CompuGroup Medical AG

Financial Report
1 January - 30 September 2013

Synchronizing Healthcare

CompuGroup Medical

Content:

Key Events and Figures

- Growth and profitability on-track for the third quarter
- Third quarter revenue of EUR 111.4 million, an increase of 4 percent compared to the same period of 2012
- Organic growth of 2 percent at constant exchange rates
- Operating profit (EBITDA) of EUR 25.3 million, same level as last year
- Operating margin of 23 percent, one percentage point lower than last year
- Acquisition of the market leader in software for pharmacies in Italy
- German Stock Exchange includes CompuGroup in the TecDAX
- 2013 guidance from August reaffirmed

EUR ´000	01.07-30.09 2013	adjusted 01.07-30.09 2012	Change	01.01-30.09 2013	adjusted 01.01-30.09 2012	Change
Revenue	111,439	107,356	4%	334,476	331,651	1%
EBITDA	25,264	25,584	-1%	69,450	80,319	-14%
margin in %	*23%*	*24%*		*21%*	*24%*	
EBITA	23,413	23,771		63,843	74,738	
margin in %	*21%*	*22%*		*19%*	*23%*	
EPS (EUR)	0.11	0.12		0.35	0.57	
Cash net income (EUR)*	12,398	13,241		37,899	49,562	
Cash net income per share (EUR)	0.25	0.27		0.76	0.99	
Cash flow from operating activities	175	3,372		45,138	61,720	
Cash flow from investing activities	-27,474	-3,268		-45,774	-34,357	
of which equity acquisitions	-14,075	0		-18,106	-14,306	
Number of shares outstanding (´000)	49,618	49,901		49,618	49,917	
Net debt	267,777	234,225		267,777	234,225	

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

FINANCIAL REVIEW

Unless stated otherwise, all figures in the management report refer to the third quarter of 2013 and 2012 respectively, i.e. the three month period 01.07 – 30.09 (Q3).

Revenue

Revenue in the third quarter of 2013 was EUR 111.4 million compared to EUR 107.4 million in the same period last year. This corresponds to 4 percent growth. Acquisitions give a 3 percent contribution to growth and organic growth was 1 percent (2 percent at constant exchange rates).

In the HPS I segment, revenue was EUR 78.5 million compared to EUR 75.0 million in 2012. This corresponds to 5 percent growth. Acquisitions give a 4 percent contribution to growth and organic growth was 1 percent (3 percent at constant exchange rates). Ambulatory Information Systems (AIS) grew organically with 1 percent, from EUR 62.2 million in 2012 to EUR 62.8 million in 2013. Adjusted for changes in exchange rates, the organic growth was 3 percent. Similar to the first half of 2013, it was a relatively weak quarter in the US with revenue of EUR 8.9 million (USD 11.8 million), down from EUR 11.6 million (USD 14.5 million) in the third quarter of 2012. The European AIS business had a good quarter with 9 percent organic growth at constant exchange rates. Third quarter revenue in Pharmacy Information Systems (PCS) was EUR 15.8 million compared to EUR 12.8 million in 2012. This represents 23 percent growth all of which comes from acquisitions. The underlying development in PCS is as expected and the flat organic revenue development is due to the termination of a non-pharmacy cooperation contract in September 2012, a contract which contributed revenue of EUR 0.4 million in the third quarter of 2012.

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

EUR m	01.07-30.09 2013	01.07-30.09 2012	Change	01.01-30.09 2013	01.01-30.09 2012	Change
Ambulatory Information Systems	62.8	62.2	1%	192.7	186.0	4%
Pharmacy Information Systems	15.8	12.8	23%	42.2	40.4	5%
SUM	78.5	75.0	5%	235.0	226.4	4%

In the HPS II segment, the year-on-year growth in Hospital Information Systems (HIS) was 7 percent going from the third quarter 2012 to 2013, all of which is organic growth. It has been a good quarter in the hospital business.

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

EUR m	01.07-30.09 2013	01.07-30.09 2012	Change	01.01-30.09 2013	01.01-30.09 2012	Change
Hospital Information Systems	19.3	18.0	7%	58.0	56.7	2%
SUM	19.3	18.0	7%	58.0	56.7	2%

In the HCS segment, revenue was EUR 13.6 million compared to EUR 14.2 million in the third quarter of 2012. This represents a decrease of 4 percent. Revenue in Communication & Data contracted -10 percent, from EUR 5.7 million in the third quarter of 2012 to EUR 5.1 million in the third quarter of 2013. The lower communication and data revenue is mostly due to changes in the regulatory environment in Germany. The business volume in Workflow & Decision Support decreased 2 percent, from EUR 6.0 million in the third quarter of 2012 to EUR 5.9 million in 2013. Business development in the Workflow & Decision Support area continues at a slow pace. Internet Service Provider revenue increased 4 percent year-on-year due to a larger installed base of ISP customers.

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

EUR m	01.07-30.09 2013	01.07-30.09 2012	Change	01.01-30.09 2013	01.01-30.09 2012	Change
Communication & Data	5.1	5.7	-10%	15.4	21.6	-29%
Workflow & Decision Support	5.9	6.0	-2%	18.0	18.6	-3%
Internet Service Provider	2.6	2.5	4%	7.9	7.6	3%
SUM	13.6	14.2	-4%	41.3	47.8	-14%

Changes to currency exchange rates reduced Group revenue by EUR 1.6 million going from the third quarter of 2012 to the third quarter of 2013.

Profit

Consolidated EBITDA amounted to EUR 25.3 million compared to EUR 25.6 million in the third quarter of 2012. The corresponding operating margin was 23 percent compared to 24 percent in 2012. The main developments in operating expenses were:

+ Expenses for goods and services are mostly unchanged and the gross margin remains stable at 84 percent.

+ Personnel expenses are up 5 percent from last year at EUR 52.9 million (third quarter 2012: 50.5 million). 2 percent of this increase (EUR 1.2 million) is attributable to new employees in companies acquired during the last 12 months.

+ Other expenses are EUR 2.8 million higher than last year at EUR 17.7 million (third quarter 2012: 14.9 million). EUR 0.8 million is related to other expenses in companies acquired during the last 12 months.

Depreciation of tangible fixed assets in the third quarter is mostly unchanged from last year at EUR 1.9 million. Amortization of intangible fixed assets went from EUR 7.8 million in 2012 to EUR 8.0 million in 2013. 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 -1.1 million in the third quarter 2012 to EUR -0.7 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 increased from EUR 5.1 million in the third quarter 2012 to EUR 5.5 million in the same period this year and is composed of the following items:

EUR m	01.07-30.09 2013	01.07-30.09 2012	01.01-30.09 2013	01.01-30.09 2012
Interest and expenses on EUR 330 million credit facility	2,709	2,394	7,649	7,133
Interest and expenses on other bank loans	1,166	950	3,306	3,250
Interest for purchase liabilities	45	-564	1,122	990
Fair value evaluation of interest SWAP	0	641	0	1,353
Translation loss on non-Euro internal debt	1,573	1,714	4,310	2,605
SUM	5,493	5,135	16,387	15,331

After tax earnings came in at EUR 5.4 million in the third quarter of 2013, down from EUR 6.2 million in the third quarter of 2012. The tax rate was 41 percent in the third quarter this year compared to 36 percent in the third quarter of 2012. 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 decreased from EUR 13.2 million in the third quarter 2012 to EUR 12.4 million in the third quarter 2013, correspon-ding to a Cash net income per share of 25 Cent (Q3/2012: 27 Cent).

Cash flow

Cash flow from operating activities during the third quarter of 2013 was EUR 0.2 million compared to EUR 3.4 million in the same period 2012. The changes compared to 2012 mainly come from the following positions:

+ After tax earnings came in at EUR 5.5 million in 2013, which is a decrease of EUR 0.7 million compared to 2012.

+ Increase in provisions and reduction of income tax liabilities of EUR 1.4 million and EUR 6.0 million respectively. The reduction of income tax liabilities is mostly due to taxes being paid.

+ Increase in non-cash earnings and expenditures of EUR 2.4 million year-on-year. This change is mostly due to non-cash financial expenses (fx-losses on internal debt) booked in the third quarter this year.

+ Change in trade receivables of EUR 9.3 million (2012: EUR 3.2 million). This change is mostly due to receivable levels returning to normal after a temporary increase during the first half this year.

Cash flow from investment activities during the third quarter of 2013 amounted to EUR -27.5 million compared to EUR -3.3 million in the same period last year. During the third quarter of 2013, CGM's capital expenditure consisted of the following:

EUR m	01.07-30.09 2013
Company acquisitions (Studiofarma, QF, Tekne)	14.1
Purchase of minority interest of UCF Holding S.a.r.l.	8.8
Capitalized in-house services and other intangible assets	3.5
Office buildings and property	0.5
Other property and equipment	0.6
SUM	27.5

Capitalized in-house services and other intangible assets include EUR 0.8 million in licenses and related services for a new Group-wide ERP/CRM system.

Cash flow from financing amounted to EUR 31.8 million in the third quarter 2013 (previous year: EUR 0.0 million) and relates to the net cash inflow from assumption of loans.

Statement of financial position

Since the statement of financial position from 30 June 2013, total assets increased by EUR 18.3 million to EUR 663.6 million as at 30 September 2013. The largest changes to individual asset classes are a EUR 10.1 million increase in intangible assets driven by company acquisitions and a EUR 4.5 million increase in cash and cash equivalents. For all other assets there are only minor changes during the third quarter of 2013.

Group equity was EUR 178.2 million as at 30 September 2013, up from 173.0 million as at 30 June 2013. The increase in equity comes after consolidating EUR 5.5 million in net profit for the period from 30 June 2013 to 30 September 2013 less EUR -0.9 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 remained stable at 26.9 percent as at 30.09.2013.

The biggest changes to liabilities are an increase in long and short term debt of EUR 32.0 million, a decrease in income tax liabilities of -6.3 million, a decrease in purchase price liabilities of EUR -6.7 million and a seasonal decrease in pre-payments of software maintenance contracts balanced under other liabilities (EUR -11.6 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 2.3 million additional operating profit for the Group during the third quarter of 2013 (previous year EUR 1.4 million), less amortization and write-downs of EUR 1.1 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.

OPERATIONAL REVIEW

CompuGroup Medical is currently represented with offices and employees in 19 countries. According to internal figures, CompuGroup Medical has software maintenance contracts in the HPS segment corresponding to approximately 250,000 healthcare professionals (doctors, dentists and pharmacists). Total reach across all segments is estimated at approximately 385,000 healthcare professionals.

The Group had an average of 3,856 employees during the third quarter of 2013 (previous year: 3,523). As at 30 September 2013, the total number of employees in group companies was 3,937 (previous year: 3.530). Personnel expenses during the third quarter of 2013 was EUR 52.9 million (previous year: EUR 50.5 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 2013.

Ambulatory Information Systems

The doctor and dental software business in Europe had a good third quarter with 9 percent year-on-year organic growth at constant exchange rates. 3 percent of this growth is related to the new drug database tool in Germany, ifap praxisCENTER 3 (ipc3), and the corresponding software maintenance increase introduced in 2013.

For the business in the United States, the weak start to 2013 continued in the third quarter. Revenue of USD 11.8 million corresponds to -19 percent year-on-year contraction. In terms of sales and order bookings, the outcome in the third quarter was higher than the same period last year (USD 3.7 million vs. USD 3.5 million). There are significant new market drivers and opportunities in the US, such as Meaningful Use stage 2 and stage 3 (driving further EHR adoption) and ICD-10 (driving PM system upgrades and billing services) but it is uncertain how much short-term impact this will create for the remainder of 2013.

MEDISTAR Launches the Electronic Pregnancy Record

In August 2013, the CGM subsidiary MEDISTAR introduced the electronic pregnancy record into the German market. The electronic pregnancy record was developed in cooperation with practicing gynecologists and will support them as an intelligent documentation aid in maternity care. Routine tasks are accomplished in a time-saving manner and workflows optimized throughout the maternity care. As a trusted companion throughout the maternity care, the electronic pregnancy record supports the gynecologist with many efficiency-enhancing features, such as the early detection of missing or abnormal findings, particularities and risks as well as aiding in avoiding redundant data collection. Identifying and planning pending examinations, timely disclosure of patient information and quick and partially automatic data entry are some other features which are included in the electronic pregnancy record's range.

Telematics Infrastructure and Electronic Health Card (eGK)

The statutory tasks of the corporation "gematik Gesellschaft für Telematikanwendungen der Gesundheitskarte mbH" are the introduction, development and maintenance of the telematics infrastructure in healthcare and the associated applications for data communication between the insured, the healthcare professionals and the health insurances in Germany. Based on the electronic health card (eGK), gematik has developed the IT standards concerning the construction and operation of a common communication infrastructure for all German stakeholders in healthcare.

In June of 2013, gematik requested binding offers for the online rollout of the ORS1 (Level 1) project. CompuGroup Medical is participating in this tender. According to the current gematik planning, the contract awards will be in the fourth quarter of 2013 and approximately ten months thereafter, the technical solutions are scheduled to be tested in real time in two test regions. The Northwestern test region consists of the German states Schleswig-Holstein, North Rhine-Westphalia and Rhineland Palatinate, while the Southeastern test region is made up of Saxony and Bavaria. The goal of the tests, each with 500 participants, is to implement a secure online infrastructure for local doctors, dentists and hospitals as well as to promote the use of the insured patient master data updates and the "qualified electronic signature (QES)".

CGM Add-on: Digital Archiving for Physician's Practices

Traceable document management is, also in view of the patients' rights laws, becoming increasingly important for every practice. With its products CGM PRAXISARCHIV and CGM DOCUMENTS, CompuGroup Medical provides TÜV certified software, which enables an efficient and clear management of all patient and practice-related documents.

So far in 2013, the archiving products have achieved one of the most successful sales figures in their history. With currently 18,500 archive servers installed in Germany, CGM is the market leader in the branch of medical document management systems with more than three times the installed base compared with the second largest market player. The international roll-out of the product developed in Koblenz is progressing steadily. After successful implementation in Austria at the beginning of 2012, CGM PRAXISARCHIV surpassed other archiving systems in only a few months. The CGM archiving products family was also launched in the South African market during the third quarter as a fully integrated add-on module to the existing products there.

CompuGroup Medical Italia acquires Italian dental software provider
In July 2013, CompuGroup Medical Italia acquired a majority stake in Tekne S.r.l., located in Ragusa (Italy). Tekne, with its software XDent, is the market leader for Mac OS software for dentists in Italy. It offers not only desktop solutions, but also mobile app solutions to create a link between dentists and their patients. The total revenue for the operations was around 0.6 million Euros in 2012. The initial stake will be 80 percent with option rights to purchase the remainder within the next five years. The former owners and founders will stay onboard to continue the success story of XDent together with CompuGroup Medical Italia, which aspires to become the market leader for dental software solutions in Italy across all platforms.

Pharmacy Information Systems
As expected, the pharmacy software business had a good third quarter, with product sales and order bookings reaching record highs at the Expopharm trade fair in Germany and the first time revenue contribution from the newly acquired pharmacy software business in Italy.

EXPOPHARM: successful trade fair participation for LAUER-FISCHER
After a low attendance of software providers at last year's EXPOPHARM trade fair, LAUER-FISCHER took advantage and impressed trade fair visitors with a new booth and product innovations in September 2013. Both in terms of resonance with the public and economic results, CGM recorded excellent results. Even before the EXPOPHARM, the scanner solution WINAPO® RezeptScan proved itself as a best seller. At the trade fair, the product built on its previous success. The same can be said for the integrated designer hardware WINAPO® ONE where many orders were placed directly at the stand. Further product innovations were able to convince trade fair visitors: the point of sales medium WINAPO® T.V. with its positive effect on the OTC turnover as well as innovative networking solutions which will bring branch networks and cooperatives even more economic success and data security. With its application „meineApotheke", LAUER-FISCHER proved its solution competency in the field of smart and mobile customer communication.

The Prescription Scanner
In the third quarter of 2013, the commercial success of Lauer-Fischer's WINAPO® Prescription Scanner which was introduced in the German market in the second quarter this year continued with now approximately 1.000 scanners ordered. The documentation and reviewing of prescriptions is becoming an increasingly important issue for pharmacies. The new solution, consisting of a fast scanner and a software module, offers increased security and saves time, thus setting the standard for efficient processes in the pharmacy. It only takes 5 seconds to scan and thoroughly review the prescription including the following: entering the physician's data and active ingredient regulations, attachments of customer data, customer data synchronization as well as prescription and Noctu (surcharge for emergency prescriptions) identification. The Prescription Scanner is currently available to WINAPO® 64 users. From the first quarter 2014, the software module will also be available to the large number of WINAPO® SQL users.

CGM LIFE Pharmacy App "meineApotheke"
CGM introduced its application "meineApotheke" at the EXPOPHARM trade fair in September of 2013. In order to bring the pharmacy customers closer together with their local pharmacies, the application offers many useful functions such as a complete medication database with drug information package inserts, a medication order system as well as a pharmacy search for emergency pharmacies in the area. The main function of the product is the ordering of medications via smart phone or tablet made possible by a new eService between the patient and pharmacy. Here, the patient selects a local pharmacy where the orders are to be sent. Additionally, the user can also manage his or her own regular medications with the app and synchronize it with his or her CGM LIFE account. The free application was first developed for Android smartphones and tablets and has been available in the Google Play Store since October 2013. An iOS version will be made available in the future.

Italian market entry
CompuGroup Medical Italia signed an agreement in July to acquire a majority stake in Studiofarma S.r.l. located in Brescia (Italy) and its largest sales partner, Qualità in Farmacia S.r.l. located in Novara (Italy). Studiofarma S.r.l. develops software solutions for pharmacies in Italy and has over 7,000 customers. With a total market share of approximately 30 percent in its core market, it is the pharmacy software market leader in Italy. Qualità in Farmacia S.r.l., with its approximately 2,000 customers, is the largest distributor for Studiofarma's software. In addition to this, they also offer hardware and additional services. The total revenue for the combined operations was roughly 17 million Euros in 2012 with an EBITDA of approximately 1 million Euros. The initial stake will be 79 percent in Studiofarma S.r.l. and 95 percent in Qualità in Farmacia S.r.l.

Hospital Information Systems
The hospital business had a good third quarter with 7 percent year-on-year organic growth. The product launch issues in the German social care market that impacted the second quarter were solved and it was also a good quarter in Austria, the largest hospital market for CompuGroup.

G3 strategy successfully implemented in Germany

In November 2013, the first module of CGM's newly developed hospital information software G3 was implemented in Germany. Integrated into CGM CLINICA, the CGM G3 Medication Management was deployed at Lahnhöhe Medical Center. The module covers the clinic's entire medication process, thereby increasing safety of drug therapy and reducing workload on clinic personnel.

With the products CGM G3 Medication Management, CGM G3 Electronic Temperature Curve and the mobile solution, CGM G3 MIO, CompuGroup Medical offers many clinics a new perspective on how they can meet their growing requirements with secure, user-friendly and efficient systems. The G3 modules are integrated in CGM CLINICA, available in .mpa and CGM PHOENIX, but also linked with SAP IS-H and prospectively with other hospital information systems. Thus, CGM's strategy of using a modular approach to expand existing HIS' with individual CGM G3 modules is proving itself to be successful.

Communication & Data

As expected, the revenue level in Communication & Data realized in the first 6 months of 2013 continued in the third quarter with revenue of EUR 5.1 million. Germany's Federal Association of Statutory Health Insurance Physicians (Kassenärztliche Bundesvereinigung - KBV) changed the regulatory guidelines for certification of physicians' software in Germany beginning 1 July 2012. The new guidelines have put new limitations on Communication & Data products and services which again has a negative impact on revenue. The revenue level realized in the first 9 months of 2013 is also the expected run-rate for the remainder of the year.

Workflow & Decision Support

Sales of CompuGroup's new drug database tool ipC3 to 3rd party software vendors continues at a slow pace and have not reached the expected levels for 2013. Revenue is also declining from maintenance of old administrative software applications for German insurance companies, products which are being phased-out during 2013. New workflow & decision support contracts are being signed, such as the North Rhine-Westphalia Project and new CardTrust customers, but the pace of such new business is slow with long sales and implementation cycles. The new contracts are expected to drive some sequential revenue improvement in the second half of 2013 but not to the level as expected at the beginning of the year.

Pharmaceutical Treatment and Safe Drug Therapy: North Rhine-Westphalia Project

In the second quarter report of 2013, CGM reported about the project "Medication Record NRW". The goal of the cooperation between CGM and the University of Bielefeld Department of Health Economics and Healthcare Management is the improved pharmaceutical treatment through a personalized electronic medication record.

In key regions of North Rhine-Westphalia, over 3,000 patients and about 40 physicians' practices are being enrolled in the project since July 2013. Practice posters, CGM LIFE key cards, as well as doctor and patient brochures are all active tools in supporting further physician acquisition and the current rollout. Beginning in the fourth quarter of 2013, specialists will be included in the project and all prescriptions of participating general practitioners and specialists will be recorded in the patient medication records. A special application will give patients and their families the opportunity to view their personal accounts and to add any self-acquired medications. An AMTS check will immediately inform the patient of any possible dangers in easily understandable language. The offer is complete with patient-specific reminders. Since going live, the "Medication Record NRW" has proven itself to be an innovative and market-ready solution, as evidenced by the large number of interested parties.

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 2012. 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 2012. Risks that may impact the company as a going concer were not evident during the third quarter 2013, neither in form of individual risks nor from the total risk position for CompuGroup Medical as a whole.

OUTLOOK

CompuGroup Medical reaffirms the full-year outlook which was presented in the financial report for the second quarter 2013, published on August 2nd 2013:

+ Revenue is expected to be in the range of EUR 458 million to EUR 463 million.
+ Operating income (EBITDA) is expected to be in the range of EUR 97 million to EUR 100 million.

Depreciation of fixed assets is on Group level expected to be approximately EUR 8 million in 2013 and amortization of intangible assets is expected to be approximately EUR 32 million, of which EUR 28 million will come from amortization of purchase price allocations related to past acquisitions. The corresponding Group earnings before interest and tax (EBIT) is in 2013 expected to be in the range of EUR 57 million to EUR 60 million.

The foregoing outlook is given as at August 2013 and does not include revenue and costs associated with potential and currently undetermined further acquisitions during 2013. The outlook for 2013 represents management's best estimate of the market conditions that will exist in 2013 and how the business segments of CompuGroup Medical will perform in this environment.

Looking beyond 2013, CompuGroup Medical expects to continue organic revenue growth with increasing margins. As a market leader in Europe, and with a significant business in the United States, the Company is ideally positioned to benefit from changes in healthcare systems all over the world with demand for software solutions and IT services less sensitive to economic climate. Our strategy is based on a highly resilient business model with high margins and high proportion of recurring revenue from software maintenance and related services combined with high costs for customers to switch and technological barriers preventing competitors to enter the market.

Statement of Financial Position

as at 30 September 2013

ASSETS

	30.09.2013 EUR '000	adjusted 30.09.2012 EUR '000	31.12.2012 EUR '000
Non-current assets			
Intangible assets	458,558	463,283	455,812
Property, plant and equipment	60,320	60,338	60,196
Financial assets			
Interests in affiliates (valued as equity)	638	1,032	646
Other Investments	130	159	128
Trade receivables	8,762	8,750	8,773
Other financial assets	11,879	10,198	10,520
Derivative financial instruments	4,417	0	4,417
Deferred taxes	3,385	4,447	3,754
	548,089	548,207	544,246
Current assets			
Inventories	4,927	3,728	3,317
Trade receivables	68,387	61,625	68,991
Other financial assets	3,680	7,301	3,939
Other non-financial assets	8,432	7,662	7,941
Income tax claims	6,138	1,818	3,732
Securities (recognized at fair value through profit or loss)	99	253	165
Cash and cash equivalents	18,833	14,495	18,953
	110,496	96,882	107,038
Assets of disposal group classified as held for sale	5,018	0	0
	663,603	645,089	651,284

SHAREHOLDER EQUITY AND LIABILITIES

	30.09.2013 EUR '000	adjusted 30.09.2012 EUR '000	31.12.2012 EUR '000
Shareholder equity			
Subscribed capital	53,219	53,219	53,219
Treasury shares	-20,903	-19,606	-20,903
Reserves	145,779	147,203	147,063
Capital and reserves allocated to the shareholder of the parent company	178,095	180,816	179,379
Minority interests	78	71	28
	178,173	180,887	179,407
Long-term liabilities			
Pension provision	14,036	6,564	10,880
Liabilities to banks	213,403	209,495	222,733
Purchase price liabilities	2,176	14,506	602
Other financial liabilities	2,872	3,585	3,112
Other non-financial liabilities	1,957	1,770	3,041
Derivative financial instruments	8,437	12,439	12,285
Deferred taxes	47,374	49,601	45,716
	290,255	297,960	298,369
Current liabilities			
Liabilities to banks	73,207	39,225	46,580
Trade payables	15,937	15,379	17,428
Income tax liabilities	11,193	15,715	19,929
Provisions	23,702	24,399	21,431
Purchase price liabilities	19,728	24,853	29,038
Other financial liabilities	5,487	5,277	9,755
Other non-financial liabilities	44,551	41,393	29,347
	193,805	166,242	173,508
Liabilities of disposal group classified as held for sale	1,370	0	0
	663,603	645,089	651,284

Income Statement

for the reporting period of 1 January - 30 September 2013

EUR '000	01.07-30.09 2013	adjusted 01.07-30.09 2012	01.01-30.09 2013	adjusted 01.01-30.09 2012	01.01-31.12 2012
Continuing operations					
Sales revenue	111,439	107,356	334,476	331,651	450,582
Capitalized in-house services	2,308	1,412	6,186	4,181	6,610
Other Income	147	111	1,342	1,052	5,403
Expenses for goods and services purchased	-18,058	-17,905	-57,094	-56,426	-82,518
Personnel costs	-52,859	-50,502	-160,967	-153,901	-202,052
Other expenses	-17,713	-14,888	-54,493	-46,238	-73,197
Earnings before interest, taxes depr. and amortization (EBITDA)	25,264	25,584	69,450	80,319	104,827
Depreciation of property, plants and tangible assets	-1,851	-1,813	-5,607	-5,581	-7,207
Earnings before interest, taxes and amortization (EBITA)	23,413	23,771	63,843	74,738	97,620
Amortization of intangible assets	-7,982	-7,788	-23,443	-23,477	-33,592
Earnings before interest and taxes (EBIT)	15,431	15,983	40,40	51,261	64,028
Results from associates recognised at equity	-7	-14	7	12	-360
Financial income	-680	-1,144	1,835	3,730	7,479
Financial expense	-5,493	-5,135	-16,387	-15,331	-22,90
Earnings before taxes (EBT)	9,251	9,690	25,855	39,672	48,247
Taxes on income for the period	-3,819	-3,491	-9,101	-11,307	-17,951
Consolidated net income for the period from continuing operations	5,432	6,199	16,754	28,365	30,296
Discontinued operations					
Profit for the period from discontinued operations	87	0	260	0	0
Consolidated net income for the period	5,519	6,199	17,014	28,365	30,296
of which: allocated to parent company	5,613	6,199	17,262	28,365	30,589
of which: allocated to minority interests	-94	0	-248	0	-293

Statement of Comprehensive Income

for the reporting period of 1 January - 30 September 2013

EUR '000	01.07-30.09 2013	adjusted 01.07-30.09 2012	01.01-30.09 2013	adjusted 01.01-30.09 2012	01.01-31.12 2012
Consolidated net income for the period	5,519	6,199	17,014	28,365	30,296
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	-52	0	-156	0	-3,549
Deferred taxes on Actuarial gains and losses on defined benefit plans	15	0	47	0	1,022
Items that will be reclassified to profit or loss at a future point in time when specific conditions are met					
Cash flow hedges	0	0	0	0	0
of which: in equity	402	-2,111	3,849	-6,149	-8,969
of which: income	0	0	0	0	2,974
Deferred taxes on cash flow hedges	-121	625	-1,112	1,822	1,727
Currency conversion differences	-884	2,842	-3,761	6,383	4,396
Total comprehensive imcome for the period	4,864	7,555	15,834	30,421	27,897
of which: allocated to parent company	4,958	7,555	16,082	30,421	28,190
of which: allocated to minority interests	-94	0	-248	0	-293
Earnings per share					
undiluted (EUR)	0.11	0.12	0.35	0.57	0.61
diluted (EUR)	0.11	0.12	0.35	0.57	0.61
Cash net income (EUR)*	12,398	13,241	37,899	49,562	59,960
Cash net income per share (EUR)	0.25	0.27	0.76	0.99	1.20

* 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 2013

EUR '000	01.07-30.09 2013	adjusted 01.07-30.09 2012	01.01-30.09 2013	adjusted 01.01-30.09 2012	01.01-31.12 2012
Group net income	5,519	6,198	17,014	28,365	30,296
Amortization of intangible assets, plant and equipment	9,833	9,601	29,050	29,058	40,799
Earnings on sales of fixed assets	0	0	0	0	4,001
Change in provisions (including income tax liabilities)	-4,444	2,822	-5,423	1,111	4,774
Change in deferred taxes	-1,539	-1,253	-3,599	-3,292	-5,066
Other non-cash earnings/expenditures	2,391	-154	3,097	977	-105
	11,760	17,215	40,139	56,219	74,699
Change in inventories	-309	-197	-917	140	566
Change in trade receivables	9,283	3,241	7,484	1,375	-8,735
Change in income tax receivables	-2,005	1,678	-2,046	1,403	-1,993
Change in other receivables	1,593	241	-234	-112	3,948
Change in securities (valued at actual cash value)	0	-3	0	-75	0
Change in trade accounts payables	-2,584	-1,710	-3,403	-6,870	-4,674
Change in other short-term liabilities and derivative financial instruments	-17,563	-17,092	4,115	9,641	3,094
Cash flow from operating activities	175	3,372	45,138	61,720	66,905
Cash inflow on disposals of intangible assets	29	3	38	173	1,105
Cash outflow for capital expenditure in intangible assets	-3,503	-1,559	-11,331	-5,270	-8,935
Cash inflow on disposals of sales of property, plant and equipment	6	472	431	1,386	2,275
Cash outflow for capital expenditure in property, plant and equipment	-1,114	-2,184	-4,391	-16,340	-18,453
Cash outflow for the acquisition of subsidiaries	-14,075	0	-18,106	-14,306	-15,491
Cash outflow for the acquisition of subsidiaries from prior periods	-8,817	0	-12,415	0	-13,726
Cash flow from investing activities	-27,474	-3,268	-45,774	-34,357	-53,225
Purchase of own shares	0	-2,448	0	-3,349	-4,646
Dividends paid	0	0	-17,366	-12,475	-12,475
Capital contributions from Non-controlling interests	125	0	125	0	250
Cash inflow from assumption of loans	33,984	20,000	62,065	32,225	32,564
Cash outflow from the repayment of loans	-2,342	-17,592	-44,432	-53,247	-34,583
Cash flow from financing activities	31,767	-40	392	-36,846	-18,890
Cash and cash equivalents at the beginning of the period	0	0	18,953	23,978	23,978
Change in cash and cash equivalents	4,468	65	-244	-9,483	-5,210
Changes in cash due to exchange rates	5	0	124	0	185
Cash and cash equivalents at the end of the period	4,473	65	18,833	14,495	18,953
Interest paid	4,545	3,199	10,339	10,193	14,944
Interest received	238	198	692	2,261	2,534
Income tax paid	4,915	3,881	9,529	9,707	19,440

Statement of Changes in Consolidated Equity

as at 30 September 2013

EUR '000	Share capital	Treasury shares	Other reserves	Accumulated other comprehensive income: Cashflow Hedges	Accumulated other comprehensive income: Currency conversion	Attributable to owners of CompuGroup Medical AG	Non-controlling interest	Total equity
Balance as at 01.01.2012	53,219	-16,257	146,166	-4,425	-10,572	168,131	71	168,202
Effects of the application of IAS 19 (revised 2011)	0	0	101	0	0	101	0	101
Group net income	0	0	30,615	0	0	30,615	-293	30,322
Other results								
Cashflow Hedges	0	0	0	-4,179	0	-4,179	0	-4,179
Actuarial gains and losses	0	0	-2,616	0	0	-2,616	0	-2,616
Currency conversion differences	0	0	0	0	4,396	4,396	0	4,396
Total result of the period	0	0	27,999	-4,179	4,396	28,216	-293	27,923
Transactions with shareholders								
Capital contributions	0	0	0	0	0	0	250	250
Dividend distribution	0	0	-12,475	0	0	-12,475	0	-12,475
Stock option program	0	0	52	0	0	52	0	52
Purchase of own shares	0	-4,646	0	0	0	-4,646	0	-4,646
	0	-4,646	-12,423	0	0	-17,069	250	-16,819
Balance as at 31.12.2012	53,219	-20,903	161,843	-8,604	-6,176	179,278	28	179,407
Group net income	0	0	17,262	0	0	17,262	-248	17,014
Other results								
Cashflow Hedges	0	0	0	2,737	0	2,737	0	2,737
Actuarial gains and losses	0	0	-156	0	0	-156	0	-156
Currency conversion differences	0	0	0	0	-3,761	-3,761	0	-3,761
Total result of the period	0	0	17,106	2,737	-3,761	16,082	-248	15,834
Transactions with shareholders								0
Dividend distribution	0	0	-17,366	0	0	-17,366	0	-17,366
Capital contributions	0	0	0	0	0	0	298	298
	0	0	-17,366	0	0	-17,366	298	-17,068
Balance as at 30.09.2013	53,219	-20,903	161,583	-5,867	-9,937	177,994	78	178,173

Explanatory Notes

General Accounting Principles

The accompanying condensed IFRS-Interim Financial Statements for the period ended 30 September 2013 is a Consolidated Financial Statement. Unless otherwise specified, all amounts are provided in thousands of euros (EUR thousands) or millions of Euros (EUR millions). Rounding differences of +/- one unit (EUR thousands, percent, etc.) may arise as a result of calculations.

The third quarter consolidated financial statements as of 30 September 2013 have been prepared, like the Consolidated Annual Financial Statements for the year 2012, 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 2012. Relevant information can be found in the Consolidated Financial Statements as of 31 December 2012. 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:

1 € corresponds to	Fixed rates 30.09.2013	Fixed rates 31.12.2012	Average rates Jan - Sep 2013	Average rates Jan - Sep 2012
Denmark (DKK)	7.46	7.44	7.46	7.44
Canada (CAD)	1.39	1.32	1.35	1.29
Malaysia (MYR)	4.41	3.95	4.13	3.96
Norway (NOK)	8.11	7.38	7.66	7.48
Poland (PLN)	4.23	4.07	4.20	4.18
Sweden (SEK)	8.66	8.61	8.58	8.70
Switzerland (CHF)	1.22	1.21	1.23	1.21
South Africa (ZAR)	13.60	11.20	12.50	10.54
Czech Republic (CZK)	25.73	25.09	25.75	25.11
Turkey (TRY)	2.75	2.36	2.46	2.31
USA (USD)	1.35	1.32	1.32	1.29

Unless otherwise stated, all figures refer to the first nine months of 2013 and 2012 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 2012. In addition, assumptions have been made in the determination of the personnel expenses and provisions for post-employment benefits.

Changes to comparative figures for 2012

In the financial year 2012 adjustments in the accounting methods of provisions for post-employment benefits, reclassifications and corrections in presentation and reporting have been made, which resulted in adjustments in figures and disclosures related to the comparison period for the first nine months of 2012 in this quarterly report.

Regarding the provisions for post-employment benefits the method of accounting for actuarial gains and losses was changed in 2012. The method of accounting was changed from recognition in the income statement to recognition directly in the other comprehensive income. Figures reported as comparative information for the period 1 January – 30 September 2012 were adjusted accordingly. Consequently the personal expenses were lowered by EUR 2,662 thousand. This amount represents actuarial gains and losses that under the new accounting policy were recorded in other comprehensive income.

The change in reporting of revenue from hardware leases done at end of the financial year 2012 resulted in a more appropriate presentation of the operating result by including the corresponding operating activities under sales revenue that previously had been presented in financial income. These changes resulted in sales revenue being higher by EUR 1,070 thousand and financial Income being lower by the same amount for the comparison period 1 January – 30 September 2012.

New and revised Standards which will apply from financial year 2013

Amendments to IAS 1 – Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income

The amendments require that the items of the other comprehensive income are subdivided into items that will not be reclassified subsequently to profit or loss; and items that will be reclassified subsequently to profit or loss when specific conditions are met. The amendments affect only the presentation of CompuGroup Medical's other comprehensive income.

IAS 19 (rev. 2011) – Employee Benefits

The amendment of IAS 19 led to a replacement of the corridor approach by a fully recognition of actuarial gains and losses directly in other comprehensive income. Furthermore, the revised IAS 19 requires uniform interest rates for the expected income on plan assets and the interest expense on the pension obligations as net total under the interest expense. The past service costs are immediately recognized in the period of the pension plan modification.

In the financial year 2012 the application of IAS 19 (rev. 2011) would have led to higher personnel expenses in amount of EUR 101 thousand. In the nine months of the financial year 2012 the impact on the personnel expenses would have amounted to EUR 75 thousands. The amendment resulted in an adjustments in the comparative figures presented in the income statement and in total comprehensive income. The effects resulting from the first time adoption of the IAS19 (rev. 2011) are shown separately in the changes in consolidated equity.

The adjusted recognition method of actuarial gains and losses had no impact on CompuGroup Medical as actuarial gains and losses have already been recognized entirely in equity since 2012. Furthermore the elimination of the delayed recording of past service costs had no effects on CompuGroup Medical, as all past service costs have already been recorded.

For existing obligations in the Netherlands, additional contributions to plan assets had to be made. These have been fully recognized in equity in accordance with the new standard.

In addition, these further new and revised standards are applicable for the first time adoption as of 1 January 2013. However they have no material impact on the Interim Consolidated Financial Report of CompuGroup Medical AG as of 30 September 2013:

+ IFRS 1 – First-time Adoption: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
+ IFRS 1 – First-time Adoption: Government loans at below-market rates of interest
+ IFRS 7 – Financial instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
+ IFRS 13 – Fair Value Measurement
+ IAS 12 – Income Taxes: Deferred Tax: Recovery of Underlying Assets
+ IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine
+ Annual Improvements to IFRSs (2009 – 2011 cycle)

New and revised Standards which will apply from financial year 2013

The first time application of the new standards listed below is mandatory within the EU for financial years beginning on 1 January 2014. The first time application of these new standards outside the EU is mandatory for financial years beginning on the 1 January 2013:

+ IFRS 10 – Consolidated Financial Statements
+ IFRS 11 – Joint Arrangements
+ IFRS 12 – Disclosures of Interests in other entities
+ IAS 27 – Separate Financial Statements
+ IAS 28 – Investments in Associates and Joint Ventures
+ IAS 32 – Financial Instruments: Presentation,- Offsetting Financial Assets and Financial Liabilities

The possibility of an early adoption for particular standards is given. CompuGroup Medical AG. CompuGroup Medical does not make use of the possibility of the 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 not expected that there will be significant changes to the (Interim-) Consolidated Financial Statements due to the first time adoption of these standards.

Selected explanatory notes

Consolidation group

The Consolidated Interim Financial Statements as of 30 September 2013 includes 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 includes those companies included in Financial Statements as of year-end 2012 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 2012 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

Acquisition of control in Perikles 20124 Vermögensverwaltung GmbH, Germany
As of 1 January 2013 CompuGroup Medical AG acquired control in Perikles 20124 Vermögensverwaltung GmbH (hereinafter „Perikles“). Perikles is a holding company with the purpose of the management of its acquired shareholdings. The price for the acquisition of control of Perikles and their shareholdings was EUR 3.1 million. From the agreed purchase price EUR 2.1 million were paid out during the first quarter 2013. The outstanding EUR 1.0 million are payable depending on achievement of targets agreed. It is currently expected that these targets will be completely achieved and the whole amount of the remaining purchase price liability will be paid out in total. With effect from 7 June 2013 EUR 500 thousand of the outstanding EUR 1 million was paid out.

Perikles was acquired exclusively with a view to a partial resale. It fulfills all criteria of IFRS 5 for the classification as a „Disposal Group“. The acquired assets amount to EUR 4.6 million and acquired liabilities amount to EUR 1.2 million. These are reported in the balance sheet under assets and liabilities belonging to disposal group classified as held for sale. The acquired assets and liabilities were therefore not included in the company acquisition table.

Since 1 January 2013 Perikles contributes with a profit of EUR 260 thousand to the consolidated net income for the period.

Acquisition Meditec GmbH, Germany
In January 2013, CompuGroup Medical AG acquired 70 percent of the shares of Meditec GmbH via its fully-owned subsidiary CompuGroup Medical Deutschland AG. The purchase price amounted to EUR 1.4 million, of which EUR 100 thousand were retained as a security deposit. Furthermore, in addition to an equity guarantee Call-Put options were agreed. The valuated contingent purchase price payments at acquisition date amounted to EUR 1,015 thousand, of which it is expected that they are paid out in total.

For 2012, Meditec’s revenue was EUR 0.9 million, whereof 80 percent is recurring revenue. Its EBITDA for 2012 was approximately EUR 0.2 million.

From the preliminary purchase price allocation for the initial consolidation the preliminary goodwill amounts to EUR 95 thousand. The calculation of the goodwill is particularly preliminary because the valuation of customer relationships is not finalized as the analysis and evaluation of the acquired customer contracts has not yet been completed.

Since 1 February 2013 the Meditec GmbH contributes with a profit of EUR 87 thousand to the consolidated net income for the period.

Foundation of CompuGroup Lab Solutions France SAS and acquisition of the assets of the Neurone R&D SAS, France
With effect 12 April 2013 CompuGroup Lab Solutions France SAS was founded with headquarters in Rueil Malmaison. Effective 30 April 2013 CGM France SAS acquired the assets of Neurone R & D SAS, Marseille. The purchase price for the assets was EUR 400 thousand. After purchase price reductions, a purchase price of EUR 316 thousand has been paid out.

From the preliminary purchase price allocation for the initial consolidation the preliminary goodwill amounts to EUR 149 thousand. The calculation of the goodwill is particularly preliminary because the valuation of customer relationships and the order backlog is not finalized as the analysis and evaluation of the acquired customer contracts has not yet been completed.

Since 1 May 2013 a negative result of EUR -143 thousand stems from CompuGroup Lab Solutions France SAS, which was attributable to the consolidated net income for the period

Acquisition Studiofarma Srl and Qualità in Farmacia Srl, Italy
In July 2013, CGM Italia SpA, a 100 percent subsidiary of CompuGroup Medical AG, acquired the majority of the shares of the Italian market leader for pharmacy software, Studiofarma Srl, Brescia (in the following “Studiofarma”), and its largest distributor, Qualità in Farmacia Srl,Novara (in the following “Qualità in Farmacia”). Through these acquisitions CGM wins 7,000 pharmacists in Italy. Studiofarma develops software solutions for pharmacies in Italy.

With a market share of about 30 percent in its core market, the company is the market leader in pharmacy software in Italy. Qualità in Farmacia is the largest distributor of Studiofarma software with about 2,000 customers and is selling additionally hardware and other ancillary products to its customers.

The consolidated revenue of the two companies in 2012 was approximately EUR 17.0 million and EBITDA was approximately EUR 1.0 million. From the consolidated revenue of EUR 17.0 million a total of EUR 4.1 million belongs to Studiofarma and EUR 12.9 million belongs to Qualità in Farmacia.

Initially, 86.42 percent of the shares of Studiofarma were acquired for a purchase price of EUR 5.6 million. In addition a call-put option agreement for about 9.29 percent of the outstanding shares exists. For the remaining 4.29 percent there are no concrete contractual agreements closed so far. These remaining 4.29 percent are treated and reported as minorities in the consolidated interim financial statements. The first time consolidation took place on 1 August 2013.

From the preliminary purchase price allocation of Studiofarma for the initial consolidation the preliminary goodwill amounts to EUR 3,141 thousand. The calculation of the goodwill is particularly preliminary because the valuation of customer relationships and the order backlog is not finalized as the analysis and evaluation of the acquired customer contracts has not yet been completed

Since the 1 August 2013 a positive result of EUR 100 thousand stems from Studiofarma, which was attributable in the amount of EUR 96 thousand to the consolidated net income for the period.

The purchase price for the acquisition of 95 percent of the shares in the Qualità in Farmacia amounted to EUR 7.3 million. In addition, a call-put option agreement for the remaining 5 percent of shares exists. The first time consolidation took place on 1 August 2013.

From the preliminary purchase price allocation of Qualità in Farmacia for the initial consolidation the preliminary goodwill amounts to EUR 1,281 thousand. The calculation of the goodwill is particularly preliminary because the valuation of customer relationships and the order backlog is not finalized as the analysis and evaluation of the acquired customer contracts has not yet been completed.

Since the 1 August 2013 a positive result of EUR 58 thousand stems from Qualità in Famracia, which was attributable to the consolidated net income for the period.

Acquistion of Tekne Srl, Italy
In July 2013, CGM Italia SpA, a 100 percent subsidiary of CompuGroup Medical AG, acquired a majority stake in Tekne Srl, based in Ragusa (in the following “Tekne”).

Tekne develops software solutions for dentists and is with its software Xdent market leader for Mac OS dentist information system in Italy. The innovative software, XDent, offers excellent design and user friendliness. The company not only offers desktop solutions, but also mobile apps connecting dentists more closely with their patients.

Initially, 80 percent of the shares were acquired. The purchase price for 80 percent of the shares was EUR 1.5 million. A further EUR 750 thousand have to be paid over the next 5 years. In addition, call-put options over the next five years for the purchase of the outstanding 20 percent of the shares were agreed. The total revenue for 2012 was EUR 0.6 million and EBITDA was EUR 0.3 million. The first time consolidation of Tekne took place on 1 August 2013.

From the preliminary purchase price allocation of Tekne for the initial consolidation the preliminary goodwill amounts to EUR 1,184 thousand. The calculation of the goodwill is particularly preliminary because the valuation of customer relationships and the order backlog is not finalized as the analysis and evaluation of the acquired customer contracts has not yet been completed.

Since the 1 August 2013 a positive result of EUR 5 thousand stems from Tekne, which was attributable to the consolidated net income for the period.

Acquired assets and liabilities	Total 2013	thereof Tekne	thereof Studiofarma	thereof Qualità in Farmacia
Goodwill / business value	6,315	1,184	3,141	1,281
Other intangible assets	17,824	2,637	3,223	8,198
Property, plant and equipment	1,709	4	44	1,595
Ohter non-current assets	107	0	0	0
Inventories	693	0	0	693
Other current assets	11,199	156	2,030	5,899
Deferred tax assets	0	0	0	0
Cash and cash equivalents	2,272	10	1,337	555
Pension provision	1,966	20	458	1,488
Other provisions	36	0	0	21
Liabilities to banks	667	0	0	667
Other liabilities	8,299	184	2,272	5,635
Deferred tax liabilities	5,953	844	1,001	2,977
Net assets	23,198	2,943	6,044	7,433
Purchased cash and cash equivalents	2,272	10	1,337	555
Purchase price liabilities	2,820	693	491	308
Payments for the acquisition of subsidiaries from prior periods	12,415	0	0	0
Net cash outflow for acquisitions	30,521	2,240	4,216	6,570

Acquisition of the remaining shares in UCF Holding S.à.r.l., Luxembourg
In July 2013, CompuGroup Medical Deutschland AG, a 100 percent subsidiary of CompuGroup Medical AG, acquired the outstanding 25.1 percent of the shares of UCF Holding S.à.r.l. for a purchase price of GBP 7.5 million. Therefore CGM is now owning 100 percent of the shares in UCF Holding S.à.r.l. CGM has created an appropriate purchase price liability for the purchase price of GPB 7.5 million (corresponds to EUR 8.7 million), in its statement of financial position as at 30st June 2013, which will be utilized within the third quarter of 2013.
Joint Venture between CGM Malaysia Sdn Bhd and Alstar Healthcare Sdn Bhd, Malaysia
In July 2013, CGM Malaysia Sdn Bhd and Alstar founded Healthcare Sdn Bhd („Sendirian Berhad", equals: GmbH), a joint venture. The joint venture establishes an exclusive partnership between the two parties related to projects from the Malaysian Ministry of Health. Alstar Healthcare will be in future offering exclusively eHealth products of CGM for IT projects with the Malaysian Ministry of Health.

Acquisitions and disposals of items of Tangible assets
In the first nine months of financial year 2013 CompuGroup Medical AG acquired tangible assets such as office buildings and office equipment for a total amount of EUR 4.0 million.

Related-party transactions
In the reporting period of financial year 2013 CompuGroup Medical AG entered into an agreement with KEC Kölner Eishockey-Gesellschaft „Die Haie" mbH, Köln regarding additional promotional and advertising services during the playoff series for a total amount of EUR 15 thousand. The agreement is closed at market conditions. There have been no other additional significant transactions with related parties in the interim period.

Compliance with payment obligations and financial covenants
Within the first nine months of financial year 2013 CompuGroup Medical complied with all financial covenants of its loan agreements. Scheduled payment obligations on the SEB syndicated Term Loan Facility of EUR 30.0 million per year and other credit facilities of EUR 3.3 million were met entirely.

As at the end of the third quarter the liabilities to banks increased compared to 31.12.2012 by EUR 17.3 million to EUR 286.6 million which primarily results from a higher utilization of the SEB revolving loan credit facility.

Other financial obligations and finance commitments

As at 30 September 2013 the Group had open obligations from non-cancelable operating leases, maturing as follows:

EUR '000	01.07-30.09 2013	01.07-30.09. 2012
One year or less	11,603	11,540
Between two and five years	17,525	11,290
Longer than five years	7,747	6,407
SUM	36,875	29,236

Payments from operating lease agreements include rent for the Group's office equipment and particularly for office buildings (wit-hout 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 in the fist nine months of financial year 2013 compared to 31 December 2012.

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 nine months of financial year 2013 the same accounting policies and valuation methods that were applied in the Financial Statements as of year-end 2012 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.

	Category IAS 39	Book Value EUR'000	Fair Value EUR'000
Financial assets			
Cash and cash equivalents	LaR	18,833	18,833
Trade receivables	LaR	62,618	62,618
Other receivables	LaR	15,269	14,371
Leasing receivables	-	14,531	15,070
Other financial assets	AfS	128	128
Securities	FVtPL	99	99
Stock option held for trading	FVtPL	4,422	4,422
Total financial assets		115,900	115,541
Financial liabilities			
Liabilities to banks	oL	286,610	284,546
Purchase price liabilities	oL	21,903	21,903
Ptrade payables	oL	15,937	15,937
Other liabilities	oL	6,319	6,319
Leasing liabilities	-	1,315	1,293
Interest rate swaps - cash flow hedges	-	8,437	8,437
Total financial liabilities		340,519	338,434
Totals per category			
Assets available for sale	AfS	128	128
Loans and receivables	LaR	96,720	95,823
Financial assets at fair value through profit and loss	FVtPL	4,521	4,521
Other financial liabilities	oL	330,768	328,704

The fair values of the individual valuation categories on the balance sheet date approximately correspond to the book values. The fair values of the non-current categories (particularly liabilities to banks) are calculated as net present value of the cash flows of the underlying assets or liabilities on the basis of applicable yield curves by considering a reasonable credit spread.

Securities and swaps are measured at fair value. The fair value of the securities (EUR 99 thousand) is based upon publicly quoted prices on active markets as of the balance sheet date and are therefore classified as level 1 type assets in the fair value hierarchy of IFRS 7. The fair value of the interest rate swaps (EUR 8,437 thousand) is based upon measurement methods that use inputs that are observable and available and therefore classified as level 2 type assets in the fair value hierarchy of IFRS 7. The stock options held for trading (included in other long-term liabilities and derivative financial instruments) is assigned to level 3 of the hierarchy according to IFRS 7.

Post balance sheet events

German Stock Exchange includes CompuGroup in the TecDAX

Since 23 September 2013 the shares of CompuGroup Medical AG (ISIN DE0005437305) is included in the German technology stock index TecDAX. This was decided by the German Stock Exchange on 4 September 2013.

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)		
EUR ´000	2013 Jan-Sep	2012 Jan-Sep	2012 Jan-Dec	2013 Jan-Sep	2012 Jan-Sep	2012 Jan-Dec	2013 Jan-Sep	2012 Jan-Sep	2012 Jan-Dec
Sales to third parties	234,953	226,443	304,754	58,041	56,674	81,155	41,288	47,805	64,445
Sales between segments	1,240	1,125	1,613	4,938	4,779	6,201	306	111	500
SEGMENT SALES [1]	236,193	227,568	306,367	62,979	61,453	87,356	41,594	47,916	64,945
Capitalized in-house services	607	606	717	0	0	0	0	0	0
Expenses for goods and services purchased	-43,572	-43,040	-57,665	-13,197	-12,608	-18,155	-6,162	-6,804	-15,440
Personnel costs	-84,591	-82,024	-108,609	-37,340	-35,463	-51,473	-23,679	-23,236	-28,425
Other expense	-34,576	-30,411	-43,197	-5,358	-5,315	-6,724	-8,333	-7,415	-8,186
EBITDA	74,061	72,699	97,613	7,084	8,067	11,004	3,420	10,461	12,894
in % of sales	31.5	32.1	32.0	12.2	14.2	13.6	8.3	21.9	20.0
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*	-	-	-	-	-	-	-	-	-

[1] Total Sales (excluding changes in inventory, capitalized in-house services and other operating income)
* Cash net income: 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		
2013 Jan-Sep	2012 Jan-Sep	2012 Jan-Dec	2013 Jan-Sep	2012 Jan-Sep	2012 Jan-Dec	2013 Jan-Sep	2012 Jan-Sep	2012 Jan-Dec	2013 Jan-Sep	2012 Jan-Sep	2012 Jan-Dec
194	729	229	334,476	331,651	450,582	0	0	0	334,476	331,651	450,582
326	81	95	6,810	6,096	8,409	-6,810	-6,096	-8,409	0	0	0
520	810	324	341,286	337,747	458,991	-6,810	-6,096	-8,409	334,476	331,651	450,582
5,579	3,575	5,893	6,186	4,181	6,610	0	0	0	6,186	4,181	6,610
-5,201	-4,898	-6,893	-68,132	-67,350	-98,153	11,038	10,924	15,635	-57,094	-56,426	-82,518
-4,845	-4,485	-4,589	-150,455	-145,208	-193,096	-10,512	-8,693	-8,956	-160,967	-153,901	-202,052
-601	-463	-1,088	-48,868	-43,604	-59,195	-4,283	-1,582	-8,600	-53,151	-45,186	-67,795
-4,548	-5,461	-6,353	80,017	85,766	115,157	-10,567	-5,447	-10,330	69,450	80,319	104,827
-	-	-	23.9	25.9	25.6	-	-	-	20.8	24.2	23.3
									-5,607	-5,581	-7,207
									-23,443	-23,477	-33,592
									0	0	0
									40,40	51,261	64,028
-	-	-	-	-	-	-	-	-	7	12	-360
-	-	-	-	-	-	-	-	-	1,835	3,730	7,479
-	-	-	-	-	-	-	-	-	-16,387	-15,331	-22,90
-	-	-	-	-	-	-	-	-	25,855	39,672	48,247
-	-	-	-	-	-	-	-	-	-9,101	-11,307	-17,951
-	-	-	-	-	-	-	-	-	260	0	0
-	-	-	-	-	-	-	-	-	17,014	28,365	30,296
-	-	-	-	-	-	-	-	-	5.1	8.6	6.7
-	-	-	-	-	-	-	-	-	37,899	49,562	59,960

Additional Information

FINANCIAL CALENDAR 2013 / 2014

Date	Event
November 20, 2013	Interim report Q3 2013 | Analyst Conference
February 5, 2014	Preliminary Q4 / Full year report 2013
March 27, 2014	Annual report 2013
May 8, 2014	Interim report Q1 2014
May 14, 2014	Annual general meeting 2014, Koblenz
August 7, 2014	Interim report Q2 2014
November 12, 2014	Interim report Q3 2014 | Analyst conference

SHARE INFORMATION

The CompuGroup share finished the third quarter with a closing price of EUR 18.04. The average closing share price decreased by 3 percent to EUR 17.49 (Q2: 17.98).

The highest quoted price during the quarter was EUR 20.00 on 11 July 2013 and the lowest price EUR 14.16 on 2 August 2013.

The trading volume of CompuGroup shares was 3.0 million shares during the third quarter, up 50 percent compared to the previous quarter. The average daily trading volume increased correspondingly to 46,074 shares compared to an average trading volume per day in 2012 of 20,905.

On 23 September 2013 the German Stock Exchange included the CGM share in the German technology stock index TecDAX wich comprises the 30 largest technology stocks in the Prime Standard. On the rating list for TecDAX, the company was 20th for market capitalization and 29th for stock exchange turnover.

By the end of September 2013, a total of six analyst companies were covering the CompuGroup Medical share on a regular basis. The forecast price targets ranged from EUR 17.00 to EUR 20.00. Five analysts rated the shares a “buy” or ”overweight”, one analyst reduced the rating from “buy” to “hold”.

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Management Responsibility Statement

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

Koblenz, 20 November 2013

CompuGroup Medical Aktiengesellschaft
The Management Board

Frank Gotthardt   Christian B. Teig   Uwe Eibich

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Synchronizing Healthcare

CompuGroup Medical