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# **Financial Report** for the period 01 January - 30 September 2010

**Synchronizing Healthcare**

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# Key Events and Figures

- + Third quarter revenue of EUR 75.6 million, up from EUR 70.1 million in the third quarter of 2009
- + Operating profit (EBITDA) of EUR 18.0 million, an increase of 12 percent compared to the same period of 2009
- + Operating margin increase from 23 percent to 24 percent
- + Acquisition of Visionary Healthware Group in USA
- + More contracts with health insurance companies in Germany
- + Stabilized communication & data business expected to grow going forward
- + Adjusted 2010 revenue outlook with EBITDA guidance reaffirmed

EUR '000	01.07-30.09 2010	01.07-30.09 2009	Change	01.01-30.09 2010	01.01-30.09 2009	Change
Revenue	75,641	70,148	8%	221,628	209,797	6%
EBITDA	18,005	16,066	12%	46,309	41,141	13%
margin in %	24	23		21	20	
EBITA	16,851	15,004	12%	42,715	38,019	12%
margin in %	22	21		19	18	
EPS (EUR)	0.11	0.11	0%	0.22	0.18	22%
Cash net income (EUR)*	12,330	11,442		29,914	26,907	
Cash net income per share (EUR)	0.25	0.23	8%	0.60	0.53	11%
Cash flow from operating activities	1,961	7,563		35,561	34,262	
Cash flow from investing activities	-39,372	-8,733		-58,022	-29,811	
of which equity acquisitions	-34,859	-6,324		-42,803	-13,183	
Number of shares outstanding (,000)	50,196	50,487		50,196	50,301	
Net debt	150,666	109,434		150,666	109,434	

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

# Management report

## FINANCIAL REVIEW

Unless stated otherwise, all figures in the management report refer to the third quarter of 2010 and 2009 respectively, i.e. the three month period 01.07 – 30.09 (Q3).

### Revenue

Revenue in the third quarter of 2010 was EUR 75.6 million compared to EUR 70.1 million in the same period last year. This represents an increase of 8 percent. Acquisitions and divestitures give a net growth contribution of 2 percent and organic growth was 6 percent (4 percent at constant exchange rates).

In the HPS segment, revenue was EUR 59.8 million compared to EUR 53.2 million in the third quarter of 2009. The high margin Ambulatory Information Systems (AIS) business continues to grow strongly at 19 percent of which 14 percent is organic growth at constant exchange rates. The organic growth primarily comes from new value-added products and services sold to existing customers.

Within Hospital Information Systems (HIS) the year-on-year contraction was 2 percent going from the third quarter of 2009 to the third quarter of 2010. The contract with the Vienna Hospital Association (KAV) and other key projects are proceeding as planned. However, the relatively slow market for add-on projects and new clients experienced during the first 6 months of 2010 has continued also into the third quarter. The revenue shortfall in HIS is mostly within low margin hardware and software resale and professional services.

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

EUR m	01.07-30.09 2010	01.07-30.09 2009	Change	01.01-30.09 2010	01.01-30.09 2009	Change
Ambulatory Information Systems	43.4	36.5	19%	125.1	104.9	19%
Hospital Information Systems	16.4	16.7	-2%	50.5	53.2	-5%
<b>SUM</b>	<b>59.8</b>	<b>53.2</b>	<b>12%</b>	<b>175.6</b>	<b>158.1</b>	<b>11%</b>

Growth from acquisitions and divestitures in HPS resulted from the first-time consolidated / divested revenue of the following entities:

EUR m	First-time revenue Q3 2010
Visionary Healthware Group	1.5
Innomed	1.2
Erudis / SMI / Microcosmos	0.3
HC Advance AB (divestiture)	-1.2
<b>Sum</b>	<b>1.8</b>

Revenue in Visionary Healthware Group, USA is for the period 01.09.2010 – 30.09.2010.

In the HCS segment, revenue was EUR 15.8 million compared to EUR 16.7 million in the third quarter of 2009. This represents a decrease of 5 percent. As budgeted, revenue in Communication & Data contracted 9 percent, from EUR 8.0 million in the third quarter of 2009 to EUR 7.3 million in the third quarter of 2010. This is now a relatively stable revenue level expected to continue for the remainder of 2010.

The business volume in Workflow & Decision Support grew 7 percent, from EUR 5.7 million in the third quarter 2009 to EUR 6.1 million in the third quarter this year. The growth comes from the uptake of new products and services to health insurance companies in Germany. No revenue has been recognized to date from the variable component of the running SmartExchange contracts as the outcomes-based data is still under evaluation. This represents a potential upside in coming quarters in the event of positive evaluations. The negative growth in Internet Service Provider revenue stems from special revenue last year from migration of customers to a new technical platform in France.

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

EUR m	01.07-30.09 2010	01.07-30.09 2009	Change	01.01-30.09 2010	01.01-30.09 2009	Change
Communication & Data	7.3	8.0	-9%	20.5	24.6	-17%
Workflow & Decision Support	6.1	5.7	7%	18.2	17.0	7%
Internet Service Provider	2.4	3.0	-20%	7.1	7.7	-8%
<b>SUM</b>	<b>15.8</b>	<b>16.7</b>	<b>-5%</b>	<b>45.8</b>	<b>49.3</b>	<b>-7%</b>

In the CHS segment, there was no revenue from third parties during the third quarter of 2010. This represents no change from the third quarter of 2009. CompuGROUP sold its shares (100 percent) in medicine medienproductions GmbH at January 1st 2010 which explains the decline in total CHS revenue compared to 2009.

## Profit

Consolidated EBITDA amounted to EUR 18.0 million compared to EUR 16.1 million in the third quarter of 2009. This represents an increase of 12 percent. The corresponding operating margin increased from 23 percent in 2009 to 24 percent in 2010.

- + The gross margin for the third quarter of 2010 is 82 percent which is a normal level for Compugroup and somewhat higher than the same period last year (80 percent). The lower gross margin in 2009 is explained by more hardware and equipment revenue within HIS during the third quarter last year. The other segments (HCS and CHS) have only minor expenses for goods and services purchased.
- + Personnel expenses increased from EUR 31.7 million in the third quarter 2009 to EUR 34.6 million in the same period this year. Employees in companies acquired and divested give a net contribution of EUR 0.6 million to the change in personnel expenses. Furthermore, a significant number of new employees have been hired during 2010 to prepare CompuGROUP for expected growth in USA and other regions.
- + Other expenses increased from EUR 11.2 million in the third quarter 2009 to EUR 11.9 million in 2010. The increase is mostly related to additional costs in companies acquired since last year.

Depreciation of tangible fixed assets was EUR 1.2 million in the third quarter of 2010, up from EUR 1.1 in the same period last year. Amortization of intangible fixed assets went from EUR 6.9 million in the third quarter of 2009 to EUR 7.6 million in the third quarter of 2010. This increase comes from the amortization of purchase price allocations of acquisitions made since last year.

Financial income decreased from EUR 0.4 million in the third quarter of 2009 to EUR 0.2 million this year due to a somewhat smaller cash position held this year during the third quarter. The financial expense of EUR 1.7 million during the third quarter of 2010 is composed of the following items:

EUR m	01.07-30.09 2010	01.07-30.09 2009	01.01-30.09 2010	01.01-30.09 2009
Interest and expenses on loans	1.4	1.5	4.2	4.6
Interest and expenses on normal bank accounts and currency	0.4	0.3	1.2	1.1
Interest for purchase liabilities	0.0	-0.1	0.3	0.2
Fair value evaluation of interest SWAP	-0.4	0.5	0.6	0.5
Translation loss on non-Euro internal and external debt	0.3	-0.2	0.8	0.3
<b>SUM</b>	<b>1.7</b>	<b>2.0</b>	<b>7.1</b>	<b>6.8</b>

After tax earnings came in at EUR 5.6 million in the third quarter of 2010, compared to EUR 5.4 million in the third quarter of 2009. The tax rate was 29 percent this year compared to 17 percent in the third quarter of 2009. The different tax rates are mostly due to non-cash changes in deferred tax assets and liabilities.

Cash net income increased from EUR 11.4 million in the third quarter 2009 to EUR 12.3 million in the third quarter 2010, corresponding to a cash net income per share of 25 Cent (Q3/2009: 23 Cent)

## Cash flow

Cash flow from operating activities during the third quarter of 2010 was EUR 2.0 million compared to EUR 7.6 million in the third quarter of 2009. This development is mostly due to fluctuations in VAT payables (EUR 2.8 million), more cash tax paid (EUR 2.1 million) and other fluctuations in working capital (EUR 0.7 million).

Cash flow from investment activities during the third quarter of 2010 amounted to EUR -39.4 million compared to EUR -8.7 million in the same period last year. During the third quarter of 2010, CompuGROUP's capital expenditure consisted of the following:

EUR m	Q3/2010
Acquisition of Visionary Healthware Group (USA)	34.9
Capitalized in-house services and other intangible assets	2.6
Office buildings and property	0.8
Other property and equipment	0.8
Purchase of minority interest (Profdoc Malaysia)	0.3
<b>SUM</b>	<b>39.4</b>

Cash flow from financing amounted to EUR 54.4 million during the third quarter of 2010 and was primarily incurred from assumption of new long-term loans. The new credits consist of one EUR 30 million 5-year linearly amortizing term loan with floating interest rate and one EUR 25 million 10-year non-amortizing (bullet) assignable loan (Schuldscheindarlehen) with fixed interest rate.

### Balance sheet

Since the balance sheet of 31.12.2009, total assets increased by EUR 78.3 million to EUR 530.1 million. The largest changes to individual asset classes are a EUR 69.2 million increase in intangible assets and a EUR 6.8 million increase in cash and cash equivalents. The increase in intangible assets primarily mainly arises from the acquisition of Visionary Healthcare Group, USA and Innomed Gesellschaft für medizinische Softwareanwendungen GmbH, Austria and the increase in cash comes from the assumption of new loans. For all other assets there are only minor changes during the first nine months of 2010.

Group equity was EUR 183.6 million as at 30.09.2010, down from EUR 185.9 million as at 31.12.2009. The decrease in equity comes primarily from dividend distribution to shareholders (EUR 12.6 million) and the addition of Group net income for the first nine months of 2010 (EUR 11.1 million). The equity ratio has gone from 41 percent at the end of 2009 to 35 percent at the end of the third quarter of 2010.

Long-term liabilities increased EUR 76.0 million. This change primarily comes from the long-term portion of new loans (EUR 51.3 million) and purchase price liabilities (EUR 9.8 million) and deferred tax liabilities (EUR 13.8 million) related to the acquisition of Visionary Healthcare Group.

Under current liabilities, the changes from 31.12.2009 are related to the reduction of short-term debt (EUR -9.4 million change), the current portion of purchase price liabilities (EUR 8.8 million) mostly related to the acquisition of Visionary Healthcare Group and increased pre-payments of software maintenance contracts balanced under other liabilities (EUR 9.7 million change).

### Research and 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 third quarter of 2010 (previous year EUR 1.8 million), less amortization and write-downs of EUR 0.7 million during the same period (previous year EUR 0.9 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.

### OPERATIONAL REVIEW

CompuGROUP is currently represented with offices and employees in 18 countries. According to internal figures, CompuGROUP has software maintenance contracts in the HPS segment corresponding to approximately 236,000 healthcare professionals (doctors and dentists). Total reach across all segments is estimated at approximately 370,000 healthcare professionals.

The Group had an average of 2,803 employees during the third quarter of 2010 (previous year: 2,801). As at 30 September 2010, the total number of employees in group companies was 2,928. Personnel expenses during the third quarter of 2010 was EUR 34.6 million (previous year: 31.7 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.

The following sections describe the main operational developments during the third quarter of 2010.

#### Acquisition of Visionary Healthcare Group in USA

In August, CompuGroup entered into an agreement for the purchase of 100 percent of the shares in American Healthcare Holdings, Inc., Visionary Medical Systems, INC. and Visionary RCM, INC. ("Visionary Healthcare Group"). Visionary Healthcare Group is a provider of practice management software and electronic health records to approximately 10,000 office-based doctors in USA, and also a vendor of laboratory information systems and revenue cycle management services. Total sales in 2009 were about USD 28.0 million and EBITDA was about USD 6.2 million, with 55 percent recurring revenues plus additional 20 percent predictable and repeat revenues.

With a headquarter in Tampa, Florida, Visionary Healthcare Group serves an impressive customer base that spans the United States, covering healthcare organizations, physicians' offices and laboratories. The company was ranked #71 in the 2009 Healthcare Informatics Top 100 Healthcare Information Technology Companies list and has 200 employees, led by an experienced management team with significant domain knowledge.

This acquisition comes at a particularly exciting time in USA with the Healthcare Information Technology Economic and Clinical Health Act (HITECH) providing almost USD 20 billion to healthcare information technology aimed at Visionary's customer group. With 10,000 closely served doctors and a total network of doctors estimated at up to 60,000 (including the LIS, managed care consulting and RCM business), there are significant and untapped cross-selling opportunities in Visionary Healthcare Group based on the HITECH stimulus.

The payment for all debt and equity in the entities acquired was USD 44 million in cash plus an additional variable consideration over the next 2 years of up to USD 21 million depending primarily on the continued growth in number of users. The initial purchase price was financed through cash at hand and new long-term debt. The shares of the acquired entities are held by CompuGroup Holding USA, Inc., a wholly-owned subsidiary of CompuGroup Medical AG. The closing of the transaction was 31 August 2010 and Visionary Healthcare Group is consolidated in the Group accounts of CompuGroup beginning 1 September 2010.

### **CGM Life eServices enable online communication between the medical office and the patient**

CompuGroup Medical is one of the first companies in Germany to develop a fully integrated online service for medical offices – the CGM Life eServices. In the near future, 'onlineTerminbuchung' (online appointment scheduling), 'onlineRezepte' (online prescriptions), 'onlineBefunde' (online findings inquiries) and 'onlineSprechstunde' (online consultations) can be taken care of via the medical office website. A special point of interest for the physician: the data is fully compatible with the ambulatory information system they already use. The online services not only represent an innovative additional service for patients, they also lower administrative expenditures and efforts and cut down on phone calls. This results in the entire medical office team having more time for what is really important: patient care. After the conclusion of the current pilot program, the CGM Life eServices will be launched throughout Germany in early 2011.

### **Stabilized communication & data business expected to grow going forward**

Significant changes have happened in CompuGroup's HCS Communication & Data business over the last three years. Whereas the business volume with generic firms has been reduced, this has been partly compensated by increased revenues from original manufacturers. Twelve months ago, CompuGroup communicated that the net effect from these changes was expected to lead to a 10-20 percent decline in Communication & Data revenue in 2010 relative to 2009. After the first nine months of 2010, the full year 2010 sales to pharmaceutical producers (all countries) are now expected around 28 million, representing a decline of about 15 percent compared to the revenues realized in 2009.

Going forward, CompuGroup will continue to develop new Communication & Data products and services for pharmaceutical producers and also for other participants in healthcare. There is an increasing interest among potential buyers in CompuGroup's ability to use computer technology to give information higher salience and retention. The net effect from new market opportunities now leads CompuGroup to expect Communication & Data revenue to increase in 2011 relative to 2010.

### **New contracts signed with health insurance companies in Germany**

CompuGroup continues to develop its business relationship with health insurance funds in Germany. The product "Smart Exchange", a decision support system to safely and systematically drive higher levels of drug substitution to save care costs without sacrificing care quality, has been well received by both doctors and health insurance companies in Germany. CompuGroup has signed new contracts for Smart Exchange during the third quarter of 2010 to bring the total contract volume up to a population coverage of about 10 million people. On top of this there is a good pipeline of potential additional Smart Exchange contracts. The business model of Smart Exchange is based on a fixed and variable component which will contribute to growing revenue within Workflow & Decision Support in the coming period together with the expanding user community.

The two existing diabetes management pilots, including the AV+ pilot with AOK Hessen that has been operating since 2007, have continued unchanged during the first nine months of 2010. No new contracts were signed during the third quarter of 2010 but there is still a good pipeline for additional diabetes management contracts both in new regions and with new health insurance companies.

### **SIGNIFICANT POST BALANCE SHEET EVENT**

#### **CompuGroup acquires remaining share of Profdoc Care from Omnison AB**

CompuGroup has strengthened its position in Sweden by acquiring the remaining 49 percent share in Profdoc Care AB from Omnison AB, taking its holding in the Swedish company to 100 percent.

Profdoc Care, originally founded in the early 1990ies, develops the eHealth solution TakeCare which today is installed at Karolinska University Hospital and 5 other hospitals in Stockholm as well as it is currently being rolled out to the primary care of the region. The solution implemented, in and around Stockholm, is one of the world's largest eHealth installations with more than 30,000 users and 2,300,000 patient records in one system and one database. TakeCare will be an integrated part of CGMs Hospital solutions that are marketed and sold world-wide.

Profdoc Care will become fully integrated in CompuGroup Medical Sweden, which makes it one of the largest vendors of IT-solutions for healthcare in Sweden. A total of 200 Swedish CGM employees will work dedicated to build and implement scalable eHealth solutions with the Swedish customers.

### **REPORT ON OPPORTUNITIES AND RISKS**

As an internationally operating company, CompuGroup 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 2009. It can be downloaded free of charge from the company's website [www.cgm.com](http://www.cgm.com).

There were no substantial changes in risk positions during the third quarter 2010 in comparison to the risks presented in the CompuGroup Medical AG annual report 2009. Risks that may impact the company as a going concern were not evident during the third quarter 2010, neither in form of individual risks nor from total risk perspective for CompuGroup as a whole.

### OUTLOOK

On 12 August 2010 CompuGroup communicated, in the financial report for the second quarter of 2010, an expectation for full year 2010 revenue to be in the range of EUR 315 million to EUR 330 million and operating income (EBITDA) to be in the range of EUR 67 million to EUR 73 million.

In a separate announcement on 31 August 2010, regarding the acquisition of Visionary Healthware Group, the transaction was expected to increase Group revenue in 2010 by approximately EUR 8 million with no significant effect on EBITDA net of transaction expenses.

Since these announcements, it has become apparent that the slow market for add-on projects and new clients within hospital information systems will continue for the remainder of 2010, with a number of orders previously expected for 2010 now pushed into 2011. In the United States, CompuGroup continues to develop with high year-on-year growth rates but a more significant increase in business volume due to the HITECH act is now expected to shift into 2011. In addition, the strength of the Euro versus the US dollar, having declined almost 20 percent since the August announcements, has impacted the revenue outlook.

Considering these factors, CompuGroup adjusts the revenue outlook for the full year 2010 to still be in the range of EUR 315 million to EUR 330 million, but only including the proportional revenue from Visionary Healthware. As for 2010 operating income, there is no change to previous guidance as the high-margin European AIS and Communication & Data business is performing according to plan.

The outlook for 2010 represents management's best estimate of the market conditions that will exist in 2010 and how the business segments of CompuGroup will perform in this environment. The foregoing guidance does not include revenue and costs associated with potential and currently undetermined further acquisitions during 2010.

### GENERAL ECONOMIC CONDITIONS

#### Macroeconomic situation

The global economy continued to recover in the third quarter 2010, but with a slower pace than in prior quarters. The International Monetary Fund (IMF) expects a worldwide growth of 4.8 percent in 2010 with a slow-down to 4.2 percent in 2011. Output of emerging and developing economies that are driving the current global economy recovery is projected to expand at rates of 7.1 percent in 2010 and 6.4 percent in 2011. In advanced economies, however, growth is projected to be only 2.7 percent and 2.2 percent, respectively.

At a regional level economic developments have been varied. After a powerful upturn thanks to government intervention, the recovery of the US economy is now moderating. The IMF pulled down its estimate for 2010 growth to 2.6 percent (from 3.3 percent) and expects GDP to expand by 2.3 percent in 2011.

Asia is continuing to lead the global recovery. Economic growth in Asia remains very strong, particularly in emerging markets. The region is projected to grow by about 7.9 percent in 2010 and 6.7 percent in 2011.

Despite a gradual and uneven recovery, economic growth across Europe's euro zone is expected to accelerate this and next year. The IMF raised its growth prediction for 2010 from 1.0 to 1.7 percent in 2010. However, the situation varies considerably across countries with estimates for 2010 between -4.0 percent in Greece and +3.3 percent in Germany.

For Germany, the IMF increased growth prospects to 3.3 percent and can therefore be seen as one of the economic driving forces in Europe's euro zone. For 2011, the IMF forecasts a drop to 2.0 percent in 2011, mostly due to weak growth among its trading partners.

#### Industry developments

The German Association for Information Technology, Telecommunications and New Media (BITKOM) expects an unchanged growth of the German IT market of 1.4 percent in 2010, with an upswing to 3.8 percent in 2011. The sub-segment software is expected to grow by 0.9 percent in 2010 and 4.1 percent in 2011, the sub-segment IT related services by 2.2 percent and 5.0 percent, respectively.

#### Concluding summary

Considering the general economic trends, CompuGroup does not expect significant effects in its businesses within the 2010 financial year, the health-sector being relatively independent from general economic cycles.

### RELATED PARTY DISCLOSURES

In the reporting period, there were no reportable transactions compared to the financial statements as at 31 December 2009 and the financial report for the second quarter 2010.



# Statement of Financial Position

as at 30 September 2010

## ASSETS

	30.09.2010 EUR '000	30.09.2009 EUR '000	31.12.2009 EUR '000
<b>Non-current assets</b>			
Intangible assets	380,625	312,892	311,472
Tangible assets			
Land and buildings	22,683	24,482	22,601
Other facilities, plant and equipment	14,520	14,513	14,033
Financial assets			
Interests in affiliates (valued as equity)	1,965	1,962	1,915
Other Investments	111	167	111
Other receivables	4,340	4,029	4,092
Deferred taxes	8,414	13,091	9,338
	<b>432,658</b>	<b>371,136</b>	<b>363,562</b>
<b>Current assets</b>			
Inventories	3,049	3,865	2,992
Trade receivables	36,629	30,347	32,192
Other receivables	18,287	17,378	17,289
Income tax claims	3,200	2,461	5,675
Securities (recognized as profit of loss as fair value)	46	111	35
Cash and cash equivalents	35,895	21,805	29,110
	97,105	75,968	87,293
Non-current assets qualified as held for sale	298	0	927
	<b>530,061</b>	<b>447,104</b>	<b>451,782</b>

## SHAREHOLDER EQUITY AND LIABILITIES

	30.09.2010 EUR '000	30.09.2009 EUR '000	31.12.2009 EUR '000
<b>Shareholder Equity</b>			
Subscribed capital	53,219	53,219	53,219
Treasury shares	-14,384	-14,252	-14,384
Reserves	144,336	144,022	146,183
Capital and reserves allocated to the shareholder of the parent company	183,171	182,989	185,018
Minority interests	408	5,584	810
	<b>183,579</b>	<b>188,573</b>	<b>185,828</b>
<b>Long-term liabilities</b>			
Pension provision	959	1,555	865
Liabilities to banks	160,299	102,652	109,039
Purchase price liabilities	19,995	10,300	10,186
Other liabilities	5,151	3,704	4,120
Deferred taxes	51,033	42,480	37,246
	<b>237,437</b>	<b>160,691</b>	<b>161,456</b>
<b>Current liabilities</b>			
Liabilities to banks	25,694	28,912	35,131
Trade payables	13,758	12,972	16,859
Income tax liabilities	6,926	2,755	7,099
Provisions	13,900	14,843	14,841
Purchase price liabilities	11,175	1,871	2,334
Other liabilities	37,592	36,488	27,889
	<b>109,045</b>	<b>97,840</b>	<b>104,153</b>
Liabilities associated directly with non-current assets qualified as held for sale	0	0	345
	<b>530,061</b>	<b>447,104</b>	<b>451,782</b>

# Total Comprehensive Income Statement

for the reporting period of 1 January - 30 September 2010

	01.07-30.09 2010 EUR '000	01.07-30.09 2009 EUR '000	01.01-30.09 2010 EUR '000	01.01-30.09 2009 EUR '000	01.01-31.12 2009 EUR '000
Sales revenue	75,641	70,148	221,628	209,797	293,409
Capitalized in-house services	1,878	1,815	4,896	4,981	6,879
Other Income	318	904	870	1,453	3,182
Expenses for goods and services purchased	-13,374	-13,948	-39,764	-44,035	-61,031
Personnel costs	-34,551	-31,662	-106,374	-96,327	-130,178
Other expense	-11,907	-11,191	-34,947	-34,728	-53,089
Earnings before interest, taxes depr. and amortization (EBITDA)	18,005	16,066	46,309	41,141	59,172
Depreciation of property, plants and tangible assets	-1,154	-1,063	-3,594	-3,122	-5,461
Earnings before interest, taxes and amortization (EBITA)	16,851	15,004	42,715	38,019	53,711
Amortization of intangible assets	-7,563	-6,937	-21,276	-20,506	-28,915
Earnings before interest and taxes (EBIT)	9,288	8,067	21,439	17,513	24,796
Results from associates recognised at equity	54	49	190	49	193
Financial income	152	416	1,476	1,780	2,342
Financial expense	-1,626	-2,015	-7,024	-6,813	-9,014
Earnings before taxes (EBT)	7,868	6,517	16,081	12,529	18,317
Taxes on income for the period	-2,277	-1,084	-4,948	-3,327	-6,601
Consolidated net income for the period	5,591	5,433	11,133	9,202	11,716
of which: allocated to parent company	5,511	5,849	11,063	9,748	12,008
of which: allocated to minority interests	-81	-416	72	-546	-291
Other results					
Stock option programm	32	0	95	14	216
hereon allocated dererred tax	-9	0	-28	-3	-64
Currency conversation of the capital consolidation	-3,107	608	-100	-1,552	-4,303
Transitions consolidation	0	0	0	0	686
Total comprehensive income for the period	2,507	6,041	11,100	7,661	8,251
of which: allocated to parent company	2,588	6,457	11,028	8,207	8,542
of which: allocated to minority interests	-81	-416	72	-546	-291
Earnings per share					
undiluted (EUR)	0.11	0.11	0.22	0.18	0.24
diluted (EUR)	0.11	0.11	0.22	0.18	0.24
Cash net income (EUR)*	12,330	11,442	29,914	26,907	35,037
Cash net income per share (EUR)	0.25	0.23	0.60	0.54	0.69

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

# Cash Flow Statement

as at 30 September 2010

	01.07.-30.09 2010 EUR '000	01.07.-30.09 2009 EUR '000	01.01.-30.09 2010 EUR '000	01.01.-30.09 2009 EUR '000	01.01.-31.12 2009 EUR '000
Group net income	5,591	5,303	11,133	9,202	11,716
Amortization of intangible assets, plant and equipment	8,717	8,000	24,870	23,628	34,376
Refund preliminary purchase price	0	0	0	0	330
Earnings on sales of fixed assets	0	0	0	0	-93
Change in provisions (including income tax liabilities)	907	-383	-2,804	-5,510	-1,774
Change in deferred taxes	-2,723	-2,055	-2,863	-3,597	-1,970
Other non-cash earnings/expenditures	596	373	1,080	-1,050	-1,415
	<b>13,088</b>	<b>11,238</b>	<b>31,416</b>	<b>22,673</b>	<b>41,170</b>
Change in inventories	-505	386	119	-184	616
Change in trade receivables	-532	1,735	-1,485	-844	-2,906
Change in other receivables	-375	-51	-606	-3,725	-2,916
Change in income tax receivables	-1,141	1,729	2,488	8,992	5,826
Change in securities (valued at actual cash value)	-10	-18	-11	27	103
Change in trade accounts payables	-688	-627	-3,894	-981	3,289
Change in other short-term liabilities	-8,590	-10,075	6,503	5,184	-806
Change on other long-term liabilities	714	3,246	1,031	3,120	-371
<b>Cash flow from operating activities</b>	<b>1,961</b>	<b>7,563</b>	<b>35,561</b>	<b>34,262</b>	<b>44,005</b>
Cash inflow on disposals of sales of property, plant and equipment	53	676	1,038	1,215	767
Cash outflow for capital expenditure in property, plant and equipment	-1,641	-987	-5,411	-7,918	-10,012
Cash inflow on disposals of intangible assets	122	76	132	141	993
Cash outflow for capital expenditure in intangible assets	-2,679	-2,182	-7,930	-6,850	-9,185
Cash inflow on disposal of financial assets	0	8	0	28	0
Cash outflow for investments in financial assets	0	0	0	-400	-408
Acquisition of minority interests	-368	0	-3,048	-2,844	-7,811
Acquisition of companies less assumed cash and cash equivalents	-34,859	-6,324	-42,803	-13,183	-17,218
<b>Cash flow from investing activities</b>	<b>-39,372</b>	<b>-8,733</b>	<b>-58,022</b>	<b>-29,811</b>	<b>-42,874</b>
Purchase of own shares	0	-623	0	-4,327	-4,459
Dividends paid	0	0	-12,642	0	,0
Dividends received	0	0	200	170	170
Change in short-term purchase price liabilities	-6	200	-18	-138	-3,647
Change in long-term purchase price liabilities	-233	-246	-117	2,193	3,937
Cash inflow from assumption of loans	55,000	12,500	75,000	15,064	129,559
Cash outflow from the assumption of loans	-376	-2,443	-33,177	-11,693	-113,688
<b>Cash flow from financing activities</b>	<b>54,385</b>	<b>9,388</b>	<b>29,246</b>	<b>1,269</b>	<b>11,872</b>
Changes in cash due to exchange rates	0	0	0	0	22
Change in cash and cash equivalents	16,973	8,218	6,785	5,720	13,024
Cash and cash equivalents at the beginning of the period	0	0	29,110	16,086	16,086
<b>Cash and cash equivalents at the end of the period</b>	<b>16,973</b>	<b>8,218</b>	<b>35,895</b>	<b>21,806</b>	<b>29,110</b>
Interest paid	1,425	0	4,222	2,548	5,157
Interest received	254	293	703	961	943
Income tax paid	2,112	0	6,428	5,876	8,005
Dividends received	0	0	200	170	170

# Changes in Consolidated Equity

as at 30 September 2010

	Parent company			Total EUR '000	Minority interests EUR '000	Consolidated equity Total EUR '000
	Share capital EUR '000	Reserves EUR '000	Treasury shares EUR '000			
Balance at 31 December 2008	53,219	137,740	-9,925	181,034	1,790	182,824
Dividend distribution to minority interests	0	0	0	0	-214	-214
Minority additions from acquisitions	0	0	0	0	3,639	3,639
Additional purchase of shares from minority interests after control	0	-87	0	-87	-4,126	-4,213
Reclassification of negative minority interests	0	-12	0	-12	12	0
Purchase of own shares	0	0	-4,459	-4,459	0	-4,459
Total result of the period	0	8,542	0	8,542	-291	8,251
Balance at 31 December 2009	53,219	146,184	-14,384	185,019	810	185,828
Dividend distribution to minority interests	0	0	0	0	0	0
Dividend distribution to shareholders	0	-12,642	0	-12,642	0	-12,642
Minority additions from acquisitions	0	0	0	0	0	0
Additional purchase of shares from minority interests after control	0	-234	0	-234	-473	-707
Reclassification of negative minority interests	0	0	0	0	0	0
Revaluation reserve	0	0	0	0	0	0
Purchase of own shares	0	0	0	0	0	0
Total result of the period	0	11,028	0	11,028	72	11,100
<b>Balance at 30 September 2010</b>	<b>53,219</b>	<b>144,336</b>	<b>-14,384</b>	<b>183,171</b>	<b>408</b>	<b>183,579</b>

# Explanatory notes

## THE COMPANY

CompuGroup Medical AG (parent company) is a company registered in Germany in the commercial register of the local court of Koblenz under HRB No. 4358. The Company's registered office is at Maria Trost 21, Koblenz. The object and primary activities of the Company can be characterized as follows:

The Group is currently divided into three business areas, Health Provider Services (HPS), Health Connectivity Services (HCS) and Consumer Health Services (CHS). These areas form the basis for the Company's segment reporting.

HPS: Development and marketing of software solutions for office-based doctors, dentists and hospitals

HCS: Networking of healthcare service providers (doctors, dentists and hospitals) with other key market participants such as medical insurance companies, pharmaceutical companies and others

CHS: Products and services to cover the growing need for health information for patients

The Company's shares are traded in the official market segments of the Frankfurt Stock Exchange since 4 May 2007.

## General Accounting Principles for the Interim Financial Report

### General Accounting Principles

This condensed IFRS-Interim Financial Report for the period ended 30 September 2010 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.

This nine month financial statement has been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standard Board (IASB) as adopted by the EU and has also applied for the consolidated financial statements for the year ended 31 December 2009. Furthermore, this report has also been prepared in accordance with IAS 34 "Interim Financial Reporting".

The consolidated income statement and balance sheet comply with the subdivision presentation rules IAS 1 "Presentation of Financial Statements", whereby the income statement has been prepared under the total expense format.

Unless stated otherwise, all figures refer to the first nine month of 2010 and 2009 respectively.

This condensed nine month financial report does not contain all information and explanatory notes that would be required for consolidated annual financial statements and should be viewed in conjunction with the audited consolidated financial statements for the year ended 31 December 2009, which may be obtained from the Company's website [www.cgm.com](http://www.cgm.com).

Generally, this financial report is based on the historical cost principle. As far as nothing else is noted, all assets and liabilities are carried at historical acquisition or production cost, less required depreciation, amortization and impairment. The underlying estimates and assumptions used in the preparation of this IFRS nine month financial report have an impact on the measurement of assets (e.g. goodwill, deferred tax assets) and liabilities (e.g. provisions, purchase price liabilities), contingent assets and liabilities shown at respective statement of financial position dates, and the amount of income and expense for the reporting period. Although these assumptions and estimates were made to the best knowledge of the Management Board, actual results may differ from these estimates.

The Management Board believes that this report contains all the information and adjustments necessary to present a true and fair view of the net assets, financial position and earnings of the Company. These results for the current fiscal year do not necessarily allow conclusions to be drawn with regard to future business.

## Explanatory Notes Continued

The Company's business is not subject to significant business cycle or seasonal fluctuations.

In preparing this condensed IFRS- Interim Financial Report, the same accounting policies have been applied as for the previous consolidated financial statements as at 31 December 2009 with the exception of the following listed new IFRS-Standards and Interpretations.

### **Changes that apply from 01 January 2010**

IFRIC 15 - Agreements for construction of real estate

### **Changes that apply from 01 January 2010 but which are currently not adopted by the EU**

Amendments to IFRS 1 - First time adoption

Amendment to IFRS 2 - Share based payments

### **Annual Improvements 2009, which apply from 01 January 2010**

IFRS 5 - Non-Current assets held for sale and discontinued operations

IFRS 8 - Operating segments

IAS 1 - Presentation of financial statements

IAS 7 - Statement of cash flows

IAS 17 - Leases

IAS 18 - Revenue

IAS 36 - Impairment of assets

IAS 38 - Intangible assets

IAS 39 - Financial instruments: Recognition and measurement

### **Changes that apply from 01 February 2010**

Amendments to IAS 32 - Financial instruments: Presentation

### **Changes that apply from 01 July 2010 but which are currently not adopted by the EU**

Amendment to IFRS 1 - First-time adoption

IFRIC 19 - Extinguishing financial liabilities with equity instruments

### **Changes that apply from 01 January 2011 but which are currently not adopted by the EU**

Amendment to IAS 24 - Related party disclosures

Amendment to IFRIC 14 - IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction

### **Changes that apply from 01 January 2013 but which are currently not adopted by the EU**

IFRS 9 - Financial instruments

In general the first-time mandatory application of new IFRS could lead to changes within the currently applied accounting policies. With the exception of the mandatory application, effective for fiscal years beginning on or after 01 July 2009, IFRS 3 (rev. 2008) - Business combinations and IAS 27 (rev. 2008) - Consolidated and separate financial statements, no further impacts which will have substantial effect on the Group's accounts are expected. The impacts on Group's accounts arising from the first-time application of IFRS 9-financial instruments (effective from 01 January 2013) which will replace currently applied IAS 39 financial instruments are still not foreseeable.

This condensed IFRS-Interim Financial report for the period ended 30 September 2010 was not submitted to an audit according to §317 German Commercial Code (HGB) as well as not reviewed by the auditors.

### **Consolidation Principles**

The same consolidation principles have been applied as in the previous consolidated financial statements for the year ended 31 December 2009, which contain a detailed explanation of these principles.

### **Reporting Entity Structure**

The nine month financial report includes the financial statements of the Company and companies under its control (its subsidiaries) as at 30 September 2010.

All of CompuGroups's consolidated financial statements are prepared according to consistent accounting policies. Shares in associated companies substantially controlled by the Company exercises significant influence (with voting rights of between 20 percent and 50 percent) are accounted by using the equity method.

The following significant changes have taken place with regard to the reporting entity structure compared to the previous year:

- + **Additional share purchase of FimeSan-Group (Italy):**  
Effective 13 January 2010 the 2009 founded Company CompuGroup Italia S.r.l. acquired the remaining 9.9 percent of the shares of FimeSan SpA. The total shareholding now amounts 100 percent. The company is a supplier of doctor's information systems.
- + **Additional share purchase of ERUDIS s.r.o. (Slovakia):**  
Effective 04 March 2010, CompuGroup Medical Česká republika s.r.o. acquired the outstanding 20 percent of the shares of ERUDIS s.r.o.. The company is a supplier in the area of doctor's information systems.
- + **Additional share purchase of Noteworthy Medical Systems, Inc. (USA):**  
Effective 25 March 2010, CompuGroup Holding USA, Inc. acquired the outstanding 23.8 percent of the shares of Noteworthy Medical Systems, Inc. Noteworthy provides a comprehensive set of tools to effectively manage and facilitate care in the ambulatory setting. Noteworthy's focus is to provide sophisticated applications for primary care as well as the technology to connect physicians, hospitals and healthcare communities for improved care and communication. Noteworthy serves a customer base of more than 1,300 practices, 5,000 healthcare providers and 13,000 users across 43 states.
- + **Disposal of medicine medienproduktions GmbH (Germany):**  
On 01 January 2010 CompuGroup Beteiligungsgesellschaft mbH parted from its 100 percent holding in medicine medienproduktions GmbH, Mainz (CHS segment). The main focus of the company is offering film and TV productions including distribution of medicine journalism services in the TV sector.
- + **Acquisition of Innomed GmbH (Austria):**  
Effective 18 June 2010, all agreed conditions precedent in the purchase contract concluded on 17 November 2009 was fulfilled. CompuGROUP CEE GmbH acquired 70.3 percent of the shares in Innomed Gesellschaft für medizinische Softwareanwendungen GmbH, Wiener Neudorf for EUR 9.3 million. Innomed has 2,500 doctors among its users in Austria and achieved sales of EUR 4.6 million in 2009, EUR 3.1 million of which were due for long term software maintenance and annual license income.
- + **Acquisition of Visionary Group (United States):**  
Effective 01 September 2010, CompuGroup Holding US acquired 100 percent of the shares of the Visionary Group. The initial consolidation occurred on 01 September 2010. The company is a supplier of Ambulatory Information Systems as well as Laboratory Information Systems.

#### **Consolidation of Capital, Liabilities and Income**

Please refer to the consolidated financial statements for the year ended 31 December 2009.

#### **Foreign Currency Conversion**

Functional currency is the respective national currency used in the local economic environment. The reporting currency is the EURO which is the functional currency of the parent company. For further information on currency conversion please refer to the consolidated financial statements for the year ended 31 December 2009.

#### **Corporate Governance Code**

In accordance with § 161 of the German Stock Corporation Act (AktG), the prescribed declaration of compliance has been submitted by the Management Board and the Supervisory Board and is available to shareholders on the Company's website [www.cgm.com](http://www.cgm.com).

## EXPLANATIONS TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

### 1. Intangible assets

As at 30 September 2010 intangible assets accounted for EUR 380.6 million. This corresponds to an increase of EUR 69.2 million compared to 31 December 2009. The increase mainly pertained to the acquisition of Innomed and Visionary Group.

During the first half year, the amortization of intangible assets amounted to EUR 21.3 million, primarily attributable to acquired software, brands and customer relations from acquisitions.

### 2. Company capital

#### Share capital

As at 30 September 2010 the share capital of the company amounts to EUR 53,219,350, divided into 53,219,350 no-par-value bearer shares with a value of EUR 1.00 per share.

#### Authorized capital

By resolution of the General Meeting dated 16 August 2006, the Management Board is authorized until 16 August 2011, with the approval of the Supervisory Board, to increase the share capital up to EUR 22,939,375 by issuing new shares on one or more occasions against cash and/or in kind distributions. The commercial register entry took place 28 September 2006. During the IPO on 04 May 2007 the share capital was increased by EUR 7,340,600 from the authorized capital.

#### Treasury shares

By resolution of the General Meeting dated 14 May 2009, the Management Board was authorized to acquire its own shares until 14 November 2010. In accordance with Section 71 paragraph 1 No. 8 German Stock Corporation Act (AktG), the Company is authorized to acquire or hold its own shares, up to a total of 10 percent of the current share capital.

The Company holds 2,990,708 treasury shares of which 532,350 were acquired in the 2001 financial year and a further 2,490,518 treasury shares were acquired as part of the buy back program between 23 January 2008 and 18 April 2008 (500,000 shares; purchase price per share in bands from EUR 8.6430 to EUR 12.6788; average weighted purchase price of EUR 10.3276 per share), between 22 July 2008 and 14 October 2008 (500,000 shares; purchase price per share in bands from EUR 3.8243 to EUR 5.4881; average weighted purchase price of EUR 4.8426 per share), between 15 October 2008 and 30 December 2008 (460,896 shares; purchase price per share in bands of EUR 3.1519 to EUR 4.4279; average weighted purchase price of EUR 3.8849 per share), between 05 January 2009 and 31 March 2009 (403,876 shares; purchase price per share in bands from EUR 3.4100 to EUR 4.7402; average weighted purchase price from EUR 4.0810 per share), between 01 April 2009 and 27 May 2009 (500,000 shares; purchase price per share in bands from EUR 3.8357 to EUR 4.5988; average weighted purchase price of EUR 4.1578 per share) and between 04 June 2009 and 31 December 2009 (125,746 shares; purchase price per share in bands from EUR 4.1853 to EUR 6.0000; averaged weighted purchase price of EUR 5.6852 per share).

End of March 2010 the company got the notification that caused by the bankruptcy of Lehman Brothers, a total amount of 32,160 treasury shares was not transferred to the depot. Due to this circumstance the company reduced the total amount of the treasury shares to 2,990,708.

#### Reserves

The company's reserves relate exclusively to retained earnings, foreign currency translation differences and share premiums from the initial public offer in 2007 (EUR 127.9 million). By resolution of the General Meeting dated 19 May the company was authorized for a dividend payout to their shareholders with an amount of EUR 12.6 million.

As at 30 September 2010 the reserves amount to EUR 144.3 million.

### 3. Liabilities to banks

As at 30 September 2010 the total debt to credit institutions amount to EUR 186.0 million compared to EUR 144.2 million as at 31 December 2009.

In January 2010, CompuGroup concluded two "ERP-Innovations program; R&D" loans with a total amount of EUR 20.0 million. These loans were based on planned R&D activities and have a maturity of five years. In August 2010, CompuGroup concluded a 5-year linearly amortizing term loan of EUR 30.0 million with a floating interest rate and, in September, a EUR 25.0 million 10-year non-amortizing assignable loan (Schuldscheindarlehen) with a fixed interest rate.

### 4. Purchase price liabilities

As at 30 September 2010 purchase price liabilities accounted for EUR 31.2 million compared to EUR 12.5 million as at 31 December 2009. This increase pertains at once to the agreement to purchase at the price of EUR 3.8 million the remaining 29.7 percent of the shares of Innomed in 2011. A further purchase price liability was build due to the acquisition of the Visionary Group. The variable earn-out agreement amounted to EUR 16.7 million (of which EUR 7.0 million is current). On the other hand due to the purchase of the remaining 9.9 percent of the shares of Fimesan the purchase price liabilities declined with an amount of EUR 2.0 million. CompuGroup now owns 100 percent of the shares of Fimesan.

### 5. Deferred tax liabilities

Deferred tax liabilities increased by EUR 13.8 million to EUR 51.0 million during the first nine month of 2010. The increase mainly pertained to the acquisition of Innomed and Visionary Group.



## 6. Other liabilities

Other liabilities increased by EUR 9.7 million to EUR 37.6 million during the first nine month of 2010. This pertains mainly to the increase of pre-payments of maintenance contracts (EUR 11.0 million). VAT liabilities declined by EUR 1.7 million.

## 7. Capitalized in-house services

Capitalized in-house services relates exclusively to the activation of self-developed software. During the first nine month of 2010 a total of 129,066 working hours (EUR 4.9 million) were classified for activation. In the same period in 2009, 120,355 hours (EUR 5.0 million) were activated. The Group's average hourly rate amounts to 37 EUR / hour (year before: 34 EUR / hour). During the first nine month the depreciation on the already finished software amounted to 2.5 EUR million (year before: EUR 2.8 million).

## 8. Special effects on the profit and loss account

Please see comments in the interim management report.

## 9. Hedging activity

During the 2nd quarter 2009 CompuGroup closed a contract for an interest rate swap. This swap locks in the interest rate for EUR 100 million of the debt to credit institutions over 3 years, less the scheduled down payments in this period, at a fixed rate of 2,03 percent. As at 30 September 2010 the swap was balanced as a liability with a fair value evaluation of EUR 1.0 million. This evaluation represents an effect within the reporting period of EUR 0.6 million which is recorded in the financial expenses in the Total Comprehensive Income Statement.

## 10. Group rate of taxation transition

The group tax charge consists of the current tax charge and deferred tax. The current tax charge is based on the taxable income for the period. The current tax liability is based on the applicable tax rates. Deferred tax represents expected future tax savings or additional charges arising from the difference between book values of assets and liabilities and the values adopted in the taxable income computation. The liability method is used in the deferred tax calculation.

EUR '000 / %

16,081	EBT - Pre-tax profits
4,948	Taxes on income and earning from the income statement
30.8%	Effective tax rate for the group
-3.0%	Taxfree loss Tepe
0.0%	Tax reimbursement for prior years
0.0%	Special expense for internal audit
2.7%	Tax differences foreign subsidiaries
-0.8%	Other differences
29.65%	Theoretical tax rate for the group

## 11. Employees

CompuGroup had an average of 2,754 employees in the first nine month of 2010 (previous year: 2,794).

## Explanatory Notes Continued

### 12. Segment reporting

In this report, CompuGroup follows the application of the new IFRS 8 for the segment reporting. Currently the Company assumes that there will be no changes in the business segments. All transactions between the segments are calculated at fair market values.

EUR '000	Segment I: Health Provider Services (HPS)			Segment II: Health Connectivity Services (HCS)			Segment III: Consumer Health Services (CHS)		
	2010 Jan-Sep	2009 Jan-Sep	2009 Jan-Dec	2010 Jan-Sep	2009 Jan-Sep	2009 Jan-Dec	2010 Jan-Sep	2009 Jan-Sep	2009 Jan-Dec
Sales to third parties	175,569	158,114	223,648	45,830	49,343	66,758	0	1,907	2,425
Sales between segments	1,658	5,530	2,222	491	547	1,137	2,987	2,928	5,676
<b>SEGMENT SALES 1)</b>	<b>177,227</b>	<b>163,644</b>	<b>225,870</b>	<b>46,321</b>	<b>49,890</b>	<b>67,895</b>	<b>2,987</b>	<b>4,835</b>	<b>8,101</b>
<b>EBITDA</b>	<b>39,557</b>	<b>30,249</b>	<b>44,804</b>	<b>15,357</b>	<b>19,339</b>	<b>25,961</b>	<b>2,156</b>	<b>262</b>	<b>169</b>
in % of sales	22.5	19.1	20.0	33.5	39.2	38.9	-	-	-
Depreciation on tangible assets	-2,829	-2,611	-3,415	-234	-284	-1,422	-13	-63	-86
Amortization on intangible assets	-18,513	-18,213	-25,091	-1,977	-1,641	-3,023	-440	-439	-587
Impairment for financial assets	0	0	0	0	0	0	0	0	0
<b>EBIT</b>	<b>18,215</b>	<b>9,425</b>	<b>16,298</b>	<b>13,146</b>	<b>17,414</b>	<b>21,516</b>	<b>1,703</b>	<b>-240</b>	<b>-504</b>
Earnings of associated companies	190	49	193	0	0	0	0	0	0
Interest income	-	-	-	-	-	-	-	-	-
Interest expenses	-	-	-	-	-	-	-	-	-
<b>EBT</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Corporation tax	-	-	-	-	-	-	-	-	-
<b>GROUP NET INCOME</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
in % of sales	-	-	-	-	-	-	-	-	-
<b>GROUP NET INCOME before depreciation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Segment assets 2)	496,148	431,628	396,615	42,080	40,238	42,543	11,529	3,172	10,113
Of which associated companies	1,965	1,962	2,021	0	0	0	0	0	0
Deferred tax assets	-	-	-	-	-	-	-	-	-
Income tax claims	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
<b>Group assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Segment liabilities 3)	160,654	140,743	132,592	14,082	17,323	22,079	185	5,103	238
Deferred tax liabilities	-	-	-	-	-	-	-	-	-
Income tax liabilities	-	-	-	-	-	-	-	-	-
Current liabilities	-	-	-	-	-	-	-	-	-
Non-current liabilities	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-
<b>Group liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other Data									
Capital expenditure	93,451	43,237	50,617	685	766	2,110	281	141	757

1) Total Sales (excluding changes in inventory, capitalized in-house services and other operating income)

2) Long-term and short-term assets (excluding deferred tax and financial assets)

3) Excluding liabilities to banks, tax payables, investment grants, purchase price liabilities, pension provisions and deferred tax

All other Segments			Consolidation adjustments			CompuGroup Group		
2010 Jan-Sep	2009 Jan-Sep	2009 Jan-Dec	2010 Jan-Sep	2009 Jan-Sep	2009 Jan-Dec	2010 Jan-Sep	2009 Jan-Sep	2009 Jan-Dec
231	433	578	0	0	0	221,630	209,797	293,409
3,077	3,548	4,450	-8,213	-12,553	-13,485	0	0	0
<b>3,308</b>	<b>3,981</b>	<b>5,028</b>	<b>-8,213</b>	<b>-12,553</b>	<b>-13,485</b>	<b>221,630</b>	<b>209,797</b>	<b>293,409</b>
<b>-10,760</b>	<b>-8,709</b>	<b>-11,762</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>46,310</b>	<b>41,141</b>	<b>59,172</b>
-	-	-	-	-	-	20.9	19.6	20.2
-518	-166	-538	0	0	0	-3,594	-3,124	-5,461
-346	-211	-214	0	0	0	-21,276	-20,504	-28,915
0	0	0	0	0	0	0	0	0
<b>-11,624</b>	<b>-9,086</b>	<b>-12,514</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21,440</b>	<b>17,513</b>	<b>24,796</b>
0	0	0	0	0	0	190	49	193
-	-	-	-	-	-	1,476	1,780	2,342
-	-	-	-	-	-	-7,024	-6,813	-9,014
-	-	-	-	-	-	<b>16,082</b>	<b>12,529</b>	<b>18,317</b>
-	-	-	-	-	-	-4,948	-3,327	-6,601
-	-	-	-	-	-	<b>11,134</b>	<b>9,202</b>	<b>11,716</b>
-	-	-	-	-	-	5.0	4.4	4.0
-	-	-	-	-	-	<b>32,410</b>	<b>29,706</b>	<b>40,631</b>
97,379	81,671	113,471	-128,076	-125,157	-126,900	519,060	431,552	435,842
0	0	0	0	0	0	1,965	1,962	2,021
-	-	-	-	-	-	8,414	13,091	9,338
-	-	-	-	-	-	2,287	2,461	5,675
-	-	-	-	-	-	299	0	927
-	-	-	-	-	-	<b>530,061</b>	<b>447,104</b>	<b>451,782</b>
53,989	46,391	28,557	-125,838	-127,828	-107,238	103,072	81,732	76,228
-	-	-	-	-	-	51,033	42,480	37,246
-	-	-	-	-	-	8,926	2,755	7,099
-	-	-	-	-	-	22,193	28,912	35,131
-	-	-	-	-	-	160,299	102,652	109,039
-	-	-	-	-	-	959	0	1,211
-	-	-	-	-	-	<b>346,482</b>	<b>258,531</b>	<b>265,954</b>
1,138	5,444	6,007	0	0	0	95,555	49,588	59,491

## 13. Other financial obligations and financial commitments

Other financial obligations and financial commitments as at 30 September 2010 consist of the following:

EUR '000	Q3/2010	Q3/2009
One year or less	13,498	8,130
Between two and five years	28,172	6,838
Longer than five years	882	87
	<b>42,552</b>	<b>15,055</b>

Payments from operating lease relationships involve rent for the Group's office equipment and particularly for office buildings (without purchase option). Leasing relationships are concluded for an average term of three years. The rents are fixed for three to seven years. Operating leasing relationships are shown in the balance sheet with a pro rata affect on income. There are no larger purchase commitments from operations.

As part of a project contract concluded in November 2009 with the Vienna Hospital Group (KAV), Systema Human Information Systems GmbH gave a performance guarantee for EUR 3.6 million to KAV. Furthermore, the Company has deposited EUR 19,000 with the landlord for the rental of office space and a computer centre in St. Pölten.

CompuGroup Medical AG has taken over a guarantee in favour of Meteksan Sistem ve Bilgisayar Teknolojileri A.S. for YTL 210,000 (EUR 97,000) for Tepe Teknolojik Servisler A.S.

In the course of its business Tepe International A.S responds to various invitations to tender domestically and abroad and normally has to provide a guarantee to participate in these tenders. To secure this deposit the Company has guaranteed US\$ 5 million (EUR 3.5 million) for CompuGroup Medical AG at Fortis Bank (Turkey).

Furthermore, Tepe International A.S has given several guarantees that are listed below:

- + Ministry of Health in Saudi Arabia SAR 1.4 million (EUR 0.3 million).
- + Finans Bank A.Ş. US\$ 1.2 million (EUR 0.8 million).
- + Anadolu Anonim Türk Sigorta Şti. US\$ 0.2 million (EUR 0.1 million).
- + Vehbi Koç Amerikan Vakfı Hastanesi US\$ 0.1 million (EUR 0.1 million).
- + Ankara Teknoloji Gel. Bölg. Kurucu ve İşi. A.Ş. YTL 0.2 million (EUR 0.1 million).
- + Various hospitals YTL 28,750 (EUR 13,000).

Under the terms of the joint venture agreement of 15 November 2004 between United Pascal Holdings B.V. and CompuGroup Beteiligungsgesellschaft to found UCF Holding S.a.r.l. Luxemburg, CompuGroup Medical AG as the parent company is obliged to guarantee the liquidity of CompuGroup Beteiligungsgesellschaft. The reason for this is that United Pascal Holdings B.V. has, at term, the right to sell its minority stake. As at 31 December 2009 this purchase obligation would have been valued at around EUR 5.0 million if the put right had been exercised.

The Company has taken over a guarantee for EUR 2.6 million in favour of the landlords Friedrich und Jan Christopher GmbH and Geschwister Christoffer GbR on behalf of the associate company Medistar Praxiscomputer as part of an existing rental agreement.

The Company has given a surety of EUR 15,000 to Gesmo Gesellschaft für Mobilfunkservices mbH, Marburg at Commerzbank.

Various credit guarantees amounting to EUR 10,000 are in place for a French subsidiary in favour of SEB AG.

The Company has taken over a guarantee of EUR 195,000 in favour of BECOM Electronics GmbH for the company KoCo Connector AG.

The Company has taken over a rental deposit guarantee for EUR 50,000 in favour of the landlord for the existing rental agreements of the associated company medicine Medienproduktions GmbH with Haferkamp, Schirmacher, Wehen, Rasch GbR, Mainz.

In accordance with the declaration of 01 March 2010, the Company assumed an obligation to its indirect subsidiary Noteworthy Medical Systems Inc, USA, to support it with sufficient funds for 12 months from the date of the declaration.

The Company has provided a comfort letter to the LGS Leasinggesellschaft der Sparkasse GmbH regarding leasing contracts entered into by the associate company ISPro GmbH. Future payments arising from these leasing contracts amount to EUR 15,000 in total. All payments will be due for final payment in 2010.

The Company has assumed joint and several liabilities for all leasing and service contracts concluded by associated companies with VR-Leasing AG. Liabilities arising from these contracts amounted to EUR 432,000 on the balance sheet date.

An interest and principle guarantee has been entered into in favour of Landesbank Saar Girozentrale on behalf of the associated company IMMO I GbR (in the course of the purchase of additional shares and subsequent merger with CompuGroup Beteiligungsgesellschaft mbH) with relation to financing by Landesbank Saar Girozentrale. CompuGroup Medical AG undertakes to ensure that the debtor assumes all present and future interest and principle payments on time or else substitute itself for them. This refers to two loans with the following conditions:

Original credit amount (EUR)	Interest rate (%)	Monthly repayment (EUR)	Fixed interest period
1,121,000	5.5%	12,144	30.12.2012
1,879,000	5.5%	0,00	30.12.2012
<b>3,000,000</b>		<b>12,144</b>	

Only interest will be paid for the loan for EUR 1,879,000 until 30 December 2012.

These loans were valued at EUR 2.2 million on 30 September 2010.

As part of the interest rate fixing on 30 December 2012 a repayment agreement has to be made whereby the credits has to be repaid within 10 years so that the total term of 20 years is not exceeded.

## Explanatory Notes Continued

### 14. Company acquisitions

Date of purchase	Erudis 01.10.2009 EUR '000	SMI 01.11.2009 EUR '000
1) Assets		
I. Non current assets	35	148
II. Current assets	90	34
2) Liabilities and shareholder's equity		
I. Long-term borrowed capital	0	0
II. Short-term borrowed capital	105	221
3) Acquisition of shareholder's equity	19	-39
External portion		
Purchase price allocation		
Goodwill, software	103	128
Goodwill, business value	342	1,595
Goodwill, customer relationship	146	0
Goodwill, brand	9	82
Goodwill, minorities	-51	0
Offset against financial assets	0	0
Goodwill loss/profit carried forward	0	0
Deferred tax assets on loss carried forward	0	0
Purchase price liability	0	0
Deferred tax liabilities on goodwill	-49	-66
Offset against reserves	0	0
<b>Purchase price</b>	<b>520</b>	<b>1,700</b>
According to allocation	520	1,700
4) Percentage of voting rights acquired (%)	80.0	100.0
5) Acquired funds	1	34
6) Net income following initial consolidation	n.a.	n.a.
7) Net income under the premise that no takeover had taken place under the period 01 January-31 December 2009	n.a.	n.a.
9) Step up depreciation	n.a.	n.a.
9) Sales revenues since initial consolidation	n.a.	n.a.
10) Sales revenues under the premise that no takeover had taken place under the period 01 January-31 December 2009	n.a.	n.a.

The purchase price allocations for Erudis, SMI, Microcosmos, Innomed and Visionary Group are provisional. For proforma date in respect of Erudis, SMI and Microcosmos we refer to the Annual Report 2009.

	Microcosmos 01.11.2009 EUR '000	Innomed 01.01.2010 EUR '000	Visionary Group 01.09.2010 EUR '000	Total 30.09.2010 EUR '000
	227	240	2,939	3,179
	18	2,114	22,394	24,508
	0	0	0	0
	206	1,965	3,624	5,589
	39	389	21,709	22,098
		0	0	0
	174	1,319	14,179	15,498
	1,960	4,540	4,709	9,249
	11	9,617	15,468	25,085
	107	91	10,312	10,403
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	1,166	1,166
	0	-3,826	-16,657	-20,483
	-92	-2,757	-15,983	-18,740
	0	0	0	0
	<b>2,200</b>	<b>9,374</b>	<b>34,901</b>	<b>44,275</b>
	2,200	9,374	34,901	44,275
	100.0	70.3	100.0	-
	69	1,430	42	1,472
	n.a.	1,402	-183	1,219
	n.a.	1,402	-876	526
	n.a.	463	225	688
	n.a.	3,911	1,472	5,383
	n.a.	3,911	12,434	16,345

# Additional Information

## FINANCIAL CALENDAR 2010

17 November 2010

Q3 Report 2010 / Analyst Conference, Düsseldorf

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## SHARE INFORMATION

The CompuGroup share finished the third quarter with a closing price of EUR 9.33 on 30 September 2010. The average closing share price rose by 0.8 percent from EUR 8.38 (Q2/2010) to EUR 8.45 (Q3/2010).

The highest quoted price during the quarter was EUR 9.80 on 28 September 2010 and the lowest price EUR 7.62 on 27 July 2010.

The trading volume of CompuGroup shares was 1.0 million shares during the third quarter, down 16.5 percent compared to the previous quarter. On average, the daily trading volume was approx. 14,424 shares.

By the end of September 2010, a total of five analyst companies were covering CompuGroup's shares on a regular basis. The forecast price targets ranged from EUR 11.50 to EUR 12.00. Four analysts rated the shares a "buy" and one analyst as "overweight".

## CONTACT INFORMATION

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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, 17 November 2010

**CompuGroup Medical Aktiengesellschaft**  
The Management Board



Frank Gotthardt



Christian B. Teig



Jan Broer



Uwe Eibich



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