CompuGroup Medical AG

Financial Report
1 January - 30 June 2014

Synchronizing Healthcare

CompuGroup
Medical

Contents

Key Events and Figures

+ Second quarter revenue of EUR 126.3 million, an increase of 15 percent compared to the same period of 2013
+ Organic growth of 8 percent at constant exchange rates
+ Operating profit (EBITDA) of EUR 23.3 million, up from EUR 18.7 million last year
+ Telematics Infrastructure project in Germany on track
+ Continued positive development in US market
+ 2014 guidance reaffirmed

EUR ´000	01.04 - 30.06 2014	01.04 - 30.06 2013	Change	01.01 - 30.06 2014	01.01 - 30.06 2013	Change
Revenue	126,344	109,518	15%	248,411	223,037	11%
EBITDA	23,288	18,698	25%	45,254	44,186	2%
margin	*18%*	*17%*		*18%*	*20%*	
EBITA	21,277	16,804		41,302	40,430	
margin	*17%*	*15%*		*17%*	*18%*	
EPS (EUR)	0.13	0.02		0.23	0.23	
Cash net income (EUR)*	13,561	7,385		25,547	24,832	
Cash net income per share (EUR)	0.27	0.15	83%	0.51	0.50	3%
Cash flow from operating activities	3,386	-2,929		43,573	44,963	
Cash flow from investing activities	-11,701	-8,753		-42,347	-18,300	
of which equity acquisitions	-5,173	-1,423		-28,724	-7,629	
Number of shares outstanding (‘000)	49,724	49,618		49,724	49,618	
Net debt	315,724	240,261		315,724	240,261	

* 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 AG Group (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 250,000 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 3,949 full-time equivalent employees during the second quarter of 2014 (previous year: 3,413). As at 30 June 2014, the total number of full time equivalent employees in group companies was 3,939 (previous year: 3,516). Personnel expenses during the second quarter of 2014 was EUR 62.8 million (previous year: EUR 54.7 million) and consists mainly of salaries, social security contributions and related expenses. In addition, variable performance-based pay may be granted to senior executives and sales staff.

COURSE OF BUSINESS

The following sections describe the main operational developments during the second quarter of 2014.

Ambulatory Information Systems

The doctor and dental software business in Europe had a good second quarter with 12 percent year-on-year organic growth at constant exchange rates. In Germany, a significant part of the growth is related to the Telematics Infrastructure and Electronic Health Card (eGK) project.

In the United States, a temporary decline in revenue was expected due to a transition to a more subscription based business model and the ending of some legacy product lines. Revenue of EUR 8.9 million (USD 11.9 million) corresponds to -7 percent year-on-year contraction (-4 percent at constant exchange rates). Sequentially, revenue grew from EUR 8.3 million (USD 11.4 million) in the first quarter 2014. In terms of sales and order bookings, the outcome in the second quarter 2014 shows continued improvement and was over 60 percent higher than the same period last year (USD 5.0 million vs. USD 3.1 million) and also sequentially higher than in the first quarter this year (USD 5.0 million vs. USD 4.5 million). CGM software solutions and services do meet the needs of the market very well and CGM will continue to expand the direct sales force in the US throughout 2014 to further strengthen distribution and restore organic growth in the US business.

For the further development of the US business, a rotation in the US leadership team has been made with Werner Rodorff stepping in as new CEO of CGM US. Werner Rodorff has been part of the US leadership for more than 5 years and he brings with him a wealth of knowledge and experience from close to 30 years of working in healthcare IT.

Telematics Infrastructure and Electronic Health Card (eGK)

In December 2013, CGM won the tender advertised by the Society for Telematic Applications for the German Health Card (gematik) in a consortium with Booz & Company and KoCo Connector AG. The tender is for the online rollout of the second level testing for the telematic infrastructure in one of two test regions in Germany. CompuGroup Medical Deutschland AG's share of the tender's contract value is approximately 20 million Euros with all material deliveries in 2014 and 2015. A further approximately EUR 6 million of revenue from this tender award is expected in other Group companies in the same delivery period.

The project for the introduction of telematics infrastructure and first applications has continued during the second quarter with the development, construction and integration of the infrastructure components as well as the roll-out of the central network. In a first step, the specialist services of the health insurance companies to support the insured master data management (VSDM) were connected to the network in June. The full development of the central network is scheduled to be completed by the end of 2014.

As for the decentralized components (card, card terminals, connectors), certain functional enhancements and technical improvements were introduced in consultation with the shareholders of gematik during the second quarter. This has delayed the start of the testing of VSDM previously targeted for the fourth quarter of 2014. This is now expected in Q2 2015 with testing of all participants and with commissioning and approval having been completed beforehand. According to current planning, the testing of the qualified electronic signature (QES) will be tested alongside the testing of VSDM.

After successful completion of the testing and parallel evaluation the telematics infrastructure network will be ready for the nationwide connection of all clinics and hospitals in Germany.

The Telematic Infractructure is a long-term growth opportunity for CGM and the pilot project is only the first stage in a transformation to a significantly higher revenue opportunity. With a potential full rollout (est. begin 2016) CGM has the opportunity to sell new eGK-compliant online access products to all existing customers in Germany: ~44,200 doctors offices (69,400 doctors), ~15,000 dentists offices (19,800 dentists), ~4,000 pharmacies (8,000 pharmacists), ~100 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.

Acquisition of sales and service partners in Germany

CGM currently serves approximately 60,000 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 approx. 150 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 are currently being performed.

In May 2014, the acquisition of a sales and service partner in southern Germany was made, the company SMS GmbH, headquartered in Trossingen (Black Forest). Furthermore, the Corent group of companies was acquired in June, with locations in Hamburg, Kiel and Schwerin. These companies combined generated approximately EUR 3.5 million of revenue in 2013 with an EBITDA-margin of approximately 10 percent.

Pharmacy Information Systems

As expected, the pharmacy software business had a good second quarter with 10 percent organic growth in the established German market and a further 33 percent growth contribution from the new companies in Italy which were acquired in July 2013.

The announcement from Microsoft to cease support for Windows XP and Office / Word 2003 in 2014 has triggered a robust demand for system upgrades in Germany to the fully touch-enabled program WINAPO® 64 and the designer hardware WINAPO ® One, an integrated computer-monitor solution which make the pharmacies everyday life more efficient. A strong market for system upgrades is expected to remain during 2014.

Hospital Information Systems

In the hospital segment, the start to 2014 has been less than satisfactory with weak revenue and -3 percent year-on-year contraction in the second quarter. Good growth is seen in the markets in Poland and Switzerland whereas the markets in Austria and Germany are currently in a stagnant phase.

Communication & Data

As expected, the revenue level in Communication & Data continues to decline also in 2014, driven by regulatory changes and shifting priorities within the main customer group being pharmaceutical companies. No other material developments were experienced during the second quarter of 2014.

Workflow & Decision Support

The second quarter of 2014 have developed as expected, also considering declining revenue from maintenance of old administrative software applications for German insurance companies, products which were phased-out during 2013 but still running in the second quarter last year. Sales of CompuGroup's drug database tool ipC3 to 3rd party software vendors continue at a steady pace and the North Rhine-Westphalia medication account record project is progressing as planned. Some new workflow & decision support contracts have also been signed, but the pace of such new business is slow with long sales and implementation cycles.

RESULTS OF GROUP OPERATIONS

Unless stated otherwise, all figures in the management report refer to the second quarter of 2014 and 2013 respectively, i.e. the three-month period 01.04 – 30.06 (Q2).

Revenue

Group revenue in the second quarter of 2014 was EUR 126.3 million compared to EUR 109.5 million in the same period last year. This corresponds to 15 percent growth. Acquisitions give a 9 percent contribution to growth and organic growth was 6 percent (8 percent at constant exchange rates).

In the HPS I segment, second quarter revenue was EUR 92.5 million compared to EUR 77.0 million in 2013. This corresponds to 20 percent growth. Acquisitions give a 12 percent growth contribution and organic growth was 8 percent (10 percent at constant exchange rates). Second quarter revenue in Ambulatory Information Systems (AIS) was EUR 73.9 million compared to EUR 63.9 million in 2013. This corresponds to 16 percent growth of which organic growth was 8 percent (10 percent at constant exchange rates). The European AIS business had a good quarter with 10 percent organic growth (12 percent at constant exchange rates). In the United States, revenue grew sequentially from EUR 8.3 million (USD 11.4 million) in the first quarter 2014 to EUR 8.9 million (USD 11.9 million) in the second quarter. Second quarter revenue in Pharmacy Information Systems (PCS) was EUR 18.6 million compared to EUR 13.1 million in 2013. This represents 43 percent growth of which 10 percent is organic growth.

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

EUR m	01.04-30.06 2014	01.04-30.06 2013	Change	01.01-30.06 2014	01.01-30.06 2013	Change
Ambulatory Information Systems	73.9	63.9	16%	145.9	130.0	12%
Pharmacy Information Systems	18.6	13.1	43%	36.8	26.5	39%
SUM	92.5	77.0	20%	182.7	156.5	17%

In the HPS II segment, the year-on-year organic contraction in Hospital Information Systems (HIS) was -3 percent going from the second quarter 2013 to 2014.

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

EUR m	01.04-30.06 2014	01.04-30.06 2013	Change	01.01-30.06 2014	01.01-30.06 2013	Change
Hospital Information Systems	18.7	19.3	-3%	36.6	38.7	-6%
SUM	18.7	19.3	-3%	36.6	38.7	-6%

In the HCS segment, revenue was EUR 15.0 million compared to EUR 13.3 million in the second quarter of 2013. This represents an increase of 13 percent, all of which is organic growth. Revenue in Communication & Data contracted -10 percent, from EUR 5.4 million in the second quarter of 2013 to EUR 4.8 million in the second quarter of 2013. First time consolidation of marketing revenue in "eHealth Business Media" was EUR 0.3 million and organic contraction was -16 percent. In Workflow & Decision Support, revenue increased 20 percent, all of which is organic growth (24 percent at constant exchange rates). In the Internet Service Provider area, revenue grew sharply with 47 percent mostly related to the consolidation of KoCo Connector AG and deliveries to the Telematik Infrastructure pilot project.

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

EUR m	01.04-30.06 2014	01.04-30.06 2013	Change	01.01-30.06 2014	01.01-30.06 2013	Change
Communication & Data	4.8	5.4	-10%	9.6	10.3	-6%
Workflow & Decision Support	6.3	5.3	20%	12.9	12.2	6%
Internet Service Provider	3.8	2.6	47%	6.4	5.3	23%
SUM	15.0	13.3	13%	29.0	27.7	5%

Changes to currency exchange rates reduced Group revenue by EUR 1.4 million going from the second quarter of 2013 to the second quarter of 2014.

Profit

Consolidated EBITDA amounted to EUR 23.3 million compared to EUR 18.7 million in the second quarter of 2013. The corresponding operating margin was 18 percent compared to 17 percent in 2013. Although an improvement from last year, the operating margin also in 2014 remains lower than the Group's inherent potential and the main reason for this are:

+ EUR 1.5 million final earn-out payment for purchase of minority interest in CGM Lab AB, Sweden, booked as other operating expense in the second quarter 2014
+ Integration of several newly acquired companies which together leaves no operating margin on this revenue
+ Investments in product and service line expansion related to the Telematik Infrastruktur project in Germany
+ Continued investments in product and service improvements, sales and marketing in the United States
+ Continued high R&D investments in the G3 HIS 'fast-track' and G3 AIS projects
+ Direct expenses related to the roll-out of a single group-wide fully standardized ERP, CRM and CPM system

The main developments in operating expenses were:

+ Expenses for goods and services increased EUR 3.0 million year-on-year with a gross margin of 83 percent, which is identical to the second quarter last year.
+ Personnel expenses are up 15 percent from last year at EUR 62.8 million (second quarter 2013: 54.7 million). 8 percent of this increase (EUR 4.4 million) is attributable to new employees in companies acquired during the last 12 months.
+ Other expenses are EUR 1.4 million higher than last year at EUR 20.9 million (second quarter 2013: 19.5 million). EUR 2.3 million of this increase is related to other expenses in companies acquired during the last 12 months and EUR 1.5 million is related to the final earn-out payment for purchase of minority interest in CGM Lab AB

Depreciation of tangible fixed assets in the second quarter is mostly unchanged from last year at EUR 2.0 million. Amortization of intangible fixed assets went from EUR 7.5 million in 2013 to EUR 8.0 million in 2014. This is primarily driven by the amortization of intangible assets related to companies acquired during the last 12 months as well as adjustments to the useful life of intangible assets and changes in foreign exchange rates.

Financial income increased from EUR -0.7 million in the second quarter 2013 to EUR -0.3 million this year due largely to changes in currency exchange rates which lead to non-cash translation gains and losses on Group internal debt.

The financial expense decreased from EUR 6.2 million in the second quarter 2013 to EUR 4.1 million in the same period this year and is composed of the following items:

EUR m	01.04 - 30.06 2014	01.04 - 30.06 2013	01.01 - 30.06 2014	01.01 - 30.06 2013
Interest and expenses on syndicated loan facility	2,903	2,534	5,395	4,940
Interest and expenses on other loans and financial services	2,146	844	3,637	2,140
Changes in purchase price liabilities	-947	557	-293	1,077
Translation loss on non-Euro internal debt	-39	2,285	868	2,737
SUM	4,062	6,220	9,606	10,894

After tax earnings came in at EUR 6.3 million in the second quarter of 2014, up from EUR 1.2 million in the second quarter of 2013. The tax rate was 34 percent in the second quarter this year compared to 51 percent in the second quarter of 2013. 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 7.4 million in the second quarter 2013 to EUR 13.6 million in the second quarter 2014, corresponding to a Cash net income per share of 27 Cent (Q2/2013: 15 Cent).

Cash flow

Cash flow from operating activities during the second quarter of 2014 was EUR 3.4 million compared to EUR -2.9 million in the same period 2013. The changes compared to 2013 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 18.6 million compared to EUR 13.8 million in the second quarter of 2013
+ Change in working capital gave a decrease in operating cash flow of EUR -15.2 million compared to EUR -16.7 million in the second quarter 2013. For both years, this is mostly related to pre-payments on software maintenance received in the first quarter which is being amortized in subsequent periods

Cash flow from investment activities during the second quarter of 2014 amounted to EUR -11.7 million compared to EUR -8.7 million in the same period last year. During the second quarter of 2014, CGM's capital expenditure consisted of the following:

EUR m	01.04. - 30.06. 2014	01.04. - 30.06. 2013
Company acquisitions	-3.0	-0.8
Purchase of minority interest and past acquisitions	-2.1	-0.6
Disposal of subsidiaries	0.4	0.0
Capitalized in-house services and other intangible assets	-4.8	-5.1
Office buildings and property	-0.5	0.0
Other property, plant and equipment	-1.7	-2.2
SUM	-11.7	-8.7

The company acquisitions relate to the acquisition of AIS sales and service partners in Germany.

Cash flow from financing amounted to EUR -6.9 million in the second quarter 2014 (previous year: EUR 10.2 million) and relates to a dividend payment of EUR 17.4 million and the net cash inflow from assumption and repayment of loans.

Statement of financial position

Since the statement of financial position from 30 March 2014, total assets decreased by EUR 17.8 million to EUR 715.3 million as at 30 June 2014. The largest changes to individual asset classes are a EUR 15.0 million decrease in cash and cash equivalents and a EUR 4.9 million decrease in income tax claims. For all other assets there are only minor changes during the second quarter of 2014.

Group equity was EUR 179.7 million as at 30 June 2014, down from 188.8 million as at 31 March 2014. The decrease in equity comes after consolidating EUR 6.3 million in net profit for the period from 01 April 2014 to 30 June 2014 less EUR -17.4 million in dividend payment and EUR 2.0 million from the equity effect from changes in currency exchange rates and change in interest rates (actuarial gains and losses from pensions) and change in market value of interest rate swaps. The equity ratio is at 25.1 percent as at 30 June 2014.

The biggest changes to liabilities are increases in long and short term debt of EUR 11.9 million and a EUR 20.9 million decrease in current non-financial liabilities mostly related to a seasonal decrease in pre-payments of software maintenance contracts balanced under other liabilities.

Reasearch & Development

Under IAS 38, development work on internally generated software must be capitalized if certain criteria are fulfilled. This generated EUR 1.9 million additional operating profit for the Group during the second quarter of 2014 (previous year EUR 2.0 million), less amortization and write-downs of EUR 0.6 million during the same period (previous year EUR 0.7 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

Revenue in the second quarter of 2014 was in line with internal plans. For the remainder of 2014, CGM has the following update on revenue per business segment.

+ AIS: Revenue recognized from the Telematics Infrastructure project is expected to increase in the coming quarters and a gradual return to growth in the US is also expected during 2014 based on current booking trends. Other areas are expected to continue as today. Expected full year AIS revenue remains unchanged at EUR 294 million to EUR 300 million. Directionally, revenue may also exceed the high end of the range.
+ PCS: The positive market and development in the second quarter is expected to continue throughout the year. Expected full year PCS revenue remains unchanged at EUR 73 million to EUR 74 million. Directionally, revenue may also exceed the high end of the range.
+ HIS: Based on current backlog and booking trends, CGM does not expect a short-term improvement in the hospital business. Effects from current initiatives can potentially improve revenue in the second half of the year and expected full-year HIS revenue remains unchanged at EUR 80 million to EUR 82 million. Directionally, revenue may also fall short of the low end of the range.

+ C&D: The market and development in the second quarter is expected to continue throughout the year with some quarterly fluctuations. Expected full year C&D revenue remains unchanged at approximately EUR 21 million.
+ W&DS: Some sequential growth in revenue is expected based on extension of existing contracts and also some new contracts signed. Expected full year W&DS revenue remains unchanged at EUR 26 million to EUR 27 million.
+ AIS: Revenue recognized from the Telematics Infrastructure project is expected to increase in the coming quarters. Other areas are expected to continue as today. Expected full year ISP revenue remains unchanged at approximately EUR 16 million.

In terms of profitability, there is no change to the outlook and 2014 is expected to be a year of investment with no margin expansion relative to 2013. For the remainder of 2014, operating margin (EBITDA margin) is expected to be in the range of 21-23 percent, driven by increased high margin revenue in the AIS and HIS segments on a steady cost base. The sequential revenue increase comes primarily from normal seasonality in the hospital business as well as regional projects and special modules for doctors paid by the public sector in certain markets. For full year 2014, the operating margin is expected to be in the range of 20-21 percent.

In addition, revenue from the AIS sales and service partners in Germany acquired during the second quarter of 2014 is expected to amount to EUR 4 million for the remainder of 2014 with no significant EBITDA contribution net of transaction and integration costs.

In summary, CompuGroup Medical reaffirms the guidance for 2014 as:

+ Group revenue is expected to be in the range of EUR 514 million to EUR 524 million.
+ Group operating income (EBITDA) is expected to be in the range of EUR 100 million to EUR 110 million.

The foregoing outlook is given as at August 2014 and does not include revenue and costs associated with potential and currently undetermined further acquisitions during 2014. The outlook for 2014 represents management's best estimate of the market conditions that will exist in 2014 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 AG annual report of 2013. 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 2013. Risks that may impact the company as a going concern were not evident during the first six months of 2014, 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 June 2014

ASSETS

	30.06.2014 EUR '000	30.06.2013 EUR '000	adjusted 31.12.2013 EUR '000
Non-current assets			
Intangible assets	502,897	448,489	486,149
Tangible assets	62,405	58,816	61,224
Financial assets			
Interests in affiliates (valued as equity)	705	642	637
Other Investments	80	128	130
Trade receivables	9,254	8,754	8,915
Other financial assets	1,502	9,509	1,831
Derivative financial instruments	6,056	4,417	6,056
Deferred taxes	2,093	2,120	1,764
	584,993	532,875	566,706
Current assets			
Inventories	6,808	3,925	4,185
Trade receivables	93,076	70,810	75,861
Other financial assets	3,772	4,724	3,223
Other non-financial assets	10,847	10,159	8,771
Income tax claims	4,048	3,773	8,547
Securities (recognized as profit of loss as fair value)	166	94	165
Cash and cash equivalents	11,562	14,360	23,453
	130,279	107,845	124,205
Assets of disposal group classified as held for sale	0	4,628	381
	715,272	645,348	691,292

SHAREHOLDER EQUITY AND LIABILITIES

	30.06.2014 EUR '000	30.06.2013 EUR '000	adjusted 31.12.2013 EUR '000
Shareholder Equity			
Subscribed capital	53,219	53,219	53,219
Treasury shares	-20,292	-20,903	-20,292
Reserves	151,347	140,821	155,842
Capital and reserves allocated to the shareholder of the parent company	184,273	173,137	188,769
Minority interests	-4,567	-126	-4,102
	179,706	173,011	184,667
Long-term liabilities			
Pension provision	11,739	11,605	10,500
Liabilities to banks	279,576	190,468	278,109
Purchase price liabilities	2,486	862	2,573
Other financial liabilities	3,518	2,023	1,396
Other non-financial liabilities	3,003	2,787	3,082
Derivative financial instruments	6,549	8,839	7,852
Deferred taxes	49,135	43,995	47,603
	356,006	260,579	351,114
Current liabilities			
Liabilities to banks	47,710	64,154	43,559
Trade payables	19,119	16,668	23,076
Income tax liabilities	13,850	17,446	14,645
Provisions	24,550	22,280	24,172
Purchase price liabilities	8,208	27,784	9,394
Other financial liabilities	5,744	6,128	6,315
Other non-financial liabilities	60,380	56,127	34,147
	179,561	210,587	155,308
Liabilities associated directly with non-current assets qualified as held for sale	0	1,171	203
	715,272	645,348	691,292

Interim Income statement

for the reporting period of 1 January - 30 June 2014

EUR '000	01.04-30.06 2014	01.04-30.06 2013	01.01-30.06 2014	01.01-30.06 2013	01.01-31.12 2013
Continuing operations					
Sales revenue	126,344	109,518	248,411	223,037	459,555
Capitalized in-house services	1,898	2,039	4,445	3,878	9,651
Other Income	784	422	1,117	1,195	2,512
Expenses for goods and services purchased	-22,067	-19,077	-44,963	-39,036	-79,352
Personnel costs	-62,775	-54,675	-123,407	-108,108	-214,942
Other expense	-20,896	-19,530	-40,348	-36,780	-79,649
Earnings before interest, taxes depr. and amortization (EBITDA)	23,288	18,698	45,254	44,186	97,776
Depreciation of property, plants and tangible assets	-2,011	-1,895	-3,952	-3,756	-7,373
Earnings before interest, taxes and amortization (EBITA)	21,277	16,804	41,302	40,430	90,403
Amortization of intangible assets	-8,034	-7,536	-16,023	-15,461	-33,575
Earnings before interest and taxes (EBIT)	13,243	9,268	25,279	24,969	56,828
Results from associates recognised at equity	603	28	596	14	-20
Financial income	-320	-668	189	2,515	4,319
Financial expense	-4,062	-6,220	-9,606	-10,894	-25,918
Earnings before taxes (EBT)	9,463	2,408	16,458	16,604	35,208
Income taxes for the period	-3,170	-1,235	-5,439	-5,282	-13,033
Consolidated net income for the period from continuing operations	6,293	1,173	11,019	11,322	22,176
Discontinued operations					
Profit for the period from discontinued operations	0	69	-141	173	-457
Consolidated net income for the period	6,293	1,242	10,878	11,495	21,719
of which: allocated to parent company	6,616	1,326	11,343	11,649	23,148
of which: allocated to minority interests	-324	-84	-466	-154	-1,429
Earnings per share					
undiluted (EUR)	0.13	0.02	0.23	0.23	0.48
diluted (EUR)	0.13	0.02	0.23	0.23	0.48
Additional information:					
Cash net income (EUR)	13,561	7,385	25,547	24,832	51,663
Outstanding common shares at balance sheet day	49,724	49,618	49,724	49,618	49,724
Cash net income per share (EUR)	0.27	0.15	0.51	0.50	1.04

* 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 June 2014

EUR '000	01.04-30.06 2014	01.04-30.06 2013	01.01-30.06 2014	01.01-30.06 2013	01.01-31.12 2013
Consolidated net income for the period	6,293	1,242	10,878	11,495	21,719
Other results					
Items that will not be reclassified to profit or loss at a future point in time					
Actuarial gains and losses on defined benefit plans	128	-52	88	-104	461
Deferred taxes on Actuarial gains and losses on defined benefit plans	-30	16	-25	32	-123
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	613	1,471	1,303	3,447	4,496
of which: income	0	0		0	0
Deferred taxes on cash flow hedges	-184	-398	-391	-991	-1,349
Currency conversion differences	1,472	-3,978	604	-2,877	-1,316
Total comprehensive imcome for the period	8,293	-1,699	12,457	11,002	23,887
of which: allocated to parent company	6,906	-1,615	11,213	11,156	25,317
of which: allocated to minority interests	-324	-84	-466	-154	-1,429

Interim Cash Flow Statement

as at 30 June 2014

EUR ,000	01.04 - 30.06. 2014	01.04 - 30.06. 2013	01.01 - 30.06. 2014	01.01 - 30.06. 2013	01.01-31.12. 2013
Group net income	6,293	1,242	10,878	11,495	21,718
Amortization of intangible assets, plant and equipment	10,045	9,431	19,975	19,217	40,948
Earnings on sale of fixed assets	-6	0	-6	0	-56
Change in provisions (inlcuding income tax liabilities)	-413	-773	-444	-979	-5,284
Change in deferred taxes	2,144	1,407	1,119	-2,060	-7,033
Other non-cash earnings/expenditure	563	2,464	1,369	706	8,593
	18,626	13,771	32,891	28,379	58,886
Change in inventories	-827	-256	-2,188	-608	-266
Change in trade receivables	4,037	8,803	-8,954	-1,799	22
Change in income tax receivables	5,005	100	4,466	-1,827	-4,407
Change in other receivables	-4,125	-11	-2,459	-41	2,538
Change in trade accounts payable	-619	955	-4,918	-819	1,619
Change in other liabilities	-18,712	-26,291	24,734	21,678	-6,061
Cash flow from operating activities	3,386	-2,929	43,573	44,963	52,331
Cash flow on disposals of intangible assets	12	4	30	9	133
Cash outflow for capital expenditure in intangible assets	-4,727	-5,168	-9,290	-7,828	-16,506
Cash inflow on disposals of sales of property, plant and equipment	118	17	176	425	514
Cash outflow for capital expenditure in property, plant and equipment	-2,327	-2,183	-4,935	-3,277	-7,540
Cash flow for the aquisition of subsidiaries	-3,023	-816	-26,574	-4,031	-34,697
Cash outflow for the aquisition of subsidiaries from prior periods	-2,150	-607	-2,150	-3,598	-22,411
Cash inflow from the disposal of subsidiaries	396	0	396	0	0
Cash flow from investing activities	-11,701	-8,753	-42,347	-18,300	-80,507
Purchase of won shares	0	0	0	0	0
Dividends paid	-17,418	-17,366	-17,418	-17,366	-17,366
Capital contributions from non-controlling interests	0	0	0	0	125
Purchase of minority interests	0	0	0	0	-237
Cash inflow from assumption of loans	17,647	28,081	65,140	28,081	94,644
Cash outflow from the repayment of loans	-6,973	-595	-60,850	-42,090	-44,128
Cash flow from financing activities	-6,744	10,120	-13,128	-31,375	33,038
Cash and cash equivalents at the beginning of the period	114	0	23,453	18,953	18,953
Change in cash an dcash equivalents	-15,059	-1,562	-11,902	-4,712	4,862
Changes in cash due to exchange rates	149	36	11	119	-476
Cash and cash equivalents at the end of the period	-14,796	-1,526	11,562	14,360	23,339
Interest paid	3,432	2,497	7,238	5,794	14,505
Interest received	167	298	304	454	402
Income tax paid	4,762	1,450	8,056	4,614	30,048
Income tax received	4,453	0	4,453	0	0

Interim Changes in Consolidated Equity

as at 30 June 2014

EUR '000	Share capital	Treasury shares	Other reserves	Accumulated other comprehensive income: Other Hedges	Accumulated other comprehensive income: Cashflow conversion	Attributable to owners of CompuGroup Medical AG	Non-controlling interest	Total equity
Balance as at 01.01.2013	53,219	-20,903	161,843	-8,604	-6,176	179,379	28	179,407
Group net income	0	0	23,148	0	0	23,148	-1,429	21,719
Other results								
Cashflow Hedges	0	0	0	3,147	0	3,147	0	3,147
Actuarial gains and losses	0	0	338	0	0	338	0	338
Currency conversion differences	0	0	0	0	-1,316	-1,316	0	-1,316
Total result of the period	0	0	23,486	3,147	-1,316	25,317	-1,429	23,887
Transactions with shareholders								
Capital contributiion	0	0	0	0	0	0	125	125
Dividend distribution	0	0	-17,366	0	0	-17,366	0	-17,366
Stock options programm	0	0	0	0	0	0	0	0
Repurchase of treasury shares	0	611	1,389	0	0	2,000	0	2,000
Non-controlling interests from acquisitions	0	0	0	0	0	0	199	199
Additional purchase of shares from non-controlling interests after control	0	0	-73	0	0	-73	-164	-237
	0	611	-16,050	0	0	-15,440	160	-15,280
Changes in the scope of consolidation	0	0	-486	0	0	-486	-2.861	-3,348
Balance as at 31.12.2013	53,219	-20,292	168,792	-5,457	-7,493	188,769	-4,102	184,667
Group net income	0	0	11,343	0	0	11,343	-466	10,878
Other results								0
Cashflow Hedges	0	0	0	912	0	912	0	912
Actuarial gains and losses	0	0	63	0	0	63	0	63
Currency conversion differences	0	0	0	0	604	604	0	604
Total result of the period	0	0	11,407	912	604	12,923	-466	12,457
Transactions with shareholders								
Capital contributiion	0	0	0	0	0	0	0	0
Dividend distribution	0	0	-17,418	0	0	-17,418	0	-17,418
Stock options programm	0	0	0	0	0	0	0	0
Non-controlling interrests from acquisitions	0	0	0	0	0	0	0	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	-17,418	0	0	-17,418	0	-17,418
Balance as at 30.06.2014	53,219	-20,292	162,781	-4,545	-6,889	184,274	-4,568	179,706

Explanatory notes

GENERAL ACCOUNTING PRINCIPLES FOR THE INTERIM FINANCIAL REPORT

General Accounting Principles

The accompanying condensed IFRS-Interim Financial Statements for the period ended 30 June 2014 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 second quarter consolidated financial statements as of 30 June 2014 have been prepared, like the Consolidated Annual Financial Statements for the year 2013, in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. This Consolidated Interim Financial Statements prepared in accordance with IAS 34 is condensed compared with the scope applied of the Consolidated Financial Statements for the full year. Apart from the exceptions detailed hereinafter for new or revised standards, the accounting policies in the interim Financial Statements are consistent with those used in the Consolidated Financial Statements for the year ended 31 December 2013. Relevant information can be found in the Consolidated Financial Statements as of 31 December 2013. 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 - June	
1 € equals to	30.06.2014	31.12.2013	2014	2013
Denmark (DKK)	7.46	7.46	7.46	7.46
Canada (CAD)	1.46	1.33	1.47	1.33
Malaysia (MYR)	4.39	4.04	4.38	4.04
Norway (NOK)	8.4	7.52	8.21	7.52
Poland (PLN)	4.16	4.18	4.14	4.18
Sweden (SEK)	9.18	8.53	9.09	8.53
Switzerland (CHF)	1.22	1.23	1.22	1.23
South Africa (ZAR)	14.46	12.12	14.51	12.12
Czech Republic (CZK)	27.45	25.7	27.45	25.7
Turkey (TRY)	2.9	2.38	2.88	2.38
USA (USD)	1.37	1.31	1.36	1.31

Unless otherwise stated, all figures refer to the first six months of 2014 and 2013 respectively. The business development showed no signs of significant cyclical fluctuations. The business volume 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 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 2013. In addition, assumptions have been made in the determination of the personnel expenses and provisions for post-employment benefits.

Standards, interpretations and changes to published standards to b e applied in 2014

As from 1 January 2014 the following new, revised and amended standards have to be applied for the first time. There will be no effects on the consolidated interim financial statements of CompuGroup Medical AG for the reporting period ending on the 30 June 2014 with the exception of the first time application of the IFRS 10.

Standard	Content	Applicable from
IFRS 10	Consolidated Financial Statements	1 January 2014
IFRS 11	Joint Arrangements	1 January 2014
IFRS 12	Disclosures of Interests in Other Entities	1 January 2014
IFRS 21	Levies	1 January 2014
IFRS 10, IFRS 11 and IFRS 12, Amendments	IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interest in Other Entities - transitional provisions	1 January 2014
IFRS 10, IFRS 12 and IAS 27, Amendments	IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interest in Other Entities and IAS 27 Separate Financial Statements - investment companies	1 January 2014
IAS 27, revised	Separate Financial Statements	1 January 2014
IAS 28, revised	IAS 28, Investment in Associates and Joint Ventures	1 January 2014
IAS 32, amendment	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities	1 January 2014
IAS 36, amendment	Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
IAS 39, amendment	Financial Instruments: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014

Effects of the first time application of IFRS 10 – Consolidated Financial Statements

IFRS 10 focuses on the introduction of a single consolidation model of all companies based on the concept of subsidiaries by the parent company. The control concept is to be applied to both parent–subsidiary relations based on voting rights as well as to parent-subsidiary relations based on other contractual agreements. The control principle is defined and determined as the basis for consolidation. This definition is supported by comprehensive application guidance that indicates the different way in which a reporting entity (investor) can control another company (associated company). The accounting requirements are presented. IFRS 10 replaces the provisions regarding consolidated financial statements in IAS 27 "Consolidated and Separate Financial Statements (amended 2008)" as well as SIC-12 "Consolidation - Special Purpose Entities".

The CGM-Group management has reviewed and made an assessment of the impact of the initial adoption of IFRS 10 on 1 January 2014. It has verified whether changes will occur with regards to the control of subsidiaries and investments from the new definition of control and the IFRS 10 underlying application guidelines. Management estimates as a result of the review that the purchase of 100 percent of the shares of Imagine Editions SAS and Imagine Assistance S.a.r.l., France, with signing and payment on 16 December 2013 and closing on 16 January 2014, triggers an immediate control at the time of contract signing as a result of the seller's contractual restrictions (IFRS 10.B 24). As a consequence the consolidation of the acquired businesses would begin on the 16 December 2013. This is different to the application of IAS 27 made in financial year 2013 where control occurs at the time of closing i.e. 16 January 2014. The differences on the consolidated balance sheet of the CGM-Group resulting from the consolidation of the two companies on the basis of the preliminary purchase price allocation for 2013 are as follows:

ASSETS

EUR '000	Adjusted 31.12.2013	IFRS 10 Adjustment Imagine-Group	Original 31.12.2013
Non-current assets			
Intangible assets	486,149	24,838	461,311
Property, plant and equipment	61,224	256	60,968
Financial assets		0	
Interests in affiliates (valued at-equity)	637	0	637
Other investments	130	0	130
Trade receivables	8,915	0	8,915
Other financial assets	1,831	0	1,831
Derivative financial instruments	6,056	0	6,056
Deferred taxes	1,764	0	1,764
	566,706	25,094	541,612
Current assets			
Inventories	4,186	20	4,166
Trade receivables	75,861	886	74,975
Other fiancial assets	3,223	500	2,723
Other non-financial assets	8,771	-19,586	28,357
Income tax claims	8,547	151	8,396
Securities (recognized though profit and loss at fair value)	165	0	165
Cash and cash equivalents	23,453	114	23,339
	124,206	-17,915	142,121
Non-current assets qualified as held for sale	381	0	381
	691,293	7,179	684,114

EQUITY AND LIABILITES

EUR '000	Adjusted 31.12.2013	IFRS 10 Adjustment Imagine-Group	Original 31.12.2013
Equity			
Subscribed Capital	53,219	0	53,219
Treasury shares	-20,292	0	-20,292
Reservces	155,842	0	155,842
Capital and reserves allocated to the shareholders of the parent company	188,769	0	188,769
Minority interests	-4,102	0	-4,102
	184,667	0	184,667
Non-current liabilites			
Pensions	10,500	222	10,278
Liabilities to banks	278,108	0	278,108
Purchase price liabilities	2,573	0	2,573
Other financial assets	1,396	63	1,333
Other non-financial assets	3,082	103	2,979
Derivative financial instruments	7,852	0	7,852
Deferred taxes	47,605	5,108	42,497
	351,116	5,496	345,620
Current liabilities			
Liabilities to banks	43,558	44	43,514
Trade payables	23,076	174	22,902
Income tax liabilities	14,645	34	14,611
Other provisions	24,172	903	23,269
Purchase price liabilities	9,394	0	9,394
Other financial liabilities	6,315	265	6,050
Other non-financial liabilities	34,147	263	33,884
	155,307	1,683	153,624
Liabilities related to non-current assets held for sale	203	0	203
	691,293	7,179	684,114

Preliminary purchase price allocation Imagine-Group, France

EUR '000	Acquisition Imagine-Group France
Acquisition date	16.12.2013
Voting rights acquired in %	100
Acquired assets and liabilities assumed and recognized at acquisition date	
Non-current assets	
Software	2,261
Customer relationships	12,395
Brands	665
Other fixed assets and office equipment	255
Current assets	
Inventories	19
Trade receivables	886
Cash and cash equivalents	114
Other non-financial assets	501
Other assets	565
Non-current liabilities	
Pensions	222
Other provisions	166
Deferred tax liabilities	5,107
Current liabilities	
Trade payables	174
Liabilities to banks	45
Other liabilities	938
Other financial liabilities	265
Other non-financial liabilities	263
Net assets acquired	268
Purchase price paid in cash	18,000
Issued equity instruments	2,000
Total consideration transferred	20,000
Goodwill	9,517
Acquired cash and cash equivalents	114
Purchase price paid in cash	18,000
Cash outflow for acquisition (net)	17,886
Effects of the acquisition on Group result	
Sales revenue since acquisition date	3,972
Net result since acquisition date	159
Costs attributable to the acquisition	141

The Imagine-Group offers the software „HelloDoc", one of the best recognized software for French general practitioners, pediatricians and dentists for more than 25 years. The software is currently used by 20,000 professionals. In addition to the HelloDoc software the Imagine-group offers data and tele-secretary services to healthcare professionals. In fiscal year 2013 the Imagine-Group generated sales of EUR 7,706 thousand and a EBITDA of EUR 888 thousand. The company has 110 employees. The purchase price totaled EUR 20 million, of which EUR 18.0 million was paid in cash and EUR 2.0 million in treasury shares.

From this acquisition, CGM expects to significantly expand its business in France by offering the software products of the Imagine-Group and other value-added services.

Synergies are expected to be realized by gaining know-how and realizing cost efficiencies (e.g. within Hotline and sales partner network). The provisional goodwill of EUR 9,517 thousand results especially from the synergies within the group as a result of the inclusion of the Imagine-Group into CGM. The acquired goodwill is expected not to be applicable for income tax deduction.
The preliminary fair value of the acquired intangible assets amounted to EUR 15,321 thousand.

The receivables and payables assumed with the acquisition, which essentially consist of trade receivables and trade 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 of initial recognition. The preliminary fair value of pension liabilities or similar liabilities at the acquisition date amounts to EUR 221 thousand.

The initial disclosures for the acquisition of Imagine-Group was carried out in preliminary form, since the analysis of the acquired order backlog as well as the valuation of the acquired customer relationships, software and brands due partly not received or evaluated information.

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 2013 and the previous years which were not yet compulsorily applicable in the financial year 2014 beginning on the 1 January. The application of these IFRS and IFRIC is depended on the adoption by the EU ("endorsement")

Standard	Content
IAS 19, amendment	Employee Contributions to Defined Benefit Plans
IFRS 9	Classification and Measurement - Financial Assets
IFRS 9	Classification and Measurement - Financial Liabilities
IFRS 9	Financial Instruments: Hedge Accounting
IFRS 7 and IFRS 9, amendment	Manadatory Effective Date and Transition Disclosures
IFRS 11, amendment	Acquisition of an interest joint operation
IFRS 14	Regulatory Deferral Accounts
IFRS 15	Revenue from Contracts with Customers
Various Standards	Improvements to the International Financial Reporting Standards (Improvements Project 2010 - 2012)
Various Standards	Improvements to the International Financial Reporting Standards (Improvements Project 2011 - 2013)

The possibility of an early application for particular standards is given. CompuGroup Medical does not make use of the possibility of an early application of these standards. Currently CompuGroup Medical evaluates the consequences which will arise from the first time adoption of these standards. However it is expected that IFRS 15 will have significant changes to the (interim-) consolidated financial statements due to the first time application. From the first time application of the other standards it is expected that there will be no significant changes to the (interim-) consolidated financial statements of CompuGroup Medical.

Selected explanatory notes

Consolidation group

The Consolidated Interim Financial Statements as of 30 June 2014 include the Financial Statements of CompuGroup Medical AG and all companies controlled by CompuGroup Medical AG (subsidiaries). Consolidation begins from the date control is obtained and ends when control ceases to exist. Consolidated companies include those companies included in Financial Statements as of year-end 2013 and the newly acquired, disposed or founded subsidiaries as described in section "Company acquisitions, disposals and foundations" in the selected explanatory notes below.

Changes in the business and the economic circumstances

In comparison to financial year 2013 there have been no significant changes to the business and the economic circumstances CompuGroup Medical AG is exposed to with the exception of the factors described in the Interim Management Report.

Company acquisitions, disposals and foundations

EUR '000	Aquisition assets of vision4health Group, Germany	Acquisition of other companies
Acquisition date	06.01.2014	-
Voting rights acquired in %	n.a.	100
Acquired assets and liabilities assumed and recognized at acquisition date		
Non-current assets		
Software	5,828	5
Customer relationships	9,206	2,317
Brands	2,434	41
Order backlog	314	0
Other fixed assets and office equipment	102	138
Other financial assets	16	54
Current assets		
Inventories	228	208
Trade receivables	6,212	374
Cash and cash equivalents	160	1,421
Other non-financial assets	210	49
Other assets	0	51
Non-current liabilities		
Pensions	305	0
Current liabilities		
Trade payables	617	199
Liabilities to banks	94	37
Other liabilities	552	420
Other financial liabilities	0	63
Other non-financial liabilities	3,372	58
Net assets acquired	1,991	1,767
Purchase price paid in cash	23,551	4,606
Total consideration transferred	23,551	4,606
Goodwill	3,781	1,150
Acquired cash and cash equivalents	160	1,422
Prepayments on acquisitions	0	0
Payments for acquisitions after date of acquisition	0	2,150
Cash outflow for acquisition (net)	23,390	4,656
Effects of the acquisition on Group result		
Sales revenue since acquisition date	5,186	820
Net result since acquisition date	-1,872	226
Costs attributable to the acquisition	230	0

Acquisition of the assets of the vision4health-Group, Germany
In January 2014, CompuGroupMedical Lab International GmbH, a wholly-owned subsidiary of CompuGroup Medical AG, acquired all material assets of vision4health-Group with operations in Germany, Switzerland, Belgium and France. With more than 200 installations in Europe, vision4health is one of the leading suppliers of laboratory information systems with some of the largest and most prestigious hospitals and private laboratory groups as reference customers.

The product suite of vision4health consists of the proven and market-established 'molis' laboratory information system which supports all relevant laboratory disciplines such as biochemistry and hematology, microbiology, histopathology, blood bank administration and transfusion/transplantation medicine. Significant investments have been made over the last years to develop a new product generation named 'molis vt' based on the latest technology and most innovative work process models. Supplementary to this, the diagnostic portal 'molis vt channel' supports electronic ordering and results, paperless requests for information and findings as well as other value-added services between healthcare providers and laboratory services. The 'molis vt channel' is one of the corner stones of Diagnostic Wide Area Networks connecting doctors' offices, medical centers, wards, outpatient departments and laboratories.

The total sales revenue of the vision4health Group was in 2013 approximately EUR 13,393 thousand with an EBITDA of approximately EUR 79 thousand. The purchase price amounted to EUR 23,551 thousand was paid fully in cash. The consolidation of vision4health

Group began 6 January 2014.

From this acquisition, CGM expects to be able to significantly expand its laboratory information business in Germany, Switzerland, Belgium and France by offering innovative software products as well as services. Synergies are expected through the gaining of know-how and through cost efficiency opportunities. The preliminary goodwill of EUR 3,781 thousand results from the synergies within the Group as a result of the inclusion of vision4health Group into CGM. It is expected that the recognized goodwill will be partially deductible for tax purposes. The preliminary fair value of the acquired intangible assets excluding goodwill amounts to EUR 17,779.

The initial consolidation of the acquisition of vision4health Group as at 6 January 2014 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.

Discontinued operations

As of 1 January 2013, CompuGroup Medical Deutschland AG, a 100 percent subsidiary of CompuGroup Medical AG, acquired control in Dr. Ralle Medienholding GmbH (formerly Perikles 2013 Vermögensverwaltung GmbH), Germany and its subsidiary Ärztenachrichtendienst Verlags-AG ("ÄND"), Germany.

CGM's establishment of control over "ÄND", went hand in hand with its intention to dispose of "ÄND" completely. Until November 2013, "ÄND" was reported as a subsidiary held for sale in accordance with IFRS 5. In November 2013, CGM abandoned its intention to dispose all of "ÄND", changing it to a partial disposal. The expected purchase price as at 31 December 2013 for the business segments "Online Portals" and "Publishing business", which are held for sale and classified as a disposal group, was EUR 210 thousand.

Effective by 31 March 2014 the assets and liabilities of the business segments "Online Portals" and "Publishing business" classified as held for sale were sold for a purchase price of EUR 396 thousand.

As a result of the purchase price being higher than expected on 31 December 2013, CGM has performed an appreciation in value on intangible assets impaired on the 31 December excluding Goodwill. Due to the sale of the discontinued operations, CGM has not realized any gain or loss.

Until sale 31 March 2014, the negative net result of EUR -140 thousand of business segments which were held for sale and classified as a disposal group, was included into CGM's consolidated net income for the period. In total assets of EUR 882 thousand and liabilities of EUR 486 thousand were sold.

Acquisitions and disposals of items of tangible assets

In the first six months of the financial year 2014, CompuGroup Medical AG acquired tangible assets such as office buildings and office equipment for a total amount of EUR 4.9 million.

Related-party transactions

The related-party transactions are as follows:

	Sale of goods		Purchase of goods		Receivables		Liabilities	
EUR '000	30.06.2014	31.12.2013	30.06.2014	31.12.2013	30.06.2014	31.12.2013	30.06.2014	31.12.2013
Related Persons	16	69	69	160	6	11	0	0
Related companies	1,428	3,052	2,130	4,230	1,473	992	187	389
Associated companies	17	37	13	29	31	53	8	41
SUM	1,461	3,159	2,212	4,488	1,511	1,056	195	430

Compliance with payment obligations and financial covenants

In the first six month of the financial year 2014 CompuGroup Medical is compliant with all financial covenants entered in all of its loan agreements. Scheduled payment obligations on the SEB syndicated Term Loan Facility of EUR 15.0 million per year and other credit facilities of EUR 1.9 million were met entirely.

As at the end of the first six months the liabilities to banks increased compared to 31 December 2013 by EUR 5.6 million to EUR 327.3 million which primarily results from a higher utilization of the SEB revolving loan credit facility and the assumption of loans from new loan agreements entered in 2014.

Other financial obligations and finance commitments

As at the 30 Juni 2014 the Group had open obligations from non-cancelable operating leases, maturing as follows:

EUR '000	30.06.2014	30.06.2013
Within 1 year	10,631	12,258
Between 2 and 5 years	22,076	16,339
Longer than 5 years	6,325	8,166
SUM	39,033	36,763

Payments from operating lease agreements include rent for the Group's 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 pro rata in the income statement.

Other financial commitments did not change during the first six months compared to 31 December 2013.

Financial instruments

The Group has various financial assets such as trade receivables and cash and cash equivalents, which result directly from operations. In the first six months of financial year 2014 the same accounting policies and valuation methods that were applied in the Financial Statements as of year-end 2013 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 30.06.2014	Acquisiton costs (continued)	Fair Value through profit and loss	Fair value regonized in equity	Acquisiton costs continued	Fair Value as at 30.06.2014
Financial assets							
Cash and cash equivalents	LaR	11,562	11,562	0	0	0	11,562
Trade receivables	LaR	69,659	69,659	0	0	0	69,659
Receivanles from construction contracts (PoC)	LaR	18,135	18,135	0	0	0	16,449
Other receivables	LaR	4,952	4,952	0	0	0	5,101
Finance lease receivables	-	14,784	0	0	0	14,784	16,587
Other financial assets	AfS	80	80	0	0	0	0
Securities	FVtPL	166	0	166	0	0	166
Stock Options - held for trading	FVtPL	6,056	0	6,056	0	0	80
Total financial assets		125,393	104,387	6,222	0	14,784	119,604
Financial liabilities							
Liabilities to banks	oL	327,285	327,285	0	0	0	322,840
Purchase price liabiliites	oL	10,694	10,694	0	0	0	10,694
Purchase price liabilities	FVtPL	0	0	0	0	0	0
Trade payables	oL	19,119	19,119	0	0	0	19,119
Other financial liabilities	oL	8,096	8,096	0	0	0	8,096
Financial lease obligations	-	1,165	0	0	0	1,165	1,238
Interest rate swaps – Cash flow hedge	-	6,549	0	0	6,549	0	6,549
Total financial liabilities		372,908	365,194	0	6,549	1,165	368,536
Total per category							
Assets available for sale	AfS	80	80	0	0	0	0
Loans and receivables	LaR	104,307	104,307	0	0	0	102,770
Assets at fair value through profit and loss	FVtPL	6,222	0	6,222	0	0	246
Other financial liabilities	oL	365,194	365,194	0	0	0	360,750
Liabilities at fair value through profit and loss	FVtPL	0	0	0	0	0	0

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, 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 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.

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	30.06.2014	Level 1	Level 2	Level 3
Assets recognized at fair value through profit and loss	6,222	166	0	6,056
thereof securities	166	166	0	0
thereof stock options - held for trading	6,056	0	0	6,056
Assets recognized at fair value directly in equity	0	0	0	0
Total	6,222	166	0	6,056
Liabilities recognized at fair value through profit and loss	0	0	0	0
Liabilities recognized at fair value directly in equity	6,549	0	6,549	0
thereof Interest rate swaps -Cash flow hedges	6,549	0	6,549	0
Total	6,549	0	6,549	0

1) Securities (Level 1): The fair value of securities in the amount of EUR 166 thousand (previous year: EUR 165 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) Stock options – held for trading (Level 3): This pertains to CGM’s existing call options to acquire 90 percent of the shares in KoCo Connector AG at a fixed market price (strike price) in the amount of EUR 45 thousand. The call options can be exercised at any time until 31 December 2016 whereby the writes are granted a right of refusal. The granted call option is a financial instrument according IAS 39.9.The value of call options depends on several variables. Among other things, it varies depending on KoCo Connector AG’s enterprise value, the company’s EBITDA and the fair value of the loan granted to KoCo Connector AG. The call options’ fair value results from two possible scenarios (Scenario 1 and 2):

+ Scenario 1 “Transfer of shares from KoCo Connector AG to CGM AG” and
+ Scenario 2 “ Writer exercises right of refusal”

The fair value of the call option in the amount of EUR 6,056 thousand (previous year: EUR 4,417 thousand) is calculated as the equally weighted value from Scenario 1 “Transfer of shares from KoCo Connector AG to CGM AG” and Scenario 2 “Writer exercises right of refusal”.

The fair value was determined on the basis of business plans using the DCF method (enterprise approach). Reachable customers, the date on which the individual phase (“testing phase”, “roll-out phase”, replacement phase” and “maintenance phase”) commence and the underlying cost structure (cost of materials and operational costs) constitute material unobservable input parameters for the business plans. In addition, the amount of loans granted by CompuGroup Medical AG to KoCo Connector AG on the relevant valuation date constitutes a significant input parameter. A discount rate of 11.4 percent (previous year: 10.9 percent) was applied for calculating the value of the option.

The relationship of the unobservable input parameters at their fair value can be described as follows: The more customers that can be acquired in the imputed phases (especially the “roll-out phase”) of the underlying business plans, the higher the fair value of the call option provided that the status of the loans granted by CompuGroup Medical AG to KoCo Connector AG has not disproportionately increased in relation to it. Fluctuations can also arise due to changes in the parameters (e.g. discount rate)..

3) Interest rate swaps – Cash flow hedges (Level 2): The interest rate swaps – cash flow hedges (2014: EUR 6,549 thousand; previous year: EUR 7,852 thousand) represent the negative market values 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 are used to hedge against the effect of interest rate fluctuations. Thus, the variable interest rates of the term and multi-currency revolving loan facility were determined using interest rate swaps. The interest rate swaps (hedging transactions) were designated into a cash flow hedge under the term and multi-currency revolving loan facility. (underlying transactions) and are based entirely on long-term contracts. The nominal value of the interest rate swaps in hedge accounting amounts to EUR 250 million on 30 June 2014 and thus remained unchanged from last year. On 31 June 2014, the fixed interest rates ranged from 1.83 percent to 2,07 percent (unchanged from previous year), the variable interest rate is the 3-month EURIBOR:

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

EUR '000	30.06.2014	Level 1	Level 2	Level 3
Fair value of financial assets valuated at (continued) acquisition costs				
Trade receivables	69,659	0	69,659	0
Receivables from construction contracts (PoC)	16,449	0	16,449	0
Other receivables	5,101	0	2,325	2,775
Finance lease receivables	16,5871	0	16,587	0
Other financial assets	80	0	0	80
Total	107,876	0	105,021	2,855
Fair value of financial liabilities valuated at (continued) acquisiton costs				
Liabilities to banks	322,840	0	0	322,840
Purchase price liabilities	10,694	0	0	10,694
Trade payables	19,119	0	19,119	0
Other financial liabilities	8,096	0	6,196	1,901
Finance lease obligations	1,238	0	1,238	0
Total	361,988	0	26,553	335,435

Segment reporting

In accordance with IFRS 8 „Operating Segments" the activities of CompuGroup Medical AG 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 reportable 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 reportable 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 uses „Earnings before interest, tax, depreciation and amortization"(EBITDA) as a 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)		
	2014	2013	2013	2014	2013	2013	2014	2013	2013
EUR ´000	Jan - Jun	Jan - Jun	Jan-Dec	Jan - Jun	Jan - Jun	Jan-Dec	Jan - Jun	Jan - Jun	Jan-Dec
Sales to third parties	182,760	156,422	320,434	36,567	38,746	81,175	28,999	27,671	57,681
Sales between segments	3,111	815	7,597	5,908	3,278	12,928	2,783	244	4,608
Segment Sales	185,872	157,237	328,031	42,474	42,024	94,103	31,782	27,915	62,289
thereof recurring sales	134,998	108,658	244,806	17,671	19,153	38,432	9,044	9,686	19,328
Capitalized in-house services	865	407	1,975	0	0	0	0	0	734
Other income	680	713	1,552	536	566	1,277	824	844	1,573
Expenses for goods and services purchased	-37,444	-29,957	-60,340	-8,416	-5,462	-20,514	-5,857	-4,132	-14,075
Personnel costs	-71,624	-54,790	-114,256	-26,283	-26,471	51,402	-14,767	-15,877	-31,304
Other expense	-30,702	-25,158	-57,565	-5,272	-6,000	-11,785	-6,793	-6,146	-13,988
EBITDA	47,647	48,452	99,398	3,039	4,656	11,677	5,189	2,605	5,230
in % of sales	26.1	31.0	31.0	8.3	12.0	14.4	17.9	9.4.	9.1
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		
2014 Jan - Jun	2013 Jan - Jun	2013 Jan-Dec	2014 Jan - Jun	2013 Jan - Jun	2013 Jan-Dec	2014 Jan - Jun	2013 Jan - Jun	2013 Jan-Dec	2014 Jan - Jun	2013 Jan - Jun	2013 Jan-Dec
85	198	265	248,411	223,037	459,555	0	0	0	248,411	223,037	459,555
413	189	417	12,215	4,526	25,550	-12,215	-4,526	-25,550	0	0	0
498	387	682	260,626	227,563	485,105	-12,215	-4,526	-25,550	248,411	223,037	459,555
6	6	12	161,720	137,503	302,578	0	0	0	161,720	137,503	302,578
3,580	3,471	6,942	4,445	3,878	9,652	0	0	0	4,445	3,878	9,651
986	1,166	1,414	3,026	3,288	5,817	-1,909	-2,093	-3,304	1,117	1,195	2,512
-32	-4,056	-6,525	-51,750	-43,606	-101,454	6,786	4,570	22,102	-44,963	-39,036	-79,352
-2,925	-3,747	-5,676	-115,599	-100,885	-202,638	-7,809	-7,223	-12,304	-123,407	-108,108	-214,941
-5,238	-2,708	-3,147	-48,004	-40,012	-86,485	7,656	3,232	6,836	-40,348	-36,780	-79,649
-3,131	-5,488	-6,309	52,745	50,226	109,997	-7,491	-6,040	-12,220	45,254	44,186	97,776
0	0	0	21.2	22.5	23.9	0	0	0	18.2	19.8	21.3
-	-	-	-	-	-	-	-	-	-3,952	-3,756	-3,952
-	-	-	-	-	-	-	-	-	-16,023	-15,461	-16,023
-	-	-	-	-	-	-	-	-	0	0	0
-	-	-	-	-	-	-	-	-	25,279	24,969	56,828
-	-	-	-	-	-	-	-	-	596	187	455
-	-	-	-	-	-	-	-	-	189	2,515	189
-	-	-	-	-	-	-	-	-	-9,606	-10,894	-9,606
-	-	-	-	-	-	-	-	-	16,458	16,777	35,208
-	-	-	-	-	-	-	-	-	-5,439	-5,282	-5,439
-	-	-	-	-	-	-	-	-	-141	154	466
-	-	-	-	-	-	-	-	-	10,878	11,649	11,343
-	-	-	-	-	-	-	-	-	4.4	5.2	2.5
-	-	-	-	-	-	-	-	-	25,547	24,832	51,663

Additional Information

FINANCIAL CALENDAR 2014

Date	Event
08 May 2014	Interim Report Q1 2014
14 May 2014	Annual General Shareholder Meeting, Koblenz
07 August 2014	Interim Report Q2 2014
10 October 2014	Analyst Conference ("CGM eHealth Summit")
12 November 2014	Interim Report Q3 2014

SHARE INFORMATION

The CompuGroup share finished the second quarter with a closing price of EUR 20.81. The average closing share price in the second quarter was EUR 19.07, down from EUR 19.18 in Q1 2014.

The highest quoted price during the quarter was EUR 21.36 on 19 June 2014 and the lowest price EUR 16.86 on 23 May 2014.

The trading volume of CompuGroup shares was 2.1 million shares during the second quarter, up 3 percent compared to the previous quarter. On average, the daily trading volume was approximately 34,000 shares (daily average in 2013: approximately 34,000).

By the end of June 2014, a total of eight analyst companies were covering the CompuGroup Medical share on a regular basis. The forecast price targets ranged from EUR 19.00 to EUR 24.00. Three analysts rated the shares a "buy" and five analyst as "hold" or "neutral".

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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, 7 August 2014

CompuGroup Medical Aktiengesellschaft
The Management Board

Frank Gotthardt | Christian B. Teig | Uwe Eibich

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