical equipment and integrated eHealth solutions. Its focus is on two main areas, telemedicine/home care and clinical information systems in the primary healthcare sector. According to a study carried out by PricewaterhouseCoopers (PwC) in 2014, mobile technologies will be an important factor in the global healthcare market. Revenues from the mHealth (mobile health) area could reach USD 23 billion by 2017. Drawing from this study, it follows that Europe will become the largest mHealth region worldwide with revenues of USD 6.9 billion, followed by the Asia-Pacific region with USD 6.8 billion, North America with USD 6.5 billion, Latin America with USD 1.6 billion and Africa with 1.2 billion.

Overall, it can be said that the healthcare IT market is regarded as a growth market by all studies worldwide. CompuGroup Medical considers itself well-positioned and expects to profit from these developments.

Course of business

In summary, 2015 was a good year in the core business of Ambulatory Information Systems and Pharmacy Information Systems. It was also a solid year in Health Connectivity Services. Two areas showed a negative development during the year: Hospital Information Systems had a difficult year with several troubled projects in Poland and Switzerland which resulted in significantly lower revenue and operating profit than originally planned and expected for the year. The "Gematik project" in Germany (for further information see section under Ambulatory Information Systems below) also delivered a significantly lower revenue contribution with higher costs compared to what was planned for 2015.

The table below shows the 2015 outcome compared with the forecast presented in the Management Report for the 2014 financial year (published in March 2015), as expressed by the most important financial KPIs of the internal management system.

(EUR million)	2015 outcome	2015 forecast*	Deviation
Sales revenue	543	549–559	-6
Revenue growth (%)	5%	7–9%	-2%
Organic growth (%)	2%	3–4%	-1%
Recurring revenue	366	355	+2
Recurring revenue growth (%)	8%	5%	+3%
EBITDA	112	115–125	-3
EBITDA margin (%)	21%	21–23%	0
Cash Net Income	73	68–75	+5
Return on Capital (%)	8.0%	8.5–9.6%	-0.5%

* From the 2014 Management Report, adjusted for acquisitions made after March 2015.

As can be seen from the table above, the growth-related KPIs are slightly below the forecasted ranges. The main reasons behind this development are delays and lower revenue than expected from the Gematik project as well as lower than expected revenue in the hospital business.

Ambulatory Information Systems (AIS)

In the 2014 Management Report, the expected 2015 full year AIS revenue was forecasted between EUR 324 million and EUR 329 million (including approximately EUR 17 million from acquisitions up until March 2015). The reported revenue outcome of EUR 315 million is below this range, reflecting the lower than expected revenue from the Gematik project in Germany. Apart from this project, it has been a good year in the doctor and dental software business.

The AIS business started 2015 with 3 percent year-on-year organic growth in the first quarter. The Gematik project recognized lower revenue compared to the same period in 2014 and outside of this project, the AIS business recorded 5 percent organic growth. This development continued in both the second and third quarter, again with significantly lower revenue contribution from the Gematik project compared to 2014 but with the core underlying AIS business outside this project recording 4 percent year-on-year organic growth. For the full year 2015, the core AIS business outside the Gematik project grew organically with 4 percent, with a solid contribution from the business in the United States which showed a strong recovery from the prior two years. Due to significant delays, the Gematik project recorded EUR 8 million lower revenue in 2015 compared to 2014 and therefore significantly impacted the overall AIS organic growth.

Gematik project, Germany

In December 2013, CGM won the tender advertised by the Society for Telematic Applications for the German Health Card ("gematik" – Gesellschaft für Telematikanwendungen der Gesundheitskarte mbH) in a consortium with Strategy& (formerly Booz & Company) and KoCo Connector AG (a CGM group company). The tender is for the testing of the Telematics Infrastructure in one of two test regions in Germany. The term "Telematik" (telematics) is a combination of the German words "Telekommunikation" (telecommunications) and "Informatik" (information technology). Telematics is concerned with networking the IT systems of doctor's practices, pharmacies, hospitals and health insurances, thus achieving a cross-sector information exchange. CGM's share of the tender's contract value within the AIS segment is approximately 24 million Euros with a further approximately EUR 7 million of revenue from in other business segments (ISP).

At the Berlin trade fair conhIT in April 2015, CGM showed live for the first time the insured master data update (VSDM) based on the new electronic health card (eGK). With the official presentation of the fully secure online connection at conhIT, CGM showed that an important milestone has been reached for a successful rollout to test the Telematics Infrastructure in the pilot region North/West. At this point, CGM had also recruited all required doctors (500 out of 500 required) to participate in the pilot and the interest in the project from the provider side has been stronger than expected. The customer also decided in this period to extend the scope of the project and test the qualified electronic signature (QES) alongside the testing of VSDM.

At the Hauptstadtkongress in Berlin in June 2015, CGM showed live for the second time the insured master data update based on the eGK. With an official real-life demonstration of all required hardware and software components fully functional, CGM again showed its readiness for a successful rollout to test the Telematics Infrastructure in in the pilot region North/West. In July, one of the key hardware components to be developed and delivered by the CGM consortium in the project, the so-called 'Konnektor', was delivered in the required quantities to the project customer according to agreed milestones and began the prescribed external testing and certification procedures.

Following changes in technical specifications during the project, the finalization of security profiles (by the Federal Office for Information Security), significantly increased demands for testing and certification procedures as well as interdependencies with other on-going projects in the same area (e. g. 5 contracts for a new generation of chip cards), the timeline for CGM's project was significantly extended in the course of 2015 and the project has also incurred significantly higher costs than originally planned. These changes necessitated several changes to the project accounting during 2015, including the booking of provisions for expected future losses in the project in the EBITDA amount of EUR -2.6 million. For the full year 2015, the Gematik project contributed differently compared to what was assumed at the beginning of the year with revenue lower by EUR 10 million and EBITDA lower by EUR 8 million.

Despite the significant increase in implementation time and costs, the project is a success story for CGM, given the preconditions, with all deliverables to date completed according to agreed quantity, quality and timeline. CGM sees this project as a sound investment in future growth opportunities for the Group. The project and CGM's investments bring unique capabilities to CGM with a complete suite of end-to-end components, hardware and software, fully certified to relevant standards and ready in time for the planned start of the nation-wide roll-out of the Telematics Infrastructure in the middle of 2016. CGM will have a head start to other participants in the future market for IT infrastructure products and services for healthcare all over Germany, and will enjoy this leadership position with most investments already made and with technology challenges already mastered.

The German eHealth law and planned national rollout of the Telematics Infrastructure

Parallel to the Gematik project, the German federal Ministry of Health (BMG) began in 2014 the preparation of a new bill – "The eHealth Law" (Gesetzes für sichere digitale Kommunikation und Anwendungen im Gesundheitswesen), where the mandatory national rollout and use of the Telematics Infrastructure and electronic health card was to be written into German law. The draft bill went to all relevant ministries (e.g. finance, science) for comments in January 2015. In May, the Bundeskabinett (German government) decided that the law shall be pursued and in July, the bill went to the Bundestag (German parliament) at which point the law was officially proposed for the legislative. With clear majority, the bill was approved in the Bundestag on December 03, 2015 and the new law became effective January 1 2016.

The eHealth law contains clear deadlines and financial incentives/penalties to ensure the timely rollout of the Telematics Infrastructure to an estimated 225,000 participants in healthcare all over Germany in the 2016-2018 timeframe. With a full rollout (est. start in the middle of 2016) CGM has the opportunity to sell new eGK-compliant online access products to this complete market and in particular to all existing ~64,000 customer locations in Germany. Even more important; the Telematics Infrastructure fits perfectly with CGMs strategy to provide more products and services to its customers, such as eServices, ePrescriptions, eLabOrder, physician networks, online clinical pathways, hosting services etc.

Developments in the United States

In the United States, the revenue side of the business reached a turning point in 2015 following the transition to a more subscription based business model and the ending of some legacy product lines during 2014. In local currency, revenue stabilized and had a flat development year-on-year at around USD 45 million. Due to the significant strengthening of the US dollar, reported revenue in the US grew 19 percent from EUR 33.5 million in 2014 to EUR 40.0 million in 2015.

In May, CGM US and The Weston Group, Inc., a comprehensive rehabilitation services company headquartered in Pennsylvania, USA, announced a multi-year, multi-million dollar partnership agreement. Based on the agreement, CGM and The Weston Group, Inc. will collaborate to develop a customized set of modules to meet workflow and reporting requirements, specific to the delivery of rehabilitation services. This set of modules will significantly expand the functionality within CGM's web-based electronic health record solution and will facilitate the complete alignment of care provided by The Weston Group across multiple locations nationwide. These services include Physical Therapy, Occupational Therapy, Speech Therapy, Hospice Care, Home Healthcare as well as Alcohol and Drug (A&D) Rehabilitation. The Weston Group, Inc. also offers a full line of post-acute ancillary services and Accountable Care Organization (ACO) services.

Through its partnership with CGM, The Weston Group, Inc. will have access to a broad range of Revenue Cycle Management (RCM) solutions. By leveraging CGM's RCM solutions, The Weston Group, Inc. will establish firm control over the long-term solvency of its diverse services. Optimized for interoperability and superior care coordination, CGM webEHR will support a provider base that is spread across more than 350 locations nationwide.

International Dental Show, Cologne, Germany

Every two years, the International Dental Show (IDS) in Cologne is the top event for the international dental market. Also at this year's IDS in March, the stand of CGM showed the latest innovations and value-added products and services for visitors. This was assured by the unveiling of the latest generation of CGM's dental information system presented exclusively at this year's IDS – the CGM Z1 PRO. The design and functionality of this upgrade received a high level of booth visitors' praise and was an excellent basis for many contracts signed at the fair.

Broader distribution model in Germany

CGM currently serves approximately 89,000 physicians and dentists as customers and users of its medical and dental information systems in Germany. The distribution of software and hardware products, as well as the associated service and support is today done through a network of sales and service partners. These sales and service partners are predominantly independent IT system houses that specialize in a product line from CGM and support and sell towards medical and dental practices in their regional environment.

CGM wants to integrate closer with these highly specialized partners and at the same time strengthen the distribution power for new products and services in Germany. This goal shall be reached by selectively taking equity participations in efficient sales and service partners and gradually build CGM's nationwide sales and service network. In some cases, the active owner-manager(s) of these sales and service partners will retain part of their ownership and will continue to support CGM with their experience through the "CGM Premium dealer model" and receive an incentive for increasing the value of their participation. Alternatively, there is also the possibility of CGM taking over all the shares of a sales and service partner. Discussions with various partners regarding an investment or acquisition were performed during 2015 and three smaller sales and service partners were acquired during the year.

Pharmacy Information Systems (PCS)

In the 2014 Management Report, the expected 2015 full year PCS revenue was forecasted between EUR 91 million and EUR 92 million (including approximately EUR 10 million from recent acquisitions). The revenue outcome of EUR 92 million is within this range and is a strong result especially given that the revenue contribution from the acquisitions ended up lower than expected at EUR 8 million in 2015.

The pharmacy software business started the year with 3 percent year-on-year organic growth in the first quarter 2015 and a further 18 percent growth contribution from the new companies in Italy which were acquired in July and September 2014 (farma3tec, Mondoframa and Puntofarma). The positive development continued in the second quarter with 4 percent year-on-year organic growth and a further 19 percent growth contribution from the new companies in Italy. For the full year 2015, the PCS business grew organically with 6 percent, with a solid contribution both from the business in Italy and in Germany.

A new add-on product "CGM METIS" has been an important growth driver in the German market for 2015. CGM METIS is a business intelligence solution that supports pharmacies, branches and branch networks in all key business decisions. Whether purchasing, inventory, sales, marketing or staff – with CGM METIS pharmacist are not only fully informed, they are also provided in-depth analyzes and forecasts which put them in a position to control the pharmacy optimally in all areas.

The organic revenue development in pharmacy software is especially strong in light of the lower hardware sales in 2015 compared to last year. This is mostly driven by higher hardware and 3rd party software sales last year resulting from the announcement from Microsoft to cease support for Windows XP and Microsoft Office 2003 in 2014.

Hospital Information Systems (HIS)

In the 2014 Management Report, the expected 2015 full year HIS revenue was forecasted between EUR 73 million and EUR 75 million (factoring in approximately EUR 5 million of lost revenue from recent divestitures). The revenue outcome of EUR 73 million, which corresponds to -2 percent organic year-on-year contraction, is at the low end of this range and overall, it has been a weak year in the hospital market with several troubled projects which has resulted in significantly lower revenue and operating profit than originally planned and expected for the year.

The start to the year was according to plan with 2 percent organic growth in the first quarter of 2015. In this initial period, good growth was seen in Poland and other markets in Eastern Europe, whereas the markets in Austria, Switzerland and Germany were going through a phase of transition both in terms of specific customer projects and in terms of product and market focus with lower revenue compared to the same period last year. The positive start to the year continued in the second quarter with 13 percent year-on-year organic growth. It was especially the market in Poland that contributed to the high growth rate driven by a larger CGM participation in the national e-health project there (the P1 project). However, this positive development abruptly came to an end during the third quarter, when it was clear that the P1 project in Poland was in trouble with major issues also on the customer side. Additional costs resulted in revenue adjustments and the booking of cost provisions in the third quarter. In the fourth quarter, the situation in Poland deteriorated further when all P1 contracts were cancelled. This decision led CGM to make adjustments to the revenue in this project in the amount of EUR -1.9 million as well as making additional cost provisions in the amount of EUR -1.1 million.

The P1 project, Poland

The P1 project was in the last years the largest IT project carried out in Poland. The project is owned by the Centre for Health Information Systems (CSIOZ), a budgetary unit within the Polish Ministry of Health, and is 80% financed from EU funds. The project was started in 2009 with the goal to create a range of online services such as online personal health records, electronic prescriptions, electronic hospital referrals and other e-Health applications. CGM Poland has participated in 2 contracts under the P1 project. The first contract was signed in 2013 as subcontractor to HP Poland (Hewlett-Packard) to develop applications for physicians and a patient portal with related services. At the beginning of 2015, the P1 project was reorganized and an additional contract to develop and integrate further P1 sub-systems was shifted from a former contractor to a 50/50 consortium consisting of CGM Poland and HP Poland.

To qualify for its EU funding, the P1 project was to be finished by December 2015 but during the year, it became clear that the December deadline could not be met. In the months leading up to the Polish parliamentary elections in October 2015, the anticipation was for a complete replacement of the political and public administration in Poland and no decisions were in this period carried out by the project customer, including acceptance of deliveries. At the end of November, the CSIOZ cancelled all existing contracts related to the P1 project following the change in public administration. In addition to cancel all existing contracts, CSIOZ also announced that a complete reorganization of the national eHealth initiative would be made during 2016, including a re-tender of project components. A counter cancellation from CGM/HP for reasons of lack of co-operation from CSIOZ was subsequently filed. CGM is currently negotiating with CSIOZ for an amicable settlement in parallel to the legal proceedings.

Swiss hospital projects with G3 technology

For the modernization of its IT environment, several hospitals in Switzerland rely on the new software generation "G3" from CGM. These customers have been using CGM's legacy HIS solution "CGM PHOENIX" with custom made medical applications on top. Beginning in 2014, a long-term migration strategy to replace core applications for medication, care management, coding and process controlling via CGM's G3 modules was started. In 2015, the hospitals have continued to implement additional applications for planning and scheduling, so that the hospital can make use of comprehensive G3-based process controlling and complete clinical documentation. During 2015, these deliveries have required substantial additional resources to ensure the quality and timeliness of delivery to these early adopters of the new software generation G3 from CGM. A re-assessment of these projects resulted in revenue adjustments and the booking of cost provisions in the third quarter which resulted in deep losses in Switzerland for the full year 2015.

Focusing of the German HIS business

The add-on modules in areas of accounting, controlling and business intelligence (Rechnungswesen & Controlling – 'REWE') as well as document management software/electronic archiving solutions (Document Management Solutions – 'DMS') were sold to a strategic buyer in December 2014. Beginning in 2015, the new product owner of REWE and DMS will maintain the current products and in parallel develop a new product generation based on web-technology to offer the CGM customers. The revenue impact from this divestiture was lower revenue of approximately EUR 5 million in 2015 compared to 2014.

New major contract win in Austria

CGM was in June awarded the contract for the implementation and delivery of a comprehensive new hospital information system for the five regional hospitals of the Vorarlberg Hospital Betriebs GmbH (KHBG) in Austria. The project start was in September 2015 and the implementation of the complete solution is planned for a 3-year period until autumn 2018.

The new system will serve as the leading data hub for all five hospitals and will incorporate several clinical subsystems. A system for surgical planning, management and documentation will be delivered as an integrated functional module. The electronic communication of relevant ELGA documents will be implemented based on the relevant standards. Electronic charting and electronic medication administration, documentation and decision support will replace the existing paper-based arrangements. Ten departments so far have also signed up to use CGM's mobile solutions to support the medical and nursing staff during outpatient work. An oncology expert system completes the list of main requirements. The new IT system will be provided centrally from the data center LKH Feldkirch serving all locations.

To fulfill this broad set of requirements, KHBG chose CGM's "MPA" as the market leading hospital information system in Austria. This integrated, process-oriented software supports the control and documentation of all relevant medical and nursing processes in hospitals. In addition, KHBG will also benefit from the evolutionary product strategy of CGM based on G3. Step by step, new innovative G3 modules are integrated with MPA so that existing modules can be replaced over time by the successor modules of the new product generation. This gives the KHBG the best of both worlds; both a proven and stable solution fully adapted to the local environment and a gradual evolution of a tailor-made modular system based on the latest technology that can be flexibly expanded and adjusted.

Communication & Data

In the 2014 Management Report, the expected 2015 full year Communication & Data revenue was forecasted between EUR 20 million and EUR 21 million. The revenue outcome of EUR 23 million is above this range and especially the market in Germany contributed to a strong year for the Communication & Data business.

The Communication & Data business started 2015 on a positive note with 6 percent organic growth. The positive development was a result from an increased number of projects in medical value communication for originator companies (e.g. vaccination reminders, genetic classification of patients, drug safety alerts, value tracking for stroke risk patients etc.). The positive development continued in the second quarter 9 percent organic growth. After a small dip in the third quarter, the Communication & Data finished the year strongly with solid growth in all core markets; Germany, Italy and France. Full year organic growth ended up at 11 percent which was more than expected at the beginning of the year.

Workflow & Decision Support

In the 2014 Management Report, the expected 2015 full year workflow and decision support revenue was forecasted between EUR 26 million and EUR 27 million. The revenue outcome of EUR 27 million is within this range and overall, 2015 developed as expected in the area of workflow and decision support: a relatively weak first six months followed by a strong second half and finish to the year.

The workflow & decision support business started 2015 with -9 percent organic revenue contraction in both the first and second quarter of 2015. Several projects which contributed to revenue in 2014, such as the cooperation between CGM and Microsoft on mobile healthcare applications and the development of an electronic invoicing solution for privately insured patients together with IBM, were not replaced or followed-up this year. The turning point came in the middle of the year with a 25 percent step-up in revenue coming from both new CardTrust contracts with statutory health insurance companies in Germany coming on stream and revenue from the new Joint Venture with AXA Group (see section below for further information).

Joint Venture with AXA Group – MGS My Health Services

In the course of 2015, the private insurer AXA Group and CGM founded a joint venture "MGS My Health Services GmbH". The objective of this strategic partnership is to simplify processes between private insurance, doctors, hospitals and other medical service providers to make everyday health management more convenient and efficient for all. The new company MGS has developed to this end the patient portal "My health" based on contributions from both AXA and CGM. This cross-linked for the first time in the German market all stakeholders in private health insurance, in particular invoice management, which is previously handled almost entirely paper-based.

About CardTrust – preventing misuse and unnecessary costs

The CardTrust solution checks the health insurance card/electronic patient card immediately upon signing in at the practice's reception. If the patient is using an invalid card, the practice personnel will be informed of this in the doctor information system. In Germany, patients must make co-payments when redeeming prescriptions at pharmacies. Health insurances can, under certain circumstances, waive these co-payments. CardTrust reviews the payment status as soon as the doctor prescribes a medication and a notification is made if the co-payment exemption is incorrectly marked on the prescription. CardTrust is also offered to other manufacturers of software for doctors and dentists. At the end of 2015, CardTrust is used by 100,000 doctors and dentists throughout Germany and approximately 136 million card checks are conducted by CardTrust annually.

Internet Service Provider (ISP)

In the 2014 Management Report, the expected 2015 full year ISP revenue was forecasted at approximately EUR 15 million. The reported revenue outcome of EUR 14 million is slightly below this figure, reflecting the lower than expected revenue from the Gematik project in Germany. Apart from this project, it has been a good year in the ISP business.

The ISP business started 2015 well with strong organic growth coming from more value added services to the existing customers both in Germany and in France. In addition, the revenue recognized in the Gematik project developed as expected during the first 6 months of 2015. As in the AIS segment, the changes to the Gematik project timeline and costs which developed during the year necessitated several changes to the project accounting during the third quarter of 2015 including the reversal of previously recognized revenue and the booking of total current and expected future losses. This also impacted the project revenue recognized in the ISP segment which came in EUR 1.7 million lower than planned for the full year 2015.

Results of Group operations

EUR m	2015	Adjusted 2014
Group sales	543.1	515.1
Other income	3.9	12.7
Capitalized in-house services	9.6	9.2
Expenses for goods and services purchased	100.5	99.2
Personnel expenses	250.6	248.3
Other expenses	93.1	93.3
EBITDA	112.3	96.2
in %	*20.7%*	*18.7%*
EBIT	67.8	53.4
in %	*12.5%*	*10.4%*
EBT	62.2	44.0
in %	*11.5%*	*8.5%*
Consolidated net income	38.6	23.8
in %	*7.1%*	*4.6%*

Revenue

Consolidated revenue in 2015 was EUR 543.1 million compared to EUR 515.1 million in 2014. This represents an increase of EUR 28.0 million and 5.4 percent respectively. Acquisitions and divestitures contributed 3.5 percent to growth and organic growth was 1.9 percent for the year. The strengthening of the US dollar as well as other currency fluctuations increased revenue with EUR 6.0 million compared to last year and organic growth at constant exchange rates was 0.7 percent.

In the HPS I segment, sales to third parties were EUR 406.6 million compared to EUR 375.3 million in 2014. This represents an increase of approximately 8 percent, of which approximately 2 percent is organic growth (1 percent at constant exchange rates). Sales to third parties in Ambulatory Information Systems (AIS) grew at 6 percent, of which approximately 1 percent is organic growth (-1 percent at constant exchange rates). Sales to third parties in Pharmacy Information Systems (PCS) grew at 16 percent, of which 6 percent is organic growth.

HPS I revenue development (including acquisitions and currency effects):

EUR m	01.01–31.12 2015	01.01–31.12 2014	Change
Ambulatory Information Systems	314.9	296.5	6%
Pharmacy Information Systems	91.7	78.8	16%
Sales to third parties	**406.6**	**375.3**	**8%**
Sales between segments	6.1	6.5	
Segment sales	**412.8**	**381.8**	

Growth from acquisitions in HPS I resulted from the first-time consolidation of the following entities:

EUR m	First-time revenue 2015	Segment
German dealers (various consolidation starts)	2.7	HPS 1 (AIS)
Labelsoft (consolidation from 01.10.2014)	2.6	HPS 1 (AIS)
MedEDI (consolidation from 01.01.2015)	6.1	HPS 1 (AIS)
Compufit (consolidation from 01.03.2015)	1.8	HPS 1 (AIS)
Stock Informatik (consolidation from 01.05.2015)	1.9	HPS 1 (AIS)
Other acquisitions	0.4	HPS 1 (AIS)
Puntofarma (consolidated from 01.08.2014)	1.5	HPS 1 (PCS)
Farma3tec/Mondofarma (consolidated from 01.09.2014)	6.4	HPS 1 (PCS)
Total	**23.4**	

In the HPS II segment, the development in Hospital Information Systems (HIS) was a -2 percent organic contraction year-on-year.

HPS II revenue development (including currency effects):

EUR m	01.01–31.12 2015	01.01–31.12 2014	Change
Hospital Information Systems	72.8	79.8	-9%
Sales to third parties	**72.8**	**79.8**	**-9%**
Sales between segments	10.0	10.8	
Segment sales	**82.8**	**90.6**	

Growth from acquisitions and divestitures in HPS II resulted from the first-time consolidation/deconsolidation of the following entities:

EUR m	First-time revenue 2015	Segment
REWE/DMS (deconsolidation from 31.12.2014)	-5.4	HPS 2
LMZ-Soft (consolidation from 01.11.2015)	0.4	HPS 2
Total	**-5.0**	

In the HCS segment, revenue was EUR 63.6 million compared to EUR 60.1 million in 2014. This represents an increase of approximately 6 percent, all of which is organic growth.

HCS revenue development (including currency effects):

EUR m	01.01–31.12 2015	01.01–31.12 2014	Change
Communication & Data	22.6	20.4	10%
Workflow & Decision Support	26.9	25.2	7%
Internet Service Provider	14.1	14.4	-2%
Sales to third parties	**63.6**	**60.1**	**6%**
Sales between segments	5.8	5.9	
Segment sales	**69.4**	**66.0**	

Profit

Consolidated EBITDA amounted to EUR 112.3 million compared to EUR 96.2 million in 2014. The corresponding operating margin (EBITDA margin) was 21 percent compared to 19 percent in 2014. In the HPS I-Segment, the EBITDA increased from EUR 96.1 million in 2014 to EUR 117.1 million in 2015. The higher EBITDA is a result from significant improvements in the core AIS business, in particular in France and the United States, balanced by losses recorded in the Gematik project in 2015. In the HPS II segment, the EBITDA was EUR 3.5 million in 2015, down from EUR 16.8 million in 2014. Poor results and loss provisions from specific projects drove profits lower in HPS II during 2015. Also, in 2014 there was a EUR 8.4 million one-time positive gain related to the asset sale of the REWE and DMS business in Germany which made the total segment profits higher in 2014. In the HCS segment, the EBITDA went from EUR 11.0 million last year to EUR 14.7 million in 2015 with operating margins going from 18 to 23 percent. The positive development in Communication & Data and Workflow & Decision Support is balanced by the losses from the Gematik project recorded under the ISP business.

The main developments in operating expenses in 2015 were:

- Expenses for goods and services purchased went from EUR 99.2 million to EUR 100.5 million, corresponding to an increase of 1 percent year-on-year. The gross margin is virtually unchanged at 81 percent compared to 2014.
- The increase in personnel expenses by EUR 2.3 million is driven by new employees in acquired companies balanced by a lower number of employees and more efficiency in the continuing business from 2014.
- Other expenses decreased from EUR 93.3 million in 2014 to EUR 93.1 million in 2015. The lower expense relative to revenue is mainly due to restructuring expenses incurred in 2014.

Depreciation of tangible fixed assets is unchanged between the two years at EUR 7.8 million. Amortization of intangible assets in 2015 in the amount of EUR 36.7 million is EUR 1.8 million higher than in 2014 mainly due to amortization of purchase price allocations from new acquisitions.

Financial income increased from EUR 13.0 million in 2014 to EUR 14.1 million this year due largely due to non-cash gains on non-EURO group internal debt. The financial expense decreased from EUR 22.4 million in 2014 to EUR 18.8 million in 2015. Interest expense on liabilities to banks decreased slightly from EUR 14.4 million in 2014 to EUR 13.2 million in 2015, whereas the other financial expenses are mostly non-cash items arising from changes in non-EURO group internal debt and changes to purchase price liabilities. For more information about financial income and expenses, see the Notes to the Consolidated Financial Statements section, Note 27.

The effective tax rate was in 2015 38 percent, down from 45 percent in 2014. The tax rate in 2014 was especially high due to tax adjustments from prior years. After tax earnings came in at EUR 38.6 million in 2015, compared to EUR 23.8 million in 2014. This increase is predominantly driven by higher operating profit as well as the change in net financial result between the two years.

Financial position

Since the statement of financial position of 31 December 2014, total assets increased by EUR 54.1 million to EUR 791.7 million. Intangible assets represent the largest item of individual asset classes in terms of value and are EUR 544.0 million as of 31 December 2015 compared to EUR 517.5 million as of 31 December 2014. Their share of total assets was 68.7 percent (previous year: 70.2 percent). Intangible assets primarily originated from undisclosed reserves from company acquisitions uncovered during purchase price allocations. The uncovered intangible assets mainly pertain to customer relationships, order backlog, software, brand values, and "residual" goodwill. Under current assets, trade accounts receivable increased from EUR 96.8 million as at 31 December 2014 to EUR 111.2 million as at 31 December 2015. This is mainly due to trade receivables in new companies acquired as well as more receivables in Italy, The Netherlands, USA and Germany. For all other assets there are only minor changes during 2015.

After consolidating EUR 38.6 million in net profit for the period from 1 January to 31 December 2015, group equity was EUR 192.6 million as at 31 December 2015, up from EUR 175.6 million as at 31 December 2014. The increase in equity comes after the effect from a EUR 17.4 million dividend paid to the shareholders of CompuGroup Medical SE. In addition, the equity effect from changes in currency exchange rates amounted to EUR -3.3 million during 2015. The equity ratio increased from 23.81 percent as at 31 December 2014 to 24.33 percent as at 31 December 2015.

During the reporting period, a EUR 37.1 million change to total current and non-current liabilities occurred going from EUR 561.9 million as at 31 December 2014 to EUR 599.1 million as at 31 December 2015. The biggest changes to individual positions is an increase in other financial liabilities of EUR 16.7 million associated with financial leasing arrangements and a EUR 24.7 million increase in income tax liabilities. Long and short-term liabilities to banks decreased by EUR 4.3 million through the net repayment of debt.

Changes in currency exchange rates reduced the net assets of the Group by EUR 3.3 million during the reporting period (previous year: EUR 11.4 million).

Cash flow
Cash flow from operating activities during 2015 was EUR 73.2 million compared to EUR 31.9 million in 2014. The changes compared to 2014 mainly come from the following positions:

– Adjusted for non-cash earnings/expenditures and cash taxes, the gross cash flow from operations before change in working capital increased from EUR 47.8 million in 2014 to EUR 83.0 million in 2015. This increase is primarily driven by the higher net profit for the year as well as more provisions being made and more taxes being deferred in 2015.
– Change in working capital gave a decrease in operating cash flow of EUR -9.7 million compared to EUR -15.9 million in 2014. The main reason for the increase in working capital in both years is the increase in receivables in Italy, The Netherlands, USA and Germany. (increase of EUR 12.7 million compared to last year).

Cash flow from investment activities during 2015 amounted to EUR -60.6 million compared to EUR -57.3 million in 2014. The lower expenditures for acquisitions in 2015 compared to 2014 were balanced with the sale of the REWE/DMS business in 2014.

Cash flow from financing activities during 2015 amounted to EUR -9.1 million compared to EUR 23.1 million in 2014. Main items which make up the financial cash flow in 2015 is the dividend distribution of EUR 17.4 million and a net assumption of loans and financial leasing arrangements of EUR 8.5 million.

Principles and objectives of financial management
As a general principle, CGM strives to hold as little cash and cash equivalents as practically possible, both on Group level and in the operating subsidiaries. International cash-pooling services are used throughout the Group to manage bank accounts and to optimize and use surplus cash in all group companies to reduce external debt and increase overall liquidity. The main principle of cash-pooling is to hold the top-mother account (pool-leader) in CompuGroup Medical SE – the parent entity of the Group. It is also this entity that generally holds all external debt, including flexible revolving credit facilities and short term credit lines used to manage daily liquidity across the Group.

The external debt in CompuGroup Medical SE is usually held in EURO currency and on the basis of variable interest rates. The company generally seeks to hedge the interest rate risk through interest rate swap contracts, thereby fixing the interest rates rather than exposing them to market fluctuations. Due to the international focus of the Group, incoming and outgoing payments are performed in various currencies. The Company generally strives to achieve natural hedging by its choice of locations and suppliers and at present the Company does not use any derivative financial instruments to hedge the foreign currency exposure. The development of the relevant positions is monitored regularly to ensure adequate response to significant changes in the positions.

The company does not have a specific dividend policy, but considers dividends to be tied to long-term sustainable earnings and aims to steadily increase in steps, or at least maintain, the dividend paid per year. Dividends declared and approved by the shareholders are paid annually in conjunction with the annual general meeting usually held in May.

Capital structure
CGM primarily uses debt and internally generated cash flows to finance acquisitions. In terms of equity, the goal is to manage consolidated profits, dividends and share buy-backs to keep the equity ratio above 25 percent.

As at 31 December 2015 the Group had gross debt of EUR 352.1 million and held EUR 25.1 million in cash. For more information about the liabilities to banks and the structure of debt, see the Notes to the Consolidated Financial Statements section, Note 14.

In September 2014, CGM entered into a syndicated loan facility for a total sum of EUR 400.0 million. The syndicated loan facility consists of a "term loan facility" (also referred to in the following as "TLF") for EUR 225 million and a "revolving loan facility" (also referred to in the following as "RLF") for EUR 175 million. The syndicated loan facility has a duration of five years. The TLF must be repaid pro rata in equal instalments of EUR 15.0 million on 31 January and 31 July in each year, commencing on 31 July 2015, with a final payment of the balance of any outstanding term facility loans to be repaid on the termination date. The RLF must be repaid at the end of each interest period and can be taken out again immediately thereafter. The interest period can be chosen by CGM at its discretion. The interest rate is based upon the 3 month-EURIBOR rate for the interest period chosen plus a margin derived from the relationship between the consolidated net borrowings and the adjusted consolidated EBITDA (Leverage).

As of 31 December 2015 EUR 210 million of the TLF and EUR 105.0 million of the RLF were utilized. Loan origination fees totaling EUR 3.2 million were incurred related to these facilities. These fees will be charged as a financial expense over the term of the loan agreement. For this syndicated loan facility no interest rate hedge has been concluded as of the reporting date. The grant of the loan is linked to the compliance of certain financial covenants. The loan agreement includes joint and several guarantees for payment by a number of CGM's subsidiaries (contingent liability in case of non-payment of CompuGroup Medical SE).

Investments

The investments of CompuGroup Medical SE during 2015 are composed of:

EUR m	2015
Company acquisitions	33.0
Investments in joint ventures	3.8
Self-developed software and other intangible assets	14.2
Group-wide ERP-/CRM-System (partial project)	3.3
Other fixed assets	6.3
Sum	**60.6**

Liquidity

The Group is in a favorable position in terms of liquidity with a strong and stable cash flow from operations and limited need for capital expenditure to sustain the current business and organic growth. The majority of recurring revenue is based on pre-payments with a significant reduction of working capital at the beginning of the annual, quarterly and monthly periods. The company increasingly uses direct-debit for such recurring revenue payments to further increase the visibility and security of incoming liquidity. In the past, the Group has always been able to meet its payment obligations in a planned and orderly manner and the Company does not expect any liquidity problems in the future.

The strong liquidity profile of the Group has lead to the principle of holding as little cash as practically possible. To absorb normal everyday cash fluctuations, and also buffer the period pre-payments from customers, the Group held as at 31 December 2015 revolving credit facilities of EUR 175 million and other short term credit lines of EUR 23.2 million that are used in conjunction with the cash-pooling instruments. The unused portion of these credit facilities was EUR 86.2 million as at 31 December 2015.

Financial covenants have been agreed for essentially all credit facilities. If the Group breaches any of these covenants, the loans can be recalled immediately. This creates liquidity and refinancing risks, which are further described in the risk report section. To date, the Company has never breached any financial covenant in any credit agreement and has always been able to refinance its credits in a timely manner.

Financial and non-financial key performance indicators

The financial and non-financial KPIs of the internal management system for the Group are shown in the table below for 2015 and 2014.

EUR m	2015	Adjusted 2014	Change
Sales revenue	543.1	515.1	+28.0
Revenue growth (%)	5.4%	12.1%	-6.7%
Organic growth (%)	1.9%	3.4%	-1,5%
Recurring revenue	366.4	337.8	+28.6
Growth in recurring revenue (%)	8.5%	10.3%	-1.8%
EBITDA	112.3	96.2	16.1
EBITDA-margin (%)	20.7%	18.7%	+2.0%
Cash Net Income	72.9	55.5	+17.4
Leverage (ratio)	2.91	3.48	-0.57
Return on Capital (%)	8.0%	6.7%	+1.3%
Customer base (Providers at year-end)	360,000	350,000	–

Based on the indicators above, the performance in 2015 was a mixed picture relative to 2014. In terms of the growth indicators, the business slowed down in 2015. However, this is attributable to special effects from the Gematik project in Germany which recorded significantly lower revenue in 2015 compared to 2014. 2015 was also a year with a lower growth contribution from acquisitions which is a natural consequence from the strategy for 2015 to focus on the continued integration and consolidation of existing business units as well as to achieve a certain element of financial deleveraging. In terms of sustainability, the development in 2015 continues in a positive direction. Solid additions to the customer base and recurring revenue base shows that growth is created in a consistent way in accordance with the business model and strategic goals of CGM, i.e. revenue based primarily on long-term customer relationships and recurring revenue. The customer growth comes both from company acquisitions and from sales of existing product and services to new customers.

The growth in recurring revenue and larger customer base is a strong foundation for future growth and underpins the sustainability objective. The area which shows clear improvement in 2015 is profitability and the resulting return on capital. A two percentage point increase in operating margin is consistent to the long-term margin expansion objective of the Company.

Finally, CGM is now trading within the target leverage range (2.0 – 3.0) which is a consequence of lower volumes of acquisitions and improved profitability in the existing businesses.

Employee satisfaction indicators and social commitment
Employee absenteeism due to illness remained at a low level throughout the Group in the 2015 financial year. This is an indication of a high degree of contentment and commitment among the workforce. In this context, CompuGroup Medical, in cooperation with the Company physician, regularly offers its employees the possibility of flu vaccinations, cancer screenings and eye examinations.

Since its opening in 2009, the children's daycare center – which is located in CompuGroup's Koblenz Technology Park – has met with very high acceptance, with all 32 places in this comprehensive facility being occupied as of 31 December 2015. Six experienced teachers look after the children.

In 2012, CompuGroup Medical opened the CGM Health Center in Koblenz. The new center, which is 850 m² in size, offers employees a wealth of sports, preventive and health activities. The CGM Health Center was developed in conjunction with renowned fitness experts and scores highly with innovative health concepts in the work environment. For example, the strength training and endurance equipment is electronically linked, allowing employees to control and document training sessions in order to ensure safe and effective training. Employees can review their physical activities at any time and can assess their progress and adjust personal training plans together with trainers. What's more, employees can use the endurance and strength training equipment free of charge. In addition, the CGM Health Center offers a range of various classes, physical therapy and massages. CGM is continuously expanding its corporate health management program.

Thanks to the establishment of these facilities, employees now benefit from measures to ensure safety at work and to provide an ergonomic workplace, preventive medical care such as eye exams, flu shots and sports events, or from healthy nutrition in the Company's own bistro. In addition, the daycare center helps young parents to return to work.

Personnel recruitment and development
Due to a continuously rising requirement of highly-skilled specialists and managers, the recruitment of new qualified employees is an important responsibility of human resources management.

The employees of CGM are one of the Group's major success factors. Their high degree of identification with the Company and great commitment to its objectives is one of the most important contributions to the Company's success. The potential of all employees is wanted and nurtured on an ongoing basis by giving them a high degree of responsibility. CGM's employees are highly qualified and have collected a large amount of knowledge within their industry over time. This enables CGM to fill the majority of national and international management positions from its own ranks. This keeps existing know-how within the Company and makes it possible to expand it further. For this purpose, CGM has implemented various processes to be able to act effectively. CGM has set up its own internal Business Academy to prepare qualified employees already within the Group for a career in middle and upper management. By its nature and with respect to quality, the Business Academy of CGM is a unique internal continuing education facility in the area served by the Koblenz Chamber of Industry and Commerce.

In addition, CGM carries out a regular performance evaluation of employees in order to evaluate whether training programs are needed and in what scope. The human resources department coordinates and supports employees in the selection and performance of their individually-coordinated programs. The effectiveness of the training programs is also analyzed and measures taken to increase quality.

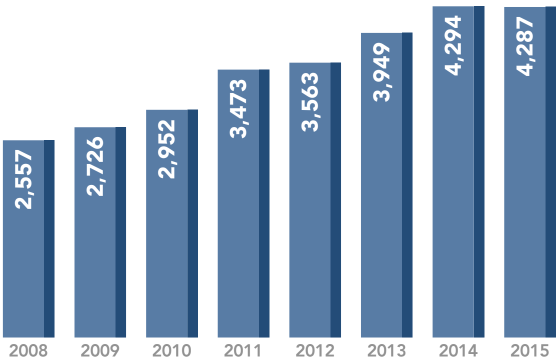
In 2014, CGM signed a contract with the University in Koblenz as a partner in implementing its practice-integrated dual studies program resulting in a "Bachelor of Engineering" degree. The degree program "Software Engineering in Healthcare", which is assigned to the "Mathematics and Technology Department" of the university in Koblenz, was brought into being by CGM and CGM is thus expanding its responsibility as a major training company in Rhineland-Palatinate. The first students began with the integration phase in August of 2014 where the students spend three of eight total semesters actively working on software projects and development tasks, learning the company's internal processes, taking on responsibilities early in the program, thus qualifying themselves as potential recruitment candidates. An additional partner for the practice-integrated portion of the dual studies program is the Debeka Koblenz.

Furthermore, in December 2014, CGM entered into a second cooperative partnership with the Niederrhein University in Krefeld. Through this new partnership, there are new opportunities for mutual research and development projects in eHealth and IT-supported medical treatment. Furthermore, university students can gain their first hand-on experience at CGM in the form of a dual study program. They will actively participate in the company's software projects, learn about the internal company processes and assume responsibility early on. Thus, students will be optimally prepared for entering the workforce. Additionally, both partners can benefit from an intensive exchange in the area of standardizing medical data.

Employees

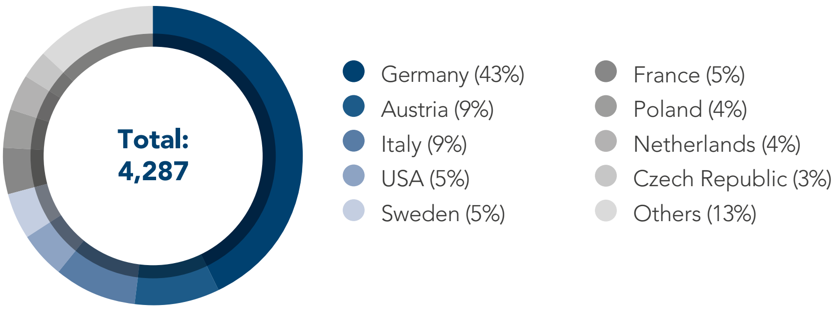
At year-end 2015, CGM employed 4,287 persons worldwide which is virtually unchanged compared to last year (4,294). With regard to the development in the number of employees for the period 2010 to 2015, the average annual increase was approximately 8 percent per year.

Number of employees 2008-2015



In Germany alone, which is currently the largest market, CompuGroup Medical had 1,872 employees in the 2015 financial year, representing 43 percent of the total number of employees worldwide.

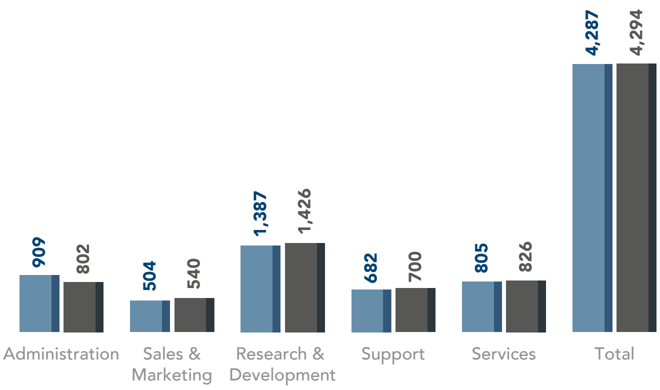
Regional employee deployment 2015



A significant part of human resources management within the Group involves integrating new employees in the Group of companies.

Within the Group, employees work in Software Development, Sales, Administration, Professional Service and Support. The graph below shows the number of employees per area at the end of the reporting year in comparison to the year before:

Number of employees per area 2014/2015



Annual Financial Statements of CompuGroup Medical SE

Profit and financial position of CompuGroup Medical SE

The figures shown are based on the statutory financial statements of CGM SE.

EUR m	2015	2014
Investment income (income from investments and profit pooling less expenses and loss absorption)	60.7	65.5
Depreciation of financial assets	0.0	-11.3
Net interest expense (income from loans of financial assets and other interest and similar income less interest and similar expenses)	-6.9	-13.0
Operating income (other positions of the profit and loss account)	-17.1	-23.7
Profit from ordinary activities	36.7	17.5
Tax	-15.3	-8.5
Annual result	**21.4**	**9.0**

As a holding company, the profitability of the CGM SE depends largely on the development of its operating subsidiaries. Compared to the previous year, a decrease in investment income of EUR 4.8 million from EUR 65.5 million to 60.7 million was recorded.

With the exception of a slight decline in earnings in CompuGroup Medical Deutschland AG and a loss in CGM Systema Deutschland GmbH, all subsidiaries with a profit pooling agreement in the 2015 financial year show a positive development of the results. For CGM Systema Deutschland GmbH there was last year one additional income transfer.

In fiscal 2015, there was no further write-down of financial assets related to loans to the subsidiary CompuGroup Holding USA, Inc. This leads to a significant improvement in the results in 2015.

The increase in net income from profit transfers and investment income is made up as follows:

EUR m	2015	2014
CompuGroup Medical Deutschland AG	25.1	25.8
Lauer-Fischer GmbH	13.1	12 3
CompuGroup Medical Dentalsysteme GmbH	16.6	14.7
IfAp Service Institut für Ärzte und Apotheker GmbH	4.7	3.8
CGM Systema Deutschland GmbH	-0.1	6.7
Net income from profit transfers	**59.4**	**63.3**
Income from investments	1.3	2.2
Investment income	**60.7**	**65.5**

The improved contribution from CompuGroup Medical Dentalsysteme GmbH is mainly related to the pooling of results from the subsidiary Intermedix Deutschland GmbH being EUR 1.7 million higher in 2015 compared to 2014.

CompuGroup Medical Deutschland AG was able to report significantly improved revenue for the year but his growth was offset by significantly higher costs and losses recorded in the Gematik Telematik Infrastructure pilot project which together resulted in a slight decline in result of EUR 0.7 million.

The results in Lauer-Fischer GmbH and in Ifap GmbH show improvements coming from both higher revenue and from efficiency improvements.

The development of CGM Systema Deutschland GmbH is primarily caused by the sale of the product areas REWE and DMS in 2014. The one-time gain from this sale did not repeat in 2015 and therefore leads to the lower profit this year.

The net interest income in the year under review is composed of:

EUR m	2015	2014
Interest income from loans granted	5.9	6.9
Other interest and similar income	1.9	2.2
Interest and similar expenses	-14.7	-22.0
Net interest income	-6.9	-12.9

Interest and similar expenses decreased by EUR 7.3 million over the previous year. The main reasons for this are transaction costs related to the refinancing of credit facilities in 2014. Furthermore, no costs provisions were made in 2015 related to interest hedging instruments as were recorded in the 2014. In fiscal year 2015, the interest rate hedges expired with no need to account for any future gains or losses. We refer to the section of the net assets of CGM SE below.

Interest income and other interest are at a similar level compared to the previous year. The interest income from loans granted was EUR 0.9 million lower than in 2014. The decrease was due to lower interest rates.

The substantial increase in operating income of EUR 6.6 million to EUR -17.1 million resulted primarily from increased costs allocations to Group companies (EUR 3.7 million) and a decrease in other operating expenses (EUR 10.0 million). This reduction in costs is primarily driven by special costs in 2014 related to provisions made for future losses and expenses from the disposal of payments on intangible assets in the amount of EUR 4.8 million as well as a decrease in currency exchange losses of EUR 4.0 million. Increase in personnel expenses (EUR 2.1 million) is a result from changes in employee compensation, increase in depreciation and amortization (EUR 0.9 million) result from the capitalized assets related to the SAP Project 'OneGroup', and decrease in other income stems from a change in currency exchange gains of EUR 4.1 million.

Taxes on income and earnings amount for the period to EUR 9.8 million (previous year: EUR 15.3 million). This corresponds to a tax rate of profit on ordinary activities of around 42 percent.

The control of payments is mainly done by the central accounting based in Koblenz through a cash management system. In the operating business, the capital requirements of the Group companies are normally covered by the cash-flow from operating activities.

Net assets of CGM SE

With a share of about 85 percent (previous year about 87 percent), financial assets are in terms of value the most important item in the balance sheet, which is in accordance with the function as a holding company. Intangible assets consist almost entirely of capitalized expenses in connection with the Group-wide SAP implementation project 'OneGroup'.

Compared to last year, the carrying amount of financial assets increased by EUR 26.0 million to EUR 578.3 million. The total increase is almost exclusively due to increases in loans to affiliated companies amounting to EUR 24.6 million. The new loans to Group companies are primarily towards CompuGroup Medical South Africa (PTY) Ltd., (EUR 10.5 million), KoCo Connector AG, Germany (EUR 5.5 million), Qualita in Farmacia S.r.l. (EUR 3.1 million) and CGM Belgium BVBA (EUR 2.9 million).

In the 2015 financial year, CGM SE has made no share repurchases. The own shares held by the company as at date 31.12.2015 is unchanged at 3,495,731 which are presented at the balance sheet date at their notional value in a separate column from equity. The issued capital is recognized correspondingly lower. The corresponding theoretical value of the share is reported as a reserve in accordance with § 237 AktG 5 (analog).

The equity ratio for the reporting period is at 26.9 percent lower than the previous year (previous year: 28.0 percent). This is mainly due to the increase in total assets.

In September 2014, a syndicated loan facility of EUR 400 million for a term of 5 years (until September 2019) was completed and was at the balance sheet date utilized with EUR 315 million. The previously existing facility and other loans were prematurely cancelled in 2014 and repaid. In addition to the syndicated loan, there is still an innovation loan from IKB in the amount of EUR 14,935 million as at 31 December 2015.

Receivables from affiliated companies and liabilities to affiliated companies from intercompany cash management system are also balanced in the position "Interest and similar expenses".

With regard to liabilities to banks as well as comments on the interest and similar expenses we refer to the section "Results of Group operations".

Report on Expected Developments

The healthcare market is in general a large and growing market, with a resilient profile relative to business cycles. For our main markets Western Europe and the United States, regional spending as a percentage of GDP is currently estimated at 17.4 percent (North America) and 10.7 percent (Western Europe). For the period 2015 to 2017 the Economist Intelligence Unit expects the specter of further economic woes and subsequent cost cutting measures in Western Europe to slow annual average growth in health care spending to two percent despite the pressures of aging populations and chronic diseases. In the United States, health spending is projected to grow at an average rate six percent from 2015-2023, more than 1.0 percentage point faster than expected average annual growth in the GDP, according to a report from the Centers for Medicare & Medicaid Services Office.

The business model of CGM, with a large installed base of loyal customers, gives a relatively high degree of visibility for future revenue and earnings. The primary source of revenue is annual software maintenance and other recurring service fees from existing customers, with an expected amount of EUR 380 million at the beginning of 2016, compared to EUR 366 million in 2015. This corresponds to a 4 percent increase.

Total Group revenue is in 2016 expected to be in the range of EUR 560 million to EUR 570 million, corresponding to a growth rate of 3-5 percent. Acquisitions completed to date are expected to give a growth contribution of EUR 4 million and organic growth is expected to be 2-4 percent. This outlook does not include any potential revenue related to the roll-out of the Telematics Infrastructure in Germany. Although this is planned to begin in the middle of 2016, the exact timing of volume installations is still uncertain at the time of delivering this outlook.

Revenue in the HPS I segment is expected to be in the range of EUR 427 million to EUR 433 million, corresponding to a growth rate of 5–6 percent. AIS revenue is expected to be in the range of EUR 334 million to EUR 338 million in 2016 corresponding to 6-7 percent growth. Acquisitions in AIS completed to date are expected to give a growth contribution of approximately EUR 2 million and organic growth is expected to be 5–6 percent. PCS revenue is expected to be in the range of EUR 93 million to EUR 95 million which corresponds to organic growth of 2–4 percent.

Revenue in the HPS II segment is expected to be in the range of EUR 71 million to EUR 73 million. Acquisitions in the hospital business completed to date are expected to give a growth contribution of approximately EUR 2 million and no material organic growth is expected in the hospital business for 2016.

Revenue in the HCS segment is expected to be in the range of EUR 62 million to EUR 64 million in 2016. This corresponds to a flat revenue development. Revenue within Communication & Data is expected to be in the range of EUR 21 million to EUR 22 million, Workflow & Decision Support in the range of EUR 27 million to EUR 28 million and Internet Service Provider to be approximately EUR 14 million.

In terms of profitability, 2016 is again expected to be a year of margin expansion relative to 2015 with operating margin (EBITDA margin) expected to be in the range of 22-23 percent. The corresponding EBITDA is expected to be in the range of EUR 125 million to EUR 133 million. This includes all expected additional expenses during 2016 to prepare CGM for the beginning of the nation-wide roll-out of the Telematics Infrastructure in Germany.

Depreciation of fixed assets is on Group level expected to be approximately EUR 8 million in 2016 and amortization of intangible assets is expected to be approximately EUR 34 million, of which EUR 30 million will come from amortization of purchase price allocations related to past acquisitions. The corresponding Group earnings before interest and tax (EBIT) is in 2016 expected to be in the range of EUR 83 million to EUR 91 million.

The 2016 forecast of the most important financial KPIs of the internal management system are shown in the table below.

EUR m	2016 forecast	2015 outcome	Change
Sales revenue	560–570	543	18–28
Revenue growth (%)	3–5%	5%	-0 to -2%
Organic growth (%)	2–4%	2%	0–2%
Recurring revenue	380	366	15
Recurring revenue growth (%)	4%	8%	-4%
EBITDA	125–133	112	13–21
EBITDA margin (%)	22–23%	21%	1–2%
Cash Net Income	79–84	73	6–11
Return on Capital (%)	9.4–10.3%	8.0%	1.4–2.3%

Looking at the financial year 2017 and beyond, CGM expects a significantly higher organic growth rate than in previous years, driven by the roll-out of the Telematics Infrastructure and the national eHealth initiatives in Germany. CGM already plays a key role in the Germany healthcare IT market and has for more than a decade invested in unique technology and capabilities to continue this leadership also in the coming implementation of the new eHealth law. Already in 2017, the national roll-out of the Telematics Infrastructure alone is expected to drive double digit organic growth for the Group, and total revenue in Germany (already 45 percent of Group revenue) is expected to continue to grow significantly faster than historical growth rates based on the adoption of a completely new range of eHealth products and services in this market.

CGM does not expect permanent or long-lasting deterioration of the market conditions in the future. Our strategy is based on a highly resilient business model with high margins and high proportion of recurring revenue from software maintenance and related services combined with high costs for customers to switch and technological barriers preventing competitors to enter the market.

Overall assessment (guidance)

In summary, CompuGroup Medical offers the following guidance for 2016:

– Group revenue is expected to be in the range of EUR 560 million to EUR 570 million.
– Group operating income (EBITDA) is expected to be in the range of EUR 125 million to EUR 133 million.

The guidance does not take into account potential revenue related to the roll-out of the Telematics Infrastructure in Germany.

The foregoing outlook is given as at March 2016 and does not include revenue and costs associated with potential and currently undetermined further acquisitions during 2016. The outlook for 2016 represents management's best estimate of the market conditions that will exist in 2015 and how the business segments of CompuGroup Medical will perform in this environment.

Guidance for CompuGroup Medical SE

Investment income is expected to develop in line with the planned positive growth in the Group. Net interest income is expected to remain at the 2015 level. The Company therefore expects a pre-tax profit from ordinary activities between EUR 33 million and EUR 38 million for the local GAAP (HGB) financial statements for 2016. For 2017, no significant changes are expected.

Risk Report

As an internationally operating Company, CompuGroup Medical is subject to a variety of different risks. CompuGroup Medical is aware of the necessity to enter into risks, which also enable the Company to capitalize on opportunities.

The risk management system of CompuGroup Medical is implemented in all Group companies and in all the individual business units. A significant component of the risk management system is the Group-wide early warning system, for example in the form of internal benchmarking, cost efficiency analysis and performance gap analysis related to Key Performance Indicators. An Internal Audit function was created during 2014, of which responsibility includes the review of the adequacy, effectiveness and efficiency of risk management. Within the framework of good corporate governance, the internal control system also operates alongside and in support of the risk management system.

The risk reporting system encompasses the systematic identification, quantification, documentation and communication of risks. Corresponding foundations, processes, and responsibilities within risk management are documented in guidelines distributed and used throughout the Group. New and relevant experience gained during risk management work is being used to update the guidelines and processes to ensure continuous improvement of the risk management system. One of the important objectives of the risk management system is to give management the ability to identify and assess risks that endanger the growth and going concern of CGM at an early stage and to support in the design of corrective measures to minimize the impact of risks.

The deliberate taking of calculated risk positions within our risk management system is an unavoidable part of running our business. Risks that endanger the going concern of the Group may not be taken and the risk management system helps management avoid such risk positions. If this is not possible then such critical risks must be minimized or proactively transferred, for example by obtaining appropriate insurance. Risks are controlled and monitored at the level of individual companies, at business area level and at Group level.

We see potential future developments or events that could lead to a negative impact on the financial results and the current year earnings forecast of CGM as part of our risk picture. The assessment of the identified risks in this area is essential for the one-year forecast horizon of CGM.

The annual risk reporting process begins by using checklists to identify all major risks within defined risk areas. CGM has defined ten risk areas as follows:

– Strategic risks
– Economic and political risk
– Operational risks
– Financial risks
– Regulatory risks
– Personnel risks
– Data processing risks
– Project risks
– M&A risks
– Tax risks

We evaluate the identified risks in a two stage process according to probability of occurrence and potential loss. Here, the gross loss is initially estimated by the responsible risk manager of individual Group companies. Furthermore, measures for risk prevention and minimization as well ways of risk transfer are proposed by the risk managers. Risk identification and risk assessment is supported by senior management in the relevant company or business area and also by the responsible regional financial officer "Vice President Finance". The locally collated risks are then analyzed by the Group-level controlling function. After completion of the analysis of identified, reported and rated risks, risk aggregation and overall assessment is performed by the Group controlling function. The analytical procedures used for the aggregation and analysis of risks are based on a method similar to Monte Carlo simulation and an Operational Value-at -Risk analysis.

The risk aggregation resulting from the Monte-Carlo type simulation provides potential damage value for each risk class, each risk category and for the summary of all risks to the Group. The damage value is understood as the potential expected annual loss (at-risk entry). The Operational Value-at-Risk method provides information on the potential maximum annual loss for each risk class, each risk category and for the summary of all risks to the Group.

The subsequent risk reporting is done directly to the Chief Financial Officer of CGM SE, who again informs the Management Board and the Supervisory Board about the risk situation of the Group. In the event of unforeseen material changes, the CFO will be informed immediately and he in turn has the task to inform the Management Board and the Supervisory Board about such unforeseen developments. The coordination of the whole process and the analysis of the inventoried risks is the responsibility of the Group Controller.

A comprehensive risk report is submitted from the Group Controller to the Management Board on a quarterly basis.
For the period from 1 January 2015 to 31 December 2015 the risks within the eight areas were reported to the Management Board. According to the quantity of the reported risks, the following ranking shows the risk areas in order of importance for the Group:

1. Operational risks	(2)
2. Financial risks	(3)
3. Strategic risks	(1)
4. Project risks	(7)
5 Data processing risks	(8)
6. Personnel risks	(6)
7. Tax risks	(new)
8. Regulatory risks	(4)
9. Macroeconomic and political risk	(5)
10. M&A risks	(new)

The numbers in parenthesis show the importance ranking of the risk areas for 2014. As a result of the reassessment of potential risk areas and individual risks the ranking of the risk categories have changed since 2014 and two new risk areas have also been added. Overall, the risk position has increased significantly during 2015 in terms of possible annual maximum damage. With respect to the anticipated potential annual damage there is no significant change compared to the same period last year. From the individual risk categories, the higher risk positions are driven by changes in market conditions and are predominantly found within operational risks, financial risks, project risks, and data processing risks. The expected annual loss potential for regulatory and macroeconomic risks are reduced due to an improved market environment.

The risk areas apply to all operating segments and the Group does not report or differentiate the risk picture between the segments. All segments essentially operate in the same macro environment and markets (exclusively in healthcare) and the nature of products and services are also fundamentally the same (based on software and related services).

The risk reporting process is supported by an intranet-based database which ensures transparent communication throughout the Group. During the 2015 financial year, the Internal Audit function periodically assessed the quality and function of our risk management system. As part of the annual audit in 2015, an external audit of the structure and function of our risk management system in accordance with section 317, paragraph 4 German Commercial Code (HGB) was performed, confirming that it is suitable to detect ahead in time developments that threaten the going concern of the Group.

Strategic risks

This risk area includes risks which can endanger the target achievement due to an insufficient orientation of the Company to the respective market environment. The analysis of expected potential annual loss for all identified strategic risks is approximately EUR 4 million (previous year: EUR 7 million). The potential annual maximum damage within this category inside a 95 percent confidence interval amounts to approximately EUR 19 million (previous year: EUR 23 million), with a 5 percent probability that there may be a higher, unexpected damage.

Strategic risks may result from an inadequate strategic decision-making process, from unforeseen market developments or from a faulty implementation of the chosen corporate strategy. For CompuGroup Medical, the strategic direction of the Group is set at board level and subjected to regular reviews.

– Essential for CompuGroup Medical are risks associated with changes in the healthcare market. This mainly concerns the development of new products and services by competitors, the financing of health care systems and reimbursement in the health care sector.

– The e-health market is characterized by rapidly changing technologies, the introduction of new industry standards and new software introductions and new functionalities. This can lead to existing products and services becoming obsolete and therefore losing their competitiveness.
– Regulatory changes or the introduction of new industry standards, could affect the market positioning of CompuGroup Medical to the extent that the offered products and services no longer completely adhere to these new statutory requirements or industry standards.

The future success of CompuGroup Medical will partially depend on the ability to improve existing products and services to respond in a timely manner to the introduction of new products from competitors, and to meet changing customer and market requirements.

Furthermore, CompuGroup Medical would be saddled with additional costs for product development as a result of products and services quickly becoming obsolete, which could lead in adverse effects on net results.

Operational risks

This risk area includes risks associated with research and development, markets and customers. The analysis of expected potential annual loss for all identified operational risks is approximately EUR 11 million (previous year: EUR 6 million). The potential annual maximum damage within this category inside a 95 percent confidence interval amounts to approximately EUR 50 million (previous year: EUR 23 million), with a 5 percent probability that there may be a higher, unexpected damage.

Research and development

Generally, there is always a risk that products and modules will not be able to be realized within the specified time frame as well as the adequate quality and cost budget constraints. To avoid this risk, the Group conducts systematic and regular reviews of project progress and compares the results at hand with the initially set targets. In case of deviations, measures can then be taken to compensate for impending damage. Due to the broad range of our research and development activities, it is not possible to identify a risk concentration on specific products, patents or licenses.

Market and customer risks

Due to the complexity and significant legal requirements of our products, the distribution of sales and service partners entails certain risks. To also ensure that quality requirements are also complied with by the sales and service partner, special trainings will be offered. The selection of the sales and service partners is subject to strict requirements.

The e-health market is characterized through strong competition and extensive saturation of the market. This intensive competition can lead to price erosion for our products and services as well as to increasing expenses to ensure customer loyalty and attraction. In the current financial year, CompuGroup Medical expects, as in the past financial year, consistently good business development with manageable risks which could have an impact on the profit situation.

Financial risks

This risk area includes risks associated with liquidity and refinancing risks, currency risks, acquisition risks and control risks. The analysis of expected potential annual loss for all identified financial risks is approximately EUR 7 million (previous year: EUR 5 million). The potential annual maximum damage within this category inside a 95 percent confidence interval amounts to approximately EUR 41 million (previous year: EUR 19 million), with a 5 percent probability that there may be a higher, unexpected damage.

Liquidity and refinancing risks

Business models that are not exclusively financed through equity capital generally face the risk that the leveraged portion of the business is dependent on the given refinancing situation in the capital markets. As a precaution against this specific risk factor, CompuGroup Medical implemented a support structure that is based on credit lines with national and international Company-affiliated banks.

The syndicated loan (EUR 400 million – for details see Group notes) covers the Group's basic capital requirements. It is composed of a term loan and a revolving loan. CompuGroup Medical has other credit lines (with a combined EUR 23.2 million limit) that are used for covering its short and medium-term liquidity requirements from operating activities and for expenses resulting from the Group restructuring measures, so as to provide additional capital if and when required.

Financial covenants have been agreed for the syndicated loan. If the Group breaches any of these covenants, the loan can be recalled immediately. This creates liquidity and refinancing risks. An additional short-term liquidity risk results from the risk of misjudgments during working capital planning that could mean that trade receivables and liabilities may not be collected or paid on time.

Corporate Treasury prepares a rolling one-week liquidity plan to monitor and manage short-term liquidity risks. Short-term fluctuations in working capital requirements are monitored on a daily basis and can be offset with bilateral credit lines. Short and medium-term structural liquidity requirements can generally be met by drawing on the revolving credit line.

Strict working capital management, whose methods and targets are regularly evaluated and adjusted, if necessary, also serves to manage short-term liquidity risks.

The medium-term liquidity risk is monitored and managed with the help of 12-month liquidity planning. Compliance with the financial covenants is consistently monitored as part of planning and the results are regularly reported to both management and the banks. For details on the financial covenants, please refer to the respective sections in the Group notes.

Essentially, CompuGroup Medical considered changes in interest rates as the primary market risk. The risk management strategy therefore aims to balance out all relevant fair value and cash flow risks. Keeping in mind that most of the long-term financial liabilities of the Company are closed on the basis of variable interest rates, an interest rate risk occurs, especially for cash flows. To hedge this risk, the Company will contemplate in 2016 entering into an interest cap to hedge the existing syndicated loan facility.

Despite all the preventive measures taken, it is not possible to entirely prevent certain refinancing interest rates that the Company must pay from undergoing unfavorable developments or refinancing through leverage from being refused in the medium term. Considering our current situation, there is no evidence that future refinancing or, generally, an increase in leverage might be subject to risk out of the ordinary.

Further financial risks refer to the risk of bad debt losses. Due to the diversified markets and customer structure of the Group, no agglomeration risks are evident. Given the high creditworthiness of the majority of our customers, the long-term average of bad debt risk is generally low.

Currency risks
Due to the international focus of the Group, incoming and outgoing payments are performed in various currencies. The Group conducts a comparison and balancing of payment streams in the individual currencies. The Company generally strives to achieve extensive natural hedging by its choice of locations and suppliers. At present, the Company does not use any derivative financial instruments to hedge the foreign currency exposure. The development of the relevant positions is monitored regularly to ensure adequate response to significant changes in the positions.

Acquisition risks
CGM is planning to grow also in the future in the national and international markets, including growth through acquisitions, Acquisitions are prepared with the greatest possible care and diligence. Nevertheless, a risk is generally associated with any acquisition, which in the case arising, may have impact on the Group's results.

A significant part of assets from a Group perspective are the intangible assets which were purchased by acquisitions. In accordance with mandatory applicable accounting standards, the goodwill is evaluated at least annually, and other assets are also to be evaluated, in the case of so-called "triggering events". If an impairment of assets results from such a valuation, a corresponding adjustment to the carrying amount of these assets to the determined fair value less cost to sell has to be carried out. Hereby, many different parameters like changes in legislation or the competitive environment can have a significant impact on the value of these intangible assets. If intangible assets are subject to any impairment losses, these have to be recognized, which leads to a corresponding reduction of the net results.

Tax risks
The risk that the tax authorities may carry out an audit and demand backdated tax payments for which the Company has not recognized any or only insufficient provisions cannot be completely excluded. Considering the present situation, CompuGroup Medical has recognized sufficient provisions for general risks from ongoing tax audits.

Regulatory risks
This risk area includes risks related to law and politics. The analysis of expected potential annual loss for all identified regulatory risks is approximately EUR 2 million (previous year: EUR 3 million). The potential annual maximum damage within this category inside a 95 percent confidence interval amounts to approximately EUR 6 million (previous year: EUR 16 million), with a 5 percent probability that there may be a higher, unexpected damage.

Risks related to law and politics
CompuGroup Medical's business activities are strongly influenced by the regulatory environment in the public healthcare systems of the individual national markets and thus also by the market structures that are formed by these regulations. The regulatory structure of the European healthcare sector, which is the Company's primary market at this time, is based on regulations, such as the laws and directives issued by the respective national states and/or by supra-national structures, the latter primarily enacted by the European Union and/or quashed or amended by court decisions. In particular, CompuGroup Medical hereby faces the risk that amendments to existing or the adoption of new regulations at a national or supra-national level (the latter primarily referring to the EU level) may adversely affect market conditions relevant to CompuGroup Medical and thus have a detrimental impact on the business activities of the Group or its individual subsidiaries. Exact projections with regard to the introduction and extent of potential amendments to national and supra-national regulations or their impact on the markets that are important for CompuGroup cannot be made as the introduction and extent of such regulations depend on the political process in the individual countries, and the subsequent impact of such regulations is strongly influenced by the reaction of the respective, affected market participants.

There are currently no known or threatened legal disputes in existence that might have a significant impact on the financial situation of the Group.

CompuGroup Medical is greatly dependent on its proprietary information and technology. However, risk that may arise from the illegal use of intellectual property cannot be fully eradicated. CompuGroup believes that the currently available options are sufficient to protect its intellectual property rights in order to prevent illegal use, which could lead to significant quantitative and qualitative damaged.

Although the license agreements with customers prohibit the misuse of the source code or other trade secrets, there is a residual risk that source code or trade secrets could arrive into the possession of third parties so that they benefit from them illegally. It is also conceivable that third parties thereby are able to develop independently similar or superior products, which are corresponding to the technology or design around the proprietary rights of CompuGroup Medical. Considering the present situation, we class this risk as low.

Macroeconomic and political risks

This risk area includes risks arising from political changes and the influence of macroeconomic developments. The analysis of expected potential annual loss for all identified macroeconomic risks is approximately EUR 1 million (previous year: EUR 3 million). The potential annual maximum damage within this category inside a 95 percent confidence interval amounts to approximately EUR 5 million (previous year: EUR 10 million), with a 5 percent probability that there may be a higher, unexpected damage.

The products and services offered by CompuGroup Medical are currently marketed in 43 countries. Both the development of business relations in these countries as well as the business activity itself is associated with the usual risks for international business dealings. This is in general and in particular related to the existing general economic or political situation of the single countries, the diversity of different tax systems, legal barriers in terms of import and export restrictions, competition regulations and laws for the use of the Internet or restrictions for the development and deployment of software products and services.

CompuGroup Medical counteracts these risks by regularly consulting with local lawyer's offices and tax advisors in countries where it is entering the market or conducting further business activities and by communicating with local public authorities. In general, risks that may arise from changes in macroeconomic factors can never be excluded completely.

Personnel risks

This risk area includes risks arising from the concentration of business-relevant expertise to individual employees, staff turnover, staff over-and-under utilization, poor working environment, etc. The analysis of expected potential annual loss for all identified risks in this area is approximately EUR 2 million (previous year: EUR 2 million). The potential annual maximum damage within this category inside a 95 percent confidence interval amounts to approximately EUR 9 million (previous year: EUR 8 million), with a 5 percent probability that there may be a higher, unexpected damage.

To a large degree, the economic success of the Group is related to the management and strategic leadership of previous and current Management Board members as well as to a few Company employees in key positions. Despite the fact that there are, aside from Management Board members, additional employees who perform management tasks, it can be safely assumed that in the event of individual persons leaving the circle of key position holders, the business activities of the Company as well as the results and financial position would be negatively impacted.

The Group considers the performance of its employees to be essential for its growth and development. Thus, the Group is in competition with other companies for highly qualified specialists and executives. As a result, the Group offers an attractive compensation system as well as individually tailored continuing education to win employees and retain them over the long term. Currently, no significant risks are known that may have an impact on the recruitment of specialists and executive personnel, and that could thus endanger the growth targets we have set.

CompuGroup Medical considers its employees to be an integral part of the Group's public image. In the event of non-compliance with the ethical principles firmly anchored in CGM's management culture, risks may arise through possible negative effects on the image and good reputation of the Company. A temporary higher probability of risk by non-compliance with CGM's principles may arise in the case of newly-acquired companies.

Risk from project business

This risk area includes risks arising from non-compliance with agreed timelines, missing or inadequate staff resources, lack of or inadequate material resources, lack of customer acceptance of the project deliverables etc. The analysis of expected potential annual loss for all identified risks in this area is approximately EUR 4 million (previous year: EUR 1 million). The potential annual maximum damage within this category inside a 95 percent confidence interval amounts to approximately EUR 20 million (previous year: EUR 5 million), with a 5 percent probability that there may be a higher, unexpected damage.

The Company makes part of its sales in the project business. There are longer time periods between the order assignment and the payment for the order, during which the Company has to take care of advance payments. The risk the Company faces in these periods is specifically the credit risk of its customers. Furthermore, the risk the Company faces in the project business is the continuous need for new orders/projects to be able to generate the necessary sales volume or sales volume growth. Resulting from the extremely high initial implementation costs of software solutions and the resulting long-term product life cycle, the HPS II business segment is especially exposed to the risk that profitable new business may take a long time to materialize. Hence, the Company strives to establish long-term business relationships with its customers, often by taking over software maintenance, in order to be a contact partner and to be able to participate in the bidding process when new orders/projects are awarded. Risks may also arise when the market is not sufficiently monitored, resulting in an inadequate bidding and order pipeline. In the absence of new business and the expiration of software maintenance contracts, the Company may suffer a loss in sales, which would have a negative impact on the Group's results.

In the reporting period, CGM has continued the largest internal IT and organizational project in the history of the Group. The project is named 'OneGroup' and entails the standardization and optimization of roles, structures and processes in all our companies and business areas world-wide based on a centralized SAP IT platform and other integrated IT solutions. All existing internal IT solutions will be migrated to this platform once the new solution is finished and proven. From this project, there are risks of non-compliance with agreed timelines, start-up problems, etc. that can result in corresponding financial risks.

Data processing risks

This risk area includes risks arising from a lack of coordination and alignment of IT strategy with corporate objectives, insufficient data in IT systems, inadequate documentation, etc. The analysis of expected potential annual loss for all identified risks in this area is approximately EUR 3 million (previous year: EUR 1 million). The potential annual maximum damage within this category inside a 95 percent confidence interval amounts to approximately EUR 13 million (previous year: EUR 5 million), with a 5 percent probability that there may be a higher, unexpected damage.

CompuGroup Medical's customers use the Company's products and services to store, process and transmit highly confidential information about the health of their patients. Due to the sensitivity of this information, security features are very important as an integral part of our products and services. If despite all efforts the security features offered by CompuGroup Medical products do not work in an orderly manner, claims for damages, fines, penalties and other liabilities due to a violation of applicable laws or regulations could arise. Also, extensive costs to rectify any deficiencies and re-engineering to prevent such vulnerabilities in the future could arise. Moreover, the image of CompuGroup Medical as a trustworthy business partner could suffer severe damage.

Tax risks

This risk area is related to risks for additional tax payments (also in acquired businesses), pricing of goods and services between affiliates and inaccurate legal structure as a result of inaccurate tax planning. The analysis of expected potential annual loss for all identified risks in this area is approximately EUR 1 million. The potential annual maximum damage within this category inside a 95 percent confidence interval amounts to approximately EUR 4 million, with a 5 percent probability that there may be a higher, unexpected damage.

In terms of general risks from ongoing tax audits the group has from today's perspective made sufficient provisions. However, it cannot be completely excluded that tax authorities will levy additional claims for which the company has made no or insufficient provisions.

M&A risks

This risk area concerns risks related to the acquisition and integration of new companies and business assets. The analysis of expected potential annual loss for all identified risks in this area is approximately EUR 1 million. The potential annual maximum damage within this category inside a 95 percent confidence interval amounts to approximately EUR 4 million, with a 5 percent probability that there may be a higher, unexpected damage.

Going forward, CGM plans to further expand its presence in the national and international market. These plans include further company acquisitions and such transactions are always carried through with utmost care and diligence. Nevertheless, a certain risk is always associated with every acquisition, which again may impact the Group's results.

A substantial part of the assets of CGM consists of intangible assets acquired as part of acquisitions. Under the Group's accounting principles, these intangible assets are subject to an annual value test in particular to verify that the value of the goodwill in the balance sheet is still present. Here, various factors such as changes in legislation or the competitive environment can have a significant impact on the value of intangible assets. Such testing may lead to an impairment of goodwill values with a corresponding adjustment of the book value of these assets. Any goodwill impairment will lead to a commensurate lowering the Group's results.

Representation of the overall risk position

Adding all risk areas together, the level of potentially expected total annual loss for the Group is EUR 37 million (previous year: EUR 27 million). The potential annual peak damage at Group level within a 95 percent confidence interval is EUR 168 million (previous year: EUR 108 million), with a 5 percent probability that there may be a higher, unexpected damage.

After evaluation of the currently identified existing risk positions, the continued existence of the CGM SE and the Group is not compromised. The resulting accumulated potentially expected annual total damage could be covered by the anticipated operating cash flows of the Group.

Internal control system and risk management system relevant for the consolidated financial reporting process

In our financial reporting, there is a risk that the consolidated annual and interim financial statements contain errors and misrepresentations that may have a significant influence on the decisions of their addressees. Our accounting-related internal control system (ICS) aims to identify possible sources of error and to minimize the resulting risks. It encompasses the financial reporting throughout the Group. In this way, we can provide assurance that the consolidated financial statements are prepared according to statutory rules. The following disclosure of the financial reporting process conforms to Section 289 (5) and Section 315 (2) No. 5 of the Handelsgesetzbuch (HGB – German Commercial Code) in accordance with the German Accounting Modernization Act (BilMoG), effective 29 May 2009. The main features of CompuGroup Medical SE's existing internal control system and the risk management system in relation to the (Group) financial reporting process can be described as follows:

- Within CompuGroup Medical, a clear management structure and enterprise structure is implemented. Key regional and sector functions are controlled centrally through CompuGroup Medical SE. Operationally active subsidiaries have a high level of individual responsibility. A clear separation of functionalities is ensured in the areas of "Group Accounting", "Controlling", "Financial Accounting", "Human Resources", "Internal IT", "Risk Management", "Procurement" and "Investor Relations", which are involved in the financial reporting process. Responsibilities are clearly defined.
- The departments involved in the financial reporting process are in line with the quantitative and qualitative requirements defined by the Group.
- Financial accounting, with the exception of the majority of German subsidiaries, which are centrally managed via the CGM SE, is decentralized. The local subsidiaries sometimes in turn provide bookkeeping and other financial functions for its subsidiaries or affiliates. As the parent company of the Group, CGM SE performs key tasks in the field of accounting and finance, e.g. the Group consolidation, the accounting treatment of pension provisions in Germany, accounting for business combinations and the impairment tests of recognized goodwill. CGM SE furthermore performs the administration, accounting and monitoring of financial instruments, transaction banking, cash management and the calculations and disclosures related to the German tax group. External service providers and advisors are consulted in this respect.
- An internal directive written according to Company requirements is implemented (among other things a Group-wide accounting directive, risk management directive and research and development directive). The financial systems used are protected against unauthorized access by adequate security mechanisms. The financial systems used are mostly standard software.
- To ensure a Group-wide analysis and control of income relevant risk factors and risks that endanger the continuing operations of the Company, the Group uses standardized planning, reporting, control and early warning systems and processes.
- Group Accounting, in particular, is centrally organized and pools the Group's (global) information in one place. The subsidiaries' segment managers/company managers, and ultimately the Management Board, continuously monitor Group Accounting's reporting activities.
- CGM SE uses a Group-wide reporting system for the preparation of financial statements. This system is also used for the preparation of budgets and forecasts. All consolidated subsidiaries use this system which forms the basis for a standardized data reporting process in the Group.
- The members of the Board of CGM SE take an internal balance-sheet oath for the external full-year reporting and sign the Responsibility Statement. They thus confirm that the prescribed accounting standards have been complied with and that the figures give a true and fair view of the assets, financial and earnings position.
- A review of the financial reporting process is performed by the Internal Audit function.
- Required financial reporting processes are subject to regulated analytical tests. The Group-wide risk management system is regularly updated in line with current developments and its adequacy reviewed in terms of quantity and quality. To comply with the standards for the Group financial reporting processes, the function of regional responsibility through the position "Head of Finance" is implemented Group-wide. These regional financial managers report in all finance-related and accounting-related areas directly to the Chief Financial Officer of CGM SE. The Chief Financial Officer shall inform the Management Board and the Supervisory Board on critical or high-risk subjects and advises on corrective measures as needed. Other special departments involved in the financial reporting process to implement the activities and/or tracking of actions involved are "Group Accounting", "Group Controlling", "Financial Accounting", "Human Resources", "Internal IT", "Risk Management", "Procurement " and " Investor Relations". Furthermore, a regular review of complex and significant changes in underlying accounting-related topics (e.g. receivables management, impairment test, balance sheet analysis for compliance with the financial covenants and the sustainability of further acquisitions and initial consolidation of subsidiaries). The impact of accounting-related risks is evaluated for their influence on financial reporting by means of impact analysis (e.g. forward looking balance sheet simulation). This also includes the analysis of the measures introduced to limit identified risks, including the effectiveness of the measures.
- For key issues in accounting, risk management and the audit mandate of the auditor, the Supervisory Board has established an Audit Committee.

For all main financial reporting processes, a "four-eye principle" is applied.

The accounting-related internal control and risk management system, whose main features have been described earlier, ensures that corporate balance sheet issues are properly recorded, processed, assessed and incorporated in the external accounts. Group Accounting is a central function and as such monitors all these processes. It is monitored in turn by the CFO and Audit Committee.

A strict organization, Company, control and monitoring structure forms the basis for efficient work processes. The staffing and equipment of the accounting-related areas in accordance with the requirements of the Group ensure effective and accurate work, in terms of both personnel and material. Legal and corporate directives and guidelines ensure that a unified and proper financial reporting process is implemented within the accounting-related areas. The clear delineation of responsibilities and various control and verification mechanisms ensure correct accounting and reliable handling of potential Company risks. Here, the task of the Group-wide risk management system, which is in accordance with the statutory requirements, is to identify risks at an early stage and to assess and communicate them appropriately.

Report on Opportunities

More and more data is being recorded in the health care system – in hospitals, at the family doctor, within health insurance companies and elsewhere. Patients are documented, classified and categorized according to their medical issues. At the same time, doctors want to share accurate, detailed findings from their colleagues. Everything done with the aim to provide patients with optimal, case-specific treatment. At the same, indications and treatment options are more differentiated and therefore more complex than ever before. The "human memory capacity" is inherently limited and it is increasingly difficult to always for healthcare providers to have all necessary information readily available.

For over 25 years, CompuGroup Medical has helped its customers to get rid of annoying bureaucracy and paper work and made important medical information available when and where needed. In this way, physicians and health care professionals are relieved and more time is created for what matters most: the patient. For this purpose, information exchange and interaction between general practitioners and specialists, hospitals, pharmacies and other participants in health care is of paramount importance.

Operative opportunities

Technological leadership and innovation

CGM is well positioned to remain at the forefront of technology and innovation going forward. As an experienced first-mover, market leader and constant innovator, CGM's level of technical expertise is considered the highest in the industry. In addition to customer retention, technical expertise acts as another high barrier to entry. This is particularly true for hospital systems where technical implementation is highly complex and only trusted to those with the requisite expertise, resources and track record. Switching costs for hospitals are also particularly high given the high execution risks in term of technical changes, data migration and user re-training.

G3 technology

CGM's product strategy is based on a strategic R&D program named 'G3'. The goal with G3 is a common technology for all markets and segments. The architecture of G3 is based on a high degree of service-orientation and flexibility and the product is fully ready for SaaS offerings, including the ability also to power mobile applications, and can be deployed in almost any provider setting from single clinic use to regional and even national solutions. In 2015, important milestones were reached with G3 hospital modules successfully installed in three different countries: Germany, Switzerland and Austria. The first pilot customers were also installed in office-based practices in Germany. Going forward, CGM expects to increase its competitive advantages based on G3 technology.

Organizational and process-related improvements

"OneGroup" is the largest internal IT and organizational project in the history of CGM. Behind this project lies the standardization and optimization of roles, structures and processes in all our companies and business areas world-wide, based on a single centralized IT platform. All other existing internal IT solutions will be migrated and phased out once this standardized solution is ready and proven. In this way, we can create a synthesis of all our collective knowledge with perfect industry benchmarks and represent this in one single place in the form of an IT solution. We will use the power of information technology to organize, automate, and synchronize our business processes in a live global system. In this way we ensure that we ultimately address our markets with one unique, uniform and highly customized approach in areas like marketing, sales, support, professional services and other customer facing activities. In the background, the finance, HR and other back-office functions provide perfect support with perfect transparency for managers to make qualified decisions and assist the front-line colleagues to improve even further. Through a fully standardized IT-based organization, we can increase our operational efficiency, improve profitability, grow faster and enhance our customer satisfaction.

Strategic opportunities

Leading market position for Ambulatory Information Systems (AIS)

CGM is the leader in the German market for Ambulatory Information Systems, as well as one of the leading AIS providers in Denmark, France, Sweden, Norway, Austria, Italy and the Czech Republic. As a result of the scale achieved in the AIS business, CGM has broad and central access to a large pool of doctors in private practice, which has a number of significant benefits. It places CGM in a key strategic position where it can be a first-mover in other efficiency-improving areas of healthcare. One such example is in the connectivity market, where the value and success of connecting doctors, hospitals and other healthcare participants is closely related to the number of participants.

The more participants a network has, the more attractive it will become for other potential participants to join and subsequently pay for services. CGM's ability to access its existing doctor base provides it with a substantial competitive advantage in this area. Also, the AIS business is predominantly marked by long-term service and software maintenance agreements and is therefore distinguished by stable, mostly recurring revenues. These regular revenues form a stable basis for financing investments and developing new products and services.

Telematics Infrastructure in Germany
The Telematics Infrastructure is a long-term growth opportunity for CGM and the pilot project delivered mostly in 2014 and 2015 is only the first stage in a transformation to a significantly higher revenue opportunity for CGM. With a full national rollout now written into German law, CGM has the opportunity to sell new eGK-compliant online access products to up to 225,000 provider locations in Germany and in particular to all existing customers in Germany: ~44,900 doctors' offices (68,500 doctors), ~13,000 dentists offices (18,500 dentists), ~5,000 pharmacies (8,000 pharmacists), ~300 hospitals, ~300 rehabilitation centers and ~550 social care institutions. Even more important; the Telematik Infrastructure fits perfectly with CGMs strategy to provide more products and services to its customers, such as eServices, ePrescriptions, eLabOrder, physician networks, online clinical pathways, hosting services etc.

Consumer Engagement
Consumers do many things online because it is convenient and saves time. CGM is shaping the healthcare revolution: with us, doctors and patients are in direct contact with each other – whether it is about an appointment request, a prescription renewal, an online consultation or requesting findings. More and more patients would like to be familiar with and manage their own medical data. We design solutions which allow patients to electronically merge and manage information from all treating physicians. The patient then decides which doctor(s) he makes his medical data available to. Confidential remains confidential – here, only CGM offers the highest safety standard.

Software Assisted Medicine
Our response to the increasingly more extensive demands on the "Healthcare System" is: Software Assisted Medicine (SAM). SAM links physicians, patients and payers and assists in the implementation of crucial initiatives into practice. The physician receives information about signs of a rare disease earlier – and he receives it precisely at the moment the patient is sitting in front of him. SAM helps in viewing the whole patient at the decisive moment, and thereby ensures optimal care.

Financial opportunities
Acquisitions are essential for both strengthening existing market positions and entering into new markets. In the last five years CGM acquired and successfully integrated more than 30 companies. This proves the Company's strong track record in acquiring new businesses.

Opportunities related to law and politics
The demand for IT solutions is universal across all healthcare systems in Western industrial countries given the same challenges being faced of aging populations and increasing treatment costs. Accordingly, CGM's business model is transferable to many different international markets, particularly given its long-standing experience. As a result of this, CGM has been able to increase its geographical diversity and currently is present with offices in 19 countries and installations in 46 countries world-wide.

Personnel opportunities
Successful and experienced management team
CGM benefits from a strong team of managers that are well respected as leaders in the e-Health industry. The team is led by Chairman and CEO Frank Gotthardt who founded CompuGroup Medical in 1987 and has grown it into a worldwide leading enterprise. Supporting Mr. Gotthardt is a strong, experienced cadre of managers, all who have been active in the industry for more than a decade. This includes Frank Brecher (Chief Process Officer), Uwe Eibich (Executive Vice-President) and Christian B. Teig (Chief Financial Officer).

Attractive employer
The strong motivation, skills and creativity of our employees are the main sources of our success. Therefore, a sound education and the regular development of each individual are critical factors for our future. In 2015, CGM employed 74 trainees in Germany in areas ranging from office assistants to IT-specialist. Two thirds of all apprentices in 2015 were given a job offer from CGM after successful completion of final exams. The staff development concept of CGM includes seminars, language courses, on-the-job training and a modular development program for young professionals. A good balance between work and private life is a crucial basis for employee satisfaction and performance – to the benefit of employees and the company. With a daycare center being operated at the office campus in Koblenz CGM is actively promoting the reconciliation of work and family. In this center, up to 43 children are cared for by experienced educators since 2009.

Data processing opportunities
Every day, our customers are faced with new technology requirements: they must implement necessities such as electronic patient records or increase the electronic exchange of information with colleagues. To save costs, for example, many doctors outsource administrative tasks to external service providers. All with the same result: the healthcare sector is increasingly demanding of them to network. This, however, increases the risk of data protection. With CGM doctors act safely and responsibly. Patient data is already encrypted inside the practice and hospital – before transmission to external networks. Any personal identification reference is removed and the data is encrypted so that unauthorized access is impossible. The security technologies from CGM are TÜV-certified and often patented.

Overall picture of opportunities

CGM is in a perfect position. In CGM, we use the power of modern information technology to improve efficiency, reduce costs, optimize workflows and increase the quality of care. Healthcare is a market in growth – even when times are bad – and CGM is one of the leading eHealth companies in the world. With our unique customer base, we serve hundreds of thousands of doctors, dentists, hospitals and pharmacies world-wide we get the best of both worlds: Structural, long-term growth opportunities and strong and robust defensive properties. eHealth truly is the 'cherry on the cake' when we talk about an early stage business with a big potential.

The approval of the new eHealth law in Germany has significantly increased the Group's opportunities during 2015. Outside this, no significant changes in the Group's opportunities happened during the reporting period compared to the previous year.

Takeover-related Disclosures
Information Pursuant to Section 315 (4) Commercial Code

Composition of subscribed capital

The share capital of CompuGroup Medical SE amounts to EUR 53,219,350 and is composed of 53,219,350 no-par bearer shares with the security identification code 543730 (ISIN: DE0005437305). Since 4 May 2007, the shares have been traded on the regulated market on the Frankfurt Stock Exchange (Prime Standard). Taking into consideration the treasury shares held by the Company in the amount of 3,495,731 shares, the voting capital comes to 49,723,619 common shares.

Restriction pertaining to voting rights or the transfer of shares

Restrictions of voting rights of the shares can result from the provisions of the German Companies Act (Aktiengesetz, hereinafter AktG). This primarily results in shareholders being subject, under certain conditions, to a voting prohibition and, in accordance with Section 71b AktG, the Company is not entitled to vote on the basis of its treasury shares.

The shareholder group of the "Gotthardt family/Dr. Koop" consisting of the natural persons Frank Gotthardt, Dr. Brigitte Gotthardt, Dr. Daniel Gotthardt and Dr. Reinhard Koop as well as the affiliated legal entities attributable to them hold a total of more than 50 percent of the voting shares.

Two effectively separate concluded pooling agreements, first between Frank Gotthardt, GT1 Vermögensverwaltung GmbH, Dr. Brigitte Gotthardt and Dr. Daniel Gotthardt, and secondly between GT1 Vermögensverwaltung GmbH and Dr. Reinhard Koop, result in the attribution of 11,918,236 shares to the share pool, reflecting 23.97 percent of shares with voting rights. The purpose of both pooling agreements is, among other things, to safeguard a consistent exercise of voting rights with respect to the shares of CompuGroup Medical SE. Frank Gotthardt as well as GT1 Vermögensverwaltung GmbH hold additional shares which are not attributable to the share pool.

The treasury shares reported in the Company assets do not have voting rights.

Interests in capital exceeding 10 percent of the voting rights

In addition to the major shareholder group Gotthardt family/Dr. Koop mentioned above, no further investors held more than 10 percent of voting rights as of the reporting date.

Shares with special rights that confer control powers

No shares with special rights that confer control powers have been issued by the Company.

Nature of voting-right controls in the event of employee participations

The Management Board is not aware of any Company employees holding interests in the Company in some manner in which they do not exercise their control rights directly for themselves.

Legal provisions and provisions of the articles of association concerning the appointment and dismissal of members of the Management Board and concerning amendments to the articles of association

Sections 84 and 85 AktG apply to appointments and dismissals of members of the Management Board. Sections 179 to 181 AktG are to be applied to amendments to the articles of association.

Powers of the Management Board for issuance and repurchase of shares

Authorized capital

With the approval of the Supervisory Board, the Management Board is authorized to increase the equity of the Company by up to EUR 26,609,675.00 through a one-time or multiple issuance of new shares for cash and/or in-kind capital contributions until 11 May 2016 (approved capital). In utilizing approved capital, the shareholders must in principle be granted a subscription right; however, the Management Board is also authorized, with the approval of the Supervisory Board, to exclude the statutory subscription right of the shareholders under certain conditions. Furthermore, the Management Board was authorized, with the approval of the Supervisory Board, to determine the further details for capital increases from authorized share capital.

Authorization to purchase and use (including withdrawal) of treasury shares
By resolution of the Annual General Meeting on 19 May 2010, it was terminated and replaced by a new authorization. According to Section 71 (1) No. 8 AktG, which was amended by the Gesetz zur Umsetzung der Aktionarsrechterichtlinie (ARUG – Law on the Implementation of the Shareholder Rights Directive), an authorization is now allowed to last up to five years.

This authority may be exercised in full or in part, on one or more occasions, to achieve one or more objectives by the Company or by third parties on the Company's behalf. The authorization took effect on 20 May 2010 and remains valid until 19 May 2015.

At the discretion of the Management Board, the purchase will be made via the stock exchanges or by a public buy offer made to all shareholders or by a public request to all shareholders to issue offers for sale.

(1) If the share purchase is performed on the stock exchange, the purchase price for one share may not be more or less than 10 percent of the Company's unweighted average share price, as calculated by the closing auction of the Xetra trading system (or a corresponding successor system) on the Frankfurt am Main stock exchange in the five trading days prior to the purchase date.

(2) If the share purchase is performed through a public purchase offer to all shareholders or through a public invitation to all shareholders to submit sales offers, the purchase price for one share (without ancillary purchase costs) may not be more or less than 20 percent of the Company's unweighted average share price, as calculated by the closing auction of the Xetra trading system (or a corresponding successor system) on the Frankfurt am Main stock exchange in the five trading days prior to the public notification of the invitation to submit such an offer.

(3) The purchase offer or invitation to submit sales offers may stipulate further conditions. If the purchase offer is oversubscribed or, in the case of an invitation to submit sales offers of several equivalent offers, not all offers are accepted, the shares must be allocated proportionately to the shares respectively offered. A preferential acceptance of low numbers of tendered shares up to 100 shares per shareholder and rounding in accordance with commercial principles could be foreseen.

The Management Board is entitled to utilize the purchased treasury shares as follows:

(1) With the approval of the Supervisory Board they may be sold on the stock exchange or offered to all shareholders. In addition, with the approval of the Supervisory Board they may be sold by another means provided the consideration for the sale is in cash and the sales price at the time of the sale is not significantly lower than the share price for the same class share on the stock exchange. The total proportion of the shares sold under this authorization in relation to the total share capital, together with the proportion of the share capital of new shares that have been issued since the shareholders' resolution for this authorization, i.e. since 19 May 2010, due to any authorizations for share issues from authorized capital in accordance with Section 186 (3) Sentence 4 AktG, may not exceed 10 percent of the Company's share capital.

(2) With the approval of the Supervisory Board they may be offered and transferred to third parties for the purposes of direct or indirect acquisition of companies, Company shares or equity investments in companies.

(3) With the approval of the Supervisory Board they may be offered and sold as consideration, so that the Company or one of its subsidiaries are issued copyright or third party intellectual property rights by third parties, particularly patents or brands, or licenses to such rights, for the marketing and development of CompuGroup Medical products.

(4) The shares may also be utilized to exercise options arising from share options granted by the Company.

(5) In addition, with the approval of the Supervisory Board, they may also be cancelled without the need for an additional Annual General Meeting. The proportion of the remaining shares in relation to share capital will not be increased by a cancellation. Notwithstanding the above, the Management Board can determine that equity is not reduced, but instead the percentage of the other shares in equity is raised in accordance with Section 8 (3) AktG. In this case, the Management Board is entitled to amend the number of shares stated in the articles of association.

The authorizations previously issued in accordance with (1) to (5) may be used on one or more occasions, in full or in part, individually or collectively, and the authorizations in accordance with (1) to (4) may be used pursuant to instructions issued by the Management Board but also by dependent companies or companies in which the Company holds a majority stake, or third parties acting on the Company's account.

The subscription right of the shareholders to treasury shares is excluded insofar as these shares are used according to the above authorizations in numbers (1) to (4).

Authorization to issue convertible bonds, bonds with warrants, profit participation certificates or profit participation bonds (or combinations of these instruments) with the option of excluding subscription rights pursuant to Sections 221 (4) and 186 (3) Sentence 4 AktG and the creation of corresponding conditional capital (amendment to the articles of association)
According to the resolution of the Annual General Meeting of 9 May 2012, the Management Board was given the authorization to issue convertible bonds (and similar instruments) and corresponding conditional capital. The authorization is limited to a volume of EUR 500 million.

The Management Board of CompuGroup Medical SE was authorized to exclude shareholders' subscription rights on convertible bonds (and similar instruments). In order to ensure that the authorization limit can be used to the full extent, even in the case of later adjustments to conversion or warrant prices, the conditional capital serving to fulfill conversion rights, warrants or conversion or warrant obligations is to amount to EUR 26,609,675.00. However, in the event of the exclusion of subscription rights on bond issues pursuant to Section 186 (3) Sentence 4 AktG, the shares to be issued for the purpose of the serving of conversion rights, warranty or conversion or warrant obligations may not exceed 10 percent of the equity capital either at the point at which the subsequent authorization comes into force or – should the number of shares be lower – at the point at which the authorization is exercised.

(1) Authorization period, nominal value, number of shares, term, contribution in kind, currency, issuance by Group companies
According to the resolution of the Annual General Meeting of 9 May 2012, the Management Board of CompuGroup Medical SE was authorized, with the consent of the Supervisory Board, to issue registered or bearer convertible bonds, bonds with warrants, profit participation certificates or profit participation bonds (or combinations of these instruments) (hereinafter referred to collectively as "Bonds") amounting to a total principal amount of up to EUR 500 million on one or more occasions up to and including 8 May 2017, to grant bearers or rather creditors (hereinafter referred to collectively as "Bearers") of the Bonds conversion rights and warrants on Company shares with a proportionate share in equity capital of up to EUR 26,609,675.00 in accordance with the terms and conditions of the Bonds (hereinafter also referred to as "Bond Terms and Conditions") and to place conversion and warrant obligations on these Bonds. The Bonds, conversion rights, warrants and conversion and warrant obligations may be issued with no maturity limitations. The Bonds can also be issued in return for a contribution in kind. The Bonds can be issued in euros and in the official currency of an OECD member country, provided that the corresponding euro equivalent is not exceeded.

(2) Granting or exclusion of subscription rights
In principle, shareholders are entitled to subscription rights on the Bonds. Subscription rights may also be granted indirectly whereby Bonds are assumed by one or more credit institutions or by equivalent companies pursuant to Section 186 (5) Sentence 1 AktG with the obligation to offer said subscription rights to shareholders.

However, the Management Board of CompuGroup Medical SE is authorized to exclude shareholders' right to subscribe to the Bonds with the consent of the Supervisory Board:

- in the case of fractional shares;
- to the extent necessary to grant subscription rights to the holders of previously issued Bonds with conversion rights, warrants or conversion or warrant obligations on Company shares in the amount to which they would be entitled after their conversions rights or warrants have been exercised or conversion or warrant obligations met;
- to the extent in which Bonds are issued with conversion rights, warrants or conversion or option obligations in return for cash and the issue price is not significantly lower than the theoretical market value calculated in accordance with recognized financial and mathematical methods and only insofar as the shares issued to serve conversion rights, warrants or conversion or option obligations do not exceed 10 percent of the equity capital either at the point at which the subsequent authorization comes into force or – should the number of shares be lower – at the point at which the authorization is exercised. It is also declared that the authorization volume of 10 percent of equity capital is reduced by the proportion of the equity capital attributed to shares or on which conversion rights, warrants or conversion or warrant obligations from Bonds are based, which have been issued or sold under the exclusion of subscription rights in direct, corresponding or logical application of Section 186 (3) Sentence 4 AktG;
- insofar as the shares are issued in return for contributions in kind, provided that the value of the contribution in kind is appropriate in relation to the market value of the Bonds as calculated pursuant to the preceding paragraph.

Insofar as profit participation certificates or profit participation bonds are issued without conversion rights, warrants or conversion or warrant obligations, the Management Board is authorized to exclude the shareholders' subscription rights in full with the consent of the Supervisory Board if these profit participation certificates or profit participation bonds feature terms similar to those of a debenture, in other words do not grant any membership rights within the Company or grant any share in liquidation proceeds and the level of interest is not determined in line with profits on the basis of net income, net profit or dividends. In this case, the interest and the issue value of the profit participation certificates or profit participation bonds must conform to the current market conditions for equivalent assumption of capital at the time of the issuance.

(3) Conversion right
In the case of the issuance of Bonds with conversion rights, Bearers may convert their Bonds into shares in the Company in accordance with the Bond Terms and Conditions. The proportion of equity capital of the shares to be issued upon conversion may not exceed the nominal value of the Bond or a lower issue price. The conversion ratio is determined by dividing the nominal value of a Bond by the fixed conversion price of a share in the Company. The conversion ratio can also be calculated by dividing the issue price of a Bond underlying

the nominal value by the fixed conversion price for a share in the Company. A fixed additional contribution to be paid in cash can also be determined. It can also be stipulated that fractional shares can be aggregated and/or exchanged for cash.

(4) Warrant
In the case of the issue of bonds with warrants, each Bond is issued with one or more detachable warrants which entitle the Bearer to subscribe to shares in the Company in accordance with the Bond Terms and Conditions. It can also be stipulated that fractions be combined and/or exchanged for cash. The proportion of equity capital of the shares to be subscribed to for each Bond may not exceed the nominal value of the bond with warrant or rather an issue price below the nominal value.

(5) Conversion and warrant obligation
The Bond Terms and Conditions can also stipulate a conversion or warrant obligation at the end of the Bond's term or at another point in time (also known as "maturity"). In this case, the conversion or warrant price for a share can correspond to the mean closing price of the listed Company in the Xetra securities trading system on the Frankfurt Stock Exchange (or a corresponding subsequent system) over the ten days prior to or following maturity, even if this price is below the minimum price stipulated in (6). Section 9 (1) AktG is to be complied with in conjunction with Section 199 (2) AktG.

(6) Conversion/warrant price, prevention of dilutive effects
The conversion or warrant price is either – in the case of the exclusion of subscription rights – at least 60 percent of the mean closing price of the Company shares in the Xetra securities trading system on the Frankfurt Stock Exchange (or a corresponding subsequent system) over the ten days prior to or following the resolution by the Management Board concerning the issue of Bonds or – in the case of the granting of subscription rights – at least 60 percent of the mean closing price of the Company shares in the Xetra securities trading system on the Frankfurt Stock Exchange (or a corresponding subsequent system) either (i) over the ten trading days prior to the start of the subscription period or (ii) during the trading of subscription rights apart from the final two subscription rights trading days. Section 9 (1) AktG remains unaffected by this.

If, during the term of a Bond for which conversion rights, warrants or conversion or warrant obligations have been granted or rather stipulated, the financial value of existing conversion rights, warrants or conversion or warrant obligations is diluted and no subscription rights are granted in the form of compensation, conversion rights, warrants or conversion or warrant obligations can be adjusted while preserving their value provided that such an adjustment is not already required by law. In all cases, the proportion of the equity capital of all shares to be subscribed to per Bond may not exceed the nominal value per Bond or rather the lower issue price.

(7) Further options
The Bond Terms and Conditions can stipulate that the Company may also grant new shares from approved capital or Company shares in the case of conversion rights or warrants being exercised. The Bond Terms and Conditions can also stipulate variability in terms of the conversion ratio or a direct link between the conversion or warrant price and the development of the Company's share price on the stock exchange. Furthermore, it can also be stipulated that, rather than issuing shares in the Company, the Company pays those eligible to exercise conversion rights or warrants the equivalent in cash.

(8) Authorization to stipulate further terms and conditions for bonds
The Management Board of CompuGroup Medical SE is authorized, with the consent of the Supervisory Board, to stipulate further terms and conditions concerning the issue and structure of bonds, particularly interest rate, type of interest, issue price, term, denomination and conversion or warrant terms.

Creation of new conditional equity
Equity may be increased by up to EUR 26,609,675.00 through the issue of up to 26,609,675 new bearer shares with dividend entitlement from the start of the financial year of their issuance. The purpose of the conditional equity increase is to grant shares to bearers or creditors of convertible bonds, bonds with warrants, profit participation certificates or profit participation bonds (or combinations of these instruments) with conversion rights, warrants or conversion or warrant obligations issued in accordance with the aforementioned authorization insofar as the bonds are issued in return for cash.

The new shares are issued at the conversion or warrant price to be determined in accordance with the aforementioned authorization. The conditional equity increase is only to be performed to the extent to which conversion rights or warrants are exercised on the basis of Bonds issued in return for cash or to which conversion or warrant obligations are met on the basis of such bonds and provided that no other forms of fulfilment are used to service these rights.

In accordance with the resolution of the Annual General Meeting of 9 May 2012, the Management Board of CompuGroup Medical SE is authorized to stipulate further terms and conditions of the conditional increase of equity.

Amendment to the articles of association
On the basis of the resolution of the Annual General Meeting from 9 May 2012, Section 4 (6) was added to the Company's articles of association: "Equity is increased by up to EUR 26,609,675.00 (in words: twenty-six million six hundred and nine thousand six hundred and seventy-five euros) through the issue of up to 26,609,675 new bearer shares with dividend entitlement from the start of the financial year of their issuance (conditional equity 2012). The conditional equity increase is only performed to the extent to which bearers or creditors of convertible bonds, bonds with warrants, profit participation certificates or profit participation bonds exercise their conversion rights or warrants on the basis of Bonds the Company issues in return for cash up to and including 8 May 2017 as a result of the authorization resolution of the Annual General Meeting from 9 May 2012 or to the extent to which conversion or warrant obligations are met on the basis of such bonds and provided that no other forms of fulfilment are used to service these rights."

The previous Section 4 (6) of the Company's articles of association becomes Section 4 (7) of the Company's articles of association and reads as follows: "The Supervisory Board is entitled to change the wording of Section 4 (1), (2), (5) and (6) of the articles of association (amount and distribution of equity, approved capital, conditional capital) accordingly after a full or partial increase of equity or after the expiry of the authorization period in accordance with Section 4 (5) of the articles of association."

Significant agreements of the Company under the condition of a change of control and compensation agreements with the Management Board or employees in the event of a takeover offer
With respect to reporting obligations under Section 315 (4) No. 8 and 9 of the German Commercial Code (HGB), we herewith make a nil report with the following exception:

Should there be a "change-of-control" of the Group, Mr. Christian B. Teig may terminate his contract by the month-end and receive a severance payment of up to EUR 1.2 million. According to this provision, change-of-control is defined when Mr. Frank Gotthardt and his family have in total less than 30% of the shares of Compugroup Medical SE, or any other natural or legal person control more shares in Compugroup Medical SE than Frank Gotthardt and his family.

Share Repurchase Programs
Within the scope of its share repurchase program started on 09 July 2012, which authorized the purchase of up to 1,000,000 own shares, CGM SE did not acquire any own shares in the reporting period.

As of the end of the reporting period, CompuGroup Medical held 3,495,731 own shares or around 6.57 percent of equity capital.

Corporate Governance declaration
The Corporate Governance declaration pursuant to § 289a HGB is published on the company's website at http://www.cgm.com. It includes the declaration in accordance with § 161 AktG and details on key corporate governance practices and operation of management and supervisory board.

Remuneration System
The compensation report of CompuGroup Medical presents the principles for establishing Management and Supervisory Board compensation as well as the amounts and structure involved.

Compensation of the Management Board
Total compensation of members of the Management Board comprises results-independent and results-dependent components. The level of compensation is mainly dependent on the responsibilities of the particular Management Board member, his or her personal performance, and the economic situation of the Company. In addition, the success and future prospects of the Company in the appropriate field of comparison are important criteria in determining the compensation. The components of the results-independent compensation are a fixed salary and fringe benefits, while the results-dependent compensation components consist of management bonus payments.

The fixed salary, a base compensation independent of performance, is paid out monthly as salary. In addition, the members of the Management Board receive fringe benefits in the form of in-kind compensations, which consist essentially of the use of a Company car. The use of a Company car is taxable due to its attribution as a component of compensation for each member of the Management Board.

The results-dependent compensation depends on goals agreed individually with each Management Board member, including goals measured over a multi-year period (long-term incentive). For all Management Board members, the long-term incentive is based on goals related to organic growth and consolidated EBITA. The (quantitative and qualitative) targets on which the calculation of bonus payments is based and their weighting are focused on sustainable Company management in accordance with Section 87 AktG.

Loans were not made to members of the Management Board during the reporting year. No member of the Management Board received benefits or corresponding commitments from a third party in the past financial year in consideration of his or her activity as a member of the Management Board. There are no pension commitments to any of the members of the Management Board.

On 30 January 2014, the Supervisory Board of CompuGroup Medical SE appointed Frank Gotthardt for a new four and a half year term as CEO, starting 1 July 2013 and ending 31 December 2017. In addition to an annual fixed salary of EUR 660,000, Mr Frank Gotthardt is entitled to a performance related remuneration depending on the average EBITA and average organic growth rate in the fiscal year and the following two years. Because the contract term is limited to the end of 2017, the period of averaging is reduced from fiscal year 2016.

In the last year of his term (fiscal year 2017), the amount of the bonus depends also on the level of recurring revenues, which must be higher in fiscal year 2018 than in fiscal 2017. Otherwise, the bonus for the fiscal year 2017 is educed proportionally. Should Mr Frank Gotthardt during the contract period die or become permanently incapacitated, the fixed annual salary and the variable portion of compensation for a period of three months will be paid (death benefits to beneficiaries).

On 14 December 2011, the Supervisory Board of CompuGroup Medical SE appointed Christian B. Teig for a second four year term as CFO, starting 1 October 2012 and ending 30 September 2016. In addition to an annual fixed salary of EUR 300,000, Christian B. Teig has been granted a results dependent compensation of up to EUR 300,000 per year, composed of two equal components each with a maximum of EUR 150,000 per year. The first performance-based remuneration component depends on the achievement of individually defined goals for each annual fiscal year. The second performance-based compensation component is measured by the average EBITA and average organic growth in the financial year and the previous period. As fringe benefit, Christian B. Teig is also entitled to a company car with a net purchase price up to EUR 120,000. Should Christian B. Teig during the contract period become permanently disabled, the service contract is terminated six months after determination of incapacity. In the event of termination by the Company, Mr. Christian B. Teig receives a severance payment in the amount of up to EUR 1,200,000 or the amount of the total compensation that would be payable for the remaining term of the employment contract after the early termination. The service contract also includes a change of control clause (section "Information required by § 315 Section 4 of the German Commercial Code"). In the event of a change of control, Christian B. Teig has the right to cancel his contract within one month to the end of the month and the aforementioned severance payment shall be paid in full.

On 7 March 2012, the Supervisory Board of CompuGroup Medical SE appointed Uwe Eibich for a second four year term as Executive Vice President Central Europe, starting 1 January 2014 and ending 31 December 2016. In addition to an annual fixed salary of EUR 300,000, Uwe Eibich has been granted a results-dependent compensation of up to EUR 200,000 per year. The performance-related remuneration depends on the achievement of individually defined goals for each annual fiscal year. Furthermore, Mr. Uwe Eibich is entitled to an additional performance-based compensation over the contract term of up to EUR 400,000. The second performance-based compensation component is measured by the average organic growth in the region "Central Europe" over the period of appointment, which must amount to at least 4 percent per annum. With an average organic growth of 12 percent per annum, a target achievement of 100 percent applies. Uwe Eibich is also entitled to a company car with a net purchase price up to EUR 120,000. Should Mr. Uwe Eibich during the contract period die or become permanently incapacitated, the fixed annual salary and the variable portion of compensation for a period of three months will be paid (death benefits to beneficiaries). In the event of termination by the Company, Mr. Uwe Eibich receives a severance payment equal to the pro rata compensation due until the end of his term. The severance payment is limited to a maximum amount of EUR 600,000.

On 19 March 2015, the Supervisory Board of CompuGroup Medical SE appointed Frank Brecher in the new position as Chief Process Officer with effect from 1 April 2015 and ending 31 March 2019. In addition to an annual fixed salary of EUR 300,000, Frank Brecher has been granted a results dependent compensation of up to EUR 300,000 per year, composed of one component equal to maximum EUR 200,000 per year and the second equal to maximum EUR 400,000 over the contract period. The first performance-based remuneration component depends on the achievement of individually defined goals for each annual fiscal year. The second performance-related remuneration component is based on EBITA and organic growth. Frank Brecher is also entitled to a company car with a net purchase price up to EUR 120,000. Should Mr. Frank Brecher during the contract period die or become permanently incapacitated, the fixed annual salary and the variable portion of compensation for a period of three months will be paid (death benefits to beneficiaries). In the event of termination by the Company, Mr. Frank Brecher receives a severance payment equal to the pro rata compensation due until the end of his term. The severance payment is limited to a maximum amount of EUR 900,000.

Management board compensation tables

	Frank Gotthardt CEO Joined Management Board: 29.09.1993					
	Benefits granted (EUR)				Inflows	
TEUR	2014	2015	2015 (min.)	2015 (max.)	2014	2015
Fixed compensation	660,000	660,000	660,000	660,000	660,000	660,000
Fringe benefits	1,300	1,300	1,300	1,300	1,300	1,300
Total	**661,300**	**661,300**	**661,300**	**661,300**	**661,300**	**661,300**
One-year variable compensation	0	0	0	663,000	662,790	0
Multi-year variable compensation						
Long-term incentive (01.10.12-30.09.16)	1,364,000	1,705,000	0	–	497,217	1,081,000
Other					0	0
Total	**2,025,300**	**2,366,300**	**661,300**	**–**	**1,821,307**	**1,742,300**
Service cost	0	0	0	0	0	0
Total	**2,025,300**	**2,366,300**	**661,300**	**–**	**1,821,307**	**1,742,300**

	Christian B. Teig CFO Joined Management Board: 01.10.2008					
	Benefits granted (EUR)				Inflows	
TEUR	2014	2015	2015 (min.)	2015 (max.)	2014	2015
Fixed compensation	300,000	300,000	300,000	300,000	300,000	300,000
Fringe benefits	38,415	38,415	38,415	38,415	38,415	38,415
Total	**338,415**	**338,415**	**338,415**	**338,415**	**338,415**	**338,415**
One-year variable compensation	150,000	140,000	0	150,000	150,000	140,000
Multi-year variable compensation						
Long-term incentive (01.10.12-30.09.16)	105,000	115,000	0	150,000	132,750	100,545
Other					0	0
Total	**593,415**	**593,415**	**338,415**	**638,415**	**621,165**	**578,960**
Service cost	0	0	0	0	0	0
Total	**593,415**	**593,415**	**338,415**	**638,415**	**621,165**	**578,960**

	Uwe Eibich EVP Germany, Austria, Switzerland Joined Management Board: 01.01.2007					
	Benefits granted (EUR)				Inflows	
TEUR	2014	2015	2015 (min.)	2015 (max.)	2014	2015
Fixed compensation	300,000	300,000	300,000	300,000	300,000	300,000
Fringe benefits	35,660	36,329	36,329	36,329	35,660	36,329
Total	**335,660**	**336,329**	**336,329**	**336,329**	**335,660**	**336,329**
One-year variable compensation	150,000	140,000	0	200,000	100,000	200,000
Multi-year variable compensation						
Long-term incentive (01.10.12-30.09.16)	100,000	50,000	0	100,000	50,000	50,000
Other					0	0
Total	**585,660**	**526,329**	**336,329**	**636,329**	**485,660**	**586,329**
Service cost	0	0	0	0	0	0
Total	**585,660**	**526,329**	**336,329**	**636,329**	**485,660**	**586,329**

	Frank Brecher CPO Joined Management Board: 01.04.2015					
	Benefits granted (EUR)				Inflows	
TEUR	2014	2015	2015 (min.)	2015 (max.)	2014	2015
Fixed compensation		225,000	225,000	225,000		225,000
Fringe benefits		19,221	19,221	19,221		19,221
Total		**244,221**	**244,221**	**244,221**		**244,221**
One-year variable compensation		130,000	0	150,000		
Multi-year variable compensation						
Long-term incentive (01.10.12-30.09.16)		75,000	0	75,000		
Other						
Total		**449,221**	**244,221**	**469,221**		**244,221**
Service cost		0	0	0		0
Total		**449,221**	**244,221**	**469,221**		**244,221**

2015 amounts for Frank Brecher are for 9 months.

Regarding the disclosure of management board compensation according §285 Nr 9a HGB und §314 Abs 1 Nr 6a HGB we refer to the notes to the consolidated financial statements.

Compensation of the Supervisory Board
There was no change in the composition and functions of the Supervisory Board in the 2015 financial year.

The compensation of the Supervisory Board was established by the Annual General Meeting and is regulated by Section 16 of the Company's articles of association. The compensation is geared to the functions and the responsibilities of the members of the Supervisory Board as well as to the Group's economic success.

The compensation of the Supervisory Board is based on an annual fixed amount. In the past financial year, there was no change in the amount of compensation of the individual members of the Supervisory Board compared to the previous year.

The chairman of the Supervisory Board receives one and a half times the compensation granted to the other members of the Supervisory Board. Accordingly, the Chairman of the Supervisory Board receives a fixed amount of EUR 60 thousand while all other members receive EUR 40 thousand each. All other expenses arising from the members' activities on the Supervisory Board are also recompensed (notably travel expenses). This results in the following allocation for the reporting year:

Supervisory Board compensation 2014

Name	Supervisory Board compensation EUR
Prof. Dr. Steffens, Klaus (Chairman until 14.05.2014)	25,000
Dr. Esser, Klaus (Chairman since 14.05.2014)	53,334
Dr. Flach, Ulrike (since 14.05.2014)	26,666
Dr. Gotthardt, Daniel	40,000
Prof. Dr. Hinz, Rolf	40,000
Lange, Mathias (until 14.05.2014)	16,667
Glass, Ralf (until 14.05.2014)	16,667
Wild, Lothar (since 14.05.2014)	26,666
Grüner, Karl (since 14.05.2014)	26,666
Total	**271,666**

Supervisory Board compensation 2015

Name	Supervisory Board compensation EUR
Dr. Esser, Klaus (Chairman)	60,000
Dr. Flach, Ulrike	40,000
Dr. Gotthardt, Daniel	40,000
Prof. Dr. Hinz, Rolf (until 06.02.2015)	6,667
Rene Obermann (since 20.03.2015)	33,333
Wild, Lothar	40,000
Grüner, Karl	40,000
Total	**260,000**

Additional compensation is paid to employee representatives on the Supervisory Board for activities outside the Supervisory Board at arm's length terms and conditions. No individual disclosures are made in this respect as these payments are deemed as not being of a material nature.

Dependency Report
Pursuant to § 312 AktG, the Board has submitted to the Supervisory Board the prescribed report on relations with affiliated companies (dependency report), including the declaration pursuant to § 312 para 3 of the AktG. The corporation has, based on the circumstances that were known to the Board at the time at which the transactions were made, received an appropriate consideration for each such transaction. Reportable actions according to § 312 AktG are not present.

Consolidated Statement of Financial Position
as at 31 December 2015

Assets

	Notes	31.12.2015 EUR '000	Adjusted 31.12.2014 EUR'000	Adjusted 01.01.2014 EUR'000
Non-current assets				
Intangible assets	(1)	543,967	517,541	486,149
Property, plant and equipment	(2)	60,394	62,054	61,224
Interests in affiliates (valued at-equity)	(3)	2,953	854	637
Other investments	(3)	261	140	130
Trade receivables	(6)	8,982	8,332	8,915
Other financial assets	(7)	2,281	2,789	1,831
Derivative financial instruments	(17)	0	0	6,056
Deferred taxes	(4)	7,948	3,376	2,555
		626,786	**595,086**	**567,497**
Current assets				
Inventories	(5)	6,515	5,877	4,185
Trade receivables	(6)	111,187	96,760	75,861
Other financial assets	(7)	2,269	3,635	2,723
Other non-financial assets	(8)	13,932	9,496	8,771
Income tax claims	(4)	4,560	5,133	8,547
Securities (recognized as profit or loss at fair value)	(9)	150	95	665
Cash and cash equivalents	(10)	25,057	21,465	23,453
		163,670	**142,461**	**124,205**
Assets qualified as held for sale		1,222	0	381
		164,892	**142,461**	**124,586**
		791,678	**737,547**	**692,083**

Consolidated Statement of Financial Position
as at 31 December 2015 continued

Equity and Liabilities

	Notes	31.12.2015 EUR '000	Adjusted 31.12.2014 EUR '000	Adjusted 01.01.2014 EUR '000
Equity	(12)			
Subscribed capital		53,219	53,219	53,219
Treasury shares		-20,292	-20,292	-20,292
Reserves		159,364	142,741	153,995
Capital and reserves allocated to the shareholder of the parent company		**192,291**	**175,668**	**186,922**
Minority interests		319	-41	-4,102
		192,610	**175,627**	**182,820**
Non-Current liabilities				
Pensions and other non-current provisions	(13)	21,945	20,543	13,138
Liabilities to banks	(14)	310,158	336,437	278,108
Purchase price liabilities	(15)	4,632	3,539	2,573
Derivative financial instruments	(18)	0	0	7,852
Other financial liabilities	(18)	15,923	7,600	1,333
Other non-financial liabilities	(18)	3,915	3,898	3,145
Deferred taxes	(4)	48,418	49,212	47,603
		404,991	**421,229**	**353,752**
Current liabilities				
Liabilities to banks	(14)	41,934	19,943	43,559
Trade payables	(16)	27,349	25,439	23,076
Income tax liabilities	(4)	35,136	10,449	14,645
Provisions	(17)	29,083	30,834	24,172
Purchase price liabilities	(15)	9,180	8,987	9,394
Derivative financial instruments	(18)	0	4,763	0
Other financial liabilities	(18)	18,418	10,072	6,315
Other non-financial liabilities	(18)	32,977	30,204	34,147
		194,077	**140,691**	**155,308**
Liabilities related to assets held for sale				203
		194,077	**140,691**	**155,511**
		791,678	**737,547**	**692,083**

Consolidated Income Statement

	Notes	2015 EUR '000	Adjusted 2014 EUR '000
Sales revenue	(19)	543,066	515,104
Capitalized in-house services	(20)	9,615	9,202
Other income	(21)	3,859	12,721
Expenses for goods and services purchased	(22)	-100,511	-99,232
Personnel costs	(23)	-250,626	-248,288
Other expenses	(24)	-93,084	-93,304
Earnings before interest, taxes depr. and amortization (EBITDA)		**112,319**	**96,203**
Depreciation of property, plants and tangible assets	(25)	-7,798	-7,809
Earnings before interest, taxes and amortization (EBITA)		**104,521**	**88,394**
Amortization of intangible assets	(25)	-36,747	-34,972
Earnings before interest and taxes (EBIT)		**67,774**	**53,422**
Results from associates recognised at equity	(26)	-911	19
Financial income	(27)	14,136	12,981
Financial expense	(27)	-18,795	-22,444
Earnings before taxes (EBT)		**62,204**	**43,978**
Income taxes for the period	(28)	-23,582	-20,196
Results from continued operations		**38,622**	**23,782**
Profit for the period from discontinued operations		0	-20
Consolidated net income for the period		**38,622**	**23,762**
of which: allocated to parent company		**38,494**	**26,003**
of which: allocated to minority interests		**128**	**-2,241**
Earnings per share from continuing operations	(29)		
undiluted (EUR)		**0.77**	**0.52**
diluted (EUR)		**0.77**	**0.52**
Additional information:			
Cash net income (EUR)*		**72,865**	**55,461**
Cash net income* per share (EUR)		**1.47**	**1.12**

* Definition Cash Net Income: net income before minority interests plus amortization on intangible assets except amortization on in-house capitalized software.

(The appended notes are an integral part of the consolidated financial statements)

Consolidated Statement of Comprehensive Income

	Notes	2015 EUR '000	Adjusted 2014 EUR '000
Consolidated net income for the period after correction according IAS 8.42 ff.		**38,622**	**23,762**
Items that will not be reclassified to profit/loss:			
Actuarial gains and losses from pensions			
Changes in actuarial gains and losses	(13)	-893	-3,969
Deferred income taxes	(4)	120	1,082
		-773	**-2,887**
Items that may be reclassified to profit/loss:			
Cashflow Hedges			
of which: in equity	(12)	0	-1,176
of which: income (recycling)	(12)	0	9,028
Deferred income taxes	(4)	0	-2,356
		0	**5,496**
Currency conversion differences			
of which: in equity	(12)	-3,284	-11,447
of which: income (recycling)		0	0
		-3,284	**-11,447**
		-3,284	**-5,951**
Operating income and expense recognized directly in equity		**-4,057**	**-8,838**
Total result of the period		**34,565**	**14,924**
of which: allocated to parent company		**34,437**	**17,165**
of which: allocated to minority interests		**128**	**-2,241**

(The appended notes are an integral part of the consolidated financial statements)

Changes in Consolidated Equity

	Share capital EUR '000	Treasury shares EUR '000	Reserves EUR '000	Accumulated other operating income: Cashflow hedges EUR '000	Accumulated other operating income: Currency conversion EUR '000	Equity attributable to shareholders of CGM SE EUR '000	Non-controlling interest EUR '000	Consolidated equity EUR '000
Balance as at 01.01.2014*	**53,219**	**-20,292**	**166,945**	**-5,457**	**-7,493**	**186,922**	**-4,102**	**182,820**
Group net income	**0**	**0**	**26,003**	**0**	**0**	**26,003**	**-2,241**	**23,762**
Other results								
Changes in the fair value of cashflow hedges	0	0	0	1,335	0	1,335	0	1,335
Reversal of cashflow hedges	0	0	0	4,161	0	4,161	0	4,161
Actuarial gains and losses	0	0	-2,887	0	0	-2,887	0	-2,887
Currency conversion differences	0	0	0	0	-11,447	-11,447	0	-11,447
Total result of the period	**0**	**0**	**23,116**	**5,496**	**-11,447**	**17,165**	**-2,241**	**14,924**
Transactions with shareholders								
Capital contributions	0	0	0	0	0	0	0	0
Dividend payment	0	0	-17,403	0	0	-17,403	0	-17,403
Non-controlling interests from acquisitions	0	0	0	0	0	0	0	0
Additional purchase of shares from non-controlling interests after control	0	0	-11,127	0	0	-11,127	6,430	-4,697
Issue of treasury shares	0	0	0	0	0	0	0	0
	0	**0**	**-28,530**	**0**	**0**	**-28,530**	**6,430**	**-22,100**
Other changes (Previous year: Changes in scope of consolidation)	**0**	**0**	**190**	**-39**	**-40**	**111**	**-128**	**-17**
Balance as at 31.12.2014 adjusted	**53,219**	**-20,292**	**161,721**	**0**	**-18,980**	**175,668**	**-41**	**175,627**
Group net income	**0**	**0**	**38,494**	**0**	**0**	**38,494**	**128**	**38,622**
Other results								
Changes in the fair value of cashflow hedges	0	0	0	0	0	0	0	0
Reversal of cashflow hedges	0	0	0	0	0	0	0	0
Actuarial gains and losses	0	0	-773	0	0	-773	0	-773
Currency conversion differences	0	0	0	0	-3,284	-3,284	0	-3,284
Total result of the period	**0**	**0**	**37,721**	**0**	**-3,284**	**34,437**	**128**	**34,565**
Transactions with shareholders								
Capital contributions	0	0	0	0	0	0	0	0
Dividend payment	0	0	-17,403	0	0	-17,403	-29	-17,432
Non-controlling interests from acquisitions	0	0	0	0	0	0	0	0
Additional purchase of shares from non-controlling interests after control	0	0	-261	0	0	-261	261	0
Issue of treasury shares	0	0	0	0	0	0	0	0
	0	**0**	**-17,664**	**0**	**0**	**-17,664**	**232**	**-17,432**
Other changes (Previous year: Changes in scope of consolidation)	**0**	**0**	**-150**	**0**	**0**	**-150**	**0**	**-150**
Balance as at 31.12.2015	**53,219**	**-20,292**	**181,628**	**0**	**-22,264**	**192,291**	**319**	**192,610**

*after correction according IAS 8.42 ff.

(The appended notes are an integral part of the consolidated financial statements)

Cash Flow Statement
as at 31 December 2015

	Notes	2015 EUR '000	Adjusted 2014 EUR '000
Group net income		**38,622**	**23,762**
Amortization of intangible assets, plant and equipment	(25)	44,544	42,781
Earnings on sales of fixed assets	(20)	-176	-8,500
Change in provisions (including income tax liabilities)		23,495	-1,184
Change in deferred taxes	(28)	-11,554	-2,284
Other non-cash earnings/expenditures		-11,966	-6,765
		82,965	**47,810**
Change in inventories	(5)	-584	-685
Change in trade receivables	(6)	-12,983	-7,054
Change in income tax receivables		694	2,121
Change in other assets		-2,470	-2,379
Change in trade payables		1,456	-3,070
Change in other liabilities		4,169	-4,803
Cash flow from operating activities		**73,247**	**31,940**
Cash inflow from disposals of intangible assets		82	132
Cash outflow for capital expenditure in intangible assets		-17,602	-16,844
Cash inflow from disposals of sales of property, plant and equipment		544	523
Cash outflow for capital expenditure in property, plant and equipment		-6,835	-8,081
Cash inflow from disposals of business units		0	9,000
Cash outflow for acquisition in prior periods		-32,103	-40,649
Cash outflow for prepayments to purchase companies	(15)	-940	-1,352
Cash outflow for capital expenditures in joint ventures		-3,782	0
Cash flow from investing activities		**-60,636**	**-57,271**
Dividends paid	(12)	-17,403	-17,403
Capital contributions from Non-controlling interests	(12)	0	0
Purchase of minority interest	(12)	-150	-280
Cash inflow from assumption of loans	(14)	69,595	343,249
Cash outflow from the repayment of loans	(14)	-61,105	-302,447
Cash flow from financing activities		**-9,063**	**23,119**
Cash and cash equivalents at the beginning of the period	(10)	21,465	23,453
Change in cash and cash equivalents		3,548	-2,212
Change in cash and cash equivalents due to exchange rate fluctuations		44	224
Cash and cash equivalents at the end of the period	(10)	**25,057**	**21,465**
Interest paid		16,873	19,070
Interest received		829	732
Income tax paid		13,299	23,463

(The appended notes are an integral part of the consolidated financial statements)

Consolidated Notes
for the 2015 Financial Year

A. General disclosures
At the shareholders' meeting in May 2015 the shareholders of the Company decided to turn the legal structure of the ultimate parent company CompuGroup Medical AG into a European Company (lat. Societas Europaea, SE). The entry in the commercial register of this transformation occurred on 20 February 2016 at the Koblenz Municipal Court. Because of the registration within the reporting period, the transformation occurred already in the present Consolidated Notes. The ultimate parent company is now named CompuGroup Medical SE.

a) Company information
CompuGroup Medical SE (also referred to in the following as the "Company" or "CGM") is a European Company registered in Germany in the Commercial Register of the Koblenz Municipal Court under HRB No. 4358. The Company is the ultimate parent company of the Group. The registered office of the Company is located at Maria Trost 21, 56070 Koblenz. The purpose of the Company and its principal activities can be characterized as follows:

The Group is currently divided into three business segments – Health Provider Services I (HPS I), Health Provider Services II (HPS II), as well as Health Connectivity Services (HCS). These segments form the basis for the Company's segment reporting. As of the 2012 financial year, the business area Health Provider Services (HPS) is divided according to relevant customer and product groups Practice Software (HPS I) and Clinic Software (HPS II).

HPS I: Development and sale of software solutions for physicians and dentists in their practices as well as for pharmacies and laboratories.
HPS II: Development and sale of software solutions for hospitals.
HCS: Networking service providers (physicians, dentists, hospitals, and pharmacies) with other important market participants in the healthcare sector, such as sponsors, pharmaceutical companies and research institutes. In addition, an Internet Provider Service is offered to physicians and other participants in healthcare.

b) Reporting principles and fundamental principles
These consolidated financial statements combine the financial statements of CompuGroup Medical SE and its subsidiaries (also referred to in the following as the "Company" or "CGM Group"). As in the prior year, the consolidated financial statements as of 31 December 2015 of CGM Group were prepared in accordance with Section 315a Handelsgesetzbuch (HGB – German Commercial Code) and in compliance with the International Financial Reporting Standards (IFRS).

According to the reporting year 2015 the binding International Financial Reporting Standards (IFRS) previously International Accounting Standards (IAS) – and the interpretations of the International Financial Interpretations Committee (IFRS IC) – previously the Standing Interpretations Committee (SIC) – as applicable in the EU have to be applied. The application of individual standards is described in the comments on the individual items in the consolidated financial statement.

The commercial regulations to be applied pursuant to Section 315a HGB were also observed.

The consolidated financial statements for 2015 were prepared by the Management Board and will be examined by the audit committee on 17 March 2016. They are expected to be examined, approved and cleared for publication by the Supervisory Board at its meeting on 17 March 2016.

The consolidated financial statements are stated in thousands of Euro (EUR '000) unless otherwise stated. Smaller deviations in absolute figures and in the calculation of percentages may occur due to rounding.

The income statement for the Group and the consolidated balance sheet correspond to the organizational requirements of IAS 1, while the income statement is structured according to the total expense method.

Individual subsidiaries of the Group are instructed by the Group accounting policy to proceed using the same accounting and measurement principles.

The consolidated financial statements are primarily based on the historical cost principle. Unless stated otherwise, assets and liabilities are carried on the basis of historical cost, less necessary value reductions (fair value).

The estimates and assumptions underlying the presentation of the consolidated financial statements under IFRS effect the valuation of assets (goodwill; deferred tax assets) and debts (accruals; purchase price liabilities), the declaration of contingent liabilities and liabilities at the respective balance sheet dates and the extent of income and expenses for the reporting periods. Although these assumptions and estimates have been made to the best of the Executive Board's knowledge, the actual results can deviate from these estimations.

c) Error correction
After the assessment of paid gratifications, the result acts as company practice. That means that despite of missing commitments with employees a liability will arise. Therefore, there had to be an accounting of the gratification provisions in the years before. Because of the amount of the non-added provisions, we assess this error as substantial according to IAS 8.42 ff. Therefore we have to correct it backdated according IAS 8.42 ff.

The accrued errors have to be corrected as follows:

i. Consolidated Balance Sheet
01 January 2014

EUR '000	Impact of error corrections As previously reported	Adjustment	Adjusted
Deferred taxes	1,764	791	2,555
Other assets	689,528	0	689,528
Total assets	**691,292**	**791**	**692,083**
Pensions and other non-current provisions	10,500	2,638	13,138
Other liabilities	496,125	0	496,125
Total liabilities	**506,625**	**2,638**	**509,263**
Reserves	155,842	-1,847	153,995
Other equity components	28,825	0	28,825
Equity	**184,667**	**-1,847**	**182,820**

31 December 2014

EUR '000	Impact of error correction As previously reported	Adjustment	Adjusted
Deferred taxes	2,442	934	3,376
Other assets	734,171	0	734,171
Total assets	**736,613**	**934**	**737,547**
Pensions and other non-current provisions	17,428	3,115	20,543
Other liabilities	541,377	0	541,377
Total liabilities	**558,805**	**3,115**	**561,920**
Reserves	144,922	-2,181	142,741
Other equity components	32,886	0	32,886
Equity	**177,808**	**-2,181**	**175,627**

ii. Consolidated Statement of Comprehensive Income
1. January till 31. December 2014

EUR '000	Impact of error correction As previously reported	Adjustment	Adjusted
Personnel expenses	-247,811	-477	-248,288
Income tax	-20,339	143	-20,196
Other parts of the consolidated statement of comprehensive income	292,246	0	292,246
Profit	**24,096**	**-334**	**23,762**
Total result of the period	**15,258**	**-334**	**14,924**
Earnings per share:			
undiluted (EUR	0.53	-0.01	0.52
diluted (EUR)	0.53	-0.01	0.52
Cash Net Income	55,795	-334	55,461
Cash Net Income per share (EUR)	1.12	0	1.12

There are no essential effects on the total cash flow as a result of the operational activity as well as on the investment or financing activity during the period from January 1 until December 31, 2015 respectively the period from January 1 until December 31, 2014.

This has consequences on the following notes:
- E. 4c) Deferred tax assets and liabilities
- E. 4d) Tax loss carried forward
- E. 12c) Reserves (equity reserves, retained earnings and dividends in respect of equity instruments)
- E. 13) Retirement plans and provisions for post-employment benefits
- E. 23a) Personnel expenses
- E. 28) Income taxes
- E. 29) Earnings per share
- G. Other disclosures

The balance sheet position provisions for post-employment benefits was renamed to provisions for post-employment benefits and other non-current provisions during the error correction in accordance with IAS 8.

B. Principle accounting and measurement methods

a) Principles for the preparation of the consolidated financial statements

The consolidated financial statements of CGM were prepared on the basis of historical cost. This principle does not apply to certain financial instruments that are measured at revaluation amount or at fair value as at the balance sheet date. Details are provided accordingly in the explanation of the respective accounting and measurement methods.

In general, historical cost is based on the fair value of the service exchange for the asset.

Fair value is the amount that would be paid for an asset or paid to transfer a liability between market participants at the measurement date. This applies irrespective of whether the amount is directly observed on the market or estimated on the basis of a best possible measurement method.

When measuring the fair value of an asset or a liability, the Group takes into account certain characteristics of the asset or the liability, such as the condition and location of the asset or restrictions on the sale of use of the asset, provided that the market participants also took these characteristics into account when determining the purchase price of an asset or the transfer of a liability as at the balance sheet date. In these consolidated financial statements, the fair value to be applied for the measurement and/or disclosure requirements is generally determined on the basis of the previously-described principles. The only exceptions are:
- Share-based payment within the scope of IFRS 2 "Share-based Payment",
- Leases that fall within the scope of IAS 17 "Leases", and
- Assessment criteria similar but not equal to fair value. This includes, among other things, net realizable value in IAS 2 "Inventories" or value in use in IAS 36 "Impairment of Assets".

Fair value is not always available as a market value, which often necessitates a determination based on various measurement parameters. Subject to the availability of observable parameters and the relevance of these parameters for determining the fair value in the aggregate, the fair value is to be classified as level 1, 2 or 3. The level to which the fair value is classified depends on the following stipulations:
- Level 1 parameters are quoted prices in active markets for identical assets or liabilities. As is the case with the currently applicable IFRS, CGM Group uses these quoted prices, where available and without any adjustment, to determine fair value.
- Level 2 parameters are other observable factors.
- Level 3 parameters are unobservable input parameters that need to be developed further so as to illustrate assumptions by those market participants who would apply this when determining an appropriate price for the asset/liability.

b) New and revised standards, interpretations and amendments to published standards applied for the first time in 2015

The methods of accounting and evaluation applied correspond in principle to those used in the previous year. For new IFRS standards applicable for the first time in the 2015 financial year, the effects on CGM Group's accounting and evaluation methods are outlined below:

Standard (Issue date)	Subject matter	Effective for financial years beginning on or after (EU)
Annual Improvements to IFRS 2011-2013 Cycle (12 December 2013)	The annual improvement process refers to the following standards: IFRS 1, IFRS 3, IFRS 13 and IAS 40.	1 January 2015
IFRIC 21 Levies (20 May 2013)	This Interpretation provides guidance on when to recognise a liability for a levy imposed by a government. It covers the recognition of levies imposed in accordance with laws or regulations.	17 June 2014

Improvements to the International Financial Reporting Standards (Improvements Project 2011-2013)
Provisions from the annual improvements project containing amendments to the standards were published in December 2013. From January 1, 2015 the CGM Group will execute these amendments.

IFRS 1 – First-time Adoption of the International Financial Reporting Standards
An amendment to the "Basis for Conclusions" clarifies the importance of the "effective date" in relation to IFRS 1. In the event that two versions of a standard exist on the date of transition to IFRS – a current version and a version that will only become mandatory in the future but that may also be applied earlier, entities applying IFRS for the first time may choose which of the two versions to apply. The version selected must then – subject to deviating provisions in IFRS 1 – be applied to all periods presented in the financial statements.

IFRS 3 – Business Combinations
According to IFRS 3 there is an amendment which describes the exception of joint ventures recently. On the one hand it states that the exception of all joint arrangements has to be executed according to IFRS 11. On the other hand this exception only refers to the financial statements of the joint venture or to the joint arrangements themselves and not even to the own accounting of the parties involved.

IFRS 13 – Fair Value Measurement
IFRS 13.48 authorized companies, which control a group of financial liabilities and financial assets on the basis of its net market risk or net default risk, to determine the fair value of these in compliance with the assessment of the net exposure by market participants at the valuation date (so-called portfolio exception).
The amendment clarifies that the exception of the Fair Value Measurement refers to all commitments at the area of application according IAS 39 or IFRS 9, also if these are no financial assets or financial liabilities according IAS 32 (like specific contracts about purchasing or sailing non-financial positions, which could be transferred into cash or other financial instruments).

IAS 40 – Investment Property
The amendment clarifies that the scope of IAS 40 "Investment Property" and IFRS 3 "Business Combinations", are independent of one another, meaning that they cannot mutually exclude one another under any circumstances. Consequently, each acquisition of investment property is to be assessed on the basis of IFRS 3 criteria to determine whether the acquisition relates to a single asset, a group of assets or a business within the scope of IFRS 3. The criteria of IAS 40.7 et seq. are also to be applied to determine whether these relate to investment property or owner-occupied property.

As a result of these amendments there are no quantitative effects on the group financial statement.

IFRIC 21 – Levies
The introduction of IFRIC 21 sees the IASB addressing the question of the accounting of public levies that do not constitute income taxes within the meaning of IAS 12 "Income Taxes". In particular, IFRIC 21, stipulates when obligations to pay such levies are to be recognized as liabilities in the financial statements. IFRIC 21 provides guidance on when to recognize a liability for a levy imposed by a government. The obligating event for the recognition of a liability is recognized as the activity that triggers the payment of the levy in accordance with the relevant legislation. Only when the obligating event takes place are levies to be recognized in the balance sheet. The obligating event can also occur successively over a period of time, meaning that the liability is to be recognized on a pro rata basis.

In the EU, IFRIC 21 enters into force for reporting periods beginning on or after 17 June 2014; however, this may be applied earlier, meaning that entities in the EU can also comply with the coming into force of the IASB (1 January 2014).

With one of its subsidiary companies in France the CGM Group underlies the exercise of IFRIC 21. This includes a delivery relative to the revenue of the company, in which the liability of this delivery doesn't arise before the marginal value. With the achieving of this marginal value, we started with the proportional creation of the provision for the delivery.

c) Exercising standards, interpretations and amendments of published standards which are already transposed into European legislation ("Endorsement")

Standard (Issue date)	Subject matter	Effective for financial years beginning on or after (EU)
Amendments to IAS 19 (Defined Benefit Plans: Employee Contributions) (21 November 2013)	The amendments apply to the recognition of employee contributions to defined benefit retirement plans. Their objective is to simplify accounting for employee contributions that are independent of the number of years of service.	1 February 2015
Annual Improvements to IFRS 2010–2012 Cycle (12 December 2013)	The annual improvement process refers to the following standards: IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, IAS 37, IAS 38 and IAS 39.	1 February 2015
IAS 27, amendment (12 August 2014)	Equity method in Separate Financial Statements	1 January 2016
IAS 16 and IAS 41, amendment (30 June 2014)	Agriculture: Bearer Plants	1 January 2016
IAS 16 and IAS 38, amendment (12 May 2014)	Clarification of Acceptable Methods of Depreciation and Amortization	1 January 2016
IFRS 11, amendment (6 May 2014)	The amendment clarifies that the acquisition and additional acquisition of interests in joint operations in which the activity constitutes a business, as defined in IFRS 3 Business Combinations, must be recognised in accordance with the principles governing business combinations accounting in IFRS 3 and other relevant IFRSs, with the exception of those principles that conflict with the requirements of IFRS 11.	1 January 2016
Amendments to IAS 1 (Presentation of Financial Statements) (18 December 2014)	The changes comprise clarifications relating to the materiality of the items presented in the balance sheet, the statement of comprehensive income, the cash flow statement, the statement of changes in equity and the disclosures in the notes.	1 January 2016
Annual Improvements to IFRS (2012-2014 Cycle) (25 September 2014)	The annual improvement process refers to the following standards: IFRS 5, IFRS 7, IAS 19, IAS 34	1 January 2016

IAS 19 Employee Benefits – Defined Benefits Plans: Employee Contributions
In November 2013, the IASB published an adjustment to IAS 19R (2011) "Employee Benefits", which adds an option as to the accounting of defined benefit plans – in which employees (or third parties) participate in the form of mandatory contributions – to the standard.

IAS 19R (2011) provides for employer contributions, which are specified in the formal provisions of a defined benefit plan and linked to job performance, to be allocated to years of service as negative contributions. This guideline is generally in line with the projected unit credit method, that is to say the projection of (in this case negative) contributions and the allocation to entitlement periods (project and prorate). Whereas it was usual prior to the entry into force of IAS 19R (2011) to take into consideration employee contributions when determining benefit obligations at the amount paid in, the application of IAS 19R (2011) may make it necessary to perform very complex calculations.

Taking into account the published adjustment of IAS 19R (2011) it is permissible to continue to recognize employee contributions linked to work performed – but not the number of years of service – in the period in which the corresponding work was performed without following the described calculation and allocation method using the projected unit credit method. This applies in particular to the following:
– Contributions in the amount of a fixed percentage of the salary for the current year,
– Fixed contributions during the employee's entire period of service, as well as
– Contributions the amount of which depends exclusively on the employee's age.

However, if employee contributions vary depending on the number of years in service, the described calculation and allocation method using the projected unit credit method must be applied.

This amendment must be applied for the first time to financial years starting on or after 1 February 2015. It may be applied earlier. CGM Group does not follow the optional early implementation in the financial year 2015. Out of the first time application of IAS 19R (2011) significant changes in the accounting of defined benefit plans are not expected by CGM group.

Improvements to the International Financial Reporting Standards (Improvements Project 2010-2012)
In December 2013 regulations for the improvement project were published which contain the following amendments of the standards:

IFRS 2 – Share-based Payment
The amendment includes a clarification of the definition of "vesting conditions", which sees separate definitions for "performance conditions" as well as "service conditions" being added to Appendix A of the standard. Performance conditions are vesting conditions that require both the completion of a specified period of service as well as the meeting of certain performance targets within this period

of service. The performance targets are to be determined by taking into account the entity's activities or the value of its equity instruments (including shares and options). These can relate to both the overall performance of the entity and the performance of parts of the entity or individual employees. Unlike vesting conditions, service conditions on the other hand require only the completion of a specified period of service and do not include any performance targets. The vesting conditions are deemed not to have been concluded if the employee leaves before this period of service has been completed.

The definition of "market conditions" also clarifies that these do not relate to performance conditions that depend on the market price or value of the entity's equity instruments, but instead to performance conditions that depend on the market price or value of the equity instruments of another entity in the group.

The amendment shall apply prospectively to share-based payment granted on or after 1 July 2014. It may be applied earlier.

IFRS 3 – Business Combinations
In IFRS 3.40 the reference to "other applicable IFRSs" was eliminated, because it wasn't clear in which cases it is to classify an obligation to pay contingent consideration as a financial liability or as equity.

The wording of IFRS 3.40 was amended in such a way that it only applies to contingent consideration within the scope of business combinations and if this meets the definition of a financial instrument.

On the other hand, the regulation of IFRS 3.58 relating to the subsequent measurement of contingent consideration was misleading as it stipulated that contingent consideration not classified as equity be measured at fair value while at the same time referring to IFRS 9 (or IAS 39), IAS 37 or other IFRS which, under some circumstances, do not require measurement at fair value.

The amendment to this paragraph and the corresponding consequential amendments to IFRS 9, IAS 39 and IAS 37 now stipulate that all contingent consideration not classified as equity be subsequently measured at fair value with all resulting effects posted in the income statement.

The amendment should be applied prospectively to all business combinations acquired on or after 1 July 2014. This may be voluntarily applied earlier, but the consequential amendments to IFRS 9 (or IAS 39) and IAS 37 must then also be applied at the same time. Early application of this amendment in the CGM Group is not implemented.

IFRS 8 – Operating Segments
The following clarifications were added to IFRS 8 "Operating Segments":
– When aggregating operating segments into reportable segments, management must state the underlying considerations used to identify reportable segments (a short description of the aggregated operating segments, economic factors that were used to determine "similar economic characteristics" within the meaning of IFRS 8.12) and
– A reconciliation of segment assets with the corresponding amounts in the balance sheet is only required if the disclosures of segment assets are included in the financial information that is regularly reported to the chief operating decision maker.

This amendment must be applied retrospectively for the first time to financial years starting on or after 1 July 2014. It may be voluntarily applied earlier.

There is no application of an early amendment in the Group. The CGM Group assumes that the first time application of the amendment according IFRS 8 will result in comprehensive commentary in the consolidated notes.

IFRS 13 – Fair Value Measurement
An amendment to the "Basis for Conclusions" of IFRS 13 clarifies that the IASB did not want the amendments to IFRS 9 and IAS 39 resulting from the amendment to IFRS 13 to eliminate the option of waiving the discounting of immaterial current receivables and liabilities.

This amendment must be applied for the first time to financial years starting on or after 1 July 2014. It may be voluntarily applied earlier. The CGM Group does not execute an earlier application.

IAS 16 – Property, Plant and Equipment/IAS 38 – Intangible Assets
The amendment clarifies how cumulated depreciation at the time of valuation is to be determined when applying the revaluation model pursuant to IAS 16.35 and IAS 38.80.

The amendment to IAS 16.35(a) takes account of the fact, for example, that the revaluation can, on the basis of available market data, result in changes to the gross carrying amount and the carrying amount. This would then not result in a proportional change in cumulative depreciation. Instead, the change in depreciation results from the difference between the revalued amounts. Moreover, impairment losses in previous periods can result in a non-proportional change in depreciation. Here, too, the revaluation of the gross carrying amount and the carrying amount – taking into account impairment losses – will not result in a proportional change in depreciation.

This amendment must be applied for the first time to financial years starting on or after 1 July 2014. It may be voluntarily applied earlier. The transitional provisions stipulate that the amendment only applies to revaluations conducted in financial years that start on or after the date of the first-time adoptions or such that were conducted in the period immediately preceding. The CGM Group does not execute an earlier application. In addition the CGM Group expects that there are no effects on the group financial statement.

IAS 24 – Related Party Disclosures
The amendment expands the definition of "related parties" to include entities that provide compensation for the reporting entity's key management personnel – either directly or indirectly via a group company – without this resulting in management entities within the meaning of IAS 24. New paragraph 18A stipulates the additional disclosures required for "management entity" compensation expenses at the reporting entity. On the other hand, the reporting entity need not make any disclosures pursuant to IAS 24.17 as to compensation paid by the "management entity" to employees who assume management duties at the reporting entity.

This amendment must be applied retrospectively for the first time to financial years starting on or after 1 July 2014. It may be voluntarily applied earlier. There is no application of an early amendment in the Group. The CGM Group assumes that the first time application of the amendment according IAS 24 will result in comprehensive commentary in the consolidated notes.

IAS 16 Property, Plant and Equipment and IAS 41 Agriculture – Agriculture: Bearer Plants
In June 2014 the IASB published an amendment to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture". The amendments bring bearer plants, which are used solely to grow produce, into the scope of IAS 16 so that they are accounted for in the same way as property, plant and equipment. For the purpose of bringing bearer plants from the scope of IAS 41 into the scope of IAS 16 and therefore enabling entities to measure them at cost subsequent to initial recognition or at revaluation, a definition of a bearer plant is introduced into both standards.

The amendments should be applied to financial years beginning on or after 1 January 2016. Earlier application is permitted.

The business activities of CGM Group are not based on bearer plants, which is why the amendment is not expected to have any effects on the consolidated financial statements of CGM.

IFRS 11 Joint Arrangements
In May 2014, the IASB published amendments to IFRS 11 "Joint Arrangements". The amendments to IFRS 11 "Joint Arrangements" provide guidance on the accounting of acquisitions of a share in a joint operation when the operation constitutes a business pursuant to IFRS 3 "Business Combinations". In this case, all principles on business combinations accounting in IFRS 3 and other relevant IFRSs with the exception of those principles that conflict with the guidance in IFRS 11 "Joint Arrangements" must be applied. The amendments apply to the acquisition of an interest in an existing joint operation and also to the acquisition of an interest in a joint operation on its formation, unless the formation of the joint operation coincides with the formation of the business.

The amendments should be applied prospectively to the acquisition of shares in financial years beginning on or after 1 January 2016. Voluntary earlier application is permitted. EU endorsement is planned for the first quarter of 2015.

The management of CGM Group does not expect that the amendments to IFRS 11 "Joint Arrangements" to have any material effects on the consolidated financial statements of CGM.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization
In May 2014 the IASB published an amendment to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets". The amendment to IAS 16 "Property, Plant and Equipment" clarifies that revenue-based methods are not appropriate for calculating the depreciation of property, plant and equipment. The amendment to IAS 38 introduces the refutable hypothesis that revenue does not represent an appropriate basis for the amortization of intangible assets. This hypothesis can only be refuted by the following two cases:

a) When the intangible assets can be expressed as a measure for revenue.
b) When revenue and the consumption of the economic benefits are highly correlated.

The amendments should be applied to financial years beginning on or after 1 January 2016. Earlier application is permitted.
The management of CGM Group expects that a straight-line depreciation method best reflects the economic benefits. It is therefore not expected that the amendments to IAS 16 and IAS 38 will have any effects on the consolidated financial statements of CGM Group.

Improvements to the International Financial Reporting Standards (Improvements Project 2012-2014)
Resulting from the yearly improvements project, the following reporting standards including their changes were published in September 2014:

IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations
The amendment includes specific guidance in IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued. In addition an acceptance of specific guidelines happened in these cases in which the accounting has been completed as for distribution purposes.

IFRS 7 – Financial Instruments: Disclosures
The amendment includes additional guidance to determine the disclosures required in IFRS 7 "Financial Instruments: Disclosures" to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required. It also clarifies the applicability of the amendments to IFRS 7 on offsetting disclosures to condensed interim financial statements.

IAS 19 – Employee Benefits
The amendment to IAS 19 "Employee Benefits" clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid. The depth of the market for high quality corporate bonds should be assessed at currency level.

IAS 34 – Interim Financial Reporting
The amendment to IAS 34 "Interim Financial Reporting" clarifies the meaning of "elsewhere in the interim report" and requires a cross-reference if it is not part of the main body of the report.

The amendments enter into force for reporting periods beginning on or after January 1, 2016; this may be applied earlier. However, entities headquartered in the EU will first have to wait for the European Commission to endorse the amendments, which will be expected for the fourth quarter of 2015.

IAS 27 Equity Method in Separate Financial Statements
The amendments to IAS 27 reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements:

a) At cost,
b) In accordance with IAS 39 "Financial Instruments: Recognition and Measurement",
c) Using the equity method as described in IAS 28 "Investments in Associates and Joint Ventures".

The amendments apply to reporting periods beginning on or after 1 January 2016. Early application is permitted. The amendments are to be applied retrospectively in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

The amendments to IAS 27 will not affect the consolidated financial statements of CGM as the option relates to entities' separate financial statements.

Amendments on IAS 1 – application of the financial statement
Furthermore the IASB published amendments to IAS 1 in December 2014 with the title "Disclosure Initiative". These amendments shall encourage the companies to judge the application of important information in the financial statement. For example it will be clarified that essentiality considerations from each part of the financial statement have to be used and that insignificant information could have an influence on the use of important facts. The amendments have to be executed prospectively for financial years, beginning on or after 1 January 2016 and are not adopted into the European Right yet by the European Union. The amendments have also no effect on the application of the net assets, financial positions and earnings of the group as well as on the cash flows of the CGM Group.

d) Amendments, standards and interpretations published by the IASB but not yet transposed into European legislation
In the year 2014 the IASB has adopted several additional standards and interpretations which were not yet compulsorily applicable in the 2015 financial year. The application of these IFRS and IFRIC is dependent upon recognition by the EU ("endorsement").

Standard (Issue date)	Subject matter	Effective for financial years beginning on or after (EU)
IFRS 9 (24 July 2014)"	IFRS 9 contains requirements governing the recognition and measurement of financial instruments, derecognition and hedge accounting. The final version of IFRS 9 replaces all previously versions.	1 January 2018
IFRS 14 (30 January 2014)	Regulatory Deferral Accounts	1 January 2016
IFRS 15 (28 May 2014)	The new standard establishes uniform requirements regarding the amount, time and time period of revenue recognition. The will in future replace existing requirements governing revenue recognition under IAS 18 Revenue and IAS Construction Contracts	1 January 2018
IFRS 16 (13 January 2016)	The new standard principally requires lessees to recognize assets and liabilities for all leases and to present the rights and obligations associated with these leases in the statement of financial position. Going forward, lessees will therefore no longer required to make the distinction between finance and operating leases that was required in the past in accordance with IAS 17.	1 January 2019
Changes in IFRS 10, IFRS 12 and IAS 28, Investment companies (18 December 2014)	Applying the Consolidation Exception	1 January 2016
Changes in IFRS 10 and IAS 28 (11 September 2014)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Postponed indefinitely
Changes in IAS 12 (16 January 2016)	Clarification of the accounting for deferred tax assets for unrealized losses on debt instruments that are classified as available-for-sale financial assets	1 January 2017
Changes in IAS 7 (29 January 2016)	The pronouncement requires that entities provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities	1 January 2017

IFRS 9 Financial Instruments
The IASB adopted the final version of IFRS 9 "Financial Instruments" on 24 July 2014. The revised version of IFRS 9 now also includes provisions relating to a new valuation category for fair value through other comprehensive income (FVOCI) as well as the impairment of financial instruments.

The adoption of the final version of IFRS 9 introduces a third valuation category for selected financial assets, whereby changes in fair value are initially recognized in other comprehensive income (FVOCI). This valuation category is linked to two conditions:
1. The assets are managed with the aim of recognizing and disposing of contractually agreed payment flows (hold and sell business model).
2. The contractually agreed payment flows from the assets are exclusively redemptions and payments (payment criteria).

A debt instrument must be measured as a FVOCI when both conditions have been met – subject to the application of the fair value option when incurred. However, this is only provided for in cases in which an accounting mismatch can be prevented or lessened.

Valuation results arising from a FVOCI-classified financial asset are to be recognized in other comprehensive income; however, impairment losses, income from write-ups, exchange rate gains and/or losses as well as interests income are to be reported in the income statement. The valuation results recognized in other comprehensive income are to be reclassified (recycled) when derecognized in the income statement.

The irrevocable option of applying an FVOCI option exists for equity instruments that are recognized at fair value through profit and loss as they do not meet payment criteria on account of a lack of payment claims. However, these equity instruments must not be held for trading purposes. The amounts recognized in other comprehensive income are not reclassified (recycled) to the income statement.

The classification of financial liabilities remains unchanged as against IAS 39. Valuation categories "designated at fair value" and "at amortized cost" remain in force for financial liabilities held for the purposes of trading and other financial liabilities, respectively. The only amendment to financial liabilities measured at fair value on account of the fair value option relates to the provisions in the event of a change in the entity's own credit risk; these are to be recognized in other comprehensive income.

Embedded derivatives will no longer need to be separated in the future and are to be classified in their entirety. The new benchmark tests allow the reviewing of possible effects from embedded derivatives and other contractual agreements on payment flows.

The new regulations covering the recognition of impairments rely on expected losses (expected loss model). According to the previous IAS 39 regulations, impairments were only recognized if they related to already incurred losses (incurred loss model). The difference between the two models is that the expected loss model takes into account expected losses without the need for any specific loss indicators, while the expected losses in the incurred loss model can only be taken into account when loss indicators already exist. This delayed recording of losses was identified as a significant weakness of IAS 39 during the course of the financial crisis. Pursuant to the new regulations, impairments would not just be recognized once they have already been incurred. Instead, risk provisions will not have to be set aside for expected defaults.

The new regulations will cover the following:
– Financial assets measured at amortized cost (including trade receivables),
– Debt instruments held by creditors, which are measured at fair value recognizing the impairment in other comprehensive income (directly),
– Leasing receivables,
– Irrevocable loan commitments and financial guarantees not measured at fair value in the income statement,
– Contract assets that fall under the scope of IFRS 15 "Revenue from Contracts with Customers".

The scope of the impairment of financial instruments depends on the credit quality of the financial instruments since its initial recognition. Three risk provision levels (level 1, level 2 and level 3) have been stipulated. Pursuant to this model, 12-month loss expectations will generally be recognized from initial recognition. In the event of a significant deterioration in credit risk, this will be switched from this time to the recognition of expected total losses.

Level 1 provides for all financial instruments to be categorized on addition; no impairment discount will be taken into account for these on initial recognition. These instruments will remain at level 1 until such time as their credit quality does not deteriorate and the instruments continue to feature a low default risk.

Expected losses are to be recognized immediately in the income statement at the present value of an expected 12-month loss starting from the respective balance sheet date through an allowance account. Interest is recognized on the basis of the gross book value. The effective interest method is therefore applied before the risk provisions are taken into account. Financial instruments at risk of default from the start at discounted on initial recognition using a credit risk adjusted effective interest rate, taking into account a corresponding impairment discount. These financial instruments are subsequently measured using the same credit risk adjusted effective interest rate until such time as their credit quality does not deteriorate significantly.

All financial instruments with a significantly higher default risks, but for which there are (as yet) no objective indications of impairment, are classified in level 2. Risk provisions are valued at the present value of all expected losses over the entire remaining term of the instrument. Interest is recognized in the same way as in level 1.

In the event that the default risk is higher and there are objective indications of impairment, the respective financial instrument in then classified in level 3; as is the case in level 2, risk provisions are valued at the present value of all expected losses over the entire remaining term of the instrument. However, in this case, interest is recognized on the basis of the net book value (book value after the deduction of risk provisions).

A simplified procedure may be used for leasing receivables as well as trade receivables and contract assets that contain a material financing component. These instruments are not categorized into levels and risk provisions are valued at the present value of the expected defaults within the remaining term. However, a simplified procedure must be used for trade receivables and contract assets that do not contain a material financing component.

In terms of trade receivables, IFRS 9 specifies financial instruments to estimate the 12-month loss and the expected loss over the remaining terms as practical exceptions for the preparation of a so-called provision matrix based on historical default rates. This matrix enables the flat-rate determination of percentages for valuation adjustments depending on how overdue the receivables are.

In addition to extensive transitional provisions, IFRS 9 is also associated with a number of disclosure requirements relating both to the transitional period and current application. Significant changes compared with IFRS 7 "Financial Instruments: Disclosures" mainly result from the regulations on value reductions.

The new IFRS 9 Financial Instruments must be applied for the first time to financial years starting on or after 1 January 2018. It may be applied earlier – subject to it being adopted by the EU. The EU endorsement is expected to take place in the first half of 2016.

The management of CGM Group expects that the future application of IFRS 9 "Financial Instruments" could have a significant impact on the accounting of the Group's financial assets and liabilities. However, a reliable assessment of the effects from the first-time adoption of IFRS 9 "Financial Instruments" can only be performed once a detailed analysis has been conducted.

IFRS 9 – Financial Instruments: Hedge Accounting
In November 2014, the IASB added a chapter with hedge accounting rules to IFRS 9 "Financial Instruments", which will, in the future, replace the corresponding section of IAS 39. The changes to the hedge accounting rules comprise in particular application and effectiveness conditions, approved hedged items as well as accounting, identification and note disclosures.

– **Application and effectiveness conditions**
  According to IAS 39, one hedge accounting application condition is that the hedge relationship must be highly effective within prescribed strict fluctuation margins (80 percent to 125 percent).

  IFRS 9 deviates from this rule-oriented method and replaces this with a risk management-oriented approach. This approach states a hedge relationship may be continued that as long as it is generally suited to reducing risks and can also be found in risk management; this may also be the case if it is not 100 percent effective. The effectiveness of a hedge relationship continues to be required to take existing ineffectiveness in earnings into account.

– **Approved hedged items**
  One of the fundamental reforms of the new IFRS 9 relate to the previous hedge accounting difference between financial (loans or securities, etc.) and non-financial hedged items (such as commodities, etc.). In future, it will be possible to hedge individual risk components of non-financial hedged items, provided that these risk components are separately identifiable and reliably measurable (such as the risk of oil price fluctuations within the risk of fuel price fluctuations).

– **Accounting, identification and note disclosures**
  Under IAS 39, the change in the current value of an option ("time value") based on fair value fluctuations was recognized in the income statement, which can result in high volatility.

  Under IFRS 9, options would be viewed similar to insurances. As a result, the original current value of an option (e.g. paid premium of an at- or out-of-the-money option) is to be either recognized over the term of the hedge with a time base (e.g. fair value hedge via inventories for six months) or, if the hedged transactions is to be recognized in the income statement, recognized in the income statement. Option fair value fluctuations in connection with the current value are to be recognized in other comprehensive income. IFRS 9 also introduced new disclosure requirements.

Moreover, under certain circumstances, non-derivative financial instruments recognized at fair value through profit and loss may also be designated as hedging instruments in the future. Pursuant to IFRS 9, it will no longer be permissible to voluntarily terminate designated hedging relationships early.

The published addition to IFRS 9 does not include the rules relating to macro hedge accounting, which the IASB has outsourced to a separate project so as to prevent delays.

The application of the new IFRS 9 regulations will be obligatory for financial years starting 1 January 2018. The EU Endorsement will be expected for the first term of 2016.

IFRS 14 Regulatory Deferral Accounts
In January 2014, the IASB adopted interim standard IFRS 14 "Regulatory Deferral Accounts". IFRS 14 aims to enhance the comparability of financial reporting by entities with rate-regulated activities. Pricing regulations can result in economic advantages or disadvantages in the event that expenditure in the current financial year impacts prices charged in future financial years. The national accounting regulations of some countries permit the recognition/accrual of economic advantages (recognition/deferral of economic disadvantages) and in some cases require this to be done. IFRS 14 "Regulatory Deferral Accounts" permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for "regulatory deferral account balances" in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. Regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position and statement of profit or loss and other comprehensive income.

IFRS 14 is permitted, but not required, to be applied. The standard may be applied of the first IFRS financial statements of an entity are prepared for reporting periods beginning on or after 1 January 2016. However, earlier application is permitted. In case an entity decides to apply IFRS 14 in an IFRS financial statements for the first time must continue to apply it in subsequent financial statements. The EU has decided not to start the interim standard but to wait for the final standard.

The management of CGM Group does not expect the amendments to IFRS 14 "Regulatory Deferral Accounts" to have any effects on the consolidated financial statements as CGM Group does not have any regulatory deferral accounts.

IFRS 15 Revenue from Contracts with Customers
In May 2014, the IASB and US standard setter FASB published the jointly developed standards on revenue recognition. In the future, IFRS 15 will specify when and to what extent an IFRS reporter will recognize revenue. The provisions included in IFRS 15 are to be applied uniformly for various transactions and across all industries, thereby enhancing the global comparability of entities' revenue disclosures (top line of financial statements). IFRS 15 is generally to be applied to all contracts with customers except for:
– Leases within the scope of IAS 17 "Leases";
– Financial instruments and other contractual rights or obligations within the scope of IFRS 9 "Financial Instruments", IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IAS 27 "Separate Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures";
– Insurance contracts within the scope of IFRS 4; and
– Non-monetary exchanges between entities in the same line of business to facilitate sales to customers to potential customers.

IFRS 15 "Revenue from Contracts with Customers" replaces the previous standards and interpretations covering revenue recognition (IAS 11 "Construction Contracts", IAS 18 "Revenue" as well as IFRIC 13 "Customer Loyalty Programmes", IFRIC 15 "Agreements for the Construction of Real Estate", IFRIC 18 "Transfers of Assets from Customers" and SIC-31 "Revenue – Barter Transactions Involving Advertising Services"). Contrary to current provisions, IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The core principle of the five-step model is that an entity will recognize revenue to depict the transfer of promised goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Step 1 is to determine whether a contract with a customer falls within the scope of IFRS 15, which is the case if all the following IFRS 15 conditions are met cumulatively:
a) The contract has been approved by the parties to the contract,
b) Each party's rights in relation to the goods or services to be transferred can be identified,
c) The payments terms can be identified,
d) The contract has commercial substance, and
e) It is probable that the consideration will be collected. Where appropriate, multiple contracts are to be considered as an overall contract.

Extensive guidance is also provided on contract modifications which, depending on their structure (such as an increase in the scope of services) or the distinctness of the services to be transferred now or in the future, are to be considered as separate contracts or not.

Step 2 is the identification of the performance obligations in the contract, as revenue must be recognized at the level of the individual performance obligations. Goods or services are distinct and therefore to be considered as individual performance obligations when the customer obtains benefits from the goods or services – regardless of any other goods or services agreed in the contract. The goods and services must also be distinct.

Step 3 is the identification of the transaction price; this is the amount to which an entity expects to be entitled in exchange for the transfer of goods and services. Although this price will often be a fixed amount, the transaction price can also include variable components, such as rebates, credits, performance bonuses or penalties, etc. The amount of the variable consideration is to be estimated and included in the transaction price. The associated uncertainty is taken into account by the fact that these variable amounts may only be considered when it is highly probable that its inclusion will not result in a significant revenue decline. The transaction price also includes possible financing components or non-monetary exchanges (measured at fair value).

The previously-determined transaction price is then used in step 4 is then allocated to the individual performance obligation by reference to their relative standalone selling prices. If a standalone selling price is not directly observable (such as from corresponding transactions with the individual performance obligations), the entity will need to estimate it; IFRS 15 suggests various methods.

Step 5 is the recognition of revenue as the performance obligation, either over time or at a point in time. The performance obligation is satisfied when control of the goods or service has been passed. Control of an asset is the ability to direct the use of and obtain sustainability of the asset.

When concluding a contract pursuant to IFRS 15, it must generally be determined whether the revenue resulting from the contract is to be recognized at a point in time or over time. Specific criteria must first be used to determine when control of the goods or services are transferred over time. If this is not the case, the revenue is to be recognized at the point in time when control is passed to the customer. Indicators for this include the legal transfer of ownership, the transfer of the principle risks and opportunities, or formal acceptance. However, if control is transferred over a longer period, revenue can only be recognized over time in the event that the percentage of completion can be determined reliably using input or output methods. In addition to general revenue recognition principles, the standard also includes detailed guidance on topics such as sales with a right of return, customer options for additional goods or services, principal versus agent considerations, as well as bill-and-hold arrangements. IFRS 15 also includes new guidance on costs to obtain or fulfill a contract with a customer as well as when these costs are to be recognized. Costs that do not fulfill the specified criteria are to be expensed when incurred.

IFRS 15 also includes new and more extensive provisions relating to revenue disclosures. An entity should disclose qualitative and quantitative information about all of the following:
– Its contracts with customers,
– The significant judgments, and changes in the judgments, made in applying the guidance to those contracts, and
– Any assets recognized from the costs to obtain or fulfill a contract with a customer.

The standard must be applied to financial years beginning on or after 1 January 2018. Early application is permitted. European entities must first wait for the European Commission to endorse the standard, which is planned for the first quarter of 2016.

The management of CGM Group expects the first-time application of IFRS 15 in the reporting year 2018. According to IFRS 15 the following new, regulated topics will have an effect on the net assets and earnings of the group:
– period-based realization of revenues
– separating of service relationships
– addition of contracts
– contracts with a refund policy
– approach and assessment of costs for contracts

Especially the contracts that assume a production of a customized asset without alternative usage possibilities for a period-based realization of revenues according to IFRS 15, 35c, are expected result in amendments of the group revenues.

Additionally, amendments of the financial statement of the CGM could arise out of transactions in which software solutions with a guarantee will be sold (maintenance agreement). The balancing of these transactions has to depend on whether
– the customer has the option to acquire the guarantee standalone
– the guarantee is part of a bundle of services
– the guarantee only ensures that the software agreed requirements are achieved.

Amendments on transactions could also arise if customers have the possibility to switch software against a credit note, another product or something similar. In this case, a liability for the credit note or a new asset for the old asset has to be balanced (in this respect the primary asset still has a value with its return).

In addition amendments in the areas "Internal supervision" and "IT-architecture" will considerably be necessary.

The analyses and fact assessments concerning revenue generating transactions in the CGM Group are not yet completed. Thereafter no quantification of the effects can be made regarding the first time application of IFRS 15.

IFRS 16 Leasing Conditions
On January 13, 2016 the International Accounting Standards Board (IASB) published the new reporting standard IFRS 16 Leasing Conditions. The central idea of this new standard is to determine each Leasing Condition of the Lessee equally rights and obligations involved and to enter them in the balance sheet. Thereby the differentiation for the lessee according to IAS 17 between Financial and Operating Leasing contracts is not necessary anymore.

Generally the lessee determines a leasing liability for each leasing contract in which he will obligate leasing payments. Simultaneously the lessee will activate a usage right in the amount of the present value of the prospective leasing payments plus the directly attributable costs for the accorded asset. As a result the balance sheet of the lessee will show more assets and liabilities in the future. This could also result in a high influence of the financial ratios and conditions of credits. The new regulations achieve that analysts have it much easier to compare companies which acquire assets and which rent them.

During the term of the leasing contract, the leasing liability will be updated similar to the regulations according to the previous regulations of IAS 17 for financial leasing conditions hedge formula, while the usage right will be amortized. Generally this results in higher expenses at the beginning of the contract term and results in a movement from the operational expenditure to the financial expenditure.

Short term leasing conditions with terms of less than one year and insignificant leasing assets are excluded by the accounting obligation.

For the lessor the regulations of the new standard are similar to the regulations of the previous standards according to IAS 17. The leasing contracts will either be classified as a financial or as an operational condition. Leasing conditions in which all risks and chances will be converted by the transfer of the property right, will be classified as financial leasing and all the rest of them as operational. For the classification according to IFRS 16, the requirements of IAS 17 will be use.

Furthermore, IFRS 16 includes more regulations about the identification, the disclosure notes, as well as the sale and lease back transactions.

IFRS 16 replaces IAS 17 as well as the corresponding interpretations. The standard must be applied to financial years beginning on or after 1 January 2019. Early application is permitted if IFRS 15 – the new standard according to the revenue gathering- will also be applied.

Because of the first application of the new standard IFRS 16, CGM expected an effect on the most important financial figures. CGM expects a rising debt as well as a rising interest charge, while the equity ratio decreases. Simultaneously it will be expected that the EBITDA of the Group will be influenced positively, because the leasing payments which have to be supplied are not included in the operating expenses anymore. According to the first application of IFRS 17, high implementation expenses will also be expected. This is because each of the leasing contracts has to be checked and revalued, especially in the case of contracts, which have been valued as operating leasing contracts (Off Balance) up until now.

Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Companies

In December 2014 the IASB published amendments to IFRS 10, IFRS 12 and IAS 28 with the title "Investment Entities: Applying the Consolidation Exception". These amendments concern facts which arose in context with the application of the consolidation exception for investment companies. They have to be executed prospectively for financial years, beginning on or after 1 January 2016. The amendments which are not adopted into the European Right by the European Union have no effect on the application of the net assets, financial positions, and earnings of the group. An endorsement is planned for the first quarter of 2016.

IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

In September 2014, the IASB published amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates". The amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates" are due to a conflict between the requirements of these accounting standards and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business pursuant to IFRS 3. Until now, transactions involving an associate or joint venture in the Group have not included business activities pursuant to IFRS 3 "Business Combinations", only individual assets.

The date of endorsement has been moved to later undefined point of time.

The management of CGM Group does not expect that the amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates" to have any effects on Group earnings.

Amendments to IAS 12 Income taxes – Recognition of deferred tax assets for unrealized losses

On January 16, 2016, the IASB has published amendments to IAS 12 income taxes – recognition of deferred tax assets for unrealized losses. With the amendment of IAS 12, a clarification is made; unrealized losses of debt instruments at fair value lead to deductible temporary differences. It is also clarified that it must be evaluated for all fundamentally deductible temporary differences together if expected future taxable income is being achieved in order to use and therefore schedule them. IAS 12 is supplemented by laws and examples which clarify how the future taxable income is to be determined for the balancing of active deferred taxes. An endorsement for the fourth quarter of 2016 is planned. The effects on the consolidated financial statement are being examined at the moment.

Amendments to IAS 7 cash flow statements

The IASB has published amendments to IAS 7 cash flow statement on January 29. The following changes in borrowed capital as a result of financing activities must be indicated in the future: Changes in the cash flow from financing activities, changes as a result of the acquisition or loss of the command of the subsidiary or other companies, results from exchange rate changes, changes of fair value, and other changes. These changes are to be made for financial years that start on or past January 1, 2017. An endorsement for the fourth quarter of 2016 is planned. The effects on the consolidated financial statement are being examined at the moment.

C. Principles of consolidation

a) Effective date of consolidation

The consolidated balance sheet date is 31 December, which corresponds to the effective date of the annual financial statements of the parent company and the subsidiaries.

b) Consolidated subsidiaries

The financial statements of the entity and of the companies controlled by the entity including the structured entities (its subsidiaries) are included in the consolidated financial statements as at 31 December of each year.

The entity obtains control when:

– It can exercise control over the investee;
– Variable returns result from the investment; and
– The power over the investee means that the entity can affect returns.

The entity will re-estimate whether it controls an investee or not in the event that facts or circumstances indicate that one or more of the above three control criteria have changed.

In the event that the entity does not hold the majority of voting rights, it will still control the investee if the entity's voting rights enable it to practically unilaterally determine the investee's relevant activities. When determining whether the entity's voting rights suffice to control the investee, the entity must take into account all facts and circumstances, including:
– The scope of the voting rights held by the entity compared to the scope and distribution of the voting rights held by other shareholders;
– The possible voting rights of the entity, other shareholders and other parties;
– Rights from other contractual agreements; and
– Other facts and circumstances that indicate that the entity currently has or does not have the means to determine the relevant activities at the time at which decisions need to be made, taking into account voting decisions at previous annual general and shareholder meetings.

A subsidiary will be included in the consolidated financial statements from the time the entity obtains control over the subsidiary until the time the entity no longer has control. The financial results of the subsidiaries acquired or sold in the course of the year are recognized in the consolidated income statement in other comprehensive income from the date of acquisition until the date of disposal.

The profit or loss of each component of other comprehensive income are attributed to the shareholders of the parent company and the minority shareholders, even if this results in the minority shareholders having a deficit balance.

If necessary, the annual financial statements of the subsidiaries are adjusted so that their accounting and valuation methods match those applied to the Group.

The capital consolidation principles applied within CGM Group are described below:

(i) Changes in the Group's ownership interests in existing subsidiaries
Changes in ownership interests in subsidiaries within CGM Group, which do not trigger a loss of control over the respective subsidiaries, are accounted for as equity transactions. The carrying values of interests and non-controlling interests held by CGM Group are adjusted in a way so as to reflect the changes in interests in the subsidiaries. Any differences between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and allocated to shareholders of the parent company.

If the Company loses control of a subsidiary, the deconsolidation gains or losses are recognized in the income statement and are calculated as follows:
– The total amount of the fair value of the consideration received and the fair value of the retained interest and
– The carrying amount of the asset (including goodwill), the liabilities of the subsidiary and any non-controlling interests.

As in a sale of assets, all amounts recognized as other comprehensive income in connection with this subsidiary are accounted for accordingly, resulting in a reclassification to the income statement, or a direct transfer to retained earnings.

All shares in the former subsidiary held by the Company are recognized at the fair value determinable at the time of loss of control. This value represents the cost of the shares which are to be evaluated in the context of a subsequent assessment relative to the degree of control in accordance with IAS 39 "Financial Instruments: Recognition and Measurement", or according to the requirements for associates or joint ventures.

(ii) Acquisition of subsidiaries
CGM Group accounts for the acquisition of businesses using the acquisition method. Consideration transferred in a business acquisition is measured at fair value. This is determined from the sum of the fair values of the assets and liabilities assumed on the date of acquisition as well as equity instruments issued by the Group in exchange for control of the acquired company. Transaction costs associated with business combination are recognized in the income statement.

The identifiable assets acquired and liabilities assumed are measured at fair value with the following exceptions:
– Deferred tax assets or deferred tax liabilities as well as assets or liabilities for employee benefits are recognized and measured in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee Benefits"
– Liabilities or equity instruments based on share-based payment or replacement of share-based payments by CGM Group are measured on the acquisition date in accordance with IFRS 2 "Share-based Payment" and
– Assets (or disposal groups) classified as held for sale are measured in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

Goodwill is the residual of the sum of the consideration transferred, the amount of any non-controlling interests in the acquired company and, if available, the fair value of equity interest previously held by the acquirer in the acquired company, less the fair value of acquired identifiable assets and liabilities at the date of acquisition. To the extent that the assessment of an acquisition of a subsidiary results in negative goodwill, it will be recognized immediately as income in the income statement.

In the event of the existence of non-controlling interests that convey property rights and ensure the shareholder's right to receive a proportionate share in the entity's net assets in case of liquidation, these interests are initially measured at either fair value or at the proportionate share of the identifiable net assets. This option can be exercised anew for each business combination. If there are other components of interests held by non-controlling shareholders, they are measured at fair value or by assessment criteria arising from other applicable standards. Liabilities from put options on non-controlling interests are measured at initial recognition at their fair value. Since the initial recognition of these liabilities has not been clearly defined in equity, the equity share of non-controlling interests are reduced or written off regardless of the transfer of risks and rewards of ownership of the shares concerned.

If contingent consideration is a component of the consideration transferred for the acquisition of the subsidiary, it will be measured at fair value at the date of acquisition. Resulting changes in the fair value of the contingent consideration are adjusted retrospectively within the valuation period and offset accordingly against goodwill. Adjustments carried out within the valuation period of business combinations reflect additional information about facts and circumstances that existed at the acquisition date, but could not yet be conclusively considered. As a rule, the valuation period expires one year after the acquisition date.

The accounting of changes in the fair value of contingent consideration, which should not be interpreted as adjustments in the course of the valuation period, is carried out in close dependence on how contingent consideration is classified. If contingent consideration consists of equity, no subsequent measurement is to be conducted on future reporting dates. The fulfillment of contingent consideration is accounted for within equity. If contingent consideration constitutes an asset or a liability, provisions, contingent liabilities and contingent assets are to be measured in accordance with IAS 39 or IAS 37 on future financial reporting dates, if applicable. Any resulting gains or losses are recognized in the income statement.

In the event of a gradual merger, the equity share previously held by the entity in the acquired entity is to be measured at the fair value prevailing at the acquisition date. The resulting gains or losses are recognized in the income statement.

Changes in the value of the acquirer's equity interests held prior to the acquisition date, which are to be recognized in other comprehensive income, are reclassified to the income statement when the entity obtains control of the acquired entity.

If the first-time accounting of a business combination has not yet been completed by the end of a financial year, the preliminary valuations are provided by CGM. If new information illuminating the circumstances of the acquisition date comes to light within the valuation period, the provisionally recognized amounts will be corrected, or if necessary, additional assets and liabilities will be recognized.

The financial results of the subsidiaries acquired or sold in the course of the year are included in the consolidated income statement beginning on the date of acquisition or on the date of loss of control.

(iii) Goodwill

Goodwill resulting from a business combination is stated at cost, and to the extent necessary, less any impairment losses, and is presented separately in the consolidated balance sheet.

For the purpose of impairment testing, goodwill is to be allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

Cash-generating units, to whom a part of the goodwill has been allocated, shall be tested for impairment at least annually. If there is concrete evidence indicating a unit has been impaired, it will be subject to more frequent impairment checks. If the recoverable amount of a cash-generating unit is less than the unit's carrying amount, the resulting impairment loss is initially allocated to the carrying amount of each goodwill associated with the unit, and then pro rata to the other assets on the basis of the carrying amount of each asset within the unit. Any impairment loss of goodwill is recognized directly in the income statement. The amount recognized as impairment loss of goodwill may not be reversed in future periods.

In the case of disposal of a cash-generating unit, the attributable amount of goodwill is taken into account when determining gains or losses on disposal.

c) Associates and joint ventures

CGM Group accounts for associates using the equity method. An associate is an entity over which the Group is in a position to exercise significant influence, but not control, through participation in its financial and operating policies. Significant influence is presumed when the Group holds a voting interest of 20 percent in such an entity and bases the entity's status as company on this relationship.

Joint ventures are a joint arrangement whereby the parties that have joint control have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The results, assets and liabilities of joint ventures are included in these financial statements using the equity method.

In the event that investments in associates or joint ventures are classified as held for sale, these are to be accounted for pursuant to the provisions of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the requirements for an associate or a joint venture are fulfilled. Any excess of the cost of the acquisition of shares over the acquired portion of the fair value of the identifiable assets, liabilities and contingent liabilities is recognized as goodwill. Goodwill arising from the acquisition of an associate or a jointly controlled entity is included in the amortized carrying amounts of the interest in the associates or jointly controlled entities and is not subject to a separate impairment test.

To determine whether indicators exist that make an impairment of investments in associates or joint ventures necessary, the provisions of IAS 39 are applied accordingly. If an impairment test is to be carried out, the carrying amount of the interest (including goodwill) is tested according to the requirements of IAS 36 for impairment. To this end, the recoverable amount of the investment is compared with the carrying amount of the interest. Any resulting impairment loss is offset against the carrying value. Impairment losses are not allocated to assets, including goodwill, contained in the interest's carrying amount. If the recoverable amount rises again in subsequent years, an impairment loss is reversed in accordance with IAS 36.

CGM Group discontinues the use of the equity method from the time at which its investment no longer represents an associate or a joint venture, or the investment is to be classified as held for sale pursuant to IFRS 5. In the event that CGM Group retains an interest in a former associate and this interest is a financial asset within the meaning of IAS 39, this interest is to be measured at fair value upon initial recognition. The difference between the previous carrying amount of the associate or the joint venture at the time of the discontinuation of the equity method and the fair value of a retain portion, include revenue from the disposal of a portion of the interest in an associate or a joint company is to be taken into account when determining capital gains/losses.

Furthermore, CGM Group accounts for all amounts related to these associates or joint ventures in other comprehensive income in the manner that would be required if the associate or joint venture had directly sold the assets or liabilities. This means that CGM Group reclassifies gains or losses, which the associate or joint venture has to date recognized in other comprehensive income and then reclassified in the income statement when the assets or liabilities are sold, from equity to the income statement following the discontinuation of the equity method. In the event of the disposal of an associate or jointly controlled entity, the attributable amount of goodwill is taken into account in determining the deconsolidation.

If an investment changes from being in an associate to being in a joint venture, or vice versa, the Group will continue to apply the equity method and will not remeasure fair value on account of the change in investment.

In the event that the Group's investment in an associate or a joint venture changes but the Group continues to apply the equity method, the portion of the profits or losses attributable to the reduction in the investment, which was previously recognized in other comprehensive income, will be reclassified to profit or loss in the event that the profits or losses of the associated assets and liabilities had to be reclassified to profit or loss when they were sold.

In the case of transactions between a CGM Group company and an associate or a joint venture of CGM Group, gains and losses are eliminated to the extent to the Group's portion to the corresponding associate or joint venture.

In CGM Group, three associates are measured using the equity method. The accounting and measurement methods for associates were changed as necessary to guarantee uniform accounting principles throughout the Group.

d) Joint operations

Joint operations are joint arrangements whereby the parties that exercise joint control have rights to the assets and obligations for the liabilities of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

If a CGM Group company carried out activities within the scope of a joint operation, CGM Group, as joint operator, will recognize the following items relating to its share of the joint operation:

- Its assets, including its share of the jointly incurred assets;
- Its liabilities, including its share of the jointly incurred liabilities;
- Its revenue from the sale of its share of the products or services of the joint operation; and
- Its expenses, including its share of the jointly incurred expenses.

CGM Group accounts for the assets, liabilities, income and expenses relating to its share of the joint operation in accordance with the IFRS accounting standards applicable to assets, liabilities, revenue and expenses.

If a CGM Group company engages in transactions with a joint operation whereby another CGM Group company is the joint operator, CGM Group will treat the corresponding transaction as though it were a joint operation conducted with the other parties. This means that possible gains and losses from such transactions are only recognized to the extent of the share in the joint operation of the other parties.

If these transactions relate to the sale of assets by a CGM Group company, then the gains and losses are recognized at that time to the extent of the Group share in the joint operation provided that these assets are then sold to a third party.

e) Consolidation group

All included financial statements of CGM Group are prepared according to uniform accounting and measurement methods. The consolidated financial statements are prepared at the level of CompuGroup Medical SE, Koblenz (parent company).

(i) Change in consolidation group

The following changes have occurred within the consolidation group, as compared with the previous year:

Changes in Scope of Consolidation	Germany	Foreign countries	Total
CompuGroup Medical SE and consolidated subsidiaries			
As at 1. January 2015	**28**	**55**	**83**
Additions	5	7	12
Departures/Merger	5	6	11
As at 31. December 2015	**28**	**56**	**84**

The disposals result mainly from internal mergers.

In the current fiscal year, the CG Lab Solutions France SAS has been merged into the CGM LAB France SAS.

Furthermore, the Microbais Werkmaatschappij B.V., the CompuGroup Medical Nederland Technical Services B.V., and the Medipharm Online B.V., have been merged into the CompuGroup Medical Nederland B.V. In March 2015, BS Concept Realization B.V. was acquired and merged into CompuGroup Medical Nederland B.V in Oktober 2015.

Moreover, the Corent Praxiscomputer GmbH, Hamburg, the Corent Praxiscomputer GmbH, Schwerin, the Turbomed Kiel Vertriebs- und Service GmbH, the Turbomed-Center GmbH & Co. KG, as well as the BDH Büro + Datentechnik Hühne GmbH have been merged into the Turbomed Vertriebs- und Service GmbH in Germany in the current fiscal year.

Concerning the company acquisitions, please see the following section “company acquisitions and disposals” primarily.

In the current fiscal year Mondofarma S.r.l., Italy, has acquired a further 75 percent of the shares for EUR 127 thousand of Farmatica S.r.l., Italy, after having held 25 percent of the shares of Farmatica S.r.l. already. Until the increase of shares, Farmatica S.r.l. was included as an associated company into the consolidated financial statement according to the equity method. Since July 1, 2015, the company has been included into the full consolidation.

Furthermore, Labelsoft Clinical IT B.V., Netherlands, has acquired a further 50 percent of the shares of CareTrace B.V., Netherlands, in November 2015 after having held 50 percent of the shares of CareTrace B.V. already. Until the increase of the shares, CareTrade was included as an associated company into the consolidated financial statement according to the equity method. Since December 1, 2015, the company has been included into the full consolidation.

Further on, CompuGroup Medical SE has acquired a further 50.8 percent of the shares for EUR 150 thousand of Medigest Consultors S.L., Spain, in December 2015 after having held 49.2 percent of the shares of Medigest Consultors S.L. already. Until the increase of the shares, Medigest Consultors S.L. was included as an associated company into the consolidated financial statement according to the equity method. Since December 22, 2015, the company has been included into the full consolidation.

Consolidated Notes
for the 2015 Financial Year continued

(ii) Company acquisitions and disposals
The acquisitions made by CGM Group in 2015 with their values as of the acquisition date and effects on the consolidated financial statements are shown in the following table:

EUR '000	Total 2015	Medical EDI Services (PTY) LTD	Compufit BVBA	Stock Gruppe	Medicitalia	LMZ	Other acquisitions
Purchase date		**07.01.2015**	**23.03.2015**	**01.05.2015**	**05.08.2015**	**01.11.2015**	**–**
Voting rights acquired in %		**100%**	**100%**	**100%**	**100%**	**100%**	**–**
Acquired assets and liabilities assumed recognized at acquisition date							
Non-current assets	**24,433**	**9,982**	**4,099**	**4,260**	**1,074**	**2,177**	**2,841**
Software	4,253	1,514	684	820	120	674	441
Customer relationships	17,441	8,107	2,770	2,374	859	1,187	2,144
Brands	822	137	108	190	58	141	188
Order backlog	849	0	0	816	0	33	0
Property and buildings	350	0	242	0	0	108	0
Other fixed assets and office equipment	623	183	291	60	9	34	46
Other non-current financial assets	95	41	4	0	28	0	22
Other non-current non-financial assets	0	0	0	0	0	0	0
Deferred tax assets	0	0	0	0	0	0	0
Current assets	**4,848**	**610**	**1,144**	**847**	**272**	**1,104**	**871**
Inventories	54	0	1	0	0	3	50
Trade receivables	2,095	453	591	87	148	461	355
Other current financial assets	39	10	0	2	0	0	27
Other current non-financial assets	134	28	50	14	1	0	41
Other assets	122	0	0	0	104	0	18
Cash and cash equivalents	2,404	119	502	744	19	640	380
Non-current liabilities	**6,787**	**2,769**	**1,235**	**1,261**	**325**	**613**	**584**
Pensions	77	0	0	0	0	0	77
Liabilities to banks	25	0	25	0	0	0	0
Other provisions	2	0	0	0	0	0	2
Other financial liabilities	38	38	0	0	0	0	0
Other non-financial liabilities	0	0	0	0	0	0	0
Other liabilities	0	0	0	0	0	0	0
Deferred tax	6,645	2,731	1,210	1,261	325	613	505
Current liabilities	**4,470**	**321**	**1,508**	**760**	**103**	**1,036**	**742**
Trade payables	454	76	44	94	4	17	219
Contingent liabilities	0	0	0	0	0	0	0
Liabilities to banks	103	0	16	60	0	17	10
Other provisions	465	0	132	86	0	164	83
Other liabilities	193	0	30	41	87	0	35
Other financial liabilities	1,025	40	45	20	2	734	184
Other non-financial liabilities	2,230	205	1,241	459	10	104	211
Net assets acquired	**18,024**	**7,502**	**2,500**	**3,086**	**918**	**1,632**	**2,386**
Purchase price paid in cash	35,071	12,031	5,000	5,500	3,150	4,650	4,740
Liabilities assumed	328	0	0	133	445	-375	125
of which contingent consideration	195	0	0	0	445	-375	125

EUR '000	Total 2015	Medical EDI Services (PTY) LTD	Compufit BVBA	Stock Gruppe	Medicitalia	LMZ	Other acquisitions
Issued equity instruments	0	0	0	0	0	0	0
Total consideration transferred	**35,399**	**12,031**	**5,000**	**5,633**	**3,595**	**4,275**	**4,865**
Non-controlling interests	0	0	0	0	0	0	0
Goodwill	**17,375**	**4,529**	**2,500**	**2,547**	**2,677**	**2,643**	**2,479**
Acquired cash and cash equivalents	2,404	119	502	744	19	640	380
Purchase price paid in cash	35,071	12,031	5,000	5,500	3,150	4,650	4,740
Prepayments on acquisitions	0	0	0	0	0	0	0
Fair value of equity interest in the acquiree held by acquirer immediately before the acquisition date	564	0	0	0	0	0	564
Payments for acquisitions after date of acquisition	940	0	0	0	0	0	940
Cash outflow for acquisitions (net)	**-33,043**	**-11,912**	**-4,498**	**-4,756**	**-3,131**	**-4,010**	**-4,736**
Effects of the acquisition on Group result							
Sales revenue following date of acquisition	11,603	6,084	1,820	1,876	192	367	1,264
Result following date of acquisition	2,040	1,541	304	386	-111	96	-176
Sales revenue in 2014 (hypothetical date of acquisition 1 January 2014)	16,012	6,084	2,427	2,814	461	2,202	2,024
Result 2014 (hypothetical date of acquisition 1 January 2014)	2,611	1,541	405	579	-266	576	-224
Costs attributable to the acquisition	**290**	**82**	**40**	**52**	**51**	**0**	**65**

Acquisition of Medical EDI Services (PTY), South Africa

In January 2015, CompuGroup Medical South Africa Proprietary LTD, a wholly-owned subsidiary of CompuGroup Medical SE (CGM), Germany, acquired 100 percent of the shares of the company Medical EDI Services (PTY) LTS, located in Margate, South Africa.

Medical EDI Services (MedEDI) develops software for resident doctors for the administration and accounting and operates online services for the accounting with insurances. Medical EDI Services employs about 70 people in the locations Johannesburg, Margate, and Cape Town. About 2,700 doctors' offices count to the customers of this company and it is also the leading service provider in the range of accounting services. The solutions support all administrative processes in the everyday practice und send patients' accountings to the relevant health insurances in real time.

The turnover of (MedEDI) was at about EUR 5,400 thousand in the 2014 financial year with an EBITDA of about EUR 1,900 thousand. The purchase price amounted to EUR 12,031 thousand and was paid in full.

MedEDI was initially consolidated on January 1, 2015.

From this acquisition CGM expects to be able to significantly expand its doctor information system business and its online accounting business with health insurances by offering innovative software products as well as services. Synergies are expected to through the gain of know-how and through cost efficiency opportunities.

The goodwill value of EUR 4,529 thousand results from the synergies within the Group as a result of the inclusion of Medical EDI Services in the Group. No recognized goodwill will be deductible for tax purposes.

The fair value of the acquired intangible assets excluding goodwill amounts to EUR 9,758 thousand and relates to software, customer relationships, and trademark rights. The receivables and payables associated with the acquisition, which essentially consist of trade receivables and payables, are balanced at book values at the date of acquisition of control, which corresponds to fair value based on the expected collection period and the best estimate of access to contractual cash flows. Uncollectable receivables were not identified at the time of initial recognition.

Deferred tax liabilities of EUR 2,731 thousand were applied to the fair value of the acquired intangible assets excluding goodwill. There were no contingent liabilities or contingent claims identified within the initial accounting.

The initial accounting of MedEDI was carried out in final form as at January 1, 2015.

Acquisition of BS Concept Realization B.V., Netherlands

In March 2015, CompuGroup Medical Holding Cooperatief UA (CGM Niederlande), a wholly owned subsidiary of CompuGroup Medical SE (CGM), acquired 100 percent of the shares of the company BS Concept Realization B.V., located in Hilversum, Netherlands.

Through the acquisition, CGM will enter the newly emerging market for software services in the home care sector in the Netherlands. With its software "Zorgverband" BS Concept Realization is the leading provider for communications solutions, which connect health experts and home care patients and their family members, in the Netherlands. The latest legislation in the Netherlands puts great emphasis on the long term care of patients in their homes and also puts great emphasis on the inclusion of patients and their families in home care. The Zorgverband software supports professional as well as non-professional nurses and thus promotes more efficiency in the health care system. Besides the new entrance into the Dutch software market for the home care area, CGM expects to enlarge its range in the Netherlands through the existing and future customers of Zorgverband.

The turnover of BS Concept Realization was at about EUR 200 thousand in the 2014 fiscal year with an EBITDA of Euro 30 thousand. The preliminary purchase price amounted to EUR 700 thousand and was paid in full. Moreover, an "Earn-Out" agreement was arranged, stating that an additional purchase payment of 15 percent of the turnover during the second year of the acquisition date is included ("Second Year Realized Revenue"). The time value of the estimated amount paid out from the "Earn-Out" agreement amounts to EUR 125 thousand and will be balanced in purchase price liability.

BS Concept Realization B.V. was initially consolidated on April 1, 2015.

The preliminary goodwill value of EUR 149 thousand results from the synergies within the Group as a result of the inclusion of BS Concept Realization B.V. in the Group. No recognized goodwill will be deductible for tax purposes.

The preliminary fair value of the acquired intangible assets excluding goodwill amounts to EUR 932 thousand and relates to software, customer relationships, and trademark rights. The receivables and payables associated with the acquisition, which consist of receivables and payables are balanced at book values at the date of acquisition of control, which corresponds to fair value based on the expected collection period and the best estimate of access to contractual cash flows. Uncollectable receivables were not identified at the time of initial recognition.

Deferred tax liabilities of EUR 233 thousand were applied to the fair value of the acquired intangible assets excluding goodwill. There were no contingent liabilities or contingent claims as at the time of initial balancing.

The initial accounting for the acquisition of BS Concept Realization B.V. was carried out in provisional form as at April 1, 2015, due to the fact that the evaluation of the acquired customer relationships, software, and trademark rights had not been received or evaluated, and hence could not finally be conducted.

B.S. Concept Realization was merged with CompuGroup Medical Nederland B.V. as at October 2015.

Acquisition of Compufit BVBA, Belgium

In March 2015, CompuGroup Medical Belgium, a wholly owned subsidiary of CompuGroup Medical SE (CGM), acquired 100 percent of the shares of Compufit BVBA (Compufit), located in Ostende, Belgium. The company is the largest provider of software for physiotherapists and rehabilitation clinics in Belgium. With the acquisition CGM will service 50 percent of all physiotherapists and 30 percent of all rehabilitation clinics in the country.

Compufit develops software for physiotherapists and rehabilitation clinics. With about 6000 customers, Compufit is the leading company in this area in Belgium. From 141 Belgian hospitals which have a rehabilitation ward, 44 use Compufit's software. Furthermore, the company distributes hardware and other products. CGM Group expects new synergies from the merger of CGM Belgium and Compufit, from which the customers will benefit with extensive services.

Compufit was initially consolidated on April 1, 2015.

The turnover of Compufit was EUR 1,900 thousand in the 2014 financial year with EBITDA of EUR 400 thousand. The purchase price amounted to EUR 5,000 thousand and was paid in full.

The preliminary goodwill value of EUR 2,500 thousand results from the synergies within the Group as a result of the inclusion of Compufit in the Group. No recognized goodwill will be deductible for tax purposes.

The preliminary fair value of the acquired intangible assets excluding goodwill amounts to EUR 3,562 thousand and relates to software, customer relationships, and trademark rights. The receivables and payables associated with this acquisition, which essentially consist of trade receivables and payables, are balanced at book values at the date of acquisition of control, which corresponds to fair value based on expected collection period and the best estimate of access to contractual cash flows. Uncollectible receivables were not identified at the time of initial recognition.

Deferred tax liabilities of EUR 1,210 thousand were applied to the fair value of the acquired intangible assets excluding goodwill. There were no contingent liabilities or contingent claims as at the time of initial balancing.

The initial accounting for the acquisition of Compufit was carried out in provisional form as at April 1, 2015, due to the fact that the evaluation of the acquired customer relationships, software, and trademark rights had not been received or evaluated, and hence could not finally be conducted.

Acquisition of Stock-Group, Germany

At the end of April 2015, CompuGroup Medical Deutschland AG, a wholly-owned subsidiary of CompuGroup Medical SE (CGM), acquired 100 percent of the shares of Stock Informatik GmbH & Co KG as well as Stock Informatik Verwaltungs GmbH, both located in Fröndenberg/Ruhr. Through this acquisition, CompuGroup Medical has entered the market for software services in the range of occupational medicine, preventive medicine, and occupational safety.

Stock Informatik is the market leader for software services in occupational medicine, preventive medicine, and occupational safety in Germany. The comprehensive software-suite "ISIS" supports businesses with the prevention and active provision of their employees for healthcare and is used in many clinics, businesses, and also in many big concerns. Being a European specialist, Stock's systems are also offered in Switzerland and Austria.

With the incorporation of the Stock Informatik, CGM expects to bridge the gap between occupational medicine, preventive medicine, and occupational safety on the one hand and resident doctors and hospitals on the other hand. Combined with the leading software solutions for resident doctors and those in hospitals, Stock Informatik's software solutions are seen as a perfect addition to the broad eHealth range.

Stock Informatik was initially consolidated on May 1, 2015. Turnover of Stock Informatik amounted to EUR 3,000 thousand in the 2014 financial year with EBITDA of EUR 900 thousand. The purchase price amounted to EUR 5,633 thousand and was paid in full on the balance sheet date.

The preliminary goodwill value of EUR 2,547 results from the synergies within the Group as a result of the inclusion of Stock Informatik in the Group. Recognized goodwill will be deductible for tax purposes.

The preliminary fair value of the acquired intangible assets excluding goodwill amounts to EUR 4,200 thousand and relates to software, customer relationships, and trademark rights. The receivables and payables associated with the acquisition, which essentially consist of trade receivables and payables, are balanced at book value at the date of acquisition of control, which corresponds to fair value based on the expected collection period and the best estimate of access to contractual cash flows. Uncollectible receivables were not identified at the time of initial recognition.

Deferred tax liabilities of EUR 1,261 thousand were applied to the fair value of the acquired intangible assets excluding goodwill. There were no contingent liabilities or contingent claims as at the time of initial balancing.

The initial accounting for the acquisition of Stock Informatik was carried out in provisional form as at May 1, 2015, due to the fact that the evaluation of the acquired customer relationships, software, and trademark rights had not been received or evaluated, and hence could not finally be conducted.

Acquisition of Medicitalia Srl, Italy

In August 2015, CompuGroup Medical Italia SpA, a wholly-owned subsidiary of CompuGroup Medical SE, acquired 90 percent of the shares of Medicitalia Srl, located in Savona, Italy. Medicitalia.it is the leading online portal for eHealth in Italy.

CGM expects to offer services to the large group of users of Medicitalia and thus to connect them to the existing customers, which is made up of 50 percent of the doctors of the public health system and 60 percent of the pharmacies in Italy. The experience which will be made with this online portal can then be applied for other strategies in countries in which CGM is represented.

Medicitalia Srl was initially consolidated on August 1, 2015. The turnover of Medicitalia was EUR 400 thousand in the 2014 financial year with EBITDA of EUR 261 thousand. The purchase price amounted to EUR 3,150 thousand and EUR 2,205 thousand was paid on the balance sheet date. The pending purchase price contractually secured of EUR 945 thousand will be accounted for under purchase price liabilities at the balance sheet date. Further, a "call-"-option has been arranged for the purchase of the pending 10 percent of the shares of Medicitalia. This "call-"-option will also be accounted for under purchase price liabilities and amounts to a fair value of EUR 445 thousand.

The goodwill value of EUR 2,677 thousand results especially from the synergies as a result of the inclusion of Medicitalia in the Group. No recognized goodwill will be deductible for tax purposes.

The preliminary fair value of the acquired intangible assets excluding goodwill amounts to EUR 1,037 thousand and relates to software, customer relationships, and trademark rights. The receivables and payables associated with the acquisition, which essentially consist of trade receivables and payables, are balanced at book values at the date of the acquisition of control, which corresponds to fair value based on the expected collection period and the best estimate of access to contractual cash flow. Uncollectible receivables were not identified at the time of initial recognition.

Deferred tax liabilities of EUR 325 thousand were applied to the fair value of the acquired intangible assets excluding goodwill. There were no contingent liabilities or contingent claims as at the time of initial balancing.

The initial accounting for the acquisition of Medicitalia Srl as at August 1, 2015 was carried out in preliminary form. The analysis of the acquired customer relationships, software, and trademark rights is not yet completed due to some not yet fully received or evaluated information.

Acquisition of LMZ SOFT AG, Germany

In November 2015, CGM Systema Deutschland GmbH, a wholly-owned subsidiary of CompuGroup Medical SE, acquired 100 percent of the shares of LMZ SOFT AG.

Through the acquisition of LMZ SOFT, CGM will expand its market position as service provider for rehabilitation and specialist clinics. The existing and future customers of LMZ SOFT will benefit from a bundling of our respective strengths, our large range of services, and the standardization of our service quality.

The initial consolidation of LMZ SOFT was on November 1, 2015. The turnover was EUR 1,971 thousand in the 2014 financial year with EBITDA of EUR 212 thousand. The preliminary purchase price which takes into account contractual purchase price adjustments is EUR 4,275 thousand and was partly paid with EUR 4,185 thousand on the balance sheet day. The pending purchase price payment of EUR 90 thousand will be listed at the balance sheet date under current redemption liabilities.

The goodwill value of EUR 2,643 thousand results especially from the synergies within CGM as a result of the inclusion of LMZ SOFT in CGM. No recognized goodwill will be deductible for tax purposes.

The preliminary fair value of the acquired intangible assets excluding goodwill amounts to EUR 2,035 thousand and relates to software, customer relationships, and trademark rights. The receivables and payables associated with the acquisition, which essentially consist of trade receivables and payables, are balanced at book values at the date of acquisition of control, which corresponds to fair value based on the expected collection period and the best estimate of access to contractual cash flows. Uncollectible receivables were not identified at the time of initial recognition.

Deferred tax liabilities of EUR 613 thousand were applied to the fair value of the acquired intangible assets excluding goodwill. There were no contingent liabilities or contingent claims as at the time of initial balancing.

The initial accounting for the acquisition of LMZ SOFT as at November 1, 2015 was carried out in preliminary form. The analysis of the acquired software, customer relationships, and trademark rights is not yet completed due to some not yet fully received or evaluated information.

Remaining Additions

In the remaining additions the following mergers are included:

Business Combination	Acquisition date	Percentage of voting equity interests acquired	Description of how the acquirer obtained control of the acquiree	Primary reasons for the reasons for the business combination
BS Concept Realization B.V.	26.03.2015	100	Acquisition of 100% interests	Extension of the customer platform in the AIS segment in the Netherlands and expansion of the market share
Caretrace	30.11.2015	100	Business combination achieved in stages (interests from 50% to 100%)	Extension of the customer platform in the AIS segment in the Netherlands and expansion of the market share
Medigest	22.12.2015	100	Business combination achieved in stages (interests from 49% to 100%)	Acquisition to establish a market presence as base for future expansion in the Spanish AIS market
Farmatica	01.07.2015	100	Business combination achieved in stages (interests from 25% to 100%)	Extension of the customer platform in the PCS segment in Italy and expansion of the market share
BDH	01.01.2015	100	Acquisition of 100% interests	Extension of the customer platform in the AIS segment in Germany and continuation of the strategy to establish a strong sales and service structure
Essefarma	02.07.2015	n.a.	Asset Deal	Extension of the customer platform in the PCS segment in Italy and expansion of the market range
Grid Business Proprietary Limited	07.08.2015	n.a.	Asset Deal	Extension of the customer platform in the AIS segment in South Africa and continuation of the strategy to establish a strong sales and service structure
Krause	01.09.2015	n.a.	Asset Deal	Extension of the customer platform in the AIS segment in Germany and continuation of the strategy to establish a strong sales and service structure
Mountain EDV	01.01.2015	n.a.	Asset Deal	Extension of the customer platform in the AIS segment in Germany and continuation of the strategy to establish a strong sales and service structure

Change of Purchase Price Allocation

The purchase price allocation for the Farma3Tec S.r.l./Mondofarma S.r.l., Italy- group was completed in 2015. Due to this, the following changes in the purchase price allocations occurred:

	Before change of purchase price allocation	Changes in purchase price allocation	After changes in purchase price allocation
Non-current assets	6,948	0	6,948
Current assets	5,044	-259	4,785
Non-current liabilities	3,320	0	3,320
Current liabilities	5,303	0	5,303
Net assets acquired	**3,369**	**-259**	**3,110**
Total consideration transferred	7,851	0	7,851
Goodwill	**4,482**	**259**	**4,741**

Due to a change of the purchase price allocation from a merger taken place in 2014, a reduction of the acquired inventories of EUR 59 thousand took place at Puntofarma through a transfer of net asset. Therefore, the goodwill out of the asset deal Puntofarma increased accordingly.

Furthermore, a subsequent reduction of the purchase price for the Bley/Quo Vadis GmbH, acquired in 2014, in the amount of EUR 18 thousand took place. Therefore, the goodwill of the Bley/Quo Vadis GmbH increased accordingly.

Consolidated Notes
for the 2015 Financial Year continued

(iii) Subsidiaries included in the scope of consolidation

	Company name		Registered Office	Equity voting rights in %
Subsidiaries in the region Central Europe (CER)				
1	AESCU DATA Gesellschaft für Datenverarbeitung mbH	1)	Winsen	100.0
2	CompuGroup Medical Deutschland AG		Koblenz	100.0
3	CompuGroup Medical Dentalsysteme GmbH		Koblenz	100.0
4	CGM Immobilien Stuttgart GmbH (vormals: CompuGroup Medical Mobile Services GmbH)	6)	Stuttgart	100.0
5	CompuGroup Medical Managementgesellschaft mbH		Koblenz	100.0
6	ifap Institut für Unternehmensberatung und Wirtschaftsdienste im Gesundheitswesen GmbH	4)	Neu-Golm	100.0
7	ifap Service Institut für Ärzte und Apotheker GmbH		Martinsried	100.0
8	Intermedix Deutschland GmbH	5)	Koblenz	100.0
9	IS Informatik Systeme Gesellschaft für Informationstechnik mbH	6)	Kaiserslautern	60.0
10	LAUER-FISCHER GmbH		Fürth	100.0
11	LAUER-FISCHER ApothekenService GmbH	3)	Koblenz	100.0
12	CGM Systema Deutschland GmbH		Koblenz	100.0
13	Privadis GmbH	3)	Cologne	100.0
14	AESCU DATA Gesellschaft für Datenverarbeitung mbH AT	9)	Steyr/Austria	100.0
15	Meditec Marketingservices im Gesundheitswesen GmbH	3)	Steinhagen	70.0
16	EBM Medienholding GmbH (vormals: Dr. Ralle Medienholding GmbH)	3)	München	100.0
17	eHealth Business Media AG (vormals änd Ärztenachrichtendienst Verlags-AG)	3)	Hamburg	100.0
18	KoCo Connector AG		Berlin	50.0
19	CompuGroup Medical Research GmbH	4)	Koblenz	100.0
20	CompuGroup Medical Mobile GmbH	4)	Koblenz	100.0
21	CGM LAB International GmbH		Koblenz	100.0
22	CGM LAB Deutschland GmbH	28)	Koblenz	100.0
23	Turbomed Vertriebs- und Service GmbH	3)	Trossingen	100.0
24	Turbomed-Center Verwaltungs GmbH	35)	Blankenburg	100.0
25	Stock Informatik GmbH & Co. KG	3)	Fröndenberg	100.0
26	Stock Informatik Verwaltungs GmbH	3)	Fröndenberg	100.0
27	LMZ-Soft AG	2)	Saalfeld	100.0
28	Kronen zweitausend171 GmbH	40)	Berlin	100.0
Subsidiaries in the region Central Eastern Europe (CEE)				
29	CompuGroup Medical CEE GmbH		Wien/Austria	100.0
30	CGM Arztsysteme Österreich GmbH	10)	Steyr/Austria	100.0
31	HCS Health Communication Service Gesellschaft m.b.H.	10)	Steyr/Austria	100.0
32	INNOMED Gesellschaft für medizinische Softwareanwendungen GmbH	10)	Wiener Neudorf/Austria	70.3
33	Intermedix Österreich GmbH	10)	Wien/Austria	100.0
34	CGM Clinical Österreich GmbH	10)	Steyr/Austria	100.0
35	CompuGroup Medical Schweiz AG	10)	Köniz/Switzerland	100.0

36 CompuGroup Medical Polska Sp. z o.o.		Lublin/Poland	100.0
37 CompuGroup Medical Česká republika s.r.o.	11)	Prag/Czech Republic	100.0
38 Intermedix Česká republika s.r.o.	12)	Prag/Czech Republic	100.0
39 CompuGroup Medical Slovenska s.r.o.	12)	Bratislava/Slovakia	100.0
40 CompuGroup Medical Bilgi Sistemleri A.Ş.	14)	Istanbul/Turkey	100.0
Subsidiaries in the region North Europe (NER)			
41 CompuGroup Medical Norway AS	7)	Lysaker/Norway	100.0
42 Profdoc AS		Lysaker/Norway	100.0
43 CompuGroup Medical Sweden AB	7)	Uppsala/Sweden	100.0
44 Lorensbergs Communication AB	23)	Gothenburg/Sweden	100.0
45 Lorensbergs Holding AB	7)	Gothenburg/Sweden	100.0
46 CompuGroup Medical LAB AB	8)	Borlänge/Sweden	100.0
47 CompuGroup Medical Denmark A/S	7)	Randers/Denmark	100.0
48 CompuGroup Medical Belgium BVBA	15)	Nevele/Belgium	100.0
49 CompuGroup Medical Nederland B.V.	21)	Echt/Netherlands	100.0
50 CompuGroup Medical Holding Coöperatief U.A.	20)	Echt/Netherlands	100.0
51 CompuGroup Medical Nederland Software and Services B.V.	21)	Echt/Netherlands	100.0
52 Labelsoft Clinical IT B.V.	21)	Zoetermeer/Netherlands	100.0
53 Compufit BVBA	24)	Ostend/Belgium	100.0
54 CareTrace B.V.	30)	Zoetermeer/Netherlands	100.0
Subsidiaries in the region South Europe (SER)			
55 CompuGroup Medical Solutions SAS	16)	Montpellier/France	100.0
56 Intermedix France SAS	16)	Rueil-Malmaison/France	100.0
57 CompuGroup Medical France SAS		Rueil-Malmaison/France	100.0
58 Imagine Assistance S.a.r.l.		Soulac sur mer/France	100.0
59 Imagine Editions SAS		Soulac sur mer/France	100.0
60 CGM LAB France SAS	28)	Paris/France	100.0
61 CompuGroup Medical Italia SpA		Molfetta/Italy	100.0
62 Intermedix Italia S.r.l.	17)	Mailand/Italy	100.0
63 CompuGroup Medical Italia Holding S.r.l.		Mailand/Italy	100.0
64 CGM XDENT Software S.r.l.	17)	Ragusa/Italy	80.0
65 Studiofarma S.r.l.	25)	Brescia/Italy	100.0
66 Qualità in Farmacia S.r.l.	25)	Novara/Italy	95.0
67 SF Sanità S.r.l.	26)	Brescia/Italy	60.0
68 Farloyalty S.r.l.	26)	Brescia/Italy	51.0
69 farma3tec S.r.l.	25)	Mailand/Italy	80.0
70 Mondofarma S.r.l.	32)	Chiusi/Italy	100.0
71 Farmatica S.r.l.	33)	Jesi/Italy	100.0
72 Medicitalia S.r.l.	25)	Mailand/Italy	90.0
73 Intermedix ESPANA SL		Madrid/Spain	100.0
74 CGM LAB Belgium SA	29)	Barchon/Belgium	100.0
75 Medigest Consultores, S.L.		Madrid/Spain	100.0

Subsidiaries in the region United States und Canada (USC)				
76	All for One Software, Inc.	2)	Los Angeles/USA	100.0
77	CompuGroup Holding USA, Inc.		Delaware/USA	100.0
78	CompuGroup Medical, Inc.	18)	Delaware/USA	100.0
79	All for One Software, Inc.	2)	Vancouver/Canada	100.0
Subsidiaries in the region "Other" (OTH)				
80	CompuGroup Medical South Africa (Pty) Ltd.	13)	Kapstadt/South Africa	100.0
81	Medical EDI Services (Pty) Ltd.	36)	Margate/South Africa	100.0
82	CompuGroup Medical Malaysia Sdn Bhd	7)	Kuala Lumpur/Malaysia	100.0
83	CompuGroup Medical Software GmbH	3)	Koblenz	100.0
84	UCF Holding S.a.r.l.	3)	Luxembourg/Luxembourg	100.0
Joint ventures				
85	MGS Meine Gesundheit Services GmbH	37)	Koblenz	50.1
86	Wikipharm S.r.l.	38)	Mailand/Italy	50.0
87	CGM-Alstar Healthcare Solutions Sdn Bhd	27)	Kuala Lumpur/Malaysia	45.0
Associated companies at equity				
88	Mediaface GmbH		Hamburg	49.0
89	AxiService Nice S.a.r.l.	16)	Nice/France	28.0
90	Technosante Nord-Picardie SAS	16)	Lille/France	20.0
Other participations				
91	AES Ärzteservice Schwaben GmbH	3)	Bad Wimpfen	10.0
92	BFL Gesellschaft des Bürofachhandels mbH&Co.KG	31)	Eschborn	2.0
93	CD Software GmbH	2)	Lampertheim	9.1
94	ic med EDV-Systemlösungen für die Medizin GmbH	3)	Halle	10.0
95	Savoie Micro S.a.r.l.	16)	Meythet/France	10.0
96	Technosante Toulouse SAS	16)	Toulouse/France	10.0
97	Consalvo Servizi S.r.l.	26)	Salerno/Italy	5.0
98	Daisy-NET S.c.a.r.l.	17)	Bari/Italy	0.5
99	Practice Perfect Medical Software (PTY) Limited	39)	Hillcrest/South Africa	15.0

1) Subsidiary of CGM Managementgesellschaft mbH
2) Subsidiary of CGM Systema Deutschland GmbH
3) Subsidiary of CompuGroup Medical Deutschland AG
4) Subsidiary of ifap Service Institut für Ärzte und Apotheker GmbH
5) Subsidiary of CompuGroup Medical Dentalsysteme GmbH
6) Subsidiary of LAUER-FISCHER GmbH
7) Subsidiary of Profdoc AS
8) Subsidiary of CompuGroup Medical Sweden AB (vormals Profdoc AB)
9) Subsidiary of AESCU DATA Gesellschaft für Datenverarbeitung mbH
10) Subsidiary of CompuGroup Medical CEE GmbH
11) Subsidiary of CompuGroup Medical SE (78.5%) und CompuGroup Medical Deutschland AG (21.5%)
12) Subsidiary of CompuGroup Medical Česká republika s.r.o.
13) Subsidiary of CompuGroup Medical SE (91.511%) und Profdoc AS (8.489%)
14) Subsidiary of CompuGroup Medical SE (43.99%), CompuGroup Medical Deutschland AG (53.16%), Intermedix Deutschland GmbH (0%), CGM Systema Deutschland GmbH (0.48%), CompuGroup Medical Software GmbH (2.37%)
15) Subsidiary of CompuGroup Medical SE (99%) and CompuGroup Deutschland AG (1%)
16) Subsidiary of UCF Holding S.a.r.l
17) Subsidiary of CompuGroup Medical Italia SpA
18) Subsidiary of CompuGroup Holding USA, Inc.
19) Subsidiary of All for One Software, Inc.
20) Subsidiary of CompuGroup Medical SE (99.98%) and of CompuGroup Medical Deutschland AG (0.02%)
21) Subsidiary of CompuGroup Medical Holding Coöperatief U.A.
22) Subsidiary of CompuGroup Medical Neofland B.V.
23) Subsidiary of Lorensbergs Holding AB
24) Subsidiary of CompuGroup Medical Belgium BVBA
25) Subsidiary of CompuGroup Medical Italia Holding S.r.l.
26) Subsidiary of Studiofarma S.r.l.
27) Subsidiary of CompuGroup Medical Malaysia Sdn Bhd
28) Subsidiary of CGM LAB International GmbH
29) Subsidiary of CGM LAB International GmbH (99.9%) and CompuGroup Medical SE (0.01%)
30) Subsidiary of Labelsoft Clinical IT B.V.
31) Subsidiary of CompuGroup Medical Deutschland AG (1.0%) and CGM Systema Deutschland GmbH (1.0%)
32) Subsidiary of farma3tec S.r.l.
33) Subsidiary of Mondofarma S.r.l.
34) Subsidiary of Turbomed Vertriebs- und Service GmbH (100.0%) and Turbomed-Center Verwaltungs GmbH (0.00%; Komplementär)
35) Subsidiary of Turbomed Vertriebs- und Service GmbH
36) Subsidiary of CompuGroup Medical South Africa (Pty) Ltd.
37) Subsidiary of CompuGroup Medical Mobile GmbH
38) Tochtergesellschafrt of Medicitalia S.r.l.
39) Subsidiary of Medical EDI Services (Pty) Limited
40) LAUER-FISCHER ApothekenService GmbH

Remarks:

The companies INNOMED Gesellschaft für medizinische Softwareanwendungen GmbH, Meditec Marketingservices im Gesundheitswesen GmbH, CGM XDENT Software S.r.l., Qualità in Farmacia S.r.l., farma3tec S.r.l. and Medicitalia S.r.l. will incorporated with 100 percent through existing Put-/Call-Options in the consolidated financial statement without the recognitions of minorities.

The company KoCo Connector AG is included due to existing option contracts with 5 percent minority in the consolidated financial statement.

f) Debt consolidation
Receivables, liabilities and reserves between the companies included in the consolidated financial statements were offset.

g) Consolidation of results
Internal revenue between the consolidated companies were offset against the expenditures attributable to them. Other earnings (including earnings from equity investments) were offset against the corresponding expenditures with the recipient of the services.

Interim profits from deliveries and services within the Group were eliminated.

h) Foreign currency conversion
In preparing the financial statements of each Group company, transactions, which are conducted in currencies other than the functional currency of the ultimate Group company (parent company), are translated using the exchange rates prevailing on the transaction date. The functional currency is the respective national currency as the currency of the primary business environment. At each reporting date, monetary items in foreign currencies are translated at the exchange rate prevailing at the time of closing. Non-monetary items denominated in foreign currencies, that are measured at fair value, are translated at the rates prevailing at the date of the determination of fair value. For costs, non-monetary items are translated using the exchange rate prevailing at the time they were first recognized on the balance sheet.

Exchange differences on monetary items are recognized in the period in which they occur. The only exceptions are:
– Exchange differences arising from borrowings denominated in foreign currency that occur with assets intended for productive use during the production process. They are attributed to production costs, provided they represent adjustments to the interest paid on borrowings denominated in foreign currency. Such exchange rate differences had no impact on the present consolidated financial statements of CGM as there are no areas to which these regulations relate.
– Exchange differences on transactions that were entered into to hedge against certain foreign currency risks. Such exchange rate differences had no impact on the present consolidated financial statements of CGM.
– Translation differences from monetary items to be obtained from, or payable to, a foreign business whose performance is neither planned nor likely to occur and thus part of the net investment in that foreign business. The translation differences are initially recognized in other comprehensive income or reclassified to the income statement when equity is sold. Such exchange rate differences had no impact on the present consolidated financial statements of CGM as there are no areas to which these regulations relate.

In preparing the consolidated financial statements, the assets and liabilities of the affiliated foreign currency operations are converted into euros (EUR) using the exchange rates prevailing on the reporting date. Income and expenses are translated at the average exchange rate for the period. Strong fluctuations in foreign currencies, which would trigger a conversion of income and expenses at the time of a transaction, are not relevant for the present consolidated financial statements. Equity is translated at historical rates.

In the event of disposal of a foreign business, all accumulated translation differences attributable to the Group recognized in other comprehensive income from this business are reclassified to the income statement. The following transactions are regarded as disposals of foreign business:
– The disposal of all interests in a foreign business,
– A partial disposal with the loss of control over a foreign subsidiary, or
– A partial disposal of an investment in a joint arrangement or an associate, which includes a foreign business.

If a disposal of parts of a subsidiary that includes a foreign business takes place without causing a loss of control, the percentage of the amount of exchange rate differences attributable to the disposed portion is allocated to non-controlling interests as of the time of disposal.

Goodwill resulting from the acquisition of a foreign business and adjustments to the fair values of identifiable assets and liabilities are treated as assets and liabilities of the foreign business and translated at the closing rate. The resulting exchange rate differences are recognized in the currency translation reserve.

The following table provides information on the exchange rates of the (essential) currencies used within CGM Group:

	Fixed rates		Average rates January – December	
1€ corresponds to	31.12.2015	31.12.2014	2015	2014
Denmark (DKK)	7.46	7.45	7.46	7.45
Canada (CAD)	1.51	1.41	1.42	1.47
Malaysia (MYR)	4.70	4.25	4.34	4.34
Norway (NOK)	9.60	9.04	8.95	8.35
Poland (PLN)	4.26	4.27	4.18	4.18
Sweden (SEK)	9.19	9.39	9.35	9.10
Switzerland (CHF)	1.08	1.20	1.07	1.21
South Africa (ZAR)	16.95	14.04	14.17	14.40
Czech Republic (CZK)	27.02	27.74	27.28	27.54
Turkey (TRY)	3.18	2.83	3.03	2.91
USA (USD)	1.09	1.21	1.11	1.33

D. Summary of the principal accounting and measurement methods and underlying assumptions

Individual balance sheet and income statement items are summarized, disclosed and explained separately in the notes. Balance sheet items are subdivided into current and non-current items. Items are disclosed as non-current if they are realized after more than 12 months or outside a normal business cycle. Deferred taxes are always allocated to non-current items.

Intangible assets

Intangible assets acquired separately and as part of a business combination

CGM recognizes intangible assets with a certain useful life that were acquired separately and not as part of a business combination at cost less accumulated amortization and impairments. Intangible assets are amortized on a straight-line basis over the estimated useful life of the asset and recognized as expenses. Both the estimated useful life and the amortization method are reviewed at the end of each reporting period. Any changes from reassessments are taken into consideration prospectively.

If CGM Group acquires intangible assets with indefinite useful lives separately, these assets are recognized at cost less accumulated impairments. At the current time, CGM Group has no assets with indefinite useful lives.

Intangible assets acquired as part of a business combination are recognized separately from goodwill and measured at fair value at the time of acquisition. Intangible assets are amortized on a straight-line basis over the estimated useful life of the asset and recognized as expenses. Both the estimated useful life and the amortization method are reviewed at the end of each reporting period. Any changes from reassessments are taken into consideration prospectively.

For the amortization of intangible assets, the following values for useful life are used:

	Useful life in years
Acquired software	3-10
Customer relationships	10-30
Brands	10-30
Order backlogs	1-4

Amortizations as well as impairments and reversed impairments of intangible assets are recorded in the income statement under “Amortization of intangible assets”.

The main part of intangible assets in the balance sheet comes from company acquisitions. With the exception of goodwill, CGM Group has no assets with indefinite useful lives at the current time.

Capitalized in-house software
Costs directly allocated to research activities are recognized as expenses in the period in which they are incurred.

Capitalized in-house intangible assets resulting from development activities or the development phase of an internal software development project are capitalized if the following conditions have been fulfilled:
- The completion of the intangible asset is technically possible, meaning that it will be available for use or sale.
- The intangible asset is intended for completion as well as for use or sale.
- The intangible asset can be used or sold.
- The intangible asset will likely provide future economic benefit.
- Suitable technical, financial and other resources are available to complete development and to use or sell the intangible asset.
- The expenses allocated to the development of the intangible asset can be reliably determined (e.g. by means of project-specific time sheets).

An in-house intangible asset is capitalized for the first time at the sum of all expenses incurred from the day on which the intangible asset fulfills all of the aforementioned conditions for the first time. Should a capitalized in-house intangible asset not be able to be capitalized or should no intangible asset exist, development costs are recognized as expenses in the period in which they are incurred.

As with acquired intangible assets, capitalized in-house intangible assets are recognized at cost less accumulated amortization and impairments in subsequent periods.

Borrowing costs that are directly attributable to software development (qualifying asset) form part of the cost of that asset and should be capitalized until all work has largely been completed to prepare the asset for its intended use or sale.

Capitalized in-house services assets (generally software) are amortized on a straight-line basis over their estimated useful life of two to fifteen years.

Goodwill
Goodwill is not amortized but instead tested annually for impairment on December 31. Goodwill resulting from a business combination is capitalized at cost less accumulated impairments.

For the purposes of the impairment test, goodwill is allocated upon acquisition to the cash-generating units (or groups thereof) of CGM Group that are expected to be able to make use of the benefit from the synergies generated by the business merger.

The impairment test of goodwill is based on cash-generating units (CGU). A CGU is the lowest level on which goodwill is monitored for the internal purposes of company management. As part of the impairment testing, the carrying amount of the cash-generating units on which the goodwill is based is compared to their recoverable value. If the carrying amount of the CGU exceeds its recoverable value, then impairment exists and the goodwill must be written down to its recoverable value. The recoverable value is the higher of two amounts: the value in use and its fair value minus disposal costs. To determine the recoverable value, the Company first calculates the value in use of the CGU using a discounted cash flow (DCF) method. A subsequent write-up of an impairment loss recognized in previous financial years on goodwill, to reflect the absence in the current financial year of the reasons for the impairment loss, is not permitted.

Even if the recoverable value exceeds the carrying amount of the CGU allocated to goodwill in future periods, impaired goodwill is not written up. Impairments of goodwill are recorded in the income statement under "Amortization of intangible assets."

The accounting and measurement principles for goodwill resulting from the acquisition of an associate is described under "C.c) Associates and joint ventures."

Derecognition of intangible assets
An intangible asset is to be derecognized upon disposal or if no further benefit is expected from its use or sale. The gains or losses calculated from the difference between net sales proceeds and the intangible asset's carrying amount from derecognition of an intangible asset is recognized in the income statement at the time of the asset's derecognition. Derecognition is carried out under either "other operating income" or "other operating expenses."

Property, plant, and equipment

Land and buildings

Land and buildings serving as locations for the manufacture or supply of goods, the provision of services, or for administrative functions are recognized at amortized cost less accumulated depreciation and accumulated impairments.

Land and buildings intended to serve as locations for the manufacture or supply of goods, the provision of services or for administrative functions, and those that are currently under construction are capitalized at cost less recognized impairments. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset and should be capitalized until all work has largely been completed to prepare the asset for its intended use or sale. The depreciation of these assets begins on the same basis as all other buildings, namely once they have reached operating condition. Land is not subject to depreciation.

Other assets and plant and office equipment

Other assets as well as plant and office equipment are recognized at cost less accumulated depreciation and recognized impairments.

Assets are depreciated on a straight-line basis. Acquisition costs and fair values are written down as follows over the estimated useful life of an asset, but no lower than the residual carrying amount. The estimated useful lives, residual amounts and depreciation methods are reviewed at the end of each reporting period. Any changes from reassessments are taken into consideration prospectively. For the depreciation of property, plant and equipment, the following values for useful life are used:

	Useful life in years
Buildings	Up to 60
Other assets and plant and office equipment	3 – 10

Depreciation as well as impairments and reversed impairments of property, plant and equipment are recorded in the income statement under "Depreciation of property, plants, and equipment."

Impairments of property, plant, and equipment and intangible assets (excluding goodwill)

As of each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment and intangible (depreciable) assets to determine whether there is a need to write them down. If there is evidence of such a need, the realizable value of the asset is estimated in order to determine the amount of the potential impairment charge required. If the realizable value for the individual asset cannot be estimated, the realizable value is estimated for the CGU to which the asset belongs. This also applies in the event of evidence for a reduction in value.

The realizable value is the higher value between the fair value less costs to sell and the value in use. When determining the value in use, the estimated future cash flows are discounted to present value.

If the estimated realizable value of an asset (or a CGU) is less than the carrying amount, the carrying amount of the asset (or of the CGU) has to be reduced to the realizable value. The impairment is recognized immediately and posted to the income statement.

If impairment is subsequently reversed, the carrying amount of the asset (or CGU) is increased to the newly estimated realizable value.

The increase in the carrying amount is limited to the amount that would have been determined if no impairment had been recognized for the asset (the CGU) in previous years. A reversal of the write down is recognized immediately and posted to the income statement.

An impairment test is carried out on intangible assets with indefinite useful lives or intangible assets not yet available for use at least once a year (December 31) and if there is evidence of a reduction in value.

Borrowing costs

Borrowing costs directly relating to the acquisition, construction, or production of qualifying assets are added to production costs until the point at which the assets are essentially available for their intended use or sale. Qualifying assets include assets that require a considerable period of time before they reach their intended condition ready for use or sale.

Should earnings be generated from the intermediate investment of borrowed capital taken out especially for the production of qualifying assets, these earnings are deducted from capitalizable borrowing costs. Other borrowing costs are recognized in the income statement in the period in which they are incurred.

Investments in companies recognized with the "equity method"

Investments in companies recognized with the "equity method" include the associates and the joint ventures.

Investments in associates

Pursuant to IAS 28, Investments in Associates and Joint Ventures, associates are stated in accordance with the "equity method."

At the time of acquisition, they are stated at purchase costs. The book value of the investment also includes goodwill identified at the time of acquisition less impairment. Dividend payments of the investments will be accounted for in the year of payment as a reduction of the carrying amount without any effects in the income statement. The Company's share of earnings of associates in the period is posted to income.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate

Impairment tests will be carried out if there is a so-called "triggering event" (particularly at high changes in net results).

Joint Ventures

Pursuant to IAS 28, Investments in Associates and Joint Ventures, joint ventures are also stated in accordance with the "equity method". The classification as a joint venture is based on the criteria of IFRS 11, Joint Arrangements.

At the time of acquisition, they are stated at purchase costs. The book value of the investment also includes goodwill identified at the time of acquisition less impairment. Dividend payments of investments will be accounted for in the year of payment as a reduction of the carrying amount without any effects in the income statement.

When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the company.

Impairment tests will be carried out if there is a so-called "triggering event" (particularly at high changes in net results).

Financial assets

Classification

CGM Group classifies its financial assets in the following categories: at fair value in the income statement, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets recognized at fair value in income

Financial assets recognized at fair value in the income statement are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise they are classified as non-current. Fluctuations in the value of financial assets at fair value are recognized in financial income or financial expenses respectively.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. CGM's loans and receivables comprise trade receivables, other receivables, and cash and cash equivalents.

(c) Financial assets available for sale

Financial assets available for sale are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trading day – the day on which the Group commits to purchase or dispose of the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value in the income statement. Financial assets carried at fair value in the income statement are initially recognized at fair value and transaction costs are expensed in the income statement.

Financial assets are derecognized when the rights to receive cash flow from the investments have expired or have been transferred and CGM has transferred all substantial risks and rewards of ownership. Financial assets recognized at fair value in the income statement are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest method. Financial assets available for sale are subsequently carried at fair value unless the fair value cannot be determined, in which case the financial assets available for sale are carried at cost.

Dividends on financial assets available for sale are recognized in the income statement as part of financial income when the Group's right to receive payments is established.

Impairment of financial assets

(a) Assets carried at amortized cost

CGM assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine if there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- CGM, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- Probability that the borrower will enter bankruptcy or other financial reorganization;
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
- Adverse changes in the payment status of borrowers in the portfolio; or national or local economic conditions that correlate with defaults on the assets in the portfolio.

CGM Group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognized in the income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is to be reversed in the income statement.

(b) Financial assets available for sale

CGM Group carries its financial assets available for sale at cost. To assess whether there is objective evidence that a financial asset available for sale or a group of financial assets is impaired, refer to the criteria and methods mentioned in (a) above. In addition to these criteria and methods, objective evidence of impairment for an investment in an equity instrument includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered. CGM Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. Such impairment losses are not reversed.

Derecognition of financial assets
CGM Group only derecognizes a financial asset if the contractual rights concerning future cash flows from the financial asset expire or if CGM Group transfers the financial asset together with all risks and rewards associated with ownership of the asset to a third party.

If CGM Group neither transfers all risks and rewards associated with ownership nor retains them, but maintains control of the transferred asset, the Group recognizes its remaining share in the asset and a corresponding liability equaling the anticipated contributions to be paid.

In case of CGM Group essentially retaining all risks and rewards associated with ownership of a transferred financial asset, CGM Group will continue to recognize the financial asset as well as a secured loan for the received consideration.

In case of the complete derecognition of a financial asset, the difference between the carrying amount and the total of fees already received or to be received, plus all accumulated profits or losses recognized in other income and in equity, is carried in the income statement.

In case of the partial derecognition of a financial asset, CGM Group splits the previously carried carrying amount of the financial asset into the part that continues to be recognized in accordance with its continuing involvement and the part that is no longer recognized on the basis of the relative fair values of these two parts at the time of transfer. The difference between the carrying amount of the part that is no longer recognized and total fees from the part that is no longer recognized plus all accumulated profits and losses attributable to this part that were recognized in other income is carried in the income statement. All accumulated profits and losses recognized in other income are distributed between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of each part.

Offsetting financial instruments
Financial assets and liabilities are offset and the net amount is reported in the consolidated financial statements when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. There was one of these elements as at the reporting date.

Inventories
Inventories are valued at the lower of cost and net realizable value. Manufacturing costs include material costs and production costs, plus any production overheads. The values are calculated either according to the weighted-average cost method or according to the first in, first out (FIFO) method. The net realizable value represents the estimated selling price less all estimated costs to completion, as well as costs for marketing, sales and distribution.

Trade receivables and other current receivables
CGM Group records receivables at amortized cost less impairments.

Impairments are carried out in the form of specific loan loss provisions in line with default risk. Actual defaults on receivables result in derecognition of the respective receivable. Receivables that are deemed to be of minor importance as well as receivables of similar default risk are grouped together and analyzed using historical values to test for impairment. At CGM Group, separate impairment accounts are often used to record impairments on trade receivables. In effect, the fundamental default risk (assessment in relation to probability of default) is the decisive factor in the decision as to whether the receivable is recognized in the income statement through derecognition or by means of an impairment account.

Assets held for sale and discontinued operations
CGM Group classifies a non-current asset as held for sale if the majority of the asset's inherent carrying amount is generated through a sale transaction and not through continued usage within CGM Group. CGM Group classifies assets and liabilities as disposal groups if these assets and liabilities are to be sold or otherwise ceded as a group in a single transaction and the criteria of IFRS 5 "Assets Held for Sale and Discontinued Operations" are fulfilled.

Non-current assets (or disposal groups) are classified as assets held for sale if the majority of the associated carrying amount is realized through a sale transaction and not through continued usage. This condition is only considered fulfilled if the non-current asset (or disposal group) is immediately available for sale in its current state and if it is highly likely to be sold. The management must be committed to a sale and it must be assumed that the sale process will be concluded within a period of one year after the classification of the asset as held for sale.

Non-current assets or disposal groups classified as held for sale are recognized at the lower of original carrying amount or fair value minus disposal costs.

Should CGM Group be committed to a sale that leads to the disposal of an investment or a share in an investment in an associate or joint venture, the investment or share in an investment is to be classified as held for sale provided that the aforementioned conditions for assets held for sale have been fulfilled. From this point on, the equity method is no longer used in relation to the share held for sale. Retained shares in an investment in an associate or joint venture that are not classified as held for sale are to be carried in accordance with the equity method as before. CGM Group discontinues the use of the equity method at the time of the disposal of the asset classified as held for sale if the disposal causes the Group to lose a controlling interest in the associate or joint venture.

Following disposal, CGM Group carries all retained shares in the respective associate or joint venture in accordance with the requirements of IAS 39. Should the retained shares mean that an associate or joint venture continues to exist, this represents an exception to this rule and necessitates the continued use of the equity method.

Provisions for post-employment benefits

For defined benefit plans, the costs for services rendered are determined on the basis of the projected unit credit method, with an actuarial assessment being carried out at the end of each reporting period. In this method, biometric bases for calculation and the respective, current long-term capital market interest rate, as well as current assumptions regarding future salary and pension increases, are taken into account. Revaluations consisting of actuarial profits and losses, changes resulting from the application of asset ceilings and income from plan assets (not including interest on net debt) are recognized immediately in other income and are directly included in the balance sheet. The revaluations recognized in other income are part of retained earnings and are no longer reclassified in the income statement. Past service costs are recognized as expenses as soon as the changes to the pension plan come to fruition and provided that the changes to the pension plan depend on the employees remaining in service for a specified period of time (vesting period).

Net interest is calculated by multiplying the pension interest rate by net debt (pension obligation less plan assets) or, if the plan assets are greater than the pension obligations, by the net asset value at the beginning of the financial year. Defined benefit costs comprise the following components:

- Service cost (including current service cost, past service cost and potential profit or loss from changes or reductions to pension plans)
- Net interest income or expenses from net debt or the net asset value
- Revaluation of net debt or the net asset value

CGM Group recognizes the first two components in the "personnel expenses" item in the income statement. Profits and losses from reductions to pension plans are carried as past service costs.

The provision for defined retirement benefits plans in the consolidated balance sheet corresponds to the present value of the pension commitment on the balance sheet date less the fair value of the plan assets. Any resulting surplus is limited to the present value of future economic benefit, and is available in the form of reimbursements (of contributions) from pension plans or a reduction in future contributions to pension plans.

Contributions to defined contribution pension plans are recognized as expenses in personnel expenses if the employees have performed the services that entitle them to the contributions. Payments for state pension plans are treated as defined contribution plans. CGM Group has no further payment obligations other than the payment of contributions.

Provisions for anniversaries

Pursuant to IAS 19.67, provisions for anniversaries are stated in accordance with the "projected unit credit method". The provisions for anniversaries are paid out according to the aging list of the workforce to the respective anniversaries of service of the employees. Based on the current workforce, payments will mainly take place during the next 30 years.

Other provisions

Provisions are established for legal and actual obligations that existed as at the balance sheet date or that arose for economic reasons if it is likely that the fulfillment of the obligation will lead to an outflow of funds or an outflow of other resources of the Company, and if there is uncertainty, resulting from estimating inaccuracies, with regard to due dates and amounts.

Measurement is on the basis of the amount of the obligation with the highest degree of probability or, in the case of equal probability, on the expected amount of the obligation. Risks and uncertainties linked to the obligation are to be taken into consideration. Should a provision be measured on the basis of the estimated cash flows from the fulfillment of the obligation, these cash flows are to be discounted if there is a material interest effect.

If it can be assumed that the economic benefit necessary for the fulfillment of the provision, or parts thereof, are to be reimbursed by a third party, CGM Group recognizes this economic benefit as an asset on the condition that it is almost certain that the reimbursement will take place and that the reimbursement amount can be estimated accurately.

a) Onerous contracts
Current obligations in relation to onerous contracts are recognized as provisions. The existence of an onerous contract is assumed if CGM Group constitutes a contractual party in a contract in which it is anticipated that unavoidable costs necessary to fulfill the contract exceed the maximum potential economic benefit.

b) Restructuring
A provision for restructuring expenses is recognized if CGM Group has prepared a detailed, official restructuring plan, which gives those affected the justified impression that the commencement of the plan's implementation or the announcement of its key elements means that the restructuring will be carried out. Only the direct expenses linked to the restructuring are applied to the measurement of the restructuring provision. Therefore, only the expenses incurred as a result of the restructuring are recognized and not the expenses relating to the ongoing business operations of the Group.

c) Guarantees
Provisions for anticipated expenses from guarantee obligations pursuant to national laws governing sales contracts are recognized at the time of the sale of the product concerned. The amount is calculated on the basis of an estimate of expenditure necessary for the Group to fulfill its obligation. If a large number of similar obligations exist, such as for guarantees, the probability of a charge over assets is determined on the basis of this group of obligations. Provisions are also carried under liabilities if the probability of a burden on assets is low in relation to a single obligation contained in this group.

d) Severance payments
A liability for payments resulting from the termination of an employment relationship is recognized when CGM Group can no longer revoke the offer of such benefits. Should severance payments arise in relation to restructuring, the liability for payments resulting from the termination of an employment relationship is recognized at an earlier time (before an offer is submitted).

Financial liabilities
CGM Group recognizes financial liabilities when a Group company becomes a contractual party in a financial instrument. Depending on the circumstances, these kinds of liabilities are either classified as financial liabilities recognized at fair value in the income statement or as other financial liabilities.

CGM Group measures financial liabilities at fair value upon addition. Transaction costs directly attributable to the issue of financial liabilities not recognized in the income statement but at fair value are carried directly in the income statement.

a) Financial liabilities measured at fair value in the income statement
Financial liabilities are classified as financial liabilities measured at fair value in the income statement when they are either held for the purposes of trading or are voluntarily measured at fair value in the income statement.

A financial liability is classified as held for trading purposes, if:
– It was acquired with the primary intention of being bought back in the short term, or
– It is part, at the time of initial recognition, of a portfolio of clearly defined financial instruments managed by CGM Group, for which there has been evidence of short-term profit taking in the recent past, or
– It is a derivative, which is not designed as a hedging instrument, and is effective and does not constitute a financial guarantee.

Other financial liabilities not held for the purposes of trading can be designated at fair value in the income statement at the time of initial recognition, if:
– Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or
– The financial liability belongs to a group of financial assets and/or financial liabilities that is managed and measured in accordance with a documented Group risk or investment management strategy on the basis of fair values and on which the internal information flow is based, or
– It is part of a contractual agreement that contains one or more embedded derivatives and IAS 39 "Financial Instruments: Recognition and Measurement" permits the entire contract (asset or liability) to be measured at fair value.

In the category "Financial assets at fair value (FVtPL)" the designated financial liabilities are measured at fair value. Therefore, all gains or losses resulting from the measurement are recognized in the income statement. The net profit or loss recognized in the income statement includes interest paid on financial liabilities and is recorded under "Financial income and liabilities".

b) Other financial liabilities
Other financial liabilities, such as loans, trade liabilities and other liabilities are measured at amortized cost using the effective interest method. The effective interest method is used for the calculation of the amortized cost of a financial liability and the allocation of the interest expense to the corresponding period. The effective interest rate is the interest rate at which estimated future cash outflow – including incurred costs and paid or received fees, which are integral parts of the effective interest rate, as well as transaction costs and other premiums or discounts – is discounted on the net carrying amount from initial recognition over the expected term of the financial instrument or for a shorter period.

c) Derecognition of financial liabilities
CGM Group derecognizes a financial liability as soon as the respective obligation is settled, reversed, or expires. The difference between the carrying amount of the derecognized financial liability and the received consideration is recognized in the income statement.

Equity
If equity instruments exist, they are recognized at issue earnings less directly attributable issue proceeds. Issue costs include costs that would not have otherwise been incurred had the equity instrument not been issued.

Shares bought back by CGM Group (treasury shares) are to be directly deducted from shareholders' equity. The purchase, sale, issue or cancellation of treasury shares is not recognized in the income statement. All paid or received payments related to treasury shares are recognized directly in equity.

Accumulated other income
Changes in equity with no effect on net income are recorded in accumulated other income provided these changes are not based on transactions with shareholders recognized in equity. Changes recorded in other income include differences from currency conversion, unrealized gains and losses from the measurement at fair value of assets held for sale and from derivative financial instruments. Actuarial gains and losses are recorded in equity under provisions in the period in which they are recognized.

Derivative financial instruments (in hedge accounting)
CGM Group hedges derivative financial instruments in order to control its interest and exchange rate risks. This includes the conclusion of forward exchange transactions and interest swaps. Derivatives are carried initially at fair value at the time of contract conclusion and subsequently measured at fair value at the end of each reporting period. The gains or losses resulting from the measurement is recognized immediately in the income statement, provided that the derivative is not a hedging instrument as part of designated and effective hedge accounting.

Derivatives included in hedge accounting are generally designated as either:
- Hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedge);
- Hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge); or
- Hedges of a net investment in a foreign operation (net investment hedge).

At the start of hedge accounting, the relationship between the underlying transaction and the hedge is documented, including risk management targets and the corporate strategy behind the conclusion of hedge accounting. In addition, the effectiveness of the hedging derivative designated as part of hedge accounting is documented with regard to compensation for changes to the fair value or to payment flows in the underlying transaction, both when the hedge accounting is commenced and at regular intervals. The recognition of the measurement results in the income statement depends on the type of hedge accounting. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than one year and as a current asset or liability when the remaining maturity of the hedged item is less than one year.

Trading derivatives are classified as non-current assets or liabilities in accordance with IAS 1.68 and IAS 1.71 if they are due after more than one year; otherwise they are classified as current.

If derivatives embedded in non-derivative basis contracts are concluded, CGM Group treats these as freestanding derivatives on the condition that:
- Derivative requirements are fulfilled,
- Their financial features and risks are not closely linked with the basic contract, and
- The contract as a whole is not measured at fair value in the income statement.

As of December 31, 2015, neither derivatives in the income statement nor derivatives as interest rate hedges exist.

Moreover, forward exchange contracts have been concluded in the reporting period, while at balance sheet date no exchange contracts existed.

Cash flow hedges
The effective portion of changes in the fair value of derivatives that can be used for cash flow hedges and are designated as such is recognized in other operating income under "Cash flow hedges." Any gains or losses attributable to the ineffective portion are immediately recognized in the financial result in the income statement.

Amounts recognized in other income are reclassified in the income statement in the period in which the underlying transaction is recognized in the income statement. The amounts are recognized under the same income statement item as the underlying transaction. However, if a hedged anticipated transaction leads to the recognition of a non-financial asset or a non-financial debt, the profits and losses previously recorded in other income and in shareholders' equity are derecognized from shareholders' equity and taken into consideration in the initial measurement of the cost of the asset or debt.

The recognition of hedge accounting on the balance sheet ends when CGM Group dissolves, sells, terminates, or exercises the hedging instrument or when the derivative is no longer suitable for hedging purposes. The profits and losses recognized at this time in other income and in shareholders' equity remain in shareholders' equity and are only recognized in the income statement when the anticipated transaction is also carried in the income statement. If the anticipated transaction is no longer expected to occur, all income recognized in shareholders' equity is immediately reclassified in the income statement.

See section "Fair value measurement" for details on the fair values of derivatives used for hedging purposes. As of December 31, 2015, no cash flow hedges existed.

Cash and bank deposits
Cash and bank deposits are recognized at cost. They comprise cash reserves, bank deposits available on demand and other current, highly liquid financial assets that have terms of a maximum of three months at the time of acquisition. It is indicated if the Group holds a substantial amount of cash and cash equivalents which cannot be disposed of.

Liabilities from government grants
Government grants are recognized according to the gross method on the one hand (for historical reason applied in Italy), i.e. their gross amounts are recognized on the liabilities side, on the other hand they are recognized according to the net method, where investment grands get netted with the respective asset. They exclusively comprise investment grants that are recognized in other income in proportion to the write-downs of the subsidized assets.

Leases
Leases are essentially classified as finance leases if all risks and rewards incidental to ownership are transferred to the lessee through the leasing agreement. Leases in which a substantial proportion of all risks and rewards incidental to ownership of an asset remain with the lessor are classified as operating leases.

a) CGM Group as lessee
The Group leases certain items of property, plant and equipment (leased items). Assets in connection with finance leases are capitalized at the beginning of the leasing term at the lower of the fair value of the leased item and the present value of minimum lease payments. Leasing liabilities of the same amount are recognized under non-current liabilities. Each leasing installment is divided into its respective interest and principal components in such a way that the leasing liabilities remain constant. The net lease liability is recorded under non-current liabilities. The interest component of the leasing installment is charged to the income statement so as to produce a constant rate of interest over the term of the lease agreement. Items of property, plant and equipment governed by finance leases are depreciated over the shorter of their economic useful life or the term of the lease.

Payments made in relation to an operating lease are recognized as expenses on a straight-line basis over the duration of the lease. The only exception to this is when another accounting method is more suitable to the pattern of economic benefits for CGM Group. Conditional payments within the scope of an operating lease are recognized as expenses in the period in which they occur.

b) CGM as lessor
If assets are leased under a finance lease, the present value of the minimum lease payments is carried as a lease receivable. Any difference between the gross receivable (minimum lease payment before discounts) and the present value of the receivable is recognized as unrealized financial income. The receipt of differences in amounts is recognized in revenue. Leasing income is recognized over the lease term using the annuity method, reflecting a constant annual return in terms of the lease receivable.

Assets leased by customers within the scope of leasing relationships are recognized in non-current assets. Income from leases is recognized on a straight-line basis over the term of the lease.

Income taxes and deferred taxes

Income tax expenses for the reporting period recognized in the CGM Group income statement consist of the current tax charge and deferred taxes charged in the income statement. CGM Group calculates the current tax charge on the basis of Group companies' taxable income under valid national income tax rates.

In accordance with the requirements of IAS 12, CGM Group recognizes all temporary differences between the tax balance sheet and the consolidated financial statements as deferred taxes. Deferred tax assets on loss carry forwards are recognized as assets in the amount for which it can be assumed that usage will take place in the medium term (five years) permitted under tax law.

Deferred tax assets and liabilities are also formed on the basis of temporary differences resulting from company acquisitions. One exception to this is temporary differences from goodwill for which no deferred taxes are recognized. If goodwill is taken into account for tax purposes, the recognition of deferred taxes that are not realized before the disposal is performed in the subsequent evaluation.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates unless the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The respective valid national income tax rates for Group companies are used in the calculation of deferred taxes. Income tax rates that are already fixed but will only be applied in future periods are also taken into consideration in the calculation of deferred taxes.

Deferred tax entries generally impact the income statement (with the exception of first-time consolidation) unless they relate to items that are directly recognized in equity or other income. In this case, the taxes are also recognized in equity or other income.

Income recognition

Income from the sale of goods and rights is recorded once the risks and rewards of ownership of the goods and rights have been transferred to the buyer, the transfer of the economic use of the asset is likely and the amount can be reliably established. Income from services purchased is recorded as soon as the service is performed. Income is not recognized if there are any material risks regarding the receipt of the consideration or the potential return of goods. CGM Group recognizes its revenue less any reductions such as bonuses, rebates or discounts.

Income and expenses resulting from manufacturing orders (primarily from the implementation of software solutions in clinics, larger laboratories, social services and rehabilitation centers) are carried according to the percentage of completion method. According to this, income is recognized according to the degree of completion. The degree of completion is calculated on the basis of the relationship between the order costs incurred on the respective date and total order costs estimated on the reporting date. Manufacturing orders carried according to the percentage of completion method are recognized on the reporting date at incurred order cost plus the percentage of profit resulting from the degree of completion. The income generated from manufacturing orders is recognized less received prepayments and invoiced services already settled by the customer in the balance sheet under trade receivables.

Changes to ordered services as well as subsequent services are only taken into account as part of an existing manufacturing order if acceptance on the part of the customer is considered likely and a reliable assessment can be made regarding the amount. Should income from a manufacturing order not be able to be estimated with a sufficient level of certainty, probable revenue is recognized at least up to the amount of incurred costs. Order costs are recognized as expenses for the period in which they are incurred. If it is foreseeable that anticipated order costs will exceed order income, the anticipated loss is recognized immediately as expenses.

Income from contracts that contain a number of different elements (multi-component contracts) is recognized if the respective contractual component has been supplied or provided and is based on the objective, relative fair values of each individual contractual component.

The main types of revenue and their recognition are presented below:

Revenue type	Description and income recognition
Software licenses	These include revenue from the sale of software licenses, which are usually subject to a single payment. The license entitles the customer to permanent use of the software. The license fee is contractually fixed and does not trigger any future license payments or usage-dependent invoices. Only software expansion modules trigger further license payments. Income from sales of software licenses is recognized on dispatch.
Software license and other recurring income	This includes revenue from contracts that give customers access to new releases of software products after they have already been supplied. These updates serve to rectify bugs, improve performance and other features and also adapt the software to changes in the usage environment. The contractual relationship for software maintenance also includes hotline support (either via telephone or online). A software maintenance contract usually runs for twelve months and is automatically extended by a further twelve months. Revenue from recurring, transaction-specific services and other long-term services include application service provider services, hosting fees, Internet service provider fees, eServices fees, EDI and compensation payments, receivables management payments, outsourcing agreements, hardware maintenance and repair agreements etc. Customer relationships are usually long-term. Income from software maintenance and other recurring income as well as from support services is booked over the period when the services are rendered.
Professional Services	Revenue from services remunerated on an hourly basis or at contractually agreed fixed prices falls under the “Services” revenue type. Activities performed on behalf of customers include project management, analysis, training, system configuration, customer-specific programming as well as hardware maintenance and repair work. Income from services to be remunerated on an hourly basis is recognized upon completion of the service. Income from service components as part of manufacturing and other service contracts is recognized according to the degree of completion of the project (percentage of completion method).
Hardware	Revenue from the sale of hardware and infrastructure components, such as PCs, servers, monitors, printers, switches, racks, network components, etc. This income is recognized immediately after the hardware components are dispatched. This does not apply to contractually fixed hardware components within the scope of manufacturing orders, which are recognized in the project as a whole according to the degree of completion (percentage of completion method).
Advertising, eDetailing and data	This includes revenue from paid advertising content and communications services relating to software or other media. It also includes revenue from software services and associated services supporting the sales process of pharmaceutical companies. Revenue from the collation, organization and provision of data (i.e. blacklists) for service providers in the healthcare sector (e.g. health insurances, pharma companies) is attributed to this income type. Income from advertising, eDetailing and data that take the form of a continuing obligation is booked over the period when the services are rendered. Income from services to be remunerated on an hourly basis is recognized upon completion of the service.
Software assisted medicine (SAM)	This includes revenue from healthcare management and associated services. In addition, revenue that originates from the use of special software modules (i.e. software supporting medical decision-making) in physician’s offices, hospitals, networks of physician’s offices and hospitals, health insurance providers, patient networks, etc. is allocated to this revenue type. Income from health management services to be remunerated on an hourly basis is recognized upon completion of the service. Income from sales of SAM software licenses is recognized immediately after they are dispatched. Income from software maintenance and other recurring income in SAM is booked over the period when the services are rendered.
Other income	This comprises all revenue that cannot be attributed to any of the aforementioned categories. Income recognition is carried out on a case-by-case basis in compliance with the relevant IFRS requirements.

Interest income is posted to the correct accounting period based on the outstanding loan balance and the applicable interest rate. The applicable interest rate is the interest rate calculated on the estimated future cash to be received over the term of the financial asset and the net carrying amount of the financial asset.

Dividend income from investments is recorded when the shareholder (the Company) is entitled to payment.

Deferred income

Deferred income is recognized in compliance with the basic revenue recognition criteria as software license income, software maintenance, and other recurring income, income from advertising, e-detailing and data, and income from Software Assisted Medicine (SAM) in the income statement. This is typically the case when the related services are rendered.

Earnings per share

Undiluted earnings per share equate to the sum of the net result attributable to the shareholders of CompuGroup Medical SE divided by the weighted average of the number of issued shares. If new shares are issued or bought back during the reporting period, this calculation is carried out pro rata based on the shares in circulation during the given period. There are no instruments that could potentially dilute earnings per share.

Segment reporting

The segment reporting of CGM Group is aligned with the internal organizational and reporting structure in accordance with the so-called "management approach." The data and financial information used to determine internal management parameters is derived from the consolidated financial statements of CGM Group prepared in accordance with IFRS accounting principles.

Use of accounting estimates and management judgments

The preparation of consolidated financial statements under IFRS requires that assumptions are made and estimates are applied. These have an effect on the amount and reporting of recorded assets and liabilities, income and expenses, and contingent liabilities of the reporting period. The main estimates and judgments in preparing the consolidated financial statements are discussed below:

a) Purchase price allocations and company acquisitions

Assumptions and estimates are particularly made as part of the purchase price allocations for the purchase of companies. The determination of the value of capitalized software is based upon the relief from royalty method, customer relationships as per the multi-period excess earnings method, and trademark rights using the relief from royalty method. Estimates are also used to support the calculation of the depreciation of identified undisclosed reserves.

b) Estimated impairment of goodwill

An assessment of the recoverable amount for goodwill is carried out both annually and as soon as there is any evidence for an impairment of goodwill; it is based upon budget calculations for the CGU over the next five years using a discount rate reflecting any specific Company risk. CGM Group determines the recoverable amount from either the fair value less disposal costs or the value in use, whichever is greater. However, the management of CGM Group believes that the assumptions used in the calculation of the recoverable value are suitable, unforeseeable changes in these assumptions would lead to an impairment charge which could have negative implications on the net assets, financial position and results of operations of CGM Group.

c) Recoverable amount of assets

CGM Group assesses whether there is evidence of impairment of property, plant, and equipment or an intangible asset (also including intangible assets from capitalized in-house services software) at the end of every reporting period. The recoverable amount of the corresponding asset is determined using the best possible estimate of the input parameters. Similarly to the recoverable goodwill test, the recoverable amount equates to the fair value less disposal costs or the value of use, whichever is greater. The recoverable amount is determined on the basis of budget calculations for the cash flows of the relevant asset over the next five years using a discount rate reflecting any specific Company risk. However, the management of CGM Group believes that the assumptions used in the calculation of the recoverable amount are suitable with regard to the economic climate and the development of the sector, changes in the underlying parameters could lead to an adjustment of recoverable value analysis for the asset concerned. This could lead to further impairments but also reversed impairments in future periods should the underlying assumptions and estimates set by the management prove to be unsuitable.

d) Useful life of property, plant and equipment

As explained in this section under "Property, plant and equipment," CGM Group reviews the suitability of the estimated useful lives of property, plant and equipment at the end of each reporting period. This results in reassessments in relation to the remaining economic useful life. Changes resulting in a reassessment of the economic useful life can ensue due to changing market conditions (e.g. fall in prices) or general technological advances.

e) Assessment of the probability of other provisions

The recognition and measurement of other provisions on the basis of the best possible assessment of the probability of future outflow of resources as well as by means of empirical values in consideration of known circumstances as of the reporting date can cause the actual outflow of resources to deviate from the other provisions formed to this effect.

f) Provisions for post-employment benefits

The present value of the pension obligation is dependent on a number of factors which, in turn, are based on actuarial assumptions. The assumptions used to determine these net expenses (and income) include the pension interest rate. Any change in this assumption will have an effect on the present value of the obligation.

g) Income recognition from manufacturing orders

As part of their business operations, some of the CGM Group consolidated subsidiaries conclude manufacturing orders that are carried using the percentage of completion method (PoC). Revenue is therefore recognized according to the degree of project completion, applying the cost-to-cost method. The application of the percentage of completion method requires a precise assessment of project progress in relation to the project as a whole. Assessments must be made on anticipated costs for the rest of the project, total order income, inherent order risks and all other relevant factors. CGM Group regularly reviews the suitability of assessments made for the purposes of recognizing income from manufacturing orders and, if necessary, makes the necessary adjustments on the basis of any new findings.

h) Income taxes
Management also has to make estimations and assumptions when calculating current and deferred taxes. Deferred tax assets are assessed at the value at which the recoverability of future tax benefits is judged probable. The actual value of deferred tax assets is dependent upon the actual future taxable income situation. This can vary from the estimate made at the time when the deferred tax asset was first capitalized. Various factors are used to assess the probability of the future utilization, including past operating results, operational planning, loss carry forward periods and tax planning strategies.

i) Fair value of derivative and other financial instruments
The measurement of interest rate derivatives includes expectations about future interest rates as well as the assumptions upon which these expectations are based.

Further explanations regarding the assumptions and estimates made which support these consolidated financial statements are included in the disclosures on the individual line items of the year-end accounting records.

Discretionary decisions have to be taken when applying accounting and measurement methods. These decisions are constantly reassessed and are based on historical experiences and expectations in respect of future events that can be considered reasonable under the given circumstances.

This applies especially with regard to the following issues:
- The determination of the fair values of assets and liabilities acquired as part of a business combination, as well as of the useful lives of the assets is based on management's judgment.
- With regard to assets held for sale, it must be determined if they can be sold in their current condition and if the sale of such is highly probable.
- Financial assets are categorized as either "financial assets recognized at fair value in the income statement," "loans and receivables," or as "financial assets available for sale."

j) Measurement of individual non-current assets held for sale
Basically, assets held for sale are recognized at the lower of carrying amount or fair value minus disposal costs. To determine the fair value less disposal costs, estimates and assumptions are used, which may be subject to various uncertainties.

All assumptions and estimates are based upon the circumstances that exist as of the balance sheet date. Actual future circumstances can, of course, deviate from these estimates and assumptions. If such a deviation occurs, the assumptions are adjusted and, if necessary, the carrying amount of the impacted asset or liability is changed accordingly.

All amounts in the consolidated financial statements are stated in thousands of EURO (EUR '000) unless otherwise stated. Smaller deviations in absolute figures and in the calculation of percentages may occur due to rounding.

E. Explanation of items on the statement of financial position and income statement

1. Intangible assets

a) Development of intangible assets

Overview of the development of property, plant and equipment as of 31 December 2015

	Purchase or manufacturing costs						Book value	
EUR '000	01.01.2015	Additions from acquisitions	Other additions	Disposals and transfers	Exchange rate differences	31.12.2015	31.12.2015	01.01.2015
Goodwill/business value	254,385	17,375	348	0	1,751	273,860	262,861	244,456
Software	227,533	4,253	1,905	7,369	1,927	242,987	47,625	49,464
Customer contracts	206,006	17,441	0	-86	1,796	225,157	160,571	154,486
Brands	29,691	822	1	86	407	31,007	13,171	15,245
Order backlog	8,866	849	0	0	119	9,834	665	84
Purchased software licenses	10,727	0	3,431	-7,420	-55	6,683	6,433	10,463
Capitalized in-house services	68,842	0	12,208	-264	-156	80,630	52,641	43,344
Total	**806,050**	**40,740**	**17,894**	**-315**	**5,789**	**870,158**	**543,967**	**517,542**

Overview of the development of property, plant and equipment as of 31 December 2014

	Purchase or manufacturing costs						Book value	
EUR '000	01.01.2014	Additions from acquisitions	Other additions	Disposals and transfers	Exchange rate differences	31.12.2014	31.12.2014	01.01.2014
Goodwill/business value	241,897	12,490	0	-13	11	254,385	244,456	233,650
Software	213,849	7,750	1,463	2,305	2,166	227,533	49,464	53,146
Customer contracts	179,221	24,398	0	0	2,387	206,006	154,486	138,969
Brands	26,489	2,908	0	0	294	29,691	15,245	15,543
Order backlog	8,844	0	0	0	22	8,866	84	1,363
Purchased software licenses	6,395	0	6,700	-2,305	-63	10,727	10,463	6,139
Capitalized in-house services	59,843	0	9,202	0	-203	68,842	43,344	37,340
Total	**736,538**	**47,546**	**17,365**	**-13**	**4,614**	**806,050**	**517,542**	**486,149**

Amortization of intangible assets is recognized in the income statement.

The development of intangible assets is detailed in the separate appendix to the Notes "Changes in intangible assets and property, plant and equipment in 2015".

Due to a sale and lease back agreement, the ownership entitlement of CGM Group in relation to the SAP system was restricted as accounting took place solely on the basis of economic ownership. Once the basic lease term expires, the leasing company shall hold the exploitation rights. The book value of the assets concerned amounts to EUR 15,114 thousand.

b) Goodwill

The principle components of goodwill are allocated to cash-generating units (CGUs) as follows:

CGU	01.01.2015 EUR'000	Additions EUR'000		Disposals EUR'000	Impairment EUR'000	Reclassifications EUR'000	Exchange rate differences EUR'000	31.12.2015 EUR'000
Lauer-Fischer	30,813	0	0	0	0	0	0	30,813
CGM Deutschland	30,618	0	0	0	0	0	0	30,618
CGM Sweden	29,062	0	0	0	0	0	628	29,690
CGM US	23,592	0	0	0	0	0	2,717	26,309
Systema HIS	14,304	0	0	0	0	0	0	14,304
CGM Italy	12,822	0	0	0	0	0	0	12,822
CGM Norway	11,592	0	0	0	0	0	-677	10,915
Imagine Editions SAS	9,517	0	0	0	0	0	0	9,517
IfAp	9,290	0	0	0	0	0	0	9,290
CGM Denmark	8,377	0	0	0	0	0	-20	8,357
CGM Systema Deutschland	7,640	0	0	0	0	0	0	7,640
CGM Netherlands (inkl. BS Concept Realization BV)	3,144	149	0	0	0	4,001	0	7,294
Microbais	4,001	0	0	0	0	-4,001	0	0
CGM Österreich	5,975	0	0	0	0	0	0	5,975
CGM LAB International	3,925	0	0	0	0	170	-19	4,076
CGM LAB France	170	0	0	0	0	-170	0	0
CGM LAB Sweden	4,359	0	0	0	0	0	96	4,455
Turbomed Vertriebs und Service	2,474	1,056	18	0	0	0	0	3,548
Qualità in Farmacia S.r.l.	3,705	382	56	0	0	0	0	4,143
Innomed	3,789	0	0	0	0	0	0	3,789
CGM Solution	4,479	0	0	0	0	0	0	4,479
Medical EDI Services (Pty) Ltd.	0	4,901	0	0	0	0	-850	4,051
Farma3Tec S.r.l./Mondofarma S.r.l. (inkl. FARMATICA S.r.l.)	4,482	127	259	0	-292	0	0	4,576

CGU	01.01.2015 EUR'000	Additions EUR'000		Disposals EUR'000	Impairment EUR'000	Reclassifications EUR'000	Exchange rate differences EUR'000	31.12.2015 EUR'000
CGM Dentalsysteme	2,905	0	0	0	0	0	0	2,905
Stock-Gruppe	0	2,547	0	0	0	0	0	2,547
CGM Belgium	2,342	0	0	0	0	0	0	2,342
Compufit BVBA	0	2,500	0	0	0	0	0	2,500
HCS	2,258	0	0	0	0	0	0	2,258
Studiofarma	2,168	0	0	0	0	0	0	2,168
Medicitalia S.r.l.	0	2,677	0	0	0	0	0	2,677
Labelsoft Clinical IT B.V. (inkl. CareTrace B.V.)	1,609	106	0	0	0	0	0	1,715
CGM Ceska republika	1,345	0	0	0	0	0	36	1,381
Intermedix Deutschland GmbH	0	0	0	0	0	1,147	0	1,147
eHealth Business Media AG	1,147	0	0	0	0	-1,147	0	0
CGM Schweiz	954	0	0	0	-1,060	0	133	27
Meditec GmbH	686	0	0	0	0	0	0	686
Intermedix France SAS	543	0	0	0	0	0	0	543
CGM France	284	0	0	0	0	0	0	284
CGM Turkey	85	0	0	0	0	0	-9	76
CGM Poland	0	0	15	0	0	0	-1	14
LMZ Soft AG	0	2,643	0	0	0	0	0	2,643
Medigest Consultores, S.L.	0	287	0	0	0	0	0	287
Total	**244,456**	**17,375**	**348**	**0**	**-1,352**	**0**	**2,034**	**262,861**

The additions from the change of the consolidation circle are related to mergers by transfer of the shares in the equity of a company (share deal) as well as mergers by transferring the net assets (asset deal). In this respect Turbomed Vertriebs und Service GmbH additions from the asset deals with Krause Praxissysteme GmbH, Germany, and with Mountain EDV, Germany, will be shown. At Qualita in Farmacia, Italy, additions from the asset deal with Essefarma S.a.s., Italy, will be shown. In Medical EDI Services Ltd. additions from the asset deal with Grid Business Proprietary Limited are shown.

The additions from the acquisitions of the BS Concept Realization B.V., the Caretrace B.V. as well as the Farmatica S.r.l. will be assigned to the following cash generating units due to a central leadership.

company acquisition	assigned to CGU
CareTrace B.V	Labelsoft Clinical IT B.V.
FARMATICA S.r.l.	Farma3Tec S.r.l./Mondofarma S.r.l.
BS Concept Realization BV	CGM Netherlands

The other additions result primarily from the adjustments from impairment tests for the group Farma3Tec S.r.l./Mondofarma S.r.l., the Qualita in Farmacia S.r.l, and the Bley/Quo Vadis GmbH, which was meanwhile merged onto the Turbomed Vertriebs und Service GmbH.

The disposals at CGM Schweiz and Farma3Tec S.r.l./Mondofarma S.r.l. result from adjustments from impairment tests.

The transfers arise as a result of changes in the organization of the cash-generating units from mergers. The merged cash generating units are allocated under the consistent management of the cash generating unit on which they were merged.

The goodwill of eHealth Business Media AG was reallocated to the new cash generating unit Intermedix Deutschland GmbH, as both units have the same management, serve the same customer group, and run the same business model.

It is expected that the organizational changes resulting from the merger in the 2015 financial year will generate synergy effects. Divestitures from the Group did not take place during the reporting period.

c) Impairment test of goodwill

During the impairment test the goodwill is allocated to the cash generating unit (CGU) or a group of CGUs. CGM Group defines CGU based on related business unites and regions. Here, customer groups, market share and responsible management play a major role. The DCF method is applied by discounting the future cash flows of the CGUs using the Budget 2016 figures for current financial position and performance and then verified using past values. Subsequently, the results are extended by four additional years using individual planning assumptions per CGU that reflect the Company's future development under current conditions. After the five-year planning period, a perpetuity value is calculated using a conservative Group-wide growth rate of 1.5 percent. To determine the present value of future cash flows, a discount rate based on WACC (Weighted Average Cost of Capital) is applied. The following table provides information on key assumptions used to compile the business plan:

Explanation of assumptions of corporate budgeting

Description of key assumptions of budgeting	Approach used to determine key assumptions
– Expected development of customer revenue (new customer, cross-selling-activities, winning of public tender)	Internal estimates referring to past experiences as well as expected market trends or market analysis. On availability, external market studies were considered.
– Expected possible price increase for existing customers affecting recurring revenue	
– Use of current and historical organic growth rates for Business Units or Segments	
– Consideration of regulatory changes affecting the development of a Business Unit	
– Development of purchased services based on current circumstances (e.g. based on contracts, strategic businesses) as well as the anticipated development of the sales activities	
– Expected development of personnel expenses and other operating expenses, based on future personnel requirement, contractual matters (e.g. labor agreements) and statistic procedures (e.g. inflation)	

Consolidated Notes
for the 2015 Financial Year continued

The individual growth assumptions included here for calculating the 2014 and 2015 recoverable amounts of individual CGUs are as follows. The EBITDA margin resulting from the assumed growth projections is also listed to illustrate the plausibility of the assumptions made.

	EBITDA-Margin				Growth rate			
	2015		2014		2015		2014	
	Year 1	Following years	Year 1	Following years	Year 1	Following years	Year 1	Following years
Lauer-Fischer	15.8%	16.0%	15.2%	15.3%	2.2%	2.8%	2.8%	3.7%
CGM Deutschland	30.4%	31.8%	33.9%	30.8%	4.1%	4.2%	3.5%	4.7%
CGM Sweden	27.5%	27.5%	24.2%	24.0%	-2.4%	1.2%	-2.4%	1.7%
CGM US	12.9%	18.7%	7.1%	13.5%	7.7%	3.6%	18.1%	4.6%
CGM Denmark	27.7%	27.8%	20.0%	19.5%	0.2%	3.7%	-1.2%	2.6%
Systema HIS	16.1%	16.8%	16.6%	16.4%	-5.4%	3.3%	-8.2%	3.9%
CGM Italy	45.0%	47.2%	45.1%	46.5%	8.1%	4.6%	16.7%	4.9%
Qualità in Farmacia S.r.l.	11.4%	11.9%	7.7%	7.8%	22.5%	3.3%	5.6%	2.0%
Studiofarma	25.7%	26.6%	19.0%	19.2%	4.4%	3.4%	10.1%	3.7%
Intermedix Deutschland GmbH	25.4%	24.3%	7.1%	12.9%	-6.6%	1.7%	48.4%	6.6%
Meditec GmbH	27.7%	28.8%	17.3%	18.9%	8.6%	4.5%	20.0%	5.0%
CGM Norway	0.7%	15.1%	12.0%	17.3%	-4.3%	4.0%	11.1%	2.2%
Ifap	30.8%	32.3%	39.5%	37.6%	5.0%	3.7%	-1.1%	2.3%
CGM Österreich	28.8%	31.7%	25.1%	26.7%	3.7%	4.9%	-7.2%	4.9%
CGM Turkey	9.0%	16.5%	18.7%	22.1%	-30.1%	-2.0%	-0.1%	-2.9%
Innomed	47.6%	49.5%	27.6%	29.3%	20.7%	4.9%	4.2%	4.8%
CGM Solution	51.2%	53.3%	48.1%	49.1%	5.1%	4.8%	17.8%	4.8%
Imagine Editions SAS	38.0%	39.3%	34.8%	33.9%	4.0%	3.7%	16.3%	3.2%
CGM Netherlands	28.6%	30.5%	27.9%	29.6%	8.6%	5.0%	1.9%	5.0%
CGM Dentalsysteme	42.4%	44.1%	41.1%	42.3%	4.6%	4.4%	7.9%	5.0%
CGM Belgium	42.8%	44.1%	46.7%	48.0%	21.3%	4.5%	22.7%	4.7%
HCS	25.8%	27.8%	41.9%	43.0%	3.3%	4.8%	4.4%	4.9%
CGM Ceska republika	49.0%	49.4%	37.2%	38.1%	2.0%	4.5%	17.0%	4.8%
Turbomed Vertriebs- und Service	5.9%	8.8%	n/a	n/a	21.0%	4.8%	n/a	n/a
LMZ Soft AG	8.7%	18.7%	n/a	n/a	-12.3%	7.7%	n/a	n/a
CGM LAB International	-0.7%	7.1%	n/a	n/a	29.7%	5.8%	n/a	n/a
Labelsoft Clinical IT B.V.	25.0%	28.4%	n/a	n/a	-5.2%	5.0%	n/a	n/a
Farma3Tec S.r.l./Mondofarma S.r.l.	8.0%	12.5%	n/a	n/a	1.2%	5.4%	n/a	n/a
Medical EDI Services (Pty) lrd.	45.4%	51.4%	n/a	n/a	-7.5%	-7.8%	n/a	n/a
Medicitalia S.r.l.	28.6%	47.8%	n/a	n/a	40.3%	18.1%	n/a	n/a
Stock-Gruppe	24.6%	27.0%	n/a	n/a	4.0%	4.1%	n/a	n/a
Compufit BVBA	30.6%	32.5%	n/a	n/a	0.6%	3.9%	n/a	n/a
CGM Systema Deutschland	8.2%	9.5%	8.1%	7.6%	6.3%	3.5%	0.1%	2.8%
CGM Poland	11.3%	12.9%	12.4%	14.9%	-5.2%	0.8%	-3.8%	1.8%
CGM Schweiz	-2.7%	0.9%	5.6%	6.2%	4.0%	5.8%	22.2%	4.0%
CGM LAB Sweden	23.8%	22.9%	22.8%	23.4%	13.0%	1.8%	17.5%	2.3%
Intermedix France SAS	31.6%	32.7%	37.2%	38.0%	11.5%	5.0%	32.3%	5.0%
CGM France	9.5%	11.6%	8.4%	9.0%	5.9%	4.8%	25.4%	4.8%

The discount rates (WACC) used to calculate the recoverable amounts for 2014 and 2015 have been divided into WACC after tax and WACC before tax as follows:

	WACC (after tax)		WACC (after tax)	
	2015	2014	2015	2014
Lauer-Fischer	8.6%	8.3%	11.8%	11.4%
CGM Deutschland	8.6%	8.3%	11.7%	11.3%
CGM Sweden	8.6%	8.3%	10.7%	10.3%
CGM US	8.6%	8.3%	13.0%	11.7%
CGM Denmark	8.6%	8.3%	11.0%	10.6%
Systema HIS	8.6%	8.3%	11.0%	10.7%
CGM Italy	11.5%	10.2%	16.0%	14.2%
Qualità in Farmacia S.r.l.	11.5%	10.2%	16.2%	14.3%
Studiofarma	11.5%	10.2%	16.2%	14.3%
Intermedix Deutschland GmbH	8.6%	8.3%	11.9%	11.1%
Meditec GmbH	8.6%	8.3%	11.8%	11.2%
CGM Norway	8.6%	8.3%	10.9%	10.8%
Ifap	8.6%	8.3%	11.8%	11.4%
CGM Österreich	8.6%	8.3%	11.0%	10.6%
CGM Turkey	11.9%	10.5%	14.3%	12.8%
Innomed	8.6%	8.3%	11.0%	10.6%
CGM Solution	9.2%	8.7%	13.1%	12.3%
Imagine Editions SAS	9.2%	8.7%	13.2%	12.5%
CGM Netherlands	8.6%	8.3%	11.0%	10.6%
CGM Dentalsysteme	8.6%	8.3%	11.7%	11.3%
CGM Belgium	9.5%	8.9%	13.7%	12.8%
HCS	8.6%	8.3%	11.0%	10.6%
CGM Ceska republika	9.7%	9.0%	11.6%	10.8%
Turbomed Vertriebs- und Service	8.6%	n/a	11.4%	n/a
LMZ Soft AG	8.6%	n/a	11.4%	n/a
CGM LAB International	8.6%	n/a	11.0%	n/a
Labelsoft Clinical IT B.V.	8.6%	n/a	11.0%	n/a
Farma3Tec S.r.l./Mondofarma S.r.l.	11.5%	n/a	15.5%	n/a
Medical EDI Services (Pty) lrd.	11.5%	n/a	15.8%	n/a
Medicitalia S.r.l.	11.5%	n/a	15.4%	n/a
Stock-Gruppe	8.6%	n/a	11.7%	n/a
Compufit BVBA	9.5%	n/a	13.7%	n/a
CGM Systema Deutschland	8.6%	8.3%	11.7%	10.9%
CGM Poland	9.9%	9.2%	11.9%	11.0%
CGM Schweiz	8.6%	8.3%	10.0%	10.0%
CGM LAB Sweden	8.6%	8.3%	10.7%	10.3%
Intermedix France SAS	9.2%	8.7%	13.2%	12.4%
CGM France	9.2%	8.7%	12.9%	12.3%

During the financial year, CGUs “CGM Schweiz” and “Farma3tec/Mondofarma” incurred impairments of EUR 1,350 thousand (including exchange rate effects), which increased amortization of intangible assets in the financial year accordingly. The impairment incurred by CGU “CGM Schweiz” resulted from negative long-term business performance. In the case of the Farma3tec/Mondofarma, an impairment was incurred in spite of positive long-term growth assumptions, as these growth assumptions were not sufficient to guarantee a value in excess of the book value in relation to the assets and liabilities concerned. The impairments for these CGUs are made entirely in goodwill.

All other impairment tests showed a value in excess of the book value and did not result in any further value reductions of goodwill in the 2015 financial year.

A 0.5 percentage point lower growth rate in the perpetuity value would result in an impairment loss of EUR -1.8 million. If the growth rate were 0.5 percentage points lower, the Group-wide surplus would be reduced by EUR 61.2 million to EUR 534.9 million.

A 1 percentage point increase in WACC would necessitate impairment of EUR 6.3 million. With a 1 percentage point increase in WACC, Group-wide coverage would be reduced by EUR 146.1 million to EUR 450 million.

A 2 percentage point higher WACC would result in an impairment of EUR 16.9 million. The Group-wide surplus would then be reduced by EUR 260.7 million to EUR 335.4 million.

The need for impairment in the financial year, based on a DCF valuation with commencement of the perpetuity value after the first plan year, would amount to EUR -101.8 million. The Group-wide surplus would then be reduced by EUR 335.4 million to EUR 260.7 million.

Impairment charges that would arise from a change in the WACC, the growth rate of the perpetuity value as well as commencement of the perpetuity value after the first plan year, were allocated in the following table as shown:

EUR '000	Surplus of recoverable amount (Headroom)	Lower growth rate by 0.5% in the terminal value	Higher cost of capital (WACC) by 1.0 percent	Higher cost of capital (WACC) by 2.0 percent	Perpetuity value after the first plan year
LMZ	36	-251	-639	-1,165	-3,600
Qualita in Farmacia	383	-206	-1,153	-2,430	-1,511
Medicitalia	121	-41	-298	-645	-2,683
Compufit	789	0	0	-579	-347
CGM US	11,819	0	0	-4,614	-24,083
LAB International	3,973	0	0	0	-38,533
CGM Schweiz	0	-72	-262	-530	-1,209
Farma3Tec	0	-398	-1,405	-1,912	-6,913
Turbomed Vertriebs- und Service	2,946	0	0	0	-1,489
Meditec	531	0	0	-165	0
CGM Norway	399	-878	-2,587	-4,909	-21,479
Total	**20,997**	**-1,846**	**-6,344**	**-16,949**	**-101,847**

d) Acquired software, customer contracts and brands

Acquired software, customer contracts and brands, along with goodwill, constitute the bulk of intangible assets of CompuGroup Medical SE. The following table provides an overview of these assets as well as their useful lives:

	31.12.2015 EUR '000	31.12.2014 EUR '000	Amortization until
Software from acquisitions			
CGM Sweden	1,104	3,244	30.06.2016
CGM Norway	398	1,241	30.06.2016
CGM Denmark	433	1,151	30.06.2016
Lauer-Fischer	6,557	7,690	30.06.2021
CGM US (formerly Visionary group)	2,561	3,109	31.08.2020
Systema HIS	4,223	5,015	31.08.2021
CGM Turkey	564	1,207	31.12.2016
CGM US (formerly Noteworthy group)	2,142	2,528	28.02.2019
CGM US (formerly Healthport)	106	851	31.12.2016
CGM Netherlands	2,286	1,477	31.12.2018
CGM LAB International	5,049	5,437	31.12.2028
Imagine-Gruppe	1,809	2,035	31.12.2023
Labelsoft Clinical IT B.V.	850	1,082	30.09.2024
Medical EDI Services (Pty) Ltd.	1,082	0	31.12.2022
Stock-Gruppe	761	0	30.04.2025
Compufit BVBA	620	0	31.03.2016
Other	17,078	13,398	
Total acquired software	**47,624**	**49,464**	
Customer contracts			
CGM Sweden	14,838	15,161	30.06.2038
CGM Norway	5,700	6,323	30.06.2038
CGM Denmark	4,379	4,584	30.06.2038
CGM US (formerly Visionary Gruppe)	21,590	20,321	31.08.2040
CGM Netherlands	11,318	9,250	31.12.2030
Innomed	7,942	8,510	31.12.2029
CGM Italy (incl. Effepieffe)	6,201	6,886	30.06.2029
CGM US (formerly Healthport)	4,712	4,849	31.12.2024
Lauer-Fischer	13,065	13,702	30.06.2036
CGM Systema Deutschland	3,229	4,352	30.06.2028
CGM LAB International	8,239	9,991	31.12.2043
Qualita in Farmacia (incl. Puntofarma)	3,416	3,654	31.07.2026
Imagine-Gruppe	11,156	11,776	31.12.2033
Medical EDI Services (Pty) Ltd.	6,075	0	31.12.2026
farma3tec/Mondofarma-Gruppe	4,694	5,399	31.08.2022
Other	34,017	29,728	
Total customer contracts	**160,571**	**154,486**	
Brands			
CGM US (formerly Visionary Group)	1,667	1,993	31.08.2018
Lauer-Fischer	2,088	2,468	30.06.2021
Systema HIS	2,000	2,361	31.08.2021
CGM Sweden	835	983	31.12.2020

	31.12.2015 EUR '000	31.12.2014 EUR '000	Amortization until
CGM Netherlands	671	594	31.12.2017
CGM Systema Deutschland	756	1,053	30.08.2019
CGM LAB International	2,191	2,313	31.12.2033
Other	2,963	3,480	
Total brands	**13,171**	**15,245**	
Order backlog			
Stock group	634	0	30.04.2018
Other	30	84	
Total order backlog	**665**	**84**	

In 2015, as in 2014, there were no changes to the underlying useful lives of intangible assets.

e) Capitalized in-house software
In the 2015 financial year, EUR 9,630 thousand of in-house services (software development) was capitalized pursuant to the requirements of IAS 38. These were valued at directly attributable production costs. In accordance with IAS 23 capitalized services related interest on borrowed capital in the amount of EUR 2,578 thousand was capitalize. Amortization of capitalized software development costs was EUR 1,139 thousand in the reporting period.

In financial year 2015, two software projects were stopped and written-off in the amount of EUR 1,365 thousand.

For more information about changes to intangible assets, refer to the separate appendix to the Notes "Changes in intangible assets and property, plant and equipment in the 2015 financial year".

f) Cumulative impairment charges
Intangible assets include cumulative impairment charges (including exchange rate effects) from the 2008 to 2015 financial years in the amount of EUR 13.2 million. The impairment charge in the 2008 financial year relates to CGU CGM Turkey (formerly "Tepe International") and is broken down as follows: goodwill (EUR 1.4 million), cooperation agreement (EUR 5.9 million) and software (EUR 0.8 million). The impairment charge in 2012 resulted from an extraordinary impairment charge of EUR 1.0 million on goodwill for CGU CGM South Africa.

In the 2013 financial year, an extraordinary impairment charge of goodwill in the amount of EUR 0.9 million was recorded in CGU CGM Malaysia. Furthermore, the goodwill attributable to the "online portals" and "publishing business" segments, which are held for sale and classified as disposal groups, was impaired by EUR 0.2 million in the 2013 reporting year because the expected selling price (fair value less selling costs) was below the net of the attributable asset values of the business segments held for sale.

For the 2014 financial year, expenses from impairments to goodwill came to a total of EUR 1.6 million, EUR 1.2 million of which was attributable to CGU Tekne and EUR 0.4 million to CGU CGM Slovensko.

Extraordinary impairment charge of goodwill in the amount of EUR 1.4 million was recorded, which was attributable to CGU CGM Switzerland (EUR 1.1 million) and CGU Farma3Tec/Mondofarma (EUR 0.3 million).

Furthermore, the "goodwill" item includes depreciation and amortization of EUR 5.4 million that resulted from financial years before the IAS/IFRS conversion.

g) Intangible assets from company acquisitions
The following additions to software, customer relationships and brands resulted from business combinations during the 2015 reporting period:

	Medical EDI Services (PTY) LTD EUR '000	Compufit BVBA EUR '000	Stock group EUR '000	Medicitalia Srl EUR '000	LMZ Soft AG EUR '000	Other acquisitions EUR '000
Software	1,514	684	820	120	674	441
Customer relationships	8,107	2,770	2,374	859	1,187	2,144
Brands	137	108	190	58	141	188
Order backlog	0	0	816	0	33	0
Total	**9,758**	**3,562**	**4,200**	**1,037**	**2,035**	**2,773**

2. Property, plant and equipment

Overview of the development of property and equipment 31 December 2015:

	Purchase and production costs						Book value	
EUR '000	01.01.2015	Additions from acquisitions	Additions	Disposals and transfers	Exchange rate differences	31.12.2015	31.12.2015	01.01.2015
Land and buildings	53,532	350	303	-1,841	72	52,416	41,815	44,735
Other facilities, furniture and office equipment	44,865	623	5,517	-1,768	628	49,865	17,483	17,089
Payments on account and assets under construction	229	0	1,016	-94	0	1,151	1,096	229
Total	**98,626**	**973**	**6,836**	**-3,702**	**700**	**103,433**	**60,394**	**62,053**

Overview of the development of property and equipment 31 December 2014:

	Purchase and production costs						Book value	
EUR '000	01.01.2014	Additions from acquisitions	Additions	Disposals and transfers	Exchange rate differences	31.12.2014	31.12.2014	01.01.2014
Land and buildings	53,202	5	520	-219	24	53,532	44,735	45,056
Other facilities, furniture and office equipment	36,528	857	6,752	0	728	44,865	17,089	15,363
Payments on account and assets under construction	804	0	436	-1,005	-6	229	229	804
Total	**90,534**	**862**	**7,708**	**-1,224**	**746**	**98,626**	**62,053**	**61,224**

Additions to other assets, plant and office equipment are mainly based on extensions and renewals of data centers carried out by various subsidiaries. Impairments to property, plant and equipment were not recorded in 2015 or in 2014.

During the year, the Group did not capitalize borrowing costs for property, plant and equipment. For details on the development of property, plant and equipment, please refer to the separate annex to the Notes "Development of intangible assets and property, plant and equipment in the 2015 financial year".

3. Financial assets

a) Investments in associated companies at equity

Associated companies at equity and joint ventures	31.12.2015 EUR '000	31.12.2014 EUR '000
Joint Ventures:		
MGS Meine Gesundheit Services GmbH	2,867	0
Wikipharm S.r.l..	28	0
CGM-Alstar Healthcare Solutions Sdn Bhd	0	0
Associated companies at equity:		
Medigest Consultores	0	589
Mediaface GmbH	50	68
Technosante Nord-Picardie SAS	8	43
AxiService Nice S.a.r.l.	0	28
CareTrace B.V.	0	66
Farmatica S.r.l.	0	60
Total	**2,953**	**854**

The AXA Group and CompuGroup Medical SE (CGM) have founded the joint venture "MGS Meine-Gesundheits-Services GmbH". Target of this strategical partnership is to fundamentally simplify the processes between customers who are insured, doctors, and private health insurance companies.

The new company MGS has developed the new ePortal "Meine Gesundheit". It interconnects all involved parties of the German market for the first time ever and will in future simplify especially the invoice management.

Financial information regarding MGS Meine Gesundheit Services GmbH are as follows:

	2015 EUR '000
Revenue	0
Depreciation and amortisation	-97
Interest income/Interest expense (-)	0
Income tax income/Income tax expense (-)	0
Profit or loss from continuing operations	-1,826
Other comprehensive income	0
Total comprehensive income	**-1,826**
Current assets	3,631
thereof cash and cash equivalents	3,125
Non-current assets	2,820
Current liabilities	778
thereof current financial liabilities (excluding trade and other payables and provisions)	0
Non-current liabilities	0
thereof non-current financial liabilities (excluding trade and other payables and provisions)	0
Net assets	**5,673**
Group's share of the net assets of the joint venture at the beginning of the period	**3,782**
Portion of the comprehensive income	-915
Received dividends during the period	0
Group's share of the net assets of the joint venture at the end of the period	**2,867**
Carrying amount of the interest in joint venture at the end of the period	**2,867**

No further disclosures were made pursuant to IFRS 12 to other investments, as these associated companies are of minor importance.

Regarding Medigest Consultores S.L., Caretrace B.V., and Farmatica S.r.l. please refer to e) (i) "Changes in Consolidation circle".

b) Other financial investments
Measurement is based upon costs. This item relates to the following equity investments and loans (investment percentage is lower than 20 percent):

Other participations	31.12.2015 EUR '000	31.12.2014 EUR '000
ic med EDV-Systemlösungen für die Medizin GmbH	7	26
AES Ärzteservice Schwaben GmbH	10	10
BFL Gesellschaft des Bürofachhandels mbH & Co.KG	25	14
CD Software GmbH	118	58
Daisy-NET S.c.a r.l.	3	3
Technosante Toulouse SAS	4	4
Consalvo Servizi S.r.l.	5	5
Savoie Micro S.a.r.l.	20	20
Practice Perfect Medical Software (PTY) Limited	33	0
Other	36	0
Total	**261**	**140**

4. Corporation tax receivables, income tax payables and deferred tax

a) Corporation tax receivables and payables

	31.12.2015 EUR '000	31.12.2014 EUR '000
Deferred tax assets	**4,560**	**5,133**
Benefit of tax losses to be carried back to recover taxes paid in prior periods	1,338	1,779
Deferred tax liabilities	3,223	3,354
Deferred tax liabilities	**35,136**	**10,449**
Deferred tax liabilities	34,571	10,315
Other	565	134
Total	**30,575**	**5,316**

Corporation tax receivables (EUR 4,560 thousand; previous year: EUR 5,133 thousand) comprised current corporation tax receivables of the Group companies. Income tax payables (EUR 35,136 thousand; previous year: EUR 10,449 thousand) largely relate to current tax expenditure (EUR 34,571 thousand; previous year: EUR 10,315 thousand).

b) Deferred tax assets and liabilities

The latent tax rates abroad remained unchanged to the previous year with between 0 and 40 percent in the 2015 financial year.

The deferred tax calculation is based on the tax regulations that are in force or enacted at the reporting date. Deferred tax receivables and liabilities will be netted if deferred tax assets and liabilities are balanced, if a legal claim to offset exists, and if the deferred tax receivables and liabilities are with the same tax authority.

The amount of deferred tax assets and liabilities in the consolidated balance sheet as of 31 December 2015 is itemized in the following overview:

	01.01.2015		Recognized in profit or loss		Recognized in OCI		Acquisitions/Disposals		31.12.2015	
	Deferred tax assets EUR '000	Deferred tax liabilities EUR '000	Deferred tax assets EUR '000	Deferred tax liabilities EUR '000	Deferred tax assets EUR '000	Deferred tax liabilities EUR '000	Deferred tax assets EUR '000	Deferred tax liabilities EUR '000	Deferred tax assets EUR '000	Deferred tax liabilities EUR '000
Intangible assets	0	54,824	229	-6,836	0	0	0	6,645	229	54,634
Property, plant and equipment	1,714	1,214	-4	-866	0	0	0	0	1,710	347
Financial assets	44	0	13	0	0	0	0	0	57	0
Inventories	0	0	77	0	0	0	0	0	77	0
Trade receivables	226	4,057	696	4,265	0	0	0	0	922	8,322
Other financial assets	1,139	41	1,046	430	0	0	0	0	2,185	471
Provisions for post-employment benefits	2,785	0	2	0	162	43	0	0	2,949	43
Derivative financial instruments	1,428	0	-1,428	0	0	0	0	0	0	0
Trade payables	206	0	923	182	0	0	0	0	1,129	182
Other liabilities	1,289	1,700	7,157	-848	0	0	0	0	8,446	852
Tax losses carried forward	7,169	0	-490	0	0	0	0	0	6,679	0
	16,000	**61,836**	**8,221**	**-3,673**	**162**	**43**	**0**	**6,645**	**24,383**	**64,851**
Offset vs. deferred tax liabilities	-12,624	-12,624	0	0	0	0	-3,811	-3,811	-16,435	-16,433
Total	**3,376**	**49,212**	**8,221**	**-3,673**	**162**	**43**	**-3,811**	**2,834**	**7,948**	**48,418**

* Including changes due to currency effects.

The amount of deferred tax assets and liabilities by balance sheet items in the consolidated balance sheet for the previous year's period to 31 December 2014 is derived from the following overview:

	01.01.2014		Recognized in profit or loss		Recognized in OCI		Acquisitions/Disposals		31.12.2014	
	Deferred tax assets EUR '000	Deferred tax liabilities EUR '000	Deferred tax assets EUR '000	Deferred tax liabilities EUR '000	Deferred tax assets EUR '000	Deferred tax liabilities EUR '000	Deferred tax assets EUR '000	Deferred tax liabilities EUR '000	Deferred tax assets EUR '000	Deferred tax liabilities EUR '000
Intangible assets	0	54,832	0	-4,140	0	0	0	4,132	0	54,824
Property, plant and equipment	1,845	984	-131	230	0	0	0	0	1,714	1,214
Financial assets	0	0	44	0	0	0	0	0	44	0
Inventories	0	0	0	0	0	0	0	0	0	0
Trade receivables	185	4,469	41	-412	0	0	0	0	226	4,057
Other financial assets	2,438	755	-1,299	-714	0	0	0	0	1,139	41
Provisions for post-employment benefits	1,749	22	-245	-22	1,082	0	199	0	2,785	0
Derivative financial instruments	2,337	1,817	1,447	0	-2,356	0	0	-1,817	1,428	0
Trade payables	187	1	19	-1	0	0	0	0	206	0
Other liabilities	3,834	2,665	-2,545	-965	0	0	0	0	1,289	1,700
Tax losses carried forward	7,922	0	-753	0	0	0	0	0	7,169	0
	20,497	**65,545**	**-3,422**	**-6,025**	**-1,274**	**0**	**199**	**2,315**	**16,000**	**61,836**
Offset vs. deferred tax liabilities	-17,942	-17,942	0	0	0	0	5,318	5,318	-12,624	-12,624
Total	**2,555**	**47,604**	**-3,422**	**-6,025**	**-1,274**	**0**	**5,517**	**7,633**	**3,376**	**49,212**

* Including changes due to currency effects.

c) Tax loss carried forward

	31.12.2015	31.12.2014
Total losses carried forward	**179,493**	**139,505**
thereof tax deductible	22,452	18,950
thereof unused tax losses carried forward	77,294	34,341
thereof forfeitable	79,747	86,215

The recognized loss carried forward of EUR 22,452 thousand (previous year: 18,950 thousand) can currently be carried forward and used for an indefinite period. Unrecognized tax losses carried forward exist as of year-end in several foreign subsidiaries because the probability that they can be recovered has been judged as limited. Depending on the revenues situation and tax legislation, the current assessment may necessitate further adjustment in future years. No deferred tax assets were recognized for tax losses carried forward of EUR 77,294 thousand (previous year: EUR 34,341 thousand) as it is likely that tax losses carried forward cannot be used within the scope of tax-related earnings planning. Loss carried forward of EUR 79,747 thousand (previous year: EUR 86,215 thousand) can no longer be recovered. The vast majority of tax loss carried forward comes from the foreign subsidiary CompuGroup Medical Inc. in the United States.

Deferred tax liabilities largely consist of capitalized in-house software at Group level, of acquired software licenses, customer relationships and brand values from company acquisitions as well as deferred taxes from other consolidations (particularly elimination of intercompany profits).

Deferred taxes are distributed as follows based on their expected future recoverability:

Applicability of deferred taxes	Deferred tax assets 31.12.2015 EUR '000	Deferred tax assets Adjusted 31.12.2014 EUR '000	Deferred tax liabilities 31.12.2015 EUR '000	Deferred tax liabilities Adjusted 31.12.2014 EUR '000
Utilization expected within 12 months	2,695	355	6,295	6,531
Utilization expected after more than 12 months	5,253	3,021	42,123	42,681
Total	**7,948**	**3,376**	**48,418**	**49,212**

5. Inventories

	31.12.2015 EUR '000	31.12.2014 EUR '000
Raw materials and supplies	210	135
Products	6,305	5,742
Total	**6,515**	**5,877**

Inventories are mostly hardware components. Write-downs of inventories developed as follows:

	2015 EUR '000	2014 EUR '000
Inventories as of 1 January	**5,877**	**4,185**
Changes in the scope of consolidation	54	5
Write-downs in the reporting period	-136	-153
Changes in inventory	703	1,425
Reversal write-downs/Utilization	6	441
Changes in exchange rate	11	-26
Inventories as of 31 December	**6,515**	**5,877**

There are no inventories pledged as security for liabilities. The inventories reported on the balance sheet date are not expected to exceed 1 year in inventory.

6. Trade receivables

In the financial year, adjustments (including derecognition) were made in the amount of EUR 3,790 thousand (previous year: EUR 3,693 thousand).

Specific bad debt provisions are based on the age of receivables throughout the Group. There are exceptions to the specific bad debt provisions based on aging. This includes significant receivables in business areas where regular long-term contractual relationships exist (e.g. hospital business, ASP service). Such receivables are tested individually for impairment on a case-by-case basis.

Doubtful debts are always impaired individually. The trade receivables value, reduced for specific loss of provision, is a close reflection of the fair value of the receivables because of their short-term nature. Receivables that are deemed to be of minor importance as well as receivables of similar default risk are grouped together and analyzed using historical values to test for impairment. Due to the breadth of its customer base as well as the non-existence of correlations, no significant concentration of credit risk has been found for CGM Group.

a) Trade receivables (regions)

	31.12.2015 EUR '000	31.12.2014 EUR '000
Trade receivables (without PoC)	99,176	77,763
thereof domestic	35,352	25,116
thereof foreign	63,824	52,647
Trade receivables PoC	20,993	27,329
thereof domestic	14,851	16,199
thereof foreign	6,142	11,130
Total	**120,169**	**105,092**

b) Age of receivables, breakdown of provisions

	31.12.2015 EUR '000	31.12.2014 EUR '000
Trade receivables	**120,169**	**105,092**
thereof not overdue and not impaired	87,141	54,023
thereof overdue but not impaired	0	0
– overdue 0 – 3 months	5,818	14,351
– overdue 4 – 6 months	401	1,445
– overdue 7 – 12 months	1,532	2,200
– overdue 12 – 18 months	453	1,635
– overdue 18 – 24 month	665	2,286
– overdue more than 24 month	1,435	2,086
thereof impaired	32,390	35,277
Specific provisions	**-9,666**	**-8,211**

The receivables presented above include amounts that are past due at the reporting date, for which the CGM Group has not recognized any impairment losses. This is due to the creditworthiness of customers and that the collectability and value of the outstanding amounts are regarded as persistent. The fair value of the reporting date of past due but not impaired receivables greater than twelve months amounted to EUR 2,264 thousand (previous year: EUR 5,395 thousand).

Changes to specific provisions in the reporting period are shown in the following table:

	2015 EUR '000	2014 EUR '000
Specific provisions 01 January	8,211	5,693
Utilization	-565	-1,097
Reversal	-1,911	-416
Addition	3,790	3,693
Additions from company acquisitions	141	338
Individual value adjustments 31 December	**9,666**	**8,211**

* Exchange rate related changes in individual value adjustments are not disclosed separately for reasons of materiality.

With respect to the trade receivables that are neither impaired nor past due, there are no indications as of the reporting date that the debtors will not meet their payment obligations.

c) Receivables from the percentage of completion method (PoC)
Receivables from contracts recognized under the PoC method relate to projects in the Hospital Information Systems business, Ambulatory Information Systems, and Internet Service Providing.

	31.12.2015 EUR '000	31.12.2014 EUR '000
Contract costs incurred and recognized contract profits	31,086	27,329
– less recognized losses	-2,655	0
– less partial settlements received	-7,438	0
Total	**20,993**	**27,329**
– less recognized losses revealed under other financial liabilities	-2,058	-1,076
– less partial settlements received revealed under other financial liabilities	-1,449	-2,136
Financial net result of receivables PoC	**17,486**	**24,117**

Explanation of construction contracts with a capitalized balance
The receivables from contracts recognized are recognized under the PoC method totalled EUR 31,086 thousand (previous year: EUR 27,329 thousand), less reported losses of EUR 2,655 thousand (previous year: EUR 0) and less partial billings in the amount of EUR 7,438 thousand (previous year: EUR 0).

Explanation of construction contracts with a debit balance
The construction contracts with a debit balance will be classified below the other financial liabilities. Received partial billings which rose above the PoC receivables (EUR 1,449 thousand; previous year: EUR 2,136 thousand) as well as accrued and reported losses caused by project deficits (EUR 2,058 thousand; previous year: EUR 1,076 thousand) relate to these Construction Contracts.

d) Receivables from financial leases
Lauer-Fischer GmbH offers its clients the leasing of hardware (including all peripheral devices) for up to five years. Income from the leases of Lauer-Fischer GmbH is recognized in the income statement as sales revenue. The contracts are classified as finance leases (IAS 17.10).

The following table provides an overview of Lauer-Fischer GmbH and Qualità in Farmacia S.r.l.'s financing lease receivables among the designated trade receivables.

	31.12.2015			31.12.2014		
	Future minimum lease payments EUR '000	Interest component EUR '000	Present value of future leasing receivables EUR '000	Future minimum lease payments EUR '000	Interest component EUR '000	Present value of future leasing receivables EUR '000
< 1 year	5,077	839	4,238	5,394	723	4,671
1 – 5 years	10,265	1,293	8,972	9,734	1,588	8,146
> 5 years	9	2	7	0	0	0
Total	**15,351**	**2,134**	**13,217**	**15,128**	**2,311**	**12,817**

7. Other financial assets
Other financial assets are broken down as follows:

	31.12.2015		31.12.2014	
Other financial assets	Short-term EUR '000	Long-term EUR '000	Short-term EUR '000	Long-term EUR '000
Leasing receivables	276	916	0	1,080
Long term loans	1,024	953	2,150	1,341
Creditors with debit balances	364	0	0	0
Asset value of liability insurance	0	176	0	181
Other financial assets	605	236	1,485	187
Total	**2,269**	**2,281**	**3,635**	**2,789**

The following aging analysis provides information on the maturities and impairments in other financial assets:

	31.12.2015 EUR '000	31.12.2014 EUR '000
Book value – Other financial assets	**4,550**	**6,424**
thereof not overdue and not impaired:	3,991	6,200
thereof overdue but not impaired		
– overdue 0 – 3 months	466	201
– overdue 4 – 6 months	0	3
– overdue 7 – 12 months	27	1
– overdue 12 – 18 months	53	0
– overdue 18 – 24 months	8	1
– overdue more than 24 months	5	18
thereof impaired	0	0

The fair value of the past due but not impaired other financial assets corresponds approximately to the book value at the reporting date.

In 2009, Systema HIS, Austria, carried out a sale and lease-back transaction with a leasing company. The resulting lease liabilities are disclosed in other liabilities at their present value of EUR 1,055 thousand as of 31 December 2015. Following this transaction, the leased asset was sub-leased to a customer of Systema HIS.

As a result, Systema Austria is acting both as a lessee towards the leasing company and as a lessor towards the customer. The following table gives an overview of the financial lease receivables of Systema HIS recognized in current other financial assets:

	31.12.2015			31.12.2014		
Financial Lease Receivables	Future minimum lease payments EUR '000	Interest component EUR '000	Present value of future leasing receivables EUR '000	Future minimum lease payments EUR '000	Interest component EUR '000	Present value of future leasing receivables
< 1 year	350	74	276	326	77	249
1 – 5 years	1,015	99	916	1,118	137	981
> 5 years	0	0	0	0	0	3
Total	**1,365**	**173**	**1,192**	**1,444**	**214**	**1,230**

8. Other non-financial assets

Other non-financial assets are broken down as follows:

	31.12.2015 current EUR '000	31.12.2014 current EUR '000
Security deposit	424	515
Income tax surplus receivable	1,642	0
Purchase price receivables from company acquisitions	1,339	1,339
Prepayments for future periods	9,324	5,902
Other	1,203	1,740
Total	**13,932**	**9,496**

As in the previous year, there were no non-current non-financial assets at the balance sheet date.

9. Securities (recognized at fair value in income)

Securities only consist of short-term fixed interest securities held by Group subsidiary Systema HIS, Austria and a short-scale bond paper of subsidiary EBM eHealth Business Media AG. These are measured at fair value.

10. Cash and cash equivalents

	31.12.2015 EUR '000	31.12.2014 EUR '000
Cash and cash equivalent	24,301	21,465
Restricted cash	756	0
Total	**25,057**	**21,465**

Under the 31 December 2015 balance sheet position restricted cash also cash and cash equivalents in the amount of EUR 686 thousand are reported, which are held by subsidiaries in countries with currency restrictions (South Africa). These are subject to legal restrictions on transfers and are therefore not available for general use to the group.

The rest of cash with the amount of EUR 70 thousand was pledged to secure a bank guarantee in Turkey.

Positive balances at banks relate to current accounts and earn interest of up to 0.05 percent per year. Changes in cash and cash equivalents are detailed in the cash flow statement.

11. Assets held for sale

In the course of an efficiency- increase project and the related closing of the location Molfsee of CompuGroup Medical Deutschland AG the office building balanced as tangible asset was reclassified as asset held for sale as of October 1, 2015 and was valued at the lower of book value and fair value less costs to sell.

As of December 31, 2015 the office building was balanced as an asset held for sale at a value of EUR 1,222 thousand. The sale of the office building is expected in 2016. Since classifying as asset held for sale neither earnings nor cash flows were generated in the reporting period 2015. Due to this fact a separate presentation of cash inflows and outflows in the consolidated cash flow statement was renounced.

12. Equity

a) Subscribed capital

The Company's subscribed capital is composed as follows:

	31.12.2015 EUR '000	31.12.2014 EUR '000
Issued and fully paid ordinary shares		
53,219,350 nominal shares of €1.00 each	53,219	53,219
Authorized capital		
26,609,675 nominal shares of €1.00 each	26,610	26,610

(i) Issued and fully paid ordinary shares

The Company has only one class of shares. These do not automatically entitle shareholders to dividends. The share capital is divided into 53,219,350 bearer shares with the securities ID number 543730 (ISIN: DE0005437305).

a) (ii) Approved capital

With the approval of the Supervisory Board, the Management Board is authorized to increase the equity of the company up to EUR 26,609,675.00 through a one-time or multiple issuance of new shares for cash and/or in-kind capital contributions until 11 May 2016 (approved capital). In utilizing approved capital, the shareholders must in principle be granted a subscription right; however, the Management Board is also authorized, with the approval of the Supervisory Board, to exclude the statutory subscription right of the shareholders under certain conditions. Furthermore, the Management Board was authorized, with the approval of the Supervisory Board, to determine the further details for capital Increases from authorized share capital.

b) (iii) Conditional capital

According to the resolution of the Annual General Meeting of 9 May 2012, the Management Board was given the authorization to issue convertible bonds (and similar instruments) and corresponding conditional capital. The authorization is limited to a volume of EUR 500 million.

b) Treasury shares
As of 31 December 2015, CompuGroup Medical SE held 3,495,731 treasury shares which is equivalent to 6.57 percent of equity capital. The calculated value attributable to share capital is EUR 3,495,731. The number of company shares is based on the following acquisitions and divestitures:

Financial Year	Buyback program period	Number of shares	Purchase price interval	Average weighted purchase price per share
2007		532,350		
2008	23 January to 18 April 2008	500,000	EUR 8.6430 to 12.6788	EUR 10.3276
2008	22 July to 14 October 2008	500,000	EUR 3.8243 to 5.4881	EUR 4.8426
2008	15 October to 30 December 2008	428,736	EUR 3.1519 to 4.4279	EUR 3.8849
2009	5 January to 31 March 2009	403,876	EUR 3.4100 to 4.7402	EUR 4.0810
2009	1 April to 27 May 2009	500,000	EUR 3.8357 to 4.5988	EUR 4.1578
2009	4 June to 31 December 2009	125,746	EUR 4.1853 to 6.0000	EUR 5.6852
2010		**no buyback**		
2011	17 August to 31 December 2011	225,553	EUR 7.6496 to 9.3140	EUR 8.3033
2012	2 January to 30 June 2012	101,835	EUR 8.4429 to 9.9764	EUR 8.8488
2012	9 July to 31 December 2012	282,843	EUR 11.30 to 14.00	EUR 13.2397
2013	18 December 2013 (Issue)	-105,208		EUR 5.7643
2014		**no buyback**		
2015		**no buyback**		
Total		**3,495,731**		

In accordance with a resolution by the Annual General Meeting on 14 May 2009, the Management Board was authorized to acquire treasury shares. This authorization was valid until 14 November 2010. By resolution of the Annual General Meeting on 19 May 2010, it was terminated and replaced by a new authorization. According to Section 71 (1) No. 8 Aktiengesetz (AktG – German Stock Corporation Act), which was amended by the Gesetz zur Umsetzung der Aktionärsrechterichtlinie (ARUG – Law on the Implementation of the Shareholder Rights Directive), an authorization is allowed to last up to five years.

The resolution of the Annual General Meeting of May 19, 2010, authorizing the company to purchase own shares valid to May 19, 2015 was cancelled by decision of the annual general meeting as of May 20, 2015 and replaced by a new resolution.

This authority may be exercised in full or in part, on one or more occasions, to achieve one or more objectives by the Company or by third parties on the Company's behalf. The authorization took effect on 21 May 2015 and remains valid until May 20, 2020.

In accordance with a resolution by the Annual General Meeting on May 20, 2015, the Management Board was authorized to acquire treasury shares up to a percentage of 10 percent of the registered capital at the time of adoption or – if the amount is lesser- at the time of exercise of the resolution. The acquired shares together with the other existing own shares of the company of which are attributable according to §§ 71d and 71e AktG must not exceed the percentage of 10 percent of the registered capital as of the date of decision. The acquisition may also be carried out by Group companies that are dependent on the Company within the meaning of Section 17 AktG or by third parties on their behalf. This authority may not be utilized for the purposes of trading in shares.

The acquisition is effected by voting the of the management board or by an offer to buy to each shareholder or via a public demand to each shareholder, giving an offer to buy.

At the discretion of the Management Board, the purchase will be made via the stock exchanges or by a public buy offer made to all shareholders or by a public request to all shareholders to issue offers for sale.

(1) If the share purchase is performed on the stock exchange, the purchase price for one share may not be more or less than 10 percent of the Company's unweighted average share price, as calculated by the closing auction of the Xetra trading system (or a corresponding successor system) on the Frankfurt am Main stock exchange in the five trading days prior to the purchase date.

(2) If the share purchase is performed through a public purchase offer to all shareholders or through a public invitation to all shareholders to submit sales offers, the purchase price for one share (without ancillary purchase costs) may not be more or less than 20 percent of the Company's unweighted average share price, as calculated by the closing auction of the Xetra trading system (or a corresponding successor system) on the Frankfurt am Main stock exchange in the five trading days prior to the public notification of the invitation to submit such an offer.

(3) The purchase offer or invitation to submit sales offers may stipulate further conditions. If the purchase offer is oversubscribed or, in the case of an invitation to submit sales offers, not all offers from among several equivalent offers can be accepted, offers must be accepted in proportion to the respective shares offered. In such cases, low numbers of shares tendered with up to 100 shares per shareholder and rounded in accordance with commercial principles may be given preferential treatment.

The Management Board is entitled to utilize the purchased treasury shares as follows:

(1) With the approval of the Supervisory Board they may be sold on the stock exchange or offered to all shareholders. With the approval of the Supervisory Board, they may be sold by other means provided the consideration for the sale is in cash and the sales price at the time of sale is not significantly lower than the share price for the same class share on the stock exchange. The total proportion of the shares sold under this authorization in relation to the total share capital, together with the proportion of the share capital of new shares that have been issued since the shareholders' resolution for this authorization, i.e. since 21th May 2015, due to any authorizations for share issues from authorized capital in accordance with Section 186 Paragraph 3 Sentence 4 AktG, may not exceed 10 percent of the Company's share capital.

(2) With the approval of the Supervisory Board they may be offered and transferred to third parties for the purposes of direct or indirect acquisition of companies, Company shares or equity investments in companies.

(3) With the approval of the Supervisory Board they may be offered and sold as consideration, so that the Company or one of its subsidiaries are issued copyright or third party intellectual property rights by third parties, particularly patents or brands, or licenses to such rights, for the marketing and development of CompuGroup Medical products.

(4) The shares may also be utilized to exercise options arising from share options granted by the Company.

(5) They may be used for attendance respectively safeguarding purchase obligation or purchase rights on CompuGroup shares, especially from and in connection with bonds/convertible bonds issued by the company or its affiliates.

(6) In addition, with the approval of the Supervisory Board, they may also be cancelled without the cancellation requiring an additional Annual General Meeting. The proportion of the remaining shares in relation to share capital will not be increased by cancellation. Notwithstanding the above, the Management Board may decide not to reduce equity but instead raise the percentage of other equity shares in accordance with Section 8 Paragraph 3 AktG. In this case, the Management Board is entitled to amend the number of shares cited in the articles of association.

The authorizations previously issued in accordance with (1) to (6) may be used on one or more occasions, in full or in part, individually or collectively, and the authorizations in accordance with (1) to (5) may be used pursuant to instructions issued by the Management Board but also by dependent companies or companies in which the Company holds a majority stake, or third parties acting on the Company's account.

Shareholders' subscription right to treasury shares is excluded insofar as thesis shares are used according to the above authorizations in (1) to (5).

c) Reserves (equity reserves, retained earnings and dividends in respect of equity instruments)
The following changes apply to CGM Group's reserves:

	31.12.2015 EUR '000	Adjusted 31.12.2014 EUR '000
Balance as at 1 January	**161,721**	**166,945**
Group net income	38,494	26,003
Actuarial gains and losses	-773	-2,887
Dividend distribution	-17,403	-17,403
Additional purchase of shares from minority interests after control	-261	-11,127
Change in scope of consolidation	0	190
Issue of own shares	0	0
Other Changes	-150	0
Balance as at 31 December	**181,628**	**161,721**

The main developments in 2015 were as follows:

The consolidated net income for the period of EUR 38,494 thousand (previous year: EUR 26,003 thousand) was transferred to reserves.

By resolution of the Annual General Meeting of 20 May 2015, a dividend of EUR 17,403 thousand (previous year: EUR 17,403 thousand) was issued to shareholders which corresponds to a dividend of EUR 0.35 (previous year: EUR 0.35) per dividend-bearing share.

Furthermore, additional purchases of shares from minority interests after majority ownership had been attained reduced reserves by EUR -261 thousand (previous year: EUR -11,127 thousand).

In addition, the actuarial result decreased reserves to EUR -773 thousand (previous year: EUR -2,887 thousand). (equity reserves, retained earnings and dividends in respect of equity instruments).

If a final dividend is recommended, it will be conditional on shareholder approval at the Annual General Meeting in 2016. Consequently, it will not be recorded as a liability in the consolidated financial statements. There are no corporation tax effects for the Company resulting from dividend payments. The size of the dividend depends exclusively on the single-entity financial statements of CompuGroup Medical SE. For 2015, the year under review, EUR 0.35 will most likely be proposed as the dividend per dividend-bearing share, which corresponds to a total amount of EUR 17,403 thousand.

d) Reserves from hedging transactions (cash flow hedge accounting)

Reserves from hedging transactions	31.12.2015 EUR '000	31.12.2014 EUR '000
Balance as at 1 January	**40**	**-5,457**
Changes in the fair value of cashflow hedges		
Interest rate swap	0	7,852
Income tax related to gains/(losses) recognized in OCI	0	-2,355
Other changes	-40	0
Balance as at 31 December	**0**	**40**

The reserve from hedging transactions includes gains or losses on the effective portion of cash flow hedges that have arisen due to changes in the fair value of the hedging transactions. The cumulative gain or loss from changes in the fair value of the hedging instrument that was recognized in the reserve from hedging transactions is only recognized in the income statement when the hedged transaction has an impact on the income statement.

Until the termination of hedge accounting as of September 29, 2014 interest swaps (hedge transaction) with the term and multicurrency revolving loan facility (underlying transaction) were designated in a cash flow hedge. Due to the termination of the hedge accounting the amount of EUR 9,028 thousand allocated in the reserve for cash flow hedges was expensed into the financial result in the 2014 financial year. All future changes to the fair value of the existing interest swaps will be allocated in the financial result of the total comprehensive income statement of CGM Group.

e) Reserves from foreign currency conversion

Reserves from currency conversion	31.12.2015 EUR '000	31.12.2014 EUR '000
Balance as at 1 January	**-18,980**	**-7,493**
Currency conversion differences	-3,284	-11,487
Realized gains and losses	0	0
Balance as at 31 December	**-22,264**	**-18,980**

Exchange differences arising from the conversion of the functional currency of foreign operations into the Group's reporting currency (EUR) are recognized directly in the consolidated financial statements under other comprehensive income and accumulated in the foreign currency conversion reserve. Conversion differences which were recognized earlier in the foreign currency conversion reserve (conversion of net assets of foreign operations) are transferred to the income statement when a partial or complete sale of the foreign operation has been performed.

f) Non-controlling interests

Non-controlling interests by company

Non controlling Interests	31.12.2015 EUR '000	31.12.2014 EUR '000
CGM South Africa	0	-260
KoCo Connector AG	-377	-308
IS Informatiksysteme	595	441
SF Sanità und Farloyalty	101	86
Total	**319**	**-41**

Changes in non-controlling interests in the 2015 financial year	31.12.2015 EUR '000	31.12.2014 EUR '000
Balance as at 1 January	**-41**	**-4,102**
Share of profit for the year	99	-2,241
Addition CGM South Africa	0	-128
Additional purchase of shares from minority interests after control	261	6,430
Balance as at 31 December	**319**	**-41**

Acquisition of further interests in subsidiaries

In the 2015 financial year, the CGM Group performed the following transactions with non-controlling shareholders:

Equity transaction CGM South Africa, South Africa, due to a purchase of all shares of all non-controlling shareholders

In January 2015, CGM acquired the overdue 15 percent of shares of CGM South Africa. The carrying amount of the non-controlling shares at the date of acquisition was EUR -260 thousand. CGM Group wrote off the non-controlling shares with a volume of EUR -261 thousand and correspondingly registered a reduction of the equity of the shareholders of the mother company of EUR -260 thousand.

The consequences of the changes of the shares of CGM concern at the CGM company South Africa of the mother company's shareholders' attributable equity during the 2015 financial year is constituted as follows:

	2015		2014	
EUR '000	CGM South Africa	ifap Institut für Unternehmensberatung und Wirtschaftsdienste im Gesundheitswesen GmbH	KoCo Connector AG	Privadis GmbH
Book value of acquired non-controlling interests	-261	17	-5,695	-752
Purchase price paid to non-controlling shareholders	0	115	4,239	0

13. Retirement plans and provisions for post-employment benefits and other non-current provisions

Benefits provided by CGM Group's pension scheme consist of defined benefit and defined contribution plans for employees in Germany, the Netherlands, Austria, Switzerland and the United States.

a) Defined contribution plans

In Germany, all employees in the Group companies are offered a defined contribution plan under the German statutory pension insurance, which the employer is required to contribute to. The employer contribution is tied to the current contribution rate of 9.35 percent (employer's share) in relation to the pension-based employee remuneration. In addition, the CGM Group offers occupational pension schemes (direct insurance) in the form of deferred compensation without increasing employer payments.

Furthermore, there are defined contribution plans (401k plans as direct insurance) for employees in the United States. Through its 401k plan, our subsidiary in the United States pays deferred compensation elements for employees into certain tax-advantaged retirement savings plans (retirement plans) which are offered by financial institutions. With the 401K plans, employees have a portion of their remuneration transferred to the savings plan with employers having the option of increasing their contributions. An increase in employer payments is not currently offered by the US subsidiary.

In addition to receiving this benefit, eligible employees in other countries, such as Austria or the Netherlands, benefit from respective country-specific regulations or other individual agreements.

The expenses of EUR 10,846 thousand (previous year: EUR 16,787 thousand) recognized in income statement represent CGM Group's contributions to these defined contribution plans in accordance with the contributions stipulated therein.

b) Defined benefit plans
CGM Group offers defined benefit plans for employees in Germany, Switzerland and the Netherlands.

CompuGroup Medical Deutschland AG has non-forfeitable pension obligations to current and former employees. The Company has pledged firmly guaranteed retirement and disability pensions to former employees upon reaching retirement age. Moreover, in case of a former employee passing away, surviving dependents are entitled to a lump-sum payment. For two active employees of CompuGroup Medical Deutschland AG, there are guaranteed retirement and disability pension commitments effective at the time of retirement. In case of these employees passing away, surviving dependents are entitled to 60 percent of the guaranteed pension. Another six active employees of CompuGroup Medical Deutschland AG have received firm commitments for fixed benefits at retirement age. These employees have not been guaranteed disability pension commitments or death benefits. The agreed retirement age for all current and former employees entitled to benefits is 65 years. In the event of early retirement of current and former employees who are entitled to benefits, the agreed benefits are reduced by 0.5 percent per month until the agreed retirement age of 65 has been reached.

Employees at subsidiary CGM Schweiz AG are granted pensions financed by a pension fund consisting of employer and employee contributions and income generated on investments. Due to the inclusion of statutory minimum pension provision pursuant to Swiss law through BVG (Swiss occupational pension plans), the pension plan is recognized as a defined benefit plan. All provisions are non-forfeitable. Under the legal requirements, the employer is obliged to make employer contributions that enable the pension fund to finance the minimum level of provision. The pension fund is managed through a trust board comprising employee and employer representatives, which manages and monitors the benefit plan and asset investment.

In the Netherlands, the Company offers defined benefit commitments depending on salary and years of service. The details of the pension plan are listed in the following table:

Eligibility requirements	All employees older than 21 years
Normal retirement age	Age 67
Early retirement age	Not applicable
Pensionable	12 times fixed monthly salary including holiday allowance, with a maximum of EUR 220,500
Offset	The part of the salary with no pension accrual
Pension Base	Pensionable salary less offset
Pensionable service normal retirement	Number of (part-time weighted) years from beginning of service until normal retirement age (maximized on 46 years)
Indexation Actives	Unconditional based on wage inflation
Indexation Deferred/Pensioners	Unconditional based on price inflation
Pension scheme	Average pay system
Retirement pension	Sum of 2.25 percent times pension base per year
Survivor's pension	54.44 percent of retirement pension (fully funded)
Orphans's pension	10.89 percent of retirement pension
Waiver of premium disability	Yes

In 2013, the defined benefit pension plan for the Dutch subsidiary's active employees was changed. All active employees were transferred to a defined benefit plan. For former employees entitled under the defined benefit pension, the commitment remains unchanged.

Furthermore, there are also severance payment provisions for the majority of Austrian employees (pursuant to Section 23 Angestelltengesetz (Salaried Employees Act) and Section 2 Arbeiterabfertigungsgesetz (Employees Severance Pay Act), which, in accordance with IAS 19, are to be considered post-employment benefits. These severance payment provisions generally correspond to a severance payment in relation to payments that eligible employees receive at the point of departure from the company. Payment of the severance pay entitlement is also impacted by the reason for the employee's resignation. In addition, surviving dependents will be paid 50 percent of existing severance payment benefits.

The defined benefit pension plan in Turkey shows a similar structure as the aforementioned pension benefits of Austrian employees and is also in accordance with IAS 19 to be considered as post employment benefit. In accordance with the statutorily regulated social legislation, the company is committed to pay a lump-sum severance payment for each separating employee. This obligation arises when the employee has completed at least one year of employment, his employment was terminated without cause, when he will be called up for military service, dies or reaches retirement age. The amount payable consists of one month's salary for each year of work. The amount is limited to EUR 3,828.37 per working year.

Likewise, similar provisions have been set aside in other foreign subsidiaries for statutory programs such as the TFR Fund (Italian Civil Code Article 2120) in Italy which are to be considered post-employment benefits in accordance with IAS 19. Essentially, the TFR fund is equivalent to severance pay in relation to payments which eligible employees receive at the point of departure from the company.

The present value of the defined benefit obligation from the underlying plan is determined using a discount rate based on the yields from prime fixed-rate corporate bonds. The discount rate used by the CGM Group is based on the iBoxx indices which are applied to the defined benefit obligation with matching maturities.

In general, CGM Group is exposed to the following actuarial risks with regard to the existing CGM Group benefit plans:

– **Longevity risk:** The present value of the defined benefit obligation for the corresponding benefit plans is determined based on the best estimate of the probability of death of each beneficiary both during employment and after termination. An increase in the life expectancy of eligible employees leads to an increase in the plan liability.
– **Salary risk:** The present value of the defined benefit obligation for appropriate benefit plans is determined based on the expected future salaries of eligible employees. Accordingly, salary increases raise the benefit obligation associated with the plan.
– **Inflation risk:** An increase in the long-term inflation assumption would primarily affect the expected pension increase and the expected increase in pensionable salaries.

Risks arising from the payment of benefits to family members (surviving dependent benefits) of eligible employees are partially reinsured by an external insurance company.

Provisions for post-employment benefits are accounted for using the current pension reports, all of which were compiled by external service providers (actuaries).

The following actuarial assumptions were made in determining the defined benefit obligation and related plan assets:

Principle Assumptions used for the purposes of the actuarial valuations were as follows:	Germany		Austria		Netherlands		Italy		France		Switzerland		Turkey	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Discount rate(s) in %	1.6	1.5	2.2	1.8	2.2	2.6	2.0	1.7	2.2	2.0	0.85	1.3	10.75	0.0
Expected rate(s) of salary increase in %	n/a	n/a	2.0	2.0	n/a	n/a	3.0	3.0	3.0	2.7	1.25	1.5	5.0	0.0
Pension growth rate(s) in %	1.75	2.0	n/a	n/a	1.8	1.8	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.0

Domestic pension obligations are based on the typical mortality rates applied in Germany (according to Heubeck 2005 G). For the Netherlands, pension obligations are based on the mortality rates according to the "AG Prognosetafel 2012-2062".

The amounts recognized in other comprehensive income for the defined benefit plans are as follows:

	31.12.2015 EUR '000	31.12.2014 EUR '000
Service cost:		
Current service cost	1,606	1,223
Past service cost and (gain)/loss from settlements	76	386
Net interest expense	**284**	**378**
Components of defined costs recognised in profit or loss	**1,966**	**1,987**
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense)	54	-1,270
Actuarial gains and losses arising from changes in demographic assumptions	-45	-47
Actuarial gains and losses arising from changes in financial assumptions	238	5,707
Actuarial gains and losses arising from experience adjustments	646	-421
Adjustments for restrictions on the Defined benefit asset	0	0
Components of defined benefit costs recognised in other comprehensive income	**893**	**3,969**
Total	**2,859**	**5,956**

The current annual cost of EUR 1,966 thousand (previous year: EUR -1,987 thousand) is recognized in full in the personnel expenses of CGM Group. Defined benefit expenses arising from the revaluation of net liability for defined benefit plans in the amount of EUR 893 thousand (previous year: EUR -3,969 thousand) were recognized in other comprehensive income.

The defined benefit obligations developed as follows in the financial year:

	Present value of pension commitment EUR '000	Fair value of plan assets EUR '000	Total EUR '000
Balance as at 1 January 2014	**11,490**	**-990**	**10,500**
Current service costs	1,223	0	1223
Interest income/cost	512	-134	378
Remeasurement (gains)/losses:			
Return on plan asset (excluding amounts included in net interests)	0	-1,270	-1,270
Actuarial gains and losses arising from changes in demographic assumptions	-47	0	-47
Actuarial gains and losses arising from changes in financial assumptions	5,707	0	5,707
Actuarial gains and losses arising from experience adjustments	-421	0	-421
Past service cost, including losses/(gains) on curtailments	386	0	386
Payment of debts/disposal of assets by plan settlement	0	0	0
Liabilities assumed in a business combination	1,484	0	1,484
Liabilities assumed in mergers and transfers	251	0	251
Exchange rate differences on foreign pension plans	42	-15	27
Benefits paid	-670	232	-438
Contributions from the employer	0	-353	-353
Contributions from plan participant	0	0	0
Balance as at 31 December 2014	**19,957**	**-2,530**	**17,427**
Balance as at 1 January 2015	**19,957**	**-2,530**	**17,427**
Current service costs	1,584	21	1,606
Interest income/cost	387	-103	284
Remeasurement (gains)/losses:			
Return on plan asset (excluding amounts included in net interests)	0	54	54
Actuarial gains and losses arising from changes in demographic assumptions	-45	0	-45
Actuarial gains and losses arising from changes in financial assumptions	248	0	248
Actuarial gains and losses arising from experience adjustments	668	7	676
Past service cost, including losses/(gains) on curtailments	72	4	76
Payment of debts/disposal of assets by plan settlement	0	0	0
Liabilities assumed in a business combination	-50	0	-50
Liabilities assumed in mergers and transfers	-179	0	-179
Exchange rate differences on foreign pension plans	0	0	0
Benefits paid	-1,063	270	-793
Contributions from the employer	136	-454	-317
Contributions from plan participant	54	-210	-156
Balance as at 31 December 2015	**21,770**	**-2,940**	**18,830**

The fair values of plan assets (defined benefit obligations for Germany and the Netherlands) are entirely attributable to the asset class "reinsurance". The existing "reinsurance" assets can be described as "qualifying insurance policies" and are therefore plan assets that are not traded in a liquid market.

The average weighted duration of the pension obligation is 10 years for Germany, 28 years for the Netherlands, 20 years for Austria, 15 years for Italy, 15 years for France and 15 years for Switzerland and for Turkey 9 years.

Changes in provisions for post-employment benefits in the last five years are shown in the following table:

	31.12.2009 EUR '000	31.12.2010 EUR '000	31.12.2011 EUR '000	31.12.2012 EUR '000	Adjusted 31.12.2013 EUR '000	31.12.2014 EUR '000	31.12.2015 EUR '000
Present value of pension commitment	1,478	3,183	8,432	14,805	11,490	19,982	21,770
Present value of plan assets	-602	-608	-2,667	-3,925	-990	-2,555	-2,940
Shortfall	**876**	**2,575**	**5,765**	**10,880**	**10,500**	**17,427**	**18,830**

A total EUR 797 thousand (previous year: EUR 670 thousand) is expected to be paid into pension plans in the 2016 financial year. These contributions will be recognized as expenses in the income statement.

Sensitivity analysis
The applicable actuarial assumptions used to determine the defined benefit obligation in CGM Group are the discount rate, expected salary increases and inflation expectations. The sensitivity analyses presented below are based on best possible estimates of the changes in the assumptions as of the balance sheet date of 31 December 2015. In the event of changes in actuarial assumptions for sensitivity analysis purposes, other actuarial assumptions have remained unchanged.

	Increase		Decrease	
	in %	EUR '000	in %	EUR '000
Impact of the discount rate on pension commitment	1.00%	-7,081	1.00%	9,552
Impact of future salary increases on pension commitment	0.25%	4,154	0.25%	-3,874
Impact of future pension development on pension commitment	0.25%	563	0.25%	-526

For the previously mentioned sensitivity analysis, it is considered unlikely that the scenario in question will occur in reality because it can be assumed that changes that occur in some assumptions might correlate with each other. When calculating the sensitivity of the defined benefit obligations, the same method that was used to calculate pension provisions on the balance sheet was applied.

c) Anniversary provision
The anniversary provision (EUR 3,115 thousand; previous year: EUR 3.115 thousand) is calculated with a discount rate of 1.6 percent (previous year: 1.3 percent). The interest component is in accordance with the voting right as per IAS 19 not presented in the interest income but within the operating cost and includes a change of interest of effectively 0.3 percent. The social security payments were considered with a flat percentage of 19.325 percent of the anniversary provision. The computation is based on the “Richttafel 2005 G” from Prof. Dr. Klaus Heubeck.

14. Financial liabilities (current and non-current)
The financial liabilities of CGM Group are as follows:

	31.12.2015		31.12.2014	
	current EUR '000	non-current EUR '000	current EUR '000	non-current EUR '000
Current liabilities to banks	41,934	310,158	19,943	336,437
Other loans	3,799	14,603	99	6,420
Total	**45,733**	**324,761**	**20,042**	**342,857**

In the financial year 2015 new liabilities to banks and other loans in the amount of EUR 69,595 million were taken and paid in the amount of EUR 61,105 thousand.

a) Liabilities to banks
Liabilities to banks can be broken down as follows:

Liabilities to banks	Book value 31.12.2014 EUR '000	Book value 31.12.2015 EUR '000	thereof in EUR	Interest rate as at 31.12.2015 in %	Fair value as at 31.12.2015 EUR '000
Konsortialkredit	326,918	312,789	312,789	2.5	314,962
IKB 3	1,250	0	0	0	0
IKB 4	1,667	0	0	0	0
IKB 5	7,480	14,935	14,935	2.85	14,862
SEB	0	4,147	3,603	0	4,147
Commerzbank	0	3,631	3,631	0	3,631
Sparkasse Koblenz	4,523	3,946	3,946	3.3	4,106
Kreissparkasse Biberach	1,094	969	969	2.75	957
Saar LB	1,503	1,315	1,315	2.75	1,311
Saar LB	9,000	8,000	8,000	2.85	7,961
MPS	515	386	386	0.74	373
Centrobanca Banco di Credito Finanziario e Mobiliare	289	144	144	0.96	143
Mediocredito Italiano SpA	513	915	915	1.6	884
Banca Intesa	48	0	0	0	0
Rabobank	745	682	682	1.1	557
Other	835	233	232	0	233
Total	**356,380**	**352,092**	**351,547**	**21**	**354,127**

As of 31 December 2015, the Group had gross debt of EUR 352.1 million and held EUR 25.1 million in cash.

On 23 September 2014, CGM concluded a new syndicated loan agreement for a total loan amount of EUR 400.0 million. The syndicated loan consists of a "term loan facility" (hereinafter "TLF") for EUR 225.0 million and a "revolving credit facility" (hereinafter referred to as "RLF") for EUR 175.0 million. The syndicated loan has an overall maturity of 5 years. The TLF is payable on a pro rata basis in equal payments of EUR 15.0 million on 31 January and 31 July of each year, beginning on 31 July 2015. Outstanding loan amounts when the TLF matures are to be settled through a one-off final payment. The RLF must be repaid at the end of each interest period, but can be taken out again immediately thereafter. The interest period for the RLF can be chosen by CompuGroup Medical SE at its discretion. The interest rate is based on the appropriate EURIBOR rate for the interest period chosen plus a margin derived from the relationship between the consolidated net debt and adjusted consolidated EBITDA. The margin is 2 percent for the first six months.

As of 31 December 2015, EUR 210.0 million of the TLF and EUR 105.0 million of the RLF were utilized. Loan origination fees totaling EUR 3.2 million were incurred relating to these facilities. These fees will be charged as an expense over the term of the loan agreement. The syndicated loan has not been designed into an interest hedge. The granting of the loan is linked to the compliance of contractually agreed financial covenants. The loan agreement includes joint and several guarantees for payment by a number of Group subsidiaries (contingent liability in case of non-payment of CompuGroup Medical SE). In the current financial year 2015, CompuGroup Medical fulfilled all financial covenants in all existing credit agreements.

In December 2013, one loan in the amount of EUR 14.9 million which was refinanced through KfW, was taken out with IKB Deutsche Industriebank, Düsseldorf (IKB No. 5). As of 31 December 2015, EUR 14.9 million of the loan has been utilized, which equates to the value at the reporting date. Loan IKB No. 5 has a 2.85 percent fixed interest rate. Interest is payable at the end of each financial quarter. The principle repayment is to be made quarterly in the amount of EUR 467 thousand; the first repayment is due on 31 March 2016. The loan has a term of 10 years.

In 2012, CompuGroup Medical Deutschland AG signed another loan agreement to finance the purchase of the administration building "Maria Trost 21" in the amount of EUR 6.1 million. The mortgage loan has a term of ten years and has a fixed interest rate of 3.3 percent. The loan value as of 31 December 2015 was EUR 3.9 million.

In December 2013, CompuGroup Medical Deutschland AG concluded a loan agreement with Saar LB in the amount of EUR 10.0 million for financing office buildings "Maria Trost 25" and "Carl-Mand-Strasse." This mortgage loan has a term of ten years and has a fixed interest rate of 2.85 percent. The loan value as of 31 December 2015 was EUR 8.0 million.

Other liabilities to banks include:
- Overdraft facilities in the amount of EUR 4.1 million (to SEB) and in the amount of EUR 3.6 million (to Commerzbank).
- A mortgage loan to CGM Deutschland AG in the amount of EUR 3.0 million for which a payment guarantee by the parent company was granted as security. The loan is valued at EUR 1.3 million as of 31 December 2015.
- A mortgage loan to CGM SYSTEMA Deutschland GmbH for EUR 3.0 million. The loan value at 31 December 2015 was EUR 1.0 million.
- Four loans to Italian subsidiaries. The loan values at 31 December 2015 were EUR 1.4 million.
- One loan to CompuGroup Medical Netherlands B.V. The loan was valued at EUR 0.7 million as of 31 December 2015.

b) Other loans
As of 31 December 2015 other loans amounted to EUR 18,401 thousand (previous year: EUR 6,519 thousand). These mainly concern other financial liabilities related to the financing of SAP "OneGroup Project".

c) Expected payments for financial liabilities

EUR '000	Total financial debt	thereof: liabilities to banks
2015	55,369	50,913
2016	46,196	42,314
2017	80,757	37,844
2018	235,350	232,932
2019	10,036	5,549
2020	5,674	5,516
2021	4,988	4,823
2022	4,685	4,513
2023 and later	128	0
Total	**443,183**	**384,404**

15. Purchase price liabilities (short and long-term)

	31.12.2015			31.12.2014		
resulting from Business Combination	current EUR '000	non-current EUR '000	Total EUR '000	current EUR '000	non-current EUR '000	Total EUR '000
Innomed GmbH	6,471	0	**6,471**	6,098	0	**6,098**
CGM Netherlands	1,100	0	**1,100**	1,100	0	**1,100**
EBM AG (vormals Dr. Ralle/ÄND)	500	0	**500**	500	0	**500**
LMZ AG	90	0	**90**	0	0	**0**
Puntofarma	130	0	**130**	260	130	**390**
BS Concept Realization BV	125	0	**125**	0	0	**0**
OPAS Sozial	61	0	**61**	288	0	**288**
Turbomed Vertriebs- und Service	50	0	**50**	0	0	**0**
KoCo Konnektor AG	23	0	**23**	195	0	**195**
Medicitalia	630	760	**1,390**	0	0	**0**
FARMA3TEC	0	1,610	**1,610**	0	1,451	**1,451**
Meditec GmbH	0	951	**951**	0	801	**801**
Xdent (vormals Tekne)	0	940	**940**	0	826	**826**
Qualita in Farmacia	0	361	**361**	0	322	**322**
CGM Poland	0	9	**9**	0	9	**9**
Bley	0	0	**0**	167	0	**167**
Turbomed Center GmbH	0	0	**0**	239	0	**239**
CGM Belgium	0	0	**0**	140	0	**140**
Total	**9,180**	**4,632**	**13,812**	**8,987**	**3,539**	**12,526**

Short-term purchase price liabilities (due in less than a year)
Innomed GmbH: Purchase price liability from the put option of non-controlling shareholders for the remaining 29.7 percent of Innomed shares. The purchase price is based on the estimated average EBITDA in 2014 and 2015 multiplied by the factor six. Furthermore, undistributed profits of EUR 3,280 thousand for the 2010 financial year are to be compensated proportionately (at 29.7 percent) in the purchase price liability (EUR 6,471 thousand). The put options may be exercised from January 1, 2014 to December 31, 2018.

CGM Netherlands: The purchase price liability stems from the expected additional purchase price payment as the result of contractually agreed purchase price adjustment mechanisms. As of the reporting date, the parties involved had not yet reached an agreement regarding this amount. The purchase price liability is classified as current because an agreement of the parties may occur at any time.

EBM AG (formerly Dr. Ralle/ÄND): Outstanding, contractually agreed and payable purchase price of EUR 500 thousand. The amount is currently retained as security.

LMZ AG: In the course of the business acquisition of LMZ AG in 2015, EUR 90 thousand were retained as security which corresponds to 10 percent of the purchase price. The payment will likely take place in 2016, lowered by a potential reduction of the purchase price.

Medicitalia: In accordance with the signed share purchase agreement the agreed purchase price is due in several installments. At the date of the balance sheet, the current and due in 2016 share of the purchase price amounts to EUR 630 thousand and is presented as purchase price liability.

Puntofarma: The current portion of the outstanding purchase price payment to acquire the assets of "Puntofarma". The amount of EUR 130 thousand is presented as purchase price liability and is retained as security. The payout is expected in the 2016 financial year.

BS Concept Realization BV: An earn-out rule was agreed in the contract that stipulates an additional purchase price payment of 15 percent of the revenues that will occur in the second year after the date of acquisition ("Second Year Realized Revenue"). The expected payment from this earn-out agreement amounts to EUR 125 thousand.

"OPAS Sozial": Contractual earn-out agreement securing 20 percent of the revenue from software maintenance and service contracts as well as license sales from the "OPAS Sozial" business segment for the next three financial years. The expected amount to be paid from the earn-out agreement is accounted for by CGM at the balance sheet date as a discounted purchase price liability in the amount of EUR 61 thousand.

Turbomed Vertriebs- und Service: According to the purchase contract closed in the 2014 financial year, CGM is obliged to pay out the provision that has been built for a lawsuit already pending during acquisition, as an increase of the purchase price. The lawsuit ended with a success in the 2015 financial year. Therefore, the provision was released and a purchase price liability in the same amount of the provision of EUR 50 thousand was booked.

KoCo Konnektor AG: Outstanding purchase price in the amount of EUR 23 thousand for the purchase of 45 percent of the shares of KoCo Konnektor AG.

Long-term purchase price liabilities (due in more than one year)
Meditec GmbH: The call option granted to CGM for the acquisition of the outstanding 30 percent of shares can be exercised any time and will run until 31 December 2016. The call option is based on two times the amount of sustainable recurring revenue Meditec GmbH generates in the year prior to when the options are exercised multiplied by the percentage of outstanding shares (30 percent). At minimum, CGM will have to pay EUR 1,000 thousand at the time the call option is exercised. The seller has been granted two put options. The seller's first put option has a maturity date of 31 December 2016 and can be exercised at any time until then. The seller's first put option is based on two times the amount of sustainable recurring revenue Meditec GmbH generates in the year prior to when the options are exercised multiplied by the percentage of outstanding shares (30 percent). The seller's second put option takes effect if the purchaser failed to exercise the call option by expiry of the pre-set contract period (31 December 2016). For the second put option, the seller is granted a term beginning 1 January 2017 until 31 March 2017. Upon exercise of the put option, the payment amount is calculated using the following scale:
– Equal to the sustainable recurring revenue of the 2016 financial year, provided this is less than EUR 3,000 thousand, multiplied by the percentage of outstanding shares (30 percent).
– Twice the sustainable recurring revenue of the 2016 financial year if equal to or greater than EUR 3,000 thousand, multiplied by the percentage of outstanding shares (30 percent).

A discount rate of 2.5 percent is used.

Qualità in Farmacia Srl: It was agreed to acquire the outstanding 5 percent of the shares a put and call option with a fixed exercise price of EUR 375 thousand plus changes in the ISTAT index. The earliest date of exercise is 1 August 2017. A discount rate of 2.5 percent is used.

XDent (formerly Tekne): A put and call option has been arranged for the acquisition of the remaining 20 percent of shares. Option volume is based on Tekne's annual software maintenance revenue in the year the option is exercised. The exercise period of the call option on the first 10 percent will run from 1 January 2017 to 30 June 2017. The exercise period of the agreed put option on the first 10 percent will run from

1 July 2017 to 31 December 2017. The amount of the expected drawdown of the put option for the transmission of the first 10 percent of the outstanding shares amounts to EUR 500 thousand and is accounted for as a discounted purchase price liability as of the balance sheet date. The exercise period of the call option on the second 10 percent will run from 1 January 2019 to 30 June 2019. The exercise period of the agreed put option on the second 10 percent will run from 1 July 2019 to 31 December 2019. The amount of the expected drawdown of the put option for the transfer of the second 10 percent of the outstanding shares amounts to EUR 500 thousand. A discount rate of 2.5 percent is used.

Farma3Tec: A put and call option has been arranged for the acquisition of the remaining 20.02 percent of shares. The holder of the put option has the right, for a period of one to five years after the time of acquisition, to sell to CGM Group all of the remaining 20.02 percent of the shares at the following, fixed conditions:
– One year after the time of acquisition: EUR 1,620 thousand
– Two years after the time of acquisition: EUR 1,640 thousand
– Three years after the time of acquisition: EUR 1,680 thousand
– Four years after the time of acquisition: EUR 1,720 thousand

A discount rate of 2.5 percent is used for the purchase price liabilities.

Medicitalia: Long-term part of the contractually outstanding purchase price payment in the amount of EUR 315 thousand, due in 2017. A call option was agreed concerning the acquisition of the outstanding 10 percent of the company shares. It is based on six times the EBITDA of the last annual balance sheet prior to the exercising of the option. As purchase price 10 percent of the call option value was agreed. The amount resulting from the expected payment out of the call option for the remaining 10 percent of the Medicitalia shares is as per balance sheet date EUR 445 thousand.

16. Trade payables

	31.12.2015 EUR '000	31.12.2014 EUR '000
Trade payables	**27,349**	**25,439**

The trade payables in the amount of EUR 27,349 thousand (previous year: EUR 25,439 thousand) have an exclusive residual maturity of up to one year. Liabilities from trade payables pertaining to companies acquired in the 2015 financial year amounted to EUR 383 thousand as of 31 December 2015.

17. Other provisions

The development of current provisions for personnel and other provisions in the 2015 financial year is as follows:

in EUR '000	Personnel expenses	Guarantee and sales commitments	External year-end accounting costs	Legal charges	Others	Total
Balance as at 1 January 2015	**22,053**	**709**	**1,443**	**1,624**	**5,005**	**30,834**
Changes in exchange rates	30	18	0	-20	160	**189**
Addition from first time consolidation	282	28	22	28	107	**467**
Additions	13,305	192	1,494	379	5,597	**20,967**
Utilization	-11,908	-24	-1,477	-373	-6,071	**-19,854**
Releases	-2,786	-531	-34	-25	-143	**-3,520**
Balance as at 31 December 2015	**20,974**	**393**	**1,447**	**1,613**	**4,655**	**29,083**

The development of current provisions for personnel and other provisions in the 2014 prior-year period is as follows:

in EUR '000	Personnel expenses	Guarantee and sales commitments	External year-end accounting costs	Legal charges	Others	Total
Balance as at 1 January 2014	**16,935**	**987**	**1,179**	**1,256**	**3,815**	**24,172**
Changes in exchange rates	-9	4	-1	1	30	**25**
Addition from first time consolidation	740	226	8	0	1,164	**2,138**
Additions	17,759	283	1,159	637	9,632	**29,470**
Utilization	-12,492	-445	-874	-203	-9,100	**-23,114**
Releases	-880	-346	-28	-67	-536	**-1,857**
Balance as at 31 December 2014	**22,053**	**709**	**1,443**	**1,624**	**5,005**	**30,834**

Provisions for personnel expenses particularly pertain to provisions for bonuses and commissions (2015: EUR 16,442 thousand; previous year: EUR 15,912 thousand), vacation provisions (2015: EUR 3,232 thousand, previous year: EUR 2,985 thousand), severance payments (2015: EUR 578 thousand, previous year: EUR 1,877 thousand) and overtime (2015: EUR 1,022 thousand, previous year: EUR 1,394 thousand). These were calculated on the basis of the underlying hourly rates and social security deductions.

The provisions for guarantees relate to contractual commitments in connection with the installation of hospital software solutions.

The provisions formed for legal charges in the 2015 financial year largely stem from subsidiaries CGM Solutions (EUR 474 thousand), CGM France (EUR 364 thousand), CGM Turkey (EUR 183 thousand), Intermedix France (EUR 163 thousand), and CGM Switzerland (EUR 124 thousand). They generally pertain to legal disputes with former employees and customers.

Provisions for guarantees and legal charges are, by their nature, subject to higher levels of uncertainty. The other provisions mainly relate to current provisions. Only the provisions for guarantees and warranty include a portion that would be expected at a later date than 12 months after the reporting date. Discounted values are not separately disclosed due to materiality.

18. Other financial and non-financial liabilities and derivative instruments

a) Other financial liabilities

Other financial liabilities are broken down as follows:

	31.12.2015		31.12.2014	
	current EUR '000	non-current EUR '000	current EUR '000	non-current EUR '000
Leasing liabilities	127	1,003	0	1,174
Loans	14	0	99	706
PoC excess liability	1,449	0	2,136	0
Employee payables	2,058	0	0	0
Social security liabilities	3,242	0	2,768	0
Debtors with credit balances	2,485	0	2,557	0
Prepayment for projects	1,499	0	1,204	0
Anniversary provision	2,244	0	10	0
Financing of SAP "OneGroup Project"	3,785	14,603	0	5,714
Other financial liabilities	1,515	317	1,298	6
Total	**18,418**	**15,923**	**10,072**	**7,600**

	31.12.2015			31.12.2014		
Financial lease liabilities	Future minimum lease payments EUR '000	Interest component EUR '000	Present value of future leasing receivables EUR '000	Future minimum lease payments EUR '000	Interest component EUR '000	Present value of future leasing receivables EUR '000
< 1 year	195	68	**127**	169	72	**97**
1 – 5 years	589	192	**397**	589	219	**370**
> 5 years	699	93	**606**	839	132	**707**
Total	**1,483**	**353**	**1,130**	**1,597**	**423**	**1,174**

b) Other non-financial liabilities

Other non-financial liabilities are broken down as follows:

	31.12.2015		31.12.2014	
	current EUR '000	non-current EUR '000	current EUR '000	non-current EUR '000
Deferred income	18,730	0	18,356	0
VAT, payroll tax	12,517	0	10,281	0
Investment grants	0	1,475	0	1,559
Guarantees	0	1,720	0	1,709
Other non-financial liabilities	1,730	720	1,567	630
Total	**32,977**	**3,915**	**30,204**	**3,898**

c) Derivative financial instruments

	31.12.2015		31.12.2014	
	Assets EUR '000	Liabilities EUR '000	Assets EUR '000	Liabilities EUR '000
Current derivative financial instruments				
Interest swap – held for trading	0	0	0	4,763
Stock option – held for trading	0	0	0	0
Current total	**0**	**0**	**0**	**4,763**
Non-current derivative financial instruments				
Interest swap – cash flow hedges	0	0	0	0
Stock option – held for trading	0	0	0	0
Non-current total	**0**	**0**	**0**	**0**
Total	**0**	**0**	**0**	**4,763**

On December 31, 2015 CGM Group shows no derivative financial instruments. All existing interest swaps ended on December 23, 2015 and no new transactions or other hedging activities where closed that would be categorized as derivative financial instrument. The amount of the prior year (EUR 4,763 thousand) did represent the negative market value of the interest swap, valued by applying the mark-to-market method at fair value. The fair value is the present value of future cash flows based on observable yield curves.

19. Sales revenues

Sales revenues can be broken down as follows:

	2015 EUR '000	2014 EUR '000
Software licenses	39,265	33,298
Software license and other recurring revenue	361,194	332,084
Services	67,000	76,837
Hardware	36,293	36,536
Advertising, eDetailing and data	30,062	28,196
Software Assisted Medicine	1,487	3,372
Other revenue	7,765	4,781
Total	**543,066**	**515,104**
Thereof Construction Contracts (PoC-revenue)	**15,569**	**31,973**

The "gematik" project contributes in 2015 revenues in the amount of EUR 4,990 thousand (previous year: EUR 15,010 thousand) to the group. To evaluate the percentage of completion the cost-to-cost-method was applied.

Due to delays in customer projects as well as political impacts on contracts and therefore unclear contract situations in the financial year 2015, adjustments to the stage of completion where necessary.

20. Research and development expenses and capitalized in-house services

a) Research and development expenses

Research and development expenses include all costs arising in the course of software research and development activities. Exceptions to this are development costs incurred due to statutory or contractually mandated ongoing development work (updates, maintenance etc.) which cannot be predetermined or controlled by CGM Group.

Total expenses for research and development which were recognized in the income statement amounted to EUR 16,554 thousand.

b) Capitalized in-house services

Capitalized in-house services within CGM Group pertains to the capitalization of expenses for in-house software and the applicable expenses of its own employees for Group-wide implementation of the new Enterprise Resource Planning (ERP) and Customer Relationship Management (CRM) software. The ERP and CRM software was introduced as part of the "One Group" project that meets the criteria set forth by IAS 38. In the 2015 financial year, approximately 269,000 working hours were performed (previous year: approximately 261,000 hours) and capitalized along with their applicable cost rates. Depending on the country, the hourly rate for capitalization fluctuates between EUR 18 and EUR 51.

21. Other income

	2015 EUR '000	2014 EUR '000
Income from services performed	**1,315**	**1,492**
thereof rental income	301	524
thereof services related income	669	681
thereof investment grants	345	287
Remaining other operating income	**2,544**	**11,229**
thereof compensation received from damages	208	123
thereof gain on sale of fixed assets	176	8,499
thereof revenues from valuation allowances/reversals	91	527
thereof revenues from retroactive purchase price adjustments	0	364
thereof revenues from reversals of purchase price liabilities	227	500
thereof other	1,842	1,216
Total	**3,859**	**12,721**

In comparison to the previous year the other income has dropped by EUR 8,862 thousand. The clear changing is mainly due to the sale of the business area REWE/DMS in 2014 by the subsidiary CGM SYSTEMA Deutschland GmbH to the related party mps public solutions GmbH. CGM Group in 2014 realized income in the amount of EUR 8,369 thousand from the sale of the business area, reported under income from the disposal of business areas as non-current assets.

Rental income is derived primarily from renting out office, warehouse and training spaces in Koblenz to partners. Investment grants are subsidies granted to the subsidiary Systema HIS in accordance with the Austrian research premium decree (Forschungsprämienverordnung). The income from services performed relates to operating the company cafeteria and providing management services to partners.

22. Expenses for goods and services purchases

	2015 EUR '000	2014 EUR '000
Software licenses	6,264	6,698
Software license and other recurring revenue	48,470	42,880
Services	17,727	15,296
Hardware	22,092	28,803
Advertising, eDetailing and data	1,648	1,733
Software Assisted Medicine	1,043	492
Other cost of goods	3,267	3,330
Total	**100,511**	**99,232**

The “Software maintenance and other recurring revenue” item primarily relates to external service providers operating the customer service hotline as well as sales activities.

23. Personnel expenses and employees

a) Personnel expenses

	2015 EUR '000	Adjusted 2014 EUR '000
Salaries	200,460	197,365
Employer social security costs	41,072	38,464
of which net pension expenses – Benefits	1,966	1,987
of which net pension expenses – Contribution	11,255	16,787
Termination benefits	3,304	3,191
Other personnel expenses	5,790	9,268
Total	**250,626**	**248,288**

In 2015, contributions to domestic statutory health insurance organizations amounted to EUR 8,086 thousand (previous year: EUR 14,190 thousand).

b) Employees

The average number of CGM Group employees for the 2015/2014 financial years was as follows:

	2015	2014
Group employees (FTE)	3,582	3,576
Apprentices	102	109
Part time	573	535
Total	**4,257**	**4,220**

The average number of employees in a managerial capacity in CGM Group was 67 (previous year: 70). The Management Board of CompuGroup Medical SE was not counted.

24. Other expenses

Other expenses can be broken down as follows:

	2015 EUR '000	2014 EUR '000
Losses on disposal of fixed assets	3	16
Bad-debt adjustments	3,438	3,693
Administrative and sales expense	89,643	89,595
Total	**93,084**	**93,304**
Administrative and sales expenses:		
Legal and consulting fees	13,148	15,024
Occupancy	15,697	14,780
Outsourcing	11,280	14,331
Company cars	9,871	10,310
Travel	8,949	8,592
IT (software, maintenance etc.)	2,978	3,563
Advertising/entertainment	5,766	6,532
Telephone	4,778	4,916
Trade fairs	3,045	2,447
Postage	1,491	1,614
Office and business equipment	3,112	3,592
Insurances/fees/contributions	1,678	1,573
Other	7,851	2,321
Total	**89,643**	**89,595**

The increase of the other expenses in the amount of EUR 5,530 thousand mainly results from an increase of provision for contingent losses (EUR 2,655 thousand), the potential claim resulting from the cancellation of the P1 Project (EUR 1,066 thousand) as well as the payment for an out-of-court settlement (EUR 900 thousand) recognized as expense.

25. Depreciation and amortization

Depreciation of property, plant and equipment is comprised as follows:

	Depreciation tangible assets	
in EUR '000	2015	2014
Land and buildings	2,222	1,671
Other facilities, furniture and office equipment	5,576	6,138
Total	**7,798**	**7,809**

Amortization of intangible assets is comprised as follows:

	Depreciation intangible assets	
in EUR '000	2015	2014
Goodwill/business value	1,352	1,385
Software	16,526	15,032
Customer contracts	12,882	10,620
Brands	3,228	3,384
Order backlog	255	1,279
Capitalized in-house services	2,504	3,272
Total	**36,747**	**34,972**

26. Results from associated companies at equity

The results from associated companies in the 2015 financial year amounted to EUR -911 thousand (previous year: EUR 19 thousand). The increase mainly results from the at equity valuation of MGS GmbH.

27. Financial income and financial expenses

a) Financial income

Financial income is broken down as follows:

	2015 EUR ' 000	2014 EUR ' 000
Interest on loans	57	46
Change in fair value of stock options held for sale	0	1,181
Currency gain or loss	12,885	9,599
Other	1,194	2,155
Total	**14,136**	**12,981**

b) Financial expense

Financial expenses are broken down as follows:

	2015 EUR '000	2014 EUR '000
Interest on loans	13,217	14,404
Capitalized borrowing costs on qualified assets	-2,578	0
Loan origination fees	871	3,130
Increases in purchase price liabilities	1,451	586
Currency loss on loans	5,785	-2,232
Reversal of hedge accounting	0	5,944
Other interest	50	618
Total	**18,795**	**22,450**

28. Income taxes

Income taxes are comprised as follows:

	2015 EUR '000	Adjusted 2014 EUR '000
Income tax paid or owed	**35,136**	**22,480**
Germany	**18,433**	**12,672**
Current tax expense	12,801	10,884
Tax adjustments from prior years	5,632	1,788
Other countries	**16,703**	**9,808**
Current tax expense	16,328	9,808
Tax adjustments from prior years	375	0
Deferred taxes	**-11,554**	**-2,284**
from temporary differences	-11,490	-2,284
from tax adjustments from prior years	-55	0
from changes in tax rate	-9	0
from recognition of tax losses from previous periods	0	0
Total	**23,582**	**20,196**

(Deferred) income taxes, which are recognized directly in other comprehensive income, are broken down as follows:

	2015 EUR '000	2014 EUR '000
Current tax	**0**	**0**
Deferred tax	**-120**	**1,274**
Arising on income and expenses recognised in other comprehensive income	**-120**	**-1,082**
Translation of foreign operations	0	0
Fair value remeasurement of hedging instruments entered into for cash flow hedges	0	0
Property revaluations	0	0
Remeasurement of defined benefit obligation	-120	-1,082
Arising on income and expenses reclassified from equity to profit or loss	**0**	**2,356**
Relating to cash-flow hedges	0	2,356
Relating to available-for-sale financial assets	0	0
On disposal of a foreign operation	0	0
Arising on gains/losses of hedging instruments in cash flow hedges transferred to the initial carrying amounts of hedged items	**0**	**0**
Deferred tax recognized in other operating income	**-120**	**1,274**

The consolidated tax rate serves as the basis for corporation tax and legal structure planning. Hence, the Group tax rate is held to be a figure that contains information about the Company's (income) tax burden. In accounting terms, the ratio of the reported income tax expense and profit before tax will give rise to the Group tax rate.

Consequently, the consolidated tax charge is the sum of current and deferred tax whereby utilization of losses brought forward, the use of tax credits, tax allowances and the book value of deferred tax assets have a favorable impact on the final consolidated tax rate.

The weighted average tax rate was unchanged year on year at 30 percent in line with the corporate tax rate borne by CompuGroup Medical SE in Germany on taxable profits. Under German tax regulations, taxes on income include the "Körperschaftssteuer" (corporation tax), "Gewerbesteuer" (local business tax) and the "Solidaritätszuschlag" (solidarity surcharge for the former East Germany). For domestic legal entities of the CGM Group the corporation tax amounts to 15 percent (previous year 15 percent), the solidary surcharge for the former East Germany amounts to 5.5 percent on corporation tax (previous year 5.5 percent on corporation tax) as well as the local business tax amounting to 14 percent (previous year 15 percent). For foreign subsidiaries their respective national tax rates are applied for the financial year.

The reconciliation between the statutory tax rate (nominal) and the actual tax rate is shown below:

	2015		2014	
	TEUR	in %	TEUR	in %
Earnings before taxes (EBT)	**62,204**		**43,978**	
Nominal tax rate – theoretical tax expense	**18,661**	**30%**	**13,193**	**30%**
Effect of differing domestic tax rates	-425	-1%	-671	-2%
Effects of tax rate changes on deferred taxes (balanced)	-11	0%	0	0%
Expense from tax audit	1,824	3%	1,741	4%
Tax reimbursement for prior years	-129	0%	-179	0%
Tax expense for prior years	550	1%	1,130	3%
Loss foreign countries – tax saving	-388	-1%	3,034	7%
Effects of non-tax-deductible expenses	828	1%	1,108	3%
Effects of non-tax-deductible amortization of goodwill	329	1%	468	1%
Tax expense from permanent differences	2,358	4%	471	1%
Other differences	-16	0%	-100	0%
Effective tax expense	**23,582**	**38%**	**20,196**	**46%**

The impact of changes in tax rates on deferred taxes is primarily related to the subsidiary CompuGroup Medical Denmark A/S due to the reduction of the effective tax rate in the 2015 reporting period.

Deferred tax assets referring to benefits from as yet unused losses carried forward that were not capitalized in reference to German group companies concern the subsidiaries KoCo Connector AG, CGM LAB International GmbH, as well as CGM LAB Deutschland GmbH. In reference to group companies abroad deferred tax assets referring to benefits from as yet unused losses carried forward that were not capitalized concern the subsidiaries CompuGroup Medical Inc. (USA), CompuGroup Medical Schweiz AG (Switzerland), CompuGroup Medical South Africa (Pty) Ltd. (South Africa), and the CompuGroup Medical Malaysia Sdn Bhd (Malaysia).

The effects on deferred tax assets that are not recognized concerning temporary differences as well as unused losses carried forward consider the reduction of income tax expense due to the usage of deferred tax assets on losses carried forward as well as temporary differences.

Furthermore the deferred tax expense decreased due to the recognition of deferred tax assets on losses carried forward and temporary differences of an earlier period.

The other effects on deferred tax assets that are not calculated concern substantially losses carried forward for which no deferred tax assets were recognized.

The actual tax expense recognizes tax expenses for other accounting periods concerning German and non-German subsidiaries.

29. Earnings per share from continuing operations

	31.12.2015	Adjusted 31.12.2014
Consolidated net income for the period allocated to the parent company in TEUR	**38,494**	**26,002**
Number of ordinary shares(#)	53,219,350	53,219,350
Treasury shares(#)	3,495,731	3,495,731
Outstanding ordinary shares at closing date(#)	**49,723,619**	**49,723,619**
Earnings per share (in €)		
– undiluted	**0.77**	**0.52**
– diluted	**0.77**	**0.52**

F. Segment reporting

To define the business segments the Management Board draws on reports that are also available to the Supervisory Board and analysts for their strategic decisions. In order to reflect regional differences of the healthcare industry with regard to organization and regulation, the reporting covers product and service-related financial data as well as regional information. For management purposes as well as resource allocation, the product and service-related structure is a decisive parameter and is divided into a total of six business segments.

CompuGroup Medical SE is active in the following business segments:
- Ambulatory Information Systems (AIS) is focused on practice management software and electronic medical records for office-based physicians, dentists, medical care centers and physician's networks.
- Pharmacy Information Systems (PCS) is focused on integrated clinical, administrative and financial software applications for pharmacies and mail order pharmacies.
- Hospital Information Systems (HIS): Hospital, laboratory and special care information systems.
- Communication & Data (C&D): Targeted at pharmaceutical and medical equipment manufacturers, enabling them to provide information to physicians through software interfaces.
- Workflow & Decision Support (WDS): Targeted at healthcare payers (health insurers, managed care companies and public sector organizations) and physicians by providing an information channel via software interfaces to optimize decision-making.
- Internet Service Provider (ISP): targeted at healthcare providers (physicians, dentists, pharmacists and hospitals), providing internet/intranet networks for information exchange.

The Company has defined EBITDA (earnings before interest, tax, depreciation and amortization) as a key financial indicator for the evaluation and assessment of segment performance. EBITDA represents the segment result.

The reporting segments can be described as follows:
- HPS I (Health Provider Services I): development and sale of software solutions for physicians, dentists and pharmacists.
- HPS II (Health Provider Services II): development and sale hospital, laboratory and special care information systems (hospital information system (HIS)).
- HCS (Health Connectivity Services): products and services to facilitate networking in between various healthcare participants, targeted specifically at pharmaceutical companies, healthcare payers and healthcare providers.

The reporting segment Health Provider Services I (HPS I) is composed of the business segments Ambulatory Information Systems (AIS) and Pharmacy Information System (PCS). The reporting segment Health Connectivity Services (HCS) is composed of the business segment Communication and Data (C&D), Workflow & Decision Support (WDS) and Internet Service Provider (ISP). The business segment Hospital Information Systems (HIS) is externally reported as Health Provider Services II (HPS II).

The "Other segments" category (IFRS 8.16) mainly comprises income and expenses from software development located at headquarters in Koblenz.

"Reconciliation" comprises corporate functions managed from Koblenz headquarters (e.g. IT, Human Resources, Legal) and consolidation measures between the segments. Transactions between business divisions were previously carried out in the same way as those between external third parties.

The segment information is based on the same disclosure and evaluation methods as the consolidated financial statements. Transactions among the Group's segment companies are always agreed at arm's length.

G. Other disclosures

Notes on the cash flow statement and cash equivalents

CGM Group creates the consolidated cash flow statement pursuant to International Accounting Standard (IAS) 7 "Statement of Cash Flows". CGM Group discloses its cash flows in order to reveal the sources and uses of cash and cash equivalents. It distinguishes between cash flows from operating activities, investing activities and financing activities. Cash and cash equivalents include cash on hand, checks, balances at banks and other financial assets with a maturity of no more than three months. In cash and cash equivalents, securities are therefore recognized to the extent they are short term and not subject to a significant risk of price fluctuations. The effects of currency conversion are adjusted for in the calculation.

Cash flows from operating activities are determined by first adjusting consolidated net income for non-cash items such as depreciation/impairment/write-ups of intangible assets and property, plant and equipment while including changes in provisions and changes in other assets and liabilities as well as in net current assets.

Cash flows from investing activities partly pertain to cash outflows for investments in intangible assets, property, plant and equipment, subsidiaries and other business units as well as investments accounted for under the at equity method and jointly controlled entities.
In addition, this is where we document the proceeds from the sale of intangible assets and property, plant and equipment and subsidiaries and other business units.

The outflows for acquisitions of subsidiaries and other business units relate to acquisitions and sales shown in the section "Company acquisitions."

With regard to cash flows from financing activities, we report both paid and received dividends, the repayment and assumption of debt change, in pension provisions as well as payments for the acquisition of non-controlling interests and other financing transactions. The change in financial liabilities during the year was marked by the scheduled repayment of borrowings. Furthermore loans have been settled according to schedule.

Payments for income taxes are already included in consolidated net income, which is the basis for calculating cash flows from operating activities. The actual amount of income tax payments during the reporting period is reported as additional information below the cash flow statement. The same applies to the reporting of interest paid and received.

Cash and cash equivalents (cash available as of the balance sheet date) are recognized in the cash flow statement.

Capital management

CGM Group aims to strengthen its equity base in the long term and achieve an adequate return on capital invested. However, the Group's accounting capital is only a passive risk control criteria while revenue and EBITDA are active control elements.

CGM Group's capital structure consists of net debt (incurred borrowings less cash and cash equivalents) and the Group's equity. Group equity includes issued shares less the number of treasury shares, capital and revenue reserves, other reserves as well as shares of non-controlling shareholders. A detailed breakdown of the Group's equity can be found in the "Changes in equity" or "Equity" sections.

It is both the target and the strategy of capital management to comply with or to optimize the financial covenants set out in credit agreements so as to continue further funding with unchanged or improved terms and conditions.

The consolidated equity ratio as disclosed in the consolidated financial statements as of 31 December 2015 amounted to 24.33 percent (previous year adjusted: 23.81 percent) and is particularly affected by the consolidated net profit (EUR 38,494 thousand; previous year adjusted EUR 26,002 thousand), dividend payments (EUR -17,403 thousand; previous year: EUR -17,403 thousand), exchange rate gains and losses (EUR -3,284 thousand; previous year EUR -11,447 thousand) as well as actuarial gains and losses (EUR -773 thousand; previous year: EUR 2,887 thousand).

CGM Group's debt ratio as of the balance sheet date is calculated as follows:

Equity	31.12.2015 EUR '000	Adjusted 31.12.2014 EUR '000
Debt[1]	370,493	362,899
Equity	25,057	21,465
Net Debts	**345,436**	**341,434**
Equity[2]	192,610	175,628
Net debt to equity ratio	*179%*	*194%*

1) Debt is defined as long- and short term borrowing (excluding derivatives and financial guarantee contracts)
2) Equity includes all capital and reserves of the Group that are managed as capital (including minorities)

Dynamic gearing ratio	31.12.2015 EUR '000	Adjusted 31.12.2014 EUR '000
Debt[1]	352,092	356,380
Cash and bank balances	25,057	21,465
Net Debts	**327,035**	**334,915**
Earnings before interest, taxes, depreciation and amortization (EBITDA)	112,319	96,203
Net debt to EBITDA ratio	*291%*	*348%*

1) Debt is defined as current and non-current financial liabilities (excluding derivative and financial guarantees)

Financial instruments

A financial instrument is a contract that simultaneously gives rise to a financial asset at one company and a financial liability or equity instrument at another entity.

CGM Group's financial instruments to be classified as financial assets consist of "cash and cash equivalents", "trade receivables", "receivables from construction contracts", "other receivables", "finance leasing receivables", "other financial assets", "securities" and "stock options – held for trading". Financial instruments to be classified as financial liabilities were composed of "liabilities to banks", "purchase price liabilities", "trade payables", "other financial liabilities", "leasing liabilities", "interest rate swaps", and "interest rate swaps – cash flow hedges".

Financial instruments are recognized when CGM becomes party to the financial instrument contract. All financial instruments are initially recognized at fair value. Costs are capitalized only when the subsequent valuation of financial instruments is not measured at fair value in the income statement. For subsequent measurements, financial instruments are broken down into the following classes under IAS 39:

– Financial instruments carried at amortized cost,
– Financial instruments measured at fair value.

These two classes are assigned to different rating categories. Financial instruments assigned to the categories "financial assets recognized at fair value in the income statement", "available for sale" and "held for trading" are generally measured at fair value.

For financial instruments to be measured at fair value, the determination was based on the market information available on the balance sheet date using the following methods and assumptions:

The measurement category "financial assets recognized at fair value in the income statement" (FVtPL) comprises financial assets such as "securities" and "stock options – held for trading" as well as "interest rate swaps" which are to be measured at fair value. The fair value of securities is based on quoted market prices in an active market on the balance sheet date. On the balance sheet date there were no financial assets recognized at fair value in the income statement.

The measurement category "assets available for sale" (AfS) comprises investments of less than 20 percent and reported as "other financial assets". The financial instruments in the category "available for sale" pertain to non-derivative financial assets which are, to the extent a reliable determination can be made, recognized at fair value. If their fair value cannot be reliably measured, they will be carried at cost. In the financial year all assets available for sale are carried at cost. Fluctuations in value between reporting dates are recognized directly in the statement of comprehensive income (revaluation reserve), unless there is permanent impairment, which is then recognized in the income statement. When disposing of assets, the amounts recognized in the revaluation reserve are included in the income statement. In the absence of sufficient measurements, due to the fact that it is not possible to reliably determine cash flows, shares of less than 20 percent held by CGM Group are carried at cost. There are no other financial instruments available in the category "assets available for sale". On 31 December 2015, management harbored no intention of selling assets classified as "available for sale".

All financial assets classified as "loans and receivables" (LaR) are carried at cost using the effective interest method. Financial instruments classified as "loans and receivables" are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

CGM Group recognizes "cash and cash equivalents", "trade receivables", "receivables from construction contracts" and "other financial assets" under this category. On account of the mostly short maturities, the book values of financial instruments that are classified as "loans and receivables" correspond approximately to their fair values. The fair values of the loans granted by CGM Group loan are derived from the present value of expected future payments. For discounting purposes, the appropriate interest rates on the balance sheet date are used. The fair value of the loans granted by CGM Group on the balance sheet date roughly corresponds to the book value. If the recoverability of these financial instruments is in doubt, they are stated at cost appropriate less value adjustments.

All financial liabilities – except for derivative financial instruments – are generally measured at cost using the effective interest method. With regard to financial instruments that are classified as "trade payables" and "other financial liabilities", the book value almost corresponds to the fair value. The "liabilities to banks" (oL) item in financial liabilities is divided into fixed-rate liabilities and variable liabilities. For fixed-rate liabilities, fair value is measured as the present value of expected future cash flows while the appropriate interest rates on the balance sheet date are used for discounting purposes. The fair value of variable liabilities is not different to the book values.

Financial instruments classified as "held to maturity" are not used by CGM Group.

The following table provides information on the classification of financial assets and liabilities pursuant to the measurement categories of IAS 39. The financial assets of "finance lease receivables" and financial liabilities from "leasing liabilities" are not covered by the measurement categories under IAS 39 but are reported in the table below under financial instruments. The valuation of financial assets from "financial leasing receivables" and financial liabilities from "leasing liabilities" are measured at cost in accordance with the provisions of IAS 17. As of 31 December 2015, the financial instruments by valuation category were as follows:

Consolidated Notes
for the 2015 Financial Year continued

Categories of financial instruments in accordance with IAS 39	Category according to IAS 39	Book value as at 31.12.2015	IAS 39 valuation Acquisition costs (continued)	IAS 39 valuation Fair value through profit and loss	IAS 39 valuation Fair value through equity	IAS 17 valuation Acquisition costs (continued)	Fair value as at 31.12.2015
Financial assets							
Cash and bank balances	LaR	**25,057**	25,057	0	0	0	**25,057**
Trade receivables	LaR	**85,959**	85,959	0	0	0	**85,959**
Receivables from construction contracts (PoC)	LaR	**20,994**	20,994	0	0	0	**20,994**
Other receivables	LaR	**3,358**	3,358	0	0	0	**3,634**
Finance lease receivables	–	**14,409**	0	0	0	14,409	**15,288**
Other financial assets	AfS	**261**	261	0	0	0	**261**
Securities	FVtPL	**150**	0	150	0	0	**150**
Total financial assets		**150,188**	**135,629**	**150**	**0**	**14,409**	**151,342**
Financial liabilities							
Liabilities to banks	oL	**352,092**	352,092	0	0	0	**353,337**
Purchase price liabilities	oL	**13,812**	13,812	0	0	0	**13,812**
Trade payables	oL	**27,349**	27,349	0	0	0	**27,349**
Other financial liabilities	oL	**33,211**	33,211	0	0	0	**33,211**
Financial lease obligations	–	**1,130**	0	0	0	1,130	**1,173**
Total financial liabilities		**427,595**	**426,465**	**0**	**0**	**1,130**	**428,883**
Total per category							
Assets held for trade	AfS	**261**	261	0	0	0	**261**
Liabilities to banks and receivables	LaR	**135,368**	135,368	0	0	0	**135,643**
Financial assets at fair value assets	FVtPL	**150**	0	150	0	0	**150**
Other financial liabilities	oL	**426,465**	426,465	0	0	0	**427,710**

The financial instruments by valuation category for the prior-year period as of 31 December 2014 are as follows:

Categories of financial instruments in accordance with IAS 39	Category according to IAS 39	Adjusted Book value as at 31.12.2014	IAS 39 valuation			IAS 17 valuation	
			Acquisition costs (continued)	Fair value through profit and loss	Fair value through equity	Acquisition costs (continued)	Fair value as at 31.12.2014
Financial assets							
Cash and bank balances	LaR	21,465	21,465	0	0	0	21,465
Trade receivables	LaR	64,946	64,946	0	0	0	64,946
Receivables from construction contracts (PoC)	LaR	27,329	27,329	0	0	0	24,788
Other receivables	LaR	5,344	5,344	0	0	0	5,344
Finance lease receivables	–	14,083	0	0	0	14,083	15,801
Other financial assets	AfS	147	147	0	0	0	147
Securities	FVtPL	95	0	95	0	0	95
Stock options held for trading	FVtPL	0	0	0	0	0	0
Total financial assets		**133,409**	**119,231**	**95**	**0**	**14,083**	**132,586**
Financial liabilities							
Liabilities to banks	oL	356,379	356,379	0	0	0	355,492
Purchase price liabilities	oL	12,526	12,526	0	0	0	12,526
Trade payables	oL	25,439	25,439	0	0	0	25,439
Other financial liabilities	oL	16,499	16,499	0	0	0	16,499
Financial lease obligations	–	1,174	0	0	0	1,174	1,247
Interest rate swap	FvtPL	4,763	0	4,763	0	0	4,763
Total financial liabilities		**416,780**	**410,843**	**4,763**	**0**	**1,174**	**415,966**
Total per category							
Assets held for trade	AfS	**147**	147	0	0	0	**147**
Liabilities to banks and receivables	LaR	**119,084**	119,084	0	0	0	**116,543**
Financial assets at fair value assets	FVtPL	**95**	0	95	0	0	**95**
Other financial liabilities	oL	**410,843**	410,843	0	0	0	**409,956**
Liabilities at fair value through profit and loss	FVtPL	**4,763**	0	4,763	0	0	**4,763**

Fair value measurement

Fair value is not always available as a market value, which often necessitates a determination based on various measurement parameters. Depending on the availability of observable parameters and the relevance of these parameters for determining fair value as a whole, fair value is assigned to Level 1, 2 or 3. Assignment to these levels is effected under consideration of the following factors:

- Level 1 parameters: Here, the market value of assets and liabilities is calculated based on quoted, unadjusted prices like those that arise for similar or identical assets and liabilities in active markets.
- Level 2 parameters: Here, the market value of assets and liabilities is calculated on the basis of parameters for which either directly or indirectly quoted prices are also made available to an active market.
- Level 3 parameters: Here, the market value of assets and liabilities is calculated on the basis of parameters for which there are no observable market data.

a) Fair value of financial assets and liabilities that are regularly measured at fair value according to valuation hierarchies
On December 31, 2015, some of the financial assets and liabilities of CGM Group were regularly measured at fair value as of the balance sheet date. The table below shows the assignment of the fair value of these assets and liabilities to Levels 1, 2 or 3.

Assessed valuation hierarchies at fair value – financial instruments	31.12.2015	Level 1	Level 2	Level 3
Financial assets at fair value through profit and loss	**150**	**150**	**0**	**0**
thereof securities	150	150	0	0
thereof stock options held for trading	0	0	0	0
Financial assets at fair value without through equity	**0**	**0**	**0**	**0**
Total	**150**	**150**	**0**	**0**
Liabilities at fair value through profit and loss	**0**	**0**	**0**	**0**
Liabilities at fair value through equity	0	0	0	0
thereof interest rate swaps	**0**	**0**	**0**	**0**
Total	**0**	**0**	**0**	**0**

CGM Group's financial assets and liabilities, which were to be regularly measured at fair value on 31 December 2014 for the previous year's period, are presented as follows by assigning their fair values to Levels 1, 2 or 3:

Assessed valuation hierarchies at fair value – financial instruments	31.12.2014	Level 1	Level 2	Level 3
Financial assets at fair value through profit and loss	**95**	**95**	**0**	**0**
thereof securities	95	95	0	0
thereof stock options held for trading	0	0	0	0
Financial assets at fair value without through equity	**0**	**0**	**0**	**0**
Total	**95**	**95**	**0**	**0**
Liabilities at fair value through profit and loss	**4,763**	**0**	**4,763**	**0**
Liabilities at fair value through equity	4,763	0	4,763	0
thereof interest rate swaps	**0**	**0**	**0**	**0**
Total	**4,763**	**0**	**4,763**	**0**

The underlying assessment procedures and parameters used to determine the fair value are described below:

Explanation of Financial assets and liabilities measured at fair value in income
1) **Securities (level 1):** The fair value of securities in the amount of EUR 150 thousand (previous year: EUR 95 thousand) is based on quoted market prices in an active market at the balance sheet date. Significant unobservable input parameters are not available which is why there is no ratio of unobservable input parameters to the fair value of the securities.

2) **Interest rate swaps (Level 2):** The interest rate swaps expired in December 2015. Previous year's value (EUR 4,762 thousand) represented the negative market value of interest rate hedges (interest rate swaps), measured at fair value based on the mark-to-market method. The fair value is the present value of future cash flows based on observable yield curves. Derivative financial instruments were used to hedge against the effects of interest rate fluctuations.

There were no transfers between individual levels of the hierarchy pursuant to IFRS 7 during the financial year.

b) Distribution by valuation hierarchies of financial assets and liabilities that are not regularly measured at fair value
The financial assets and liabilities that are not regularly measured at fair value as at 31 December 2015 are as follows:

	31.12.2015	Level 1	Level 2	Level 3
Fair value of financial assets valuated at (continued) acquisition costs				
Trade receivables	85,959	0	85,959	0
Receivables from construction contracts (PoC)	20,994	0	20,994	0
Other receivables	3,634	0	169	3,465
Finance lease receivables	15,288	0	15,288	0
Other financial assets	261	0	0	261
Total	**126,136**	**0**	**122,409**	**3,727**
Fair value of financial liabilities valuated at (continued) acquisition costs				
Liabilities to banks	353,337	0	0	353,337
Purchase price liabilities	13,812	0	0	13,812
Trade payables	27,349	0	27,349	0
Other financial liabilities	33,211	0	27,427	5,784
Financial lease obligations	1,173	0	1,173	0
Total	**428,883**	**0**	**55,949**	**372,933**

The financial assets and liabilities that are not regularly measured at fair value as at 31 December 2014 are as follows:

	Adjusted 31.12.2014	Level 1	Level 2	Level 3
Fair value of financial assets valuated at (continued) acquisition costs				
Trade receivables	64,946	0	64,946	0
Receivables from construction contracts (PoC)	24,788	0	24,788	0
Other receivables	5,344	0	1,853	3,491
Finance lease receivables	15,801	0	15,801	0
Other financial assets	147	0	0	147
Total	**111,026**	**0**	**107,388**	**3,638**
Fair value of financial liabilities valuated at (continued) acquisition costs				
Liabilities to banks	355,492	0	0	355,492
Purchase price liabilities	12,526	0	0	12,526
Trade payables	25,439	0	25,439	0
Other financial liabilities	16,499	0	9,979	6,520
Financial lease obligations	1,247	0	1,247	0
Total	**411,203**	**0**	**36,665**	**374,538**

The fair values of financial assets and liabilities listed above in Levels 2 and 3 are determined in accordance with generally accepted measurement methods based on discounted cash flow analyses. Here, a discount rate is applied taking into account the counterparties' risk of default as an essential input parameter.

Write-downs of financial assets

There were no impairment of financial assets during the reporting period. With regard to the impairment of trade receivables and financial assets, please refer to the respective valuation allowance schedule.

Net profits and losses on financial assets and liabilities

	31.12.2015 EUR '000	31.12.2014 EUR '000
Net profit/loss from currency conversion differences (LaR)	-7,100	11,771
Changes in fair value of financial assets held for trading (FVtPL)	0	-6,056
Net profit/loss from purchase price liabilities (oL)	-1,451	-597
Total	**-8,551**	**5,118**

The changes in fair value of financial assets held for trading in the previous year were included in financial income and financial expenses. The net gain/loss from the foreign currency translation is recognized according to the origin in other income and other expenses or financial income and financial expenses. Furthermore, allowances for doubtful accounts are stated under other operating expenses in the amount of EUR -3,438 thousand, which are included as instruments of the category loans and receivables (LaR). With respect to trade receivables, please see the valuation adjustment schedule.

Credit risk

The financial assets of the Group primarily comprise bank deposits, trade receivables, other receivables and securities that represent the maximum default risk to the Company from credit risk to financial assets. The default risk to the Group results primarily from trade receivables. The amounts indicated in the balance sheet are understood to include a valuation adjustment for receivables that probably cannot be collected, reflecting the senior management's judgment based on previous experience and the current economic environment. In addition, the age of the receivables can be classified as non-doubtful (see trade receivables).

The default risk to liquid assets is limited because these are held at banks which were assigned a high credit rating by rating agencies.

CGM Group does not have any significant concentration of default risks because these risks are distributed across a large number of contractual parties and customers.

The loss of major customers in the hospitals and pharmaceuticals business can have a detrimental effect on the Group's liquidity. The tender and tendering procedures for major customers and project business are closely monitored to detect and address changes in the market.

The maximum credit risk from financial assets available for sale at the reporting date corresponds to the carrying value of all investments under 20 percent that are classified as available for sale.

The maximum credit risk of securities and stock options held for trading at the balance sheet date is the fair value of the assets reported on the balance sheet.

The maximum exposure to credit risk from trade and other receivables and leasing receivables at the balance sheet date is the carrying amount of these receivables. The Group has received no guarantees.

Currency risk

Fluctuating exchange rates influence the market success and gross revenues of exporting companies. In 2015, about 75 percent of revenue was generated in euros (previous year: 72 percent) and around 25 percent of revenue in other currencies (previous year: 28 percent). During the year, hedges of possible risks were effectuated in the form of forward exchange contracts based on exchange rate fluctuations. All such instruments are completely expired as of the balance sheet date.

The book value of Group monetary assets and liabilities denominated in a foreign currency is as follows:

Carrying amount of monetary assets and liabilities in foreign currencies	Assets 31.12.2015 EUR '000	Assets 31.12.2014 EUR '000	Liabilities 31.12.2015 EUR '000	Liabilities 31.12.2014 EUR '000
US Dollar	9,455	5,980	4,983	2,135
Norwegian Crowns	858	1,037	521	366
Swedish Crowns	8,982	8,963	448	1,038
Polish Zloty	7,512	8,026	2,324	1,277
New Lira Turkey	3,246	4,823	619	212
Czech Crowns	2,960	2,532	646	570
Franc Switzerland	4,859	3,882	513	499
Danish Crowns	723	807	256	96
Malaysian Ringgit	812	851	175	192
Canadian Dollar	124	126	6	3
South African Rand	1,321	236	212	13

a) Sensitivity analysis: impact on net income in the case of a 10 percent rise or fall of the euro against the respective foreign currency:

The following table details the Group's sensitivity to a 10 percent rise or fall in the euro against the respective foreign currency. The adoption of the 10 percent change represents management's best estimate regarding a possible change of exchange rate from a rational perspective. The sensitivity analysis includes only outstanding monetary items denominated in foreign currency adjusting their conversion based on a 10 percent change in exchange rates.

Sensitivity Analysis	Currency impact net income 31.12.2015 Net income	31.12.2015 +10 percent	31.12.2015 -10 percent	31.12.2014 Net income	31.12.2014 +10 percent	31.12.2014 -10 percent
US Dollar	5,672	6,239	5,104	3,274	3,601	2,946
Norwegian Crowns	7,341	8,075	6,607	9,113	10,025	8,202
Swedish Crowns	5,467	6,014	4,920	4,298	4,727	3,868
Polish Zloty	-2,970	-3,266	-2,673	2,905	3,195	2,614
New Lira Turkey	-2,395	-2,634	-2,155	-1,090	-1,199	-981
Czech Crowns	2,352	2,587	2,117	1,941	2,135	1,747
Franc Switzerland	-4,143	-4,558	-3,729	-1,181	-1,299	-1,063
Danish Crowns	1,387	1,526	1,248	761	837	685
Malaysian Ringgit	-410	-451	-369	426	469	384
Canadian Dollar	4	4	3	1	2	1
South African Rand	-2,183	-2,402	-1,965	-606	-666	-545

b) Sensitivity analysis: impact on equity in the case of a 10 percent rise or fall of the euro against the respective foreign currency

	Currency impact equity					
Sensitivity Analysis	Equity	31.12.2015 +10 Percent	-10 Percent	Equity	31.12.2014 +10 Percent	-10 Percent
US Dollar	11,487	12,636	10,338	11,751	12,926	10,576
Norwegian Crowns	39,644	43,608	35,680	33,396	36,736	30,057
Swedish Crowns	16,387	18,026	14,748	15,432	16,976	13,889
Polish Zloty	3,349	3,684	3,014	8,009	8,810	7,208
New Lira Turkey	-3,459	-3,805	-3,113	-1,626	-1,789	-1,464
Czech Crowns	4,274	4,702	3,847	3,655	4,020	3,289
Franc Switzerland	-3,164	-3,480	-2,848	501	551	451
Danish Crowns	3,093	3,402	2,784	2,473	2,721	2,226
Malaysian Ringgit	-3,608	-3,968	-3,247	-3,626	-3,988	-3,263
Canadian Dollar	110	121	99	115	126	103
South African Rand	463	509	416	-1,735	-1,908	-1,561

In light of the highly scalable nature of revenue and general business activity of CGM Group, management considers the sensitivity analysis to be an effective method for discerning currency risks.

Interest rate risk

CGM Group's interest rate risk arises from long-term loans with variable interest rates. Liabilities to banks as of 31 December 2015 totalled EUR 352 million. Until September 29, 2014 interest rate risks were mitigated through interest rate hedges. Given the prevailing interest rate environment and interest rate expectations since then the Group does not foresee any significant interest rate fluctuations and therefore currently sees no necessity for interest rate hedging transactions. Yet the Group prospectively considers to hedge against interest rate hikes through interest rate CAP transactions. The impact of interest rate fluctuations is described in more detail in the following. Borrowings that bear fixed interest rates are excluded from the analysis.

If market interest rates on 31 December 2015 had been 100 basis points higher or lower, the financial result would have been EUR 3,253 thousand higher or EUR 2,817 thousand lower. In addition, it must be noted that an interest rate of 0 percent was assumed if a 100 basis point drop in market interest rates resulted in negative interest rates.

Expected future interest payments to be made by CGM Group are shown below:

	Book value 31.12.2015 EUR '000	Interest payments 2016 EUR '000	Interest payments 2017 EUR '000	Interest payments until 2018 EUR '000	Interest payments after 2019 EUR '000
Liabilities to banks	352,092	9,041	8,666	8,466	6,141
Finance lease obligations	1,130	62	57	96	132
Other financial debt	33,211	476	314	232	202
Trade payables	27,349	156	0	0	0
Purchase price liabilities	13,812	500	0	0	0
Derivative financial liabilities in hedge accounting	0	0	0	0	0
Derivative financial liabilities not in hedge accounting	0	0	0	0	0

	Book value 31.12.2014 EUR '000	Interest payments 2015 EUR '000	Interest payments 2016 EUR '000	Interest payments until 2017 EUR '000	Interest payments after 2018 EUR '000
Liabilities to banks	356,380	8,346	8,070	19,646	898
Finance lease obligations	1,174	65	66	152	133
Other financial debt	17,055	37	0	0	0
Trade payables	25,439	0	0	0	0
Purchase price liabilities	12,526	0	0	0	0
Derivative financial liabilities in hedge accounting	0	0	0	0	0
Derivative financial liabilities not in hedge accounting	4,763	4,763	0	0	0

Due to the current low interest rate environment, an interest rate sensitivity analysis in which the variable interest (here 3-month Euribor) is changed by + 100bp/-100bp shows only immaterial effects on CGM Group's effective interest payments.

Liquidity risk

To ensure that financial obligations can be complied with throughout the Group, CompuGroup Medical SE has negotiated adequate syndicated loans and overdraft facilities.

Liquidity risk differs between the countries in which CGM Group operates. Companies operating in Germany usually receive revenue from customers via direct debit agreements, whereby liquidity risk is minimized. The same goes for companies that operate in countries where direct debit is the predominant payment method (e.g. Austria, Norway, Sweden and France).

Parts of the Group cooperate in cash pooling arrangements. These agreements provide a needs-based cash management that ensures sufficient liquidity to individual companies to meet their operational needs. Control of the cash pooling is handled centrally through the Group's headquarters in Koblenz. For those operating entities that do not participate in cash pooling arrangements, control of cash holdings is accomplished through short and medium-term cash planning methods.

Group companies exceeding the level of working capital requirements usually have their cash transferred to the Group's cash management department on a quarterly basis.

CGM Group considers any limitation on debt and capital absorption capacity a liquidity risk. Restrictions place a significant risk on the achievement of corporate goals and affect overall financial flexibility.

CGM Group understands liquidity risk management as performing regular risk analysis involving the use of financial instruments to ensure that potential risks can be adequately addressed.

The following tables show CGM Group's remaining contractual maturities of financial liabilities, including derivative financial instruments. The tables examine the undiscounted cash flows of financial liabilities including both interest and principal payments. To the extent that interest payments are based on variable parameters, the undiscounted amount was determined on the basis of yield curves at the end of the reporting period. The contractual maturities are based on the earliest date on which the Group can be required to pay:

Expected future payments as of 31 December 2015:

Future payments not discounted	Book value 31.12.2015 EUR '000	Payments 2016 EUR '000	Payments 2017 EUR '000	Payments until 2018 EUR '000	Payments after 2019 EUR '000
Liabilities to banks	352,092	42,680	33,467	35,317	240,170
Finance lease obligations	1,130	105	108	93	1,059
Other financial debt	33,211	18,889	4,370	4,085	11,390
Trade payables	27,349	27,349	0	0	0
Purchase price liabilities	13,812	9,555	3,471	445	500

Expected future payments as of 31 December 2014:

Future payments not discounted	Book value 31.12.2014 EUR '000	Payments 2015 EUR '000	Payments 2016 EUR '000	Payments until 2017 EUR '000	Payments after 2018 EUR '000
Liabilities to banks	356,380	20,761	34,304	68,260	316,823
Finance lease obligations	1,174	145	144	340	1,023
Other financial debt	17,055	10,487	145	2,410	4,858
Trade payables	25,439	25,439	0	0	0
Purchase price liabilities	12,526	8,329	630	3,527	0
Derivative financial liabilities not in hedge accounting	4,763	4,763	0	0	0

Operating leases, other financial obligations and contingent liabilities

a) Payments stemming from operating leases recognized in the income statement

Payments stemming from operating leases are recognized in the income statement as follows:

	31.12.2015 EUR '000	31.12.2014 EUR '000
Minimum lease payments	12,641	12,320
Sub-lease payments received	200	505
Total	**12,441**	**11,815**

Operating lease payments that are recognized in other expenses primarily relate to the rental and lease agreements concluded for office and training facilities, office equipment, hardware, and motor vehicles. Contingent payments (lease payments that are not fixed in amount but depend on factors other than the passage of time (e.g. price indices, market interest rates) were not used. Payments received from sub-lease arrangements mainly stem from the sub-leasing of office and training facilities as well as motor vehicles. Operating and leasing contracts are recognized as expenses in the income statement on a pro rata basis.

b) Leased assets (operating leases)

Operating lease – CGM as lessor	31.12.2015 EUR '000	31.12.2014 EUR '000
Minimum leasing income		
< 1 year	236	706
1 – 5 years	177	85
> 5 years	0	0
Total	**413**	**791**

Revenue from the lease of assets under operating leases results primarily from the leasing of office, warehouse and training facilities. Other income from operating leases results from the renting out of Workshop premises at the Company headquarters in Koblenz and the rental of vehicle parking lots. Almost all contracts concluded are due within one year or within five years at the latest.

c) Open commitments from operating leases that cannot be cancelled

On the balance sheet date, the Group's open commitments from operating leases that cannot be cancelled, matured as follows:

	Rental and lease agreements for a plant or administration building		Carpool leasing		Other leasing contracts		Total	
	31.12.2015 EUR '000	31.12.2014 EUR '000	31.12.2015 EUR '000	31.12.2014 EUR '000	31.12.2015 EUR '000	31.12.2014 EUR '000	31.12.2015 EUR '000	31.12.2014 EUR '000
< 1 year	8,803	7,584	4,048	3,966	1,078	1,494	13,929	13,044
1 – 5 years	20,678	18,229	4,605	5,107	1,669	1,535	26,952	24,871
> 5 years	7,183	7,266	0	0	9	25	7,192	7,291
Total	**36,664**	**33,079**	**8,653**	**9,073**	**2,756**	**3,054**	**48,073**	**45,206**

Leases are concluded for on average term of three years. The rents are fixed for three to six years. CGM Group did not enter into any off-balance sheet transactions in the form of capital commitments.

Contingent liabilities
The following table provides information on the existing contingent liabilities of CGM Group:

	Maximum liability		Liability reserves	
	31.12.2015 EUR '000	31.12.2014 EUR '000	31.12.2015 EUR '000	31.12.2014 EUR '000
Guarantees for warranties and contract execution	9,260	6,670	495	709
Pledges	1,162	7	0	0
Other liability risks	761	412	466	245
Total	**11,183**	**7,089**	**961**	**954**

The Group's operating activities did not include any large-scale purchase commitments. As part of a project contract concluded in November 2008 with the Vienna Hospital Group (KAV), CGM Clinical Österreich GmbH (formerly Systema HIS GmbH), gave a performance guarantee of EUR 3.6 million to KAV. In addition to that there are performance guarantees of EUR 1.5 million for CGM Poland. Furthermore CGM SE reports credit guarantees for its Norwegian and American subsidiaries to the amount of EUR 3 million and additional letters of comfort for domestic and foreign subsidiaries of EUR 539 thousand.

Disclosures on related parties
During the financial year, Group companies entered into the following transactions with related parties outside the consolidated group. In addition, the following balances were outstanding at the end of the reporting period:

	Sale of goods		Purchase of goods		Receivables		Liabilities	
EUR '000	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Related persons	**86**	**44**	**293**	**414**	**1**	**0**	**95**	**0**
thereof								
Frank Gotthardt	42	24	0	0	0	0	0	0
Dr. Brigitte Gotthardt	43	20	0	0	1	0	0	0
Prof. Dr. Daniel Gotthardt	0	0	70	413	0	0	48	0
Dr. Klaus Esser	0	0	60	0	0	0	0	0
Dr. Manuela Stahlknecht	0	0	1	1	0	0	0	0
Lothar Wild	0	0	40	0	0	0	0	0
Dr. h.c. Ulrike Flach	0	0	40	0	0	0	48	0
Karl Grüner	0	0	40	0	0	0	0	0
Peter Rodorff	2	0	0	0	0	0	0	0
Felicitias Rodorff	0	0	8	0	0	0	0	0
Renè Obermann	0	0	33	0	0	0	0	0
Related companies	**3,266**	**2,339**	**8,480**	**14,097**	**1,157**	**1,543**	**145**	**368**
thereof								
Gotthardt Informationssysteme GmbH	1,492	691	3,906	3,035	782	479	21	223
INFOSOFT Informations- und Dokumentationssysteme GmbH	25	35	34	156	6	0	5	23
INFOSOFT Softwareentwicklung GmbH	0	0	0	5	0	0	0	0
mps public solution GmbH	1,540	811	4,193	9,031	309	652	106	5
KEC Kölner Eishockey-Gesellschaft "Die Haie" mbH	0	0	154	165	0	0	0	0
KEC Vertriebs GmbH & Co. KG	50	50	50	50	0	60	0	60
GTS Praxisshop GmbH	4	275	3	472	50	148	0	56
Citywerk GmbH	1	2	0	0	0	1	0	0
RheinMassiv Verwaltung AG	0	0	0	1	0	0	0	1
GT 3 Software und Beteiligung GmbH	0	6	0	0	0	0	0	0
Dagui Beteiligungen GmbH	0	0	0	115	0	0	0	0
Hotel am Moselstausee Immobilien GmbH & Co. KG	4	0	0	0	0	0	0	0

EUR '000	Sale of goods 31.12.2015	Sale of goods 31.12.2014	Purchase of goods 31.12.2015	Purchase of goods 31.12.2014	Receivables 31.12.2015	Receivables 31.12.2014	Liabilities 31.12.2015	Liabilities 31.12.2014
XL Health Aktiengesellschaft	0	0	45	9	0	0	5	2
DATA.med Praxiscomputer GmbH	47	227	0	559	4	86	0	0
diens/t/ag Medizinsysteme GmbH	17	161	0	404	0	35	0	0
DRF Deutschland Fernsehen Produktions GmbH & Co. KG	3	1	20	5	0	0	8	0
C.I.P. GmbH	19	12	0	0	5	14	0	0
APV Ärztliche Privatverrechnungsstelle GmbH	62	68	0	0	0	68	0	0
Gotthardt Healthgroup Holding GmbH	2	0	18	0	1	0	0	0
Zahnärztlicher Fach-Verlag GmbH	0	0	54	90	0	0	0	0
Associated companies	**2,616**	**51**	**62**	**25**	**462**	**15**	**9**	**2**
thereof								
Medigest Consultores S.L.	13	0	0	0	13	0	0	0
AxiService Nice S.a.r.l.	16	19	7	7	27	10	2	0
Farmatica S.r.l.	20	0	37	0	0	0	0	0
Technosante Nord-Picardie SAS	16	32	18	18	3	5	6	2
MGS Meine Gesundheit Services GmbH	2,551	0	0	0	419	0	0	0
Total	**5,968**	**2,434**	**8,834**	**14,536**	**1,619**	**1,558**	**249**	**371**

Related persons
As of December 31, 2015 Frank Gotthardt holds direct and indirect interests of 36.02 percent (previous year: 35.91 percent) in CompuGroup Medical SE through GT 1 Asset Management GmbH. From his membership in two pools, Frank Gotthardt's voting rights in the pools are tied to the shares of the other pool members. These, from the 2007 financial year originated contracts with terms until December 31, 2015, were prolonged respectively until 31. December 2025. Combined with these voting rights, Frank Gotthardt's share of voting right shares in CompuGroup Medical SE amounts to more than 45 percent since the 2007 financial year.

As a result, all of the associated companies listed in the report on equity investments are associated with CompuGroup Medical SE where a corporate relationship exists with Frank, Dr. Brigitte or Dr. Daniel Gotthardt.

In addition to that private flights, rent for the factory in Koblenz, as well as software maintenance were calculated for account of Frank and Dr. Brigitte Gotthardt.

In their function as a part of the Supervisory Board, remunerations were paid to Prof. Dr. Daniel Gotthardt, Dr. Klaus Esser, Dr. h.c. Ulrike Flach, René Obermann, Lothar Wild and Karl Grüner. In addition to that, costs compared to Prof. Dr. Daniel Gotthardt arise for the parking rent of the CGM Group employees.

Related companies
A major portion of business activities were conducted with Gotthardt Informationssysteme GmbH. In addition to handling client service for large parts of our German corporate divisions, this company also maintains and equips our office spaces with copiers and consumables. Moreover, Gotthardt Informationssysteme GmbH also provides software maintenance services for the MediStar business segment. In addition, there are receivables from current leases.

With legal effect beginning 31 December 2014, CGM Group disposed of the REWE/DMS business area of its subsidiary systema Deutschland GmbH to related party mps public solutions GmbH. The purchase price was agreed at EUR 9,000 thousand, less any purchase price adjustments. A fairness opinion is prepared by an independent external expert to determine the appropriateness of the purchase price. A cooperation agreement was also concluded concerning the purchase of products (REWE/DMS programs) and services. Based on this cooperation agreement the mps publiy solutions GmbH approved the CGM a non-exclusive right of sale only for the market of health care, where CGM acts as an authorized dealer. CGM Systema acquired REWE/DMS programs and services for resale as well as closing software maintenance contracts. In total, there are costs for services and supplies for the mps in the amount of EUR 4,193 thousand, while especially bills were exposed in the amount of EUR 1,540 thousand compared to the mps by the CGM Systema Deutschland GmbH.

KEC Kölner Eishockey-Gesellschaft "Die Haie" mbH received remuneration of EUR 150 thousand on account of the advertising agreement with CompuGroup Medical SE. An agreement regarding advertising services in Kölnarena 2 ("Naming-Right Köln Arena 2") has also been concluded with KEC Vertriebs GmbH & Co. KG. In return, CompuGroup Medical SE renders services (payroll accounting, controlling, etc.) for the company. The provided services were settled in the amount of EUR 50 thousand at the end of 2015. The transaction is considered to be on market terms and conditions.

An essential change compared to the activities of the previous year is based on the closure of the business operation of the GTS Praxisshop GmbH. The existing business relationship, maintained until December 31, 2014, ended and is now realized by other external suppliers. Thereafter GTS Praxisshop GmbH is no longer be shown as a related party.

For the INFOSOFT Informations- und Dokumentationssysteme GmbH, services and licenses were invoiced.

Medigest Consultores S.L. was invoiced travel activities.

For the MGS Meine Gesundheit Services GmbH, services for the digital control panel as well as for the insurance-gateway in addition to the corresponding theoretical concept were invoiced. Furthermore, management services in the areas finance, controlling, human resource management, IT and operations, the product management as well as the partner management for services and modules were invoiced, too.

In addition, receivables from the forwarding of marketing expenses as well as for the joint venture and for founding of the GmbH exist.

Rents for offices of the CGM Mobile GmbH in Berlin were paid by the XL Health AG.

DATA. med Praxiscomputer GmbH as well as diens/t/ag Medizinsysteme GmbH received invoices for tTelemed and for the payroll services executed by the CGM SE. Payroll services were also performed for C.I.P. GmbH.

The Zahnärztliche Fach-Verlag GmbH invoiced services for the preparation of the customer magazine by the CGM Dentalsysteme GmbH.

A health magazine and a talk show were prepared and shown on television by the DRF Deutschland Fernsehen Produktions GmbH & Co. KG.

The Gotthardt Healthgroup Holding GmbH rendered advisory services in the context of major projects with private health insurances.

Declaration of compliance with the German Corporate Governance Codex
The declaration of compliance required by Section 161 AktG was issued by the Management Board and the Supervisory Board and is publicly accessible on the Company's website(http://www.cgm.com/corp/investor_relations/corporate_governance/Uebersicht_CG.en.jsp)

Auditing fees according to Section 314 (1) No. 9 HGB
The following table depicts the total fees payable, including expenses and all incidental expenses of PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, for the 2015 financial year.

The "annual financial statement" item includes the fees for auditing the single-entity financial statements, the consolidated statements and the dependent Company report of CompuGroup Medical Aktiengesellschaft, as well as the fees for auditing various subsidiaries.

	31.12.2015 EUR '000	31.12.2014 EUR '000
Auditing financial statements	627	580
Other confirmatory services	6	5
Tax advisory	0	62
other services	3	119
Total	**636**	**766**

The auditing fees include expenses in the amount of EUR 85 thousand (previous year: EUR 85 thousand) that were not booked during the reporting period in question.

Significant post balance sheet events
Beside the transformation of the CompuGroup Medical AG into a European Company, which has already been described in this report under section A. General Information, there were no significant events after the balance sheet date.

Management Board and Supervisory Board

Members of the Management Board

Surname	Name	Occupation held/membership in supervisory boards and other controlling bodies
Gotthardt (Chairman)	Frank	Chief Executive Officer Chairman of the Supervisory Board of RheinMassiv Verwaltungs AG Chairman of the Supervisory Board of CompuGroup Medical Deutschland AG Member of the Supervisory Board of XL HEALTH AG, Berlin Chairman of the Supervisory Board of CompuGroup Medical Polska Sp.z.o.o., Lublin/Poland
Teig	Christian B.	Chief Financial Officer Member of the Supervisory Board of CompuGroup Medical Deutschland AG
Brecher (since 01.04.2015)	Frank	Chief Process Officer Chairman of the Supervisory Board of EBM eHealth Business Media AG, Hamburg
Eibich	Uwe	Executive Vice-President Region D-A-CH

Members of the Supervisory Board

Surname	Name	Occupation held/membership in supervisory boards and other controlling bodies
Esser (Chairman)	Dr. Klaus	Managing Director, Klaus Esser GmbH & Co. KG
Flach	Dr. H. C. Ulrike	Parliamentary State Secretary, retired
Hinz (until 6.2.2015)	Prof. Dr. Rolf	Orthodontist in private practice Chairman of the Supervisory Board of Stadtmarketing Herne GmbH
Obermann (since 20.5.2015)	René	Partner at Warburg Pincus LLC Member of the Supervisory Board of E.ON SE, Düsseldorf Member of the Supervisory Board of Spotify Technology SA, Luxembourg Member of the Supervisory Board of ThyssenKrupp AG, Essen
Gotthardt	Prof. Dr. Daniel	Physician, Universitätsklinikum Heidelberg Chairman of the Supervisory Board of Gotthardt Healthgroup AG, Heidelberg Chairman of the Supervisory Board of XL HEALTH AG, Berlin
Wild (until 5.2.2016 Employee-representative)	Lothar	Senior Consultant at CGM subsidiary CGM SYSTEMA Deutschland GmbH, Koblenz
Grüner (until 5.2.2016 Employee-representative)	Karl	Department head at CGM subsidiary LAUER-FISCHER GmbH, Fürth
Pagenkopf (since 5.2.2016, Employee-representative)	Maik	Department head at CGM subsidiary LAUER-FISCHER GmbH, Fürth
Schrod (since 5.2.2016, Employee-representative)	Klaus	Department head at CGM subsidiary LAUER-FISCHER GmbH, Fürth

Remuneration of the Management Board
The total remuneration of Management Board members is comprised of fixed and variable performance-related components. The level of compensation is mainly dependent on the responsibilities of the particular Management Board member, his or her personal performance, and the economic situation of the Company. In addition, the Company's success and future outlook amidst relevant comparisons are important criteria in determining remuneration. The components of fixed remuneration are fixed salary and fringe benefits while performance-based remuneration components consist of variable bonus payments.

Fixed salary, basic, non-performance-related remuneration, is paid monthly. In addition, members of the Management Board receive additional benefits in the form of benefits in kind, consisting mainly of the use of company cars. The use of company cars is taxed as a result of its designation as a remuneration component for the respective Management Board member.

The results-dependent compensation depends on goals agreed individually with each Management Board member, including goals measured over a multi-year period (long-term incentive). For all members of the Management Board, the multi-annual period goals assume organic growth and are based on EBITA. The (quantitative and qualitative) goals and their weighting provide the basis for the bonus scheme and are in line with sustainable corporate management pursuant to Section 87 AktG.

No loans were granted to members of the Management Board during the financial year. The amount of performance-related remuneration is linked to individually agreed goals. During the financial year, no member of the Management Board received payments or benefits from third parties in respect of their duties as members of the Management Board. No pension commitments were made to any members of the Management Board.

On 14 December 2011, the Supervisory Board of CompuGroup Medical SE appointed Christian B. Teig for a second four-year term starting 1 October 2012 and ending 30 September 2016 to the Management Board as CFO. In addition to annual fixed remuneration in the amount of EUR 300,000, Christian B. Teig has been promised a performance fee of up to EUR 300,000 per year composed of two equally weighted components, each with a maximum of EUR 150,000 per year. The first performance-based remuneration component is linked to the achievement of individually defined performance targets for the financial year which are agreed annually. The second performance-based compensation component is based on average EBITA and average organic growth in the financial year and the previous period. As a non-performance-related benefit, Christian B. Teig is provided with a company car whose net acquisition price amounts to a maximum of EUR 120,000. At the same Supervisory Board meeting, the exercise period for Christian B. Teig's 375,000 share options at an exercise price of EUR 5.50 per share was extended to 31 December 2016. The stock options may be exercised without any further conditions at any time before this date (American options). If Christian B. Teig were to fall ill during the contract period or become permanently disabled, the service contract would terminate six months after determination of his incapacity to work. In the event of termination by the Company, Christian B. Teig would receive a severance payment in the amount of up to EUR 1,200,000 or the amount of the total remuneration that would have been payable for the remaining term of the employment contract after early termination. The employment contract also includes a change of control clause according to which Christian B. Teig is entitled to resign in the event of a change of control within one month at the end of the month and receive the aforementioned severance payment in full.

On 7 March 2012, the Supervisory Board of CompuGroup Medical SE appointed Uwe Eibich for an additional four-year term from 1 January 2013 to 31 December 2016 as member of the Management Board and Executive Vice President for German-speaking countries. In addition to annual fixed remuneration of EUR 300,000, Uwe Eibich has been promised a performance fee of up to EUR 200,000 per year. The performance-related component of remuneration depends on the achievement of individually defined performance targets for the financial year which are agreed annually. Furthermore, Uwe Eibich has been promised a performance-based remuneration of up to EUR 400,000 which is staggered over the duration of the contract. The second performance-based compensation component is measured by the average organic growth in the region "Central Europe" over the period of appointment, which must amount to at least 4 percent per annum. If average organic growth reaches 8 percent, it is considered equal to a target achievement of 100 percent. As a non-performance benefit, Uwe Eibich will be provided with a company car whose net acquisition price amounts to a maximum of EUR 120,000. If Uwe Eibich were to be permanently incapacitated or pass away during the contract period, the fixed annual salary and the variable portion of his compensation will be paid for a period of three months (death benefits will be paid to surviving dependents). In the event of termination by the Company, Uwe Eibich will receive a severance payment equal to the pro rata amount of his total remuneration until the end of his term. The payment is limited to a maximum amount of EUR 600,000.

On 14 December 2012, the Supervisory Board of CompuGroup Medical SE appointed Frank Gotthardt as Chief Executive Officer (CEO) for an additional term of 4.5 years from 1 July 2013 to 31 December 2017. In addition to an annual fixed remuneration of EUR 660,000, Frank Gotthardt has been promised a performance fee linked to average EBITA and average organic growth in the financial year and the following two years. Because the contract term is limited to the end of 2017, the period of averaging is reduced from the 2016 financial year. In the last year of his term (the 2017 financial year), the amount of the bonus depends also on the level of recurring revenues, which must be higher in the 2018 financial year than in the 2017 financial year. Otherwise, the bonus for the 2017 financial year is reduced proportionally. If Frank Gotthardt were to be permanently incapacitated or pass away during the contract period, the fixed annual salary and the variable portion of compensation will be paid (death benefits will be paid to surviving dependents) for a period of three months.

On its meeting on March 19, 2015, the Supervisory Board of CompuGroup Medical SE decided to expand the Executive Board to the department "Process and Efficiency Management" and appointed Frank Brecher with effect from April 01, 2015 for this new position as "Chief Process Officer".

In addition to an annual fixed remuneration of EUR 300,000, Frank Brecher has been promised a performance fee of up to EUR 200,000 per year. The performance-related component of remuneration depends on the achievement of individually defined performance targets for the financial year which are agreed to annually. Furthermore, Frank Brecher has been promised a maximum performance fee of EUR 400,000 which has been promised over the contract term. The second performance-based compensation component is measured by the EBITA and by the organic growth in the financial year. As a non-performance benefit, Frank Brecher will be provided with a company car whose net acquisition price amounts to a maximum of EUR 120,000. If Frank Brecher becomes permanently incapacitated or passes away during the contract period, the fixed annual salary and the variable portion of his compensation will be paid for a period of three months (death benefits will be paid to surviving dependents). In the event of termination by the Company, Frank Brecher will receive a severance payment equal to the pro rata amount of his total remuneration until the end of his term. The payment is limited to a maximum amount of EUR 900,000.

The total remuneration of the Management Board and Supervisory Board is as follows:

Management Board remuneration 2015 pursuant to IAS 24.17

Name	Short-term benefits EUR	Other long-term benefits EUR	Total compensation EUR
Gotthardt, Frank	661,300	1,705,000	2,366,300
Eibich, Uwe	476,329	40,000	516,329
Teig, Christian B.	593,415	0	593,415
Brecher, Frank	374,221	75,000	449,221
Total	**2,105,265**	**1,820,000**	**3,925,265**

Management Board remuneration 2014 pursuant to IAS 24.17

Name	Short-term benefits EUR	Other long-term benefits EUR	Total compensation EUR
Gotthardt, Frank	661,300	1,364,000	2,025,300
Eibich, Uwe	485,660	100,000	585,660
Teig, Christian B.	593,415	0	593,415
Total	**1,740,375**	**1,464,000**	**3,204,375**

Remuneration information pursuant to Section 314 (1) No. 6 HGB
Management Board remuneration 2015

Name	Fixed compensation (non-performance based) EUR	Variable bonus (performance based) EUR	Fringe benefits EUR	Total compensation EUR
Gotthardt, Frank	660,000	0	1,300	661,300
Eibich, Uwe	300,000	190,000	36,329	526,329
Teig, Christian B.	300,000	230,545	38,415	568,960
Brecher, Frank	225,000	130,000	19,221	374,221
Total	**1,485,000**	**550,545**	**95,265**	**2,130,810**

Management Board remuneration 2014 (comparative figures)

Name	Fixed compensation (non-performance based) EUR	Variable bonus (performance based) EUR	Fringe benefits EUR	Total compensation EUR
Gotthardt, Frank	660,000	-1,210	1,300	660,090
Eibich, Uwe	300,000	200,000	35,660	535,660
Teig, Christian B.	300,000	255,000	38,415	593,415
Total	**1,260,000**	**453,790**	**75,375**	**1,789,165**

Remuneration of the Supervisory Board
Supervisory Board remuneration is based on an annual fixed amount. In the past financial year, there were no changes from the previous year in the amount of remuneration for members of the Supervisory Board. Employee representatives on the Supervisory Board receive additional remuneration for activities outside the Supervisory Board which are compensated at market rates. Total payments to the Supervisory Board amounted to EUR 260 thousand in the 2015 fiscal year (previous year: EUR 272 thousand). Details on individual members have been omitted for reasons of materiality.

Release from disclosure requirement

All companies incorporated in Germany with profit transfer agreements claim the right of exception under Section 264 (3) HGB not to publish annual financial statements. This concerns the following companies:

- CGM SYSTEMA Deutschland GmbH, Koblenz
- CompuGroup Medical Dentalsysteme GmbH, Koblenz
- CompuGroup Medical Deutschland AG, Koblenz
- CompuGroup Medical Software GmbH, Koblenz
- IfAp Service-Institut für Ärzte und Apotheker GmbH, Martinsried
- Intermedix Deutschland GmbH, Koblenz
- LAUER-FISCHER GmbH, Fürth
- LAUER-FISCHER ApothekenService GmbH, Koblenz
- CompuGroup Medical Mobile GmbH, Koblenz

Changes in Intangible and Tangible Assets
in the 2015 Financial Year

	Purchase or manufacturing costs						
	01.01.2015 EUR '000	Initial consolidation additions EUR '000	Other additions EUR '000	Transfers EUR '000	Disposals EUR '000	Currency differences EUR '000	31.12.2015 EUR '000
Intangible assets							
Goodwill	254,385	17,375	348	0	0	1,751	273,860
Acquired software	227,533	4,253	1,905	7,684	-315	1,927	242,987
Customer relationships	206,006	17,441	0	-86	0	1,796	225,157
Brands	29,691	822	1	86	0	407	31,007
Order backlogs	8,866	849	0	0	0	119	9,834
Prepayments on software	10,727	0	3,431	-7,420	0	-55	6,683
Capitalized in-house services	68,842	0	12,208	-264	0	-156	80,630
	806,050	**40,740**	**17,894**	**0**	**-315**	**5,789**	**870,158**
Tangible assets							
Land and buildings	53,532	350	303	-1,129	-712	72	52,416
Other assets, plant and office equipment	44,865	623	5,517	-134	-1,634	628	49,865
Assets under construction	229	0	1,016	0	-94	0	1,151
	98,626	**973**	**6,836**	**-1,262**	**-2,440**	**700**	**103,433**
	904,676	**41,713**	**24,730**	**-1,263**	**-2,755**	**6,489**	**973,590**

Depreciation					Book value	
01.01.2015 EUR '000	Additions EUR '000	Disposal EUR '000	Currency differences EUR '000	31.12.2015 EUR '000	31.12.2015 EUR '000	31.12.2014 EUR '000
9,929	1,352	0	-282	10,999	262,861	244,456
178,069	16,526	-233	1,000	195,363	47,624	49,464
51,520	12,882	0	184	64,586	160,571	154,486
14,445	3,228	0	162	17,836	13,171	15,245
8,782	268	0	119	9,169	665	84
264	-13	0	0	250	6,433	10,463
25,498	2,504	0	-15	27,988	52,641	43,344
288,507	**36,747**	**-233**	**1,168**	**326,190**	**543,967**	**517,542**
8,797	2,222	-443	25	10,601	41,816	44,735
27,776	5,574	-1,468	501	32,382	17,483	17,089
0	2	53	1	56	1,096	229
36,573	**7,798**	**-1,858**	**526**	**43,039**	**60,394**	**62,053**
325,081	**44,545**	**-2,091**	**1,695**	**369,229**	**604,361**	**579,595**

Changes in Intangible and Tangible Assets
in the 2014 Financial Year

	Purchase or manufacturing costs						
	01.01.2014 EUR '000	Initial consolidation additions EUR '000	Other additions EUR '000	Transfers EUR '000	Disposals EUR '000	Currency differences EUR '000	31.12.2014 EUR '000
Intangible assets							
Goodwill	241,897	12,490	0	0	-13	11	254,385
Acquired software	213,849	7,750	1,463	2,305	0	2,166	227,533
Customer relationships	179,221	24,398	0	0	0	2,387	206,006
Brands	26,489	2,908	0	0	0	294	29,691
Order backlogs	8,844	0	0	0	0	22	8,866
Prepayments on software	6,395	0	6,700	-2,305	0	-63	10,727
Capitalized in-house services	59,843	0	9,202	0	0	-203	68,842
	736,538	**47,546**	**17,365**	**0**	**-13**	**4,614**	**806,050**
Tangible assets							
Land and buildings	53,202	5	520	866	-1,085	24	53,532
Other assets, plant and office equipment	36,528	857	6,752	0	0	728	44,865
Assets under construction	804	0	436	-866	-139	-6	229
	90,534	**862**	**7,708**	**0**	**-1,224**	**746**	**98,626**
	827,072	**48,408**	**25,073**	**0**	**-1,237**	**5,360**	**904,676**

Depreciation					Book value	
01.01.2014 EUR '000	Additions EUR '000	Disposal EUR '000	Currency differences EUR '000	31.12.2014 EUR '000	31.12.2014 EUR '000	Adjusted 31.12.2013 EUR '000
8,247	1,561	0	121	9,929	244,456	233,650
160,703	14,856	0	2,510	178,069	49,464	53,146
40,252	10,620	0	648	51,520	154,486	138,969
10,946	3,384	0	117	14,446	15,245	15,543
7,481	1,279	0	22	8,782	84	1,363
256	0	0	8	264	10,463	6,139
22,503	3,272	0	-277	25,498	43,344	37,340
250,389	**34,972**	**0**	**3,147**	**288,508**	**517,542**	**486,149**
8,146	1,671	-1,034	14	8,797	44,735	45,056
21,164	6,138	0	473	27,776	17,089	15,363
0	0	0	0	0	229	804
29,310	**7,810**	**-1,034**	**487**	**36,573**	**62,053**	**61,224**
279,699	**42,782**	**-1,034**	**3,634**	**325,081**	**579,595**	**547,373**

Segment Report
for the 2015 Financial Year

EUR '000	Segment I: Health Provider Services I (HPS I) 2015 Jan – Dec	adjusted 2014 Jan – Dec	Segment II: Health Provider Services II (HPS II) 2015 Jan – Dec	adjusted 2014 Jan – Dec	Segment III: Health Connectivity Services (HCS) 2015 Jan – Dec	adjusted 2014 Jan – Dec
Sales to third parties	406,612	375,335	72,801	79,784	63,587	60,069
Sales between segments	6,146	6,459	9,976	10,843	5,817	5,885
Segment Sales[1)]	**412,758**	**381,794**	**82,777**	**90,627**	**69,404**	**65,954**
thereof recurring sales	303,033	273,938	38,570	40,243	19,289	17,891
Capitalised in-house services	2,438	1,728	915	1,903	1,272	735
Other income	2,205	4,459	1,678	7,322	1,564	1,049
Expenses for goods and services purchased	-74,476	-81,192	-18,133	-17,390	-23,411	-16,597
Personnel expenses	-151,240	-145,726	-47,764	-52,745	-24,216	-25,729
Other expenses	-74,577	-64,969	-15,936	-12,915	-9,894	-14,479
EBITDA	**117,107**	**96,094**	**3,537**	**16,802**	**14,719**	**10,933**
in % of revenue with third parties	28.8%	25.6%	4.9%	21.1%	23.1%	18.2%
Depreciation of property, plants and tangible assets						
Amortization of intangible assets						
EBIT						
Results from associates recognised at equity						
Financial income						
Financial expense						
EBT						
Income taxes						
Profit for the period from discontinued operations						
Consolidated net income of the period						
in % of revenue with third parties						
Cash net income*						

* Cash net income: net income before minority interests plus amortization on intangible assets except amortization on in-house capitalized software.

EUR '000	All other Segments 2015 Jan – DeC	All other Segments adjusted 2014 Jan – Dec	Sum Segments 2015 Jan – Dec	Sum Segments adjusted 2014 Jan – Dec	Consolidation 2015 Jan – Dec	Consolidation adjusted 2014 Jan – Dec	CGM Group 2015 Jan – Dec	CGM Group adjusted 2014 Jan – Dec
Sales to third parties	67	-83	543,066	515,104	-0	0	543,066	515,104
Sales between segments	3,104	3,022	25,043	26,209	-25,043	-26,209	0	0
Segment Sales[1)]	**3,171**	**2,939**	**568,109**	**541,313**	**-25,043**	**-26,209**	**543,066**	**515,104**
thereof recurring sales	12	12	360,905	332,083	0	0	360,905	332,083
Capitalised in-house services	4,775	4,836	9,401	9,202	215	0	9,615	9,202
Other income	4,888	5,500	10,334	18,330	-6,475	-5,609	3,859	12,721
Expenses for goods and services purchased	-71	-110	-116,090	-115,290	15,579	16,058	-100,511	-99,232
Personnel expenses	-9,758	-9,237	-232,979	-233,028	-17,647	-14,852	-250,626	-248,288
Other expenses	-12,190	-14,604	-112,597	-106,967	19,513	13,663	-93,084	-93,304
EBITDA	**-9,185**	**-10,677**	**126,178**	**113,561**	**-13,859**	**-16,949**	**112,319**	**96,203**
in % of revenue with third parties			23.2%	22.0%			20.7%	18.7%
Depreciation of property, plants and tangible assets							-7,798	-7,809
Amortization of intangible assets							-36,747	-34,972
EBIT							**67,774**	**53,422**
Results from associates recognised at equity							-911	19
Financial income							14,136	12,981
Financial expense							-18,795	-22,444
EBT							**62,204**	**43,978**
Income taxes							-23,582	-20,196
Profit for the period from discontinued operations							-0	-20
Consolidated net income of the period							**38,622**	**23,782**
in % of revenue with third parties							7.1%	4.6%
Cash net income*							**72,865**	**55,461**

* Cash net income: net income before minority interests plus amortization on intangible assets except amortization on in-house capitalized software.

Segment Report by Regions
for the 2015 Financial Year

EUR '000	CER 2015	CER 2014	CEE 2015	CEE 2014	NER 2015	NER 2014	SER 2015	SER 2014
Sales revenues	251,382	247,847	89,082	92,933	84,410	88,441	87,301	68,838
Non-current assets without deferred tax	284,554	278,562	83,671	84,674	86,798	83,645	55,247	49,322

The CER (Central Europe region) region comprises the domestic market only (Germany). Compared to the previous year positions concerning non-current assets were added.

USC		Total		All other regions		Consolidation		CGM Group	
2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
40,158	33,676	552,333	531,735	7,857	1,639	-17,124	-18,270	543,066	515,104
111,666	109,217	621,936	605,420	472,976	455,532	-476,073	-469,243	618,839	591,710

Responsibility Statement by the Management Board

We certify that, to the best of our knowledge based on applicable accounting policies, the annual and the group financial statements give a true and fair view of the company's actual assets, financial situation and earnings. We furthermore certify that the combined management report gives a true and fair view of the business activities including the annual results and the condition of the company, and that the inherent opportunities and risks for future development are explained.

Koblenz, 17 March 2016

CompuGroup Societas Europaea
The Management Board

Frank Gotthardt **Frank Brecher** **Uwe Eibich** **Christian B. Teig**

Auditor's Report

We have audited the consolidated financial statements prepared by the CompuGroup Medical Societas Europaea (formerly CompuGroup Medical Aktiengesellschaft), Koblenz comprising the statement of financial position, the income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report, which is combined with the man-agement report of the parent Company, for the business year from January 1 to December 31, 2015. The preparation of the consolidated financial statements and the combined management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and on the combined management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company´s Board of Managing Directors, as well as evaluating the overall presenta-tion of the consolidated financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The combined management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, 15 March 2016

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Jürgen Lehnus
Wirtschaftsprüfer
(German Public Auditor)

ppa. Stefan Sigmann
Wirtschaftsprüfer
(German Public Auditor)

Share Information

The CompuGroup Medical share is listed on the Frankfurt Stock Exchange, Prime Standard, under the ticker COP (FRA: COP). The shares are traded inter alia through the world-wide electronic trading system XETRA. As at 31 December 2015, there were 53.2 million shares outstanding, each with a calculated value of EUR 1.00.

Key data per share

		2015	2014	2013
Year-end price	€	33.80	19.90	18.34
Year high	€	35.94	21.65	20.11
Year low	€	19.99	16.86	14.01
Year average	€	28.37	19.18	17.64
Yearly trade	€m	338.3	119.2	150.6
	Shares m	11.7	6.2	8.6
Number of shares	Shares m	53.2	53.2	53.2
Market capitalization[1]	€m	1,798.8	1,059.1	976.0
Earnings per share	€	0.77	0.53	0.48
Dividend per share	€	0.35	0.35[2]	0.35
Dividend payout	€m	17.4	17.4[2,4]	17.4[4]
Dividend yield	%	1.04	1.76[1,2]	1.91[1]

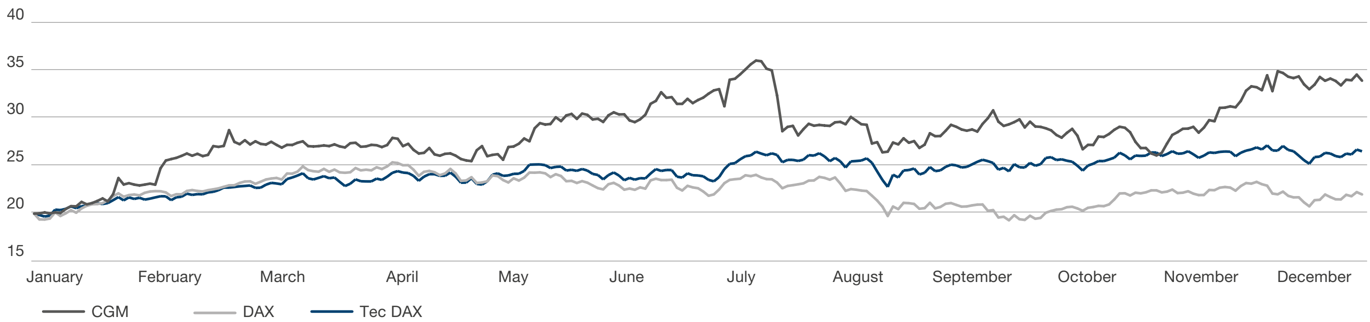
1 as of 31.12
2 Subject to Annual General Meeting approval
3 related to net income of CGM SE
4 as of date of approval of 2015 financial statements

Share development

The CGM share began 2015 with a share price of EUR 19.92. The high for the year was reached on 21 July 2015 with EUR 35.94.
The share ended 2015 at EUR 33.80. This represents an increase of 70 percent, bringing the total market capitalization up EUR 740 million to a total of EUR 1.8 billion at the end of the year 2015.

The yearly trading volume reached 11.7 million in 2015. The average daily trading volume in 2015 was approx. 45,000 shares (previous year: approx. 25,000).

The share price development during 2015 can be seen below:



Dividend

In the 2015 financial year EUR 17.4 million were paid out corresponding to a dividend per share of EUR 0.35. In 2016, the Management and Supervisory Board will propose the payment of a dividend of EUR 0.35 per share to the Annual General Meeting held on 18 May 2016. Subject to the shareholder's approval, the dividend amount would total EUR 17.4. Based on the 2015 closing share price (EUR 33.80), this would equate to a dividend yield of 1.04 percent.

Share data

Listing	Börse Frankfurt, Germany, Prime Standard
ISIN	DE0005437305
WKN	543730
Xetra Trading Parameters Symbol	COP

Investor Relations

The Management Board and the Supervisory Board of CompuGroup Medical SE identify with the objectives of the German Corporate Governance Code of promoting responsible and transparent management and control oriented to a sustainable increase in shareholder value.

Investors and capital market participants are to be provided consistent, timely and precise information simultaneously. CompuGroup Medical, as an international company with investors across the globe, publishes all news and press releases in English as well as German.

The Investor Relations section of the company's corporate website www.cgm.com is an important tool containing up-to-date information on the company's financial performance and stock market information. User may also find financial reports, an updated financial calendar, detailed company information and other important data for the financial markets. In conjunction with the release of its interim and full year financial results, CGM gives public presentations to investors, analysts and press.

During the year, CompuGroup Medical held numerous physical meetings and phone calls with German and international investors and analysts and participated in international capital market conferences and roadshows in Europe and the USA. CGM also held telephone conferences and analyst meetings when publishing quarterly results. CGM held an investor and analyst conference at its company headquarter in Koblenz. The presentations covered the most important growth topics in the Group currently, specifically growth initiatives in the HCS segment and the opportunities around the eGK and Telematics Infrastructure in Germany.

At the end of the year, the number of analysts that regularly follow CompuGroup Medical amounted to eight, all of them based in Germany. With four buy, four hold recommendations, the analysts presented a positive view of the CompuGroup Medical share. The forecast price targets ranged from EUR 21.50 to EUR 40.00 at the end of 2015.

Financial Calendar 2016

Date	Event
31 March 2016	Annual Report 2015
04 May 2016	Interim Report Q1 2016
18 May 2016	Annual General Shareholder Meeting
04 August 2016	Interim Report Q2 2016
13 October 2016	Investor and Analyst conference
09 November 2016	Interim Report Q3 2016

Imprint

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