

# Annual Report 2010

CompuGroup Medical AG | Synchronizing Healthcare



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# CompuGroup Medical stands for relevant medical information, anytime, anywhere.

At CompuGroup Medical, we use the power of modern information technology to help all participants in healthcare use, share and store vital medical information. Our software and related services improve efficiency, reduce costs, optimize workflows and increase the quality of care.

CompuGroup Medical has a unique customer base of over 380,000 doctors, dentists, hospitals and other service providers. In addition, some of the largest and most prestigious healthcare insurance companies and pharmaceutical producers are our clients. CGM's offering also reaches out to the general public – helping every citizen get involved in better health.

## Highlights (EUR million)

# 312

Group Sales 2010

# 67

EBITDA 2010

# 42

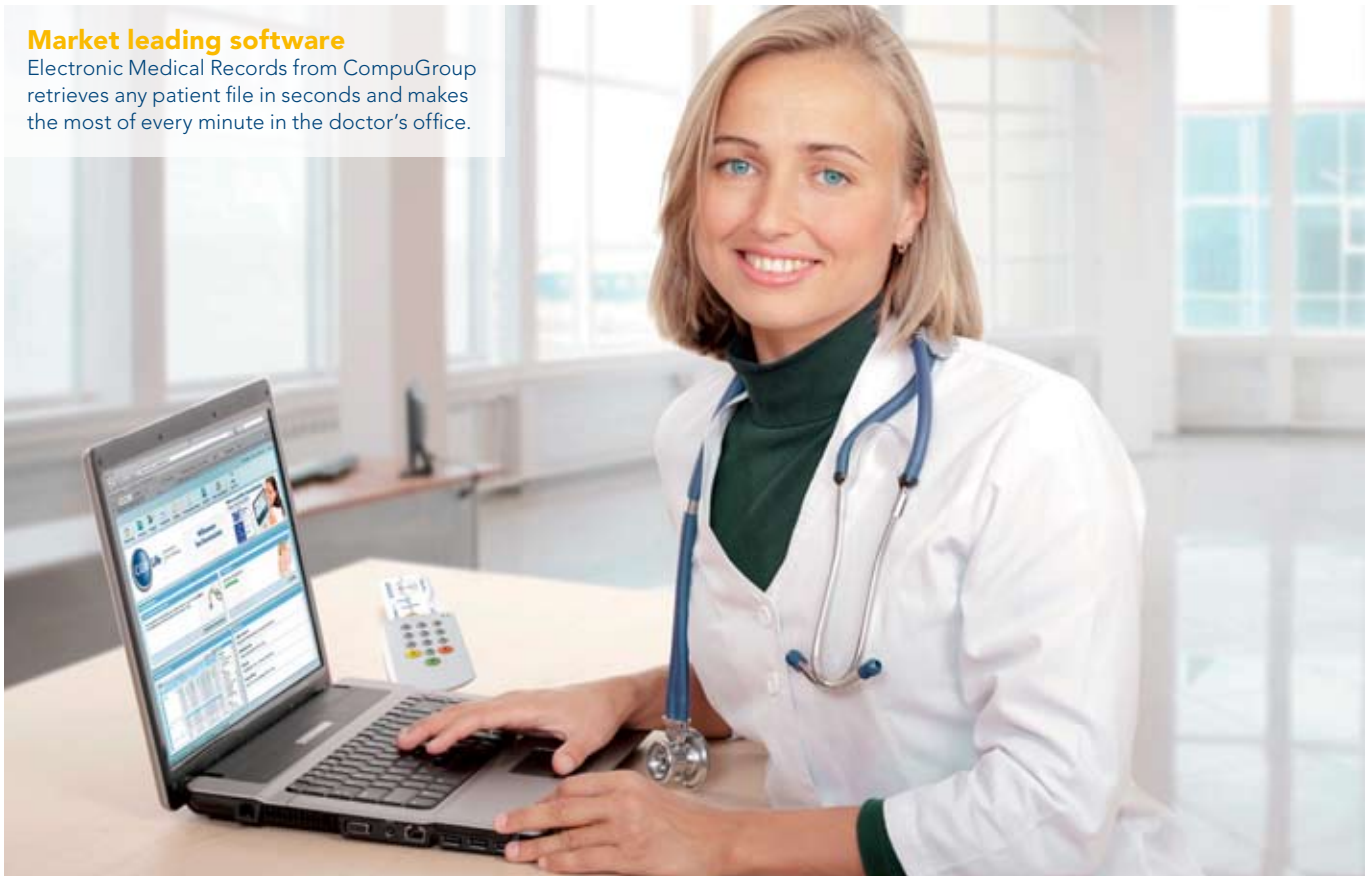
Cash Net Income 2010

# 0.33

Earnings per Share  
2010 (EUR)

### Market leading software

Electronic Medical Records from CompuGroup retrieves any patient file in seconds and makes the most of every minute in the doctor's office.



CompuGroup Medical AG is one of the leading eHealth companies in the world with 2010 revenues of €312m and EBITDA of €67m.



### Koblenz headquarters

Located in the heart of the Rhineland, the historical city of Koblenz is situated where the Rhine and Mosel rivers meet at the Deutsches Eck (German Corner).

The company is exclusively focused on the healthcare sector and is the market leader in Germany and other key European countries. The company is listed on the Frankfurt Stock Exchange Prime Standard market (XETRA:COP) and is a member of the CDAX.

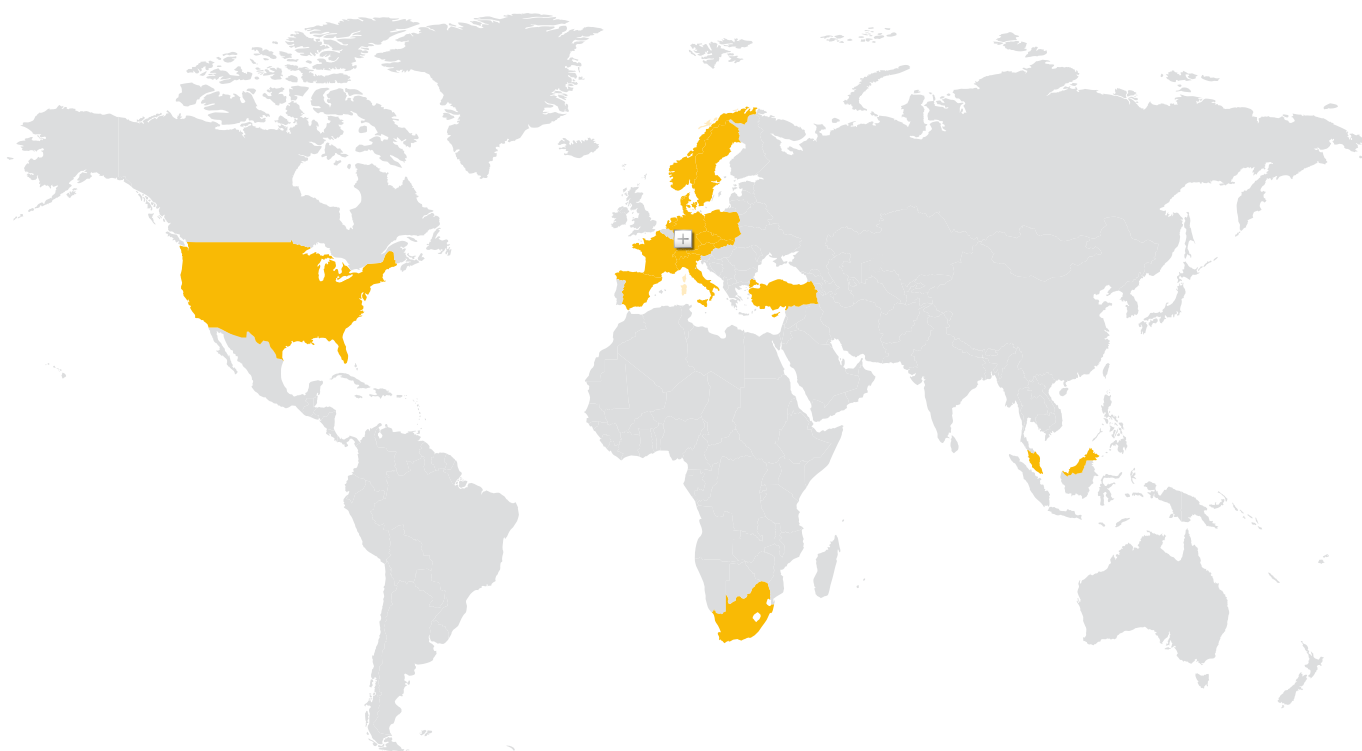
With headquarters in Germany and offices in 21 countries, we employ 3,000 people worldwide. We are also supported by 300 sales and service partners in as many locations with an overall workforce of some 5,000 people.

All products and services are designed to support the best possible medical treatment through available, structured medical data, complemented by optimal workflow support.

CGM's business activities are divided into three segments: Health Provider Services (HPS), Health Connectivity Services (HCS) and Consumer Health Services (CHS).

## 2010 key milestones





21

Countries

3,000

Employees

With 3,000 employees in 21 different countries we are developing intelligent software to empower healthcare all over the world.



CGM acquires Visionary Healthware Group in the USA.



VISIONARY HEALTHWARE  
Empowering Change Through Technology

Aug



As one of the first companies in Germany CGM develops a fully integrated online service for medical offices – CGM Life eServices



Oct



Further expansion in the US by acquiring Healthport's Solution Services Division. Strengthens position in Sweden by acquiring remaining 49% share in the leading eHealth provider Profdoc Care AB.



Nov



CGM enters Dutch market through the acquisition of Euroned.

CGM closes new 300 EUR million credit facility to refinance existing debt and provide capacity for further acquisitions.

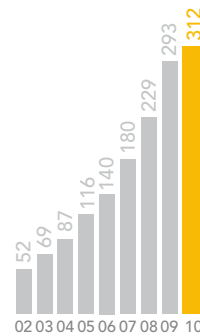


Dec

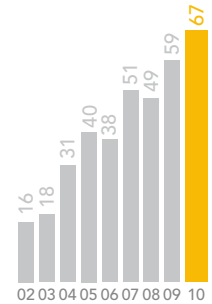
## Proven leadership

Since the beginning in 1979, CompuGroup Medical has influenced the development of healthcare information technology in Europe and has emerged as a market leader.

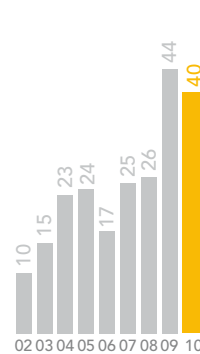
Our products and services are designed to support all medical and organizational activities in doctors' offices and hospitals, e.g. to keep electronic medical records, manage activities and resources, generate billing and financial transactions. Furthermore, CompuGroup Medical connects providers with other important participants in the healthcare sector such as healthcare payers and pharmaceutical companies. For the general public, CompuGroup Medical offers web-based personal health records to enable patients to store their personal medical data on their own electronic personal record and to manage this data through a family doctor.



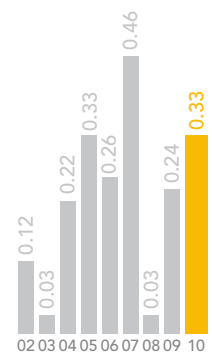
Revenue  
(EUR million)



EBITDA  
(EUR million)



Operating Cash Flow  
(EUR million)



Earnings Per Share  
(EUR million)

### Provider networking

CompuGroup Medical offers affordable solutions which allows providers to securely exchange clinical data, refer patients, order tests, send electronic prescriptions and more – all within the normal workflow of seeing patients.



# The market

The demand for IT solutions is universal across all healthcare systems in Western industrial countries given the same challenges being faced of aging populations and increasing treatment costs.

According to the OECD, industrialized countries already spend more than 10 percent of their gross domestic product on healthcare. By 2020 this share could increase to 16 percent, mainly due to demographic changes, technological progress and stronger health awareness in the population, up to global market volume of around USD 54 billion in 2014.

According to an EU study, eHealth is the strongest growing segment within the healthcare sector with an estimated volume of EUR 20 billion in Europe. The American Recovery and Reinvestment Act of 2009 (ARRA) offers physicians' incentives of more than USD 20 billion over 5 years for healthcare information technology under the Health Information Technology for Economic and Clinical Health (HITECH). This represents another important example for the enormous investments in modern healthcare IT systems. Electronic health records (EHR) is a major segment driving this growth with a market volume expected to almost double to USD 10 billion by 2015. We can only be optimistic about the future of our industry.



# Corporate strategy

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

- Continue to grow installed base of doctors, primarily through acquisition.
- Organic growth by adding new products and services to existing HPS customers and through HCS revenue streams from pharmaceutical companies, healthcare payers and other participants in healthcare.
- Continued leadership in technology and innovation.



## Historical Group Overview (EUR million)

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenue	52	69	87	116	140	180	229	293	312
EBITDA	16	25	31	40	38	51	49	59	67
Operating cash flow	10	15	23	24	17	25	26	44	40
Earnings per share (€)	0.12	0.03	0.22	0.33	0.26	0.46	0.03	0.24	0.33
Total Assets	51	97	138	141	220	279	417	452	556



# Software and services for healthcare providers

Specialized software solutions targeted at doctors, dentists and hospitals is included in the Health Provider Services (HPS) segment. About 245,000 physicians and dentists in their own practices and in hospitals use information systems supplied by CGM.

## The HPS segment is divided into two sub-segments

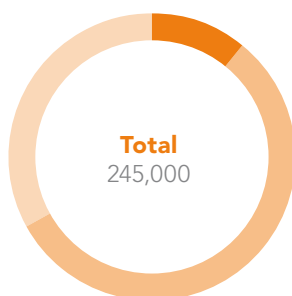
### Ambulatory Information Systems (AIS)

The customers in the AIS sub-segment are primary care providers (usually smaller office-based practices). The functions of AIS range from general practice management software and billing systems for doctors and dentists to integrated clinical solutions with electronic medical records including extensive administrative support and workflow functionality.

### Hospital Information Systems (HIS)

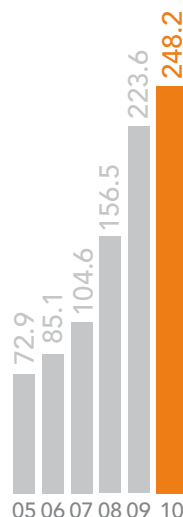
The customers in the HIS sub-segment are secondary care providers (usually hospital-based). The HIS systems includes solutions for hospital management, personnel management, medical documentation and billing programs for the operation of hospitals in addition to a large number of clinical applications aimed at various specialized departments and laboratories.

## Number of users



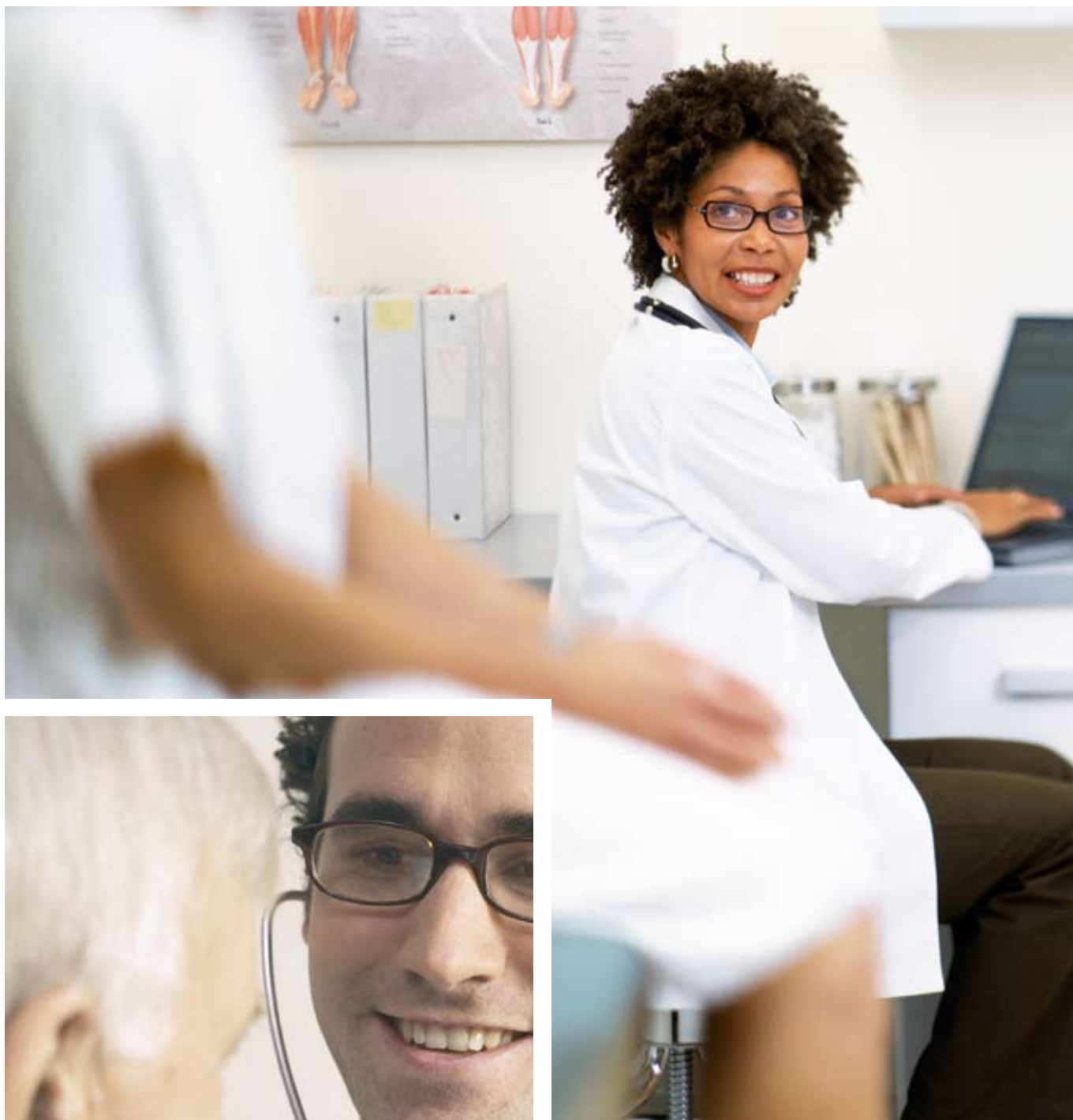
- Dentists:  
25,000 (10%)
- Office-based doctors:  
147,000 (60%)
- Hospital Doctors:  
73,000 (30%)

## Revenue (€M)



The proportion of medical consultations taking place in general practices is close to 90 percent. More than three consultations per citizen per year put tremendous pressure on family doctors. On top of this comes an increasing administrative workload and reporting duties.

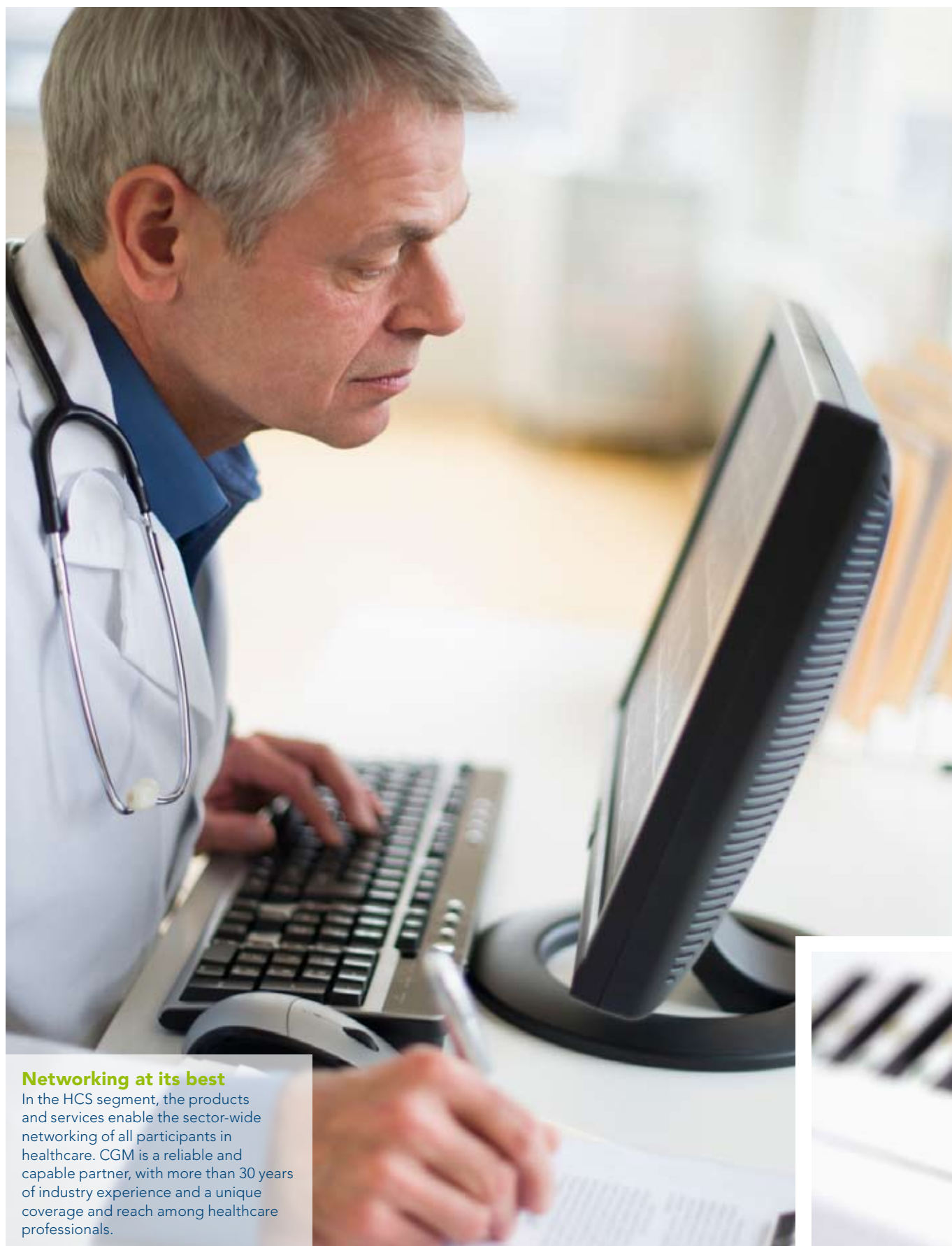




## Business Model

Software maintenance and other recurring revenue is the primary source of income. Other revenue is up-front (one-time) charges coming from license sales, training/consulting and other sales such as 3rd party licenses, associated hardware and equipment etc.

Over the last few years, the proportion of recurring revenue has been stable around 60%.



### Networking at its best

In the HCS segment, the products and services enable the sector-wide networking of all participants in healthcare. CGM is a reliable and capable partner, with more than 30 years of industry experience and a unique coverage and reach among healthcare professionals.

# Unique Networking services based on the large HPS customer base

Products and services in the Health Connectivity Services (HCS) segment facilitates networking between various healthcare participants, targeted specifically at pharmaceutical companies, healthcare payers and healthcare providers.

## The HCS segment is divided into three sub-segments

### Communication & Data

CompuGroup Medical offers pharmaceutical producers and medical equipment manufacturers an information and advertising channel towards doctors and dentists. In addition, CompuGroup Medical collects and mediates anonymous clinical data for market studies, clinical trials etc.

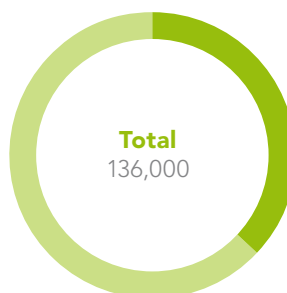
### Workflow & Decision Support

Information and guidelines from health insurers, managed care companies and public sector organizations is integrated in the workflow of the doctors. Other service examples from this sub-segment are clinical decision support systems, drugs and therapy databases and insurance fraud prevention tools.

### Internet Service Provider (ISP)

In this sub-segment, CompuGroup Medical offers Internet and intranet solutions to doctors, through which a secure exchange of medical data is guaranteed.

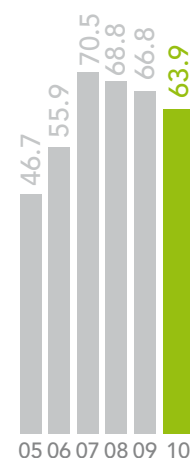
## Number of users



- Doctors – ISP\*: 50,000 (37%)
- Doctors – Decision Support\*: 86,000 (63%)

\*Excluding HPS users counted as dentists, office-based doctors and hospital doctors

## Revenue (€M)



## Business Model

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

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

The Internet Service Provider business model is based on subscriptions.





# Secure access to personal medical information



## Business Model

The CHS business model is based on consumer payment for membership and subscriptions. In addition, an indirect model exists where memberships are sponsored by health insurers and other participants in healthcare.





## For the general public, CompuGroup Medical offers CGM Life, a personal electronic health record containing private medical information.

The web-based solution gives every citizen the opportunity to create and securely store a relevant medical history, including emergency data (blood group, allergies, over sensitivities etc.).

Information in CGM Life is compatible with systems used by general practitioners and other healthcare providers, but the records can only be accessed with the patient's acceptance and direct participation.

CGM Life allows for safe treatment in any medical situation, including an acute care scenario outside the patient's normal health care offering.

### **A personal matter**

Modern healthcare can only reach its full potential if people are engaged in managing their own health. CGM Life enables every citizen to have access to their health data, anytime and anywhere, for the purposes of lifestyle improvement, disease prevention and the best possible medical treatment.

# Dear shareholders

## Another great year for CompuGroup Medical



When the Annual General Meeting was convened in May 2010, we decided to change the name of your company from CompuGroup Holding AG to CompuGroup Medical AG. A name change at group level sends a strong message and was among many initiatives we took during 2010 to reinforce our strategy at all levels of our organization.

The Medical label is now an integral part of our new global brand 'CGM' and if there was any doubt before, it is now crystal clear: CGM is fully dedicated to healthcare – and nothing else. Our objective is as always to create 'more health' at a 'lower cost' through intelligent software with supporting systems and solutions. Synchronizing Healthcare!

To highlight our commitment to continually enhancing our products and services we ran a series of 10 articles last year under the heading "Over the next five years, CGM will invest 130 Million Euros in the healthcare system". This spending does not represent anything out of the ordinary for us. In fact, through our operating expenses we spent 30 Million Euros on research and development in 2010 alone, so it is likely that we will spend even more than the 130 million over the next five years as we fully intend to maintain our technology leadership position.

I am extremely enthusiastic about the innovations we bring to our customers, such as the fully integrated on-line service for medical offices – the CGM Life eServices.

In the near future, online appointment scheduling, online prescriptions, online findings inquiries and online consultations will be delivered by a fully integrated secure website connected to the doctor information system. The online services not only represent an innovative additional service for patients, they also lower the administrative overhead and reduce the number of associated phone calls. This results in the entire medical office team having more time for what is really important: more time for patients.

Medical knowledge doubles approximately every two years. Information about clinical conditions with all aspects of diagnosis and therapy, along with the information about the affected patients is extremely complex and often beyond the expertise of a single individual. In order to make this complex knowledge available to clinicians in their daily routine and to support them in their decision-making, we continued our investments in software assisted medicine (SAM) during 2010 – to improve diagnostic options – for example for rare disorders with the help of the Orphan Disease Finder. These intelligent software solutions support physicians by giving them access to precisely targeted medical knowledge as well as in the presentation of relevant data and patient-specific information and recommendations – at the right time and place.

The list goes on – with more and more advanced products and services delivering cost and quality advantages over traditional healthcare delivery models.

However, the only way for us to make such investments is to generate our own resources and to deliver on our promise on profitable growth. In terms of profitability, 2010 represented a significant turning point as it was the first year since 2003 when operating margins increased year-on-year. There are still significant differences in profitability between the now 21 countries that we operate in, and margin improvement comes from gradual operational improvements and restructurings in countries that are being managed in the direction of our higher margin markets. We see clearly that the most profitable markets are the markets we have been in for the longest period of time, which is a good indication that we should be able to close the geographical gap over time as we are able to transfer more and more knowledge, systems and products from our long standing experience base.

While our product and service innovation drives revenue per customer and organic growth, and our operational efficiency improves our operating margin, acquisitions are still essential for both strengthening existing market positions and entering into new markets. In 2010, we further reinforced our position in the USA by acquiring 100% of Visionary Healthware and 100% of HealthPort's Solution Services Division ...right at the very end of the year... adding another 15,000 doctors to the customer list. We also entered two of the last remaining European markets by acquiring 100% of the shares in Ascon Software ("Euroned") which serves 430 pharmacies and 700 general practitioners in the Netherlands.

Since 2007, the company has been one of the few growing vendors in this market and we are excited about bringing our new colleagues on board and continuing on the path of profitable growth. Finally, on 29th December 2010, CGM acquired the Belgian company Belgiedata which develops and sells ambulatory information systems to approximately 2,400 general practitioners in Belgium.

With a stronger position and wider reach we now turn our sights on to the new year of 2011. Thanks to our 3000+ employees, who are inspired by our ideas, convictions, and ultimately by our overall vision, I am highly optimistic about the opportunities we have and the prospects of this great company. Your company.

Yours sincerely,



**Frank Gotthardt**  
24 March, 2011



# Synchronizing Healthcare



**Frank Gotthardt,**  
Chief Executive Officer, CEO  
Chairman of the Management Board

Mr. Frank Gotthardt, born in Siegen, Germany, in 1950, studied information technology in Bonn. He began his business career in healthcare technology and was one of the pioneers in the development of software for dentists. From these beginnings he founded CompuGroup Medical and under his leadership the Company has grown to become a leading European healthcare IT enterprise. Mr. Gotthardt is a main shareholder of CompuGroup Medical.

**Christian B. Teig,**  
Chief Financial Officer, CFO

Mr. Christian B. Teig, born in Oslo, Norway, in 1965, was appointed Chief Financial Officer (CFO) of CompuGroup Medical AG in October 2008. Prior to his appointment, Christian B. Teig held the position as CEO of Profdoc ASA, a Norwegian listed e-Health company. Before Mr. Teig started to work for Profdoc in 2000, he worked in the technology sector for Norsk Data and as a management consultant for McKinsey & Company. Christian B. Teig received his Bachelor of Science degree from the University of California (Santa Barbara) in 1990 and his Master of Business Administration degree from INSEAD (France) in 1995.

**Uwe Eibich,**  
Executive Vice-President,  
Central Europe

Mr. Uwe Eibich, born in Duisburg, Germany, in 1962, has been a member of the Management Board of CompuGroup Medical since January 2007. He joined CompuGroup Medical in 1998 and managed the dental division for many years. Mr. Eibich has accompanied the international expansion of CompuGroup Medical since 2004. Uwe Eibich received his degree in computer sciences from the University in Berlin and the University in Bonn.

## Report of the Supervisory Board

The Supervisory Board of CompuGroup Medical AG carried out its duties under the law and its articles of association during 2010. The Supervisory Board regularly advised the Management Board in its management of the company and supervised the company's management team. The Supervisory Board was directly involved in all decisions of major significance to the company.

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

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

The Supervisory Board formed an audit committee from among its members whose chairman is the chairman of the Supervisory board. The audit committee held three meetings in total in the year under review and prepared the resolutions of the Supervisory Board. The committee gave an advice to the Supervisory Board for the appointment of the auditor for the fiscal year 2010. The Supervisory Board was regularly informed about the work of the audit committee. Members of the committee beside of the chairman Mr. Prof. Klaus Steffens are Mr. Dr. Klaus Esser, Mr. Dr. Daniel Gotthardt and Mr. Ralf Glass.

The Supervisory Board held seven ordinary meetings in the year under review. Furthermore, five decisions were also taken in telephone conferences and in written procedures:

### **27 January 2010:**

During a telephone conference the Management Board explained its communication strategy regarding the 2010 guidance. A further issue was the development of the US business.

### **4 March 2010:**

The 2010 financial statements of CompuGroup Medical AG, the consolidated financial statements for 2010 and the reports of the Management Board were explained by the Management Board in the presence of the auditor in the meeting held for the purposes of approving the annual accounts. The annual financial statements of CompuGroup Medical AG were approved and the consolidated financial statements were adopted. Further activities, plans and financings for the 2010 financial year were also presented to the Supervisory Board.

### **19 May 2010:**

During the meeting prior the Annual General Meeting of the company the Supervisory Board was informed about the current situation of all business segments.

During the meeting after the Annual General Meeting the Supervisory Board reelected the deputy chairman of the Supervisory Board and appointed the members of the audit committee.

### **19 August 2010:**

During a telephone conference the Supervisory Board discussed and decided on the acquisition of Visionary group in USA.

**1 September 2010:**

In its ordinary meeting the Supervisory Board was informed about potential acquisitions. Furthermore, the board discussed about the need of action regarding the retirement of Jan Broer from the Management Board effective 31 December 2010. The rules of procedure were amended referring to the business transactions with subjects to approval by the Supervisory Board.

**10 November 2010:**

During this ordinary meeting the Supervisory Board has been informed about potential acquisitions. The draft Group budget 2011 was presented and discussed. Another important topic was the consultation on financing options.

**13 November 2010:**

During an extraordinary meeting the members of the Supervisory Board and the Management Board discussed financing options.

**16 November 2010:**

During a telephone conference the Supervisory Board deliberated and approved the acquisition of Health-Port group in the USA.

**30 November 2010:**

During this telephone conference the Supervisory Board discussed several acquisitions. In the resolution the acquisition of BelgieData (Belgium), SIVSA (Spain), Ascon Software Group (Netherlands) and MCS Parametrix (Switzerland) were approved.

**10 December 2010:**

In this ordinary meeting the Supervisory Board has been informed about the current situation of all business segments. The Management Board presented the Group budget 2011 which was subsequently approved by the Supervisory Board.

**20 December 2010:**

In a written procedure the execution of a syndicated loan under the leadership of SEB AG was approved.

The Supervisory Board discussed compliance with the recommendations concerning the German corporate governance code and agreed to the statement of compliance issued by the Management Board. The statement of compliance was made permanently available to shareholders on the company's website.

Dr. Daniel Gotthardt was partly subject to a conflict of interest because of his position as a major shareholder of the company. In this case he was not involved in the decision.

The Supervisory Board was regularly informed on possible acquisitions in Germany and abroad during telephone conferences, meetings and in written form and approved the proposals put forward by the Management Board.

The Supervisory Board received in due time the 2010 annual financial statements, the consolidated financial statements and the annual report of the AG and of the group that were prepared by the Management Board as well as the Management Board's recommended appropriation of net profit for the year and the corresponding auditor's reports. The audit committee also reviewed the documents in advance and prepared the respective resolution. At the meeting of the Supervisory Board held in March 2011 to approve the annual accounts, the auditors of PricewaterhouseCoopers AG (PWC), Frankfurt, answered all the questions of the Supervisory Board in person.

The auditors (PWC) elected by the Annual General Meeting and appointed by the Supervisory Board, audited the annual financial statements for CompuGroup Medical AG, the consolidated financial statements and the respective annual reports of the AG and of the group for the year ended 31 December 2010, including accounting records, in accordance with statutory provisions and issued an unconditional audit opinion thereon.

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

In accordance with § 171 AktG, the Supervisory Board reviewed and adopted the annual financial statements of the parent company and the group, the annual reports of CompuGroup Medical AG and the group, the Management Board's recommended appropriation of net earnings for the year and the risk management report. The financial statements of CompuGroup Medical AG are therefore approved. The consolidated financial statements were adopted.

The Management Board submitted the report prescribed by § 312 AktG concerning relationships with related companies (dependency report) to the Supervisory Board together with the declaration required by § 312 Para. 3 AktG. The aforesaid auditor has checked the dependency report and issued the following certificate confirming the results of the audit:

"We have reviewed that

1. the actual details in the report are correct,
2. the payments made by the company were not unreasonably high for the legal transactions listed in the report."

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

The Supervisory Board would like to thank all the members of the Management Board and the employees of CompuGroup Medical AG and those of its affiliated undertakings for their commitment and the work performed.

Koblenz, March 2011

The Supervisory Board



**Professor Dr. Klaus Steffens**  
Chairman

# Corporate Governance Report

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

## Declaration of conformity

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

Since the last declaration of conformity dated March 2010, CompuGroup Medical AG has conformed to the recommendations of the GCGC as amended on 18 June 2009, subject to the deviations mentioned in the aforesaid declaration.

In the future, CompuGroup Medical AG will comply with the recommendations of the GCGC as amended on 26 May 2010 with the following exceptions:

According to Section 2.3.3 of the GCGC, the company shall assist shareholders in providing postal voting opportunities. A decision to make use of the authorization pursuant to section 19.3 of the articles of association of the company will be made separately before each individual General Meeting.

According to Section 4.1.5 of the GCGC the Management Board shall take diversity into consideration when filling managerial positions and, in particular, aim for an appropriate consideration of women. Regarding the occupation of leadership positions in the company, the Management Board considers an appropriate diversity with regards to the company's international scope and evaluates male and female candidates based on the same criteria.

According to Section 5.1.2 of the GCGC, an age limit for members of the Management Board shall be specified. CompuGroup Medical does not comply with this recommendation and has not fixed an age limit for its Management Board members. The company does not see age as a relevant criterion to evaluate the performance and ability of its corporate officers. The Supervisory Board considers an appropriate diversity with regards to the company's international scope and evaluates male and female candidates based on the same criteria.

According to Section 5.3.3 of the GCGC, The Supervisory Board shall form a nomination committee composed exclusively of shareholder representatives which proposes suitable candidates to the Supervisory Board for recommendation to the General Meeting. CompuGroup Medical does not comply with this recommendation as has no nomination committee. It is not considered necessary to constitute a separate nomination committee as a working procedure has been established for the Supervisory Board to carry out the duties of a nomination committee in close cooperation with the largest shareholders of CompuGroup Medical.

According to Section 5.4.1 of the GCGC, an age limit for members of the Supervisory Board shall be specified. CompuGroup Medical does not comply with this recommendation and has not fixed an age limit for its Supervisory Board members. The company does not see age as a relevant criterion to evaluate the performance and ability of its Supervisory Board members. Contrary to the recommendation of the GCGC the company will predominantly assure that the Supervisory Board will be composed of members who possess the requisite expertise, skills and professional experience.

According to Section 5.4.6 of the GCGC, Members of the Supervisory Board shall receive fixed as well as performance-related compensation. Performance-related compensation should also contain components based on the long-term performance of the enterprise. CompuGroup Medical does not comply with this recommendation and has only a fixed compensation of the members of the Supervisory Board. All Supervisory Board members are expected, regardless of their compensation, to perform their tasks with the highest level of engagement with focus on the company's long-term success.

Section 7.1.2 of the GCGC recommends the publication of quarterly reports within 45 days after closing of the reporting period. CompuGroup Medical does not comply with this recommendation regarding the publication of the financial report for the third quarter 2011. As in recent years, the company intends to publish its Q3 report in the course of Medica in Düsseldorf, one of the world's largest medical fairs on 16 November 2011.

Koblenz, February 2011



**Prof. Dr. Klaus Steffens**  
Chairman  
Supervisory Board



**Frank Gotthardt**  
Chairman  
Management Board

### **Significant Corporate Governance practices beyond the legal requirement**

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

### **Approach adopted by the management and Supervisory Boards**

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

The Management Board is responsible for managing the enterprise. Its members are jointly accountable for the management of the enterprise. The Chairman of the Management Board coordinates the work of the Management Board and is also the group Chief Executive Officer (CEO). Underneath the CEO, the organizational design is a regional-functional matrix organization with senior executives reporting directly to the group CEO. This structure is supported by a detailed governance model that determines the way in which CompuGroup Medical operates. In 2010 two members of the Management Board were assigned to the regional line organization as Executive Vice Presidents and overall responsible for the regions of Central Europe and Southern Europe respectively. The remaining Management Board member is assigned to the functional organization as Chief Financial Officer (CFO). All members of the Management Board meet on a weekly basis to discuss a broad set of issues ranging from daily operations to the group strategy. The Management Board together with all regional managers composes the Strategic Management Group, which meets about 10 times per year to harmonize operations and ensure knowledge sharing across geographies and functions.

CompuGroup Medical supports the concept of an effective Supervisory Board in line with the company's needs for expertise, capacity, balanced decision-making and ability to independently evaluate the company's activities and the conduct of its management.

The Supervisory Board appoints, supervises and advises the members of the Management Board and is directly involved in decisions of fundamental importance to the enterprise. The chairman of the Supervisory Board coordinates the work of the Supervisory Board.

The duties of the Supervisory Board and its committees are regulated in the Articles of Association. In addition, the Supervisory Board has adopted terms of reference governing its work. The Supervisory Board does not comprise any former Management Board members. It comprises a sufficient number of independent members not maintaining any personal or business relationship with the Company or its Management Board. Supervisory board meetings are generally held 6 to 8 times per year, and during at least one of these meetings the corporate strategy is up for review. Every month, the Supervisory Board receives a financial review, management reports and forward-looking analysis. The Supervisory Board regularly reviews the efficiency of its work. The last efficiency review took place in November/December 2009. The next efficiency review is scheduled for the second half of 2011. The efficiency of the Supervisory Board's work, including its cooperation with the Management Board, was determined on the basis of a list of questions and a subsequent discussion at a Supervisory Board meeting.

The Supervisory Board has established one committee from among its members: The Audit Committee consists of the Chairman of the Supervisory Board, two shareholder representatives, and one employee representative. The Supervisory Board has appointed its Chairman, Prof. Dr. Klaus Steffens, as the independent Audit Committee financial expert. The Audit Committee monitors the Company's financial reporting process, discusses and examines annual consolidated financial statements and management reports prepared by the Management Board, as well as the quarterly financial reports. Based on the independent auditors' report, the Audit Committee gives recommendations with respect to the approval of the annual financial statements and the consolidated financial statements by the Supervisory Board. Furthermore, the Audit Committee recommends to the Supervisory Board the independent auditors elected at the General Shareholders' Meeting to audit the annual financial statements.

The Management and Supervisory Board members are obliged to act in CompuGroup Medical AG's best interests. In the completed financial year, there was only one conflict of interest, which was disclosed to the Supervisory Board. The involved member of the Supervisory Board waived to participate in the affected decision. None of the Management Board members of CompuGroup Medical AG sat on more than three Supervisory Boards of listed non-Group companies.

### **Compensation of the Management Board and Supervisory Board**

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

### **Risk management**

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

### **Accounting and auditing**

CompuGroup Medical AG prepares its consolidated financial statements in accordance with the provisions of the International Financial Reporting Standards (IFRS) as applicable in the European Union. The annual financial statements of CompuGroup Medical AG are prepared in accordance with the German Commercial Code (HGB). The consolidated financial statements are prepared by the Management and audited by the auditors and the Supervisory Board. The interim reports are discussed between the Audit Committee and the Management Board prior to publication. The consolidated financial statements and the financial statements of CompuGroup Medical AG were audited by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt, the auditors elected by the 2010 Annual General Meeting. The audit was based on German auditing rules, taking account of the generally accepted auditing standards issued by the German Auditors' Institute as well as the International Standards on Auditing. It also covered risk management and compliance with reporting requirements concerning corporate governance pursuant to section 161 of the German Stock Corporation Act. In addition, a contractual agreement was concluded with the auditors to the effect that the auditors will immediately inform the Supervisory Board of any grounds for disqualification or partiality as well as of all findings and events of importance arising during the performance of the audit. There was no ground to provide such information in the framework of the audit of the financial year 2010.

### **Stockholders and Annual General Meeting**

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

### **Transparency**

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



## Auditor's Report

We have audited the consolidated financial statements prepared by the CompuGroup Medical Aktiengesellschaft, Koblenz, comprising the statement of financial position, the statement of comprehensive income, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from 1 January to 31 December 2010. The preparation of the consolidated financial statements and the group management report in accordance with the IFRSs, as adopted by the EU, and/or the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRSs as adopted by the EU [, / and] the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, 1 March 2011

PricewaterhouseCoopers  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft

**Dr. Ralf Worster**  
Wirtschaftsprüfer[in]  
(German Public Auditor)

**ppa. Jürgen Körbel**  
Wirtschaftsprüfer[in]  
(German Public Auditor)

# Group Management Report

## for the Financial Year 2010

### PRELIMINARY REMARKS

The management report of CompuGroup Medical Aktiengesellschaft (previously: CompuGroup Holding Aktiengesellschaft), Koblenz, for the financial year 2010 shows certain differences in comparison with the prior year report with regard to its structure. The goal of these changes is to improve the informational value and to render the reporting more comprehensible.

### THE COMPUGROUP MEDICAL AG GROUP

#### Business activities

CompuGroup Medical AG Group (CGM) develops and sells efficiency- and quality-enhancing software as well as information technology services exclusively for the healthcare sector. The Company plays a leading role in the development of global e-health solutions and enjoys market leadership in Germany as well as in other key European countries with a total customer base covering 380,000 doctors. With headquarters in Germany (Koblenz) and offices in 21 countries CGM employs 2,952 people worldwide.

#### CGM earns top ranking in the Lünendonk List

For the second year in a row, this time for the 2010 rankings, CGM has been the absolute frontrunner among the "leading mid-sized German standard software companies" of the Lünendonk List. This is also the first time that CGM has been able to measure up to the big players in the overall software sector, ranking in sixth place on the list of the 2010 "top 25 German standard software companies".

#### Segments

The business activities of CGM are divided into three main segments based on broad target groups and are further sub-segmented for more specific target groups and activities.

#### Health Provider Services ("HPS")

Specialized software solutions targeted at doctors, dentists and hospitals. About 245,000 physicians and dentists in their own practices and in hospitals use information systems supplied by CGM.

- Ambulatory Information Systems ("AIS") is focused on practice management software and electronic medical records for office-based doctors/dentists (also referred to as the primary care market or ambulatory segment)
- Hospital Information Systems ("HIS") is focused on hospital management software and electronic medical records for hospitals (also referred to as the secondary care market)

#### Health Connectivity Services ("HCS")

Products and services to facilitate networking between various healthcare participants, targeted specifically at pharmaceutical companies, healthcare payers and healthcare providers.

- Communication & Data: Targeted at pharmaceutical and medical equipment manufacturers, offering them the opportunity to provide information to doctors through software interfaces
- Workflow & Decision Support: Targeted at healthcare payers (health insurers, managed care companies and public sector organizations) and doctors by providing an information channel via software interfaces to optimize decision making
- ISP (Internet Service Provider): Targeted at healthcare providers (doctors, dentists and hospitals), providing internet/intranet networks for information exchange

#### Consumer Health Services ("CHS")

Web-based personal health records targeted at the general public

#### Competitive strengths

##### Leading market position for Ambulatory Information Systems (AIS)

CGM is the leader in the German market for Ambulatory Information Systems, as well as one of the leading AIS providers in Denmark, France, Sweden, Norway, Austria, Italy and the Czech Republic. As a result of the scale achieved in the AIS business, CGM has broad and central access to a large pool of doctors in private practice, which has a number of significant benefits. It places CGM in a key strategic position where it can be a first-mover in other efficiency-improving areas of healthcare. One such example is in the connectivity market, where the value and success of connecting doctors, hospitals and other healthcare participants is closely related to the number of participants. The more participants a network has, the more attractive it will become for other potential participants to join and subsequently pay for services. CGM's ability to access its existing doctor base provides it with a substantial competitive advantage in this area. Also, the AIS business is predominantly marked by long-term service and software maintenance agreements and is therefore distinguished by stable, mostly recurring revenues. These regular revenues form a stable basis for financing investments and developing new products and services.

**Technological leadership and innovation**

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

**Geographic diversity and an internationally transferable business model**

The demand for IT solutions is universal across all healthcare systems in Western industrial countries given the same challenges being faced of aging populations and increasing treatment costs. Accordingly, CGM's business model is transferable to many different international markets, particularly given its long-standing experience. As a result of this, CGM has been able to increase its geographical diversity and currently is present in 21 countries across Europe, North America, Asia and Africa.

**Experienced market consolidator**

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

**Successful and experienced management team**

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

**Corporate strategy**

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

- Continue to grow installed base of doctors, primarily through acquisition.
- Organic growth by adding new products and services to existing HPS customers and through HCS revenue streams from pharmaceutical companies, healthcare payers and other participants in healthcare.
- Continued leadership in technology and innovation.

**Principles of corporate management**

The Management Board controls the business segments by implementing strategic and operational standards and using various key financial indicators. An important variable is organic growth as part of our growth strategy. Earnings before interest and taxes (EBIT) constitute an effective parameter for measuring the earning capacity of the business units. Earnings before interest, taxes, depreciation and amortization (EBITDA) are also seen as a good indicator of the business unit's ability to generate positive cash flows and meet their financial obligations. Another indicator used for control purposes to optimize the operating cash flow is collection period. Especially in light of our active investment activity regarding acquisitions of new enterprises, leverage represents an important statistic at the corporate level to optimize the cost of capital in the Group. Accordingly, capital procurement is understood to be a primary corporate responsibility that is not subject to the direct influence of the business units. Thus, interest paid for financing is not included in the agreed target variables of the individual business units. A similar procedure is followed for taxes.

Our access to approximately 380,000 doctors results in additional significant corporate control factors for the Group arising from our sales and customer service departments. The most important statistics in this area concern new customer acquisition, customer cross-selling and customer satisfaction.

## FINANCIAL REVIEW

### 5 Year Overview

Significant items	2010 EUR m	2009 EUR m	2008 EUR m	2007 EUR m	2006 EUR m
Group sales	312.37	293.41	229.19	180.19	140.12
Expenses for goods and services purchases	58.98	61.03	49.25	39.03	32.78
Personnel expenses	144.33	130.18	95.77	65.61	48.81
Other expenses	53.58	53.09	47.07	34.75	28.12
<b>EBITDA</b>	<b>67.04</b>	<b>59.17</b>	<b>49.32</b>	<b>50.61</b>	<b>38.35</b>
in %	21.46%	20.17%	21.52%	28.09%	27.37%
<b>EBIT</b>	<b>33.06</b>	<b>24.80</b>	<b>12.80</b>	<b>27.44</b>	<b>21.91</b>
in %	10.58%	8.45%	5.58%	15.23%	15.64%
<b>EBT</b>	<b>26.39</b>	<b>18.32</b>	<b>6.98</b>	<b>23.02</b>	<b>19.83</b>
in%	8.45%	6.24%	3.05%	12.78%	14.15%
<b>Group Net Income</b>	<b>16.59</b>	<b>11.72</b>	<b>1.27</b>	<b>22.84</b>	<b>11.39</b>
in%	5.31%	3.99%	0.55%	12.68%	8.13%

### Revenue

Consolidated revenue in 2010 was EUR 312.4 million compared to EUR 293.4 million in 2009. This represents an increase of EUR 19 million and 6 percent respectively. Acquisitions contribute 3 percent to growth and organic growth was 3 percent.

In the HPS segment, revenue was EUR 248.2 million compared to EUR 223.6 million in 2009. This represents an increase of 11 percent of which 7 percent is organic growth. Ambulatory Information Systems (AIS) grew strongly at 17 percent of which 10 percent is organic growth. The organic growth in AIS primarily stems from new value-added products and services sold to existing customers.

Within Hospital Information Systems (HIS) the year-on-year contraction was -1 percent going from 2009 to 2010, practically all of which is organic development. The contract with the Vienna Hospital Association (KAV) and other key projects are proceeding as planned. However, it has been a relatively slow market for add-on projects and new clients during 2010.

### HPS revenue development (including acquisitions):

EUR m	2010	2009	Change
Ambulatory Information Systems	174.0	148.3	17%
Hospital Information Systems	74.2	75.3	-1%
<b>SUM</b>	<b>248.2</b>	<b>223.6</b>	<b>11%</b>

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

EUR m	Revenue 2010
Noteworthy Medical Systems (Acquisition in March 2009)	1.3
Fimesan / SMI / Microcosmos / Erudis (Acquisition in 2009)	2.7
Innomed (Acquisition in January 2010)	5.1
Visionary Healthware Group (Acquisition in September 2010)	5.7
HCS (Acquisition December 2010)	0.3
HC Advance (Divestiture in March 2009)	-5.4
<b>SUM</b>	<b>9.7</b>

In the HCS segment, revenue was EUR 63.9 million compared to EUR 66.8 million in 2009. This represents a decrease of 4 percent. Revenue in Communication & Data contracted 12 percent, from EUR 32.9 million in 2009 to EUR 29.0 million in 2010. The decline in Communication & Data revenue is due to the effects of rebate contracts between German health insurance funds and generic producers and lower advertising revenue from these customers.

The business volume in Workflow & Decision Support increased 6 percent from EUR 23.7 million in 2009 to EUR 25.1 million in 2010. Deliveries of products and services to health insurance companies in Germany have begun to gradually pick up and this is the driver behind the growth in Workflow & Decision Support. The -4 percent year-on-year decline in Internet Service Provider revenue stems from lower volume of technology conversions (ISDN to ADSL) compared to last year as all clients now have new technology installed.

#### HCS revenue development (including acquisitions):

EUR m	2010	2009	Change
Communication & Data	29.0	32.9	-12%
Workflow & Decision Support	25.1	23.7	6%
Internet Service Provider	9.8	10.2	-4%
<b>SUM</b>	<b>63.9</b>	<b>66.8</b>	<b>-4%</b>

In the CHS segment, there was no revenue within CGM Life (formerly vita-X) from third parties during 2010. This represents no change from 2009. Revenue in the Patient Content sub-segment went to zero as this is no longer a business area for CompuGroup. All shares (100 percent) in medicine medienproduktions GmbH were sold on 1 January 2010 and the Company withdrew from this sub-segment. Consequently, the CHS segment now only represents CGM Life (previously: vita-X).

#### Profit

Consolidated EBITDA amounted to EUR 67.0 million compared to EUR 59.2 million in 2009. This represents an increase of EUR 7.8 million or 13 percent respectively. The corresponding operating margin was 21 percent compared to 20 percent in 2009.

- Expenses for goods and services purchased decreased by EUR 2.0 million to EUR 59.0 million, which is a decrease of 3 percent compared to 2009. The decrease results from lower revenue of 3rd party hardware and software within Hospital Information Systems, balanced by cost of goods in new companies acquired.
- The corresponding gross margin is 81 percent which is an increase from 2009 (79 percent). The relatively stable gross margin is explained by only small changes to the revenue mix and business model going from 2009 to 2010.
- The increase in personnel expenses by EUR 14.1 million is attributable to the increase in number of employees by 226 between the two balance sheet dates. This is mainly due to acquisitions and divestitures done in 2010, which contribute EUR 6.3 million to the increase in personnel expenses going from 2009 to 2010.
- Other expenses remained relatively stable and only increased by EUR 0.5 million going from 2009 to 2010. This development is due to higher operational efficiency and improved cost management.

Despite acquisitions made in 2010, depreciation of tangible fixed assets decreased from EUR 5.5 million in 2009 to EUR 5.1 million in 2010. This follows from a one-off non-cash write-down of an office building which was done in 2009.

Amortization of intangible fixed assets of EUR 28.9 million in 2010 was stable compared to 2009. This is driven by increased amortization attributable to the amortization of purchase price allocations arising from Company acquisitions, balanced by reduced amortization of capitalized in-house services going from EUR 5.6 million in 2009 to EUR 3.6 million in 2010. Amortization of capitalized in-house services was especially high in 2009 due to changed R&D priorities and discontinued development of certain product lines.

Financial income increased from EUR 2.3 million in 2009 to EUR 3.3 million this year due largely to a larger average cash balance held during the year and realization of foreign exchange gains. The financial expense increased by EUR 1.2 million up to EUR 10.2 million during 2010 and is composed of the following items:

EUR m	2010
Interest and other expenses on loans	7.0
Translation loss on loans	1.0
Interest for purchase liabilities	0.5
Interest for SWAP	0.4
Other financial expenses	1.3
<b>SUM</b>	<b>10.2</b>

Tax expenses rose by EUR 3.2 million up to EUR 9.8 million in 2010. The tax rate was 37.1 percent in 2010 compared to 36.1 percent in 2009.

After tax earnings came in at EUR 16.6 million in 2010, compared to EUR 11.7 million in 2009.

### Cash flow

Cash flow from operating activities during 2010 was EUR 40.4 million compared to EUR 44.0 million in 2009.

The changes compared to 2009 mainly come from the following positions:

- After tax earnings came in at EUR 16.6 million in 2010, which is an increase of EUR 4.9 million compared to 2009 (EUR 11.7 million)
- Change in provisions of EUR 4.4 million (2009: EUR -1.7 million)
- Change in deferred taxes of EUR -1.6 million (2009: EUR -2.0 million)
- Change in inventories of EUR 1.9 million (2009: EUR 0.6 million)
- Change in trade receivables of EUR -10.3 million (2009: EUR -2.9 million)
- Change in income tax receivables of EUR 1.2 million (2009: EUR 5.8 million)
- Change in trade payables of EUR -2.7 million (2009: EUR 3.3 million)
- Change in other current and non-current liabilities of EUR 1.0 million (2009: EUR -1.2 million)

The large year-on-year change in trade receivables resulted from relatively high 4th quarter revenue from invoicing of orders in the HIS sub-segment.

The changes in provisions (including income tax liabilities) mainly resulted from the rise in income tax liabilities (EUR 3.4 million) primarily on account of the positive current business development.

Cash flow from investment activities during 2010 amounted to EUR -87.5 million compared to EUR -42.9 million in 2009. In 2010, CompuGroup Medical's capital expenditure consisted of the following:

EUR m	2010
Acquisition of 70.3% of the shares in Innomed (less own cash and cash equivalents)	7.94
Acquisition of 100% of the shares in Visionary Healthcare Group (less own cash and cash equivalents)	34.67
Acquisition of 100% of the shares in Ascon Software (Euroned) (less own cash and cash equivalents)	15.00
Acquisition of remaining 50% of the shares in HCS (less own cash and cash equivalents)	1.88
Acquisition of 100% of the shares in Belgiedata (less own cash and cash equivalents)	2.15
Purchase of non-controlling interest (9.9% of Fimesan, 20% of Erudis, 23.8% of Noteworthy, 17% of Profdoc Sdn Bhd, 49% in Profdoc Care AB)	8.60
Capitalized in-house software and other intangibles (less disposals)	11.07
Property, plant and equipment (less disposals)	6.21
<b>SUM</b>	<b>87.52</b>

Cash flow from financing amounted to EUR 59.4 million in 2010 which is mainly related to a dividend payment of EUR 12.6 million by CompuGroup Medical AG and the repayment and assumption of new loans.

## Statement of financial position

Since the statement of financial position of 31 December 2009, total assets increased by EUR 104.6 million to EUR 556.4 million. Intangible assets represent the largest item of individual asset classes in terms of value (EUR 391.5 million as of 31 December 2010 compared to EUR 311.5 million as of 31 December 2009). Their share of total assets was 70.4 percent (previous year: 68.9 percent). Intangible assets primarily originated from undisclosed reserved from Company acquisitions uncovered during purchase price allocations. The uncovered intangible assets mainly pertain to customer relationships, software, brand values, and "residual" goodwill.

The largest changes to individual asset classes are: EUR 80.0 million increase in intangible assets, EUR 13.1 million increase in cash and cash equivalents and EUR 13.5 million increase in trade receivables. The increase in intangible assets mainly arises from the new Company acquisitions done in 2010. The increase in cash and cash equivalents was mainly due to the Company taking out new loans and at the same time repaying loans and liabilities from Company acquisitions. The increase in trade receivables results from new companies acquired and relatively high 4th quarter revenue and invoicing especially in the HIS sub-segment. For all other assets there are only minor changes during 2010.

At EUR 17.1 million net profit for the period, group equity was EUR 182.7 million as at 31 December 2010, down from EUR 185.8 million as at 31 December 2009. The decrease in equity comes from the EUR 12.6 million dividend paid to the shareholders of CompuGroup Medical AG during 2010 and from offsetting the purchase of further non-controlling interests to the amount of EUR 7.6 million against equity after a majority share was already held. The equity ratio dropped from 41.1 percent in 2009 to 32.8 percent in 2010.

During the reporting period, current and non-current liabilities to banks rose by EUR 72.5 million compared to 31 December 2009. This had the following reasons: two new KfW loans with IKB for EUR 10 million each, a redeemable loan with Commerzbank for EUR 30 million, a promissory note loan with Deutsche Bank AG for EUR 25 million, and a loan with SEB for a total of EUR 300 million. The loan with SEB comprises a term loan facility of EUR 160 million (amount used as of 31 December 2010: EUR 60 million) and a revolving loan facility of EUR 140 million, which the group has not yet utilized. At the end of December 2010, the promissory note loan with Deutsche Bank AG for EUR 25 million and existing loans with commercial banks for EUR 4.9 million were repaid early. In 2010, the Company also made regular repayments on existing loans to the amount of EUR 14.3 million. In addition, short-term advances on current accounts of around EUR 18 million were settled.

Further changes to non-current liabilities resulted from deferred taxes increasing by EUR 12.8 million on account of additions from Company acquisitions.

The changes in current liabilities year-on-year were primarily due to the changes in liabilities to banks stated above, the increase in prepayments of software maintenance contracts and the purchase price liabilities generated by the acquisition of new companies.

## OPERATIONAL REVIEW

### a) Order situation

#### **Noteworthy Medical Systems Serves as Information Hub for New Jersey's First Multi-Hospital Health Information Exchange**

In February 2010, Noteworthy Medical Systems, Inc., a fully owned subsidiary of CompuGroup, was awarded a contract to be the information hub of New Jersey's first multi-hospital health information exchange (HIE). The Camden Health Information Exchange (CHIE) is an electronic medical records interface that will allow Camden, New Jersey's emergency room and primary care physicians to access crucial patient data from various sources. In the first phase of the project, an emergency department or primary care clinician will be able to access a patient's recent lab results, radiology reports and discharge summaries.

#### **Order for all outpatient units in the region of Skåne in Sweden**

The population of the Skåne region is just over one million – that is around 13% of the nine million inhabitants of Sweden. Outpatient care in Skåne consists of approximately 130 polyclinics, about 140 mother and child health centers and around 140 rehabilitation organizations. All of these units will now be equipped with AIS software from CompuGroup Medical Sweden AB (formerly Profdoc AB). The contract was awarded after a public tender process which began already in 2008 and finally concluded in June 2010 with CompuGroup as the successful winner. The contract will last for five years with the option to extend for a further five.

#### **Order for a complete healthcare information management system for the region of Dalarna, Sweden**

CompuGroup was in November awarded a contract with the Swedish region of Dalarna after a public tender process for an IT solution for all healthcare units within the region (inpatient and outpatient). The choice landed on the system 'TakeCare' from Profdoc Care AB, a fully owned subsidiary of CompuGroup. TakeCare is already proven as a unique solution for large installations in the Stockholm region where more than 30 000 users at more than 1600 units/wards with over 2.6 million patient files work from one central server and database – all within a 'single shared patient record' structure. In Dalarna, the installation will cover 6 hospitals, 30 polyclinics as well as other more specialized healthcare units. The introduction of the new solution will begin with 2-3 pilot installations during the summer of 2011 and to be fully complete by the end of 2013.



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

CompuGroup Medical 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 Medical signed contracts for Smart Exchange during 2010 to bring the total contract volume up to a population coverage of about 10 million people. The business model of Smart Exchange is based on a fixed and variable component which is expected to 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 during 2010. No new contracts were signed during 2010.

### **b) Development within business segments**

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

The rebate contracts between German health insurance funds and generic producers had a pronounced influence on the generics industry and CompuGroup Medical during 2010. In addition, the regulatory activity aimed at pharmaceutical companies continued. Federal Health Minister Philipp Rösler introduced concrete measures in March with the aim to reorder the German pharmaceutical market. These measures were focused on both short-term savings and long-term structural reorganization. One consequence of all ongoing change during 2010 was that the planning horizon of pharmaceutical companies changed from predominantly yearly decisions to more quarterly decisions. After a slow beginning of the year the situation gradually improved and for the full year, the net effect from rebate contracts and other changes in HCS Communication & Data was for revenue to decline 12 percent in 2010 relative to 2009. This was in the lower end of the expected and announced interval at the beginning of the year, which was for a decline in the range of 10%-20%.

With the developments in 2010 included, significant changes have happened in CGM's HCS Communication & Data business over the last 3 years. Whereas the business volume with generic firms has been reduced, this has been partly compensated by increased revenues from original manufacturers. Going forward, CompuGroup Medical 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 CGM'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.

#### **Intermedix alliance in France**

Sephira SAS, a leading healthcare IT Company specialized in electronic claim management in France entered into a co-operation agreement with Intermedix France SAS during 2010. Intermedix is the brand and Company through which CompuGroup operates its Communication & Data business. The contract will give Sephira customers access to Intermedix products and services and the 33 000 Sephira users will join forces with the existing CompuGroup installed base using CGM INFORMER®, a unique online and real time doctor's information system connection technology. More than 48 000 health professionals will then benefit from e-communication and software assisted medicine (SAM) provided by Intermedix France through its contracts with health societies, national and private medical agencies and pharmaceutical companies. The first implementation will benefit the 3 500 Sephira MedicaWin PC based doctor information system users. It will also be extended to the 30 000 self contained electronic claim management devices, a system developed and pioneered by Sephira.

#### **New at the MEDICA Trade Show: Software Assisted Medicine (SAM)**

CompuGroup presented the most recent IT innovations in the healthcare system at this year's MEDICA trade show, which took place from November 17 until November 20, 2010. CompuGroup had an 800-square-foot booth where visitors could learn how medical service providers can work more efficiently in the future with intelligent IT support and have more time available to them with the utilization of software assisted medicine (SAM). The SAM software product line makes customized, context-sensitive medical knowledge and relevant information available to the physician – at precisely the right time and place. The information is individually harmonized with the medical history and health record of each patient and is displayed directly in the doctor's and hospital's information system – precisely at the time the physician needs support and precisely at the place where the information is relevant. CompuGroup sees SAM as one of the building blocks of future high quality – cost efficient care which is founded on guideline-driven, evidence-based medicine as a seamless compliment to the knowledge, experience and judgment of doctors and other healthcare professionals.

#### **The Next Generation of Hospital IT Offers a Gentle Migration**

CompuGroup continues to develop the CGM G3 solution for the hospital sector. This product allows customers to gradually and reliably transition from current generation software into the new G3 product line. Hospital IT systems are found in nearly all European hospitals. However, their lack of flexibility inhibits further development of patient treatment processes. Switching out an entire system usually requires complex and costly projects and is therefore a major reason why many decision-makers shy away from such a move, even though modern hospital IT solutions can improve patient care and contribute to cost containment. CompuGroup has a different approach with G3 and is now introducing this new software generation to hospitals as a "gentle migration". The modular web architecture, based on the helix framework, enables the simple integration of intelligent modules from G3 into existing products. The major advantages of this concept are reduction of "time to market" for product introduction, protection of customers' existing investments and risk reduction compared to "big bang" projects.

### **Digitalization of the Medical Office: Modular Solutions are in Demand**

CompuGroup received in excess of 300 new orders for add-on modules at this year's MEDICA. The following products were in particular demand: PraxisArchiv, PraxisManager and QM-Assist. These modules can be integrated into every Ambulatory Information System (AIS) and ensure greater efficiency: support to the medical office staff and an increase in profitability. The digitalization of medical offices is making great strides. High stacks of paperwork are increasingly disappearing and being replaced by neat and convenient IT solutions. PraxisArchiv is one of those solutions. This digital image and document archive takes on many routine tasks and facilitates daily routines. A recent study by the REFA Institute confirmed that financial and organizational efficiencies can be more than doubled with this system. PraxisManager is another great support system – it replaces outdated appointment calendars and provides noticeable relief to the reception desk. With the use of intelligent staff and appointment scheduling, this program ensures the optimum utilization of staff and space without over or underutilization. It supports economical management of the medical office and lowers expenses. As of 2011, it will also enable on-line appointments. QM-Assist helps the medical staff to quickly and simply complete quality management tasks. It handles all of the pesky routine tasks necessary to create QM documents. The process is guided by individual review mechanisms and the office staff will therefore spend less time on documentation.

Everybody benefits: patients receive more targeted treatment, the staff has fewer routine tasks and the owner of the medical practice enjoys a higher income.

### **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 on-line service for medical offices – CGM Life eServices. In the near future, eBooking (online appointment scheduling), ePrescription (online prescriptions), eFindings (online findings inquiries) and eConsultations (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.

### **Laboratory Information System now Available on the German Market**

Central medical laboratories are becoming larger and more complex, complimented by trends in point of care testing and proliferation of near-patient laboratories. These developments create even greater urgency for a powerful IT solution to support a smooth internal and external work flow.

CompuGroup recognizes this need and is currently adapting a new laboratory solution for the German market. The basis for this new product is the Laboratory Information System CGM Analytix, which the Company has already successfully installed in several other countries (Sweden, Norway, Denmark, Russia and Malaysia, with more under way). The proven high standard of quality and the user friendly design are the basis for marketing the system internationally. CGM Analytix works comprehensively in all laboratory disciplines, e.g. clinical chemistry, microbiology and pathology. Numerous modules organize automated cross-departmental activities, such as the transportation of samples, communicating orders or the release of findings. The first customer in Germany is the Protestant Bethesda Hospital in Mönchengladbach and the live operation will start at the end of January 2010.

### **c) Acquisitions and divestitures**

#### **Acquisition of Innomed, Austria**

On 20 November 2009, CompuGroup CEE GmbH (renamed to CompuGroup Medical CEE GmbH during the reporting year) entered into a framework agreement for the acquisition of a 70.3 percent share in Innomed Gesellschaft für medizinische Softwareanwendungen GmbH, Austria, for EUR 9.3 million. With effect from 1 January 2010, the shareholder groups concluded a new shareholders' agreement according to which CompuGroup Medical was entitled to 70.3 percent of shares as from that date. Rights of purchase and sale were also agreed upon for the remaining 29.7 percent of shares. The Company was consolidated for the first time on 1 January 2010. Innomed's customer base includes 2,500 physicians in Austria.

#### **Disposal of medicine, Germany**

On 1 January 2010, CompuGroup Medica parted from its 100 percent holding in medicine medienproduktions GmbH, Mainz. The main focus of the Company is offering film and TV productions including distribution of medicine journalism services in the TV sector. The sales price was EUR 1.00. In addition, it was agreed that the purchaser and medicine, as joint and several debtors, are obliged to pay a total amount of EUR 0.3 million from profits for the 2010 financial year up to the 2015 financial year inclusive as participation in profits. The deconsolidation resulted in a one-off non-cash expense (other expenses) of EUR 0.5 million.

#### **Additional share purchase of Fimesan, Italy**

With effect from 13 January 2010, CompuGroup Medical acquired the remaining 9.9 percent of shares in Fimesan SpA for EUR 2.0 million. It therefore now holds all shares in this Company. Fimesan develops and sells software for Ambulatory Information Systems in the Italian market.

**Additional share purchase of ERUDIS CGM s.r.o., Slovakia**

With effect from 4 March 2010, CompuGroup Medical acquired the remaining 20 percent of shares in ERUDIS s.r.o., Slovakia, for EUR 0.1 million. ERUDIS CGM s.r.o. develops and sells software for Ambulatory Information Systems.

**Additional share purchase of Noteworthy Medical Systems Inc., USA**

With effect from 25 March 2010, CompuGroup Medical acquired the remaining shares in Noteworthy Medical Systems, Inc. by merging Noteworthy Medical Systems, Inc. with a wholly-owned subsidiary. Shareholders whose remaining shares expired due to this development were offered cash compensation. Some shareholders took legal action to dispute the fixed takeover price of USD 0.70 per share. A court is now assessing its appropriateness.

**Additional share purchase of Profdoc Sdn Bhd, Malaysia**

Pursuant to the purchase agreement dated 2 August 2010, CompuGroup Medical acquired further 17 percent of shares in Profdoc Sdn Bhd, Malaysia. The group therefore now holds 83 percent of shares in this Company. The purchase price was EUR 1.0 million. After deducting unpaid invoices, the actual price paid was EUR 0.1 million. Both parties also agreed to a purchase and sales option. With this share acquisition, CompuGroup Medical has underlined its growth path in the Asia/Pacific region.

**Additional share purchase of Profdoc Care AB, Sweden**

CompuGroup Medical strengthened its position in Sweden by taking over the remaining 49 percent of shares in Profdoc Care AB from Omision AB for SEK 49.0 million (EUR 5.5 million). CompuGroup Medical therefore now holds all shares in this Swedish Company.

Profdoc Care develops TakeCare, an e-health solution. Today, this software is installed at the Karolinska University Hospital, one of the most renowned hospitals in Scandinavia, and five other hospitals in Stockholm. TakeCare is currently being introduced in the basic healthcare system of the whole region. With over 30,000 users and 2.3 million electronic patient files pooled in one system and database, this solution is one of the largest e-health platforms in the world. Within the group, TakeCare will be an integrated part of hospital solutions, which are to be marketed and sold globally.

**Disposal of Profdoc SIA, Latvia**

According to contract and with retroactive effect from 1 January 2010, the Company disposed of all shares in Profdoc SIA at a price of EUR 1.00. The Company's operational business volume had been extremely low.

**Acquisition of American Healthcare Holdings, Inc., USA**

In August, CompuGroup Medical concluded an agreement for the acquisition of all shares in American Healthcare Holdings, Inc., Visionary Medical Systems, Inc., and Visionary RCM, Inc. ("Visionary Healthware Group"). Visionary Healthware Group sells Ambulatory Information Systems and electronic health files to approximately 10,000 office-based physicians in the USA. The group also sells laboratory information systems as well as invoice and cost management services. Revenue in 2009 amounted to USD 28 million and EBITDA to USD 6.2 million, of which 55 percent was from recurring revenue and 20 percent from predictable recurring revenue.

Visionary Healthware Group, headquartered in Tampa, Florida, has an impressive customer base spanning the entire USA, including healthcare organizations, medical practices and laboratories. The Company came in at number 71 among e-health companies in the "Healthcare Informatics Top 100" in 2009. Its 200 employees are led by an experienced management team with outstanding knowledge of the market.

This acquisition took place at a particularly exiting time in the USA: The IT healthcare market and the Clinical Health Act (HITECH) provided around USD 20 billion for IT in the healthcare sector. This has an immediate effect on Visionary's target groups. Visionary Healthware Group counts 10,000 physicians among its direct customers and has a network of approximately 60,000 medical practitioners (including laboratory information systems, care consultation and RCM business), providing the Company with considerable and as yet untapped cross-selling opportunities in view of the HITECH boom.

The payment of all liabilities and shares of the acquired companies totaled USD 44.0 million (EUR 34.9 million). The purchase price was subsequently adjusted by USD 6.0 million (EUR 4.6 million) pursuant to the amendment to the purchase agreement dated 16 December 2010 and again by USD 1.5 million (EUR 1.3 million) for the compensation of concluded contracts according to the agreement of 17 December 2010. The purchase price was financed with cash and cash equivalents and new non-current liabilities. The shares of the acquired companies are held by CompuGroup Holding USA, Inc., a wholly-owned subsidiary of CompuGroup Medical. The closing took place on 31 August 2010. Visionary Healthware Group was consolidated for the first time on 1 September 2010.

**Additional share purchase of Health Communication Service GmbH, Austria**

In December, CompuGroup Medical acquired the remaining 50 percent of shares in the Austrian Company HCS (Health Communication Service) at a price of EUR 2.5 million. The group had already held 50 percent of the Company's shares since 2006 via its Austrian subsidiary systema. HCS was fully consolidated for the first time on 1 December 2010. The Company made an additional payment of EUR 100,000 in return for revenue increasing by more than 5 percent year-on-year. HCS uses intelligent workflow solutions for creating a network of general practitioners, specialists and hospital doctors. The system supports all medical and organizational activities. The customer base includes more than 4,500 medical practices and over 140 in-patient facilities.

#### **Acquisition of Belgiedata BVBA, Belgium**

In December 2010, CompuGroup Medical acquired the Belgian Company Belgiedata BVBA. With this move, the group is tapping a new geographical market and expanding its position in Europe. The purchase price for 100 percent of the shares was EUR 2.3 million. In addition, a variable purchase price component was agreed which is capped at EUR 1.5 million and runs until 2014. The Company was consolidated for the first time on 31 December 2010. Belgiedata develops and sells Ambulatory Information Systems (AIS) to around 2,400 general practitioners in Belgium. A market share of 25 percent make the Company the leader in its sector. The software solutions support practitioners with the treatment of patients as well as administrative tasks. Revenue in 2010 amounted to approximately EUR 0.7 million and EBITDA to EUR 0.1 million.

#### **Acquisition of Ascon Software II B.V., Netherlands**

In December, CompuGroup Medical concluded a purchase agreement for 100 percent of the shares in Ascon Software II B.V. with effect from 1 January 2011 for the amount of EUR 15.0 million. The purchase price was paid in December 2010 and recognized as a prepayment in intangible assets in the consolidated financial statements.

Euroned, the trading name of Ascon Software, is one of the leaders in the market for Ambulatory and Pharmacy Information Systems in the Netherlands. The Company's product MIRA generated enormous growth in recent years. The Company expects revenue of around EUR 10.8 million in 2010, of which 65 percent is recurring. EBITDA amounted to roughly EUR 2.8 million.

Euroned is headquartered in Echt, South-East Netherlands. The Company employs 80 people and counts 430 pharmacies and 700 physicians among its customers. This corresponds to a market share of around 22 percent for pharmacies and 10 percent for physicians. It is one of only a few suppliers that has been recording annual growth of approximately 10 percent since 2007.

#### **Liquidations**

##### **Consortium CompuGroup & Contrax, Bulgaria**

The consortium was formed in order to participate in a call for tenders for the introduction of a health card in Bulgaria. Until its liquidation on 31 March 2010, it did not conduct any operational business.

#### **Own startups**

##### **Startup of Intermedix AS, Norway**

In the reporting year, CompuGroup Medical established Intermedix Norway AS. The Company has a share capital of NOK 100 thousand (EUR 12 thousand) and does not carry out any operations.

##### **Startup of CompuGroup Medical, Inc, USA**

CompuGroup Medical, Inc. was founded in the reporting year. The share capital of USD 1.00 is divided into 100 shares with a nominal value of USD 0.01 each.

#### **d) Mergers and Company name changes**

##### **Merger and Company name change of Systema Services GmbH and SIC GmbH**

Systema services GmbH was merged with SIC GmbH by notarized shareholders' resolution from 28 June 2010. At the same time, the Shareholders' Meeting resolved to change the name of SIC GmbH to CompuGroup Medical Services Deutschland GmbH.

##### **Merger and Company name change of Datasun, SMI, Microcosmos, CompuGroup Italia and Fimesan, Italy**

In accordance with an internal agreement from 30 June 2010, CompuGroup Beteiligungs-GmbH's 33.34 percent share in Fimesan S.p.A. was sold to CompuGroup Italia. By notarial certification on 22 November 2010, the three wholly-owned subsidiaries of Fimesan – Datasun, SMI and Microcosmos – as well as CompuGroup Italia were then merged with Fimesan S.p.A. so as to pool their business activities in the market for Ambulatory Information Systems and to create synergy effects. Fimesan was then renamed to CompuGroup Medical Italia S.p.A.

##### **Merger of MedicalNet, Avenir and Axilog, France**

By merger agreement dated 25 October 2010, the two French companies MedicalNet and Avenir Telematique were merged with Axilog S.A. to pool their business activities in the market for Ambulatory Information Systems. In order to implement the merger, the group Company UCF Holding had to sell its companies Medical Net and Avenir Telematique to the group Company Axilog S.A. This transaction was carried out prior to the merger.

##### **Merger of Profdoc Work and CompuGroup Medical Sweden**

By merger agreement dated 8 October 2010, Profdoc Work AB was merged with CompuGroup Medical Sweden AB in order to pool their business activities in the market for Ambulatory Information Systems and to create synergy effects. The merger was entered in the Swedish commercial register in 12 January 2010.

### Company name changes in the reporting period

By resolution of the General Shareholders' Meeting on 19 May 2010, CompuGroup Holding Aktiengesellschaft was renamed to CompuGroup Medical Aktiengesellschaft. The reason behind this is that the Company has been mainly developing solutions with medical contents in recent years and that the Company name should reflect these activities. The new name was entered in the commercial register on 7 June 2010.

In reporting year 2010, the following companies were renamed:

- CompuGroup Services GmbH to CompuGroup Medical Deutschland GmbH,
- CompuGroup Software GmbH to CompuGroup Medical Software GmbH,
- CompuGroup CEE GmbH to CompuGroup Medical CEE GmbH,
- CompuGroup Schweiz AG to CompuGroup Medical Schweiz AG,
- Profdoc A/S to CompuGroup Medical Denmark A/S,
- Profdoc AB to CompuGroup Medical Sweden AB,
- Profdoc LAB AB to CompuGroup Medical LAB AB,
- Profdoc Link AB to CompuGroup Medical Link AB,
- Profdoc Norge AS to CompuGroup Medical Norway AS,
- Profdoc Hellas AE to CompuGroup Medical Hellas AE,
- SMS Slovenska spol s.r.o to CompuGroup Medical Slovenska spol s.r.o.,
- Erudis s.r.o. to Erudis CGM s.r.o., and
- Promed Bilgi Sistemleri A.S. to CompuGroup Medical Bilgi Sistemleri A.S.

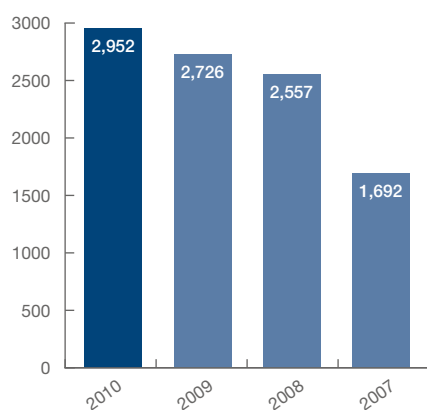
### e) Procurement

Procurement focuses on the purchase of software components and services. For interCompany purposes, the necessary investments primarily pertain to equipping the employees with EDP systems as well as the expansion or replacement of network components and telecommunication systems. The significant suppliers and service provider partners are subject to regular monitoring within the scope of the quality management system.

### f) Employees

At year-end 2010, CompuGroup Medical employed 2,952 persons worldwide. Compared to the previous year, this reflects an increase of 226 employees or 8.3 percent. With regard to the development in the number of employees for the period 2007 to 2010, the average increase was approximately 15 percent per year.

#### Number of employees 2007-2010

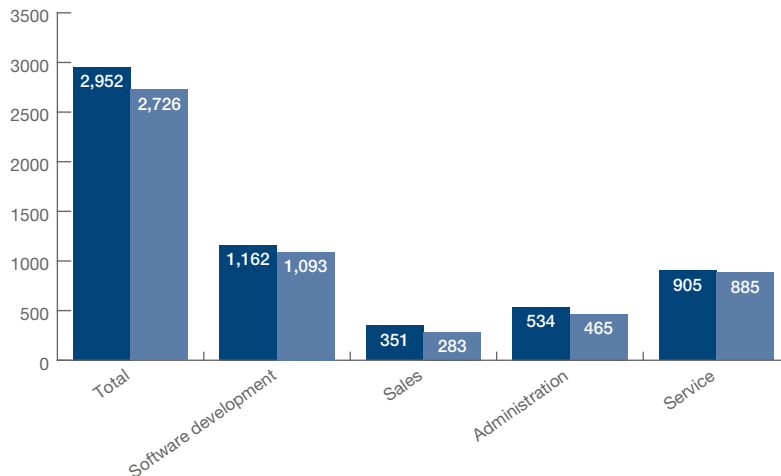


In Germany alone CompuGroup Medical had 1,261 employees in the financial year 2010, representing 42.7 percent of the total number of employees worldwide.

From a Group perspective, a significant part of human resources management involved integrating newly hired employees in the group of companies. In 2010, the workforce grew by 226 employees, primarily as a result of acquisitions.

In CompuGroup Medical, the employees are divided into four functional areas: software development (including employees for Software Integration Services), sales, administration and services. The graph below shows the number of employees per area at the end of the reporting year in comparison to the year before.

**Number of employees per functional area  
31 December 2010 vs. 2009**



**g) Non-financial performance indicators**

**Sustainability of business activities**

At CompuGroup Medical, sustainability stands for creating and ensuring long-term values. Particularly long-term customer relationships, innovative technology, strategic cooperation partnerships, investments in the acquisition of new companies to ensure further growth and the employees' knowledge and expertise are values that last over many years. These sustainable values form the basis for a trusting relationship with all stakeholders.

**Personnel recruitment and development**

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

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

By its nature and with respect to quality, the Business Academy of CompuGroup Medical is a unique internal continuing education facility in the area served by the Koblenz Chamber of Industry and Commerce. For two years, divided into four semesters, the participants receive training and further education in key management qualifications. In the reporting period, the senior management training program with 15 employees started in 2009 has been successfully continued.

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

**Employee satisfaction indicators and social commitment**

At 3.01 percent, the group rate of employee absenteeism due to illness is at a low level. The rate of employee absenteeism in Germany was 3.30 percent and below the average rate of employee absenteeism of 3.68 percent for Germany (period: January to December 2010) calculated by the German Federal Ministry of Health. The following method is used to calculate this performance indicator: conversion of the part-time employees to full-time employees and deduction of weekends, holidays and vacation. Moreover CompuGroup Medical, in cooperation with the Company doctor, regularly offers its employees the possibility of flu vaccinations and eye examinations.

The low employee turnover in CompuGroup Medical is a clear indication of the Company's attractiveness, especially in light of the increasing competition for specialists and managers. Due to this low turnover rate, the Group has an experienced management team frequently ranging into the second and third management level and able to look back on many years of employment with the Company.

In 2009, the Company, together with the city of Koblenz and the Evangelical Church of Koblenz-Lützel, opened a childrens' daycare center at the CGM headquarter in Koblenz. Since its opening in September 2009 the facility employing six experienced teachers achieved a very high acceptance with all 32 places being occupied as of 31 December 2010.

In the reporting period, CompuGroup Medical, together with the Parliamentary State Secretary and head of CDU Rheinland-Pfalz Julia Klöckner, who is also the patron of “(M)ein Klick fürs Leben” ((My) click for life,) committed themselves to supporting the issue “organ donation”. The aim is to educate the general public and support interested physicians in their efforts to provide people with information on this important issue and to convince them to participate in the scheme, as organ donation is still regarded with suspicion and prejudice by a lot of people.

#### **Customer satisfaction**

Another significant success factor for CompuGroup Medical is customer satisfactions. At present, the Group has approximately 380,000 customers (physicians, dentists and other healthcare service providers). The access to such a high amount of participants in the health sector in the European healthcare market is unique. To maintain customers' confidence in the future, the Company reviews Group-wide customer-related key figures and indicators containing information concerning the acceptance and popularity of individual products, customer loyalty and satisfaction with services and the standards of quality provided. Internal surveys show that the customer churn rate was 5 percent, reflecting an average customer retention time of about 20 years.

#### **h) Research & Development**

Software development at CompuGroup Medical is generally organized centrally and can be broken down into the four main areas specified below:

- Development of individual components of the existing information systems for physicians and dentists, development activity that occurs both centrally and locally
- Development of platform products, which are independent products, plugged into the physician or dentist information systems via interfaces. Examples include electronic archiving systems or systems for managing appointments and optimizing organizational procedures
- Development of a new generation of Ambulatory Information Systems that clearly separates business logic from the user interface, as well as the development of a new international Hospital Information System following a structure similar to the development of the new generation of information system for physicians and dentists. The separation of business logic from user interface makes it possible to implement core functions through one-off development and maintenance work, these functions being subsequently deployed in different products and their individual product user interfaces
- Development of Customer Relationship Management (CRM) software specifically for the use of the Group and Enterprise Resource Planning (ERP) software

Individual components are increasingly being adapted by central teams of developers across the sector. Training sessions by external instructors ensure that the teams remain up to date with technological developments.

Group companies are continually working to provide customers with the currently most up to date software solutions and services. To ensure the quality of the products on offer, our development teams work with the latest tools in compliance with internationally recognized standards.

Future generations of software developed by CompuGroup Medical will be distinguished by having an individualized front-end solution adapted to the individual CompuGroup Medical product lines, while back-end modules are developed for all main product lines across platforms. This can be described as a “building block principle”. In the medium term, this means, especially for the back-end area, that those development activities will become as centralized as possible. The Company is accordingly driving the establishment of a central development department for back-end solutions in the area of Health Provider Services (HPS).

In contrast, developing and updating the front-end area will remain the responsibility of the subsidiaries.

The Company is already anticipating that, despite maintaining a multi-brand strategy in the HPS segment, it will shortly be able to generate synergy effects during development. The platform products are already being developed in accordance with this principle.

#### **Capitalized in-house services**

In accordance with the provisions of IAS 38, the development work for capitalized in-house services (approximately 190,000 hours) is capitalized as an asset, which had a EUR 6.99 million effect on the Group result in 2010 (previous year: EUR 6.88 million). The vast majority of this development work stemmed from the development work of CompuGroup Medical Software GmbH, vita-X AG, systema Kliniksoftware GmbH, and CompuGroup Medical AG, as well as from two major development projects: G3.AIS (new development of Ambulatory Information System) and G3.HIS (new development of a Hospital Information System), the latter involving several group companies.

The larger item in terms of development hours (around 1,100,000 hours) has generated costs in the current year. This mainly involves adapting software products to new and/or amended legal or contractual requirements, work which cannot be recognized in assets. Depending on the area of expertise and/or current regulations, updates are generally required each quarter. Currently, 1,162 Group employees work in software development and quality assurance, with 953 working in development only.



## **TAKE-OVER RELATED DISCLOSURES ACCORDING TO § 315 Abs. 4 HGB**

### **Composition of subscribed capital**

The share capital of CompuGroup Medical AG is EUR 53,219,350 and is subdivided into 53,219,350 no-par bearer shares with the security identification code 543730 (ISIN: DE0005437305). Since 4 May 2007, the shares have been traded on the regulated market on the Frankfurt Stock Exchange (Prime Standard). Taking into consideration the treasury shares held by the Company in the amount of 2,990,708 shares, there is voting capital of 50,228,642 common shares.

### **Restriction pertaining to voting rights or the transfer of shares**

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

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

Two effectively separate concluded pooling agreements, first between Mr Frank Gotthardt, GT1 Vermögensverwaltung GmbH, Dr Brigitte Gotthardt and Dr Daniel Gotthardt, and secondly between GT1 Vermögensverwaltung GmbH and Dr Reinhard Koop, result in the attribution of 11,900,623 shares to the share pool, reflecting 23.69 percent of shares with voting rights. The purpose of both pooling agreements is, among other things, to safeguard a consistent exercise of the voting rights with respect to the shares of CompuGroup Holding AG. Both pool contracts set out to ensure equal treatment of voting rights of both pools for shares of CompuGroup Medical AG. Mr Frank Gotthardt as well as GT1 Vermögensverwaltung GmbH are holding additional shares which are not attributable to the share pool. Due to the high probability of a consistent exercise of the voting rights according to the terms of the share pool, a proportion of voting rights of 48.22 percent can be assumed.

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

### **Interests in capital exceeding 10 percent of the voting rights**

In addition to the major shareholder group Gotthardt family/Dr Koop mentioned above, General Atlantic LLC holds 7,180,053 of the shares with voting rights. Based on all shares with voting rights, this results in a shareholding of 14.29 percent for General Atlantic LLC.

### **Shares with special rights that confer control powers**

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

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

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

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

Sections 84 and 85 AktG apply to appointments and dismissals of members of the Management Board. Sections 133 and 179 AktG are to be applied to amendments to the articles of association.

### **Powers of the Management Board for issuance and repurchase of shares**

With the approval of the Supervisory Board, the Management Board is authorized to increase the equity of the Company by up to EUR 15,598,775.00 through a one-time or multiple issuance of new shares for cash and/or in-kind capital contributions until 16 August 2011 (approved capital). In utilizing approved capital, the shareholders must in principle be granted a subscription right; however, the Management Board is also authorized, with the approval of the Supervisory Board, to exclude the statutory subscription right of the shareholders under certain conditions. Furthermore, the Management Board was authorized, with the approval of the Supervisory Board, to determine the further details for capital increases from authorized share capital.

In accordance with a resolution by the Annual shareholders' Meeting on 14 May 2009, the Management Board was authorized to acquire Company treasury shares. This authorization was valid until 14 November 2010. By resolution of the Annual shareholders' Meeting on 19 May 2010, it was terminated and replaced by a new authorization. According to Section 71 Paragraph 1 No. 8 AktG, which was amended by the Law on the Implementation of the Shareholder Rights Directive (Gesetz zur Umsetzung der Aktionärsrechterichtlinie – ARUG), an authorization is now allowed to last up to five years.

In accordance with a resolution of the general shareholders' meeting of 14 May 2009, the Company was authorized to purchase up to 10 percent of the share capital in accordance with Section 71 Paragraph 1 No. 8 Aktiengesetz (German Public Limited Liability Company Act). At no time may the purchased shares, together with the other treasury shares, which the Company holds or is due according to Sections 71d and 71e Aktiengesetz, exceed 10 percent of the share capital at the time of the resolution. The acquisition may also be carried out by group companies that are dependent on the Company within the meaning of Section 17 AktG or by third parties on their behalf. The authorization may not be utilized for the purpose of trading in treasury shares.

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

The Management Board may choose to purchase the shares on the stock exchange or by way of a public purchase offer to all shareholders or through a public invitation to all shareholders to submit sales offers.

- (1) If the share purchase is performed on the stock exchange, the purchase price for one share may not be more or less than 10 percent of the Company's unweighted average share price, as calculated by the closing auction of the Xetra trading system (or a corresponding successor system) on the Frankfurt am Main stock exchange in the five trading days prior to the purchase date.
- (2) If the share purchase is performed through a public purchase offer to all shareholders or through a public invitation to all shareholders to submit sales offers, the purchase price for one share (without ancillary purchase costs) may not be more or less than 20 percent of the Company's unweighted average share price, as calculated by the closing auction of the Xetra trading system (or a corresponding successor system) on the Frankfurt am Main stock exchange in the five trading days prior to the public notification of the invitation to submit such an offer.
- (3) The purchase offer or invitation to submit sales offers may stipulate further conditions. If the purchase offer is oversubscribed or, in the case of an invitation to submit sales offers of several equivalent offers not all offers are accepted, the shares must be allocated proportionately to the shares respectively offered. A preferential acceptance of low numbers of tendered shares up to 100 shares per shareholder and rounding in accordance with commercial principles could be accommodated.

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

- (1) With the approval of the Supervisory Board they may be sold on the stock exchange or offered to all shareholders. In addition, with the approval of the Supervisory Board they may be sold by another means provided the consideration for the sale is in cash and the sales price at the time of the sale is not significantly lower than the share price for the same class share on the stock exchange. The total proportion of the shares sold under this authorization in relation to the total share capital, together with the proportion of the share capital of new shares that have been issued since the shareholders' resolution for this authorization, i.e. since 19 May 2010, due to any authorizations for share issues from authorized capital in accordance with Section 186 Paragraph 3 Sentence 4 Aktiengesetz, may not exceed 10 percent of the Company's share capital.
- (2) With the approval of the Supervisory Board they may be offered and transferred to third parties for the purposes of direct or indirect acquisition of companies, Company shares or equity investments in companies.
- (3) With the approval of the Supervisory Board, they may be offered and sold in consideration of third-party industrial or intellectual property rights, such as patents or brands in particular, or licenses to such rights that are transferred to the Company or one of its subsidiaries for the marketing and development of CompuGroup Medical products.
- (4) The shares may also be utilized to exercise options arising from share options granted by the Company.
- (5) In addition, with the approval of the Supervisory Board, they may also be cancelled without the cancellation requiring an additional general shareholders' meeting. The proportion of the remaining shares in relation to share capital will not be increased by a cancellation. Notwithstanding the above, the Management Board can determine that the equity is not reduced, but instead the percentage of the other shares in the equity is raised in accordance with Section 8 Paragraph 3 AktG. In this case, the Management Board is entitled to amend the number of shares stated in the articles of association.

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

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

The authorization to acquire treasury shares granted by the Annual shareholders' Meeting of 14 May 2009 ended when this new shareholder resolution took effect. The authorizations granted in the aforementioned AGM resolution to acquire treasury shares remain unaffected by this.

#### **Significant agreements of the Company under the condition of a change of control and compensation agreements with the Management Board or employees in the event of a takeover offer**

With respect to reporting obligations under Section 315 Paragraph 4 no. 8 and 9 of the German Commercial Code (HGB), we herewith make a nil report with the following exception: In addition to the terms according to which Mr Teig is granted share options, as mentioned in the compensation report for members of the Board, said share options are subject to a "change of control" clause. Mr Teig may exercise the 375,000 share options immediately during his four year appointment period, if the Company during this time experiences a "change of control". A "change of control" is defined as follows: Mr Frank Gotthardt and his family control less than 30 percent of the Company shares or another natural or legal person controls a larger number of Company shares than Mr Frank Gotthardt and his family.

## SHARE REPURCHASE PROGRAM

In 2010, CompuGroup Medical AG did not buy back any shares. As of 31 December 2009, CompuGroup Medical AG held 3,022,868 treasury shares, or 5.68 percent of equity capital. At the end of March 2010, the Company received notice that a total of 32,160 shares had not been transferred to the deposit account as a result of the insolvency of Lehman Brothers. For this reason, the Company reduced its number of treasury shares by the same amount. As at 31 December 2010, the Company therefore held 2,990,708 treasury shares or 5.62 percent of equity capital.

## COMPENSATION REPORT

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

### Compensation of the Management Board

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

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

The use of a Company car is taxable due to its attribution as a component of compensation for each member of the Management Board. Loans or advances were not made to members of the Management Board during the reporting year. The amount of the results-dependent compensation component depends on individually agreed goals.

No member of the Management Board received benefits or corresponding commitments from a third party in the past financial year in consideration of his or her activity as a member of the Management Board. There are no pension commitments to any of the members of the Management Board.

In addition to the fixed salary, the variable compensation components (management bonus) and the fringe benefits (consisting of the non-cash benefit of the use of a car), the following compensation agreements were entered into contractually with Prof. Dr. Stefan F. Winter and Christian B. Teig:

With effect from 30 April 2010, the Management Board member Prof. Dr. med. Stefan Winter resigned from his position and started providing consultancy services to CompuGroup Medical AG on a freelance basis. This is due to his personal re-orientation in the international healthcare market. Prof. Dr. Winter was paid EUR 621 thousand in compensation. According to the contractually agreed variable bonus based on movements in the share price and is paid in cash, Prof. Dr. Stefan Winter received a one-off payment of EUR 40 thousand. With this payment, the agreement, which became effective on 15 October 2008, and would have expired on 15 October 2011, was terminated.

Christian B. Teig holds an option to purchase CompuGroup shares amounting to 375,000 shares, the duration of which is linked to his term of office as Director (94,000 accrue after 12 months, 188,000 accrue after 24 months, 282,000 accrue after 36 months and 375,000 after 48 months). Christian B. Teig can exercise the option within two months following the 48th month of his term of office as Director. Should Mr. Teig resign voluntarily from the Company prior to the end of the vesting period, he may only exercise the options that have accrued to that date. If, following the first six months and prior to the end of the vesting period, Mr. Teig's office as Director be terminated for reasons not related to him breaching his duties, he may exercise all the 375,000 options within two months after his leaving date. The option exercise price amounts to EUR 5.50. The fair value as of the option grant date amounted to EUR 1.25 per option.

The variable compensation of the Chairman of the Management Board Mr Gotthardt is measured in relation to group EBITDA. The Management Board members Broer, Eibich and Teig receive variable compensation tied to a previously agreed target. The targets on which the calculation of bonus payments is based and their weighting are focused on sustainable Company management in accordance with Section 87 AktG. In the case of Mr Eibich's contract being terminated early with the contractual period from 1 January 2010 to 31 December 2012, he will receive EUR 200 thousand (gross) compensation.

Mr Broer decided to continue his career outside the healthcare sector after the expiration of his contract and left CompuGroup Medical on 31 December 2010.

## Management Board Compensation 2010

	Fixed salary EUR	Management Bonus obtained EUR	Fringe benefits EUR	Total compensation EUR
Gotthardt, Frank	600,000	1,005,000	0	1,605,000
Broer, Jan	150,000	100,000	21,428	271,428
Eibich, Uwe	200,000	178,000	10,054	388,054
Teig, Christian B.	200,000	200,000	0	400,000
Prof. Dr. Winter, Stefan	83,333	40,000	625,196	748,529

## Comparison: Management Board Compensation 2009

	Fixed salary EUR	Management Bonus obtained EUR	Fringe benefits EUR	Total compensation EUR
Gotthardt, Frank	600,000	885,000	0	1,485,000
Broer, Jan	150,000	100,000	21,428	271,428
Eibich, Uwe	125,000	275,000	10,054	410,054
Teig, Christian B.	200,000	200,000	0	400,000
Prof. Dr. Winter, Stefan	250,000	100,000	13,538	363,538

## Compensation of the Supervisory Board

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

The compensation of the Supervisory Board is based on an annual fixed amount. In the past financial year, there was no change in the amount of compensation of the individual members of the Supervisory Board compared to the previous year. Furthermore, there was no change in the composition and functions of the Supervisory Board in the 2010 financial year.

The chairman of the Supervisory Board receives one and a half times the compensation granted to the other members of the Supervisory Board. Accordingly, the chairman of the Supervisory Board receives a fixed amount of EUR 60,000, while all other members receive EUR 40,000 each. This results in the following allocation for the reporting year:

## Supervisory Board Compensation 2010

Name	Supervisory Board compensation EUR
Prof. Dr. Steffens, Klaus	60,000
Dr. Esser, Klaus	40,000
Dr. Gotthardt, Daniel	40,000
Prof. Dr. Hinz, Rolf	40,000
Lange, Mathias	40,000
Glass, Ralf	40,000

## Comparison: Supervisory Board Compensation 2009

Name	Supervisory Board compensation EUR
Prof. Dr. Steffens, Klaus	60,000
Dr. Esser, Klaus	40,000
Dr. Gotthardt, Daniel	40,000
Prof. Dr. Hinz, Rolf	40,000
Lange, Mathias	40,000
Glass, Ralf	26,667
Keller, Ursula	16,667

Mrs. Ursula Keller's term of office as employee representative of the Supervisory Board ended at the Annual General Meeting on 14 May 2009. Mr. Ralf Glass has been appointed employee representative to the Supervisory Board.

## **RISK REPORT**

As an internationally operating Company, CompuGroup Medical is subject to a variety of different risks that are linked directly to active entrepreneurial actions. CompuGroup Medical is aware of the necessity to enter into risks, which also enable the Company to make use of presented opportunities. As the manufacturer and provider of software products and individual services for the healthcare sector, the Group is only subject to a minimum level of economic fluctuation. Moreover, the Group's technological expertise and its extensive market knowledge form a durable foundation, making it possible to assess risks as early and as accurately as possible.

Risk management is understood by CompuGroup Medical as an ongoing endeavor to recognize, analyze and evaluate the extent of potential and actual developments and – to the extent possible – to take measures to reduce the risk factors to a minimum. CompuGroup Medical's risk management principles, which are seen as an important part of managing the Group, have been organized in a set of fixed guidelines that are to be applied uniformly across the Group. They should enable management to identify, at an early stage, risks that could endanger the growth or the continued existence of CompuGroup Medical and minimize their effects to the greatest extent possible.

The Group's established controlling systems form the risk management foundation with respect to the monitoring of operational as well as strategic risks. The responsible risk manager submits a risk report to the Management Board on a quarterly basis. The report contains qualitative and quantitative assessments with regard to the probability of occurrence and the potential financial loss resulting from the identified risks that could have a detrimental effect on the Company. The Management Board will be informed immediately of any new risks identified during the year. High-quality reporting is the central basis for monitoring and management, as it facilitates prompt implementation of preventative measures. In this way, management of the CompuGroup Medical is informed monthly and quarterly on the operational and non-operational business, and receives analyses of the assets, financial position and results. The following risk has been communicated to the Management Board:

### **Strategic Risks**

Strategic risks are understood by CompuGroup Medical as risks, which can endanger the target achievement due to an insufficient orientation of the Company to the respective market environment. Strategic risks may therefore result from inadequate strategic decision-making process, due to unforeseen market developments or from a faulty implementation of the chosen corporate strategy. For CompuGroup Medical, the strategic direction of the Group is set at board level and subjected to regularly reviews.

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

The e-health market is characterized by rapidly changing technologies, the introduction of new industry standards and new software introductions and new functionalities. This can lead to that existing products and services become obsolete and therefore losing their competitiveness.

Caused by regulatory changes or the introduction of new industry standards, could affect the market positioning of CompuGroup Medical in this way that the offered products and services are no longer suitable in its entirety to these new statutory requirements or industry standards. Also, new products or changes to existing pricing models of competitors could have a negative impact on the future market positioning of CompuGroup Medical.

The future success of CompuGroup Medical will partially depend on the ability to improve existing products and services to respond timely to the introduction of new products from competitors and to meet changing customer and market requirements. Furthermore, additional costs for product development would occur for CompuGroup Medical driven by quickly becoming obsolete products and services what could lead in adverse effects on net results.

### **Macroeconomic risks**

The offered products and services by CompuGroup Medical are currently marketed in 21 countries. Both the development of business relations in these countries as well as the business activity itself is associated with the usual risks for international business dealings. This is in general and in particular related to the existing general economic or political situation of the single countries, the diversity of different tax systems, legal barriers as remedy and export restrictions, competition regulations and laws for the use of the Internet or restrictions for the development and deployment of software products and services.

CompuGroup Medical antagonize against these risks that in both market entry and in the follow-up business activities in these countries a national consultants in form of lawyer's offices and tax advisors will be regularly consulted and an information exchange with the resident public authorities takes place. In general, risks that may arise from changes in macroeconomic factors can never be excluded completely.

## **Operational risks**

### **Research and development**

Generally, there is always a risk that products and modules will not be able to be realized within the specified time frame, adequate quality and cost budget constraints. To avoid this risk, the Group conducts systematic and regular reviews of project progress and compares the results at hand with the initially set targets. In case of deviations, measures can then be taken to compensate for impending damage.

Due to the broad range of our research and development activities, it is not possible to identify a risk concentration on specific products, patents or licenses.

### **Data protection**

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

### **Market and customer risks**

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

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

### **Risks related to law and politics**

CompuGroup Medical's business activities are strongly influenced by the regulatory environment in the public healthcare systems of the individual national markets and thus also by the market structures that are formed by these regulations. The regulatory structure of the European healthcare sector, which is the Company's primary market at this time, is based on regulations, such as the laws and directives issued by the respective national states and/or by supra-national structures, the latter primarily enacted by the European Union and/or quashed or amended by court decisions. In particular, CompuGroup Medical hereby faces the risk that amendments to existing or the adoption of new regulations at a national or supra-national level (the latter primarily referring to the EU level) may adversely affect market conditions relevant to CompuGroup Medical and thus have a detrimental impact on the business activities of the Group or its individual subsidiaries. Exact projections with regard to the introduction and extent of potential amendments to national and supra-national regulations or their impact on the markets that are important for CompuGroup are of great importance.

Markets cannot be established as the introduction and extent of such regulations depend on the political process in the individual countries, and the subsequent impact of such regulations is strongly influenced by the reaction of the respective, affected market participants. In the reporting year, the Group faced risks furthermore from legal changes (Arzneimittelversorgungswirtschaftlichkeitsgesetz – AVWG) impacting the business area of pharma communications (HCS segment). Based on our current assessments and the resulting analyses from the Management, the aforementioned situation will relax a little and will therefore have a generally positive impact on our economic development in the 2011 financial year, specifically the results of the directly-affected subsidiaries.

These are the existing risks from legal disputes as of the reporting day:

- Risks from legal proceedings with previous shareholders of Noteworthy Medical Systems, Inc. to the approximate amount of EUR 630 thousand
- Risks from legal proceedings with previous employees and customers of EUR 340 thousand
- Risk of court proceedings in the ongoing legal dispute of the subsidiary Medistar against APO Bank. This risk cannot be quantified at present

There are currently no known or threatened legal disputes in existence that might have a significant impact on the financial situation of the Group (with the exception of the above-mentioned cases).

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

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

### Financial risks

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

Essentially CompuGroup Medical considered amendments in the interest rates as the primary market risk. The risk management strategy therefore aims to balance out all relevant fair value and cash flow risks. Keeping in mind that most of the long-term financial liabilities of the Company are closed on the basis of variable interest rates, an interest rate risk occurs, especially for cash flows. To hedge this risk, the Company has entered into a swap contract for part of the variable-interest financial liabilities, and therefore fixed the interest rates, rather than exposing them to market fluctuations. Through the closing of interest rate swaps a limitation of the interest rate risk on cash flows and steady payments can be ensured.

As part of the interest rate swap, payments were arranged at fixed intervals equal to the difference between the fixed and variable interest rate.

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

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

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

The Company plans to further develop its presence in the national and international market, through such means as the acquisition of companies. In this process, acquisitions are prepared and analyzed with the greatest possible care and diligence. Nonetheless, every acquisition carries its own inherent risk, which, if encountered, may have an impact on the Group's results.

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

In the accounts of CompuGroup Medical deferred tax assets on losses carried forward considered. Future tax relief resulting from the utilization of tax losses carry forward is accounted under IFRS as an asset. If profits that may be considered to utilize these losses, are not achievable in future, the approach of deferred tax assets has to be reduced in total or partly. Furthermore, possible future developments in legislation could have the effect that the deferred tax assets have to be reversed in total or in part.

CompuGroup Medical cannot exclude the risk that the tax authorities may carry out an audit and demand backdated tax payments for which the Company has not recognized any or only sufficient provisions.

### Personnel risks

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

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



### Risks from project business

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

### Overall risk evaluation

CompuGroup Medical AG and all its subsidiaries use a standard risk analysis and risk management method. This approach is the organizational basis for ensuring the risks are detected at an early stage. Risks are quantified according to the same standard by measuring their impact on EBITDA and/or cash flow.

We take account of risks with a high probability of occurrence by implementing operational measures and recognizing provisions and impairment losses.

Risks that may impact the Company as a going concern were not evident in 2009, neither in form of individual risks nor from a total risk perspective for CompuGroup Medical as a whole.

### Disclosures pursuant to Section 315 Paragraph 2 No. 5 HGB

The following disclosure of the financial reporting process is made in accordance with Section 315 Paragraph 2 No.5 of the German Commercial Code (HGB) in accordance with the German Accounting Modernization Act (BilMoG), effective 29 May 2009.

The main features of CompuGroup Medical AG's internal control system and the risk management system in relation to the (group) financial reporting process can be described as follows:

- Within CompuGroup Medical, a clear management structure and enterprise structure is implemented. The control of regional-covering and sector-covering key functions occurs centrally through the CompuGroup Medical AG. Operational active subsidiaries have a high level of own responsibility. A clear separation of the functionalities of the areas "Group Accounting", "Controlling", "Financial Accounting", "Risk Management", "Procurement", "Financial Planning & Analysis" and "Investor Relations" which are involved in the financial reporting process, is implemented with clearly defined responsibilities
- To ensure a Group-wide analysis and control of income relevant risk factors and risks that endanger the continuing operations of the Company, the Group uses standardized planning, reporting, control and early warning systems and processes
- The departments which are involved in the financial reporting process are in line with the quantitative and qualitative requirements defined by the Group.
- The used financial systems are protected against unauthorized accesses by adequate security mechanisms. The financial systems used are essentially standard software
- An internal written directive according to Company requirements is implemented (amongst others a group-wide accounting directive, risk management directive and research and development directive)
- For all financial reporting processes, a "four-eye principle" is applied
- A review of the financial reporting process is performed in the form of revisions an internal revision department has not been established so far
- Required financial reporting processes are subject to regulated analytical tests. The group-wide risk management system is regularly updated to current developments and reviewed on adequacy in terms of quantity and quality. The risk management system is subject to the audit of the group financial statements through our chartered accountants from PricewaterhouseCoopers AG, Frankfurt
- For key issues in accounting, risk management and the audit mandate of the auditor, the Supervisory Board has established an Audit Committee

The accounting-related internal control and risk management system, whose main features have been described above, ensures that corporate balance-sheet issues are properly recorded, processed, assessed and incorporated in the external accounts.

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

The internal control system of CompuGroup Medical ensures that a consistent financial reporting through CompuGroup Medical in accordance with the legal and regulatory requirements and internal policies can be provided. The same is to be said for all companies which have to be included in the consolidated financial statements. Therefore, all relevant information is appropriately and dependably made available to the addressees of the reports.

## **SIGNIFICANT POST BALANCE SHEET EVENTS**

### **Acquisition of Healthport, LLC, USA**

In November, CompuGroup Medical AG concluded an agreement for the purchase of the healthcare segment of Healthport. The purchase price for 100 percent of the shares was USD 18 million (EUR 13.2 million). The purchase agreement became effective on 3 January 2011 ("closing"). The segment sells Ambulatory Information Systems, Electronic Health Records (EHR) as well as invoice and cost management services for around 3,600 physicians.

In terms of strategy, Healthport fits very well with CompuGroup Medical USA. The Company's additional customer base will provide the group with the opportunity to increase its revenue by selling existing and new products. The service, marketing and development strategies perfectly suit CompuGroup Medical's fast-growing business in the USA.

In order to improve the healthcare system, the US government resolved to issue financial stimulus packages totaling around EUR 20 billion for the acquisition of electronic health record (EHR) systems. The Company therefore expects the USA to accelerate the introduction of EHR systems.

### **Asset deal Parametrix**

In December, CompuGroup Medical entered into an agreement with MCS for the acquisition of all assets of Parametrix AG and Parametrix Deutschland GmbH. The total purchase price of these assets is EUR 4.9 million. The closing has not yet taken place and the initial consolidation is scheduled for the first quarter of 2011. Parametrix is the Swiss market leader for Hospital Information Systems. The Company has 51 employees, is headquartered in Niederwangen near Bern and has a subsidiary in Eltville, Germany. With a market share of around 30 percent of acute care hospitals and about 20 percent of rehabilitation and social facilities, Parametrix is the market leader among the Swiss Hospital Information Systems (HIS). In 2010, the total revenue relating to the assumed assets amounted to roughly EUR 6 million.

### **Acquisition of SIVSA, Spain**

In November 2010, CompuGroup Medical concluded a limited agreement for the purchase of the hospital segment of SIVSA. The Spanish company develops and sells hospital information systems in Europe, North Africa and South America. Revenue of the hospital segment in 2010 is likely to have come to EUR 2.4 million and net loss to EUR 0.6 million. A definite statement on the closing of the transaction can currently not be given. In the event of non-compliance with the conditions the purchase agreement would become ineffective.

### **Acquisition of Lorensbergs Holding AB, Sweden**

In January 2011, CompuGroup Medical concluded an agreement for the acquisition of Lorensbergs Holding and all its subsidiaries. The purchase price for 100 percent of the shares was SEK 40 million (EUR 4.5 million). Revenue in 2010 is an estimated EUR 3.7 million. The initial consolidation is expected to take place in the first quarter of 2011. Lorensbergs employs 41 people and mainly develops software solutions for occupational health and safety in large companies and corporations, for general practitioners as well as school doctors in Sweden.

### **Merger of Alteer Corp and Visionary Healthware, LLC, USA**

By merger agreement dated 15 December 2010, Alteer Corp. was merged with Visionary Healthware, LLC in order to pool their business activities in the market for Ambulatory Information Systems and to create synergy effects. The merger became effective on 1 January 2011.

### **Merger of Soft Aid, Inc., Visionary Medical Systems, Inc and Visionary Healthware, LLC, USA**

By merger agreement dated 15 December 2010, Soft Aid, Inc. and Visionary Medical Systems, Inc were merged with Visionary Healthware, LLC in order to pool their business activities in the market for Ambulatory Information Systems and to create synergy effects. The merger became effective on 1 January 2011.

### **Merger of Antek LABDAQ, LLC and Antek Healthware, LLC, USA**

By merger agreement dated 30 December 2010, Antek LABDAQ, LLC was merged with Antek Healthware, LLC in order to pool their business activities in the market for Ambulatory Information Systems and to create synergy effects. The merger became effective on 1 January 2011.

### **Merger of Antek, Inc. and Visionary Healthware, LLC, USA**

By merger agreement dated 30 December 2010, Antek, Inc. was merged with Visionary Healthware, LLC in order to pool their business activities in the market for Ambulatory Information Systems and to create synergy effects. The merger became effective on 1 January 2011.

### **Merger of Antek DAQBILLING, LLC and Visionary Healthware, LLC, USA**

By merger agreement dated 15 December 2010, Antek DAQBILLING, LLC was merged with Visionary Healthware, LLC in order to pool their business activities in the market for Ambulatory Information Systems and to create synergy effects. The merger became effective on 1 January 2011.

## **Merger of ISPro GmbH, telemed, GmbH, Albis KG and Albis Verwaltungs GmbH with CompuGroup Beteiligung GmbH, Germany**

Within the scope of restructuring measures at Region Central Europe, the merger agreements for ISPro GmbH, telemed GmbH, Albis Ärzteservice Product KG and Albis Verwaltungs-GmbH were signed on 1 February 2011. All companies are being merged with CompuGroup Beteiligungsgesellschaft mbH further mergers in the CE region are planned in 2011.

## **GENERAL ECONOMIC CONDITIONS**

### **Global economic development**

In the 2010 financial year, the world economy recovered quicker than initially anticipated from the recent recession. Following a contraction in 2009, the International Monetary Fund (IMF, WEO October 2010) projects the global gross domestic product to have increased by 4.8 percent in 2010.

Emerging markets were the drivers of this economic upturn, which was aided by state stimulus packages and increased global trade. Growth in the industrialized countries, on the other hand, was moderate. After a positive start to the year, economic growth in the USA slowed down in the second half of 2010. The IMF decreased its US outlook and is now expecting 2.6 percent growth in 2010 (2011: 2.3 percent).

Asia remains the key driver of the world economy with strong growth rates, particularly in the emerging markets. The IMF anticipates the economy in emerging markets to have increased by 7.1 percent in 2010. The 9.4 percent growth rate in the Asian emerging markets is mainly carried by growth in China (+10.5 percent) and India (+9.7 percent).

The economic performance of the Eurozone rose by 1.7 percent in 2010, much slower than the global average and with large regional differences: While Spain and Greece recorded negative growth, Germany developed into the main driving force of the entire Eurozone. The above-average positive development of the German economy is reflected in its gross domestic product, which rose by 3.7 percent (German Institute for Economic Research – Deutsches Institut für Wirtschaftsforschung (DIW)), the highest since the German reunification. But this rapid recovery from the recession, sped along by increased exports and investments, slowed down slightly in the second half of the year. The DIW Berlin forecasts growth of 2.2 percent in 2011 and 1.3 percent in 2012.

### **Industry development**

According to information from the Bundesverband Informationswirtschaft Telekommunikation und neue Medien e.V. (BITKOM, or Federal Association for Information Technology, Telecommunications and New Media) on the basis of data from the European Information Technology Observatory (EITO), the worldwide ITC market volume was around EUR 2.5 trillion in 2010. The ITC market encompasses the information technology (hardware, IT services and software) and telecommunications (TC infrastructure, end appliances and telecommunications services) sectors. The two strongest regions, the USA and the European Union, account for a market share of one third each. In a comparison of individual countries Germany was in fourth place with 5.5 percent, after the USA, Japan and China. In global terms, emerging markets in Asia and Latin America are also important drivers in the ITC sector with growth rates reaching double figures.

The ITC market was less affected by the global economic crisis than many other sectors. After declining by 2.2 percent in 2009, the market stabilized throughout Europe in 2010, dropping by 0.5 percent to around EUR 714 billion.

The outlook for the future is optimistic. The International Data Corporation (IDC) forecasts that between 2009 and 2014, companies will increase their IT expenditure at an average rate of 2.6 percent, with some of the biggest positive momentum coming from the healthcare and public administration sectors. These two sectors in particular are increasingly investing in IT to create more efficient and cost-effective processes.

The industry association BITKOM also expects that the IT investment backlog which accumulated during the economic crisis will be released in the coming two years and contribute to positive growth. It forecasts a growth rate of 0.6 percent for the EU and 2.7 percent for Germany in 2011. The BITKOM sector barometer, a quarterly survey about the business situation and sales expectations in the German ITC sector, also produced a positive trend.

The large majority of providers of information technology and telecommunications (ITC) products and services expect growth in sales in 2011. Accordingly, 89 percent of the surveyed software companies anticipate sales growth in 2011 and 8 percent expect business to be stable.

According to the OECD, industrialized countries already spend more than 10 percent of their gross domestic product on healthcare. By 2020 this share could increase to 16 percent, due above all to demographic changes, technological progress and stronger health awareness in the population. Improving the efficiency and affordability of healthcare systems is and will remain a considerable economic challenge for governments around the world.

Modern information and communication technologies in the healthcare sector (also known as healthcare information technology or HIT for short) will play an important role in achieving this goal. Government investments in Europe and the USA, such as the USD 19 billion spent under the US HITECH Act, prove this point. According to an EU study, eHealth is the strongest growing segment within the healthcare sector with an estimated volume of EUR 20 billion, corresponding to 2 percent of all healthcare expenditure in the EU. This enormous future potential is also reflected in the forecast of the US market research organization "Markets and Markets", which anticipates annual growth of the healthcare information technology market to keep rising by 16 percent up to a global market volume of USD 54 billion in 2014. Electronic Health Records (EHR) is the major segment driving this growth with a market volume expected to almost double to USD 10 billion by 2015.

## OUTLOOK

The annual software maintenance and other recurring revenue from existing customers is EUR 235 million at the beginning of 2011 compared to EUR 180 million at the beginning of 2010. The HIS order backlog and pipeline is stronger than last year and a number of new add-on products are ready for the AIS market in Germany. New regional contracts have been signed in Scandinavia and a special ASP/hosting adoption drive will be a focus area in this region throughout 2011. For the US, we expect a significant market impact from the HITECH stimulus in 2011 and CGM is reorganizing the US business to drive stronger growth and performance. In HCS we expect Communication and Data to grow for the first time in 3 years and we also see a gradual uptake of new customers in Workflow & Decision Support and ISP. From this, the organic growth rate is expected to be approximately 10 percent in 2011 in both the HPS and HCS segments. Acquisitions completed to date are expected to give a further growth contribution of around 20 percent, all in the HPS segment. 2011 will also be the first year with external revenue in CHS, however still at modest levels.

Based on this, CGM offers the following guidance for 2011:

- Group revenue is expected to be in the range of EUR 395 million to EUR 420 million
- Group operating income (EBITDA) is expected to be in the range of EUR 86 million to EUR 93 million

The foregoing guidance is given as at February 2011 and does not include revenue and costs associated with potential and currently undetermined further acquisitions during 2011.

The outlook for 2011 represents management's best estimate of the market conditions that will exist in 2011 and how the business segments of CompuGroup Medical will perform in this environment.

Looking in the medium term beyond 2011, CompuGroup Medical expects to continue the growth in revenue, EBITDA and group earnings after taxes. As a market leader in Europe, 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. As such, CompuGroup Medical does not expect permanent or long lasting deterioration of the market conditions in the future. Our strategy is based on a highly resilient business model with high margins and high proportion of recurring revenue from software maintenance and related services combined with high costs for customers to switch and technological barriers preventing competitors to enter the market.

# Consolidated Statement of Financial Position

as at 31 December 2010

## ASSETS

	Notes	31.12.2010 EUR '000	31.12.2009 EUR '000
<b>Non-current assets</b>			
Intangible assets	(1)	391,482	311,472
Property, plant and equipment	(2)		
Land and buildings		22,976	22,601
Other facilities, furniture and office equipment		13,158	11,978
Assets under construction		2,944	2,055
Financial assets	(3)		
Interests in affiliates (valued at equity)		949	1,915
Other investments		105	111
Other receivables	(7)	9,690	8,390
Deferred taxes	(4)	6,109	9,338
		<b>447,413</b>	<b>367,860</b>
<b>Current assets</b>			
Inventories	(5)	1,318	2,992
Trade receivables	(6)	45,743	32,192
Other receivables	(7)	14,776	12,991
Income tax claims	(4)	4,600	5,675
Securities (recognized as profit or loss at fair value)	(8)	73	35
Cash and cash equivalents	(9)	42,180	29,110
		108,690	82,995
Non-current assets qualified as held for sale	(10)	300	927
		<b>108,990</b>	<b>83,922</b>
		<b>556,403</b>	<b>451,782</b>

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

## SHAREHOLDERS EQUITY AND LIABILITIES

	Notes	31.12.2010 EUR '000	31.12.2009 EUR '000
<b>Shareholders equity</b>	(11)		
Subscribed capital		53,219	53,219
Treasury shares		-14,384	-14,384
Reserves		143,562	146,183
Capital and reserves allocated to the shareholder of the parent company		182,397	185,018
Minority interests		332	810
		<b>182,729</b>	<b>185,828</b>
<b>Non-current liabilities</b>			
Pension provision	(12)	924	865
Liabilities to banks	(13)	191,432	109,039
Purchase price liabilities	(14)	6,675	5,294
Other liabilities	(17)	5,227	4,120
Deferred taxes	(4)	50,005	37,246
		<b>254,263</b>	<b>156,564</b>
<b>Current liabilities</b>			
Liabilities to banks	(13)	25,296	35,131
Trade payables	(15)	15,224	16,859
Income tax liabilities	(4)	10,507	7,099
Provisions	(16)	16,456	14,841
Purchase price liabilities	(14)	17,316	7,226
Other liabilities	(17)	33,303	27,054
Derivative financial instruments	(17)	1,309	835
		119,411	109,045
Liabilities associated directly with non-current assets qualified as held for sale	(10)	0	345
		<b>119,411</b>	<b>109,390</b>
		<b>556,403</b>	<b>451,782</b>

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

# Total Comprehensive Income Statement

of the year 2010

	Notes	2010 EUR '000	2009 EUR '000
Sales revenue	(18)	312,374	293,409
Capitalized in-house services	(19)	6,993	6,879
Other income	(20)	4,549	3,182
Expenses for goods and services purchased	(21)	-58,980	-61,031
Personnel expenses	(22)	-144,326	-130,178
Other expenses	(23)	-53,575	-53,089
<b>Earnings before interest, taxes, depr. And amortization (EBITDA)</b>		<b>67,035</b>	<b>59,172</b>
Depreciation of property, plants and tangible assets	(24)	-5,114	-5,461
<b>Earnings before interest, taxes and amortization (EBITA)</b>		<b>61,921</b>	<b>53,711</b>
Amortization of intangible assets	(24)	-28,858	-28,915
<b>Earnings before interests and taxes (EBIT)</b>		<b>33,063</b>	<b>24,796</b>
Results from associates recognized at equity	(25)	213	193
Financial income	(26)	3,271	2,342
Financial expenses	(26)	-10,156	-9,014
<b>Earnings before taxes (EBT)</b>		<b>26,391</b>	<b>18,317</b>
Income taxes for the period	(27)	-9,798	-6,601
<b>Consolidated net income of the period</b>		<b>16,593</b>	<b>11,716</b>
<b>of which: allocated to parent company</b>		<b>16,434</b>	<b>12,007</b>
<b>of which: allocated to minority interests</b>		<b>159</b>	<b>-291</b>
<b>Other results</b>			
Stock option program		78	216
hereon allocated deferred tax		-23	-64
Currency conversation of the capital consolidation		436	-4,303
Transitions consolidation		0	686
<b>Total result of the period</b>		<b>17,084</b>	<b>8,251</b>
<b>of which: allocated to parent company</b>		<b>16,925</b>	<b>8,542</b>
<b>of which: allocated to minority interests</b>		<b>159</b>	<b>-291</b>
<b>Earnings per share</b>	(28)		
<b>undiluted (EUR)</b>		<b>0.33</b>	<b>0.24</b>
<b>diluted (EUR)</b>		<b>0.33</b>	<b>0.24</b>
Further information of the company			
<b>Cash Net Income*</b>		<b>41,865</b>	<b>35,037</b>
<b>Cash Net Income* per share (EUR)</b>		<b>0.83</b>	<b>0.69</b>

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

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



## Changes in Consolidated Equity

as at 31 December 2010

	Parent company				Minority interests	Consolidated equity
	Share capital EUR '000	Treasury shares EUR '000	Reserves EUR '000	Total EUR '000	EUR '000	Total EUR '000
<b>Balance as at 31.12.2008</b>	<b>53,219</b>	<b>-9,925</b>	<b>137,740</b>	<b>181,034</b>	<b>1,790</b>	<b>182,824</b>
<b>Group net income</b>	<b>0</b>	<b>0</b>	<b>12,007</b>	<b>12,007</b>	<b>-291</b>	<b>11,716</b>
<b>Other results</b>						
Currency conversation of the capital consolidation	0	0	-4,303	-4,303	0	-4,303
Transitions consolidation	0	0	686	686	0	686
Stock option program	0	0	216	216	0	216
hereon allocated deferred tax	0	0	-64	-64	0	-64
	<b>0</b>	<b>0</b>	<b>-3,465</b>	<b>-3,465</b>	<b>0</b>	<b>-3,465</b>
<b>Total result of the period</b>	<b>0</b>	<b>0</b>	<b>8,542</b>	<b>8,542</b>	<b>-291</b>	<b>8,251</b>
<b>Transactions with share holders</b>						
Dividend distribution on minority interests	0	0	0	0	-214	-214
Minority addition from acquisitions	0	0	0	0	3,639	3,639
Additional purchase of shares from minority interests after control	0	0	-87	-87	-4,126	-4,213
Reclassification of negative minority interests	0	0	-12	-12	12	0
Purchase of own shares	<b>0</b>	<b>-4,459</b>	<b>0</b>	<b>-4,459</b>	<b>0</b>	<b>-4,459</b>
	<b>0</b>	<b>-4,459</b>	<b>-99</b>	<b>-4,558</b>	<b>-689</b>	<b>-5,247</b>
<b>Balance as at 31.12.2009</b>	<b>53,219</b>	<b>-14,384</b>	<b>146,183</b>	<b>185,018</b>	<b>810</b>	<b>185,828</b>
<b>Group net income</b>	<b>0</b>	<b>0</b>	<b>16,434</b>	<b>16,434</b>	<b>159</b>	<b>16,593</b>
<b>Other results</b>						
Currency conversation of the capital consolidation	0	0	436	436	0	436
Stock option program	0	0	78	78	0	78
hereon allocated deferred tax	0	0	-23	-23	0	-23
	<b>0</b>	<b>0</b>	<b>491</b>	<b>491</b>	<b>0</b>	<b>491</b>
<b>Total result of the period</b>	<b>0</b>	<b>0</b>	<b>16,925</b>	<b>16,925</b>	<b>159</b>	<b>17,084</b>
<b>Transactions with share holders</b>						
Dividend distribution	0	0	-12,557	-12,557	0	-12,557
Additional purchase of shares from minority interests after control	0	0	-6,989	-6,989	-637	-7,626
	<b>0</b>	<b>0</b>	<b>-19,546</b>	<b>-19,546</b>	<b>-637</b>	<b>-20,183</b>
<b>Balance as at 31.12.2010</b>	<b>53,219</b>	<b>-14,384</b>	<b>143,562</b>	<b>182,397</b>	<b>332</b>	<b>182,729</b>

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

# Consolidated Cash Flow Statement

as at 31 December 2010

	2010 EUR '000	2009 EUR '000
Group net income	16,593	11,716
Amortization of intangible assets, plant and equipment	33,972	34,376
Refund preliminary purchase price	0	330
Earnings on sales of fixed assets	28	-93
Change in provisions (including income tax liabilities)	4,422	-1,774
Change in deferred taxes	-1,583	-1,970
Other non-cash earnings/expenditures	-1,543	-1,416
	<b>51,889</b>	<b>41,169</b>
Change in inventories	1,918	616
Change in trade receivables	-10,307	-2,906
Change in other receivables	-2,588	-2,916
Change in income tax receivables	1,240	5,826
Change in securities (valued at actual cash value)	-38	103
Change in trade accounts payables	-2,704	3,289
Change in other short-term liabilities and derivative financial instruments	57	-806
Change on other long-term liabilities	911	-371
<b>Cash flow from operating activities</b>	<b>40,378</b>	<b>44,004</b>
Cash inflow on disposals of sales of property, plant and equipment	1,238	767
Cash outflow for capital expenditure in property, plant and equipment	-7,455	-10,012
Cash inflow on disposals of intangible assets	95	993
Cash outflow for capital expenditure in intangible assets	-11,160	-9,185
Cash outflow for investments in financial assets	0	-408
Acquisition of minority interests	-8,595	-7,811
Acquisition of companies less assumed cash and cash equivalents	-61,644	-17,218
<b>Cash flow from investing activities</b>	<b>-87,521</b>	<b>-42,874</b>
Cash inflow from assumption of loans	135,000	129,559
Cash outflow from the assumption of loans	-62,442	-113,688
Change in short-term purchase price liabilities	-120	-3,647
Change in long-term purchase price liabilities	-683	3,937
Purchase of own shares	0	-4,459
Dividends received	200	170
Dividends paid	-12,557	0
<b>Cash flow from financing activities</b>	<b>59,398</b>	<b>11,872</b>
Changes in cash due to exchange rates	815	22
Change in cash and cash equivalents	13,070	13,024
Cash and cash equivalents at the beginning of the period	29,110	16,086
<b>Cash and cash equivalents at the end of the period</b>	<b>42,180</b>	<b>29,110</b>
Interest paid	6,933	5,157
Interest received	722	943
Income tax paid	5,965	8,005
Dividends received	200	170
Dividends paid	12,557	0

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

# Consolidated Notes

## for the 2010 Financial Year

### A. THE COMPANY

CompuGroup Holding AG (parent Company) is a Company registered in Germany in the Commercial Register of the Koblenz Municipal Court under HRB No. 4358. Pursuant to the resolution of the general shareholders' meeting on 19 May 2010, the Company was renamed from CompuGroup Holding Aktiengesellschaft to CompuGroup Medical Aktiengesellschaft (also referred to in the following as "CompuGroup Medical AG" or the "Company"). The name change was entered in the commercial register on 7 June 2010. For this reason further name changes have been made throughout the world.

The registered office of the Company is located at Maria Trost 21, 56070 Koblenz. The purpose of the Company and its principal activities can be characterized as follows:

The group is currently divided into three divisions – Integrated Health Provider Services (HPS), Health Connectivity Services (HCS) and Consumer Health Services (CHS). These Areas form the basis for the primary format of the Company's segment reporting.

**HPS:** Development and sale of software solutions for physicians and dentists in their practices and for use in hospitals

**HCS:** Networking service providers (physicians, dentists and hospitals) with other important market participants in the health care sector such as sponsors, pharmaceutical companies and generic drug producers

**CHS:** Products and services for covering the growing demand for health-related information for patients (electronic patient services)

### B. GENERAL PRINCIPLES

This consolidated financial statement combines the financial statements of CompuGroup Holding AG and its subsidiaries (also referred to in the following as the "Company" or "CG Group"). As in the prior year, the consolidated financial statement as of 31 December 2010, of CGM Group was prepared in accordance with Section 315a HGB (Handelsgesetzbuch – German Commercial Code) and in compliance with the International Financial Reporting Standards (IFRS) – previously International Accounting standards (IAS) – and the interpretations of the International Financial Interpretations Committee (IFRIC) – previously the Standing Interpretations Committee (SIC) – as applicable in the EU. The application of individual standards is described in the comments on the individual items in the consolidated financial statement.

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

#### New accounting regulations:

The methods of accounting and evaluation applied correspond in principle to those used in the previous year with the following exceptions:

The new and revised IFRS standards listed below have been applied for the first time in the year under review. Their application had the following effects on the consolidated financial statements:

#### IFRS 3 (revised 2008) – Business Combinations

As part of the convergence project between the FASB and the IASB, the accounting principles for business combinations were thoroughly revised (Business Combinations Phase II).

A significant change concerns successive Company acquisitions. In a successive acquisition of shares, the differences between book value and fair value of shares already held at the time of acquisition must be recorded in profit or loss. Until now these were placed in a remeasurement reserve. The separate calculation of goodwill for each tranche of shares is therefore no longer required.

For share acquisitions involving less than one hundred percent of the outstanding shares, the Company preparing its financial statements can now elect to recognize the non-controlling interest (previously minority interest) at fair value. As a consequence this means: including the goodwill associated with the non-controlling interest (so-called full goodwill). Alternatively, the non-controlling interest may be recognized as before based upon their pro-rata share of net assets.

Further changes impact the calculation of the acquisition cost of the acquired Company. Transaction costs such as legal and consulting fees were, until now, recorded as part of the acquisition cost. Now they must be recorded in profit and loss. As per the amended standard, contingent components of the acquisition price (contingent considerations), such as earn-out clauses, must now be included in the calculation of the purchase price using fair value at the time of acquisition and without regard for the probability of occurrence. Subsequent changes to the fair value of contingent consideration classified as debt must always be recognized in profit and loss.

Finally, there are also significant changes to the acquisition price allocation requirements. According to the amended version of IFRS 3, existing contractual relationships of the acquired Company must be analyzed from the perspective of the acquirer and, when applicable, reclassified or designated differently. As a result, it may become necessary to reclassify numerous financial instruments. Existing hedging arrangements may no longer be eligible for accounting as a hedging transaction.

The amended version of IFRS 3 should be prospectively applied for the first time to business combinations with a time of acquisition on or after the start of financial years beginning on or after 1 July 2009. The new IFRS regulations have effects on the consolidated financial statement of the CGM-Group.

## **IAS 27 (revised 2008) – Consolidated and Separate Financial Statements**

As part of the Business Combinations Phase II project, the IASB also defined the accounting for a change in the ownership of a subsidiary Company. As a result, a gap in the existing provisions of IAS 27 was closed.

If additional shares in a subsidiary are acquired after a controlling interest has already been achieved – for example by increasing the percentage ownership of shares from 60 percent to 100 percent, then the difference between the purchase price and book value of the purchased non-controlling interest (previously minority interest) must be recorded directly to equity (the economic entity model). This means that there are no adjustments to the book values of the assets and liabilities being accounted for, nor is additional goodwill created.

The recognition of the difference as incremental goodwill was, until now, an acceptable accounting alternative as per the so-called modified parent Company model. However the mandatory application of the amended standard eliminates this alternative since the accounting for this activity is now explicitly defined in IAS 27.

As with the acquisition of additional shares after acquiring a controlling interest, the effects of share sales not resulting in a loss of a controlling interest must also be recorded directly in equity.

However, if the sale of shares results in the loss of a controlling interest, then a gain or loss on the sale of the shares must be recorded in profit or loss. It is important to note in this context that the gain or loss from this transaction includes not only the difference between the book value of the outgoing shares and the consideration received for them, as has been the case until now. Instead, in the future it will now include any effects resulting from the remeasurement of the remaining shares. The loss of a controlling interest leads in this case to a realization of a gain or loss and a remeasurement of the remaining shares being held to their fair value as of the point in time when the controlling interest is lost.

Another important change to IAS 27 is the allocation of losses to the non-controlling interest. According to the old provisions of IAS 27, any losses that exceeded the book value of the minority interest were allocated, as a general rule, to the majority owners. Now the book value of the non-controlling interest can be negative.

The new provisions of IAS 27 referenced above must be applied prospectively for financial years beginning on or after 1 July 2009. The new provisions of IAS 27 have effects on the consolidated financial statement of the CGM-Group.

## **Improvements to IFRS (2009)**

The IASB published the second annual collective standard for making minor modifications to IFRS, the so-called "Improvements to IFRS", on 16 April 2009. These changes impact several IFRS standards, two interpretations and the associated bases for conclusions. Application of most of these changes is mandatory for the first time retroactively for financial years beginning on or after 1 January 2010. This affects the following standards:

- 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 39 – Financial Instruments: Recognition and Measurement

However the IASB foresees mandatory application of several changes already for financial years beginning on or after 1 July 2009. This concerns changes to

- IFRS 2 – Share-based Payment
- IAS 38 – Intangible Assets
- IFRIC 9 – Reassessment of Embedded Derivatives
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation

However the publication of the relevant EU adoption ordinance on 24 March 2010 in the Official Journal of the EU partially altered the date of application originally foreseen by the IASB. Application is thus mandatory for financial years beginning after 31 December 2009.

Details regarding these changes are as follows:

- IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations – Required Disclosures: A supplement to IFRS 5 made clear that disclosure responsibilities required by standards other than IFRS 5 only apply to non-current assets classified as held for sale (or disposal groups) and discontinued operations if the other standard itself foresees separate reporting responsibilities for such items or if the disposal group contains assets whose valuation is based upon the other standards (for example financial assets within the scope of IAS 39) and the relevant standard regarding the valuation of these assets and liabilities requires explicit clarifications that are not already included elsewhere in the notes to the financial statements
- IFRS 8 – Operating Segments: Disclosure of Information about Segment Assets: It was made clear, as part of segment reporting, that any potential disclosures regarding segment assets and liabilities are only necessary if such disclosures are made to the chief operating decision maker of the Company as part of the regular internal management reporting process

- IAS 1 – Presentation of financial Statements – Current/Non-current Classification of Convertible Instruments: In order to prevent that convertible instruments are always reported as a current liability, IAS 1.69 was amended to state that any existing options of a counter party, which allow an exchange of liabilities for the issuance of equity instruments, does not have any effect on the classification of these liabilities as current or non-current
- IAS 7 – Statement of Cash Flows – Cash Flows from Investment Activities: It was made clear in IAS 7.16 that only payments leading to an asset being recorded in the balance sheet may be reported as a cash flow from investment activities in the statement of cash flows
- IAS 17 – Leases – Classification of Leases of Land and Buildings: It was made clear by the addition of paragraph 15a that the same criteria apply for the classification of leases of land as for the classification of leases for buildings, meaning that all criteria which are relevant for the classification of a lease and the associated classification of the economic nature of the leased object are to be assessed equally. A lease of land can therefore no longer be automatically classified as an operating lease just because a transfer of ownership to the lessee does not exist at the end of the lease term
- IAS 18 – Revenue – Determining Whether an Entity is Acting as a Principal or as an Agent: A Company acts as a principle if it is subject to the significant risks and rewards in connection with the sale of goods or the delivery of services, whereas it acts only as an agent if it is not subject to these risks in connection with the transaction. Now there are general guidelines included in the notes to IAS 18 regarding the determination of the principle and the agent in agency relationships.
- IAS 36 – Impairment of Assets – Unit of Accounting for Goodwill Impairment Test: The question was how the wording of IFRS 8, Operating Segments, should be understood where it states that an entity to which goodwill has been allocated for purposes of impairment testing may not be larger than the operating segment as per IFRS 8; in particular, whether in such a case a combination of individual operating segments to a reportable business segment, as allowed by IFRS 8.12, may be considered. It was made clear that a drill down to the lowest level of an operating segment, within the context of the IFRS 8.5 definition, is required. Therefore a combination of individual operating segments as per IFRS 8.12 is not a valid level at which to perform goodwill impairment testing. This change is to be applied prospectively
- IAS 39 – Financial Instruments: Recognition and Measurement: Treatment of prepayment penalties as embedded derivatives closely connected to the host debt contract: IAS 39.AG30(g) was amended to state that a variable prepayment penalty, owed to the lender to compensate for lost interest in the amount of the difference between the original effective interest rate and the effective rate that can be achieved when reinvesting the repayment proceeds, does not preclude a close link between the repayment option and the debt contract

Exception for certain derivatives from the scope of IAS 39 as per IAS 39.2(g): Contracts to purchase or sell a Company at a future date, concluded between the purchaser and the seller as part of a business combination, are exempt from the scope of IAS 39 if certain criteria listed in IAS 39.2(g) are fulfilled. As part of the improvements, the criteria therein allowing an exception from the application of the provision were clarified and tightened significantly. Now the existence of a forward contract, with a maturity that does not extend beyond the time period that is reasonably necessary to obtain the necessary approvals for the business combination and to conclude the transaction, is mandatory for an exemption from the application of this provision.

Cash Flow Hedge Accounting: When hedging a future transaction as part of a cash flow hedge, the future transaction will lead to the creation of a financial asset or a financial liability, however the hedged payments do not necessarily equal the cash flows resulting from the creation of the financial asset or financial liability. It was made clear in this context that value changes of the hedging instrument that are “parked” in equity must be reclassified in the period in which the hedged payments impact the profit and loss statement, independent of when the payments from the financial asset or liability actually occur.

- IFRS 2 – Share-based Payment: Scope of IFRS 2 and Amended IFRS 3: The IASB made clear with this change that besides business combinations, which are already within the scope of IFRS 3, also the creation of joint ventures or common control transactions are exempt from the scope of IFRS 2, Share-based Payment
- IAS 38 – Intangible Assets – Measuring the Fair Value of an Intangible Asset Acquired in a Business Combination: The provisions of IAS 38.36 are clarified so that an intangible asset acquired in a business combination can perhaps only be separately identified in conjunction with a related contract, identifiable asset or identifiable liability. In this case, the intangible asset must be recognized separately from goodwill and in conjunction with the related asset or the related liability

It is furthermore made clear in IAS 38.37 that a group of complementary intangible assets with similar useful lives may be recognized as one individual asset. The concepts “brands” and “brand names” are listed as examples of such a situation. These terms are used as general marketing concepts usually with regards to a group of complementary assets such as a trademark (or a service mark) and the associated Company names, formulas, recipes and technological expertise.

Further changes that result from the revisions to IFRS 3 include: Paragraphs 40 and 41 of IAS 38 were changed to clarify the measurement methods that are generally to be used as the basis for determining the fair value of intangible assets when an active market for the asset does not exist. These changes are as follows:

The method previously listed in IAS 38.41 of using multipliers reflecting actual market transactions as indications of the asset’s profitability is now listed as an example for the calculation of the fair value of an intangible asset based upon actual business transactions where similar assets were impacted.

IAS 38.41 has been changed to eliminate the requirements that the reporting Company must “regularly” buy and sell intangible assets and that these assets must be “unique”. Furthermore, it was made clear that the methods listed in the standard for the indirect calculation of the fair value of intangible assets acquired as part of a business combination are only examples of possible alternatives and are not a conclusive and final listing of measurement methods. Methods to estimate costs that the Company avoids through the ownership of the intangible asset are named as another example of potential measurement methods. Examples of this approach include the so-called “relief from royalty method” which uses discounted net cash flows to calculate the amount that the Company must spend to license the asset at arm’s length terms and conditions from third parties, and the calculation of recovery costs or replacement costs (the so-called cost approach).

- IFRIC 9 – Reassessment of Embedded Derivatives: Based upon this change, any contracts which are transferred within the context of a business combination involving companies or business operations under common control or the establishment of a joint venture, are explicitly excluded from the scope of IFRIC 9. This change is to be applied prospectively. If a Company applies IFRS 3 (revised 2008) earlier, then this change must be applied at the same time
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation: Instruments that were held until now by the foreign operation that was itself being hedged are now included in the list of eligible hedging transactions

These improvements, with the exception of the change to IFRS 8, Operating Segments, have no effect on these consolidated financial statements.

**Standards, interpretations and changes to published standards that must be mandatorily applied in 2010 but which are not, however, currently relevant for the group (but may be relevant in the future).**

#### **IFRIC 12 – Service Concession Arrangements**

IFRIC 12 addresses the accounting and assessment of the obligations and rights of operators resulting from so-called service concessions. Included within the scope of this interpretation are only those concessions where public infrastructure services are transferred to private companies (for example, road construction, water supplies) and in which (a) the licensor can control or determine which services the licensee must supply to whom and at what price, and (b) a significant residual value from the infrastructure is owed to the licensor at the conclusion of the concession term (although infrastructure used during its entire useful life for a service concession is also included within the scope of this interpretation if the condition listed under point (a) is fulfilled).

IFRIC 12 must therefore be mandatorily applied at the latest to financial years beginning on or after 30 March 2009. IFRIC 12 has no effects on the consolidated financial statement of the CGM Group.

#### **IFRIC 15 – Agreements for the Construction of Real Estate**

The interpretation stipulates the conditions under which entities concerned with the construction of real estate have to apply IAS 11, Construction Contracts, and IAS 18, Revenue. Furthermore, it addresses the question when income from real estate construction contracts must be realized.

It was clarified that IAS 18, not IAS 11, should be applied in those cases when a buyer has only limited influence on the structure of the real estate. When applying IAS 18, income is realized using the percentage of completion method if a contract describes either a service activity as per IAS 18.20 or a purchase agreement as per 18.14 in which the criteria of IAS 18.14 are continuously fulfilled. In the case of a contract in which the Company transfers the right of ownership, as well as all significant risks and rewards that could result from a real estate sale, in their entirety to the purchaser at a specific point in time, then income must be realized at the time when all criteria of IAS 18.14 are fulfilled.

Additional disclosures in the notes to the financial statements are necessary pursuant to IFRIC 15.20 and 15.21 for contracts which fulfill the criteria of IAS 18.14 on a continuous basis.

IFRIC 15 is to be applied for the first time to reporting periods that begin after 31 December 2009. IFRIC 15 has no effects on the consolidated financial statement of the CGM Group.

#### **IFRIC 16 – Hedges of a Net Investment in a Foreign Operation**

Under the regulations of IAS 39 on hedge accounting, it is possible to hedge against the foreign currency risk resulting from the different currencies used by companies in a group and to delimit the value changes of the hedging instrument in equity until the foreign operation in question has been sold. The amendments in IFRIC 16 state that qualifying hedging instruments used for the hedging of a net investment in a foreign operation may be held by any one or multiple companies in the group (including a foreign Company) as long as the classification, documentation and effectiveness criteria of IAS 39 (regarding hedging instruments for net investments) are fulfilled. In particular, the group must clearly document its hedging strategy since the classification of these instruments at different levels of the group could be different.

The changes in IFRIC 16 should be applied for the first time to financial years beginning on or after 1 July 2009. As no such hedging transactions exist at present, this interpretation did not have any effects on the group.

#### **IFRIC 17 — Distributions of Non-cash Assets to Owners**

The IFRIC published the interpretation IFRIC 17 on accounting for distributions of non-cash assets to owners on the 27 November 2008. The interpretation addresses topics concerned with unconditional distributions of non-cash assets to shareholders by the distributing entity.

The publication of IFRIC 17 is associated with an amendment of IFRS 5, Non-current Assets Held for sale and Discontinued Operations. The amendment requires that assets may only be classified as non-cash assets to be distributed to shareholders if they can be distributed in their current form and the distribution is highly probable.

IFRIC 17 must be applied prospectively in the first reporting period of a financial year beginning on or after 1 July 2009. Retrospective application is not permitted. With regard to first-time application, it can be said that these amendments have not, until now, had any effect on the consolidated financial statements of CGM Group.

#### **IFRIC 18 – Transfer of Assets from Customers**

The IFRIC published the interpretation IFRIC 18 on 29 January 2009. This interpretation explains how to account for transfers of items of property, plant and equipment by companies that receive such transfers from their customers. Included within the scope of this interpretation are agreements in which a Company receives from a customer an item of property, plant and equipment that the Company must then use either to connect the customer to a network and/or to provide the customer with ongoing access to a supply of goods or services (for example, electricity, gas, water). The interpretation also applies to agreements in which a Company receives cash from a customer which the Company may only use to construct or acquire an item of property, plant and equipment; thereafter the Company must then use the item of property, plant and equipment either to connect the customer to a network and/or to provide the customer with ongoing access to a supply of goods or services.

IFRIC 18 should be prospectively applied for the first time to transfers of assets which the entity receives on or after 1 July 2009. An earlier application is permissible, insofar as the values and information required for the purpose are available. With regard to first-time application, it can be said that these amendments have not, until now, had any effect on the consolidated financial statements of CGM Group.

#### **Eligible Hedged Items (Amendment of IAS 39 – Financial Instruments: Recognition and Measurement)**

The amendments to IAS 39 – Eligible Hedged Items (amendment of IAS 39 Financial Instruments: Recognition and Measurement (Eligible Hedged Items)) were published on 31 July 2008.

In these, the IASB emphasizes that inflation risks may only be hedged in the instance that payments are directly linked to an inflation index. It is furthermore made clear that effective hedging of one-sided risks is generally not possible by an option in its entirety (i.e. intrinsic value and fair value).

This amendment must be mandatorily applied for the first time to the current reporting period. Changes to the group's consolidated financial statements did not occur because of this amendment.

#### **New version of IFRS 1 – First-time Adoption of the International Financial Reporting Standards**

Since its publication in the year 2003, IFRS 1 – First-time Adoption of the International Financial Reporting Standards has been amended many times to accommodate first-time adoption requirements resulting from new or amended standards. As a result, the standard became more complex and less understandable. Therefore the IASB proposed to amend IFRS 1 to make it easier for the reader to understand and to design it to better accommodate future amendments.

The new version of IFRS 1 published by the IASB contains the same regulations of the previously applicable standard, but it differs in its breakdown. The breakdown now provides the appendices in the following order:

- Definitions (Appendix A)
- Exceptions to the retrospective application of other IFRS (new Appendix B)
- Exemptions for business combinations (new Appendix C)
- Exemptions from other IFRS (new Appendix D)
- Appendix reserved for potential future short-term exemptions from IFRS (Appendix E)

The new version of IFRS 1 is mandatorily applicable for the first time to reporting periods beginning on or after 31 December 2009. Changes to the group's consolidated financial statements do not occur because of the new version.

#### **Amendments to IFRS 1 – Additional Exemptions for First-time Adopters**

The IASB issued amendments to IFRS 1 – First-time Adoption of the International Financial Reporting Standards, on 23 July 2009. These introduce additional exemptions to the mandatory, retrospective application of all the standards and interpretations applicable in principle at the balance sheet date of the first IFRS financial statements. They impact:

- Companies in the oil and gas industry that used full absorption costing in previous GAAP at the date of transition to IFRS, and
- First-time adopters who apply the transition provisions of IFRIC 4 – Determining Whether an Arrangement Contains a Lease

The exemptions proposed in an earlier draft of the changes regarding price controlled companies were included in the draft of the standard for the accounting methods regarding price controlled activities.

These amendments to IFRS 1 have no effects on the consolidated financial statements of CGM Group.



### **Amendment of IFRS 2 – Group Cash-settled Share-based Payment Transactions**

The amendments published on 18 June 2009 regarding IFRS 2 – Share-based Payments, clarify the accounting methods for group cash-settled share-based payments for those situations in which the reporting Company receives goods or services but the cash payment obligation resides elsewhere, usually with the parent Company or another Company within the group.

Where a share-based payment agreement is concerned, the amendments differentiate between the entity which receives services and goods (receiving entity) and the entity which settles the payments (settling entity).

The receiving entity records the pledge as a transaction settled with equity instruments if one of the following conditions applies:

- The pledge is settled in equity instruments of the receiving entity, or
- The receiving entity is not obliged to settle the pledge

In all other cases, the pledge is accounted for under the regulations for cash-settled, share-based payment transactions.

The settling entity settles a share-based transaction under which another Company in the group receives services or goods. The transaction is not recognized in the financial statements under the regulations for share-based transactions settled with equity instruments unless the pledge is settled in equity instruments by the settling entity. Otherwise the pledge is accounted for as a cash-settled transaction.

In the course of the amendment of IFRS 2, the regulations of IFRIC 8, the scope of IFRS 2, and IFRIC 11, IFRS 2 – Group and Treasury Share Transactions, were integrated into the standard. The IASB has therefore withdrawn both interpretations.

The amendments should be applied retrospectively to financial years beginning on or after 1 July 2010. No changes to these consolidated financial statements result from the first-time application of this requirement.

### **Standards, interpretations and changes to published standards that must not be mandatorily applied in 2010 and which have not been adopted early by the group**

The group's assessment of the effects of these new standards and interpretations is explained as follows:

#### **IAS 32 – Classification of Rights Issues**

If the Company grants rights issues, options and warrants to acquire a fixed number of an entity's own equity instruments in a currency other than its functional currency, then these rights were accounted for until now as a financial liability because the "fixed-for-fixed" criteria in IAS 32.16(b)(ii) was not fulfilled due to potential foreign currency exchange rate fluctuations. The IASB has supplemented IAS 32 to the effect that rights issues, options and warrants to acquire a fixed number of an entity's own equity instruments for a fixed price stated in a currency other than the entity's functional currency should be posted as equity instruments, provided these are offered pro rata to all its existing owners of the same class. This amendment is to be applied retrospectively pursuant to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

The amendment in IAS 32 was published in October 2009 and is applicable for financial years beginning on or after 1 February 2010. Earlier application is permitted. Based upon current assessments, no changes to the consolidated financial statements of CGM Group result from the first-time application of this requirement.

#### **Amendment to IFRS 1 – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters**

The amendment to IFRS 1 with the title "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters" allows first-time adopters of IFRS the possibility to apply the transition provisions of IFRS 7 – Financial Instruments: Disclosures, to the disclosure requirements introduced in March 2009. The amendment relieves first-time adopters of IFRS from the requirement to provide comparative values for the new disclosure requirements of IFRS 7 for comparative periods ending prior to 31 December 2009.

The EU adoption ordinance ("endorsement") was published on 1 July 2010 in the Official Journal of the EU and is applicable for financial years beginning on or after 1 July 2010. An earlier, voluntary application of the amendment is permitted. No changes to the consolidated financial statements of CGM Group result from the first-time application of this requirement.

### Improvements to IFRS (2010) – Part 1

The IASB published the third annual collective standard for making minor amendments to the IFRS, the so-called “Improvements to IFRS”, on 6 May 2010. Although application of most of these amendments is mandatory for the first time retroactively for financial years beginning on or after 1 January 2011, application of the following amendments to IFRS 3 – Business Combinations, is mandatory for financial years beginning on or after 1 July 2010. An earlier, voluntary application of these amendments is permitted. Based upon current assessments, no changes to the consolidated financial statements of CGM Group result from the first-time application of this requirement.

- Transitional provisions for contingent considerations: As a result of the amendments to IFRS 3 – Business Combinations, contingent considerations as part of business combinations are no longer within the scope of IFRS 7 – Financial Instruments: Disclosures, IAS 32 – Financial Instruments: Presentation, and IAS 39, Financial Instruments: Recognition and Measurement. In order to clarify that these IFRS do not apply to contingent consideration as part of business combinations with an acquisition date prior to the date of the first time application of the amended IFRS 3 standard, the deadlines for application of the subsequent changes resulting from the amendment to IFRS 3 were adapted accordingly. In addition, the transitional provisions of IFRS 3 were expanded to include the accounting regulations from the superseded IFRS 3 that are still applicable for contingent consideration
- Measurement of a non-controlling interest: Pursuant to IFRS 3.19, an acquirer must recognize a non-controlling interest in the acquired Company either at fair value or at a pro-rata share of the identifiable net assets of the acquired Company. Paragraph 19 was now amended to the effect that the measurement choice applies only to instruments with a current claim on a share of the net assets in the event of a liquidation or dissolution of the acquired subsidiary. Other components of the non-controlling interest in the acquired subsidiary such as, for example, stock options classified as equity are to be measured using the relevant IFRS standard or fair value
- Accounting for expired and voluntarily replaced share-based payment awards: IFRS 3 contains provisions regarding the accounting methods for share-based payment awards from an acquired Company which the acquirer must replace as part of the business combination or which will expire as a consequence of the business combination. Regulations regarding the accounting methods of other share-based payment awards of the acquired Company did not exist until now. As part of the current IFRS improvement process, the accounting requirements in IFRS 3.B56 and .B62 were now changed and supplemented with explicit guidelines declaring that these paragraphs now apply to all share-based payment awards that are part of a business combination. Therefore these regulations now also apply to share-based payments that do not expire because of a business combination and are not replaced or are replaced by the acquirer by using its own share-based payments. In this context, the provision of paragraph 30 regarding the measurement of share-based payment awards was also adjusted to the effect that the measurement regulations also apply to share-based payments that are not replaced by the acquirer. Furthermore, the terminology in IFRS 3 was aligned with that of IFRS 2 – Share-based Payments. The term previously used in IFRS 3.30, “share based payment bonuses”, was replaced with “share based payment awards”

### Improvements to IFRS 2010 – Part 2

The IASB published the third annual collective standard for making minor modifications to the IFRS, the so-called “Improvements to IFRSs”, on 6 May 2010. These changes impact six standards, one interpretation and the associated bases for conclusions. Application of most of these changes is mandatory for the first time retroactively for financial years beginning on or after 1 January 2011. Earlier voluntary application is admissible. Based upon current assessments, no changes to the consolidated financial statements of CGM Group result from the first-time application of this requirement.

This affects the following standards:

- IFRS 1 – First-time Adoption of the International Financial Reporting Standards
- IFRS 7 – Financial Instruments
- IAS 1 – Presentation of Financial Statements
- IAS 34 – Interim Financial Reporting
- IFRIC 13 – Customer Loyalty Programs

The changes in detail:

- IFRS 1 – First-time Adoption of the International Financial Reporting Standards
  - Amendment of accounting policies in the first year of application: IFRS 1 clarifies that IFRS first-time adopters that change their accounting policies or the application of exemptions under IFRS 1 after the publication of an interim financial report pursuant to IAS 34 – Interim Financial Reporting, have to disclose these changes and adjust their reconciliations (equity and total result) in the interim financial report, as required by IFRS 1.24(a) and (b), accordingly
  - Revaluation as deemed cost: IFRS 1.D8 clarifies the application of this paragraph, whereby a fair value measured during a privatization or initial public offering may be used as a substitute for cost even when the event-driven evaluation took place on or after the transition date to IFRS but still in the period covered by the first IFRS financial statements. The valuation adjustments resulting from the event-driven evaluation has to be recognized directly on the measurement date in retained earnings or another appropriate equity category. Entities that already had adopted IFRS prior to the publication of this amendment also have the option to apply it retrospectively in their first annual financial statements after its publication
  - In future, IFRS first-time adopters may elect to use a previous GAAP valuation for items of property, plant and equipment or intangible assets used during price-indexed transactions at the date of transition as their deemed cost. The application of this exemption may be applied to individual assets. If the exemption is applied however, an impairment test pursuant to IAS 36 – Impairment of Assets, must be carried out.

- IFRS 7 – Financial Instruments: Nature and Extent of Risks Arising from Financial Instruments: According to IFRS 7, disclosures must be made regarding the nature and extent of risks arising from financial instruments. During the annual improvement process, various clarifications of content and amendments were included in the standard
- IAS 1 – Presentation of Financial Statements: Statement of Changes in Equity: IAS 1 clarifies that in the case of a transition of equity capital items from the book value at the beginning of the period to the book value at the end of the period, the required breakdown of other comprehensive income into individual items may be implemented in the notes and therefore does not mandatorily have to be implemented in the statement of changes in equity
- IAS 34 – Interim Financial Reporting: Disclosures in the Notes of Material Events: The changes to the wording of IAS 34 strengthen the existing guiding principle according to which events that are important for explaining changes in an entity's net assets, financial position and results of operations since the reporting date must be disclosed in interim financial reports. In this context, the following duties of disclosure for financial instruments were added to the (not final) list of events for which disclosure in interim financial reports is mandatory:
  - Changes to the business or general economic environment of an entity that have an impact on the fair value of financial assets and liabilities, regardless if the corresponding financial assets and liabilities are recognized at fair value or amortized cost
  - Transition between the different levels of the fair value hierarchy, which forms the basis for the measurement of fair value
  - Reclassification of financial assets due to a change of their application and use
- IFRIC 13 – Customer Loyalty Programs: Fair Value Measurement: The amendments of IFRIC 13 pertain to the clarification on the measurement of award credits in the bases for conclusion and their examples to avoid a potential false interpretation of the rules. It states that the fair value of an award credit must always be recognized at the amount that could be generated when selling the award credit separately. If this value cannot be measured, it may be determined on the basis of the fair value of the award that the award credit can be exchanged against, adjusted for benefits the entity issues to its customers outside the customer loyalty program as well and for potentially unclaimed awards.

#### **IAS 24 (revised 2009) – Related Party Disclosures**

The IASB published a revised version of IAS 24, Related Party Disclosures, on 4 November 2009.

In particular, the amendment of IAS 24 thoroughly revised the definition of related parties and made modifications concerning the definition of transactions (subject to disclosure).

Another significant focus of the amendment was the introduction of an alleviation provision for companies under the control, joint control or significant influence of the government (so-called government-related entities). The alleviation provision, which foresees only certain minimum disclosure requirements, covers disclosures regarding transactions by the reporting Company with the government as well as disclosures regarding transactions with other government-related organizations.

The revised version of the standard applies mandatorily to financial years beginning on or after 1 January 2011. The group will apply the new regulations beginning 1 January 2011. Following the application of the standard, the group must disclose transactions between subsidiaries and associated companies. CGM Group is currently working to establish a systematic recording of such information. As a result, it is not possible at this moment to disclose the precise effects of the new standard.

#### **Amendments to IFRIC 14, IAS 19 – Prepayments of a Minimum Funding Requirement**

The amendments to the interpretation IFRIC 14, IAS 19 – Prepayments of a Minimum Funding Requirement, are relevant if a pension plan foresees a minimum funding requirement and the Company makes prepayments towards the requirement. In contrast to existing regulations, the economic benefit from the Company's prepayments, which reduce future contribution payments related to the minimum funding requirement, are capitalized as an asset. If minimum funding requirements exist which refer to contribution payments for future services, then the interpretation foresees the recognition of an asset that is the sum of two amounts: first, the prepayment made voluntarily that reduces the minimum funding requirement and, second, the estimated future service cost. In such a case, the estimated total funding requirement must be reduced by the minimum funding requirement (without consideration for the prepayments).

The change should be applied for the first time to financial years beginning on or after 1 January 2011. These amendments must be applied beginning with the earliest comparative period in the first financial statements for which this interpretation is applicable. Any adjustments resulting from the application of these amendments must be recognized in the opening balance of the comparative period in retained earnings. The group will apply the new regulations beginning 1 January 2011. Significant effects on the group's assets, financial situation and earnings are not expected.

### **IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments.**

IFRIC 19 governs the accounting by a debtor when renegotiated contractual terms of a financial liability allow the debtor to extinguish the financial liability fully or partially by issuing equity instruments (so-called debt for equity swaps) and the creditor is an unrelated third party. Pursuant to IAS 39.41, the difference between the book value of the extinguished liability and the consideration paid must be recorded in profit and loss. The amendment to IFRIC 19 now makes clear that equity instruments issued by the debtor to extinguish its financial liability, either fully or partially, must be considered as part of the consideration paid. The equity instruments must be measured at fair value as of the date of acquisition. If the fair value of the equity instrument cannot be reliably determined, then the instruments must be measured at the fair value of the fully or partially extinguished liability. Measurement of the issued equity instruments using the book value of the fully or partially extinguished liability, meaning a simple rebooking of the financial liability to equity, is no longer possible.

The changes to IFRS 19 must be applied to financial years beginning on or after 1 July 2010. Based upon current assessments, no changes to the consolidated financial statements of CGM Group result from the first-time application of this requirement.

### **IFRS 9 – Financial Instruments**

The IASB published IFRS 9 – Financial Instruments, on 12 November 2009. The new standard fundamentally changes the previous regulations on the categorization and valuation of financial instruments, whereby IFRS 9 is limited solely to financial assets at the present time.

IFRS 9 only foresees two categories for designating financial assets on their initial recognition: they are either measured at fair value or at amortized cost. Measurement at amortized costs thereby requires scheduled holding of the financial asset until the contractual payment flows are collected and that the contractual provisions of the financial asset lead to payment flows at specified dates which solely represent redemption and interest payments on the outstanding repayment sums. Financial instruments which do not fulfill these two conditions should be stated at fair value. The categorization made upon initial recognition cannot be revised in later periods, unless the business model under which the asset is held has changed.

With regard to embedded derivatives, the standard contains the alleviation that a separation is no longer required for financial basis contracts within the scope of the new standards, and thus the contract is measured as a whole. The same applies to a subsequent assessment at amortized costs. The previous regulations of IAS 39 should continue to be applied in cases in which the basis contract is beyond the scope of the standard.

There is a non-alterable choice of posting changes to fair value, including disposal results, in other comprehensive income upon initial recognition of equity instruments which are not held for trading purposes. These changes to fair value are then no longer recycled via profit or loss in the subsequent periods, but rather remain in other comprehensive income. The regulations on value reductions were also reversed accordingly for these financial instruments.

The standard foresees retrospective application for all existing financial assets, whereby the circumstances on the date of first-time application of the standard are relevant for categorization under the new regulations. Additional alleviations were created by various transitional provisions.

Under the IASB regulations, IFRS 9 is mandatorily applicable to financial years beginning on or after 1 January 2013. Earlier application is permitted. When the EU will endorse these is unknown at present. It has not yet been determined whether the mandatory first-time application will result in changes to the consolidated financial statements of CGM Group.

### **Fundamental Principles**

The consolidated financial statements – presented in thousands of euros (EUR thousand) – were prepared in accordance with International Financial Reporting Standards (IFRS), as applicable in the EU, and Section 315a HGB (Handelsgesetzbuch — German Commercial Code). The income statement for the Group and the consolidated balance sheet correspond to the organizational requirements of IAS 1, while the income statement is structured according to the total expense method.

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

The consolidated financial statements are primarily based on the acquisition costs principal. Unless stated otherwise, assets and liabilities are carried on the basis of the historical costs of acquisition or production, less necessary value reductions.

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

## C. CONSOLIDATION PRINCIPLES

### Effective date of consolidation

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

### Consolidation group

The financial statements of the Company and of the companies controlled by the Company (its subsidiaries) are included in the consolidated financial statement as at 31 December of each year. The term control applies when the Company has the ability to determine the financial and business policy of a Company, thereby deriving economic benefit.

All included financial statements of CGM Group are prepared according to uniform accounting and valuation methods. Holdings in associated companies on which the Company exercises a decisive influence (generally accompanied by a share of voting rights ranging from 20 to 50 percent) are accounted according to the equity method. For the year ended 31 December 2010, there were five equity holdings in associated companies that are reported according to the equity method.

The consolidated financial statement is prepared at the level of CompuGroup Medical AG, Koblenz (parent Company). The following changes have occurred within the consolidation group, as compared with the previous year:

	01.01.2010			Additions			Disposals			31.12.2010		
	Domestic	Foreign	Total	Domestic	Foreign	Total	Domestic	Foreign	Total	Domestic	Foreign	Total
Subsidiaries	25	48	73	0	17	17	2	11	13	23	54	77

Preliminary purchase price allocations exist for all acquisitions in the financial year 2010 (with the exception of Innomed) which have to be finalized within a twelve-month period from acquisition date.

### Acquisition of INNOMED Gesellschaft für medizinische Softwareanwendungen GmbH, Austria

On 20 November 2009, CompuGroup CEE GmbH (renamed to CompuGroup Medical CEE GmbH during the reporting year) entered into a framework agreement for the acquisition of a 70.3 percent share in Innomed Gesellschaft für medizinische Softwareanwendungen GmbH, Austria, for EUR 9.3 million. With effect from 1 January 2010, the shareholder groups concluded a new shareholders' agreement according to which CompuGroup Medical was entitled to 70.3 percent of shares as from that date. Rights of purchase and sale were also agreed upon for the remaining 29.7 percent of shares. The Company was consolidated for the first time on 1 January 2010.

Innomed's customer base includes 2,500 physicians in Austria. The group is expected to expand its share in the Ambulatory Information Systems market in Austria up to around 50 percent thanks to this acquisition.

Goodwill of EUR 3,791 thousand mainly results from the customer base of the purchased Company and the related expansion of the share in the Austrian market, which is expected from Innomed's integration in the Group.

The Company does not anticipate that part of the recognized goodwill will be deductible for tax purposes. The appendix to the group notes "Company acquisitions in financial years 2010 and 2011" lists the total purchase price for all Company acquisitions and the value of the identified assets and assumed liabilities as of the purchase date.

The fair value of trade receivables and other receivables amounted to EUR 684 thousand and includes trade receivables with a fair value of EUR 261 thousand. The gross amount of due trade receivables came to EUR 275 thousand, of which EUR 14 thousand are expected to be bad debts.

The stated fair value of intangible assets totaled EUR 12,756 thousand. During the measurement of the fair value of intangible assets, a discount rate of 8.9 percent and a tax rate of 25 percent were used as a basis for calculation. The fair value of customer relationships (EUR 11,346 thousand) was determined with the help of the multi-period excess earnings method. For the measurement of the software (EUR 1,319 thousand) and the brand (EUR 91 thousand), the licence price analogy method was used and a licence price rate of 4 percent used for software and 2 percent for brand.

Since January 1, 2010, Innomed contributed revenue of EUR 5,054 thousand to the Group revenue reported in the income statement. The profit share for the same period was EUR 1,874 thousand.

### Acquisition of American Healthcare Holding, Inc, USA

In August, CompuGroup Medical concluded an agreement for the acquisition of all shares in American Healthcare Holdings, Inc., Visionary Medical Systems, Inc., and Visionary RCM, Inc. ("Visionary Healthware Group"). Visionary Group comprises a total of eleven companies, however not all of these companies are conducting business activities. Visionary Healthware Group sells Ambulatory Information Systems and electronic health files to approximately 10,000 office-based physicians in the USA. The group also sells laboratory information systems as well as invoice and cost management services. Revenue in 2009 amounted to USD 28 million and EBITDA to USD 6.2 million, of which 55 percent was from recurring revenue and 20 percent from predictable recurring revenue.

Visionary Healthware Group, headquartered in Tampa, Florida, has an impressive customer base spanning the entire USA, including healthcare organizations, medical practices and laboratories. The Company came in at number 71 among e-health companies in the "Healthcare Informatics Top 100" in 2009. Its 200 employees are led by an experienced management team with outstanding knowledge of the market.

This acquisition took place at a particularly exiting time in the USA: The IT healthcare market and the Clinical Health Act (HITECH) provided around USD 20 billion for IT in the healthcare sector. This has an immediate effect on Visionary's target groups. Visionary Healthware Group counts 10,000 physicians among its direct customers and has a network of approximately 60,000 medical practitioners (including laboratory information systems, care consultation and RCM business), providing the Company with considerable and as yet untapped cross-selling opportunities in view of the HITECH boom.

The payment of all liabilities and shares of the acquired companies totaled USD 44.0 million (EUR 34.9 million). The purchase price was subsequently adjusted by USD 6.0 million (EUR 4.6 million) pursuant to the amendment to the purchase agreement dated 16 December 2010 and again by USD 1.5 million (EUR 1.3 million) for the compensation of concluded contracts according to the agreement of 17 December 2010. The Q3 interim financial report mistakenly assessed the original maximum possible liability as USD 21.0 million. This was corrected retroactively to 1 September 2010 in these consolidated financial statements. The purchase price was financed with cash and cash equivalents and new non-current liabilities. The shares of the acquired companies are held by CompuGroup Holding USA, Inc., a wholly-owned subsidiary of CompuGroup Medical. The closing took place on 31 August 2010. Visionary Healthware Group was consolidated for the first time on 1 September 2010.

Goodwill of EUR 20,109 thousand mainly results from the customer base of the purchased Company and the related expansion of the share in the US market, which is expected from Visionary Healthware Group's integration in the Group. Goodwill has been calculated on a temporary basis only as documents and information on intangible assets have not yet been provided.

The Company does not anticipate that part of the recognized goodwill will be deductible for tax purposes. The appendix to the group notes "Company acquisitions in financial years 2010 and 2011" lists the total purchase price for all Company acquisitions and the value of the identified assets and assumed liabilities as of the purchase date.

The fair value of trade receivables and other receivables amounted to EUR 2,228 thousand and includes trade receivables with a fair value of EUR 2,007 thousand. The gross amount of due trade receivables came to EUR 2,162 thousand, of which EUR 155 thousand are expected to bad debts.

The stated fair value of intangible assets totaling EUR 31,959 thousand is only a preliminary figure as documentation and information are as yet incomplete. Intangible assets were measured on the basis of a flat percentage-based distribution of the difference between acquisition costs and the book value of equity at the time of acquisition. During this process, 27.5 percent of the difference was allocated to customer relationships, 25 percent to software and 17.5 percent to the brand. The Company is awaiting the final measurement of these assets.

Since September 1, 2010, Visionary Healthware Group contributed revenue of EUR 5,700 thousand to the Group revenue reported in the income statement. The loss share for the same period was EUR -910 thousand.

Had Visionary Healthware Group been consolidated as early as 1 January 2010, revenue of EUR 18,428 thousand and a loss of EUR -7,358 thousand would have been recognized in the income statement.

### **Acquisition of Belgiedata BVBA, Belgium**

On 29 December 2010 CompuGroup Medical acquired all remaining shares in the Belgian Company Belgiedata BVBA for a purchase price totaling EUR 2.4 million. The Company was consolidated for the first time on 31 December 2010. In addition, pursuant to the acquisition agreement a variable purchase price component was agreed (EUR 1.5 million) that depends upon the future revenue results of the Company. With this move, the group is tapping a new market and expanding its position in Europe. Belgiedata develops and sells Ambulatory Information Systems (AIS) to around 2,400 general practitioners in Belgium. A market share of 25 percent make the Company the leader in its sector. The software solutions support practitioners with the treatment of patients as well as administrative tasks. Revenue in 2010 amounted to approximately EUR 0.7 million and EBITDA to EUR 145 thousand.

Goodwill of EUR 1,305 thousand mainly results from the customer base of the purchased Company and the related expansion of the share in the Belgian market, which is expected from Belgiedata's integration in the Group. Goodwill has been calculated on a temporary basis only as documents and information on intangible assets have not yet been provided.

The Company does not anticipate that part of the recognized goodwill will be deductible for tax purposes. The appendix to the group notes "Company acquisitions in financial years 2010 and 2011" lists the total purchase price for all Company acquisitions and the value of the identified assets and assumed liabilities as of the purchase date.

The conditional consideration represents the payment to the previous shareholders of Belgiedata. It is calculated for financial years 2011, 2012, 2013 and 2014 and in each year results from the rise in revenue year-on-year multiplied by three. If revenue drop in one fiscal year compared to the previous year, no payment falls due.

The resulting potential payment is therefore between EUR 0 thousand and EUR 1,500 thousand.

The fair value of the conditional consideration (EUR 1,440 thousand) was estimated with the help of Belgiedata's planned revenue for financial years 2011 to 2014 and discounted at 3.67 percent.

The fair value of trade receivables and other receivables amounted to EUR 124 thousand and includes trade receivables with a fair value of EUR 30 thousand. No major deductions were made for expected bad debts from trade receivables.

The stated fair value of intangible assets totaling EUR 3,476 thousand is only a preliminary figure as documentation and information are as yet incomplete. Intangible assets were measured on the basis of a flat percentage-based distribution of the difference between acquisition costs and the book value of equity at the time of acquisition. During this process, 45 percent of the difference was allocated to customer relationships, 35 percent to software and 15 percent to the brand. The Company is awaiting the final measurement of these assets.

Had Belgiedata been consolidated as early as 1 January 2010, revenue of EUR 446 thousand and a profit of EUR 2 thousand would have been recognized in the income statement.

### **Additional share purchase of HCS Health Communication Service GmbH, Austria**

In December, CompuGroup Medical acquired the remaining 50 percent of shares in the Austrian Company HCS (Health Communication Service) at a price of EUR 2.5 million. The group had already held 50 percent of the Company's shares since 2006 via its Austrian subsidiary systema. HCS was fully consolidated for the first time on 1 December 2010. The Company made an additional payment of EUR 100 thousand in return for revenue increasing by more than 5 percent year-on-year. HCS uses intelligent workflow solutions for creating a network of general practitioners, specialists and hospital doctors. The system supports all medical and organizational activities. The customer base includes more than 4,500 medical practices and over 140 in-patient facilities.

During the transitional consolidation of the Company, other income of EUR 1.5 million was realized for shares owned up to that date. The fair value of the capital investment in HCS, which CompuGroup Medical held immediately prior to the acquisition date, amounted to EUR 2.5 million.

Goodwill of EUR 3,299 thousand mainly results from the customer base of the purchased Company and the related expansion of the share in the Austrian market, which is expected from HCS' integration in the Group. Goodwill has been calculated on a temporary basis only as documents and information on intangible assets have not yet been provided.

The Company does not anticipate that part of the recognized goodwill will be deductible for tax purposes. The appendix to the group notes "Company acquisitions in financial years 2010 and 2011" lists the total purchase price for all Company acquisitions and the value of the identified assets and assumed liabilities as of the purchase date.

The conditional consideration represents the payment to the previous shareholders of HCS. It comes to EUR 100 thousand and only has to be paid if HCS' revenue in financial year 2010 rises by 5 percent compared to financial year 2009. If this condition occurs, the consideration falls due as from 31 March 2011. CompuGroup Medical expects that this condition will occur.

The fair value of trade receivables and other receivables amounted to EUR 767 thousand and includes trade receivables with a fair value of EUR 573 thousand. The gross amount of due trade receivables came to EUR 588 thousand, of which EUR 15 thousand are expected to be bad debts.



The stated fair value of intangible assets totaling EUR 2,150 thousand is only a preliminary figure as documentation and information are as yet incomplete. Intangible assets were measured on the basis of a flat percentage-based distribution of the difference between acquisition costs and the book value of equity at the time of acquisition. During this process, 45 percent of the difference was allocated to customer relationships, 33 percent to software and 15 percent to the brand. The Company is awaiting the final measurement of these assets.

Since December 1, 2010, HCS has contributed sales revenue in the amount of EUR 292 thousand to the sales revenue of the Group reported in the consolidated income statement. The share of profits for the same period was EUR 119 thousand.

If HCS had already been consolidated as of January 1, 2010, sales revenue of EUR 2,213 thousand and earnings of EUR 545 thousand would have been reported in the consolidated income statement of the group.

#### **Prepayment made for the acquisition of Ascon B.V., Netherlands**

In December, CompuGroup Medical concluded a purchase agreement for 100 percent of the shares in Ascon Software II B.V. with effect from 1 January 2011 for the amount of EUR 15.0 million. The purchase price was paid in December 2010 and recognized as a prepayment in intangible assets in the consolidated financial statements.

Euroned, the trading name of Ascon Software, is one of the leaders in the market for ambulatory and pharmacy information systems in the Netherlands. The Company's product MIRA generated enormous growth in recent years. The Company expects revenue of around EUR 10.8 million in 2010, of which 65 percent is recurring. EBITDA amounted to roughly EUR 2.8 million.

Ascon is headquartered in Echt, South-East Netherlands. The Company employs 80 people and counts 430 pharmacies and 700 physicians among its customers. This corresponds to a market share of around 22 percent for pharmacies and 10 percent for physicians. It is one of only a few suppliers that have been recording annual growth of approximately 10 percent since 2007.

Goodwill recognized as of January 1, 2011, according to the preliminary purchase price allocation within the scope of initial consolidation is EUR 4,932 thousand and mainly relates to the customer base of the acquired Company and the related entry of CompuGroup Medical into the Dutch healthcare market.

The Company does not anticipate that part of the recognized goodwill will be deductible for tax purposes. The appendix to the notes "Company Acquisitions in the 2010 and 2011 Financial Year" lists the total purchase price paid for the acquired Company as well as the value of the identified assets and liabilities transferred on the acquisition date.

No conditional consideration was established.

Based on the preliminary purchase price allocation within the scope of initial consolidation as of January 1, 2011, the fair value of trade receivables and other receivables is EUR 1,866 thousand; the fair value of trade receivables accounts for EUR 1,178 thousand of this amount.

The fair value of intangible assets totaling EUR 11,432 according to the preliminary purchase price allocation within the scope of initial consolidation as of January 1, 2011, has not been finalized since corresponding documentation and information has not yet been received. The value of intangible assets was determined based on an overall percentage distribution of the difference between the cost of acquisition and the carrying value of equity on the acquisition date. 40 percent of the difference has been allocated to the customer base, 30 percent to software and 15 percent to the brand. A final financial measurement of these assets is expected.

If Ascon had already been consolidated as of January 1, 2010, sales revenue of EUR 12,146 thousand and earnings of EUR 494 thousand would have been reported in the consolidated income statement of the group for the 2010 financial year.

#### **Startup of intermedix Norway AS, Norway**

In the reporting year, CompuGroup Medical established intermedix Norway AS. The Company has a share capital of NOK 100 thousand (EUR 12 thousand) and does not carry out any operations.

#### **Startup of CompuGroup Medical, Inc, USA**

CompuGroup Medical, Inc. was founded in the reporting year. The share capital of USD 1.00 is divided into 100 shares with a nominal value of USD 0.01 each.

#### **Additional share purchase of Fimesan, Italy**

With effect from 13 January 2010, CompuGroup Medical acquired the remaining 9.9 percent of shares in Fimesan SpA for EUR 2.0 million. It therefore now holds all shares in this Company. Fimesan develops and sells software for Ambulatory Information Systems in the Italian market.

#### **Additional share purchase of Noteworthy Medical Systems Inc., USA**

With effect from 25 March 2010, CompuGroup Medical acquired the remaining shares in Noteworthy Medical Systems, Inc. by merging Noteworthy Medical Systems, Inc. with a wholly-owned subsidiary. Shareholders whose remaining shares expired due to this development were offered cash compensation. Some shareholders took legal action to dispute the fixed takeover price of USD 0.70 per share. A court is now assessing its appropriateness.

#### **Additional share purchase of Profdoc Care AB, Sweden**

CompuGroup Medical strengthened its position in Sweden by taking over the remaining 49 percent of shares in Profdoc Care AB from Omision AB for SEK 49.0 million (EUR 5.5 million). CompuGroup Medical therefore now holds all shares in this Swedish Company.

Profdoc Care develops TakeCare, an e-health solution. Today, this software is installed at the Karolinska University Hospital, one of the most renowned hospitals in Scandinavia, and five other hospitals in Stockholm. TakeCare is currently being introduced in the basic healthcare system of the whole region. With over 30 thousand users and 2.3 million electronic patient files pooled in one system and database, this solution is one of the largest e-health platforms in the world. Within the group, TakeCare will be an integrated part of hospital solutions, which are to be marketed and sold globally.

#### **Additional share purchase of Profdoc Sdn Bhd, Malaysia**

Pursuant to the purchase agreement dated 2 August 2010, CompuGroup Medical acquired further 17 percent of shares in Profdoc Sdn Bhd, Malaysia. The group therefore now holds 83 percent of shares in this Company. The purchase price was EUR 1.0 million. After deducting unpaid invoices, the actual price paid was EUR 0.1 million. Both parties also agreed to a purchase and sales option. With this share acquisition, CompuGroup Medical has underlined its growth path in the Asia/Pacific region.

#### **Additional share purchase of ERUDIS s.r.o., Slovakia**

With effect from 4 March 2010, CompuGroup Medical acquired the remaining 20 percent of shares in ERUDIS s.r.o., Slovakia, for EUR 0.1 million. ERUDIS CGM s.r.o. develops and sells software for Ambulatory Information Systems.

#### **Disposal of medicine GmbH, Mainz**

On 1 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. The sales price was EUR 1. In addition, it was agreed that the purchaser and medicine, as joint and several debtors, are obliged to pay a total amount of EUR 0.3 million from profits for the 2010 financial year up to the 2015 financial year inclusive as participation in profits. The deconsolidation resulted in a one-off non-cash expense (other expenses) of EUR 0.5 million.

#### **Disposal of Profdoc SIA, Latvia**

According to contract and with retroactive effect from 1 January 2010, the Company disposed of all shares in Profdoc SIA at a price of EUR 1.00. The Company's operational business volume had been extremely low.

#### **Liquidation of Consortium CompuGroup & Contrax, Bulgaria**

The consortium was formed in order to participate in a call for tenders for the introduction of a health card in Bulgaria. Until its liquidation on 31 March 2010, it did not conduct any operational business.

#### **Merger of Fimesan, Datasun, SMI, Microcosmos and CG Holding Italy**

In accordance with an internal agreement from 30 June 2010, CompuGroup Beteiligungs-GmbH's 33.34 percent share in Fimesan S.p.A. was sold to CompuGroup Italia. By notarial certification on 22 November 2010, the three wholly-owned subsidiaries of Fimesan – Datasun, SMI and Microcosmos – as well as CompuGroup Italia were then merged with Fimesan S.p.A. so as to pool their business activities in the market for Ambulatory Information Systems and to create synergy effects. Fimesan was then renamed to CompuGroup Medical Italia S.p.A.

#### **Merger of Axilog, MedicalNet and Avenir Telematique**

By merger agreement dated 25 October 2010, the two French companies MedicalNet and Avenir Telematique were merged with Axilog S.A. to pool their business activities in the market for Ambulatory Information Systems. In order to implement the merger, the group Company UCF Holding had to sell its companies Medical Net and Avenir Telematique to the group Company Axilog S.A. This transaction was carried out prior to the merger.

#### **Merger of Profdoc Work AG and CompuGroup Medical Schweden AG**

By merger agreement dated 8 October 2010, Profdoc Work AB was merged with CompuGroup Medical Sweden AB in order to pool their business activities in the market for Ambulatory Information Systems and to create synergy effects. The merger was entered in the Swedish commercial register in 12 January 2010.

#### **Merger and Company name change of Systema Services GmbH and SIC GmbH**

Systema services GmbH was merged with SIC GmbH by notarized shareholders' resolution from 28 June 2010. At the same time, the Shareholders' Meeting resolved to change the name of SIC GmbH to CompuGroup Medical Services Deutschland GmbH.

### **Associated companies**

Please refer to the report on equity investments attached to these consolidated notes.

### **Capital consolidation**

In corporate takeovers, the assets and debts of the relevant subsidiaries are valued at the fair values at the time of acquisition. If the acquisition costs of the corporate takeover exceed the fair values of the acquired, identifiable assets and debts, the difference is reported as goodwill (new valuation method).

Any difference, on the liabilities side, between the acquisition costs of the corporate takeover and the acquired, identifiable assets and debts is recognized as part of net income in the period of the acquisition.

The shares of minority shareholders are reported as the share of the fair values of the documented assets and debts that corresponds to the minority share.

The financial results of the subsidiaries acquired or sold in the course of the year are included in the Group income statement beginning on the actual date of acquisition or on the actual date of sale.

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

Transactions with not fully controlled shares without change of control, i.e. acquisitions of minorities whereby the subsidiary has already been subject to full consolidation, are treated as transactions with owner of equity of the group. The difference between the paid purchase price and the respective portion of the book value of net assets of the subsidiary resulting from the acquisition of not fully controlled shares is accounted in the equity.

For transactions with not fully controlled shares with change of control (transitional consolidation), the acquisition of shares leads to the possibility to control the company. A capital gain or loss is recognized as income or expense. A gain or loss resulting from this transaction is calculated by a revaluation of the remaining shares relative to the fair value of the acquired shares at the time of the change of control.

Shares of associated companies are accounted for using the so-called equity method. The proportionate method of consolidation is not used.

### **Debt consolidation**

Receivables, liabilities and reserves between the companies included in the Consolidated Financial Statement were offset.

### **Consolidation of results**

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

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

### **Foreign currency conversion**

The functional currency is the respective national currency as the currency of the primary business environment.

The reporting currency is the EURO, the functional currency of the parent Company.

Accordingly, the balance sheets of the foreign subsidiaries are converted on the basis of average rates on balance-sheet date, the equity capital at the historic rate, and the income statement on the basis of the annual average rates. Profits and losses that result from the conversion are included in equity, not affecting net income.

Foreign currency transactions are converted into the functional currency at the exchange rates in effect on the transaction date. Profits and losses resulting from the fulfillment of such transactions, as well as from the conversion, at the period-end exchange rate, of monetary assets and liabilities reported in the foreign currency, are included in the statement of the total comprehensive income.

## D. SUMMARY OF THE PRINCIPAL ACCOUNTING AND MEASUREMENT METHODS AND UNDERLYING ASSUMPTIONS

Statement of financial position headings are subdivided into short-term and long-term accounts. Accounts are disclosed as long-term if they are realized after more than 12 months or within a normal business cycle. Deferred taxes are always allocated to long-term accounts.

### Software and other intangible assets

Software and other intangible assets, which principally result from corporate acquisitions, are stated at purchase and production costs, less cumulative straight-line amortization and impairment. The significant part of these figures results from Company acquisitions.

Amortization on	Estimated useful life in years
Software and licenses	3 – 10
Customer relations, brands	10 – 30

There are no intangible assets with an unlimited useful life in this position of the balance sheet.

### Capitalized in-house services

Costs of research activities are written off as expenses for the year.

Capitalized in-house services that arise from the Group's software development are only capitalized as an asset if the following conditions apply:

- the produced asset is identifiable (e.g. software and new methods);
- it is likely that the produced assets will provide future economic benefit, specifically that, in addition to the feasibility and intention to produce and introduce them into the market, sufficient technical and financial resources are available until the development and market introduction of the software is completed; and
- the development costs of the asset can be reliably determined (especially evidence of time worked)

Capitalized in-house services assets (generally software) are amortized on a straight-line basis over their estimated useful life of one to six years. Directly allocated costs are included in manufacturing costs. Borrowing costs within the context of IAS 23 are capitalized.

### Goodwill/CGU

Goodwill is capitalized as an asset with an unlimited useful life. CompuGroup Holding AG reviews any change in value of its equity portfolio on an ongoing basis. In addition, pursuant to IAS 36, the value of goodwill is periodically (at least once a year) subject to impairment testing. As part of the impairment testing, the book value of the units on which the goodwill is based, (so-called cash generating units (CGU)), is compared with their recoverable value as of the balance sheet date. If the book value of the CGU exceeds its recoverable value, then impairment exists and the goodwill must be written down to its recoverable value. The recoverable value is the higher of two amounts: the value in use and its fair value minus disposal costs. To determine the recoverable value, the CompuGroup Medical AG first calculates the value in use of the cash generating unit using a discounted cash flow (DCF) method. A subsequent write-up of an impairment loss recognized in previous financial years on goodwill, to reflect the absence in the current financial year of the reasons for the impairment loss, is not permitted.

The cash generating units of CompuGroup Medical AG were defined as the subsidiaries (or groups of subsidiaries) (each with different software, planning, etc.). To calculate the values in use of the subsidiaries, all expected future cash flows are discounted to their present value using a pretax discount rate that reflects the actual market expectations regarding the interest rate effect and the specific risks associated with the cash generating unit.

The future cash flows of the companies, which are discounted under the DCF method, are determined based on the CompuGroup Medical AG 2011 budget in respect of net assets, financial position and earnings and are verified on the basis of historical data. Then the results are extrapolated over four years by means of growth factors. After the five-year period, a growth rate of 1.5 percent is assumed. To determine present values of future cash-flows, a weighted average cost of capital approach (WACC) was applied. The following assumptions were used:

Criteria	Assumption
WACC (pre-tax) considering country specific risk factors	8.78% – 13.01%
Beta-factor	0.79
Long-term growth rate	1.50%
Risk free interest rate	3.13%
Market risk premium	5.00%

The 2010 goodwill impairment test (as of 1 October 2010) resulted in no need for an impairment charge against recorded goodwill. The outcome of all impairment tests was positive.

Furthermore, there is also no need for an impairment charge even if the WACC is increased by 1 percentage point. The Group-wide surplus in the test calculation would be reduced by EUR 157.9 million applying a one-percent higher WACC.

There would be a need for an impairment charge totaling EUR 3.4 million if the WACC is increased by two percentage points. The group wide surplus would then be reduced by EUR 279.6 million.

#### **Tangible assets**

Tangible assets are stated at acquisition and production costs less cumulative depreciation and impairment.

Depreciation is calculated by writing down the cost or the estimated value of assets, with the exception of land or facilities under construction, on a straight-line basis over their estimated useful lives, based on the following: buildings (2 percent) and other facilities and plant and equipment (10-30 percent), relative to the acquisition or production costs, in each case.

#### **Impairment of long-term assets**

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

The realizable value is the higher value between the fair value less cost to sell and the value in use. When determining the value in use, the estimated future cash flows are discounted to present value based on the current pre-tax market interest rate, which reflects the specific risks of the asset, which are not taken into account in the cash flows.

If the estimated realizable value of an asset (or a cash-generating unit) is less than the book value, the book value of the asset (or of the cash-generating unit) has to be reduced to the realizable value. The impairment has to be recognized immediately and posted to the income statement.

If impairment is subsequently reversed, the book value of the asset (or cash-generating unit) is increased to the newly estimated realizable value.

The increase in the book value is limited to the amount that would have been determined if no impairment had been recognized for the asset (the cash-generating unit) in previous years. A reversal of the write down has to be recognized immediately and posted to the income statement. Goodwill impairment charges are never reversed.

#### **Investments in associated companies**

Pursuant to IAS 28, associated companies are stated in accordance with the equity method. At the time of acquisition they are stated at purchase cost. Investments in associates also include goodwill identified at the time of acquisition less impairment. Dividend payments of associated companies will be accounted in the year of payment as a reduction of the book value without any effects in the income statement. The Company's share of earnings of associated companies in the period is posted to income.

Impairment test will be done if a so-called "triggering event" is given (particularly at high changes in net results).

#### **Other financial assets**

These consist primarily of equity investments of less than 20 percent and amount to EUR 105 thousand.

#### **Non-current other receivables**

These are other receivables falling due in more than one year.

### Financial assets available for sale

This category contains the equity investments of less than 20 percent recognized in other financial assets which cannot be valued reliably and are therefore measured at purchase cost.

### Financial assets measured at market value, affecting income (securities)

Securities are held exclusively for trading purposes or as short-term investments with the intention to sell. Therefore, they are assigned to the category of "Financial assets measured at fair value through profit and loss" (IAS 39.9). At the balance sheet date such assets are measured at fair value (market values).

### Receivables

Trade receivables as well as other receivables contain no interest and are valued at market value when first recorded. Thereafter receivables are stated at cost less impairment.

Bad debts and pending losses from irrecoverable debts are taken into account by means of estimated value adjustments. Foreign currency receivables are converted at the closing exchange rate.

### Cash and cash equivalents

The Company regards all highly liquid financial investments with a contractual term of up to three months as cash and cash equivalents. These are primarily bank deposits with short terms.

### Inventories

Inventories are valued at the lower of either purchase or manufacturing cost and net realizable value. Manufacturing costs include material costs and production costs, plus any production overheads. Purchase costs are calculated under the weighted-average cost method. The net realizable value represents the estimated selling price less all estimated costs to completion, as well as costs for marketing, sales and distribution.

### Provisions

Provisions are established for legal and actual obligations that existed as at the balance-sheet date or that arose for economic reasons if it is likely that the fulfillment of the obligation will lead to an outflow of funds or an outflow of other resources of the Company, and if there is uncertainty, resulting from estimating inaccuracies, with regard to due dates and amounts. Provisions are stated at the amount that, based on commercial appraisal, is necessary to meet the corresponding liability.

Pension provisions are determined in accordance with IAS 19 under the actuarial projected net present value method. In this method, biometric bases for calculation and the respective, current long-term capital market interest rate, as well as current assumptions regarding future salary and pension increases, are taken into account. Actuarial profits and losses are immediately recognized in the income statement.

Provisions for contingent are stated if the expected profit of the related contract is lower than the expected costs.

Provisions for warranties are recognized at the time of sale of the related product. The amount results from the estimated costs necessary to meet the Group's liability.

### Share-based Bonus Plans

In the 2008 financial year, the following share-based remuneration, as defined under IFRS 2, was agreed with board members Prof. Dr. Stefan Winter (who resigned during the reporting period) and Christian B. Teig.

Prof. Dr. Stefan Winter's agreement provided for a variable bonus based on movements in the share price and was to be paid in cash. The agreement with effect from 15 October 2008 expires automatically without any need for termination on 15 October 2011. The expense for this agreement is accounted for pursuant to IFRS 2.31. For further details regarding the calculation and duration we refer to the notes on directors' remuneration. Prof. Dr. Winter left the Company on 30 April 2010 and received a payment totaling EUR 40 thousand as compensation for this variable bonus. No further claims exist from this agreement.

Christian B. Teig holds an option to purchase CompuGroup shares amounting to 375 thousand shares, the duration of which is linked to his term of office as director (94 thousand accrue after 12 months, 188 thousand accrue after 24 months, 282 thousand accrue after 36 months and 375 thousand after 48 months). The fair value as of the option grant date amounted to EUR 1.25 per option. As at the balance sheet date, EUR 78 thousand were recorded in profit and loss. This value is reported in the statement of total comprehensive income under other results and totals EUR 55 thousand, after deduction of EUR 23 thousand for deferred tax, and was also recognized in profit and loss as salary or tax expense. In total, EUR 354 thousand has been recognized over the entire contract term with consideration for deferred taxes of EUR 105 thousand. Calculation of the fair value was based on the Black-Scholes model and the following criteria:

Weighted average share price	EUR 7.45
Exercise price per share	EUR 5.50
Expected volatility	35 %
Duration of the options	4 years
Risk free interest rate	4.60 %

The potential gain or loss of a share can be estimated based on the volatility, regardless of changes in the market price. This assumes that the values observed in the past are also valid for the future. The expected volatility gives the price volatility of the shares for the relevant duration of the options for five comparable companies.

No other restrictions varying from market conditions have been included in the above table.

### **Payables**

Payables are valued at fair value when incurred and are subsequently measured at amortized cost using the effective interest method.

Foreign currency payables are converted at the closing exchange rate. Borrowings are stated net of accrued arrangement fees. Arrangement fees are amortized over the term of the loan pursuant to the effective interest rate method.

There are no payables held for trading purposes.

### **Derivative financial instruments**

In 2009, CompuGroup Medical AG closed a contract for an interest rate swap, which is recognized at fair value in income. Over three years, this swap fixes the interest rate for EUR 100 million of the debt to credit institutions (less scheduled down payments in this period) at a fixed rate of 2.03 percent. As at 31 December 2010, the swap was recorded as a liability with a fair value of EUR 1,309 thousand (previous year: EUR 895 thousand). Its measurement is based upon the mark to market method. The evaluation of the fair value is posted to the income statement.

Furthermore, the subsidiary CompuGroup Medical Italia (previously Fimesan) concluded an interest rate swap for its financial liabilities; its negative market value as of 31 December 2010 is EUR 504 thousand (previous year: EUR 440 thousand). Its measurement was also based upon the mark to market method. The change in its fair value is also recognized in profit and loss.

### **Combined financial instruments; Embedded derivatives**

The Company currently does not hold any material combined financial instruments or embedded derivatives.

### **Hedging**

The Company does not comply with the hedging rules of IAS 39.

### **Income recognition**

Income from the sale of goods and rights is recorded once the risks and rewards of ownership of the goods and rights have been transferred to the buyer, the transfer of the economic use of the asset is likely and the amount can be reliably established.

Orders to install software in hospitals (project business) are accounted according to the percentage-of-completion method ("POC method"; IAS 18.20), such that the revenues of this business are recognized according to the status of each project on an hourly basis (the main element is project hours) plus the profit margin.

The main types of sales and their recognition are presented below:

- Income from sales of licenses is booked on delivery
- Income from software update agreements (maintenance) is booked over the period when the services are rendered
- Discounts on sales of packages (software licenses and software maintenance) are always booked against the software sale. Accordingly, the customary price for software maintenance is recorded and the difference compared to the total price is offset against the software sale ("only the sale is discounted, never the maintenance")
- Advertising revenues, which are always based on a given quarter, are subject to a precise quarterly cut-off for accounting purposes
- The hospital business (project business) generally uses the POC method
- Interest income is posted to the correct accounting period based on the outstanding loan balance and the applicable interest rate. The applicable interest rate is the interest rate calculated on the estimated future cash to be received over the term of the financial asset and the net book value of the financial asset

Dividend income from investments is recorded when the shareholder (the Company) is entitled to payment.

### **Corporation tax**

The corporation tax charge consists of the current tax charge and deferred tax.

The current tax charge is based on the Company's taxable income. The Group's 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 the book values of assets and liabilities in the Group financial statements and the values adopted in the taxable income computation. The liability method is used in the deferred tax calculation. Deferred tax assets are only recognized for taxable timing differences insofar as it is probable that there will be sufficient taxable income to use the deductible timing differences. Deferred tax is not recorded if the timing differences arising from goodwill or another asset/liability do not affect either taxable income or Group earnings.



Deferred tax assets are recognized for tax losses carried forward. The deferred tax book values are based on the tax rates as at the balance sheet date, which will apply when the debt is paid or the asset is realized. Deferred tax entries generally impact income with the exception of first time consolidation).

#### **Use of accounting estimates and management judgments**

The preparation of consolidated financial statements under IFRS requires that assumptions are made and estimates are applied. These have an effect on the amount and reporting of recorded assets and liabilities, income and expenses, and contingent liabilities of the reporting period.

Assumptions and estimates are particularly made as part of the acquisition price allocations for the purchase of companies. The determination of the value of capitalized software license fees is based upon the relief from royalty method, customer relationships as per the multi-period excess earnings method, and trademark rights using the relief from royalty method. Estimates are also used to support the calculation of the depreciation of identified undisclosed reserves.

They also impact the accounting and measurement of provisions. Furthermore, assumptions are made about life expectancies, future salary increases, and future pension increases as part of the calculation of pension liabilities.

An assessment of the recoverable amount for goodwill is based upon budget calculations for the cash generating unit over the next five years using a discount rate reflecting any specific Company risk.

Evidence of impairment for financial instruments include: an aging analysis of trade receivables and an analysis of other receivables.

Deferred tax assets are assessed at the value at which the recoverability of future tax benefits is judged probable. The actual value of deferred tax assets is dependent upon the actual future taxable income situation. This can vary from the estimate made at the time when the deferred tax asset was first capitalized.

The measurement of interest rate derivatives includes expectations about future interest rates as well as the assumptions upon which these expectations are based.

Further explanations regarding the assumptions taken and the estimates made which support these consolidated financial statements are included in the disclosures on the individual line items of the year-end accounting records.

All assumptions and estimates are based upon the circumstances that exist as of the balance sheet date. Actual future circumstances can, of course, deviate from this estimates and assumptions. If such a deviation occurs, the assumption is adjusted and, if necessary, the book value of the impacted asset or liability is changed accordingly.

## E. EXPLANATION OF ITEMS ON THE STATEMENT OF FINANCIAL POSITION AND INCOME STATEMENT

### 1. Intangible assets

	31.12.2010 EUR '000	31.12.2009 EUR '000
Goodwill	179,827	149,210
Software and other intangible assets	175,859	145,825
Payments on account for software	15,854	42
Capitalized in-house services	19,942	16,395
	<b>391,482</b>	<b>311,472</b>

#### Goodwill

The principle components of goodwill can be listed as follows (refer to the appendix attached to these notes for more information about the acronyms for these holdings):

	31.12.2010 EUR '000	31.12.2009 EUR '000
Profdoc-Gruppe	55,488	53,401
Visionary-Gruppe	20,109	0
Systema-Gruppe	14,304	14,304
Turbomed	14,152	14,152
Ifap	9,290	9,290
Fimesan	8,517	8,517
medistar	8,372	8,372
Fliegel-Dahm-Gruppe	5,739	5,739
Noteworthy	5,097	5,097
Innomed	3,791	0
HCS	3,299	0
Gruber	3,287	3,287
Axilog	3,092	3,092
ChreMaSoft	2,697	2,697
CompuMed (aus medev Praxiscomputer GmbH & Co. KG)	2,325	2,325
CompuMed (aus medev Praxiscomputer Verwaltungs-GmbH)	2,136	2,136
Microcosmos	1,960	1,960
CSP	1,603	1,603
SMI	1,595	1,595
Ispro	1,574	1,574
Datavital	1,435	1,435
Belgiedata	1,305	0
NetPracticeGroup	1,196	1,196
All for One-Gruppe	1,193	1,193
medXpert	1,085	1,085
Dialog	801	801
UCF	746	746
Avenir	641	641
Erudis	337	337
Übrige	2,661	2,635
	<b>179,827</b>	<b>149,210</b>

The change in goodwill for the Profdoc Group was the result of currency conversions according to IAS 21.

The primary additions during the reporting period result from the companies Innomed (Austria), Visionary Group (USA), Belgiedata (Belgium) and HCS GmbH (Austria).

## Software and other intangible assets

Software and other intangible assets consist of the following:

	31.12.2010 EUR '000	31.12.2009 EUR '000	Amortisation until
<b>Software rights</b>			
Profdoc-Group	21,470	25,374	30 June 2018
Visionary-Group	10,859	0	31 August 2020
Systema-Group	7,477	8,172	31 August 2021
Tepe	7,088	8,080	31 December 2016
Noteworthy	4,500	5,051	28 February 2019
Other	12,840	18,548	
	<b>64,234</b>	<b>65,225</b>	
<b>Customer relations</b>			
Profdoc-Group	35,370	36,656	30 June 2038
Visionary-Group	12,051	0	31 August 2030
Innomed	10,779	0	31 December 2029
All for One	5,266	5,968	30 June 2018
Systema-Group	4,510	5,295	31 August 2016
Other	11,446	9,724	
	<b>79,422</b>	<b>57,643</b>	
<b>Trademarks</b>			
Visionary-Group	8,034	0	31 August 2030
Systema-Group	3,778	4,129	31 August 2021
Profdoc-Group	3,045	3,155	30 June 2038
All for One	2,199	2,492	30 June 2018
Fliegel-Dahm-Group	829	944	28 February 2018
Other	3,322	2,537	
	<b>21,207</b>	<b>13,257</b>	
Other	10,996	9,700	
	<b>175,859</b>	<b>145,825</b>	

The following additions to goodwill, software rights, customer relations and trademarks resulted during the 2010 reporting period:

	Innomed EUR '000	Visionary EUR '000	HCS EUR '000	Begliedata EUR '000	Total EUR '000
Software	1,319	11,234	763	1,281	14,597
Customer relations	11,346	12,255	1,040	1,646	26,287
Trademarks	91	8,170	347	549	9,157
Goodwill	3,791	20,109	3,299	1,305	28,504
	<b>16,547</b>	<b>51,768</b>	<b>5,449</b>	<b>4,781</b>	<b>78,545</b>

Amortization of intangible assets amounted to EUR 28,858 thousand in 2010. There are no extraordinary impairment charges included in these totals.

**Prepayments**

Prepayments consist principally of the EUR 15.0 million prepayment made as part of the acquisition of Ascon Software B.V. in December 2010. The shares were purchased effective 1 January 2011.

**Capitalized in-house services**

In the financial year, EUR 6,993 thousand of in-house services (software development) were capitalized pursuant to the requirements of IAS 38. Measurement is based upon directly attributable production costs plus capitalized borrowing costs of EUR 140 thousand.

For more information about changes to intangible assets, refer to the fixed asset table (appendix (1) and (2) attached to these notes). Amortization of capitalized software development costs was EUR 3,586 thousand in the current reporting period.

**Cumulative impairment charges**

A cumulative impairment charge of EUR 8.1 million from the 2008 financial year is included under intangible assets. This relates to "TEPE" (impairment charge cooperation agreement: EUR 5.9 million, software EUR 0.8 million, goodwill EUR 1.4 million).

Furthermore, the "goodwill" item includes amortization and depreciation of EUR 5.4 million that resulted from financial years before the IAS/IFRS conversion.

**2. Tangible assets**

In Germany fixed assets individually costing up to EUR 150 are fully written off in the year of purchase. Fixed assets individually costing between EUR 150 and EUR 1 thousand are posted to a specific account and are written down over five years on a straight line basis.

Additions to fixed assets during the reporting year comprised EUR 1,703 thousand with respect to land and buildings and EUR 4,700 thousand with respect to other plant and equipment. The investments in land and buildings totaling EUR 1,448 thousand relate primarily to the expenditures by the Systema HIS GmbH subsidiary from a sale-and-lease-back transaction completed during the year for the Company building. The additions of other plant and equipment largely relate to expansions and replacements made in computer centers carried out by various subsidiaries.

There were no write-downs in 2010.

We would like to refer you to the enclosed fixed asset table for the developments of the fixed assets.

### 3. Financial assets

#### Investments in associated companies

Valuation is based on IAS 28.

	31.12.2010 EUR '000	31.12.2009 EUR '000
medigest (balance sheet date: 31 December)	531	514
Meco (balance sheet date: 31 December)	400	400
HCS (balance sheet date: 31 December)	0	981
Others	18	20
	<b>949</b>	<b>1,915</b>

The principle change during the year relates to HCR. Effective 1 December 2010, Systema HIS GmbH acquired the remaining 50 percent of the shares of HCS. Together with the 50 percent of shares already held, the total holding is now 100 percent. For this reason, the holdings in associated companies were reduced by EUR 994 thousand (as of 30 November 2010). As of 1 December 2010, HCS GmbH became a Company that must be fully consolidated.

Medigest is a provider of Ambulatory Information Systems for the Spanish private practitioner market. Medigest has about 4,500 doctors among its customers of whom about 2,500 have also concluded a maintenance contract. In the past financial year, the Company made an annual profit of EUR 34 thousand on sales revenues of EUR 668 thousand. The balance sheet total of EUR 193 thousand largely consists of assets of EUR 63 thousand, trade receivables and other assets of EUR 92 thousand and cash and cash equivalents of EUR 30 thousand. On the equity and liabilities side, non-current liabilities were the largest item on the balance sheet at EUR 111 thousand. Equity amounted to EUR 64 thousand.

Meco, headquartered in Duisburg, offers individual IT solutions for doctor's practices and medical centers. It serves as a distribution partner for CompuGroup Medical Arztsysteme and Ispro. Consolidated financial statements for the financial year 1 January to 31 December 2010 are not yet available.

#### Other

Measurement is based upon acquisition costs. This item relates to the following equity investments and loans (investment percentage is always lower than 20 percent):

	31.12.2010 EUR '000	31.12.2009 EUR '000
<b>Equity investments</b>		
CD Software	54	54
IC med	25	25
BFL Gesellschaft des Bürofachhandels	12	12
AES Ärzteservice Schwaben	10	10
TechnoSante S.A.S., Toulouse	4	4
Third party loans	0	6
	<b>105</b>	<b>111</b>

### 4. Corporation tax receivables, deferred tax and corporation tax payables

Corporation tax receivables (EUR 4,600 thousand; previous year: EUR 5,675 thousand) comprise current corporation tax receivables of Group companies. Corporation tax payables (EUR 10,507 thousand; previous year: EUR 7,099 thousand) comprise current tax payables.

Deferred tax assets and liabilities as at 31 December are broken down as follows:

	Deferred tax assets		Deferred tax liabilities	
	31.12.2010 EUR '000	31.12.2009 EUR '000	31.12.2010 EUR '000	31.12.2009 EUR '000
Intangible and tangible assets	0	0	47,598	37,673
Consolidation adjustments	2,052	3,346	3,093	2,622
Tax losses carried forward	4,743	9,041	0	0
Offset vs. Deferred tax liabilities	-686	-3,049	-686	-3,049
	<b>6,109</b>	<b>9,338</b>	<b>50,005</b>	<b>37,246</b>

Deferred tax assets largely consist of tax losses carried forward (with no time limit).

Deferred tax liabilities largely consist of capitalized in-house services at Group level, allocated software, customer relationships and brand values from Company acquisitions as well as deferred taxes from other consolidations (particularly elimination of inter Company profits).

Deferred taxes include non-current deferred tax assets totaling EUR 5,317 thousand and non-current deferred tax liabilities totaling EUR 44,058 thousand.

The purchase price allocation of the Turkish subsidiary "Tepe" was accounted for without deferred tax effects, because a tax exemption has been granted for companies located in that industrial area.

Deferred tax assets were created for tax losses carried forward particularly regarding the French companies. The largest position is the deferred tax asset from the tax losses carried forward of Axilog (EUR 3.2 million, including former losses of MedicalNet and Avenir). In Germany, deferred tax assets were principally created for losses carried forward of GIV (EUR 0.6 million) and CompuGroup Medical AG (EUR 0.3 million). Based upon an internal group restructuring, the shares of Turbomed were transferred to vita-X. As a result, the losses of vita-X were completely offset.

Unrecognized tax losses carried forward exist as of year-end in several German and foreign subsidiaries because the probability that they can be recovered has been judged limited. Depending on the revenues situation and tax legislation the current assessment can change in future years making an adjustment necessary. In Germany this concerns Ifap New-Golm (losses carried forward for corporation tax EUR 177 thousand and local business tax EUR 100 thousand), Inmedea (losses carried forward for corporation tax and local business tax, each EUR 765 thousand) and die Ispro (losses carried forward for corporation tax EUR 985 thousand and local business tax EUR 866 thousand). Outside of Germany, this concerns primarily the American subsidiaries Noteworthy and Visionary-Group. The value of these loss carryforwards must still be assessed by the authorities. However the change in shareholders means that the possibility to utilize these loss carryforwards is highly unlikely.

## 5. Inventories

Inventories are mostly hardware components. Both individual and total provisions booked against inventories are immaterial overall.

## 6. Trade receivables

No trade receivables fall due in more than one year. Provisions for bad debt (including write downs) of EUR 1,295 thousand were made in the financial year (previous year: EUR 2,260 thousand).

Specific bad debt provisions are based on the age of receivables throughout the Group. Doubtful receivables are always written down on an individual basis. The trade receivables value, reduced for specific loss provisions, is a close reflection of the fair value of the receivables because of their short-term nature.

### Receivables from the Percentage of Completion Method (PoC)

In total, there are receivables from the PoC method totaling EUR 5,761 thousand (previous year: EUR 5,388 thousand) less received PoC payments of EUR 2,743 thousand (previous year: EUR 2,657 thousand). The corresponding sales are fully included in the income statement. These relate almost exclusively to projects in the Hospital Information System business.

### Age of receivables, breakdown of provisions

	31.12.2009 EUR '000	Additions EUR '000	Use EUR '000	31.12.2010 EUR '000
<b>Receivables aging</b>				
Due date of receivable:				
0-3 Months	25,512			41,112
4-6 Months	2,696			2,449
7-12 Months	1,170			2,253
> 12 Months	4,610			2,217
Specific provisions	-4,527	-1,295	516	-5,306
PoC receivables	2,731			3,018
	<b>32,192</b>	<b>-1,295</b>	<b>516</b>	<b>45,743</b>
<b>Regions</b>				
Receivables domestic	12,298			13,086
Receivables foreign	24,421			37,963
Specific provisions	-4,527			-5,306
	<b>32,192</b>			<b>45,743</b>

## 7. Other receivables

Other receivables are broken down as follows:

	31.12.2010 EUR '000	31.12.2009 EUR '000
APO-Bank	4,206	4,206
Short-term loan	1,418	1,600
Other	1,586	999
Financial other receivables	7,210	6,805
Payments on account	3,932	3,386
VAT receivables	3,634	2,800
Non-financial other receivables	7,566	6,186
<b>Short-term other receivables</b>	<b>14,776</b>	<b>12,991</b>
Leasing receivables	2,975	3,110
Granted loan and other	6,715	5,280
<b>Long-term other receivables</b>	<b>9,690</b>	<b>8,390</b>

The receivables from APO-Bank are from 2007 and 2008. The legal proceedings have not yet ended. According to information from the lawyers, this amount is a realistic estimate.

In the financial year 2010 (EUR 5,959 thousand) as well as for the previous financial year (EUR 4,298 thousand) a loan receivable which was stated in 2009 as current other receivable has been reclassified to the non-current other receivables (IAS 8 – adjustment for the financial year 2009).

In the previous year, Systema Austria carried out a further sale-and-lease-back transaction with a leasing Company. The resulting lease liabilities in the reporting period are recognized under other liabilities at EUR 3.0 million at their present value as of 31 December 2010. Following this transaction the leased asset was sub-leased to a customer of System Austria under approximately the same conditions. The present value of EUR 3.0 million of the resulting receivable is recognized in other receivables. Systema Österreich is therefore acting both as a lessee towards the leasing Company and as a lessor towards the customer. The following table gives an overview of the resulting leasing receivables and payables.

	EUR '000
<b>Future minimum lease payments</b>	
< 1 year	815
1-5 years	2,160
> 5 years	0
<b>Total net present value</b>	<b>2,975</b>
Unrealized financial income	209
Unsecured residual value due to lessor	63
Cumulative provisions for non-recoverable minimum lease payments	0
Rental income during the financial year	719
Rental expenses during the financial year	721

Around EUR 10 thousand in leasing fees were paid and received per annum.

## 8. Securities (recognized at fair value in income)

Investment securities only consist of short-term fixed interest securities held by the Group subsidiary Systema HIS, Austria. These are stated at fair value (market value).

## 9. Cash and cash equivalents

Positive balances at banks relate to current accounts and earn interest of up to 0.5 percent per year. Changes in cash and cash equivalents are detailed in the cash flow statement.

## 10. Long-term assets scheduled for disposal/liabilities relating to the long-term assets scheduled for disposal Still pending sale of the office building "Neu-Golm"

A building in Neu-Golm used as an office building up to now and owned by the subsidiary IfAp Institut für Unternehmensberatung und Wirtschaftsdienste im Gesundheitswesen GmbH is for sale (HCS segment). During the financial year, new business premises were occupied. Since then the building has not been let. Active efforts are still being made to find a purchaser. The reporting of this building (EUR 300 thousand) is included in the balance sheet position "non-current assets classified as available for sale".



### Completed sale of the subsidiary "medicine"

On 1 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. The sales price was EUR 1. In addition, it was agreed that the purchaser and medicine, as joint and several debtors, are obliged to pay a total amount of EUR 0.3 million from profits for the 2010 financial year up to the 2015 financial year inclusive as participation in profits. The annual profit in 2009 was EUR 0.7 million whereby EUR 1.4 million was consolidated as part of eliminating inter Company profits. A deconsolidation loss occurred as a result of the sale of the "medicine" subsidiary during the reporting period (reported in other operating expenses) totaling EUR 0.5 million (total asset value of EUR 627 thousand plus interCompany group receivables from "medicine" that were written off in the previous year totaling EUR 227 thousand minus debts of EUR 345 thousand).

	'Neu Golm' 31.12.2010 und 31.12.2009 EUR '000	'medicine' 31.12.2009 EUR '000	Total EUR '000
<b>Non-current assets</b>			
Intangible assets	0	1	1
Land and buildings	300	0	300
Other facilities, plant and equipment	0	258	258
Other receivables	0	7	7
	<b>300</b>	<b>266</b>	<b>566</b>
<b>Current assets</b>			
Inventories	0	33	33
Trade receivables	0	281	281
Other receivables	0	28	28
Cash and cash equivalents	0	19	19
	<b>0</b>	<b>361</b>	<b>361</b>
<b>Total assets</b>	<b>300</b>	<b>627</b>	<b>927</b>
<b>Current liabilities</b>			
Trade payables	0	184	184
Income tax liabilities	0	56	56
Provisions	0	91	91
Other liabilities	0	14	14
<b>Liabilities associated directly with non-current assets qualified as held for sale</b>	<b>0</b>	<b>345</b>	<b>345</b>

## 11. Equity

Changes in equity are detailed in the schedule of changes to equity.

### Share capital

	31.12.2010 EUR '000	31.12.2009 EUR '000
<b>Issued and fully paid-in share capital</b>		
53,219,350 shares at EUR 1.00 each	53,219	53,219
<b>Authorized share capital</b>		
15,598,775 shares at EUR 1.00 each	15,599	15,599

The Company only has one class of shares. These do not automatically entitle shareholders to dividends.

The share capital is divided into 53,219,350 bearer shares with the securities ID number 543730 (ISIN: DE0005437305). Following the 2007 IPO the Company's share capital increased by EUR 7,340,600.00 from EUR 45,878,750.00 to EUR 53,219,350.00 through a capital increase against capital contribution from authorized capital with subscription rights that was approved by the Management Board and the Supervisory Board.

### Authorized share capital

In a resolution of the shareholders' meeting of 16 August 2006 the Management Board was authorized, with the approval of the Supervisory Board, to increase share capital by up to EUR 22,939,375.00 by one or more share issues in exchange for cash contributions and/or non-cash contributions by 16 August 2011. Based upon the completion of an actual capital increase totaling EUR 7,340,600.00 from this total authorized amount, the total authorized capital was reduced accordingly to EUR 15,598,775.00. The shareholders' legal subscription rights can be cancelled under certain conditions with the approval of the Supervisory Board. Furthermore, the Management Board was authorized, with the approval of the Supervisory Board, to determine the further details for capital increases from authorized share capital.

### Treasury shares

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 thousand 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 thousand 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 5 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 1 April 2009 and 27 May 2009 (500 thousand 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 4 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).

The share repurchases were made primarily to use the repurchased shares, in whole or in part, for the acquisition of businesses or holdings in other businesses.

The current proportion of the 2,990,708 treasury shares in relation to the total share capital of 53,219,350 is 5.62 percent.

At the end of March 2010, the Company received notice that a total of 32,160 shares had not been transferred to the deposit account as a result of the insolvency of Lehman Brothers. For this reason, the Company reduced its number of treasury shares by the same amount.

In accordance with a resolution of the general shareholders' meeting of 19 May 2010, the Management Board was authorized to purchase up to 10 percent of the current share capital in accordance with Section 71 Paragraph 1 No. 8 of the German Stock Corporation Act (Aktiengesetz – AktG). At no time may the purchased shares, together with the other treasury shares, which the Company holds or is due according to Section 71 et seq. Aktiengesetz, exceed 10 percent of the share capital. This authority may not be utilized for the purposes of trading in shares.

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

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

1. If the share purchase is performed on the stock exchange, the purchase price for one share may not be more or less than 10 percent of the Company's unweighted average share price, as calculated by the closing auction of the Xetra trading system (or a corresponding successor system) on the Frankfurt am Main stock exchange in the five trading days prior to the purchase date.
2. If the share purchase is performed through a public purchase offer to old shareholders or through a public invitation to all shareholders to submit sales offers, the purchase price for one share (without ancillary purchase costs) may not be more or less than 20 percent of the Company's unweighted average share price, as calculated by the closing auction of the Xetra trading system (or a corresponding successor system) on the Frankfurt am Main stock exchange in the five trading days prior to the public notification of the invitation to submit such an offer.
3. The purchase offer or invitation to submit sales offers may stipulate further conditions. If the purchase offer is oversubscribed or, in the case of an invitation to submit sales offers of several equivalent offers, not all offers are accepted, the shares must be allocated proportionately to the shares respectively offered. A preferential acceptance of low numbers of tendered shares up to 100 shares per shareholder and rounding in accordance with commercial principles could be foreseen.

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

1. With the approval of the Supervisory Board they may be sold on the stock exchange or offered to all shareholders. In addition, with the approval of the Supervisory Board they may be sold by another means provided the consideration for the sale is in cash and the sales price at the time of the sale is not significantly lower than the share price for the same class share on the stock exchange. The total proportion of the shares sold under this authorization in relation to the total share capital, together with the proportion of the share capital of new shares that have been issued since the shareholders' resolution for this authorization i.e. since 14 May 2009, due to any authorizations for share issues from authorized capital in accordance with Section 186 Paragraph 3 Sentence 4 Aktiengesetz, may not exceed 10 percent of the Company's share capital.
2. With the approval of the Supervisory Board they may be offered and transferred to third parties for the purposes of direct or indirect acquisition of companies, Company shares or equity investments in companies.
3. With the approval of the Supervisory Board they may be offered and sold as consideration, so that the Company or one of its subsidiaries are issued copyright or third party intellectual property rights by third parties, particularly patents or brands, or licenses to such rights, for the marketing and development of CompuGroup Medical products.
4. The shares may also be utilized to exercise options arising from share options granted by the Company.
5. In addition, with the approval of the Supervisory Board, they may also be cancelled without the cancellation requiring an additional general shareholders' meeting. The proportion of the remaining shares in relation to share capital will not be increased by a cancellation. By contrast, the Management Board may decide that the share capital will not be reduced but that the proportion of the remaining shares increases in relation to share capital in accordance with Section 8 Paragraph 3 Aktiengesetz. In this case, the Management Board is entitled to amend the number of shares stated in the articles of association.

The authorizations relating to the utilization of purchased treasury shares may be used on one or more occasions, in full or in part, individually or collectively, and the authorization in accordance with (1) to (4) may be used by independent companies or companies in which the Company holds a majority stake, or third parties acting on the Company's account.

The right of shareholders to subscribe to treasury shares shall be excluded insofar as such shares, in accordance with the authorizations mentioned above, are used for the purposes of treasury shares in accordance with (1) to (4) coming into effect.

The authorization to acquire treasury shares granted by the Annual General Meeting of 14 May 2009 ended when this new shareholder resolution took effect. The authorizations granted in the aforementioned AGM resolution to acquire treasury shares remain unaffected by this.

#### **Equity reserves**

Changes to equity reserves are reported in the statement of changes in equity. The principle changes were as follows: Pursuant to the resolution of the general shareholders' meeting dated 19 May 2010, dividends totaling EUR 12,557 thousand were distributed (EUR 0.25 per each share with dividend rights).

The reserves decline by EUR 6,989 thousand because of the acquisition of additional shares from non-controlling interests in holdings after majority ownership had already been attained. These involved the additional share purchases of Noteworthy Medical Systems Inc., USA, Profdoc Sdn Bhd, Malaysia, Erudis s.r.o., Slovakia and Profdoc Care AB, Sweden.

The consolidated net profit for the period of EUR 16,925 thousand was posted to equity reserves.

If a final dividend is recommended this will be conditional on shareholder approval at the general shareholders' meeting. Consequently this is not recorded as a liability in the consolidated financial statements. No corporation tax effects for the Company result from a dividend payment. The total amount of the dividends is based solely on the individual annual financial statements of CompuGroup Medical Aktiengesellschaft.

The consolidated financial statements are adopted by the Supervisory Board. However, they may be changed after their publication if they were found to contain significant errors.

#### Non-controlling interests

	31.12.2010 EUR '000	31.12.2009 EUR '000
Turbomed	269	173
Profdoc-Gruppe	61	386
Noteworthy	0	189
Erudis	0	50
Other	2	12
	<b>332</b>	<b>810</b>

There was a large reduction in the value of the non-controlling interests caused by the additional share purchases of Profdoc Sdn Bhd, Malaysia, Profdoc Care AB, Sweden, Noteworthy Medical Systems Inc., USA, and Erudis s.r.o., Slovakia.

#### 12. Pension provisions

Pension provisions were calculated on the basis of a current actuarial report. The discount rate applied in the calculation as at 31 December 2010 was 5.0 percent (previous year 5.2 percent).

There are pension liabilities owing to eight employees of CompuGroup Medical Arztsysteme GmbH & Co. KG to pay fixed, retirement/disability or spousal pensions of 60 percent and to one employee of CompuGroup Medical Deutschland GmbH (previously: CompuGroup Services GmbH). There are also pension obligations to various employees of different French subsidiaries (defined benefit plans).

The following table provides a breakdown of pension provision balances and the underlying assumptions applied in the calculation of pension provisions.

	2010 EUR '000	2009 EUR '000
Provision 1.1.	1,467	1,386
Service cost	9	8
Interest cost	32	39
Actuarial gains/losses	24	34
<b>Provision 31.12.</b>	<b>1,532</b>	<b>1,467</b>
Provision 31.12.	1,532	1,467
Plan assets	-608	-602
<b>Provision 31.12.</b>	<b>924</b>	<b>865</b>
Actuarial assumptions	Percent	Percent
Discount rate	5.0	5.2
Future salary increases	2.0	2.0
Future pension increases	2.0	2.0
Estimated income from plan assets	5.2	5.2

Domestic pension obligations are based on the typical mortality rates applied in Germany (according to Heubeck 2005 G). "Plan assets" relate to pension liabilities to one CompuGroup Medical Deutschland GmbH employee. Changes in pension provisions (reserves) are given in the following table:

	31.12.2006 EUR '000	31.12.2007 EUR '000	31.12.2008 EUR '000	31.12.2009 EUR '000	31.12.2010 EUR '000
Gross liability	1,456	1,386	1,386	1,467	1,532
Present value of plan assets	-169	-220	-63	-602	-608

### 13. Liabilities to banks (short and long-term)

	Due in < 1 Y EUR '000	Due in 1-5 Y EUR '000	Due in > 5 Y EUR '000	Total EUR '000
Liabilities 31.12.2010	25,296	180,004	11,428	216,728
Liabilities 31.12.2009	35,131	97,026	12,013	144,170

Liabilities to banks breakdown as follows:

Credit Institution	Type of Financing	31.12.2010 EUR million	31.12.2009 EUR million
Various	Consortium credit	85.3	99.5
Deutsche Bank	Promissory note loan	12.5	12.5
IKB	KfW loan	20.0	0.0
Commerzbank	Redeemable loan	30.0	0.0
SEB AG	Term and Multicurrency revolving loan facility	59.9	0.0
Various	Utilized credit lines in Germany	0.0	17.4
Other		9.0	14.8
		<b>216.7</b>	<b>144.2</b>

In June 2008, CompuGroup Medical AG received a loan with a term of 12 months of EUR 100 million for the financing of the Profdoc acquisition. This loan was refinanced by the conclusion of several loan agreements (syndicated loan) for EUR 80 million in total (with a term of seven years) and a loan agreement for EUR 20 million (with a term of three years).

Repayments begin in March 2010 and will end in March 2016 (in March 2012 for the credit agreement for EUR 20 million). The maturities are as follows: 2010 and 2011 financial years EUR 14.3 million each; 2012 financial year EUR 25.7 million, 2013 to 2016 financial years EUR 11.4 million each.

The grant of the loan was linked to meeting financial key performance metrics (net debt, interest coverage and equity ratio).

The interest on the loan is variable, linked to the 3 months EURIBOR, which will be determined quarterly before the start of the new interest period. In addition, a margin will be calculated that is oriented on net gearing.

To hedge the risks from variable interest, an interest swap was concluded with a term from 1 July 2009 to 30 March 2012. This swapped the variable interest (3-month EURIBOR) into a fixed interest position of an identical amount and term to the basic transaction. By balancing the variable interest to be paid and to be received, the Company bears fixed interest of 2.03 percent plus the margin. The expenditure and revenues from the securities transaction are balanced permissibly under "Interest paid". The current market value of the interest rate swap at 31 December 2010 is EUR -805 thousand (previous year: EUR -395 thousand).

As part of the conclusion of the financing, so-called upfront-fees and other consulting costs were incurred to finalize the credit agreement. The total amount of EUR 600 thousand will be charged as an expense over the term of the credit agreement.

Furthermore, CompuGroup Medical AG concluded two promissory note loans on 1 July 2009 for a total value of EUR 12.5 million. These have a total maturity of three years. The loans will be due in March 2012. The grant of the loan was linked to meeting financial key performance indicators (net debt, interest coverage and equity ratio). Interest is variable (3 month EURIBOR) plus a 3.30 percent margin. No security transaction has been concluded.

In January 2010, two loans were taken out with IKB Deutsche Industriebank, Düsseldorf (IKB No. 3 and IKB No. 4) that were refinanced by the KfW (KfW Bankengruppe or German Development Bank). Each loan has a value of EUR 10.0 million. These loans are derived from the ERP innovation program of the KfW and are intended to finance investments at the Company's location in Koblenz. Both loans were fully utilized as of 31 December 2010. The loan IKB No. 3 has a 3.9 percent fixed interest rate. Interest is payable at the end of each financial quarter. The principle repayment is to be made quarterly in the amount of EUR 625 thousand; the first repayment is due on 30 September 2011. The loan has a term until 30 June 2015. The loan IKB No. 4 has a 4.45 percent interest rate. Interest is payable at the end of each financial quarter. The principle repayment is to be made quarterly in the amount of EUR 833,334; the first repayment is due on 30 September 2012. The loan has a term until 30 June 2015. The Company paid a service charge and structuring fee totaling EUR 100 thousand to finalize the loan agreements.

The Company has also taken a redeemable loan totaling EUR 30.0 million from Commerzbank based upon an agreement dated 26 August 2010. The purpose of this loan is to finance the acquisition of the holding in Visionary Group. The loan is repaid in annual installments totaling EUR 6.0 million that are due on 31 August of each year. The first repayment is to be paid on 31 August 2011. The interest on the loan is based on the 3-month EURIBOR rate plus a 2.25 percent margin. No hedge has been concluded.

In September 2010, CompuGroup Medical concluded another promissory note loan totaling EUR 25.0 million with a term of ten years and a fixed interest rate.

CompuGroup Medical AG concluded a loan agreement with an execution date of 22 December 2010 for a total sum of EUR 300.0 million. The loan consists of a "term loan facility" (also referred to in the following as "TLF") for EUR 160.0 million and a "multi currency revolving loan facility" (also referred to in the following as "RLF") for EUR 140.0 million, both of which mature on 22 December 2015. The TLF must be repaid in EUR 12.5 million installments due on 31 January and 30 June of each year beginning 2012, whereas the RLF must be repaid at the end of each interest period and can be taken out again immediately thereafter. The interest period can be chosen by CGM AG at its discretion. The interest rate is based upon the appropriate EURIBOR rate for the interest period chosen plus a margin derived from the relationship between the consolidated net debt and adjusted EBITDA. The margin is 2.25 percent for the first six months. As of 31 December 2010, EUR 60.0 million of the TLF and EUR 6.0 million of the RLF were utilized. Loan origination fees totaling EUR 6.0 million were incurred related to these facilities. These fees will be charged as an expense over the term of the loan agreement. These loan origination fees represent the utilization of the RLF. No hedge has been concluded. The grant of the loan is linked to meeting certain financial key figures.

The loan agreement with SEB AG includes joint and several guarantees for payment by a number of Group subsidiaries (contingent liability in case of non-payment of CompuGroup Medical AG).

Based upon the agreement with SEB AG, CompuGroup Medical AG repaid, at the end of December, the EUR 25.0 million promissory note loan concluded in September 2010.

Among other things, the remaining liabilities to banks include:

- Two loans of CompuGroup Beteiligungs-GmbH, for which land charges of EUR 3.0 million and a payment guarantee by the parent Company were granted as security. The two loans are valued at EUR 2.1 million as of December 31, 2010
- A loan to systema Deutschland GmbH, for which land charges of EUR 3.0 million were granted. The loan is valued at EUR 1.6 million as of December 31, 2010
- A loan of Ifap Neu-Golm, for which land charges and a payment guarantee by Ifap GmbH were granted as security. The loan is valued at EUR 0.4 million as of December 31, 2010
- Three loans of CompuGroup Italia, for which various securities were also granted. The three loans are valued at EUR 1.5 million as of December 31, 2010

The decline in other, unspecified liabilities to banks results from loan repayments by subsidiaries in Norway and Denmark.

#### 14. Purchase price liabilities (short and long-term)

	31.12.2010 EUR '000	31.12.2009 EUR '000
Gruber I	3,389	3,479
Profdoc LAB	2,254	1,815
Belgiedata	1,032	0
<b>Total non-current purchase price liabilities</b>	<b>6,675</b>	<b>5,294</b>
Visionary	5,949	0
UCF	4,918	4,892
Innomed	4,373	0
Noteworthy	627	0
Gruber II	440	220
Belgiedata	408	0
Profdoc Malaysia	377	0
Fimesan	124	2,096
HCS	100	0
Sakura	0	18
<b>Total current purchase price liabilities</b>	<b>17,316</b>	<b>7,226</b>

**Non-current purchase price liabilities (due in more than one year):**

Gruber I: The purchase price liability results from the agreement dated 26 May 2009 concerning the acquisition of the remaining 20 percent of the shares and includes a fixed payment plan until 2013.

Profdoc LAB: Put option of the non-controlling shareholders discounted with 3.67 percent to the nominal value of the shares (SEK 22.0 million). The put option is exercisable from 1 March to 30 April 2013.

Belgiedata: Long-term portion of the discounted with 3.67 percent variable purchase price liability (earn-out clause) based upon the performance of EBITDA in the financial years 2011, 2012, 2013, and 2014, but not to exceed EUR 1.5 million.

**Current purchase price liabilities (due in less than year):**

UCF: In the financial year as well as for the previous financial year the UCF purchase price liability has been reclassified to the current purchase price liabilities (IAS 8 – adjustment for the financial year 2009). The purchase price liability results from the put-option right of the minority shareholders and is evaluated in the amount of the fair value of the remaining shares (2009: evaluated in the amount of the nominal value of the remaining shares plus interest rate). The fair value of the put option is calculated by using a Discounted Cash Flow (DCF) model. A WACC of 7.35 percent and a corporate tax rate of 33 percent has been applied.

Visionary Group: An agreed purchase price prepayment totaling USD 6.0 million pursuant to an amendment to the acquisition agreement from 16 December 2010 and a purchase price payment totaling USD 1.5 million as compensation for contracts concluded pursuant to the agreement reached on 17 December 2010.

Innomed: Purchase price liability from the put option of the non-controlling shareholders totaling EUR 4.4 million for the remaining 29.7 percent of the shares of Innomed. The current value of the put options is based on the estimated average EBITDA in 2011 and 2012 multiplied by the factor 6 and discounted with a discount rate of 7.0 percent.

Noteworthy: Effective 25 March 2010, the remaining shares of Noteworthy Medical Systems, Inc. were acquired through the merger of Noteworthy Medical Systems, Inc. with a wholly-owned subsidiary. Minority shareholders whose remaining shares (23.8 percent) expired due to this development were offered a cash compensation of USD 0.70 per share.

Gruber: Short-term purchase price liability in accordance with payment plan.

Belgiedata: Short-term portion of the discounted variable purchase price liability (earn-out clause) based upon the performance of EBITDA in the financial years 2011, 2012, 2013, and 2014, but not to exceed EUR 1.5 million.

Profdoc Malaysia: Put option of the non-controlling shareholder at the nominal value (USD 0.5 million).

Fimesan: Effective January 13, 2010 CompuGroup Medical acquired the remaining 9.9 percent of the shares at a price of EUR 1,972 thousand.

HCS: Variable purchase price component (earn out clause) linked to the 2011 revenue performance. A maximum EUR 0.1 million has been agreed.

**15. Trade payables**

The trade payables of EUR 15,224 thousand (previous year EUR 16,859 thousand) all fall due in less than one year.

**16. Provisions**

	01.01.2010 EUR '000	Addition - initial consolidation EUR '000	Used EUR '000	Release EUR '000	Increase EUR '000	31.12.2010 EUR '000
Payroll costs	10,831	746	7,273	442	7,741	11,603
Guarantees	1,315	0	1,254	0	1,189	1,250
External year-end accounting costs	906	16	823	64	916	951
Legal charges	617	0	292	210	445	560
Other	1,172	1,261	1,090	76	825	2,092
	<b>14,841</b>	<b>2,023</b>	<b>10,732</b>	<b>792</b>	<b>11,116</b>	<b>16,456</b>

Payroll provisions largely relate to bonuses/commissions (EUR 5,899 thousand; previous year EUR 6,144 thousand), holiday pay (EUR 3,708 thousand; previous year EUR 3,092 thousand) and overtime (EUR 699 thousand; previous year EUR 529 thousand). These were calculated on the basis of the underlying hourly rates and social security deductions.

The provisions for guarantees relate to contractual commitments in connection with the installation of hospital software solutions.



The provision for legal charges results primarily from the subsidiaries Tepe (EUR 180 thousand), Fimesan (EUR 79 thousand) and RSS (EUR 82 thousand). They generally concern legal disputes with former employees and customers.

Provisions for guarantees and legal charges are, by their nature, subject to higher levels of uncertainty.

	01.01.2009 EUR '000	Addition-first time consolidation EUR '000	Used EUR '000	Release EUR '000	Increase EUR '000	31.12.2009 EUR '000
Payroll costs	10,121	117	7,314	341	8,248	10,831
Guarantees	1,007	0	417,000	0	725	1,315
External year-end accounting costs	1,083	136	995	58	740	906
Legal charges	849	79	352	211	252	617
Other	2,377	0	1,854	126	775	1,172
	<b>15,437</b>	<b>332</b>	<b>10,932</b>	<b>736</b>	<b>10,740</b>	<b>14,841</b>

Payroll provisions largely relate to bonuses/commissions (EUR 6.1 million; prior year EUR 6.4 million), holiday pay (EUR 3.1 million; prior year EUR 3.5 million) and overtime (EUR 0.5 million, prior year EUR 0.7 million). These were calculated on the basis of the underlying hourly rates and social security deductions.

## 17. Other liabilities and derivative financial instruments

### Other liabilities

	31.12.2010 EUR '000	31.12.2009 EUR '000
Employee payables	4,628	3,434
Loan	808	1,083
Negative creditors	451	485
Other	1,075	613
<b>Financial other liabilities</b>	<b>6,962</b>	<b>5,615</b>
Deferred income	15,238	12,021
VAT, payroll tax	8,360	6,760
PoC excess liability	2,743	2,658
<b>Non-financial other liabilities</b>	<b>26,341</b>	<b>21,439</b>
<b>Total short-term other liabilities</b>	<b>33,303</b>	<b>27,054</b>
<b>Total long-term other liabilities</b>	<b>5,227</b>	<b>4,120</b>

Non-current liabilities largely relate to leasing liabilities pursuant to IFRIC 4. Please refer to Number 7 for more information about the leasing structure.

### Derivative financial instruments

The derivative financial instruments (EUR 1,309 thousand; prior year EUR 835 thousand) represent the negative market values of interest rate hedges (interest rate swap), valued by applying the market-to-market-method at fair value.

## 18. Sales revenues

	2010 EUR '000	2009 EUR '000
Software maintenance	156,007	137,101
Services	47,798	47,509
Network income	40,580	42,551
Software sales	37,277	28,810
Communication income	11,921	16,940
Hardware sales	15,562	16,965
Other income	3,229	3,533
	<b>312,374</b>	<b>293,409</b>

### 19. Capitalized in-house services

These relate exclusively to self-produced software. In the 2010 financial year, approximately 190 thousand working hours were utilized (previous year: approximately 188 thousand working hours). The country specific hourly rate is between approx. EUR 14 and approx. EUR 45 per hour. In reporting year 2010, research and development costs amounted to approx. EUR 30,251 thousand.

### 20. Other operating income

	2010 EUR '000	2009 EUR '000
Gain on transitional consolidation HCS	1,506	0
Gain on legal action TEPE (Arbitration Court)	1,006	0
Investment grants	543	231
Recharged administrative costs to third parties	330	335
Currency gains	191	65
Rental income	186	185
Compensation received for damages	32	45
Gain on sale of fixed assets	15	139
Purchase price liabilities write-off (Tepe)	0	667
Gain on deconsolidation	0	481
One-time commission for provider change	0	450
Other	740	584
	<b>4,549</b>	<b>3,182</b>

### 21. Expenses for purchased goods and services

	2010 EUR '000	2009 EUR '000
External software maintenance/hotline/purchased services	37,324	36,037
Hardware	10,129	14,288
Software	5,184	4,631
Software maintenance/hotline	3,221	3,045
Equipment	1,048	1,193
Other	2,074	1,837
	<b>58,980</b>	<b>61,031</b>

The 'External software maintenance/hot line/purchased services' item primarily relates to external service providers operating the hot line and costs for all external marketing.

### 22. Personnel expenses

	2010 EUR '000	2009 EUR '000
Salaries	120,528	109,040
Employer social security costs	23,532	20,828
Pension costs		
– defined benefit plans	169	223
– defined contributions plans	97	87
	<b>144,326</b>	<b>130,178</b>

In 2010, contributions to statutory health insurance organizations amounted to EUR 10,787 thousand (2009: EUR 10,286 thousand).

#### Employees

The average number of group employees was 2,804 (previous year 2,592). This figure only relates to salaried employees. Apprentices have not been included.

### 23. Other operating expenses

Other operating expenses breakdown as follows:

	2010 EUR '000	2009 EUR '000
Administrative and selling costs	52,660	51,153
Bad-debt adjustments	779	1,599
Losses on disposal of fixed assets	43	232
Losses on currency exchange	93	105
	<b>53,575</b>	<b>53,089</b>
Breakdown of administrative and selling costs:		
Legal and consulting fees	9,114	9,039
Occupancy costs	8,547	7,888
Travel expenses	5,544	5,584
Vehicle costs	5,426	5,515
Advertising	5,341	5,226
Office and business equipment	2,830	2,517
Telephone costs	2,775	2,526
Commissions	2,491	2,147
Trade fairs	2,241	2,565
Insurances/fees/contributions	1,713	1,503
IT costs (software, maintenance)	1,563	1,559
Postage	1,132	1,232
Loss on deconsolidation medicine	508	0
Other	3,435	3,852
	<b>52,660</b>	<b>51,153</b>

### 24. Depreciation

Please refer to the fixed asset schedule for more details.

### 25. Earnings from associated companies

	2010 EUR '000	2009 EUR '000
HCS	197	171
Medigest	16	-26
Fimesan	0	48
	<b>213</b>	<b>193</b>

The income of HCS for 2010 includes only the period from 1 January until 30 November (prior to the full consolidation).

There were no financial statements available as at 31 December 2010, for Technosante Nord-Picardie, MECO, AxiService Nice and Mediaface.

## 26. Financial income and expenses

### Financial income

	2010 EUR '000	2009 EUR '000
Currency gain on loans	1,961	1,287
Bank interest	1,150	943
Other	160	112
	<b>3,271</b>	<b>2,342</b>

### Financial expenses

	2010 EUR '000	2009 EUR '000
Bank interest	6,979	6,637
Currency loss on loans	962	1,187
Fees of premature loan re-payment	673	0
Accrued interest from purchase price liabilities	474	153
Market value of interest SWAP	447	395
Loan origination fees	371	405
Other interest expense	250	237
	<b>10,156</b>	<b>9,014</b>

## 27. Income taxes

Taxes on income breakdown as follows:

	2010 EUR '000	2009 EUR '000
Current taxes	-13,171	-9,115
Deferred taxes	3,373	2,514
	<b>-9,798</b>	<b>-6,601</b>

The consolidated tax rate serves as the basis for corporation tax and legal structure planning. The consolidated tax rate is understood to be the rate that includes statements about the (income) tax charge of the Company. For accounting purposes the consolidated tax rate equals the actual income tax charge divided by the profit before tax.

Consequently, the consolidated tax charge is the sum of current and deferred tax whereby utilization of losses brought forward, the use of tax credits and tax allowances and the book value of deferred tax assets have a favorable impact on the final consolidated tax rate.

The reconciliation between the statutory tax rate (nominal) and the actual tax rate is shown below:

	2010		2009	
	EUR '000		EUR '000	
Earnings before taxes	26,391		18,317	
<b>Nominal tax rate (29.65%) – theoretical tax expense</b>	<b>7,825</b>	<b>29.65%</b>	<b>5</b>	<b>29.65%</b>
Tepe loss – no tax savings	487	1.8%	436	2.4%
Non-deductible expenses	635	2.4%	383	2.1%
Write-off deferred tax assets	1,013	3.8%	564	3.1%
Lower foreign tax rates	313	1.2%	116	0.6%
Tax reimbursement for prior years	-193	-0.7%	-469	-2.6%
Tax exempt income from sale of shareholdings	-447	-1.7%	0	0.0%
Other differences	165	0.6%	140	0.8%
<b>Effective tax expense</b>	<b>9,798</b>	<b>37.1%</b>	<b>6,601</b>	<b>36.1%</b>

Under German tax regulations, taxes on income include the "Körperschaftsteuer" (corporation tax), "Gewerbesteuer" (local business tax) and the "Solidarit tszuschlag" (solidarity surcharge for the former East Germany).

The consolidated weighted average tax rate amounted to around 29.65 percent in the last financial year (previous year: 29.65 percent)..

No taxes arose in connection with the discontinuation of business divisions. In addition, income tax expenses do not include expenses or revenues from changes in accounting or valuation methods.

EUR 1,013 thousand of deferred tax assets on loss carryforwards was written off in the financial year due to intrinsic value no longer applying.

## 28. Earnings per share

	2010	2009
	EUR '000	EUR '000
Earnings attributable to the shareholders of the parent Company	16,434	12,007
Number of no-par value common shares	53,219,350	53,219,350
Number of treasury shares	-2,990,708	-2,749,965
Basis (number) from 4 May 2007	50,228,642	50,469,385
Earnings per share (EUR)		
– undiluted	0.33	0.24
– diluted	0.33	0.24

The share options program begun in 2008 will only affect the diluted earnings per share marginally.

## F. SEGMENT REPORTING

For comparisons please see the separate details on pages 99 and 100 of the notes.

To define the business segments the Management Board draws on reports that are also available to the Supervisory Board and analysts for their strategic decisions.

The Group is currently divided into three divisions and into six regional divisions derived from the matrix organization. These divisions can be described as follows:

- HPS** (Health Provider Services): development and sale of software solutions for physicians and dentists in their practices and for use in hospitals.
- HCS** (Health Connectivity Services): networking service providers (physicians, dentists and hospitals) with other important market participants in the health care sector such as sponsors, pharmaceutical companies and generic drug producers.
- CHS** (Consumer Health Services): products and services for covering the growing demand for health-related information for patients (electronic patient services).

The regional divisions encompass:

CE (Central Europe)	Germany, Luxembourg
CEE (Central Eastern Europe)	Austria, Poland, Czech Republic, Slovakia, Greece, Switzerland
NE (Northern Europe)	Norway, Sweden, Denmark, Latvia
SE (South Europe)	France, Italy, Spain
ALM (Asia, Latin America, Middle East)	Turkey, Malaysia, Saudi Arabia, South Africa
NA (North America)	USA, Canada

The column "All other segments" depicts the non-operational holding companies and the column "Reconciliation reporting" depicts the consolidation measures between the segments. Business fields depicted that do not exceed that threshold set in IFRS 8 have nevertheless been treated as reportable operating segments, if in future they will probably contribute to Group growth to a significant extent. Transactions between the business divisions have in principle been carried out as if they were between external third parties.

The segment information is based on the same disclosure and valuation methods as the consolidated financial statements. The business relationships between the companies of the Group's segments are conducted at prices to which third parties have also agreed. In the segment reporting by region the breakdown of sales revenues is based on the country where the Company providing performance is located.

## G. OTHER NOTES

### Notes on the cash flow statement

The cash flow statement was prepared under the indirect method (cash flow from operations). It shows how cash and cash flow equivalents have changed within the Group during the financial year. In accordance with IAS 7 cash flows are divided into operations, investments and financing.

### Cash and cash equivalents

Cash and cash equivalents (available cash as of the balance sheet date) recognized in the cash flow statement total EUR 42,180 thousand (previous year: EUR 29,110 thousand).

### Financial instruments

The Group has various financial assets, such as trade receivables and cash and cash equivalents, which result directly from operations.

Most of the financial liabilities utilized by the Group – with the exception of derivative financial instruments – are liabilities to banks, trade payables and purchase price liabilities. The main purpose of these financial liabilities is financing the Group's operations.

In accordance with an internal Group directive, no trading with derivatives has taken place up to now nor will take place in future. The most significant risks to the Group arising from financial instruments are interest risks. The Board of Management of the Company decides on strategies and procedures to control individual types of risks that are presented below.

Normal market purchases and sales of financial assets and liabilities are recorded at the settlement amount.

The following table presents carrying amounts and valuation of the group's financial instruments grouped by categories according to IAS 39. Since no financial instruments are held in the category "held to maturity", this category is not included. The financial instruments in the category "available for sale" include investments at a rate of less than 20 percent reported as other financial investments. Due to the lack of a reliable valuation base, these are recognized at the cost of acquisition. There are no other financial instruments in the category "available for sale". Therefore, there is no overall categorization of financial instruments in the category "available for sale".

Measurement class Financial year in EUR '000	Measurement category*	Book value 31.12.2010	Of which not financial instruments	Valuation financial instruments	
				Continued historical costs	Fair value income statement
Financial assets					
Cash and cash equivalents	HC	42,180	0	42,180	0
Trade receivables	HC	45,743	0	45,743	0
Other receivables (current)	HC	14,776	7,566	7,210	0
Other receivables (non-current)	HC	9,690	0	9,690	0
Financial assets	HC	1,054	0	1,054	0
Stocks and securities	FV	73	0	0	73
Total financial assets		113,516	7,566	105,877	73
Financial liabilities					
Liabilities to banks (current and non-current)	HC	216,728	0	216,728	0
Trade payables	HC	15,224	0	15,224	0
Other liabilities (current)	HC	33,303	26,341	6,962	0
Other liabilities (non-current)	HC	5,227	0	5,227	0
Interest rate hedge	FV	1,309	0	0	1,309
Total financial liabilities		271,791	26,341	244,141	1,309
Measurement per measurement category					
Loans and receivables	HC	113,443	7,566	105,877	0
Recognizes at fair value in income	FV	73	0	0	73
Total financial assets		113,516	7,566	105,877	73
Loans and receivables	HC	270,482	26,341	244,141	0
Recognizes at fair value in income	FV	1,309	0	0	1,309
Total financial liabilities		271,791	26,341	244,141	1,309



Measurement class Financial year in EUR '000	Measurement category*	Book value 31.12.2009	Of which not financial instruments	Valuation financial instruments	
				Continued historical costs	Fair value income statement
<b>Financial assets</b>					
Cash and cash equivalents	HC	29,110	0	29,110	0
Trade receivables	HC	32,192	0	32,192	0
Other receivables (current)	HC	12,991	6,186	6,805	0
Other receivables (non-current)	HC	8,390	0	8,390	0
Financial assets	HC	2,026	0	2,026	0
Stocks and securities	FV	35	0	0	35
<b>Total financial assets</b>		<b>84,744</b>	<b>6,186</b>	<b>78,523</b>	<b>35</b>
<b>Financial liabilities</b>					
Liabilities to banks (current an non-current)	HC	144,170	0	144,170	0
Trade payables	HC	16,859	0	16,859	0
Other liabilities (current)	HC	27,054	21,439	5,615	0
Other liabilities (non-current)	HC	4,120	0	4,120	0
Interest rate hedge	FV	835	0	0	835
<b>Total financial liabilities</b>		<b>193,038</b>	<b>21,439</b>	<b>170,764</b>	<b>835</b>
Measurement per measurement category					
Loans and receivables	HC	84,709	6,186	78,523	0
Recognized at fair value in income	FV	35	0	0	35
<b>Total financial assets</b>		<b>84,744</b>	<b>6,186</b>	<b>78,523</b>	<b>35</b>
Loans and receivables	HC	192,709	21,439	170,764	0
Recognized at fair value in income	FV	835	0	0	835
<b>Total financial liabilities</b>		<b>193,038</b>	<b>21,493</b>	<b>170,764</b>	<b>835</b>

HC = loans and receivables as well as liabilities valued at amortized cost carried forward (holdings in associated companies are shown in the balance sheet using the at-equity method)

FV = assets and debts valued at fair value with an effect on assets

The fair values of the individual valuation categories on the balance sheet date approximately correspond to the book values; for this reason no separate itemization has been prepared. There is also no significant difference between the fair value and book value of the non-current categories (particularly liabilities to banks). Book value is therefore equivalent to fair value.

Securities and swaps are measured at fair value. The fair value of securities 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 is based upon measurement methods that use inputs that are observable and available and are therefore classified as level 2 type assets in the fair value hierarchy of IFRS 7.

#### Write-downs on financial assets

With respect to trade receivables please see the valuation adjustment schedule. No write downs were reported with respect to financial assets in the reporting year.

#### Write-downs on financial liabilities

There were no write downs in 2010 or in 2009.

### Net profits and losses from financial assets

With respect to valuation adjustments on trade receivables please see the valuation adjustment schedule. There were negligible net profits from securities and only negligible profits from interest on other financial investments.

### Net profits and losses on financial liabilities

There were currency gains of EUR 1,961 thousand and currency losses of EUR 962 thousand, primarily from the repayment of foreign currency loans as well as loan origination fees of EUR 1,044 thousand and a non-cash valuation of an interest swap transaction (fair value: EUR 447 thousand).

### Overdue liabilities

Overdue trade payables are as follows:

	31.12.2010 EUR '000	31.12.2009 EUR '000
Overdue by:		
0-3 Months	14,883	16,748
4-6 Months	29	27
7-12 Months	281	49
> 12 Months	31	35
	15,224	16,859

### Credit risk

The financial assets of the Group primarily comprise bank deposits, trade receivables, other receivables and securities that represent the maximum default risk to the Company from credit risk to financial assets. The default risk to the Group results primarily from trade receivables. The amounts indicated in the balance sheet are understood to include a valuation adjustment for receivables that probably cannot be collected, reflecting the senior management's judgment based on previous experience and the current economic environment. In addition, the age of the receivables can be classified as non-doubtful (see under trade receivables).

The default risk to liquid assets is limited, because these are held at banks to which credit rating agencies have assigned a high credit rating.

The Group does not have any significant concentration of default risks because these risks are distributed across a large number of contractual parties and customers.

### Currency risk

Fluctuating exchange rates influence the market success and gross revenues of exporting companies. In 2010 about 46 percent of sales were achieved abroad; of this amount however, over 84 percent came from within the EU. No hedging of possible exchange rate risks was carried out.

The balance sheet includes the following items in foreign currency (Czech koruna, Polish zloty, Turkish lira, Swiss francs, Norwegian krone, Danish krone, Swedish krone, US dollars, Canadian dollars, Malaysian ringgits, South African rand and Saudi Arabian riyals):

Balances	Foreign currency in EUR '000
Trade receivables	12,283
Tax and other receivables	5,943
	18,226
Trade payables	-6,504
Other liabilities	-10,645
Tax liabilities	-475
	-17,624
<b>Net balance</b>	<b>602</b>

The net item (receivable) after taking account of the various foreign currencies amounted to EUR 602 thousand on the balance sheet date (previous year: EUR 352 thousand). Consequently, a change in exchange rates would not have a significant impact on consolidated income.

### Interest-rate risk

At 31 December 2010, the liabilities to banks total EUR 216.7 million. In 2009, CompuGroup Medical AG concluded an interest hedging transaction (an interest rate swap). This secures the interest rate for the EUR 100 million loan at 2.03 percent (taking account of the planned repayments) over a term of three years. The loan value at 31 December 2010 was EUR 85.7 million. The measurement of this interest hedging transaction is based upon fair value.

All other loans are generally also subject to variable rates of interest – with the exception of the two IKB loans totaling EUR 20.0 million. However, there are no interest rate hedging transactions for these other loans (approximately EUR 110.0 million). An increase in the general levels of interest by one percentage point results in higher interest expense totaling approximately EUR 1.1 million.

#### Capital management

CompuGroup Holding AG has the aim of sustainably securing the equity basis and achieving a suitable yield on the capital utilized. However, the Group's accounting capital is only a passive risk control criteria, while sales and EBITDA are active control elements.

The Group equity ratio is 32.8 percent (previous year: 41.1 percent), which was primarily influenced by ongoing acquisitions.

In addition, there are so-called "covenants" for external Group financing.

#### Other financial obligations and commitments

As at the balance sheet date the Group had open obligations from operating leases that cannot be cancelled, maturing as follows:

	31.12.2010 EUR '000	31.12.2009 EUR '000
Within one year	5,726	8,176
Between two and five years	7,509	12,900
More than five years	3,819	3,750
	<b>17,054</b>	<b>24,826</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 2008 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 thousand with the landlord for the rental of office space and a computer center in St. Pölten.

CompuGroup Medical AG has assumed a guarantee in favor of Meteksan Sistem ve Bilgisayar Teknolojileri A.S. for YTL 210 thousand (EUR 98 thousand) for Tepe Teknolojik Servisler A.S.

In the course of its business "Tepe International A.S." participates in foreign and domestic tenders and normally must provide a guarantee in order to participate in the tender. To secure this deposit CompuGroup Medical AG has guaranteed EUR 3.5 million at Fortis Bank (Turkey).

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. Luxembourg, 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 2010, this purchase obligation would have been valued at around EUR 4.9 million if the put right had been exercised.

The Company has taken over a guarantee for EUR 1,909 thousand in favor of the landlords Friedrich and Jan Christopher GmbH and Geschwister Christoffer GbR on behalf of the associate Company Medistar Praxiscomputer GmbH as part of an existing rental agreement.

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

Credit guarantees in favor of SEB AG amounting to EUR 10 thousand are in place for various French subsidiaries. The termination of these credit guarantees at SEB AG will occur in 2011.

The Company has taken over a guarantee of EUR 195 thousand in favor of BECOM Electronics GmbH for Gesellschaft KoCo Connector AG.

In accordance with the declaration of 1 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. This declaration was extended in February 2011 for another year.

The sellers have an irrevocable put option for the acquisition of the remaining shares (24.5 percent) of CompuGroup Medical Sweden AB in Profdoc LAB, AB in the year 2013 at a purchase price of SEK 22.05 million (equivalent to EUR 2.45 million as of 31 December 2010). CompuGroup Medical AG has guaranteed the payment as per the credit guarantee dated 22 September 2009.

The Polish subsidiary UHC has issued guarantees of EUR 582 thousand for customer orders.

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 220 thousand on the balance sheet date.

An interest and principle guarantee has been entered into in favor 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 will make such payments for them.

This refers to two loans with the following conditions:

Original credit amount EUR	Interest rate percent	Monthly repayment EUR	Duration
1,121,000.00	5.50	12,144.17	30.12.2012
1,879,000.00	5.50	0.00	30.12.2012
<b>3,000,000.00</b>		<b>12,144.17</b>	

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

The loans were valued at EUR 2,147 thousand on 31 December 2010.

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

#### Transactions with related parties

For legal transactions with associated companies and persons, the Company's services have been compensated according to reasonable commercial judgment.

The shareholder group "Gotthardt family/Dr. Koop" holds in total more than 50 percent of the voting shares.

Two effective pool contracts have been concluded: (1.) Between Mr Frank Gotthardt, GT1 Vermögensverwaltung GmbH, Dr. Brigitte Gotthardt and Dr. Daniel Gotthardt (the number of shares is partly limited to an upper limit); between GT1 Vermögensverwaltung GmbH and Dr. Reinhard Koop; (2.).

By virtue of the limitation on shares to be counted in the pool contract, only 11,900,623 shares of pool members (from a total of 26,848,138 shares) can be assigned to the pool, which gives a percentage stake in terms of voting rights – i.e. minus treasury shares – of 23.69 percent. Both pool contracts set out to ensure equal treatment of voting rights for shares of CompuGroup Medical AG.

Mr Frank Gotthardt (Chairman of the Management Board) received EUR 490 thousand (previous year: EUR 686 thousand) from leasing various properties in Koblenz to CompuGroup Medical AG.

During the reporting year, Dr. Daniel Gotthardt leased parking spaces to CompuGroup Holding AG (EUR 30 thousand; previous year: EUR 30 thousand).

In addition, the Company has rental contracts for office and parking space, service contracts, and other contracts for the delivery of goods with INFOSOFT Informations- und Dokumentationssysteme GmbH, INFOSOFT Softwareentwicklung GmbH, CO-PRA Computer Praxisanwendungen GmbH & Co KG, GTS Praxisshop GmbH, mps public solutions GmbH, mps software & systems GmbH and Gotthardt Informationssystem GmbH (the shareholder is Mr Frank Gotthardt in each case). These transactions are based on services contracts at arm's length terms and conditions. As of 31 December 2010, the Group's receivables against these companies amounted to EUR 216 thousand, the liabilities amounted to EUR 15 thousand. There were no related collaterals.

There was a loan agreement in place between the Company as the borrower and Dr. Brigitte Gotthardt as the lender. The loan value was EUR 250 thousand and was paid to the borrower on 20 May 2010. The loan was repaid by 8 December 2010. The 3.5 percent annual interest rate on the loan was a market rate.

The Company concluded an advertising agreement with the KEC Kölner Eishockey Gesellschaft "Die Haie" mbH in 2010 (the parent Company of KEC is SHC Sport Holding Cologne GmbH, whose shareholders include, among others, Mr. Frank Gotthardt, Mr. Uwe Eibich and Mr. Jan Broer). The agreement term is for the time period starting 1 May 2010 until 30 April 2011 and extends automatically for another year unless one of the parties cancels the agreement in writing no later than 1 March of the last agreement year. The annual fee for the agreement is EUR 150 thousand and is considered to be a market rate.

#### **Declaration of compliance with the German Corporate Governance Codex**

The declaration of compliance required by Section 161 AktG was issued by the Management Board and the Supervisory Board and made publicly accessible on the Company's website ([www.cgm.com/Investor/Governance/kodex.htm](http://www.cgm.com/Investor/Governance/kodex.htm)).

#### **Auditing fees according to Section 314 Paragraph 1 No. 9 HGB (German Commercial Code)**

The following table takes account of all fees due to PricewaterhouseCoopers Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft for the 2010 financial year.

The "annual financial statement" item includes the fees for auditing the individual annual financial statements, the consolidated statement and the dependent Company report of CompuGroup Holding AG, as well as the fees for auditing various subsidiaries.

	EUR
Year-end audit	304,527
Tax accounting services	33,660
	<b>338,187</b>

## Post balance sheet events

### Acquisition of Healthport LLC, USA

In November, CompuGroup Medical AG concluded an agreement for the purchase of the healthcare segment of Healthport. The purchase price for 100 percent of the shares was USD 18 million (EUR 13.2 million). The first consolidation of the Company occurred as of 1 January 2011 as per the agreed contractual terms contained in the purchase contract. The segment sells Ambulatory Information Systems, Electronic Health Records (EHR) as well as invoice and cost management services for around 3,600 physicians. Revenue in the 2010 financial year is estimated to be approximately USD 26.3 million (about EUR 19.8 million) and its net income is estimated to be approximately USD 1.6 million (about EUR 1.2 million).

In terms of strategy, Healthport fits very well with CompuGroup Medical USA. The Company's additional customer base will provide the group with the opportunity to increase its revenue by selling existing and new products. The service, marketing and development strategies perfectly suit CompuGroup Medical's fast-growing business in the USA.

In order to improve the healthcare system, the US government resolved to issue financial stimulus packages totaling around USD 20 billion for the acquisition of electronic health record (EHR) systems. The Company therefore expects the USA to accelerate the introduction of EHR systems.

Goodwill recognized as of January 2011 according to the preliminary purchase price allocation within the scope of initial consolidation is EUR 5,826 thousand and mainly relates to the customer base of the acquired Company and the related expansion of market share in the USA expected through the integration of Healthport into the group.

The Company does not anticipate that part of the recognized goodwill will be deductible for tax purposes. The overview "Company Acquisitions in the 2010 and 2011 Financial Year" as an attachment to the consolidated notes presents a summary of the purchase price paid for the acquired Company as well as the value of the identified assets and liabilities transferred on the acquisition date.

No conditional consideration was established.

Based on the preliminary purchase price allocation within the scope of initial consolidation as of January 2011, the fair value of trade receivables and other receivables is EUR 2,466 thousand; the fair value of trade receivables accounts for EUR 2,139 thousand of this amount.

The fair value of intangible assets totaling EUR 12,845 according to the preliminary purchase price allocation within the scope of initial consolidation as of January 2011 has not been finalized since corresponding documentation and information has not yet been received. The value of intangible assets was determined based on an overall percentage distribution of the difference between the cost of acquisition and the carrying value of equity on the acquisition date. 45 percent of the difference has been allocated to the customer base, 35 percent to software and 15 percent to the brand. A final financial measurement of these assets is expected.

If Healthport had already been consolidated as of January 1, 2010, sales revenue of EUR 19,445 thousand and earnings of EUR 287 thousand would have been reported in the consolidated income statement of the group for the 2010 financial year.

### Asset Deal Parametrix AG, Switzerland

In December 2010, CompuGroup Medical AG concluded a purchase agreement with MCS Parametrix AG, Kőniz (Switzerland) and MCS Parametrix Deutschland GmbH, Eltville to acquire all of the assets of the Hospital Information Systems division of MCS Parametrix AG and MCS Parametrix Deutschland GmbH effective 1 January 2011. The purchase price was EUR 4.9 million. The deal has not yet been closed. First-time consolidation is expected to take place in Q1 2011.

Parametrix is the Swiss market leader for Hospital Information Systems. The Company has 51 employees, is headquartered in Niederwangen near Bern and has a subsidiary in Eltville, Germany. With a market share of around 30 percent of acute care hospitals and about 20 percent of rehabilitation and social facilities, Parametrix is the market leader among the Swiss Hospital Information Systems (HIS). Total revenue in 2010 from the Hospital Information Systems division was approximately EUR 6 million, its annual loss for the year was approximately EUR 2 million.

**Acquisition of Lorensbergs Holding AB, Sweden**

In January 2011, CompuGroup Medical concluded an agreement for the acquisition of Lorensbergs Holding and all its subsidiaries. Lorensbergs employs 41 people and mainly develops software solutions for occupational health and safety in large companies and corporations, for general practitioners as well as school doctors in Sweden.

The purchase price for 100 percent of the shares was SEK 40 million (EUR 4.5 million). Revenue in 2010 is an estimated EUR 3.7 million, EBITDA is estimated at EUR 0.4 million and net income at EUR 0.1 million. The deal has not yet been closed. First-time consolidation is expected to take place in Q1 2011.

**Acquisition of SIVSA, Spain**

In November 2010, CompuGroup Medical concluded a limited agreement for the purchase of the hospital segment of SIVSA. The Spanish company develops and sells hospital information systems in Europe, North Africa and South America. Revenue of the hospital segment in 2010 is likely to have come to EUR 2.4 million and net loss to EUR 0.6 million. A definite statement on the closing of the transaction can currently not be given. In the event of non-compliance with the conditions the purchase agreement would become ineffective.

**Merger of Alteer Corp and Visionary Healthware LLC, USA**

By merger agreement dated 15 December 2010, Alteer Corp. was merged with Visionary Healthware, LLC in order to pool their business activities in the market for Ambulatory Information Systems and to create synergy effects. The merger became effective on 1 January 2011.

**Merger of Soft Aid Inc., Visionary Medical Systems Inc. and Visionary Healthware LLC, USA**

By merger agreement dated 15 December 2010, Soft Aid, Inc. and Visionary Medical Systems, Inc were merged with Visionary Healthware, LLC in order to pool their business activities in the market for Ambulatory Information Systems and to create synergy effects. The merger became effective on 1 January 2011.

**Merger of Antek LABDAQ, LLC and Antek Healthware, LLC, USA**

By merger agreement dated 30 December 2010, Antek LABDAQ, LLC was merged with Antek Healthware, LLC in order to pool their business activities in the market for Ambulatory Information Systems and to create synergy effects. The merger became effective on 1 January 2011.

**Merger of Antek Inc. and Visionary Healthware LLC, USA**

By merger agreement dated 30 December 2010, Antek, Inc. was merged with Visionary Healthware, LLC in order to pool their business activities in the market for Ambulatory Information Systems and to create synergy effects. The merger became effective on 1 January 2011.

**Merger of Antek DAQBILLING LLC and Visionary Healthware LLC, USA**

By merger agreement dated 15 December 2010, Antek DAQBILLING, LLC was merged with Visionary Healthware, LLC in order to pool their business activities in the market for Ambulatory Information Systems and to create synergy effects. The merger became effective on 1 January 2011.

**Mergers in Germany: ISPro GmbH, telemed GmbH, Albis Ärzteservice Product KG and Albis Verwaltungs-GmbH with CompuGroup Beteiligungs GmbH**

The merger agreements for the companies ISPro GmbH, telemed GmbH, Albis Ärzteservice Product KG and Albis Verwaltungs-GmbH were signed on February 1, 2011 as part of reorganization measures in Germany. All of these companies were merged with CompuGroup Beteiligungs-GmbH. Additional mergers are planned in Germany in the course of the 2011 financial year.

## Management Board and Supervisory Board

Surname	First Name	Occupation held/Membership in Supervisory Boards and other Supervisory Bodies
<b>Management Board</b>		
Gotthardt	Frank (Chairman)	Chief Executive Officer – Chairman of the Supervisory Board of Rhein Massiv Verwaltung GmbH – Chairman of the Supervisory Board of via-X AG – Member of the Supervisory Board of Amedes Holding AG – Member of the Supervisory Board of UHC SP.z.o.o.
Teig	Christian B.	Chief Financial Officer
Eibich	Uwe	Executive Vice-President Central-Europe
Broer	Jan	Executive Vice-President South-Europe (until 31 December 2010) – Member of the Supervisory Board of vita-X AG
Winter	Prof. Dr. med. Stefan F.	Chief Medical Officer (until 30 April 2010)
<b>Supervisory Board</b>		
Steffens	Prof. Dr. Klaus (Chairman)	Businessman – Member of the Supervisory Board of MTU Aero Engines Holding AG – Member of the Advisory Board of Tyczak Totalgaz GmbH – Member of the Advisory Board of Poppe + Potthoff GmbH
Esser	Dr. Klaus (Deputy Chairman)	Businessman – Chairman of the Supervisory Board of Navigon AG – Chairman of the Supervisory Board of Amedes Holding AG
Hinz	Prof. Rolf (Dr.)	Orthodontist in private practice – Member of the Supervisory Board of Stadtmarketing Herne GmbH
Gotthardt	Dr. Daniel	Doctor
Lange	Mathias (Employee-representative)	Human Resources Assistant CompuGroup Medical AG
Glass	Ralf (Employee-representative)	Commercial clerk CompuGroup Medical AG – Member of the Supervisory Board of vita-X AG – Member of the Supervisory Board of UHC Sp.z.o.o.

The total remuneration of the Management Board is as follows:

	2010 EUR '000	2009 EUR '000
<b>Management Board</b>		
Fixed compensation	1,233	1,325
Variable compensation	1,523	1,560
Fringe benefits	657	45
	<b>3,413</b>	<b>2,930</b>
Supervisory board	260	263
	<b>3,673</b>	<b>3,193</b>

Prof. Dr Stefan F. Winter has an agreement providing for a variable bonus based on movements in the share price and is paid in cash. The agreement took effect on 15 October 2008 and expires automatically without need for termination on 15 October 2011. Calculation of the share price change used for the bonus is determined using two contractually fixed calculation formulas for the corresponding time periods. The calculation assumes a basic share value of EUR 11 per share. The calculation of the share value at the end of the period assumes a 15 percent minimum price increase p.a., compared to the previous year. Any bonus payable is calculated at a rate of 5 per mille on any increase over and above this. Prof. Dr. Winter left the Company on 30 April 2010 and received a payment totaling EUR 40 thousand as compensation for this variable bonus. No further claims exist from this agreement.



Christian B. Teig holds an option to purchase CompuGroup Medical shares amounting to 375 thousand shares, the duration of which is linked to his term of office as director (94 thousand accrue after 12 months, 188 thousand accrue after 24 months, 282 thousand accrue after 36 months and 375 thousand after 48 months). Christian B. Teig may exercise this option within two months after the 48th month of his activity as Finance Director on the board. If he leaves the Board before the end of the 4 year option period at his own request then he may only exercise the number of shares that have accrued to date. If after the first six months and before the end of the 4 year period Christian B. Teig is dismissed on reasons that do not lie with any breach of contract on his part then he may exercise the option to purchase the full 375 thousand shares within two months of leaving the Board. The exercise price of the stock options is EUR 5.50. The fair value of an option on its grant date was EUR 1.25 per option.

The remuneration report in the Group management report provides an individual breakdown of remuneration of the Management Board and Supervisory Board members.

#### **Release from disclosure requirement**

All companies incorporated in Germany with profit-transfer agreements claim the right of exception under Section 264 Paragraph 3 HGB not to publish their annual financial statements. This concerns the following companies:

- CompuGroup Beteiligungsgesellschaft mbH, Koblenz
- Intermedix Deutschland GmbH, Koblenz
- CompuGroup Medical Software GmbH, Koblenz
- CompuGroup Medical Dentalsysteme GmbH, Koblenz
- MediStar Praxiscomputer GmbH, Hanover
- Systema Deutschland GmbH, Koblenz
- IfAp Service Institut für Ärzte und Apotheker GmbH, Martinsried
- Telemed Online Service für Heilberufe GmbH, Koblenz
- All for One Enterprise Solutions GmbH, Eberhardzell-Oberessendorf
- AESCU DATA Gesellschaft für Datenverarbeitung mbH, Winsen

The following non-incorporated companies take advantage of the release provision of Section 264 b HGB in order not to publish their annual financial statements:

- CompuGroup Medical Arztsysteme GmbH & Co. KG, Koblenz
- ALBIS Ärzteservice Product GmbH & Co. KG, Koblenz

#### **Responsibility Statement by the Management Board**

We certify that, to the best of our knowledge based on applicable accounting policies, the financial statements give a true and fair view of the Group's actual assets, financial situation and earnings. We furthermore certify that the Group management report gives a true and fair view of the business activities including the annual results and the condition of the Group, and that the inherent opportunities and risks for future development are explained.

Koblenz, 1 March 2011

**CompuGroup Medical Aktiengesellschaft**  
The Management Board



**Frank Gotthardt**



**Christian B. Teig**



**Uwe Eibich**

# Changes in Intangible and Tangible Assets

## Financial Year 2010

	Purchase or manufacturing costs						31.12.2010 EUR '000
	01.01.2010 EUR '000	Initial consolidation additions EUR '000	Other additions EUR '000	Transfers EUR '000	Disposals EUR '000	Currency differences EUR '000	
<b>Intangible assets</b>							
Goodwill	156,019	28,504	0	0	0	2,113	186,636
Software, licenses and other intangible assets	272,899	52,801	2,795	420	-4,916	-1,119	322,880
Prepayments on software	42	15,000	1,232	-420	0	0	15,854
Capitalized in-house services	24,150	0	7,133	0	0	0	31,283
	453,110	96,305	11,160	0	-4,916	994	556,653
<b>Tangible assets</b>							
Land and buildings	25,589	361	1,703	0	-1,091	201	26,763
Other assets, plan and office equipment	20,972	524	4,700	0	-1,873	1,024	25,347
Assets under construction	2,055	0	1,052	0	-163	0	2,944
	48,616	885	7,455	0	-3,127	1,225	55,054
	501,726	97,190	18,615	0	-8,043	2,219	611,707

## Financial Year 2009

	Purchase or manufacturing costs						31.12.2009 EUR '000
	01.01.2009 EUR '000	Initial consolidation additions EUR '000	Other additions EUR '000	Transfers EUR '000	Disposals EUR '000	Currency differences EUR '000	
<b>Intangible assets</b>							
Goodwill	134,190	19,350	139	1,603	-759	1,496	156,019
Software, licenses and other intangible assets	256,582	14,958	2,163	788	-3,177	1,585	272,899
Prepayments on software	2,870	31	5	-2,721	-143	0	42
Capitalized in-house services	19,036	0	6,879	0	-1,765	0	24,150
	412,678	34,339	9,186	-330	-5,844	3,081	453,110
<b>Tangible assets</b>							
Land and buildings	18,337	5,728	3,071	76	-1,650	27	25,589
Other assets, plan and office equipment	17,928	226	4,973	205	-2,373	13	20,972
Assets under construction	368	0	1,968	-281	0	0	2,055
	36,633	5,954	10,012	0	-4,023	40	48,616
	449,311	40,293	19,198	-330	-9,867	3,121	501,726

Depreciation					Book values	
01.01.2010 EUR '000	Additions EUR '000	Disposals EUR '000	Currency differences EUR '000	31.12.2010 EUR '000	31.12.2010 EUR '000	31.12.2009 EUR '000
6,809	0	0	0	6,809	179,827	149,210
127,074	25,272	-4,821	-504	147,021	175,859	145,825
0	0	0	0	0	15,854	42
7,755	3,586	0	0	11,341	19,942	16,395
141,638	28,858	-4,821	-504	165,171	391,482	311,472
2,988	982	-185	2	3,787	22,976	22,601
8,994	4,132	-1,676	739	12,189	13,158	11,978
0	0	0	0	0	2,944	2,055
11,982	5,114	-1,861	741	15,976	39,078	36,634
<b>153,620</b>	<b>33,972</b>	<b>-6,682</b>	<b>237</b>	<b>181,147</b>	<b>430,560</b>	<b>348,106</b>

Depreciation					Book values	
01.01.2009 EUR '000	Additions EUR '000	Disposals EUR '000	Currency differences EUR '000	31.12.2009 EUR '000	31.12.2009 EUR '000	31/12/2008 EUR '000
6,809	0	0	0	6,809	149,210	127,381
106,342	23,321	-3,084	495	127,074	145,825	150,240
0	0	0	0	0	42	2,870
3,926	5,594	-1,765	0	7,755	16,395	15,110
117,077	28,915	-4,849	495	141,638	311,472	295,601
2,459	1,828	-1,285	-14	2,988	22,601	15,878
6,995	3,633	-1,507	-127	8,994	11,978	10,933
0	0	0	0	0	2,055	368
9,454	5,461	-2,792	-141	11,982	36,634	27,179
<b>126,531</b>	<b>34,376</b>	<b>-7,641</b>	<b>354</b>	<b>153,620</b>	<b>348,106</b>	<b>322,780</b>

## Company Acquisitions

### Financial Years 2010 and 2011

Company Purchase date	Innomed 01.01.2010 EUR '000	Visionary 01.09.2010 EUR '000	HCS 01.12.2010 EUR '000	Belgiedata 31.12.2010 EUR '000	Ascon 31.12.2010 EUR '000	Summe 31.12.2010 EUR '000	Ascon 2011 EUR '000	Healthport 2011 EUR '000	Summe 2011 EUR '000
<b>1) Assets</b>									
I. Non-current assets	240	4,089	95	54	0	4,478	2,272	736	3,008
II. Current assets, without cash and cash equivalents	684	2,228	767	124	0	3,803	1,866	2,466	4,332
II. Current assets – cash and cash equivalents	1,430	232	616	244	0	2,522	1,074	252	1,326
<b>2) Liabilities and equity</b>					<b>0</b>				<b>0</b>
I. Non-current liabilities	0	196	0	0	0	196	968	147	1,115
II. Current liabilities	1,965	4,607	1,289	189	0	8,050	2,693	3,340	6,033
<b>3) Acquisition of shareholder's equity</b>	<b>389</b>	<b>1,746</b>	<b>189</b>	<b>233</b>	<b>0</b>	<b>2,557</b>	<b>1,551</b>	<b>-33</b>	<b>1,518</b>
Minorities	0	0	0	0	0	0	0	0	0
<b>Purchase price allocation</b>									
Goodwill, software	1,319	11,234	763	1,281	0	14,597	4,035	4,725	8,760
Goodwill, business value	3,791	20,109	3,299	1,305	0	28,504	4,932	5,826	10,758
Goodwill, customer relationship	11,346	12,255	1,040	1,646	0	26,287	5,380	6,090	11,470
Goodwill, brand	91	8,170	347	549	0	9,157	2,017	2,030	4,047
Prepayments on acquisitions	0	0	0	0	15,000	15,000	0	0	0
Reallocation out of financial assets	0	0	-994	0	0	-994	0	0	0
Gain resulting of fair value evaluation of minorities	0	0	-1,506	0	0	-1,506	0	0	0
Deferred tax liabilities on goodwill	-3,189	-12,664	-538	-1,182	0	-17,573	-2,915	-5,138	-8,053
Purchase price liabilities	-4,373	-5,949	-100	-1,440	0	-11,862	0	0	0
<b>paid purchase price as at 31 December 2010</b>	<b>9,374</b>	<b>34,901</b>	<b>2,500</b>	<b>2,392</b>	<b>15,000</b>	<b>64,167</b>	<b>15,000</b>	<b>13,500</b>	<b>28,500</b>
<b>total purchase cost</b>	<b>13,747</b>	<b>40,850</b>	<b>2,600</b>	<b>3,832</b>	<b>15,000</b>	<b>76,029</b>	<b>15,000</b>	<b>13,500</b>	<b>28,500</b>
4) percentage of voting rights acquired (%)	70.3	100.0	100.0	100.0	100.0	–	100.0	100.0	–
5) Acquired funds	1,430	232	616	244	0	2,522	1,074	252	1,326
6) Result following initial consolidation	1,874	-910	119	0	0	1,083	0	0	0
7) Result under the premise that no takeover had taken place under the period 1.1.-31.12.2010	1,874	-7,358	545	2	952	-3,985	952	1,157	–
Step-up-depreciation	704	715	13	0	0	1,432	0	0	0
8) Sales revenue since initial consolidation	5,054	5,700	292	0	0	11,046	0	0	0
9) Sales revenue under the premise that no takeover had taken place under the period 1.1.-31.12.2010	5,054	18,428	2,213	446	12,146	38,287	12,146	19,445	–
10) Acquisition cost (considered in the total comprehensive income statement in other expenses)	98	426	24	110	494	1,152	494	287	–

All purchase price allocations (except Innomed) for the period 2010 and 2011 are provisional.

## Segment Report by Business Areas

	Segment I: Integrated Health Provider Services (HPS)		Segment II: Health Connectivity Services (HCS)		Segment III: Consumer Health Services (CHS)		All other segments		Consolidation adjustments		CompuGroup Group	
	2010 Jan-Dec	2009 Jan-Dec	2010 Jan-Dec	2009 Jan-Dec	2010 Jan-Dec	2009 Jan-Dec	2010 Jan-Dec	2009 Jan-Dec	2010 Jan-Dec	2009 Jan-Dec	2010 Jan-Dec	2009 Jan-Dec
All values in EUR '000												
Sales to third parties	248,152	223,648	63,888	66,758	0	2,425	334	578	0	0	312,374	293,409
Sales between segments	2,871	2,222	658	1,137	4,006	5,676	5,384	4,450	-12,919	-13,485	0	0
<b>SEGMENT SALES <sup>1)</sup></b>	<b>251,023</b>	<b>225,870</b>	<b>64,546</b>	<b>67,895</b>	<b>4,006</b>	<b>8,101</b>	<b>5,718</b>	<b>5,028</b>	<b>-12,919</b>	<b>-13,485</b>	<b>312,374</b>	<b>293,409</b>
<b>E B I T D A</b>	<b>58,106</b>	<b>44,804</b>	<b>21,144</b>	<b>25,961</b>	<b>2,696</b>	<b>169</b>	<b>-14,911</b>	<b>-11,762</b>	<b>0</b>	<b>0</b>	<b>67,035</b>	<b>59,172</b>
in percent of sales	23.4%	20.0%	33.1%	38.9%	—	—	—	—	—	—	21.5%	20.2%
Depreciation on tangible assets	-4,065	-3,415	-302	-1,422	-17	-86	-730	-538	0	0	-5,114	-5,461
Amortization on intangible assets	-25,278	-25,091	-2,867	-3,023	-574	-587	-139	-214	0	0	-28,858	-28,915
<b>E B I T</b>	<b>28,763</b>	<b>16,298</b>	<b>17,975</b>	<b>21,516</b>	<b>2,105</b>	<b>-504</b>	<b>-15,780</b>	<b>-12,514</b>	<b>0</b>	<b>0</b>	<b>33,063</b>	<b>24,796</b>
Earnings from associated companies	213	193	0	0	0	0	0	0	0	0	213	193
Financial income											3,271	2,342
Financial expenses											-10,156	-9,014
<b>E B T</b>											<b>26,391</b>	<b>18,317</b>
Income tax											-9,798	-6,601
<b>GROUP NET INCOME</b>											<b>16,593</b>	<b>11,716</b>
in percent of sales											5.3%	4.0%
<b>GROUP NET INCOME before amortization on intangible assets</b>											<b>45,451</b>	<b>40,631</b>

1) Total sales (excluding change in inventory, capitalized in-house-services and other income)

The consolidation adjustments mainly contain the consolidation of revenue and costs as well as receivables and liabilities.

## Segment Report by Regions

All values in EUR '000	CE		CEE		NE		SE	
	2010	2009	2010	2009	2010	2009	2010	2009
Sales revenue <sup>1)</sup>	161,124	164,008	67,750	52,863	46,528	44,109	21,214	17,665
Non-current assets <sup>2)</sup>	92,907	99,469	70,642	55,302	120,521	124,154	36,301	32,946

	ALM		NA		All other segments		Group	
	2010	2009	2010	2009	2010	2009	2010	2009
Sales revenue <sup>1)</sup>	6,435	6,642	16,506	7,545	-7,183	577	312,374	293,409
Non-current assets <sup>2)</sup>	9,610	10,624	66,765	13,404	18,264	18,890	415,011	354,789

1) Total sales (excluding change in inventory, own work capitalized and other income)

2) Non-current assets without deferred taxes. (EUR 9,338 thousand, prior year EUR 13,355 thousand)

## Report on Equity Investments

Company name	Registered office	Equity voting rights in %	Equity EUR	Earnings EUR
<b>Subsidiaries in the region Central Europe (CE)</b>				
1 AESCU DATA Gesellschaft für Datenverarbeitung mbH* <sup>1)</sup>	Winsen	100.0	1,770,120.56	0.00
2 ALBIS Ärzteservice Product GmbH & Co. KG	Koblenz	100.0	25,564.09	5,581,867.93
3 ALBIS Product Verwaltungs-GmbH*	Koblenz	100.0	53,048.61	0.00
4 All for One Enterprise Solutions GmbH* <sup>2)</sup>	Eberhardszell-Oberessendorf	100.0	292,148.61	0.00
5 CompuGroup Medical Arztsysteme GmbH & Co. KG	Koblenz	100.0	3,903,647.16	-3,705,897.64
6 CompuGroup Medical Dentalsysteme GmbH*	Koblenz	100.0	5,593,981.89	0.00
7 CompuGroup Medical Deutschland GmbH (former: CompuGroup Services GmbH)	Koblenz	100.0	3,350,979.02	3,954,678.66
8 CompuMED Praxiscomputer Verwaltungs-GmbH*	Koblenz	100.0	100,417.46	0.00
9 GIV Gesellschaft für angewandte integrierte Versorgungsformen GmbH	Koblenz	100.0	-2,051,836.18	-61,881.22
10 IfAp Institut für Unternehmensberatung und Wirtschaftsdienste im Gesundheitswesen GmbH <sup>4)</sup>	Neu-Golm	93.0	-404,917.27	97,291.88
11 IfAp Service Institut für Ärzte und Apotheker GmbH*	Martinsried	100.0	7,929,673.96	0.00
12 Intermedix Deutschland GmbH* <sup>5)</sup>	Koblenz	100.0	2,719,604.22	0.00
13 ISPro GmbH Gesellschaft für Realisierung und Beratung von Kommunikations- und Informationstechnologien	Hattingen	100.0	-935,913.63	-701,798.38
14 MediStar Praxiscomputer GmbH*	Hannover	100.0	5,244,149.36	0.00
15 CompuGroup Medical Services Deutschland GmbH (former: SIC Pflege- und Betreuungsmanagement GmbH) <sup>2)</sup>	Augsburg	100.0	-335,496.25	-220,654.33
16 Systema Deutschland GmbH*	Koblenz	100.0	320,542.51	0.00
17 Systema Kliniksoftware GmbH <sup>2)</sup>	Höxter	100.0	-286,936.93	-648,925.10
18 Telemed Online Service für Heilberufe GmbH*	Koblenz	100.0	2,322,125.81	0.00
19 TurboMed EDV GmbH* <sup>6)</sup>	Molfsee	99.0	7,168,038.29	0.00
20 vita-X AG	Koblenz	100.0	40,286,284.27	9,116,646.15
21 AESCU DATA Gesellschaft für Datenverarbeitung mbH <sup>9)</sup>	Steyr/Austria	100.0	197,913.85	32,109.06
<b>Subsidiary in the region Central Eastern Europe (CEE)</b>				
22 CompuGroup Medical CEE GmbH (former: CompuGROUP CEE GmbH)	Vienna/Austria	100.0	22,134,308.28	4,536,944.35
23 CompuGROUP Österreich GmbH <sup>10)</sup>	Enns/Austria	100.0	1,477,749.56	1,368,062.50
24 Intermedix Österreich GmbH <sup>10)</sup>	Vienna/Austria	100.0	114,706.31	147,759.65
25 Systema HIS Human Information Systems Gesellschaft mbH <sup>10)</sup>	Steyr/Austria	100.0	11,603,075.49	4,398,854.76
26 Innomed Gesellschaft für medizinische Softwareanwendungen mbH <sup>10)</sup>	Wiener Neudorf/Austria	70.3	2,178,085.16	1,874,177.74
27 HCS Health Communication Service GmbH <sup>27)</sup>	Altlangbach/Austria	100.0	307,356.62	118,534.07
28 CompuGroup Medical Schweiz AG (former: CompuGROUP Schweiz AG) <sup>10)</sup>	Cham/Switzerland	100.0	-349,053.63	-620,389.76
29 CompuGroup Medical Hellas S.A. (former Profdoc AE) <sup>10)</sup>	Thessaloniki/Greece	100.0	-160,134.54	-309,610.01
30 UHC Sp.z.o.o.	Lublin/Poland	100.0	2,251,692.68	730,527.86
31 CompuGROUP Medical Ceska republika s.r.o. <sup>11)</sup>	Prague/Czech Republic	100.0	3,440,614.83	1,705,243.60
32 CompuGROUP vita X s.r.o. <sup>12)</sup>	Prague/Czech Republic	100.0	2,324.24	-945.14
33 Intermedix Tschechien <sup>13)</sup>	Prague/Czech Republic	100.0	180,289.27	85,605.97
34 CompuGroup Slovensko spol. s.r.o. (former: SMS Slovenska spol. s.r.o.) <sup>12)</sup>	Bratislava/Slovakia	100.0	562,796.83	215,815.22
35 Erudis CGM s.r.o. (former: Erudis s.r.o.) <sup>12)</sup>	Bratislava/Slovakia	100.0	131,443.32	69,971.23

Company name	Registered office	Equity voting rights in %	Equity EUR	Earnings EUR
<b>Subsidiaries in the region North Europe (NE)</b>				
36 CompuGroup Medical Denmark A/S (former Profdoc A/S)	<sup>7)</sup> Randers/Denmark	100.0	3,748,071.09	1,386,547.93
37 CompuGroup Medical Sweden AB (former Profdoc AB)	<sup>7)</sup> Uppsala/Sweden	100.0	4,271,204.04	2,383,221.63
38 Profdoc AS	Lysaker/Norway	100.0	10,293,625.24	4,200,523.93
39 Profdoc Care AB	<sup>8)</sup> Stockholm/Sweden	100.0	2,502,093.98	1,156,292.36
40 CompuGroup Medical LAB AB (former Profdoc Lab AB)	<sup>8)</sup> Borlänge/Sweden	76.0	1,233,865.80	445,007.63
41 CompuGroup Medical LINK AB (former Profdoc Link AB)	<sup>7)</sup> Uppsala/Sweden	100.0	2,534,776.38	1,014,025.74
42 CompuGroup Medical Norway AS (former Profdoc Norge AS)	<sup>7)</sup> Lysaker/Norway	100.0	1,575,043.86	-15,739.05
43 Profdoc Sdn Bhd	<sup>8)</sup> Kuala Lumpur/Malaysia	83.0	-1,443,212.60	520,331.86
44 Intermedix AS	<sup>7)</sup> Lysaker/Norway	100.0	12,787.40	0.00
<b>Subsidiaries in the region South Europe (SE)</b>				
45 AXILOG S.A.	<sup>18)</sup> Montpellier/France	100.0	3,488,851.78	1,745,701.13
46 CompuGROUP France SAS	<sup>19)</sup> Rueil-Malmaison/France	100.0	24,212.95	45,156.09
47 Intermedix France S.a.r.l.	<sup>17)</sup> Rueil-Malmaison/France	100.0	-595,319.53	-66,761.64
48 Le Reseau Sante Sociale SAS	Rueil-Malmaison/France	100.0	264,386.32	541,235.20
49 CompuGroup Medical Italia S.p.A. (former: Fimesan S.p.A.)	Molfetta/Italy	100.0	15,506,479.46	80,063.46
50 Intermedix Italien	<sup>20)</sup> Mailand/Italy	100.0	73,197.09	40,885.09
51 Intermedix Spanien s.r.l.	Madrid/Spain	100.0	-66,718.35	-2,819.72
52 BelgieData BVBA	Nevele/Belgium	100.0	232,353.63	0.00
<b>Subsidiaries in the region Africa-Latin America-Middle East (ALM)</b>				
53 Profdoc (Pty) Ltd.	<sup>7)</sup> Stellenbosch/South Africa	66.0	-1,114,742.13	-80,093.75
54 Compu Group Medical Bilgi Sistemleri A.Ş. (former: Promed Bilgi Yonetim Sistemlerive Saglik Danismanlik Anonim Sirketi)	<sup>14)</sup> Istanbul/Turkey	100.0	1,002,025.33	646,203.97
55 Tepe International Sağlık Bilgi Sistemleri A.Ş.	<sup>15)</sup> Ankara/Turkey	100.0	6,589,484.80	-1,643,417.39
56 Tipdata Bilgi Islem Sistemleri Danismanlik ve Ticaret Limited Sirketi	<sup>16)</sup> Istanbul/Turkey	100.0	-205,703.07	-19,007.85
<b>Subsidiaries in the region North America (NA)</b>				
57 All for One Software, Inc.	<sup>2)</sup> Los Angeles/USA	100.0	131,576.81	5,401.23
58 CompuGROUP Holding USA, Inc.	Deleware/USA	100.0	-2,149,852.00	-1,657,491.47
59 Noteworthy Medical Systems, Inc.	<sup>21)</sup> Phoenix/USA	100.0	-4,213,526.43	-2,149,528.02
60 NetPractice Group, Inc.	<sup>22)</sup> Yakima/USA	100.0	616,532.42	73,500.25
61 CompuGroup Medical Inc	<sup>21)</sup> Phoenix/USA	100.0	-138,674.44	-138,403.96
62 American Healthcare Holdings Inc	<sup>21)</sup> Tampa/USA	100.0	23,164,000.00	-817,762.00
63 U.S.M.D. LLC	<sup>23)</sup> Tampa/USA	100.0	-650,392.00	-80,618.00
64 Visionary HealthWare LLC	<sup>23)</sup> Tampa/USA	100.0	0.00	0.00
65 Alteer Corporation	<sup>23)</sup> Irvine/USA	100.0	3,394,230.00	282,037.00
66 Antec Inc	<sup>23)</sup> Reisterstown/USA	100.0	577,451.00	0.00
67 Antec LabDAQ Inc	<sup>24)</sup> Reisterstown/USA	100.0	0.00	0.00
68 Antec DAQ Billing LLC	<sup>24)</sup> Reisterstown/USA	100.0	0.00	0.00
69 Antec HealthWare LLC	<sup>24)</sup> Reisterstown/USA	100.0	13,793,800.00	223,708.00
70 Visionary Medical Systems Inc	<sup>21)</sup> Tampa/USA	100.0	-1,424,750.00	-455,038.00



Company name	Registered office	Equity voting rights in %	Equity EUR	Earnings EUR
71 SoftAid, Inc.	<sup>25)</sup> Miami/USA	100.0	6,318,000.00	66,011.00
72 Visionary RCM Inc	<sup>21)</sup> Tampa/USA	100.0	-41,614.70	-15,418.00
73 All for One Software, Inc.	<sup>26)</sup> Vancouver/Canada	100.0	116,044.81	3,353.64

#### Subsidiaries in "Other Regions" (Other)

74 CompuGROUP Beteiligungsgesellschaft mbH*	Koblenz	100.0	21,398,635.88	0.00
75 CompuGroup Medical Software GmbH (former: CompuGROUP Software GmbH)*	<sup>3)</sup> Koblenz	100.0	9,077,495.58	0.00
76 Inmedea GmbH	Tübingen	99.0	-1,147,357.42	-337,060.15
77 UCF Holding S.a.r.l.	<sup>17)</sup> Luxemburg	74.9	15,164,111.61	-1,037,297.86

#### Associated companies (at equity)

77 Mediaface GmbH	Hamburg	25.0	no information shareholding of minor importance
78 MECO Medizinische Computersysteme GmbH	<sup>17)</sup> Duisburg	50.0	no information shareholding of minor importance
79 Technosante Nord-Picardie SAS	<sup>18)</sup> Lille/France	20.0	no information shareholding of minor importance
80 AxiService Nice S.a.r.l.	<sup>18)</sup> Nice/France	28.0	no information shareholding of minor importance
81 Medigest Consultores, S.L.	Madrid/Spain	49.0	no information shareholding of minor importance

#### Other equity investments (at cost)

82 ic med EDV-Systemlösungen für die Medizin GmbH	<sup>17)</sup> Halle	10.0	no information shareholding of minor importance
83 AES Ärzteservice Schwaben GmbH	<sup>17)</sup> Bad Wimpfen	10.0	no information shareholding of minor importance
84 CD Software GmbH	<sup>2)</sup> Lampertheim	9.1	no information shareholding of minor importance
85 BFL Gesellschaft des Bürofachhandels mbH&Co.KG	<sup>17)</sup> Eschborn	<1,0	no information shareholding of minor importance
86 Technosante Toulouse S.A.S.	<sup>18)</sup> Toulouse/France	10.0	no information shareholding of minor importance
87 Savoie Micro SAS	<sup>18)</sup> Meythet/France	10.0	no information shareholding of minor importance
88 Daisy-NET	<sup>20)</sup> Bari/Italy	6.0	no information shareholding of minor importance

\* The companies marked with \* have a profit-pooling agreement with CompuGroup Medical AG or another subsidiary.

- 1) Subsidiary of GIV Gesellschaft für angewandte integrierte Versorgungsformen GmbH
- 2) Subsidiary of Systema Deutschland GmbH
- 3) Subsidiary of Medical Arztsysteme GmbH & Co. KG
- 4) Subsidiary of IfAp Service Institut für Ärzte und Apotheker GmbH
- 5) Subsidiary of CompuGroup Medical Dentalsysteme GmbH
- 6) Subsidiary of vita-X AG
- 7) Subsidiary of Profdoc AS
- 8) Subsidiary of CompuGroup Medical Sweden AB (former: Profdoc AB)
- 9) Subsidiary of AESCU DATA Gesellschaft für Datenverarbeitung mbH
- 10) Subsidiary of CompuGroup CEE GmbH
- 11) Subsidiary of CompuGroup Medical AG (73,5%) and CompuGroup Beteiligungs-GmbH (26,5%)
- 12) Subsidiary of CompuGroup Medical Ceska republika s.r.o.
- 13) Subsidiary of TeleMED Online Service für Heilberufe GmbH (90%) and der CompuGroup Medical Ceska republika s.r.o. (10%)
- 14) Subsidiary of CompuGroup Beteiligungs GmbH and also with one share CompuGroup Holding AG, Ärzteservice Product GmbH & Co. KG, Systema Deutschland GmbH, CompuGroup Software GmbH
- 15) Subsidiary of CompuGroup Holding AG (93%), furthermore shares are held by CompuGroup Software GmbH (5%), CompuGroup Beteiligungs-GmbH (1%) and Systema Deutschland GmbH (1%)
- 16) Subsidiary of TEPE A.S.
- 17) Subsidiary of CompuGroup Beteiligungs GmbH
- 18) Subsidiary of UCF Holding S.a.r.l.
- 19) Subsidiary of Le Réseau Sante Sociale SAS
- 20) Subsidiary of CompuGroup Medical Italia S.p.A.
- 21) Subsidiary of CompuGroup Holding USA Inc.
- 22) Subsidiary of Noteworthy Medical Systems Inc.
- 23) Subsidiary of American Healthcare Holdings Inc
- 24) Subsidiary of Antec Inc
- 25) Subsidiary of Visionary Medical Systems Inc
- 26) Subsidiary of All for One Software Inc.
- 27) Subsidiary of Systema HIS Human Information Systems Gesellschaft mbH

## Share Information

The CompuGroup Medical share is listed on the Frankfurt Stock Exchange, Prime Standard, under the ticker COP (FRA: COP). The shares are traded through the world-wide electronic trading system XETRA. As at 31 December 2010, there were 53.2 million shares outstanding, each with a nominal value of EUR 1.00, with a market capitalization of EUR 589.1 million.

### KEY DATA PER SHARE

		2010	2009
Year-end price	EUR	11.07	7.45
Year high	EUR	11.63	9.30
Year low	EUR	7.51	3.24
Year average	EUR	8.77	5.86
Yearly trade	EUR	45,406,102,18	69,180,206,10
	Shares	5,251,216	11,813,575
Number of shares	Shares	53,219,350	53,219,350
Market capitalization	EUR	589,138,204,503	96,484,157,50
Earnings per share	EUR	0.33	0.24
Dividend per share	EUR	0.25 <sup>2</sup>	0.25
Dividend payout	EUR	12,557,160,50 <sup>2</sup>	12,557,160,50
Dividend payout ratio	%	75.7 <sup>2,3</sup>	106.7 <sup>2,3</sup>
Dividend yield <sup>1</sup>	%	2.25 <sup>2</sup>	3.36

<sup>1</sup> per 31.12.

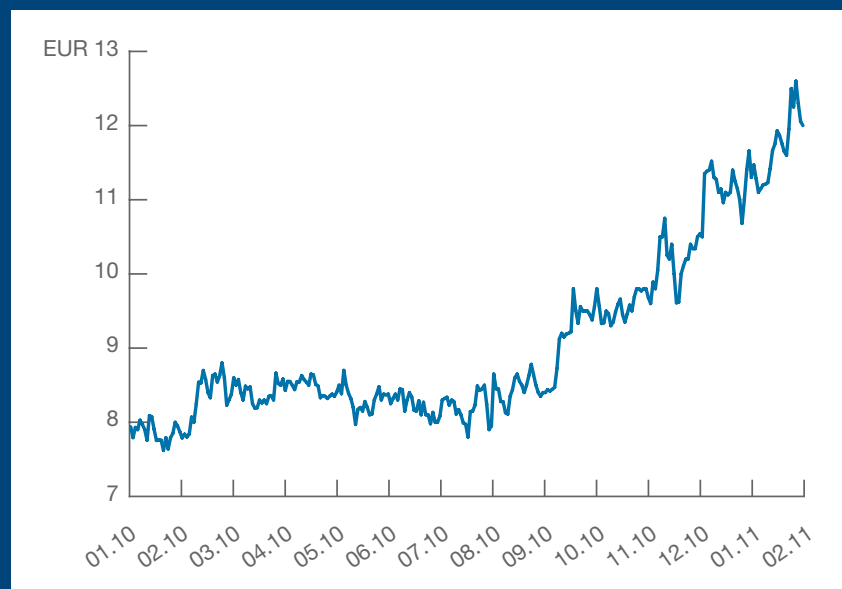
<sup>2</sup> Subject to Annual General Meeting approval

<sup>3</sup> related to group net income

### SHARE DEVELOPMENT

The share price increased significantly throughout 2010 by 39 percent, bringing the total market capitalization from EUR 396.5 million at the beginning of the year, to EUR 581.1 million at the end of the year. The shares ended 2010 at EUR 11.07, very close to their high for the year.

The share price development during 2010 can be seen below:



### ANNUAL SHAREHOLDERS' MEETING 2010

The Annual Shareholders' Meeting of CompuGroup Medical AG was held in Koblenz on 19 May 2010. 82.8 percent of capital stock was represented during the voting. The shareholders approved an authorization to repurchase shares in an amount of up to 10 percent of the stock capital until 19 May 2015.

## INVESTOR RELATIONS

The Management Board and the Supervisory Board of CompuGroup Medical AG identify with the objectives of the German Corporate Governance Code of promoting responsible and transparent management and control oriented to a sustainable increase in shareholder value.

Investors and capital market participants are to be provided consistent, timely and precise information simultaneously. CompuGroup Medical, as an international company with investors across the globe, publishes all news and press releases in English as well as German.

The Investor Relations section of the company's corporate website [www.cgm.com](http://www.cgm.com) is an important tool containing up-to-date information on the company's financial performance and stock market information. User may also find financial reports, an updated financial calendar, detailed company information and other important data for the financial markets. In conjunction with the release of its interim and full year financial results, CGM gives public presentations to investors, analysts and press.

During the year, CompuGroup Medical held numerous physical meetings and phone calls with German and international investors and analysts and participated in international capital market conferences. The cities covered during road shows and conferences in 2010 include: Boston, Copenhagen, Frankfurt, Geneva, Hamburg, London, Munich, New York, Paris, San Francisco, Vienna and Zurich.

At the world's largest medical trade fair MEDICA in Düsseldorf CompuGroup Medical held an investor and analyst conference on 17 November 2010. In addition to the publication of CGM's Q3 results, the company presented new products combined with live-demonstrations on CGM trade show booths.

At the end of the year, the number of analysts that regularly follow CompuGroup Medical amounted to five, all of them based in Germany. With four buy and one outperform recommendation, the analysts presented a continuous positive view of the CompuGroup Medical share.

## SHARE INFORMATION

Listing	Börse Frankfurt, Germany, Prime Standard
ISIN	DE0005437305
WKN	543730

Xetra Trading Parameters Symbol	COP
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## FINANCIAL CALENDAR 2011

Date	Event
04 May 2011	Q1 Report
11 May 2011	Annual General Shareholder Meeting Koblenz
11 August 2011	Q2 Report
16 November 2011	Q3 Report / Analyst conference

## Regional Headquarters

Country	Company Name	Office address	Phone	Telefax
Austria	systema Human Information Systems Gesellschaft m.b.H.	Pachergasse 4 4400 Steyr	+43 7252 587 0	+43 7252 587 9300
Belgium	Belgiedata bvba	Boerestraat 11 a 9850 Nevele	+32 9 3719384	+32 9 3718963
Czech Republic	CompuGroup Medical Ceska Republika s.r.o.	Jeremiášova 1422/7 155 00 Praha 5	+420 246 007 900	+420 246 007 915
Denmark	CompuGroup Medical Denmark AS	Haraldsvej 60 8960 Randers	+45 88 61 20 00	+45 69 80 46 00
France	CompuGroup France SAS	212 Avenue Paul Doumer 92500 Reuil-Malmaison	+33 4 99513327	+33 4 99513302
Germany	CompuGroup Medical AG	Maria Trost 21 56070 Koblenz	+49 261 8000 0	+49 261 8000 1166
Greece	COMPUGROUP MEDICAL HELLAS S.A.	Apollonos 20 Vari 16672	+30 210 96 53 060	+30 210 96 53 016
Italy	CompuGroup Medical Italia S.P.A.	Via A. Olivetti Zona ASI 70056 Molfetta (BA)	+39 080 33 83 111	+39 080 33 83 880
Kingdom of Saudi Arabia	Tepe International Saglik Bilgi Sistemleri A.S.	Office No. 307 Al Khozama Center P.O. Box 53215 Riyadh 11583	+966 1 219 11 60	+966 1 219 11 70
Malaysia	Profdoc SDN BHD	Unit L3-L2, Level 3 Enterprise 4 Technology Park Malaysia Lebuhraya Puchong-Sg. Besi Bukit Jalil 57000 Kuala Lumpur	+603 899 66 700	+603 899 66 707
Norway	CompuGroup Medical Norway AS	Lysaker Torg 15 1325 Lysaker	+47 21 93 63 70	+47 21 93 63 71
Poland	CompuGroup Medical Polska sp.z.o.o.	ul. Do Dysa 9 20-149 Lublin	+48 81 444 2015	+48 81 444 2018
Slovakia	CompuGroup Slovensko spol. s r. o.	Tomasikova 3/A 821 01 Bratislava	+421 2 5341 8073	+421 2 5341 8074
South Africa	Profdoc (PTY) Ltd.	37 Herte Street 7600 Stellenbosch	+27 21 88 66 160	+27 21 88 66 150
Spain	Medigest Consultores S.L.	C/ General Perón 26, esc. 2ª, 3º A 28020 Madrid	+34 91 5974562	+34 91 5569716
Sweden	CompuGroup Medical Sweden AB	Bäverns gränd 17 Box 1841 75 148 Uppsala	+46 14 470 26 00	+46 18 15 00 20
Switzerland	CompuGroup Medical Schweiz AG	Riedstrasse 1 6330 Cham	+41 41 785 23 00	+41 41 785 23 09
Netherlands	Ascon Software B.V.	Nobelweg 32 6101 XB Echt	+31 900 3876633	+31 475 400913
Turkey	CompuGroup Medical Bilgi Sistemleri A.S	Profilo Plaza B Blok Zemin Kat Cemal Sahir Sokak No: 26-28 34394 Mecidiyeköy/ISTANBUL	+90 212 306 00 00	+90 212 355 84 49
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