CompuGroup Medical SE

Financial Report
1 January – 30 June 2017

Synchronizing Healthcare

CompuGroup Medical

Contents

Key Events and Figures

+ Second quarter revenue of EUR 139.5 million, an increase of 3 percent compared to the same period in 2016
+ Operating profit (EBITDA) of EUR 33.2 million, up from EUR 29.9 million last year
+ Operating margin of 24 percent, up from 22 percent last year
+ The roll-out of the Telematics Infrastructure is now expected to begin in the fourth quarter of 2017
+ CGM has launched its first offer to doctors and dentists who want to connect to the Telematics Infrastructure in 2017 and CGM expects a substantial number of practices to be installed this year
+ 2017 guidance reaffirmed

EUR ´000	01.04. - 30.06. 2017	01.04. - 30.06. 2016	Change	01.01. - 30.06. 2017	01.01. - 30.06. 2016	Change
Revenue	139,540	135,559	3%	281,045	270,768	4%
EBITDA	33,228	29,930	11%	63,326	61,158	4%
margin	*24%*	*22%*		*23%*	*23%*	
EPS (EUR)	0.22	0.25		0.47	0.50	
Cash net income (EUR)*	18,620	21,735		38,355	39,058	
Cash net income per share (EUR)	0.37	0.44		0.77	0.79	
Cash flow from operating activities	15,087	12,457		50,475	37,631	
Cash flow from investing activities	-12,515	-13,948		-23,161	-21,656	
of which equity acquisitions	-1,049	-29		-2,720	-1,480	
Number of shares outstanding (‘000)	49,724	49,724		49,724	49,724	
Net debt	320,807	332,443		320,807	332,443	

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

Management report

THE CGM GROUP
CompuGroup Medical SE (CGM) develops and sells efficiency- and quality-enhancing software as well as information technology services exclusively for the healthcare sector. The company plays a leading role in the development of global e-health solutions and enjoys market leadership in Germany as well as in other key European countries. CGM's software products and related services are designed to support all medical and organizational activities in doctors' offices, medical laboratories, pharmacies, hospitals and other provider organizations. Its information services for health insurance companies and pharmaceutical producers contribute towards safer and more efficient healthcare. The company's services are based on a unique customer base of doctors, dentists, hospitals and pharmacies, as well as other service providers in healthcare.

CGM is currently represented with offices and employees in 20 countries. According to internal figures, CGM has software maintenance contracts in the HPS I segment (AIS and PCS) corresponding to approximately 260,000 healthcare professionals (doctors, dentists and pharmacists). Total reach across all segments is estimated at approximately 400,000 healthcare professionals.

The Group had an average of 4,057 full-time equivalent employees during the second quarter of 2017 (previous year: 4,005).

COURSE OF BUSINESS
The following sections describe the main operational developments during the second quarter of 2017.

Ambulatory Information Systems
Revenue in the doctor and dental software business was flat year-on-year in the second quarter. The core business in Europe is performing well with 2 percent organic growth (4 percent year to date) whereas the business in the United States continues to underperform in terms of revenue with a -4 percent decline year-on-year (-2 percent year to date). Revenue recognized from the gematik project continues to trickle down as the project nears a successful completion and was almost zero in the AIS segment in the second quarter (last year EUR 2 million).

Broader distribution model in Germany
CGM currently serves approximately 87,000 physicians and dentists as customers and users of its medical and dental information systems in Germany. The distribution of software and hardware products, as well as the associated service and support is today done through a network of sales and service partners. These sales and service partners are predominantly independent IT system houses that specialize in a product line from CGM and support and sell towards medical and dental practices in their regional environment.

CGM wants to integrate closer with these highly specialized partners and at the same time strengthen the distribution power for new products and services in Germany. This goal shall be reached by selectively taking equity participations in efficient sales and service partners and gradually build CGM's own direct nationwide sales and service network. Discussions with various partners regarding an investment or full acquisition are on-going and two small sales and service partner were acquired as asset deals during the second quarter (Zöchling and Janson & Even).

Testing of the Telematics Infrastructure in the Northwest region, Germany
All test installations in the Northwest region (Schleswig-Holstein, North Rhine-Westphalia and Rhineland-Palatinate) continue to run well. The tests are performed within the co-called Online Rollout Stage 1 project (ORS 1). The piloting and testing of insurance master data management (VSDM) is for all practical purposes completed and the focus in the project is now on the qualified electronic signature (QES) which is scheduled to be tested in 2018.

The national roll-out of the Telematics Infrastructure
In late June, the gematik organization made yet another change to the specifications for online productive operation (stage 1) which has delayed the final certification and approval procedures for all infrastructure components and their suppliers. Based on the current specifications and planning, the necessary components to connect doctor and dental practices to the national productive network will now be available in autumn 2017.

In the meantime, the federal association of dental practitioners (KZBV), the federal association of practicing physicians (KBV), and the top association of the health insurance funds (GKV-Spitzenverband), have agreed on financing agreements for the national roll-out. The agreements reached by the doctor and dental associations are near identical and include specific amounts that will be reimbursed to the providers both for initial expenses and recurring operating costs. A financial incentive mechanism has also been built in which gives those who connect early to the Telematics Infrastructure a higher reimbursement compared to those who connect later.

In mid-July, CGM launched the sales campaign for its Telematics Infrastructure connection package to doctor s and dentists all over Germany. An early-booker offer valid until the end of August safeguards a running connection to the Telematics Infrastructure before

31.12.2017 at a price point which is fully covered by the reimbursement the providers receive through their respective financing agreements. The orders received will be installed as soon as the necessary infrastructure components (e.g. connector, card reader, VPN access service, central components) have been certified and approved for productive operation.

CGM has already trained and certified more than 500 technicians from the CGM sales and service partners for the installation work. The certification program covers all steps to efficiently and securely connect a practice to the Telematics Infrastructure and to train the doctors and dentists in the use of the components and services.

Pharmacy Information Systems

The pharmacy software business had 1 percent year-on-year organic growth in the second quarter 2017 (3 percent organic growth year to date) and a further 6 percent growth contribution from the acquisition of two dealers in Italy in September 2016 (Vega and CSI Calabria). The add-on product „CGM METIS" continues to be an important growth driver in the German market. CGM METIS is a business intelligence solution that supports pharmacies, branches and branch networks in all key business decisions. Whether purchasing, inventory , sales, marketing or staff - with CGM METIS pharmacist are not only fully informed , they are also provided in-depth analyzes and forecasts which put them in a position to control the pharmacy optimally in all areas.

Hospital Information Systems

In the hospital segment, the second quarter made up for the somewhat slower than expected start to the year with 11 percent organic growth (5 percent year to date). In terms of overall revenue development in the hospital segment, there is also a smaller effect in 2017 from the strategic exit from the hospital markets in Turkey and the Middle-East which was done during 2016 with the goal to create a more focused hospital business.

Communication & Data

The Communication & Data business delivers 11 percent organic growth in the second quarter (5 percent year to date). This positive development is a result from an increased number of projects in medical value communication for research-based pharmaceutical companies (e.g. vaccination reminders, genetic classification of patients, drug safety alerts, value tracking for stroke risk patients etc.).

Workflow & Decision Support

The workflow & decision support business delivers 3 percent organic growth in the second quarter (-5 percent contraction year to date). For the full year 2017, revenue continues to be expected at the same level as last year.

Internet Service Provider
The lower Internet Service Provider revenue is a result from less revenue recognized in the Gematik project in Germany as this project is nearing its end. Outside this project, the development of the ISP business is normal.

RESULTS OF GROUP OPERATIONS
Unless stated otherwise, all figures in the management report refer to the second quarter of 2017 and 2016 respectively, i.e. the three month period 01.04. – 30.06. (Q2).

Revenue
Revenue in the second quarter of 2017 was EUR 139.5 million compared to EUR 135.6 million in the same period last year. This corresponds to 3 percent growth of which 1 percent is organic growth. Currency fluctuations had a negligible impact on revenue in the second quarter.

In the HPS I segment, the second quarter revenue was EUR 105.3 million which corresponds to 2 percent growth. Revenue in Ambulatory Information Systems (AIS) was flat with only a small effect from acquisitions. Revenue in Pharmacy Information Systems (PCS) grew 7 percent, of which 1 percent is organic growth.

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

EUR m	01.04. - 30.06. 2017	01.04. - 30.06. 2016	Change	01.01. - 30.06. 2017	01.01. - 30.06. 2016	Change
Ambulatory Information Systems	81.0	80.8	0%	164.7	159.8	3%
Pharmacy Information Systems	24.3	22.7	7%	49.2	44.7	10%
SUM	105.3	103.5	2%	213.9	204.5	5%

In the HPS II segment and HCS segment, there are no effects from acquisitions.

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

EUR m	01.04. - 30.06. 2017	01.04. - 30.06. 2016	Change	01.01. - 30.06. 2017	01.01. - 30.06. 2016	Change
Hospital Information Systems	18.7	16.9	11%	36.0	34.3	5%
SUM	18.7	16.9	11%	36.0	34.3	5%

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

EUR m	01.04. - 30.06. 2017	01.04. - 30.06. 2016	Change	01.01. - 30.06. 2017	01.01. - 30.06. 2016	Change
Communication & Data	5.2	4.8	10%	11.1	10.6	5%
Workflow & Decision Support	7.0	6.8	3%	13.4	14.2	-9%
Internet Service Provider	3.1	3.6	-12%	6.5	7.2	-10%
SUM	15.3	15.2	2%	31.0	32.0	-3%

Profit
Consolidated EBITDA amounted to EUR 33.2 million compared to EUR 29.9 million in the second quarter of 2016. The corresponding operating margin was 23.8 percent compared to 22.1 percent in 2016. The second quarter EBITDA figure includes a non-cash gain of EUR 2.0 million related to the external merger and deconsolidation of the Communication & Data business in Italy (Fablab and Intermedix merger) as well as a EUR 0.5 million gain from the sale of the Workflow & Decision Support business 'Privadis' in Germany. Outside these special effects, there is a significant increase in operating expenses related to the preparations for the rollout of the Telematics Infrastructure in Germany. These costs will continue to grow also in the third quarter leading in to the first revenue streams which are now expected in the fourth quarter of 2017. The main developments in operating expenses in the second quarter were:

- Expenses for goods and services decreased EUR 1.1 million year-on-year with a gross margin of 83 percent, which is comparable to last year (82 percent).
- Personnel expenses are up 6 percent from last year at EUR 67.7 million (second quarter 2016: EUR 63.9 million). The increase in personnel expenses is driven by employees in newly acquired companies (Vega and CSI Calabria), new employees recruited for the Telematics Infrastructure rollout in Germany, smaller changes in the composition of the workforce as well as general salary inflation.
- Other expenses are EUR 0.8 million higher than last year at EUR 22.9 million (second quarter 2016: EUR 22.1 million).This increase is due to other expenses in newly acquired companies (Vega and CSI Calabria) as well as expenditures related to the preparations for the Telematics Infrastructure rollout in Germany.

Depreciation of tangible fixed assets in the second quarter is mostly unchanged from last year at EUR 2.2 million. Amortization of intangible fixed assets decreased from EUR 10.1 million in the second quarter last year to EUR 8.0 million in the same period this year. This is due to a number of acquired intangible assets from past purchase price allocations being fully amortized at the end of 2016.

Financial income decreased from EUR 2.0 million in the second quarter 2016 to EUR 1.4 million this year due to changes in currency exchange rates which lead to non-cash translation gains on Group internal debt.

The financial expense increased from EUR 0.9 million in the second quarter 2016 to EUR 6.3 million in the same period this year. The volatility in financial expense is mostly driven by non-cash currency exchange gains and losses on internal debt and is otherwise composed of the following items:

EUR m	01.04. - 30.06. 2017	01.04. - 30.06. 2016	01.01. - 30.06. 2017	01.01. - 30.06. 2016
Interest and expenses on loans and financial services	2.3	2.3	4.2	5.5
Changes in purchase price liabilities	0.2	0.4	0.4	0.4
Translation loss on non-Euro internal dept	4.0	-1.4	5.4	2.7
Calculated interest on assets and construction (IAS 23)	-0.2	-0.4	-0.4	-0.8
Loss from financial instrument at fair value through profit and loss	0.1	0.0	0.1	0.0
SUM	6.4	0.9	9.7	7.8

After tax earnings came in at EUR 11.8 million in the second quarter of 2017, down from EUR 12.6 million in the second quarter of 2016. The tax rate was 34 percent in the second quarter this year compared to 33 percent in the second quarter of 2016.The different tax rates are mostly due to non-cash changes in deferred tax assets and liabilities, losses in tax free areas as well as changes in non-tax relevant currency conversion.

Cash net income decreased from EUR 21.7 million in the second quarter 2016 to EUR 18,6 million in the second quarter 2017, corresponding to a Cash net income per share of 37 Cent (Q2/2016: 44 Cent). The year on year decline is entirely due to the non-cash effects on financial expense as described above.

Cash flow

Cash flow from operating activities during the second quarter of 2017 was EUR 15.1 million compared to EUR 12.5 million in the same period 2016.The changes compared to 2016 mainly come from the following positions:

- Adjusted for non-cash earnings/expenditures and cash taxes, the gross cash flow from operations before change in working capital decreased from EUR 26.4 million in the second quarter last year to EUR 21.4 million this year.
- Change in working capital gave a decrease in operating cash flow of EUR -6.3 million compared to EUR -14.0 million in the same period in 2016. Similar to last year, there is a delay in invoicing and cash collection related to migration of internal legacy CRM and ERP systems to the new central SAP system.

The operating Cash Flow for the first six month combined shows a notable improvement from last year, going from EUR 37.6 million in the first half of 2016 to EUR 50.5 million in the same period in 2017. This improvement comes from a higher amount of cash taxes paid in 2016. Cash flow from investment activities during the second quarter of 2017 amounted to EUR -12.5 million compared to EUR -13.9 million in the same period last year. During the second quarter of 2017, CGM's capital expenditure consisted of the following:

EUR m	01.04. - 30.06. 2017	01.04. - 30.06. 2016
Company acquisitions	-1.0	0.0
Purchase of minority interest and past acquisitions	0.0	-0.4
Capitalized in-house services and other intangible assets	-4.2	-3.7
Cash outflow for capital expenditure in joint ventures	-4.1	0.0
Office building and property	0.0	-0.1
Other property and equipment	-3.7	-9.7
Sales of subsidiaries and business operations	0.5	0.0
SUM	-12.5	-13.9

Investments in joint ventures constitutes CGM's share of a capital increase in the company Meine-Gesundheit-Services GmbH (MGS). MGS is a joint venture between CGM and AXA insurance and focuses on software solutions for privately insured consumers in Germany.

Cash flow from financing was EUR -8.7 million in the second quarter 2017 (previous year: EUR 0.4 million) and relates to a dividend payment of EUR 17.4 million and the net cash inflow from assumption and repayment of loans.

Statement of financial position

Since the statement of financial position from 31 March 2017, total assets decreased by EUR 15.1 million to EUR 823.1 million as at 30 June 2017. The largest changes to individual asset classes are a EUR 7.7 million decrease in intangible assets, a EUR 6.1 million increase in investments in associates and joint ventures and a EUR 5.0 million decrease in cash and cash equivalents. The decrease in intangible assets comes from regular amortization and currency exchange changes whereas the investment in associates and joint ventures comes from the capital increase in MGS and the contribution of the shares in Intermedix SPA and Fablab SPA in Italy into a jointly controlled enterprise with a local partner. For all other assets there are only minor changes during the second quarter of 2017.

Group equity was EUR 224.6 million as at 30 June 2017, down from 232.1 million as at 31 March 2017. The decrease in equity comes after consolidating EUR 11.1 million in net profit for the period from 01 April 2017 to 30 June 2017 less EUR 17.4 million in dividend payment plus less EUR -2.0 million from the equity effect from changes in currency exchange rates and change in interest rates (actuarial gains and losses from pensions). The equity ratio is at 27.0 percent as at 30 June 2017.

The biggest changes to liabilities is a EUR 15.8 million decrease in current non-financial liabilities mostly related to seasonal pre-payments of software maintenance contracts balanced under other liabilities. Liabilities to banks show an increase of EUR 9.0 million which is related to the dividend payment in the period.

Research & Development

Under IAS 38, development work on internally generated software must be capitalized if certain criteria are fulfilled. This generated EUR 3.3 million additional operating profit for the Group during the second quarter of 2017 (previous year EUR 2.3 million), less amortization and write-downs of EUR 1.1 million during the same period (previous year EUR 0.5 million). Most of the capitalized software development expenses are accounted for by two projects, G3.HIS (new HIS system development) and G3.AIS (new AIS software generation) as well as the development and re-certification of the Konnektor to be used for the national roll-out of the Telematics Infrastructure. Upon completion, the software will be amortized based on its useful life.

REPORT ON EXPECTED DEVELOPMENTS

CGM reaffirms the outlook presented in the 2016 Annual Report published 31 March 2017.

Total Group revenue is in 2017 expected to be in the range of EUR 600 million to EUR 630 million, corresponding to a growth rate of 7-12 percent. Acquisitions completed to date are expected to give a growth contribution of EUR 8 million and organic growth is expected to be 6-11 percent. This outlook is based on the revised assumption that the roll-out of the Telematics Infrastructure in Germany will begin in October 2017 and a substantial number of practices will be installed during the fourth quarter. The original assumption was for the roll-out to begin in the middle of 2017 and the original revenue targets have now been maintained through a more efficient installation and deployment process over a shorter time period compared to the original plan.

Revenue in the HPS I segment is expected to be in the range of EUR 460 million to EUR 480 million, corresponding to a growth rate of 9-14 percent. AIS revenue is expected to be in the range of EUR 357 million to EUR 375 million including a growth contribution of approximately EUR 3 million from acquisitions. PCS revenue is expected to be in the range of EUR 103 million to EUR 105 million including a growth contribution of approximately EUR 5 million from acquisitions.
Revenue in the HPS II segment is expected to be in the range of EUR 73 million to EUR 75 million with no material organic growth expected in 2017.

Revenue in the HCS segment is expected to be in the range of EUR 67 million to EUR 75 million in 2017, corresponding to an organic growth rate of 7-19 percent.

In terms of profitability, 2017 is again expected to be a year of margin expansion relative to 2016, despite the significant increase in personnel resources currently undertaken to execute and support the nationwide roll-out of the Telematics Infrastructure in Germany. Operating margin (EBITDA margin) is expected to be in the range of 23-24 percent and the corresponding EBITDA is expected to be in the range of EUR 138 million to EUR 150 million.

Depreciation of fixed assets is on Group level expected to be approximately EUR 8 million in 2017 and amortization of intangible assets is expected to be approximately EUR 34 million, of which EUR 30 million will come from amortization of purchase price allocations related to past acquisitions. The corresponding Group earnings before interest and tax (EBIT) is in 2017 expected to be in the range of EUR 96 million to EUR 108 million.

In summary, CompuGroup Medical offers the following guidance for 2017:

+ Group revenue is expected to be in the range of EUR 600 million to EUR 630 million.
+ Group operating income (EBITDA) is expected to be in the range of EUR 138 million to EUR150 million.

The foregoing outlook is given as at August 2017 and does not include revenue and costs associated with potential and currently undetermined further acquisitions during 2017. The outlook for 2017 represents management's best estimate of the market conditions that will exist in 2017 and how the business segments of CompuGroup Medical will perform in this environment.

REPORT ON OPPORTUNITIES AND RISKS

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

The group's technological expertise and market knowledge makes it possible to assess risk and apply appropriate measures to actively manage the risk exposure. To guarantee a responsible risk handling, CompuGroup works with standardized, group-wide integrated risk management system so that risks can be identified and analyzed at an early stage. A detailed description of the main risks and the specific structure of the risk management system can be found in the CompuGroup Medical SE annual report of 2016. It can be downloaded free of charge from the company's homepage at www.cgm.com.

With the exception of the factors described under "Financial and Operational Review", we see no changes compared to the risk and opportunities described in the group management report for the financial year 2016. Risks that may impact the company as a going concern were not evident during the second quarter of 2017, neither in form of individual risks nor from the total risk position for CompuGroup Medical as a whole.

Interim Statement of Financial Position

as at 30 June 2017

ASSETS

EUR '000	30.06.2017	30.06.2016	31.12.2016
Non-current assets			
Intangible assets	528,771	532,305	538,191
Tangible assets	76,130	68,200	73,851
Financial assets	0	0	0
Investments in Associates and Joint Ventures	11,368	3,740	4,580
Other participations	182	186	168
Trade receivables	9,698	8,137	12,162
Other financial assets	1,037	2,526	845
Derivative financial instruments	0	0	0
Deferred taxes	9,063	8,225	7,668
	636,249	623,319	637,465
Current assets			
Inventories	5,550	7,437	5,271
Trade receivables	133,348	123,141	116,750
Other financial assets	2,072	2,567	1,837
Other non-financial assets	13,059	15,245	13,700
Income tax claims	3,752	5,662	3,904
Securities (recognized as profit or loss at fair value)	0	89	0
Cash and cash equivalents	29,074	25,756	27,756
	186,855	179,897	169,218
Assets of disposal group classified as held for sale	0	1,222	1,222
	823,104	804,438	807,905

EQUITY AND LIABILITIES

EUR '000	30.06.2017	30.06.2016	31.12.2016
Shareholder Equity			
Subscribed capital	53,219	53,219	53,219
Treasury shares	-20,292	-20,292	-20,292
Reserves	190,039	162,890	184,903
Capital and reserves allocated to the shareholder of the parent company	222,966	195,817	217,830
Minority interests	1,589	278	823
	224,555	196,095	218,653
Long-term liabilities			
Provision for post-employment benefits and other non-current provisions	24,142	23,570	23,936
Liabilities to banks	309,520	309,842	316,122
Purchase price liabilities	3,540	4,372	3,512
Other financial liabilities	14,715	14,295	12,468
Other non-financial liabilities	2,309	3,456	2,839
Deferred taxes	49,364	43,647	49,548
	403,590	399,183	408,425
Current liabilities			
Liabilities to banks	40,362	47,298	42,073
Trade payables	21,184	25,465	31,381
Income tax liabilities	13,583	26,860	16,067
Provisions	30,317	27,050	29,795
Purchase price liabilities	9,091	7,950	10,535
Derivative financial instruments	51	0	0
Other financial liabilities	8,057	8,875	11,429
Other non-financial liabilities	72,314	65,662	39,547
	194,959	**209,160**	**180,827**
Liabilities associated directly with non-current assets qualified as held for sale	0	0	0
	823,104	804,438	807,905

* Compared to the financial report 1.1.-.30.6.2016 several position has been reclassified from other financial liabilities to other non-financial liabilities.

Interim Income Statement

for the reporting period of 1 January - 30 June 2017

EUR '000	01.04.-30.06. 2017	01.04.-30.06. 2016	01.01.-30.06. 2017	01.01.-30.06. 2016	01.01.-31.12. 2016
Continuing operations					
Sales revenue	139,540	135,559	281,045	270,768	560,195
Capitalized in-house services	3,335	2,135	6,299	4,287	10,318
Other income	4,057	2,374	5,123	3,777	7,930
Expenses for goods and services purchased	-23,134	-24,189	-47,408	-46,670	-104,361
Personnel costs	-67,703	-63,854	-135,173	-128,641	-260,083
Other expenses	-22,867	-22,095	-46,559	-42,361	-88,332
Earnings before interest, taxes, depr. and amortization (EBITDA)	33,228	29,930	63,326	61,158	125,667
Depreciation of property, plants and tangible assets	-2,183	-1,881	-4,322	-3,760	-8,423
Earnings before interest, taxes and amortization (EBITA)	31,044	28,049	59,004	57,398	117,244
Amortization of intangible assets	-7,997	-10,088	-15,910	-18,702	-35,400
Earnings before interest and taxes (EBIT)	23,047	17,961	43,094	38,696	81,844
Results from associates recognized at equity	-329	-350	-675	-464	-1,409
Financial income	1,410	1,968	3,879	3,087	8,086
Financial expenses	-6,313	-878	-9,662	-7,762	-14,308
Earnings before taxes (EBT)	17,816	18,701	36,636	33,558	74,213
Taxes on income of the period	-5,989	-6,087	-12,272	-11,135	-29,743
Consolidated net income of the period from continuing operations	11,827	12,613	24,364	22,423	44,470
Discontinued operations					
Profit for the period from discontinued operations	-62	0	-62	0	0
Consolidated net income of the period	11,765	12,613	24,302	22,423	44,470
of which: allocated to parent company	11,657	12,627	24,121	22,424	44,530
of which: allocated to minority interests	108	-13	181	-2	-60
Earnings per share					
undiluted (in EUR)	0.22	0.25	0.47	0.45	0.90
diluted (in EUR)	0.22	0.25	0.47	0.45	0.90
Additional information:					
Cash net income (EUR)	18,620	21,735	38,355	39,058	76,698
Cash net income per share (EUR)	0.37	0.44	0.77	0.79	1.54

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

Interim Statement of Comprehensive Income

for the reporting period of 1 January - 30 June 2017

EUR '000	01.04.-30.06. 2017	01.04.-30.06. 2016	01.01.-30.06. 2017	01.01.-30.06. 2016	01.01.-31.12. 2016
Consolidated net income for the period	11,765	12,613	24,302	22,423	44,470
Other results					
Items that will not be reclassified to profit or loss at a future point in time					
Acturial gains and losses on defined benefit plans	-115	-826	-106	-1,247	-269
Deferred taxes on acturial gains and losses on defined benefit plans	6	212	-8	312	154
Items that will be reclassified to profit or loss at a future point in time when specific conditions are met					
Cash flow hedges					
of which in equity	0	0	0	0	0
of which income	0	0	0	0	0
Deferred taxes on cash flow hedges	0	0	0	0	0
Currency conversion differences	-1,430	-2,417	-538	-560	-1,473
Total comprehensice income for the period	10,226	9,582	23,650	20,927	42,882
of which: allocated to parent company	10,118	9,595	23,469	20,929	42,942
of which: allocated to minority interests	108	-13	181	-2	-60

Interim Cash Flow Statement

as at 30 June 2017

EUR ‘000	01.04.-30.06. 2017	01.04.-30.06. 2016	01.01.-30.06. 2017	01.01.-30.06. 2016	01.01.-31.12. 2016
Group net income	11,015	12,613	23,552	22,423	44,470
Amortization of intangible assets, plant and equipment	10,180	11,970	20,232	22,463	43,823
Earnings on sale of fixed assets	43	-693	35	-710	-680
Change in provisions (inlcuding income tax liabilities)	1,944	11,285	-1,151	-1,500	-16,702
Change in deferred taxes	-5,202	-5,696	-4,562	-4,688	-568
Other non-cash earnings/ expenditure	3,423	-3,027	6,288	809	-1,525
	21,403	26,453	44,395	38,796	68,818
Change in inventories	402	-1,396	67	-922	1,423
Change in trade receivables	5,101	9,549	-13,816	-11,108	-6,340
Change in income tax receivables	301	-870	-153	-1,102	656
Change in other receivables	2,389	3,757	-432	-1,720	3,054
Change in trade payables	-680	2,660	-10,380	-1,884	3,355
Change in other liabilities	-13,829	-27,696	30,794	15,571	-3,353
Operative cash flow - continuing activities	15,087	12,457	50,475	37,631	67,613
Operative cash flow - non continuing activities	0	0	-62	0	0
Operative cash flow	15,087	12,457	50,413	37,631	67,613
Cash flow from disposals of intangible assets	0	0	0	0	102
Cash outflow for capital expenditure in intangible assets	-4,162	-3,717	-7,953	-7,019	-16,501
Cash inflow from disposals of sales of property, plant and equipment	280	2,085	290	2,095	1,466
Cash outflow for capital expenditure in property, plant and equipment	-3,945	-11,920	-6,976	-13,073	-23,112
Net cash outflow for aquisitions (less acquired cash and cash equivalents)	-1,049	29	-2,720	-1,480	-6,732
Cash outflow for aquisition in prior periods	0	-425	-1,162	-925	-1,855
Cash inflow from disposal of subsidiaries and business units	500	0	500	0	0
Cash outflow for capital expenditure in joint ventures and associated companies	-4,140	0	-5,140	-1,254	-2,755
Cash flow from investing activities - continuing activities	-12,515	-13,948	-23,161	-21,656	-49,387
Cash flow from investing activities - non continuing activities	0	0	1,160	0	0
Cash flow from investing activities	-12,515	-13,948	-22,001	-21,656	-49,387
Purchase of own shares	0	0	0	0	0
Dividends paid	-17,403	-17,403	-17,403	-17,403	-17,403
Dividends paid to non-controlling interests	-49	0	-49	0	-39
Acquisition of additional shares from non-controlling interests	-280	0	-367	0	0
Cash outflow for the amortization of liabilities from finance leases*	-903	0	-1,802	0	-3,565
Cash inflow from assumption of loans	20,000	19,774	25,000	31,764	70,140
Cash outflow from the repayment of loans	-10,077	-1,961	-32,511	-29,637	-64,833
Cash flow from financing activities - continuing activities	-8,712	370	-27,133	-15,315	-15,700
Cash flow from financing activities - non continuing activities	0	0	0	0	0
Cash flow from financing activities	-8,712	370	-27,133	-15,315	-15,700
Cash and cash equivalents at the beginning of the period	0	0	27,756	25,057	25,057
Change in cash and cash equivalents	-5,043	-1,120	1,280	-660	2,526
Changes in cash and cash equivalents due to exchange rate fluctuations	55	61	39	39	173
Cash and cash equivalents at the end of the period	-4,989	-1,060	29,074	25,756	27,756
Interest paid	-1,643	2,193	125	6,765	11,068
Interest received	-37	143	49	440	1,210
Income tax paid	6,888	15,745	13,022	15,759	31,365

*Beginning from the financial report 31.12.2016 cash outflow for the amortization of liabilities from finance leases are disclosed separately, instead of being disclosed in the position cash outflow from the repayment of loans or rather in the change in other liabilties.

Interim Changes in Consolidated Equity

as at 30 June 2017

	Share capital	Treasury shares	Reserves	Accumulated other operating income: Cashflow hedges	Accumulated other operating income: Currency conversion	Equity attributable to shareholders of CGM SE	Non-controlling interest	Consolidated equity
Balance as at 01.01.2016	53,219	-20,292	181,628	0	-22,264	192,291	319	192,610
Group net income	0	0	44,530	0	0	44,530	-60	44,470
Other results	0	0	0	0	0	0	0	0
Changes in the fair value of cashflow hedges	0	0	0	0	0	0	0	0
Reversals of cashflow hedges	0	0	0	0	0	0	0	0
Actuarial gains and losses	0	0	-115	0	0	-115	0	-115
Currency conversion differences	0	0	0	0	-1,473	-1,473	0	-1,473
Total result of the period	0	0	44,415	0	-1,473	42,942	-60	42,882
Transactions with shareholders	0	0	0	0	0	0	0	0
Capital contribution	0	0	0	0	0	0	0	0
Dividend distribution	0	0	-17,403	0	0	-17,403	-39	-17,442
Stock options programm	0	0	0	0	0	0	0	0
Repurchase of treasury shares	0	0	0	0	0	0	0	0
Non-controlling interests from acquisitions	0	0	0	0	0	0	603	603
Additional purchase of shares from non-controlling interests after control	0	0	0	0	0	0	0	0
	0	0	-17,403	0	0	-17,403	564	-16,839
Other changes (Previous year: Changes in scope of consolidation)	0	0	0	0	0	0	0	0
Balance as at 31.12.2016	53,219	-20,292	208,641	0	-23,737	217,830	823	218,653
Group net income	0	0	24,121	0	0	24,121	181	24,302
Other results	0	0	0	0	0	0	0	0
Changes in the fair value of cashflow hedges	0	0	0	0	0	0	0	0
Actuarial gains and losses	0	0	-115	0	0	-115	0	-115
Currency conversion differences	0	0	0	0	-538	-538	0	-538
Total result of the period	0	0	24,007	0	-538	23,469	181	23,650
	0	0	0	0	0	0	0	0
Transactions with shareholders	0	0	0	0	0	0	0	0
Capital contribution	0	0	0	0	0	0	0	0
Dividend distribution	0	0	-17,403	0	0	-17,403	-49	-17,452
Stock options programm	0	0	0	0	0	0	0	0
Non-controlling interests from acquisitions	0	0	0	0	0	0	71	71
Additional purchase of shares from non-controlling interests after control	0	0	-930	0	0	-930	563	-367
Repurchase of treasury shares	0	0	0	0	0	0	0	0
Issue of treasury shares	0	0	0	0	0	0	0	0
	0	0	-18,334	0	0	-18,334	586	-17,748
Changes in the scope of consolidation	0	0	0	0	0	0	0	0
Balance as at 30.06.2017	53,219	-20,292	214,314	0	-24,275	222,966	1,589	224,555

Explanatory notes

GENERAL ACCOUNTING PRINCIPLES FOR THE INTERIM FINANCIAL REPORT

General Accounting Principles

The accompanying condensed IFRS-Interim Financial Statement for the period ended 30 June 2017 is a Consolidated Financial Statement. Unless otherwise specified, all amounts are provided in thousands of euros (EUR thousands) or millions of euros (EUR millions). Rounding differences of +/- one unit (EUR thousands, percent, etc.) may arise due to calculations.

The second quarter consolidated financial statements as of 30 June 2017 have been prepared, like the Consolidated Annual Financial Statements for the year 2016, in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. This Consolidated Interim Financial Statement prepared in accordance to IAS 34 is condensed compared to the scope applied for the Consolidated Financial Statement for the full year.

The accounting policies in the interim Financial Statements are consistent with those used in the Consolidated Financial Statements in 31 December 2016, with the exception of the subsequently illustrated and firstly applied revised standards. Relevant information is shown in the Consolidated Financial Statements as of 31 December 2016. This Consolidated Interim Financial Statements and the Interim Management Report were not reviewed by any auditor.

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

	Fixed rates		Average rates January - June	
1€ corresponds to	30.06.2017	31.12.2016	2017	2016
Denmark (DKK)	7.44	7.43	7.44	7.45
Canada (CAD)	1.48	1.42	1.45	1.47
Malaysia (MYR)	4.90	4.73	4.75	4.58
Norway (NOK)	9.57	9.09	9.18	9.29
Poland (PLN)	4.23	4.41	4.27	4.36
Romania (RON)	4.55	4.54	4.54	4.49
Sweden (SEK)	9.64	9.55	9.60	9.47
Switzerland (CHF)	1.09	1.07	1.08	1.09
Singapore (SGD)	1.57	1.52	1.52	1.53
South Africa (ZAR)	14.92	14.46	14.31	16.26
Czech Republic (CZK)	26.20	27.02	26.78	27.03
Turkey (TRY)	4.01	3.71	3.94	3.34
USA (USD)	1.14	1.05	1.08	1.11

Unless otherwise stated, all figures refer to the first six months of 2017 and 2016 respectively. The business development showed no signs of significant cyclical fluctuations. The business volume of CompuGroup Medical SE normally tends to be higher in the second half of the year and particularly in the fourth quarter of the financial year (1 October – 31 December).

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

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

New and revised Standards to be applied for the fiscal year 2017
There are no new or revised standards, which have to be applied by the EU from 1 January 2017.
In all other respects, the same accounting policies and consolidation principles are generally applied for the preparation of consolidated interim financial statements and the presentation of the prior-year comparative figures as to the consolidated financial statements for 2016. A detailed description of these accounting policies is given in the notes of the 2016 consolidated financial statements.
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Standards, Interpretations and amendments which have already been endorsed by the EU but are applied at a later date

Standard (Issue date)	Subject matter	Effective for financial years beginning on or after (EU)
IFRS 15 (28 May 2014) including amendments to IFRS 15: Effective date of IFRS 15 (11 September 2015)	The new standard establishes uniform requirements regarding the amount, time and time period of revenue recognition. The standard will in future replace the existing requirements governing revenue recognition under IAS 18 Revenue and IAS Construction Contracts.	1 January 2018
IFRS 9 (24 July 2014)	IFRS 9 contains requirements governing the recognition and measurement of financial instruments, derecognition and hedge accounting.	1 January 2018

It is assumed that the first application of IFRS 15 will lead to significant impacts for the consolidated (interim) financial statements of CompuGroup Medical SE, while the application if IFRS 9 will lead to insignificant impacts. The expectations have been illustrated in detail in the annual report of 31 December 2016, on which is referred at this point.

Amendments, standards and interpretations published by the IASB but not yet transported into European legislation
The IASB and IFRIC have adopted several additional standards and interpretations which are not yet mandatory applicable in the fiscal year 2017 starting from 1 January 2017. The application of these IFRS and IFRIC is depending from the EU-endorsement.

Standard (Issue date)	Subject matter	Effective for financial years beginning on or after (EU)
IFRS 14 (30 January 2014)	Regulatory Deferral Accounts	The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard.
IFRS 16 (13 January 2016)	The new standard principally requires lessees to recognize assets and liabilities for all leases and to present the rights and obligations associated with these leases in the statement of financial position. Going forward, lessees will therefore no longer required to make the distinction between finance and operating leases that was required in the past in accordance with IAS 17.	1 January 2019
IFRS 17 (18 May 2017)	IFRS 7 requires disclosure of information about the significance of financial instruments to an entity, and the nature and extent of risks arising from those financial instruments, both in qualitative and quantitative terms. Specific disclosures are required in relation to transferred financial assets and a number of other matters.	1 January 2021
Amendments to IFRS 10 and IAS 28 (11 September 2014)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Postponed indefinitely
Amendments to IAS 12 (19 January 2016)	Clarification of the accounting for deferred tax assets for unrealized losses on debt instruments that are classified as available-for-sale financial assets	1 January 2017
Amendments to IAS 7 (29 January 2016)	The pronouncement requires that entities provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities	1 January 2017
Clarifications to IFRS 15 (12 April 2016)	clarifying some requirements and providing additional transitional relief for companies that are implementing the new Standard	1 January 2018
Amendments to IFRS 2 (20 June 2016)	The amendments, which were developed through the IFRS Interpretations Committee, provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based payment transactions with a net settlement feature for withholding tax obligations and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.	1 January 2018
Amendments to IFRS 4 (12 September 2016)	The amendments in Applying IFRS 9 with IFRS 4 provide two options for entities that issue insurance contracts within the scope of IFRS 4: an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets (overlay approach); an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4 (deferral approach).	1 January 2018
Annual Improvements to IFRS (2014-2016 Cycle) (8 December 2016)	The annual improvement process refers to the following standards: IFRS 1, IFRS 12, IAS 28.	1 January 2018/ 1 January 2017
IFRIC 22 (8 December 2016)	The Interpretation covers foreign currency transactions when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income.	1 January 2018
IAS 40 (8 December 2016)	Clarification of the application of paragraph 57 of IAS 40. The Interpretations Committee referred the matter to the IASB, and at its April 2015 meeting, the IASB agreed to amend the paragraph to reinforce the principle for transfers into, or out of, investment property in IAS 40 to specify that such a transfer should only be made when there has been a change in use of the property.	1 January 2018
IFRIC 23 (7 June 2017)	IFRIC 23 clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.	1 January 2019

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

However, it is expected that IFRS 16 will lead to significant changes for the (interim-) consolidated financial statements due to the first time application, particularly with regard to important financial figures. The application of the remaining standards, amendments and interpretations no significant changes for the (interim-) consolidated financial statements of CompuGroup Medical SE are expected. More detailed expectations were described in the Annual Report from 31 December 2016, on which is referred at this point.

SELECTED EXPLANATORY NOTES

Changes in the business and the economic circumstances

In comparison to the financial year 2016, the second quarter of 2017 shows no significant change to the business and the economic circumstances of CompuGroup Medical SE, with the exception of the factors described in the Interim Management Report.

Consolidation companies

The Consolidated Interim Financial Statements as of 30 June 2017 include the Financial Statements of CompuGroup Medical SE and all companies controlled by CompuGroup Medical SE (subsidiaries) as of 30 June 2017. The consolidation begins from the date, when control is obtained and ends when control ceases to exist. Compared to the 31 December 2016 the scope of consolidation has changed as follows:

Changes in Scope of Consolidation	Germany	Foreign countries	Total
CompuGroup Medical SE and consolidated subsidiaries			
As at 1 January 2017	28	58	86
Additions	1	1	2
Disposals / Merger	2	2	4
As at 30 June 2017	27	57	84

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

Company acquisitions, disposals and company foundations

The additions result from CGM's acquisition of K-Line Praxislösungen GmbH and from the foundation of Intermedix SA (PTY) LTD, South Africa in the financial year 2017. The acquisition of K-Line Praxislösungen GmbH - along with other business combinations without effecting the scope of consolidation. In the following, the values based on the date of acquisition and its impact on the consolidated financial statements are shown.

Three disposals result from the internal merger of Micromedic GmbH into Turbomed Vertriebs und Service GmbH, of Stock Informatik GmbH & Co. KG into CompuGroup Medical Deutschland AG as well as the merger of Medical EDI Services (Pty) Ltd., South Africa, into CompuGroup Medical South Africa (Pty) Ltd., South Africa.

A further disposal results from the merger of Intermedix Italia S.r.l. into Fablab S.r.l., both Italy. Fablab is recognized as an associated company valued at equity at closing date.

EUR '000	Total 2017	K-Line Praxislösungen GmbH	Zöchling Computersysteme GmbH	Janson & Even	Other Acquisitions
Purchase date		01.01.2017	01.04.2017	01.04.2017	-
Voting rights acquired in %		95%	Asset Deal	Asset Deal	-
Acquired assets and liabilities assumed recognized at acquisition date					
Non-current assets	2,066	1,834	174	58	0
Software	1	1	0	0	0
Customer relationships	1,758	1,527	173	58	0
Brands	209	209	0	0	0
Order backlog	0	0	0	0	0
Property and buildings	0	0	0	0	0
Other fixed assets and office equipment	84	84	0	0	0
Other non-current financial assets	15	14	1	0	0
Other non-current non-financial assets	0	0	0	0	0
Deferred tax assets	0	0	0	0	0
Current assets	872	820	52	0	0
Inventories	212	160	52	0	0
Trade receivables	318	318	0	0	0
Other current financial assets	0	0	0	0	0
Other current non-financial assets	34	34	0	0	0
Other assets	0	0	0	0	0
Cash and cash equivalents	307	307	0	0	0
Non-current liabilities	524	524	0	0	0
Pensions	0	0	0	0	0
Liabilities to banks	0	0	0	0	0
Other provisions	0	0	0	0	0
Other financial liabilities	0	0	0	0	0
Other non-financial liabilities	0	0	0	0	0
Other liabilities	0	0	0	0	0
Deferred tax	524	524	0	0	0
Current liabilities	697	697	0	0	0
Trade payables	184	184	0	0	0
Contingent liabilities	0	0	0	0	0
Liabilities to banks	0	0	0	0	0
Other provisions	144	144	0	0	0
Other liabilities	97	97	0	0	0
Other financial liabilities	186	186	0	0	0
Other non-financial liabilities	87	87	0	0	0
Net assets acquired	1,716	1,433	225	58	0
	0	0	0	0	0
Purchase price paid in cash	3,027	2,442	285	300	0
Liabilities assumed	156	0	56	100	0
of which contingent consideration	0	0	0	0	0
Issued equity instruments	0	0	0	0	0

Total consideration transferred	3.184	2,442	341	400	0
Non-controlling interests	71	71	0	0	0
Goodwill	1,539	1,081	116	342	0
Acquired cash and cash equivalents	307	307	0	0	0
Purchase price paid in cash	3,027	2,442	285	300	0
Prepayments on acquisitions	0	0	0	0	0
Fair value of equity interest in the acquiree held by acquirer immediately before the acquisition date	0	0	0	0	0
Payments for acquisitions after date of acquisition	1,162	0	0	0	1,162
Cash outflow for acquisitions (net)	-3,882	-2,135	-285	-300	-1,162
	0	0	0	0	0
Effects of the acquisition on Group result	0	0	0	0	0
Sales revenue following date of acquisition	1,241	1,241	0	0	0
Result following date of acquisition	-80	-80	0	0	0
Sales revenue for the fiscal year (hypothetical date of acquisition 1 January 2017)	1,241	1,241	0	0	0
Result for the fiscal year (hypothetical date of acquisition 1 January 2017)	-80	-80	0	0	0
Costs attributable to the acquisition	192	192	0	0	0

Acquisition of K-Line Praxislösungen GmbH, Germany
On January 2017 CompuGroup Medical Deutschland AG, a 100 percent subsidiary of CompuGroup Medical SE, acquired 95 percent of the shares of K-Line Praxislösungen GmbH with registered office in Kiel.

K-Line supervises IT-Solutions for physicians and medical care centers with the focus on distribution and service for the Ambulatory Information System (AIS), hardware and IT-infrastructure. K-Line is a distribution and service partner of CGM Deutschland AG for the segment CGM MEDISTAR.

K-Line was initially consolidated on January 2017. The turnover of K-Line for the short financial year from 1 April until 31 December 2016 amounted to about EUR 3,000 thousand with an EBITDA of EUR 206 thousand. The purchase price for 95 percent of the shares amounted to EUR 2,442 thousand and has been paid out by the full amount at closing date.

The goodwill value of EUR 1,081 thousand results especially from synergies within the Group as a result of the inclusion of K-Line into the Group. The recognized goodwill will not be deducted for tax purposes.

The fair value of the acquired intangible assets, excluding the goodwill, amounts to EUR 1,735 thousand and is related to customer relationships and trademark rights. The receivables associated with the acquisition, which essentially consist of trade receivables, are balanced at fair value, which equals due to the expected lifespan of receivables and best estimated access to contractual fixed cash flows, the adopted book values at acquisition date. Uncollectable receivables were not identified at the time of initial recognition. Deferred tax liabilities of EUR 524 thousand were applied to the fair value of the acquired intangible assets excluding goodwill. There were no contingent liabilities or contingent claims identified with the initial accounting.

The initial consolidation of K-Line was carried out in preliminary format as at 1 January 2017, due to partly incomplete or not yet fully evaluated information of the acquired customer relationships and trademark rights.

In May 2017 the share transfer of the remaining 5 percent of the shares of the K-Line Praxislösungen GmbH to CompuGroup Medical Deutschland AG was passed by the Extraordinary Shareholders' Meeting. The purchase price amounted to TEUR 280 thousand and has also been paid out by the full amount at closing date. CompuGroup Medical Deutschland AG now holds 100 percent of the shares of K-Line.

Acquisition of the assets of Zöchling Computersysteme GmbH, Germany
As a part of a business combination through the transfer of net assets (asset deal) in April 2017, K-Line Praxislösungen GmbH acquired customer contracts of Zöchling Computersysteme GmbH, Germany.

Zöchling Computersysteme GmbH supervises, as a certified CGM MEDISTAR distribution partner, physicians, medical care centers and ambulances with trainings as well as hardware and software in the Hamburg area.

The acquired net assets amounted to EUR 225 thousand. The preliminary goodwill value of EUR 116 thousand results particularly from the synergies within the Group as a result of the inclusion of Zöchling in the Group. The recognized goodwill will not be deducted for tax purposes.

The fair value of the acquired intangible assets, excluding the goodwill, amounts to EUR 173 thousand and is related exclusively to customer relationships. There were no contingent liabilities or contingent claims identified with the initial accounting.
The initial consolidation of Zöchling was carried out in preliminary format as at 1 April 2017, due to partly incomplete or not yet fully evaluated information of the acquired customer relationships.

Acquisition of the assets of Janson & Even Innovationsgesellschaft mbH, Germany
As a part of a business combination through the transfer of net assets (asset deal) in April 2017, TURBOMED Vertriebs- und Service GmbH acquired the „E-Health" business unit of Janson & Even Innovationsgesellschaft mbH, Germany.

The „E-Health" business unit included the service (hardware and software services plus training and seminars) and the distribution of TurboMed products, as well as the distribution of IT-hardware and other IT-systems and programs to TurboMed customers, trade partners and to other physicians/medical practices.

The preliminary goodwill value of EUR 342 thousand results particularly from the synergies within the Group as a result of the inclusion of Janson & Even in the Group. The recognized goodwill will not be deducted for tax purposes.

The fair value of the acquired intangible assets, excluding the goodwill, amounts to EUR 58 thousand and is related exclusively to customer relationships. There were no contingent liabilities or contingent claims identified with the initial accounting.

The initial consolidation of Janson & Even was carried out in preliminary format as at 1 April 2017, due to partly incomplete or not yet fully evaluated information of the acquired customer relationships.

Remaining Additions
The remaining additions include the following mergers:

Acquisition of Micromedic GmbH, Germany
In 2016 Turbomed Vertriebs- und Service GmbH, a 100 percent subsidiary of CompuGroup Medical SE, acquired 100 percent of the shares of Micromedic GmbH with registered office in Neuss, Germany.

The purchase price amounted to EUR 1,900 thousand and has been paid out by an amount of EUR 1,650 thousand on 31 December 2016. The still contractually outstanding purchase price payments of EUR 250 thousand has been paid out in the first half-year 2017.

Acquisition of KoCo Konnektor AG, Germany
In January 2017, CompuGroup Medical SE and the shareholder of the remaining shares of KoCo Konnektor AG, agreed in an out-of-court settlement, on the transfer against payment of the remaining shares of KoCo Konnektor AG. The total purchase price, resulting from both, the out-of-court settlement and the recognition of purchase price liabilities under the position current purchase price liabilities as of 31 December 2016, amounted to EUR 1,098 thousand. The total purchase price includes two components, the reseller contract and a fixed purchase price component. The fixed purchase price component has been paid out in the first quarter 2017 with an amount of EUR 783 thousand. The remaining amount of EUR 315 thousand is further recognized under the position current purchase price liabilities on 30 June 2017.

Acquisition of the assets of Puntofarma, Italy
The still contractually outstanding purchase price of the received assets of Puntofarma, which have been recognized under the position current purchase price liabilities on 31 December 2016 with an amount of EUR 129 thousand, have been completely paid in the first half-year 2017.

Disposal of the business operation Privadis GmbH
In June 2017, the business operation of Privadis GmbH has been disposed. The result from the disposal of EUR 500 thousand has been disclosed under the position other earnings.

Acquisitions and disposals of items of Tangible assets
In the first six months of the financial year 2017, CompuGroup Medical SE acquired tangible assets with a total amount of EUR 5.4 million. Those comprise especially investments of EUR 3.8 million for the configuration of data Centres for the Gematik rollout.

Disposal of the office building at the former location Molfsee

At the end of April 2017 the office building at the former location Molfsee has been sold with an amount of EUR 1,160 thousand. From 2016 this building has been disclosed in the position „Assets held for sale and discontinued operations". The office building generated a result from revaluation of EUR -62 thousand for the period until it was sold in 2017.

Related party transactions

The related party transactions are as follows:

	Sale of goods		Purchase of goods		Receivables		Liabilities	
EUR '000	30.06.2017	30.06.2016	30.06.2017	30.06.2016	30.06.2017	30.06.2016	30.06.2017	30.06.2016
Related persons	9	26	231	42	13	9	220	0
Related companies	1,189	882	6,178	4,131	91	367	88	159
Associated companies and Joint Ventures	1,518	0	28	0	305	0	17	0
SUM	2,716	908	6,437	4,173	409	376	325	159

Related Persons:

The rise of received accounts payable as well as the thereof resulting liabilities to related Persons arise due the inclusion of the provision for the supervisory board with an amount of EUR 185 thousand.

Related companies:

The rise of received accounts payable is based especially on the maintenance contract of MPS Public Solutions GmbH, which has been invoiced as an annual account with an amount of EUR 3,034 thousand, for the fiscal year 2017. As these values have been paid already, there are no liabilities with comparable amounts. The rise for the remaining quarters is expected to be moderate.

Furthermore, the rise is based on the supported business relationship to Gotthardt Informationssysteme GmbH, which operates especially as distribution and service partner. Accounts payable with the amount of EUR 883 thousand have been delivered as well as accounts payable of EUR 2,927 thousand have been received.

Associated Companies:

The difference between the reporting period and the comparable period results primarily from rendered services of the MGS Meine Gesundheits Services GmbH by an amount of EUR 1,518 thousand.

Compliance with payment obligations and financial covenants

On the 23 September 2014 CGM entered into a new syndicated loan facility for a total sum of EUR 400.0 million. The syndicated loan facility consists of a "term loan facility" (also referred to in the following as "TLF") with the amount of EUR 225.0 million and a "revolving loan facility" (also referred to in the following as "RLF") with the amount of EUR 175.0 million.

The syndicated loan facility has a duration of five years. The TLF must be repaid pro rata in equal instalments of EUR 15.0 million on 31 January and 31 July in each year, commencing on 31 July 2015, with a final payment of the balance of any outstanding term facility loans to be repaid on the termination date. The RLF must be repaid at the end of each interest period and can be taken out again immediately thereafter.

The interest period can be chosen by CGM SE at its discretion. The interest rate is based upon the 3 month-EURIBOR rate for the interest period chosen plus a margin derived from the relationship between the consolidated net borrowings and the adjusted consolidated EBITDA (Leverage). The margin was 1.75 percent for the first six months of 2017.

As of 30 June 2017 EUR 165.0 million of the TLF and EUR 140.0 million of the RLF were utilized. Loan origination fees totaling EUR 3.5 million were incurred related to these facilities. These fees will be charged as a financial expense over the term of the loan agreement. For this syndicated loan facility no hedge has been concluded. The grant of the loan is linked to the compliance of certain financial covenants.

The loan agreement includes joint and several guarantees for payment by a number of CGM's subsidiaries (contingent liability in case of non-payment of CompuGroup Medical SE).

In the first six months of the financial year 2017 CGM is compliant with all financial covenants entered in all of its loan agreements.

Other financial obligations and finance commitments

At 30 June 2017 CGM had open obligations from uncancellable operating leases, maturing as follows:

EUR '000	30.06.2017	30.06.2016
Within 1 year	12,023	13,949
Between 1 and 5 years	23,880	26,631
Longer than 5 years	4,775	7,169
SUM	40,678	47,749

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

During the financial year 2017, contingent liabilities, guarantees and other commitments did not change significantly compared to 31 December 2016.

Financial instruments

The Group has various financial assets such as trade receivables, cash and cash equivalents, which result directly from operations. The same accounting policies and valuation methods that were applied in the Financial Statements as of year-end 2016, have been applied to the company's financial instruments.

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

			IAS 39 valuation			IAS 17 valuation	
Categories of financial instruments in accordance with IAS 39 EUR'000	Category according to IAS 39	Book value as at 30.06.2017	Acquisition costs (continued)	Fair value through profit and loss	Fair value through equity	Acquisition costs (continued)	Fair value as at 30.06.2017
Financial assets							
Cash and cash equivalents	LaR	29,074	29,074	0	0	0	29,074
Trade receivables	LaR	95,309	95,309	0	0	0	98,128
Receivables from construction contracts (PoC)	LaR	34,862	34,862	0	0	0	34,862
Other receivables	LaR	3,109	3,109	0	0	0	3,109
Finance lease receivables	-	18,578	0	0	0	18,578	19,711
Other financial assets	AfS	182	-	-	-	-	-
Total financial assets		181,114	162,354	0	0	18,578	184,884
Financial liabilities							
Liabilities to banks	oL	349,882	349,882	0	0	0	350,573
Purchase price liabilities	oL	12,631	12,631	0	0	0	12,631
Trade payables	oL	21,184	21,184	0	0	0	21,184
Other financial liabilities	oL	14,271	14,271	0	0	0	14,271
Financial lease obligations	-	14,204	0	0	0	14,204	14,113
Derivative financial instrument	FVtPL	51	0	51	0	0	51
Total financial liabilities		412,223	397,968	51	0	14,204	412,823
Total per category							
Assets held for sale	AfS	182	0	0	0	0	0
Liabilities to banks and receivables	LaR	162,354	162,354	0	0	0	165,173
Financial assets at fair value assets	FVtPL	0	0	0	0	0	0
Other financial liabilities	oL	397,968	397,968	0	0	0	398,659
Liabilities at fair value through profit and loss	FVtPL	51	0	51	0	0	51

Fair value management

The fair value is not always available as a market value, which often necessitates a determination based on various measurement parameters. Depending on the availability of observable parameters and the relevance of these parameters for determining the fair value as a whole, the fair value is assigned to Level 1, 2 or 3. Assignment to these levels is effected under consideration of the following factors:

+ Level 1 parameters: Here, according to the current existing IFRS, the market value of assets and liabilities is calculated based on quoted, unadjusted prices like those that arise for similar or identical assets and liabilities in active markets
+ Level 2 parameters: Here, the market value of assets and liabilities is calculated on the basis of parameters for which either directly or indirectly quoted prices are also made available to an active market.
+ Level 3 parameters are non-observable parameters which have to be developed to simulate the assumptions of market participants, which they would use to evaluate the market value of assets and liabilities.

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

Assessed valuation hierarchies at fair value - financial instruments EUR'000	30.06.2017	Level 1	Level 2	Level 3
Financial assets at fair value through profit and loss	0	0	0	0
thereof securities	0	0	0	0
thereof stock options held for trading	0	0	0	0
Financial assets at fair value through equity	0	0	0	0
Total	0	0	0	0
Liabilities at fair value through profit and loss	51	0	51	0
thereof interest rate swaps	51	0	51	0
Liabilities at fair value through equity	0	0	0	0
Total	51	0	51	0

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

EUR'000	30.06.2017	Level 1	Level 2	Level 3
Fair value of financial assets valuated at (continued) acquisition costs				
Trade receivables	98,128	0	98,128	0
Receivables from construction contracts (PoC)	34,862	0	34,862	0
Other receivables	3,109	0	2,310	799
Finance lease receivables	19,711	0	19,711	0
Total	155,810	0	155,011	799
Fair value of financial liabilities valuated at (continued) acquisition costs				
Liabilities to banks	350,573	0	0	350,573
Purchase price liabilities	12,631	0	0	12,631
Trade payables	21,184	0	21,184	0
Other financial liabilities	14,271	0	14,017	254
Financial lease obligations	14,113	0	14,113	0
Total	412,772	0	49,314	363,458

POST BALANCE SHEET EVENTS

Essential events were not noted after the closing date

SEGMENT REPORTING

In accordance with IFRS 8 „Operating Segments“ the activities of CompuGroup Medical SE are divided into operating segments for segment reporting purposes.

A classification based on the individual products or services is applied for controlling purposes and for the allocation of resources. Six operating segments result from this classification. These six operating segments are aggregated into the three reporting segments HPS I (Health Provider Services I), HPS II (Health Provider Services II) and HCS (Health Connectivity Services).

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

Segment Reporting

as at 30 June 2017

	Health Provider Services I (HPS I)			Health Provider Services II (HPS II)			Health Connectivity Services (HCS)		
EUR'000	2017 Jan - Jun	2016 Jan - Jun	2016 Jan - Dec	2017 Jan - Jun	2016 Jan - Jun	2016 Jan - Dec	2017 Jan - Jun	2016 Jan - Jun	2016 Jan - Dec
Sales to third parties	213,902	204,487	422,801	35,991	34,293	74,512	30,986	31,961	62,764
Sales between segments	3,857	3,219	7,202	5,295	5,585	11,624	3,447	3,181	6,717
Segment Sales	217,759	207,706	430,003	41,286	39,879	86,136	34,433	35,142	69,480
thereof recurring sales	162,604	155,857	314,271	22,099	20,624	41,538	9,499	9,799	18,842
Capitalized inhouse services	2,483	1,172	3,648	0	200	200	408	200	559
Other income	1,475	1,010	3,702	1,405	1,352	2,885	2,725	107	2,443
Expenses for goods and services purchased	-39,540	-36,489	-78,009	-7,037	-8,203	-19,662	-9,586	-9,580	-24,401
Personnel costs	-84,772	-78,239	-161,409	-24,363	-23,911	-48,829	-11,704	-12,201	-21,292
Other expense	-37,416	-34,454	-74,691	-6,640	-5,869	-13,738	-5,944	-5,938	-11,184
EBITDA	59,989	60,706	123,245	4,651	3,448	6,991	10,332	7,729	15,605
in % of sales	27.5%	29.2%	28.7%	11.3%	8.6%	8.1%	30.0%	22.0%	22.5%
Depreciation of property, plants and tangible assets									
Amortization of intangible assets									
Impairment for financial assets									
EBIT									
Results from associates recognised at equity									
Financial income									
Financial expense									
EBT									
Taxes on income for the period									
Profit for the period from discontinued operations									
Consolidated net income for the period									
in % of sales									
CASH NET INCOME*									

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

	All other Segments			Sum Segments			Consolidation			CGM Group		
	2017	2016	2016	2017	2016	2016	2017	2016	2016	2017	2016	2016
	Jan - Jun	Jan - Jun	Jan - Dec	Jan - Jun	Jan - Jun	Jan - Dec	Jan - Jun	Jan - Jun	Jan - Dec	Jan - Jun	Jan - Jun	Jan - Dec
	166	26	118	281,045	270,768	560,195	0	0	0	281,045	270,768	560,195
	1,996	1,434	3,130	14,595	13,419	28,673	-14,595	-13,419	-28,673	0	0	0
	2,162	1,460	3,248	295,640	284,186	588,868	-14,595	-13,419	-28,673	281,045	270,768	560,195
	6	6	12	194,208	186,285	374,662	0	0	0	194,208	186,285	374,662
	3,142	2,536	5,514	6,033	4,107	9,922	266	180	397	6,299	4,287	10,318
	2,537	2,922	4,826	8,143	5,391	13,855	-3,020	-1,614	-5,925	5,123	3,777	7,930
	-160	-29	-73	-56,323	-54,301	-122,145	8,915	7,631	17,784	-47,408	-46,670	-104,361
	-5,659	-5,334	-9,853	-126,498	-119,686	-241,384	-8,675	-8,955	-18,699	-135,173	-128,641	-260,083
	-6,903	-6,300	-14,600	-56,903	-52,561	-114,213	10,344	10,200	25,881	-46,559	-42,361	-88,332
	-4,880	-4,746	-10,938	70,092	67,136	134,903	-6,766	-5,978	-9,236	63,326	61,158	125,667
				23.7%	23.6%	22.9%				22.5%	22.6%	22.4%
										-4,322	-3,760	-8,424
										-15,910	-18,702	-35,399
										0	0	0
										43,094	38,696	81,844
										-675	-464	-1,409
										3,879	3,087	8,086
										-9,662	-7,762	-14,308
										36,636	33,558	74,213
										-13,022	-11,135	-29,743
										-62	0	0
										23,552	22,423	44,470
										8.4%	8.3%	7.9%
										36,952	39,058	76,698

Additional Information

FINANCIAL CALENDAR 2017

Date	Event
12 October 2017	Investor and Analyst Conference
9 November 2017	Interim Report Q3 2017

SHARE INFORMATION

The CompuGroup share finished the second quarter with a closing price of EUR 49.13. The average closing share price increased by 26 percent from EUR 38.57 (Q1/2017) to EUR 47.26 (Q2/2017).

The highest quoted price during the quarter was EUR 52.94 on 9 June 2017 and the lowest price EUR 40.15 on 5 April 2017.

The trading volume of CompuGroup shares was 2.9 million shares during the second quarter, down -10,7 percent compared to the previous quarter. On average, the daily trading volume was approximately 47,000 shares (daily average in 2016: approximately 42,000).

By the end of June 2017, a total of six analyst companies were covering the CompuGroup Medical share on a regular basis. The forecast price targets ranged from EUR 40.00 to EUR 52.00. Two analysts rated the shares a “buy” and four analysts as “hold” or “neutral”.

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Management Responsibility Statement

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

Koblenz, 3 August 2017

CompuGroup Medical Societas Europaea
The Management Board

Frank Gotthardt　　Frank Brecher　　Uwe Eibich　　Christian B. Teig

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Synchronizing Healthcare

CompuGroup Medical