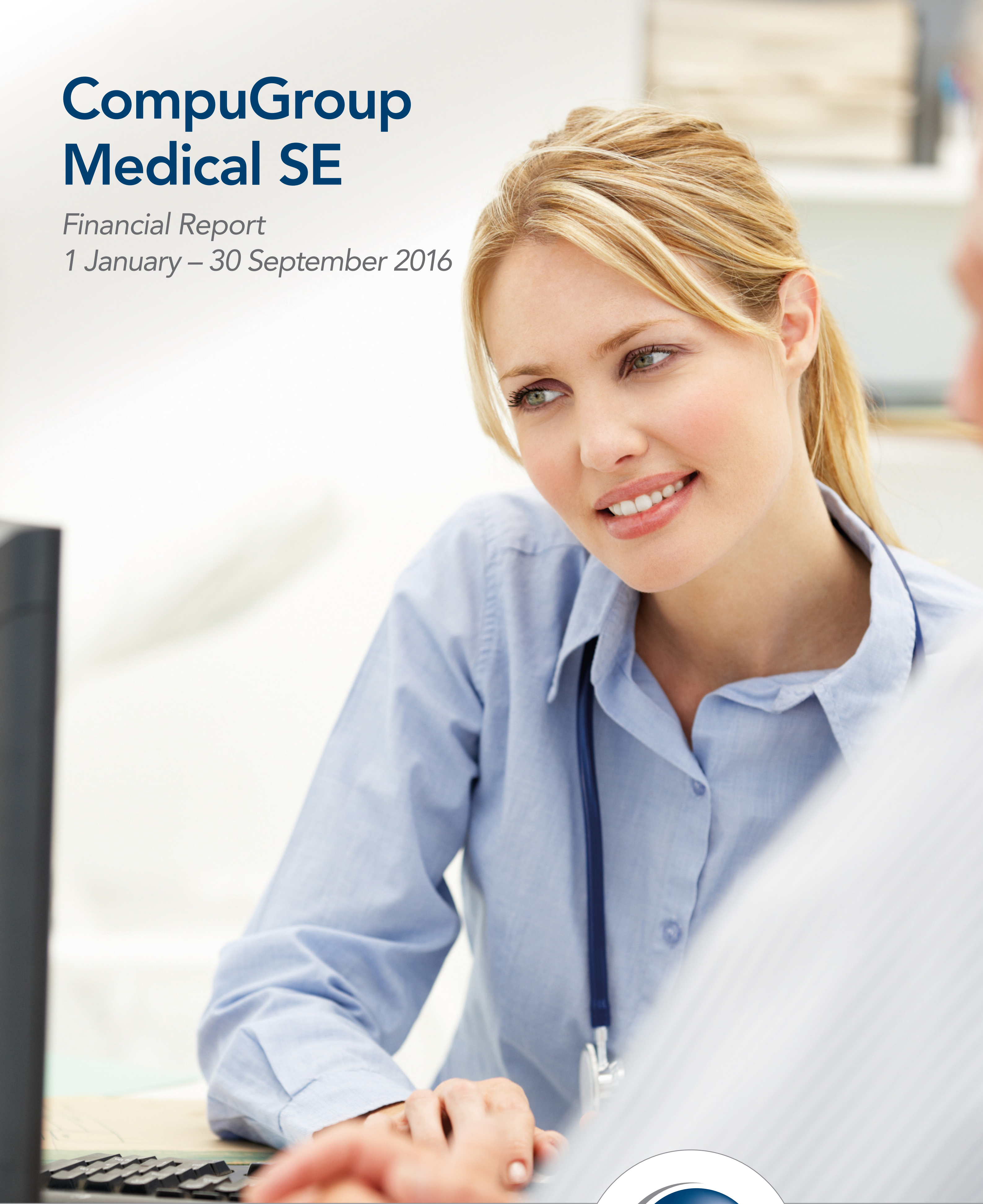
CompuGroup Medical SE

Financial Report
1 January – 30 September 2016



Synchronizing Healthcare

CGM CompuGroup Medical

Contents

Key Events and Figures

- Third quarter revenue of EUR 135.7 million, an increase of 8 percent compared to the same period in 2015.
- Organic growth of 7 percent.
- Operating profit (EBITDA) of EUR 28.3 million, up from 20.8 last year.
- Operating margin of 21 percent, up from 17 percent last year.
- Solid rebound in hospital and pharmacy software.
- The first phase testing in the Gematik project has begun.
- 2016 guidance reaffirmed.

EUR ´000	01.07. - 30.09. 2016	01.07. - 30.09. 2015	Change	01.01. - 30.09. 2016	01.01. - 30.09. 2015	Change
Revenue	135,739	125,736	8%	406,506	396,218	3%
EBITDA	28,325	20,829	36%	89,483	79,016	13%
margin	*21%*	*17%*		*22%*	*20%*	
EPS (EUR)	0.19	0.10		0.64	0.60	
Cash net income (EUR)*	15,391	12,991		54,449	53,712	
Cash net income per share (EUR)	0.31	0.26	19%	1.10	1.08	1%
Cash flow from operating activities	13,610	14,594		51,241	57,177	
Cash flow from investing activities	-13,238	-11,973		-34,894	-45,742	
of which equity acquisitions	-4,866	-3,558		-6,346	-26,947	
Number of shares outstanding (‘000)	49,724	49,724		49,724	49,724	
Net debt	331,283	341,953		331,283	341,953	

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

Management report

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.

CGM is currently represented with offices and employees in 19 countries. According to internal figures, CGM has software maintenance contracts in the HPS I segment (AIS and PCS) corresponding to approximately 260,000 healthcare professionals (doctors, dentists and pharmacists). Total reach across all segments is estimated at approximately 400,000 healthcare professionals.

The Group had an average of 4,007 full-time equivalent employees during the third quarter of 2016 (previous year: 3,993).

COURSE OF BUSINESS

The following sections describe the main operational developments during the third quarter of 2016.

Ambulatory Information Systems

Outside the Gematik project, the revenue development in the third quarter corresponds to 1 percent organic growth. The flat revenue development is similar to the first half of the year where core elements of the business model, being software maintenance and other recurring service fees, are growing as expected 4 percent year-on-year whereas revenue from low margin hardware sales, software license sales and professional services is lower than last year. The effects from the initiatives to accelerate growth in these areas, as described in the second quarter financial report, have had limited impact over the summer period and the main effect is now expected to come in the fourth quarter.

Gematik project, Germany

Significant progress has been made in the project during the third quarter and CGM now expects the official testing phase to start in November. One of the key hardware components to be developed and delivered by the CGM consortium in the project, the so-called 'Konnektor', was in October approved from by Federal Office for Information Security (BSI) for pre-piloting up to 30 providers and final and formal security certification of the Konnektor for the test phase is expected in November. A number of the existing card terminals are allowed to be used throughout the complete pilot period (with a firmware update) and all other components are ready to begin trials, including 506 contracted pilot users in region North-West.

The German eHealth law and planned national roll-out of the Telematics Infrastructure

In December 2015, the German parliament approved "The eHealth Law" (Gesetz für sichere digitale Kommunikation und Anwendungen im Gesundheitswesen).The eHealth law contains clear deadlines and financial incentives/penalties to ensure the timely roll-out of the Telematics Infrastructure to an estimated 225,000 participants in healthcare all over Germany in the 2016-2018 timeframe.

From the current status in the Gematik project, CGM expects to be ready to begin the nationwide roll-out in the second quarter of 2017. Testing will have been done over two quarterly changes: Limited scope over the year-end 2016 transition and then full scope over the first to second quarter transition in 2017. Other important areas that also need to be completed are financing agreement between providers and insurers, re-designed and security approved (BSI) card readers and central components for productive operation (e.g. VPN access service). All components including Konnektors and card readers also have to be re-certified as they are currently only certified according to the pilot specifications and not for the final productive specifications (differences being relatively limited). Assuming that these preconditions are met, completing the nationwide roll-out by 01.07.2018 as is required by the eHealth law is still the goal and is still possible. Roll-out will then need to be done in 12-15 calendar months with a substantial number in 2017 and the rest during the first 6 months of 2018.

Pharmacy Information Systems

The pharmacy software business had a strong third quarter and already recovered from the relatively slow start to the year. The growth initiatives described in the second quarter financial report had a significant positive impact over the summer period and revenue from hardware, software and services rebounded strongly. The positive effects are expected to continue in the fourth quarter although the anticipated strong year-end sales in Italy driven by increased tax depreciation of 140 percent for machinery and equipment, including computer equipment, may now be prolonged and even increased in 2017 which creates less of an incentive for the Italian pharmacy customers to close hardware deals in 2016.

Hospital Information Systems

In the hospital segment, the special effects last year related to specific projects and markets in Eastern Europe, Turkey and the Middle-East lead to the exceptional year-on-year growth in this quarter. Year to date, the special effects and quarterly fluctuations are now normalized and the hospital business is showing a stable development as expected for the full year. The main markets in Austria, Switzerland and Germany are performing well based on a good backlog of already contracted project revenue. CGM was in 2015 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.

Communication & Data

The positive development in the Communication & Data business continues in the third quarter with positive organic growth. The different growth rates in each quarter are normal fluctuations for this business segment as the business model is not based on any recurring revenue. The positive development is 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.).

Workflow & Decision Support

After a strong first half with 20 percent organic growth, the third quarter in the Workflow & Decision Support business reversed some of these gains. These are normal quarterly fluctuations for this business segment. This positive revenue development year-to-date predominantly comes from new CardTrust contracts with statutory health insurance companies in Germany and revenue from the new Joint Venture with AXA Group. 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 about 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. CardTrust is used by 100,000 doctors and dentists throughout Germany and approximately 136 million card checks are conducted by CardTrust annually.

In the course of 2015, the private insurer AXA Group and CGM founded a joint venture „MGS Meine Gesundheit 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.

Internet Service Provider

The strong third quarter growth in the Internet Service Provider is a result from higher revenue recognized in the Gematik project in Germany. Outside this project, the development of the ISP business is flat for the period but with many growth opportunities ahead, especially in Germany.

RESULTS OF GROUP OPERATIONS

Unless stated otherwise, all figures in the management report refer to the third quarter of 2016 and 2015 respectively, i.e. the three month period 01.07. – 30.09. (Q3).

Revenue

Revenue in the third quarter of 2016 was EUR 135.7 million compared to EUR 125.7 million in the same period last year. This corresponds to 8 percent growth of which 7 percent is organic growth.

In the HPS I segment, the third quarter revenue was EUR 101.9 million which corresponds to 5 percent growth. Revenue in Ambulatory Information Systems (AIS) grew 3 percent, of which practically all is organic growth. In Pharmacy Information Systems (PCS), revenue grew 12 percent of which 2 percent comes from the acquisition of Vega in Italy and the rest is organic growth.

HPS I revenue development (including acquisitions and exchange rate effects):

EUR m	01.07.-30.09. 2016	01.07.-30.09. 2015	Change	01.01.-30.09. 2016	01.01.-30.09. 2015	Change
Ambulatory Information Systems	77.5	75.1	3%	237.3	234.0	1%
Pharmacy Information Systems	24.3	21.7	12%	69.1	66.5	4%
SUM	101.9	96.8	5%	306.4	300.5	2%

In the HPS II segment, the year-on-year growth was 30 percent, which includes 4 percent growth from the LMZ acquisition. There were many special effects in the third quarter last year which leads to the exceptional year-on-year growth in this quarter.

HPS II revenue development (including acquisitions and exchange rate effects):

EUR m	01.07.-30.09. 2016	01.07.-30.09. 2015	Change	01.01.-30.09. 2016	01.01.-30.09. 2015	Change
Hospital Information Systems	18.7	14.4	30%	53.0	51.3	3%
SUM	18.7	14.4	30%	53.0	51.3	3%

In the HCS segment, the year-on-year growth was 4 percent, all of which is organic growth.

HCS revenue development (including acquisitions and exchange rate effects):

EUR m	01.07.-30.09. 2016	01.07.-30.09. 2015	Change	01.01.-30.09. 2016	01.01.-30.09. 2015	Change
Communication & Data	4.7	4.4	6%	15.2	14.7	4%
Workflow & Decision Support	7.1	7.3	-3%	21.3	19.2	11%
Internet Service Provider	3.4	2.8	20%	10.6	10.4	1%
SUM	15.2	14.6	4%	47.1	44.4	6%

Profit

Consolidated EBITDA amounted to EUR 28.3 million compared to EUR 20.8 million in the third quarter of 2015. The corresponding operating margin was 20.9 percent compared to 16.6 percent in 2015. The main developments in COGS and operating expenses were:

+ Expenses for goods and services increased EUR 5.4 million year-on-year with a gross margin of 80 percent, which is 3 percent lower than in the third quarter last year. The change in gross margin represents the higher hardware sales both in pharmacy and hospital software this year and also one-off effects related to projects in Poland.
+ Personnel expenses are up 3 percent from last year at EUR 64.0 million (third quarter 2015: EUR 62.4 million).The ratio of personnel expenses to revenue is stable at around 47 percent.
+ Other expenses are EUR 4.6 million lower than last year at EUR 21.1 million (third quarter 2015: EUR 25.7 million).This is due to special effects in the third quarter last year when provisions were made for expected future losses in the Gematik project and in certain hospital projects.

Depreciation of tangible fixed assets in the third quarter is mostly unchanged from last year at EUR 2.0 million. Amortization of intangible fixed assets decreased from EUR 8.2 million in the third quarter last year to EUR 6.9 million in the same period this year. This is due to a number of acquired intangible assets from past purchase price allocations being fully amortized at the half-year 2016.

Financial income decreased from EUR 2.0 million in the third quarter 2015 to EUR -0.2 million this year due to changes in currency exchange rates which lead to non-cash translation gains on Group internal debt.

The financial expense decreased from EUR 6.6 million in the third quarter 2015 to EUR 3.2 million in the same period this year and is composed of the following items:

EUR m	01.07.-30.09. 2016	01.07.-30.09. 2015	01.01.-30.09. 2016	01.01.-30.09. 2015
Interest and expenses on loans and financial services	2.3	4.2	7.8	11.8
Changes in purchase price liabilities	0.1	-0.1	0.5	0.3
Translation loss on non-Euro internal dept	0.9	2.8	3.6	3.4
Calculated interest on assets and construction (IAS 23)	-0.1	-0.3	-0.9	-0.9
SUM	3.2	6.6	11.0	14.6

After tax earnings came in at EUR 9.0 million in the third quarter of 2016, up from EUR 4.9 million in the third quarter of 2015.The tax rate was 43 percent in the third quarter this year compared to 18 percent in the third quarter of 2015.The different tax rates are mostly due to non-cash changes in deferred tax assets and liabilities, losses in tax free areas as well as changes in non-tax relevant currency conversion.

Cash net income increased from EUR 13.0 million in the third quarter 2015 to EUR 15.4 million in the third quarter 2016, corresponding to a Cash net income per share of 31 Cent (Q3/2015: 26 Cent).

Cash flow

Cash flow from operating activities during the third quarter of 2016 was EUR 13.6 million compared to EUR 14.6 million in the same period 2015. The changes compared to 2015 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 is EUR 14.0 million compared to EUR 18.4 million in 2015. This difference is mostly driven by more cash taxes paid in 2016 and non-cash provisions made last year.
+ Change in working capital gave a decrease in operating cash flow of EUR 0.4 million compared to a decrease of EUR 3.8 million in the third quarter 2015.The relatively large quarterly swings in the underlying positions is driven by different timing of invoicing and cash collection in both years following migration of internal legacy CRM and ERP systems to the new central OneGroup standard. These transitory effects from system migrations on receivables and cash collection are now for both years mostly normalized at the end of the third quarter.

Cash flow from investment activities during the third quarter of 2016 amounted to EUR -13.2 million compared to EUR -12.0 million in the same period last year. During the third quarter of 2016, CGM's capital expenditure consisted of the following:

EUR m	01.07.-30.09. 2016	01.07.-30.09. 2015
Company acquisitions	-4.9	-3.6
Purchase of minority interest and past acquisitions	0.0	-1.1
Capitalized in-house services and other intangible assets	-3.7	-2.9
Cash outflow for capital expenditure in joint ventures	-1.5	-2.5
Office building and property	0.0	-0.1
Other property and equipment	-3.1	-1.8
SUM	-13.2	-12.0

The capital invested in company acquisitions are payments for the acquisition of 75 percent of the shares in VEGA Informatica e Farmacia S.r.l. in Italy and for 100 percent of the shares in Micromedic GmbH in Germany. VEGA distributes software solutions for pharmacies in Italy and is with its 1,400 customers the largest external distributor of CGM's pharmacy software in Italy. Micromedic is a distribution and service partner for CGM's doctor software in the region North Rhine-Westphalia in Germany.

Cash flow from financing was zero in the third quarter 2016 (previous year: EUR 2.7 million) and relates to the net cash inflow from assumption and repayment of loans.

Statement of financial position

Since the statement of financial position from 30 June 2016, total assets increased by EUR 8.8 million to EUR 813.2 million as at 30 September 2016.The largest changes to individual asset classes are a EUR 4.5 million increase in intangible assets and a EUR 4.4 million decrease in trade receivables. The increase in tangible assets relate to the acquisitions of Vega in Italy and Micromedic in Germany. The decrease in trade receivables comes from deferred invoicing and cash collection from internal ERP system migrations during the first half of 2016. For all other assets there are only minor changes during the third quarter of 2016.

Group equity was EUR 205.8 million as at 30 September 2016, up from 196.1 million as at 30 June 2016. The increase in equity comes after consolidating EUR 9.0 million in net profit for the period from 01 July 2016 to 30 September 2016 less EUR 0.4 million from the equity effect from changes in currency exchange rates and change in interest rates (actuarial gains and losses from pensions).The equity ratio is at 25.2 percent as at 30 September 2016.

The biggest changes to liabilities is a EUR 7.8 million decrease in current non-financial liabilities mostly related to seasonal pre-payments of software maintenance contracts balanced under other liabilities. For all other liabilities there are only minor changes during the third quarter of 2016.

Research & Development

Under IAS 38, development work on internally generated software must be capitalized if certain criteria are fulfilled. This generated EUR 2.3 million additional operating profit for the Group during the third quarter of 2016 (previous year EUR 2.5 million), less amortization and write-downs of EUR 0.5 million during the same period (previous year EUR 0.6 million).Most of the capitalized software development expenses are accounted for by two projects, G3.HIS (new HIS system development) and G3.AIS (new AIS software generation).Upon completion, the software will be amortized based on its useful life.

REPORT ON EXPECTED DEVELOPMENTS

CGM reaffirms the outlook presented in the 2015 Annual Report published 31 March 2016.

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 6 million and organic growth is expected to be 2-4 percent.

Revenue in the HPS I segment is expected to be below the previously indicated range of EUR 427 million to EUR 433 million, driven by lower than expected AIS revenue (original range of EUR 334 million to EUR 338 million). 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. In addition, the acquisition of Vega in Italy is expected to add revenue of EUR 1-2 million.

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.

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 May 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 2016 and how the business segments of CompuGroup Medical will perform in this environment.

REPORT ON OPPORTUNITIES AND RISKS

As an internationally operating company, CompuGroup Medical is subject to variety of different risks. These risks mainly include strategic and macroeconomic risks as well as operating, legal and political risks. Furthermore, the group is faced with risks resulting from its project-business, risks related to key personnel and financial risks.

The group's technological expertise and market knowledge makes it possible to assess risk and apply appropriate measures to actively manage the risk exposure. To guarantee a responsible risk handling, CompuGroup works with standardized, group-wide integrated risk management system so that risks can be identified and analyzed at an early stage. A detailed description of the main risks and the specific structure of the risk management system can be found in the CompuGroup Medical SE annual report of 2015. It can be downloaded free of charge from the company's homepage at www.cgm.com.

With the exception of the factors described under "Financial and Operational Review", we see no changes compared to the risk and opportunities described in the group management report for the financial year 2015. Risks that may impact the company as a going concern were not evident during the third quarter of 2016, neither in form of individual risks nor from the total risk position for CompuGroup Medical as a whole.

Interim Statement of Financial Position

as at 30 September 2016

ASSETS

	30.09.2016 EUR '000	30.09.2015 EUR '000	31.12.2015 EUR '000
Non-current assets			
Intangible assets	536,820	543,938	543,967
Tangible assets	69,497	61,113	60,395
Financial assets			
Investments in Associates and Joint Ventures	5,323	3,493	2,953
Other participations	165	29	261
Trade receivables	10,378	8,333	8,982
Other financial assets	2,554	2,982	2,281
Derivative financial instruments	0	0	0
Deferred taxes	8,588	2,597	7,948
	633,326	622,484	626,786
Current assets			
Inventories	8,182	6,660	6,515
Trade receivables	116,539	97,391	111,187
Other financial assets	3,889	4,305	2,269
Other non-financial assets	17,671	13,824	13,932
Income tax claims	6,077	8,467	4,560
Securities (recognized as profit of loss as fair value)	91	168	150
Cash and cash equivalents	26,234	24,662	25,057
	178,685	155,478	163,670
Assets of disposal group classified as held for sale	1,222	0	1,222
	813,232	777,962	791,678

SHAREHOLDER EQUITY AND LIABILITIES

	30.09.2016 EUR '000	30.09.2015 EUR '000	31.12.2015 EUR '000
Shareholder Equity			
Subscribed capital	53,219	53,219	53,219
Treasury shares	-20,292	-20,292	-20,292
Reserves	172,160	155,279	159,364
Capital and reserves allocated to the shareholder of the parent company	205,087	188,206	192,291
Minority interests	674	507	319
	205,760	188,713	192,610
Long-term liabilities			
Provision for post-employment benefits and other non-current provisions	24,687	16,050	21,945
Liabilities to banks	307,096	336,220	310,158
Purchase price liabilities	4,044	4,243	4,632
Other financial liabilities	13,429	7,020	15,923
Other non-financial liabilities	3,100	2,868	3,915
Derivative financial instruments	0	0	0
Deferred taxes	46,329	55,699	48,418
	398,685	422,101	404,991
Current liabilities			
Liabilities to banks	50,421	30,395	41,934
Trade payables	26,227	22,522	27,349
Income tax liabilities	27,215	15,124	35,136
Provisions	30,179	34,935	29,083
Purchase price liabilities	8,247	8,732	9,180
Derivative financial instruments	0	1,246	0
Other financial liabilities	13,873	9,756	18,418
Other non-financial liabilities	52,624	44,438	32,977
	208,786	167,148	194,077
Liabilities associated directly with non-current assets qualified as held for sale	0	0	0
	813,232	777,962	791,678

Interim Income Statement

for the reporting period of 1 January - 30 September 2016

EUR '000	01.07.-30.09. 2016	01.07.-30.09. 2015	01.01.-30.09. 2016	01.01.-30.09. 2015	01.01.-31.12. 2015
Continuing operations					
Sales revenue	135,739	125,736	406,506	396,218	543,066
Capitalized in-house services	2,532	3,872	6,819	8,731	9,615
Other income	2,645	478	6,422	1,930	3,859
Expenses for goods and services purchased	-26,581	-21,208	-73,252	-74,031	-100,511
Personnel costs	-63,987	-62,390	-192,628	-188,208	-250,626
Other expenses	-22,023	-25,659	-64,384	-65,624	-93,084
Earnings before interest, taxes, depr. and amortization (EBITDA)	28,325	20,829	89,483	79,016	112,319
Depreciation of property, pants and tangible assets	-2,025	-1,951	-5,785	-5,698	-7,798
Earnings before interest, taxes and amortization (EBITA)	26,300	18,878	83,698	73,318	104,521
Amortization of intangible assets	-6,885	-8,243	-25,587	-25,407	-36,747
Earnings before interest and taxes (EBIT)	19,415	10,635	58,111	47,911	67,774
Results from associates recognized at equity	-204	42	-668	55	-911
Financial income	-194	1,980	2,893	12,925	14,136
Financial expenses	-3,250	-6,651	-11,012	-14,619	-18,795
Earnings before taxes (EBT)	15,767	6,006	49,325	46,271	62,204
Taxes on income of the period	-6,212	-1,080	-17,347	-16,298	-23,582
Consolidated net income of the periode from continuing operations	9,555	4,926	31,977	29,973	38,622
Discontinued operations					
Profit for the period from discontinued operations	0	0	0	0	0
Consolidated net income of the period	9,555	4,926	31,977	29,973	38,622
of which: allocated to parent company	9,623	4,988	32,047	29,955	38,494
of which: allocated to minority interests	-68	-62	-70	18	128
Earnings per share					
undiluted (EUR)	0.19	0.10	0.64	0.60	0.77
diluted (EUR)	0.19	0.10	0.64	0.60	0.77
Additional information:					
Cash net income (EUR)	15,391	12,991	54,449	53,712	72,865
Cash net income per share (EUR)	0.31	0.26	1.10	1.08	1.47

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

Interim Statement of Comprehensive Income

for the reporting period of 1 January - 30 September 2016

EUR '000	01.07.-30.09. 2016	01.07.-30.09. 2015	01.01.-30.09. 2016	01.01.-30.09. 2015	01.01.-31.12. 2015
Consolidated net income for the period	9,555	4,926	31,977	29,973	38,622
Other results					
Items that will not be reclassified to profit or loss at a future point in time					
Acturial gains and losses on defined benefit plans	-642	2,386	-1,889	2,216	-893
Deferred taxes on acturial gains and losses on defined benefit plans	130	-594	442	-549	120
Items that will be reclassified to profit or loss at a future point in time when specific conditions are met					
Cash flow hedges					
of which in equity	0	0	0	0	0
of which income	0	0	0	0	0
Deferred taxes on cash flow hedges	0	0	0	0	0
Currency conversion differences	159	-2,120	-401	-3,325	-3,284
Total comprehensice income for the period	9,202	4,599	30,129	28,315	34,565
of which: allocated to parent company	9,270	4,661	30,199	28,297	34,437
of which: allocated to minority interests	-68	-62	-70	18	128

Interim Cash Flow Statement

as at 30 September 2016

EUR ,000	01.07.-30.09. 2016	01.07.-30.09. 2015	01.01.-30.09. 2016	01.01.-30.09. 2015	01.01.-31.12. 2015
Group net income	9,555	4,926	31,977	29,973	38,622
Amortization of intangible assets, plant and equipment	8,909	10,138	31,372	31,103	44,544
Earnings on sale of fixed assets	-22	-42	-733	-120	-176
Change in provisions (inlcuding income tax liabilities)	-4,803	435	-6,303	2,943	23,495
Change in deferred taxes	808	5,071	-3,880	6,496	-11,554
Other non-cash earnings/expenditure	-404	-2,174	404	-13,079	-11,966
	14,042	18,354	52,837	57,316	82,965
Change in inventories	-585	-535	-1,507	-723	-584
Change in trade receivables	6,770	18,398	-4,338	999	-12,983
Change in income tax receivables	-415	-3,288	-1,517	-2,855	694
Change in other receivables	-3,047	31	-4,767	-4,924	-2,470
Change in trade accounts payable	87	2,263	-1,797	-3,404	1,456
Change in other liabilities	-3,242	-20,629	12,329	10,769	4,169
Cash flow from operating activities	13,610	14,594	51,241	57,177	73,247
Cash flow on disposals of intangible assets	119	1	119	14	82
Cash outflow for capital expenditure in intangible assets	-3,834	-2,908	-10,853	-11,431	-17,602
Cash inflow on disposals of sales of property, plant and equipment	253	264	2,348	568	544
Cash outflow for capital expenditure in property, plant and equipment	-3,407	-2,177	-16,480	-4,351	-6,835
Cash flow for the aquisition of subsidiaries	-4,866	-3,558	-6,346	-26,947	-32,103
Cash outflow for the aquisition of subsidiaries from prior periods	0	-1,088	-925	-1,088	-940
Cash inflow from disposal of subsidiaries	0	0	0	0	0
Cash outflow for capital expenditure in joint ventures	-1,502	-2,508	-2,756	-2,508	-3,782
Cash flow from investing activities	-13,238	-11,973	-34,894	-45,742	-60,636
Paid share capital from minorities shareholders	0	0	0	0	0
Dividends paid	0	0	-17,403	-17,403	-17,403
Capital contributions from non-controlling interests	0	0	0	0	0
Purchase of minority interest	0	0	0	-36	-150
Cash inflow from assumption of loans	27,038	18,273	58,803	58,869	69,595
Cash outflow from the repayment of loans	-27,013	-15,620	-56,649	-49,717	-61,105
Cash flow from financing activities	26	2,653	-15,289	-8,287	-9,063
Cash and cash equivalents at the beginning of the period	0	0	25,057	21,465	21,465
Change in cash an cash equivalents	397	5,273	1,058	3,149	3,548
Changes in cash due to exchange rates	81	-163	120	48	44
Cash and cash equivalents at the end of the period	478	5,110	26,234	24,662	25,057
Interest paid	2,065	3,390	8,830	10,698	16,873
Interest received	263	142	703	357	829
Income tax paid	640	3,234	16,399	12,047	13,299
Income tax received	0	120	0	357	0

Interim Changes in Consolidated Equity

as at 30 September 2016

EUR '000	Share capital	Treasury shares	Reserves	Accumulated other comprehensive income: Cashflow hedges	Accumulated other comprehensive income: Currency conversion	Attributable to owners of CompuGroup Medical SE	Non-controlling interest	Total equity
Balance as at 01.01.2015	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	34,565
Other results	0	0	0	0	0	0	0	0
Changes in the fair value of cashflow hedges	0	0	0	0	0	0	0	0
Reversals 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 period	0	0	37,721	0	-3,284	34,437	128	34,565
Transactions with shareholders								
Capital contributiion	0	0	0	0	0	0	0	0
Dividend distribution	0	0	-17,403	0	0	-17,403	-29	-17,432
Stock options programm	0	0	0	0	0	0	0	0
Repurchase of treasury shares	0	0	-261	0	0	-261	261	0
Non-controlling interes from acquisitions	0	0	0	0	0	0	0	0
Additional purchase of shares from non-controlling interests after control	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
Group net income	0	0	32,047	0	0	32,047	-70	31,977
Other results								0
Changes in the fair value of cashflow hedges	0	0	0	0	0	0	0	0
Actuarial gains and losses	0	0	-1,447	0	0	-1,447	0	-1,447
Currency conversion differences	0	0	0	0	-401	-401	0	-401
Total result of the period	0	0	30,600	0	-401	30,199	-70	30,129
Transactions with shareholders								
Capital contributiion	0	0	0	0	0	0	0	0
Dividend distribution	0	0	-17,403	0	0	-17,403	-39	-17,442
Stock options programm	0	0	0	0	0	0	0	0
Non-controlling interrests from acquisitions	0	0	0	0	0	0	463	0
Additional purchase of shares from non-controlling interests after control	0	0	0	0	0	0	0	0
Repurchase of treasury shares	0	0	0	0	0	0	0	0
Issue of treasury shares	0	0	0	0	0	0	0	0
	0	0	-17,403	0	0	-17,403	424	-17,442
Changes in the scope of consolidation	0	0	0	0	0	0	0	0
Balance as at 30.09.2016	53,219	-20,292	194,825	0	-22,665	205,087	674	205,760

Explanatory notes

GENERAL ACCOUNTING PRINCIPLES FOR THE INTERIM FINANCIAL REPORT

General Accounting Principles

The accompanying condensed IFRS-Interim Financial Statement for the period ended 30 September 2016 is a Consolidated Financial Statement. Unless otherwise specified, all amounts are provided in thousands of euros (EUR thousands) or millions of euros (EUR millions). Rounding differences of +/- one unit (EUR thousands, percent, etc.) may arise as a result of calculations.

The third quarter consolidated financial statements as of 30 September 2016 have been prepared, like the Consolidated Annual Financial Statements for the year 2015, in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. This Consolidated Interim Financial Statement prepared in accordance to IAS 34 is condensed compared with the scope applied of the Consolidated Financial Statement for the full year. The accounting policies in the interim Financial Statements are consistent with those used in the Consolidated Financial Statements in 31 December 2015, with the exception of the subsequently illustrated and firstly applied revised standards. Relevant information can be found in the Consolidated Financial Statements as of 31 December 2015. This Consolidated Interim Financial Statements and the Interim Management Report were not reviewed by any auditor.

The overview below gives information about the relevant foreign exchange rates for the condensed consolidated interim IFRS-financial statements:

	Fixed rates		Average rates January - September	
1 € equals to	30.09.2015	31.12.2015	2016	2015
Denmark (DKK)	7.45	7.46	7.45	7.46
Canada (CAD)	1.47	1.51	1.47	1.40
Malaysia (MYR)	4.61	4.70	4.56	4.22
Norway (NOK)	8.99	9.60	9.37	8.82
Poland (PLN)	4.32	4.26	4.36	4.16
Romania (RON)	4.45	4.50	4.49	4.44
Sweden (SEK)	9.62	9.19	9.37	9.37
Switzerland (CHF)	1.09	1.08	1.09	1.06
Singapore (SGD)	1.52	1.54	1.52	1.53
South Africa (ZAR)	15.52	16.95	16.68	13.70
Czech Republic (CZK)	27.02	27.02	27.04	27.36
Turkey (TRY)	3.36	3.18	3.28	2.97
USA (USD)	1.12	1.09	1.12	1.11

Unless otherwise stated, all figures refer to the first nine months of 2016 and 2015 respectively. The business development showed no signs of significant cyclical fluctuations. The business volume of CompuGroup Medical SE normally tends to be higher in the second half of the year and in particular in the fourth quarter of the financial year (1 October – 31 December).

When preparing the consolidated interim financial statements, CGM's management makes estimates and assumptions in the process of applying the accounting policies that may influence the amounts of assets, liabilities and contingent liabilities as well as expense and income. Although these assumptions and estimates were made to the best knowledge of the Management Board, actual results may differ from these estimates.

The main assumptions being used for preparing the Consolidated Interim Financial Statements are identical to those used for the preparation of the Consolidated Financial Statements as at year end 31 December 2015. In addition to 2016, assumptions have been made in the determination of the personnel expenses, the provisions for post-employment benefits and anniversaries and for the tax accruals for the fiscal year.

Standards, interpretations and changes to published standards to be applied in 2016

CompuGroup Medical has applied all accounting pronouncements adopted by the EU and required to be applied as from 1 January 2016:

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
Amendments to IFRS 10, IFRS 12 and IAS 28, Investment-entities (18 December 2014)	Applying the Consolidation Exception	1 January 2016
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

In all other respects, the same accounting policies and consolidation principles are generally applied for the preparation of consolidated interim financial statements and the presentation of the prior-year comparative figures as to the consolidated financial statements for 2015. A detailed description of these accounting policies is given in the notes of the 2015 consolidated financial statements.

Amendments, standards and interpretation published by the IASB but not yet adopted into European legislation

The IASB and the IFRIC have adopted several additional standards and interpretations in 2016 and the previous years which were not yet compulsorily applicable in the financial year 2016 beginning on the 1 January. The application of these IFRS and IFRIC is depended on the adoption 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	The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard.
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
Amendments to IFRS 10 and IAS 28 (11 September 2014)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Postponed indefinitely
Amendments to 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
Amendments to 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
Clarifications to IFRS 15 (12 April 2016)	clarifying some requirements and providing additional transitional relief for companies that are implementing the new Standard	1 January 2018
Amendments to IFRS 2 (20 June 2016)	The amendments, which were developed through the IFRS Interpretations Committee, provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based payment transactions with a net settlement feature for withholding tax obligations and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.	1 January 2018
Amendments to IFRS 4 (12 September 2016)	The amendments in Applying IFRS 9 with IFRS 4 provide two options for entities that issue insurance contracts within the scope of IFRS 4: an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets (overlay approach); an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4 (deferral approach).	1 January 2018

The possibility of an early application for particular standards is given. CompuGroup Medical SE does not make use of the possibility of an early application of these standards. Currently CompuGroup Medical SE evaluates the consequences which will arise from the first time adoption of these standards.

However it is expected that IFRS 15 and IFRS 16 will have significant changes to the (interim-) consolidated financial statements due to the first time application. More detailed expectations of the application of these two standards were described in the Annual Report from 31 December 2015, on which is referred at this point.

No significant changes to the (interim-) consolidated financial statements of CompuGroup Medical SE are expected for the first time application of the other standards.

SELECTED EXPLANATORY NOTES

Changes in the business and the economic circumstances

In comparison to the financial year 2015, the third quarter of 2016 shows no significant change to the business and the economic circumstances CompuGroup Medical SE is exposed to, with the exception of the factors described in the Interim Management Report.

Consolidation companies

The Consolidated Interim Financial Statements as of 30 September 2016 include the Financial Statements of CompuGroup Medical SE and all companies controlled by CompuGroup Medical SE (subsidiaries) as of 30 September 2016. The consolidation begins from the date control is obtained and ends when control ceases to exist. Compared to the 31 December 2015 the scope of consolidation has changed as follows:

Changes in Scope of Consolidation	Germany	Foreign countries	Total
CompuGroup Medical SE and consolidated subsidiaries			
As at 1 January 2016	28	56	84
Additions	1	3	4
Disposals / Merger	1	1	2
As at 30 September 2016	28	58	86

Detailed information is described in the following section “Company acquisitions, disposals and foundations”.

Company acquisitions, disposals and foundations

The disposals result from the merger of Farmatica S.r.l., Italy, into Mondofarma S.r.l., Italy as well as from the merger of LMZ Soft AG, Germany, into CGM Clinical Deutschland GmbH (former CGM Systema Deutschland GmbH), Germany.

Due to new foundations of the CompuGroup Medical Singapore PTE. LTD., Singapore, and the CGM Software RO SRL, Romania result in additions to the consolidation scope.

Further additions result from the investments CGM executed in fiscal year 2016, the acquisitions of Micromedic GmbH and Vega Informatica e Farmatica S.r.l., Italy – along with other business combinations without effecting the scope of consolidation. In the following, the values based on the date of acquisition and its impact on the consolidated financial statements are shown

EUR '000	Total 2016	Vega Informatica e Farmacia S.r.l.	Micromedic GmbH	System Equus (MiBit)	Other Acquisitions
Purchase date		31.08.2016	30.09.2016	12.02.2016	-
Voting rights acquired in %		75%	100%	Asset Deal	-
Acquired assets and liabilities assumed recognized at acquisition date					
Non-current assets	7,198	4,443	1,435	1,320	0
Software	110	0	0	110	0
Customer relationships	6,236	3,745	1,310	1,181	0
Brands	448	328	91	29	0
Order backlog	0	0	0	0	0
Property and buildings	0	0	0	0	0
Other fixed assets and office equipment	119	85	34	0	0
Other non-current financial assets	285	285	0	0	0
Other non-current non-financial assets	0	0	0	0	0
Deferred tax assets	0	0	0	0	0
Current assets	3,080	2,894	186	0	0
Inventories	160	152	8	0	0
Trade receivables	2,410	2,320	90	0	0
Other current financial assets	300	300	0	0	0
Other current non-financial assets	126	122	4	0	0
Other assets	0	0	0	0	0
Cash and cash equivalents	84	0	84	0	0
Non-current liabilities	2,137	1,454	423	260	0
Pensions	175	175	0	0	0
Liabilities to banks	0	0	0	0	0
Other provisions	2	0	0	2	0
Other financial liabilities	0	0	0	0	0
Other non-financial liabilities	258	0	0	258	0
Other liabilities	0	0	0	0	0
Deferred tax	1,702	1,279	423	0	0
Current liabilities	2,955	2,791	164	0	0
Trade payables	675	633	42	0	0
Contingent liabilities	0	0	0	0	0
Liabilities to banks	468	433	35	0	0
Other provisions	144	62	82	0	0
Other liabilities	0	0	0	0	0
Other financial liabilities	257	252	5	0	0
Other non-financial liabilities	1,411	1,411	0	0	0
Net assets acquired	5,186	3,092	1,034	1,060	0
Purchase price paid in cash	6,430	3,300	1,650	1,480	0
Liabilities assumed	1,568	1,299	250	19	0
of which contingent consideration	494	494	0	0	0
Issued equity instruments	0	0	0	0	0
Total consideration transferred	7,998	4,599	1,900	1,499	0
Non-controlling interests	464	464	0	0	0
Goodwill	3,276	1,971	866	439	0
Acquired cash and cash equivalents	84	0	84	0	0
Purchase price paid in cash	6,430	3,300	1,650	1,480	0
Prepayments on acquisitions	0	0	0	0	0
Fair value of equity interest in the acquiree held by acquirer immediately before the acquisition date	0	0	0	0	0
Payments for acquisitions after date of acquisition	925	0	0	0	925
Cash outflow for acquisitions (net)	-7,271	-3,300	-1,566	-1,480	-925
Effects of the acquisition on Group result					
Sales revenue following date of acquisition	489	489	0	-	0
Result following date of acquisition	106	106	0	-	0
Sales revenue in 2016 (hypothetical date of acquisition 1 January 2016)	6,890	5,868	1,022	-	0
Result 2016 (hypothetical date of acquisition 1 January 2016)	1,539	1,272	267	-	0
Costs attributable to the acquisition	0	0	0	0	0

Vega Informatica e Farmacia S.r.l., Italy
At the end of August 2016, CompuGroup Medical Italia Holding S.r.l, a wholly-owned subsidiary of CompuGroup Medical SE, Germany, acquired 75 percent of the shares of the company VEGA Informatica e Farmacia S.r.l. (VEGA). Located in Pavia, Italy.

VEGA distributes software solutions for pharmacies in Italy and is with its 1,400 customers the largest external distributor of CGM's pharmacy software in Italy. Furthermore, it sells hardware as well as a wide range of additional modules and services related to information technology for pharmacies.

With this acquisition, CompuGroup Medical has strengthened its position in the Italian market for pharmacy information systems to serve now directly more than 75 percent of pharmacies and pharmacy-related service providers that use CGM's pharmacy software. VEGA branches are located in Parma, Mantua, Genua, Massa, Bergamo, Vicenza and Padua. The former shareholders will remain on board as a strategic partner.

VEGA was initially consolidated on September 1, 2016. The turnover of VEGA was at about EUR 5,472 thousand in the 2015 financial year with an EBITDA of about EUR 624 thousand. The purchase price amounted to EUR 4,599 thousand. Until closing date an amount of EUR 4,125 thousand was paid out.

The still contractually outstanding purchase price payments of EUR 825 thousand are recognized at closing date in the current purchase price liabilities with an amount of EUR 412 thousand – discounted with 2,5 percent – and in the non-current purchase price liabilities with an amount of EUR 393 thousand. In addition, there was an agreement on a "Call-put" option of another 10 percent of the shares of VEGA, which were also recognized with a fair value of EUR 494 thousand in the position purchase price liabilities. The goodwill value of EUR 1,929 thousand results from the synergies within the Group as a result of the inclusion of VEGA 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 4,074 thousand and is related to 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. Uncollectable receivables were not identified at the time of initial recognition.

Deferred tax liabilities of EUR 1,230 thousand were applied to the fair value of the acquired intangible assets excluding goodwill. There were no contingent liabilities or contingent claims identified with the initial accounting.

The initial accounting of VEGA was carried out in provisional form as at September 1, 2016, since the evaluated information of the acquired customer relationships and trademarks are not completed yet.

Micromedic GmbH, Germany
In September 2016, Turbomed Vertriebs- und Service GmbH, a wholly-owned subsidiary of CompuGroup Medical SE (CGM), Germany, acquired 100 percent of the shares of the company Micromedic GmbH, located in Neuss, Germany.

Micromedic GmbH has been distribution and service partner for the Ambulatory Information System Turbomed for a long time and thereby secures the customer service in the region North Rhine-Westphalia. Concerning the composition of an own distribution and service structure the Turbomed Vertriebs- und Service GmbH has been adopted as an important reseller.

Micromedic was initially consolidated on September 30, 2016. The turnover of Micromedic was at about EUR 1,132 thousand in the 2015 financial year with an EBITDA of about EUR 89 thousand. The purchase price amounted to EUR 1,900 thousand. Until closing date an amount of EUR 1,650 thousand was paid out. The still contractually outstanding purchase price payments of EUR 250 thousand are recognized at closing date in the purchase price liabilities.

The goodwill value of EUR 866 thousand results from the synergies within the Group as a result of the inclusion of Micromedic 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 1,402 thousand and is related to customer relationships and trademark rights. The receivables and payables associated with the acquisition, which essentially consist of trade receivables and payables, are balanced with the book value at the date of acquisition of control, which corresponds to the 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 423 thousand were applied to the fair value of the acquired intangible assets excluding goodwill. There were no contingent liabilities or contingent claims identified with the initial accounting.

The initial accounting of Micromedic was carried out in provisional form as at September 30, 2016, since the evaluated information of the acquired customer relationships and trademarks are not completed yet.

Equus Denmark

In February 2016 CGM Denmark has acquired the net assets (asset deal) of the EQUUS business from MIBIT Aps. With this transaction CGM strengthens its market position and consequently follows the strategy to become the preferred eHealth provider in Denmark. The acquired net assets before uncovering the hidden reserves were EUR 1,060 thousand.

The preliminary goodwill of EUR 439 thousand results from synergies which result from the integration of EQUUS into CGM. It is expected that the recognized goodwill will not be deductible for tax purposes.

The preliminary fair value of the acquired intangible assets excluding goodwill amounts to EUR 1,320 thousand.

The initial consolidation of the EQUUS business as of 01. March 2016 is carried out in preliminary form. The analysis of the acquired order backlog as well as the valuation of the acquired customer relationships, software and brands is not yet completed due to some not yet fully received or evaluated information.

Other acquisitions

In the other acquisitions the following transactions are taken into account:

Qualità in Farmacia, Italien

In June 2016 the CompuGroup Medical Italia Holding S.r.l. exercised the call option and acquired the outstanding 5 percent of the shares of Qualità in Farmacia. The call option has a fixed exercise price of TEUR 375, which was fully paid out. CompuGroup Medical Holding S.r.l. is now owning 100 percent of the shares of Qualità in Farmacia.

Turbomed Vertriebs- und Service GmbH

Consisting of the acquisition of 100 percent of the shares in 2014, the purchase price liability of EUR 50 thousands was paid in 2016.

EBM AG (former Dr. Ralle Medienholding GmbH)

Consisting of the acquisition of 100 percent of shares in 2013, the purchase price liability of EUR 500 thousand, which was still reported below purchase price liabilities in December 2015, was fully paid in 2016

Business combinations 2015

With respect to the purchase price allocation for Compufit BVBA, Belgium, which was acquired in 2015, the following changes occurred:

Compufit	Purchase price allocation before changes	Changes to purchase price allocation	Purchase price allocation after changes
Assets	5,243	28	5,271
Liabilities	2,743	10	2,753
Net assets acquired	**2,500**	**18**	**2,518**
Total consideration transferred	5,000	200	5,200
Goodwill	**2,500**	**182**	**2,682**

With respect to the purchase price allocation of Medicitalia S.r.l., Italy, which was acquired in 2015, the following changes occurred:

Medicitalia	Purchase price allocation before changes	Changes to purchase price allocation	Purchase price allocation after changes
Assets	1,346	9	1,355
Liabilities	428	3	431
Net assets acquired	**918**	**6**	**924**
Total consideration transferred	3,595	0	3,595
Goodwill	**2,677**	**-6**	**2,671**

The purchase price allocations for the following business combinations, which have been disclosed in the consolidated financial statements as at 31 December 2015 as "remaining additions", have changed as follows:

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
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

All together the purchase price allocations have changed as follows:

	Purchase price allocation before changes	Changes to purchase price allocation	Purchase price allocation after changes
Assets	997	31	1,028
Liabilities	505	6	511
Net assets acquired	**492**	**25**	**517**
Total consideration transferred	885	0	885
Goodwill	**393**	**-25**	**368**

Acquisitions and disposals of items of Tangible assets

In the first nine months of the financial year 2016, CompuGroup Medical SE acquired tangible assets for a total amount of EUR 16.5 million. This amount includes the acquisition of a new company aircraft. The old company aircraft was sold with a net profit of EUR 0.7 million.

Related party transactions

The related-party transactions are as follows:

	Sale of goods		Purchase of goods		Receivables		Liabilities	
EUR '000	30.09.2016	30.09.2015	30.09.2016	30.09.2015	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Related persons	28	71	259	22	1	5	195	0
Related companies	1,453	2,093	7,428	6,628	57	528	82	189
Associated companies	2,824	19	7	15	2,652	31	10	0
SUM	4,305	2,183	7,694	6,666	2,709	563	287	189

Related Persons:
The rise of the purchased goods and liabilities to related Persons results of the inclusion of the provision for the supervisory board due in December.

Related Companies:
Due to changes in accounting terms between the CGM Clinical Deutschland GmbH (former: CGM Systema Deutschland GmbH) and the mps public solutions GmbH, significant volumetric changes occurred in the reporting period regarding the existing trade relationships. With the acquisition of additional licenses and software products of the Infosoft Informations- und Dokumentationssysteme GmbH, the expenses increased slightly in this company.

Associated Companies:
The difference between the reporting period and the comparable period results primarily from rendered services of the MGS Meine Gesundheits Services GmbH.

Compliance with payment obligations and financial covenants
On the 23 September 2014 CGM entered into a new 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 SE 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). The margin was 2 percent for the first nine months.

As of 30 September 2016 EUR 180 million of the TLF and EUR 135 million of the RLF were utilized. Loan origination fees totaling EUR 3.5 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 hedge has been concluded. 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).

In the first nine months of the financial year 2016 CGM is compliant with all financial covenants entered in all of its loan agreements.

Litigation
In the first nine months of 2016 CGM reached litigation settlements in Switzerland and the Netherlands which have generated an operating income of EUR 1.8 million.

Other financial obligations and finance commitments

At 30 September 2016 CGM had open obligations from uncancellable operating leases, maturing as follows:

EUR '000	30.09.2016	30.09.2015
Within 1 year	13,762	12,672
Between 2 and 5 years	25,492	24,491
Longer than 5 years	7,092	4,034
SUM	46,346	41,197

Payments from operating lease agreements include the rent for office equipment and particularly for office buildings (without purchase option). Lease agreements are concluded for an average term of three years. The rents are fixed for three to seven years. Operating leasing relationships are recognized on a pro rata basis in the income statement.

During the financial year 2016, contingent liabilities, guarantees and other commitments did not change significantly compared to 31 December 2015.

Financial instruments

The Group has various financial assets such as trade receivables, cash and cash equivalents, which result directly from operations. The same accounting policies and valuation methods that were applied in the Financial Statements as of year-end 2015 have been applied to the company's financial instruments.

The following table presents carrying amounts and valuation of the Group's financial instruments grouped by categories according to IAS 39.

			IAS 39 valuation			IAS 17 valuation	
Categories of financial instruments in accordance with IAS 39	Category according to IAS 39	Book value as at 30.09.2016	Acquisiton costs (continued)	Fair value through profit and loss	Fair value regonized in equity	Acquisiton costs continued	Fair value as at 30.09.2016
Financial assets							
Cash and bank balances	LaR	26,234	26,234	0	0	0	26,234
Trade receivables	LaR	81,148	81,148	0	0	0	81,148
Receivables from construction contracts (PoC)	LaR	29,708	29,708	0	0	0	29,708
Other receivables	LaR	4,768	4,768	0	0	0	4,768
Finance lease receivables	-	17,736	0	0	0	17,736	18,818
Other financial assets	AfS	165	165	0	0	0	165
Securities	FVtPL	91	0	91	0	0	91
Stock options held for trading	FVtPL	0	0	0	0	0	0
Total financial assets		159,851	142,024	91	0	17,736	160,933
Financial liabilities							
Liabilities to banks	oL	357,517	357,517	0	0	0	359,597
Purchase price liabilities	oL	12,291	12,291	0	0	0	12,291
Trade payables	oL	26,227	26,227	0	0	0	26,227
Other financial liabilities	oL	26,286	26,286	0	0	0	26,286
Financial lease obligations	-	1,016	0	0	0	1,016	1,079
Interest rate swap	-	0	0	0	0	0	0
Total financial liabilities		423,337	422,321	0	0	1,016	425,480
Total per category							
Assets loans available for sale	AfS	165	165	0	0	0	165
Loans and receivables	LaR	141,859	141,859	0	0	0	141,859
Financial assets measured at fair value through profit and loss	FVtPL	91	0	91	0	0	91
Other liabilities	oL	422,321	422,321	0	0	0	424,400

Fair value measurement

The 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 the fair value as a whole, the 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, according to the current existing IFRS, 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 are non-observable parameters which have to be developed to simulate the assumptions of market participants, which they would use to evaluate the market value of assets and liabilities.

Fair value of financial assets and liabilities that are regularly measured at fair value according to the valuation hierarchies:

Assessed valuation hierarchies at fair value - financial instruments EUR '000	30.09.2016	Level 1	Level 2	Level 3
Financial assets at fair value through profit and loss	91	91	0	0
thereof securities	91	91	0	0
thereof stock options held for trading	0	0	0	0
Financial assets at fair value wihtout through equity	0	0	0	0
SUM	91	91	0	0
Liabilities at fair value through profit and loss	0	0	0	0
thereof interest rate swaps	0	0	0	0
Liabilities at fair value through equity	0	0	0	0
SUM	0	0	0	0

Securities (Level 1): The fair value of the securities in the amount of EUR 91 thousand (31. December 2015: EUR 150 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.

As of 30 September 2016 there are no financial instruments measured at Level 2 and Level 3 existing in the consolidated financial statements of CGM.

Fair value of financial assets and liabilities that are not regularly measured at fair value according to the valuation hierarchies:

EUR '000	30.09.2016	Level 1	Level 2	Level 3
Fair value of financial assets valuated at (continued) acquisition costs				
Trade receivables	81,148	0	81,148	0
Receivables from construction contracts (PoC)	29,708	0	29,708	0
Other receivables	4,768	0	2,613	2,155
Finance lease receivables	18,818	0	18,818	0
Other financial assets	165	0	0	165
SUM	134,607	0	132,287	2,320
Fair value of financial liabilities valuated at (continued) acquisition costs				
Liabilities to banks	359,597	0	0	359,597
Purchase price liabilities	12,291	0	0	12,291
Trade payables	26,227	0	26,227	0
Other financial liabilities	26,286	0	10,347	15,939
Financial lease obligations	1,079	0	1,079	0
SUM	425,480	0	37,653	387,827

POST BALANCE SHEET EVENTS

There were no post balance sheet events before the release of the financial statements.

Segment reporting

In accordance with IFRS 8 „Operating Segments" the activities of CompuGroup Medical SE are divided into operating segments for segment reporting purposes. A classification based on the individual products or services is applied for controlling purposes and for the allocation of resources. Six operating segments result from this classification. These six operating segments are aggregated into the three reporting segments HPS I (Health Provider Services I), HPS II (Health Provider Services II) and HCS (Health Connectivity Services).

The board of directors as Chief Operating Decision Maker evaluates the performance of the three reporting segments based on the reporting system and takes decisions on the allocation of resources. For the evaluation of the performance of the operating segments the board of directors use „Earnings before interest, tax, depreciation and amortization"(EBITDA) as key performance indicator, which represents the result of the individual segment.

	Segment I: Health Provider Services I (HPS I)			Segment II: Health Provider Services II (HPS II)			Segment III: Health Connectivity Services (HCS)		
EUR ´000	2016 Jan-Sep	2015 Jan-Sep	2015 Jan-Dec	2016 Jan-Sep	2015 Jan-Sep	2015 Jan-Dec	2016 Jan-Sep	2015 Jan-Sep	2015 Jan-Dec
Sales to third parties	306,370	300,511	406,612	52,982	51,300	72,801	47,120	44,354	63,587
Sales between segments	4,811	5,018	6,146	8,347	7,050	9,976	4,427	4,359	5,817
SEGMENT SALES	311,181	305,529	412,758	61,328	58,350	82,777	51,547	48,712	69,404
thereof recurring sales	234,871	226,455	303,033	30,871	27,161	38,570	14,751	14,290	19,289
Capitalized inhouse services	1,975	1,617	2,438	200	2,033	915	200	1,090	1,272
Other income	2,389	1,318	2,205	1,566	1,204	1,678	610	601	1,564
Expenses for goods and services purchased	-55,193	-60,308	-74,476	-13,115	-11,832	-18,133	-16,001	-14,816	-23,411
Personnel costs	-118,653	-114,072	-151,240	-34,793	-35,150	-47,764	-17,325	-18,490	-24,216
Other expense	-50,164	-49,295	-74,577	-8,717	-8,267	-15,936	-9,544	-8,953	-9,894
EBITDA	91,535	84,789	117,107	6,470	6,339	3,537	9,486	8,145	14,719
in % of sales	29.4%	27.8%	28.8%	10.5%	10.9%	4.9%	18.4%	16.7%	23.1%
Depreciation of property, plants and tangible assets									
Amortization of intangible assets									
Impairment for financial assets									
EBIT									
Results from associates recognised at equity									
Financial income									
Financial expense									
EBT									
Taxes on income for the period									
Profit for the period from discontinued operations									
Consolidated net income for the period									
in % of sales									
CASH NET INCOME*									

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

All other Segments			Total Segments			Consolidation adjustments			CompuGroup Medical Group		
2016	2015	2015	2016	2015	2015	2016	2015	2015	2016	2015	2015
Jan-Sep	Jan-Sep	Jan-Dec	Jan-Sep	Jan-Sep	Jan-Dec	Jan-Sep	Jan-Sep	Jan-Dec	Jan-Sep	Jan-Sep	Jan-Dec
34	54	67	406,506	396,218	543,066	0	0	-0	406,506	396,218	543,066
2,228	2,098	3,104	19,812	18,525	25,043	-19,812	-18,525	-25,043	0	0	0
2,262	2,152	3,171	426,318	414,743	568,109	-19,812	-18,525	-25,043	406,506	396,218	543,066
9	9	12	280,501	267,916	360,905	0	0	0	280,501	267,916	360,905
4,154	3,991	4,775	6,528	8,731	9,401	291	0	215	6,819	8,731	9,615
4,117	3,447	4,888	8,682	6,571	10,334	-2,260	-4,642	-6,475	6,422	1,930	3,859
-33	-30	-71	-84,343	-86,985	-116,090	11,091	12,954	15,579	-73,252	-74,031	-100,511
-8,091	-7,244	-9,758	-178,862	-174,956	-232,979	-13,766	-13,252	-17,647	-192,628	-188,208	-250,626
-9,681	-9,029	-12,190	-78,105	-75,543	-112,597	13,721	9,919	19,513	-64,384	-65,624	-93,084
-7,272	-6,712	-9,185	100,219	92,560	126,178	-10,735	-13,545	-13,859	89,483	79,016	112,319
			23.5%	22.3%	23.2%				22.0%	19.9%	20.7%
									-5,785	-5,698	-7,798
									-25,587	-25,407	-36,747
									0	0	0
									58,111	47,911	67,774
									-668	55	-911
									2,893	12,925	14,136
									-11,012	-14,619	-18,795
									49,325	46,271	62,204
									-17,347	-16,298	-23,582
									0	0	-0
									31,977	29,973	38,622
									7.9%	7.6%	7.1%
									54,449	53,712	72,865

Additional Information

FINANCIAL CALENDAR 2016/2017

Date	Event
09 November 2016	Interim Report Q3 2016
03 February 2017	Preliminary Q4/Full Year Report 2016
31 March 2017	Annual Report 2016
04 May 2017	Interim Report Q1 2017
10 May 2017	Annual General Meeting
03 August 2017	Interim Report Q2 2017
12 October 2017	Investor & Analyst Conference
09 November 2017	Interim Report Q3 2017

SHARE INFORMATION

The CompuGroup share finished the third quarter with a closing price of EUR 41.04. The average closing share price increased by 5 percent from EUR 36.85 (Q2/2016) to EUR 38.75 (Q3/2016).

The highest quoted price during the quarter was EUR 41.04 on 30 September 2016 and the lowest price EUR 35.16 on 6 July 2016.

The trading volume of CompuGroup shares was 1.9 million shares during the third quarter, down 30 percent compared to the previous quarter. On average, the daily trading volume was approximately 28,000 shares (daily average in 2015: approximately 45,000).

By the end of September 2016, a total of eight analyst companies were covering the CompuGroup Medical share on a regular basis. The forecast price targets ranged from EUR 35.00 to EUR 48.00. Five analysts rated the shares a buy and two analysts as hold.

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Management Responsibility Statement

To the best of our knowledge, and in accordance with applicable accounting principles for interim financial reporting, the consolidated interim financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the Group interim management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group over the remainder of the financial year.

Koblenz, 9 November 2016

CompuGroup Medical Societas Europaea
The Management Board

Frank Gotthardt | Frank Brecher | Uwe Eibich | Christian B. Teig

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Synchronizing Healthcare

CompuGroup
Medical