CompuGroup Medical AG
Annual Report 2012

Synchronizing Healthcare

Our vision

CompuGroup Medical stands for the best possible healthcare. Our vision is the best support for healthcare through intelligent IT. We facilitate diagnosis and therapy, simplify workflows and enhance the exchange between all those involved in healthcare. We successfully employ IT in healthcare – to provide better and more financially sustainable healthcare in the best interest of all people.

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Key facts 2012

451 €m Group Revenue

60 €m Cash Net Income

105 €m EBITDA

0.62 € Earnings Per Share

Chairman's Statement

Building on our achievements

Full story and interview with Frank Gotthardt available online:

http://report2012.cgm.com

Dear Shareholders,

Your company reached its goals in 2012. With an all-time high revenue of 451 million Euro we delivered 13 percent year-on-year growth and moved close to the ½ billion Euro mark. With an EBITDA of 105 million Euro we delivered the highest operating margin in 5 years and showed a sharp profitability increase from last year. Overall we consolidated our operations, improved efficiency and showed a glimpse of our true growth and earnings potential. So we are very happy as to how the year turned out.

We continue to invest in growth. CGM has continuously and vigorously grown from the beginning of its history, both organically and by acquisition. In 2012 we carried out a tremendous amount of systematic developmental groundwork for the future. Our G3 product platform is our most strategic R&D program now in its 4th year. In 2012 we received orders in 3 different countries for common G3 hospital modules and we will launch the first G3 products for ambulatory doctors next year. These are important steps on the way towards a vision of one common, world-wide technology platform for all our customers. Another example of emerging CGM global products is our 'eSERVICES' which enables web-based communication between doctors and patients, such as online appointment booking, online prescription renewal, eConsultation etc. In 2012, the CGM LIFE eSERVICES became the number one online booking platform in Germany with more than 1.000 practices and over 20.000 registered patients. To highlight the global nature of eSERVICES, we became the proud winner of the eAward 2012 in Salzburg, Austria.

We are growing closer together. Our offices cover 19 countries serving customers in 34 countries. For our CGM international meeting held in September 2012 we inaugurated our new innovation center in our new headquarter building in Koblenz. Here, nearly 100 colleagues from CGM worldwide came together to reflect on the past and discuss the future. At the Medica trade fair in November we saw the strong presence of our CGM logo and corporate identity – all under one roof. Product lines and services drawing together to Synchronize Healthcare!

We are in a perfect position. In CGM, we use the power of modern information technology to improve efficiency, reduce costs, optimize workflows and increase the quality of care. Healthcare is a market in growth – even when times are bad – and CGM is one of the leading eHealth companies in the world. With our unique customer base, we serve hundreds of thousands of doctors, dentists, hospitals and pharmacies world-wide. We get the best of both worlds: Structural, long-term growth opportunities and strong and robust defensive properties. eHealth truly is the 'cherry on the cake' when we talk about an early stage business with a big potential.

Powerful development is expected also for the future. For 2013, we have set more ambitious growth targets as we begin to increasingly harvest the results from many years of investing in growth. Our expectation is for an equal or higher organic growth rate relative to 2012. Due to the scalable nature of our business model, we also expect our margins to further improve next year. Overall, we expect powerful development of CGM also for 2013

Finally, I want to thank all my colleagues, all our shareholders, our customers and all the members of the CGM family for their dedication to our business, for their loyalty and for their support. Thank you!

Yours sincerely,

Frank Gotthardt
Chairman, CEO
28 March 2013

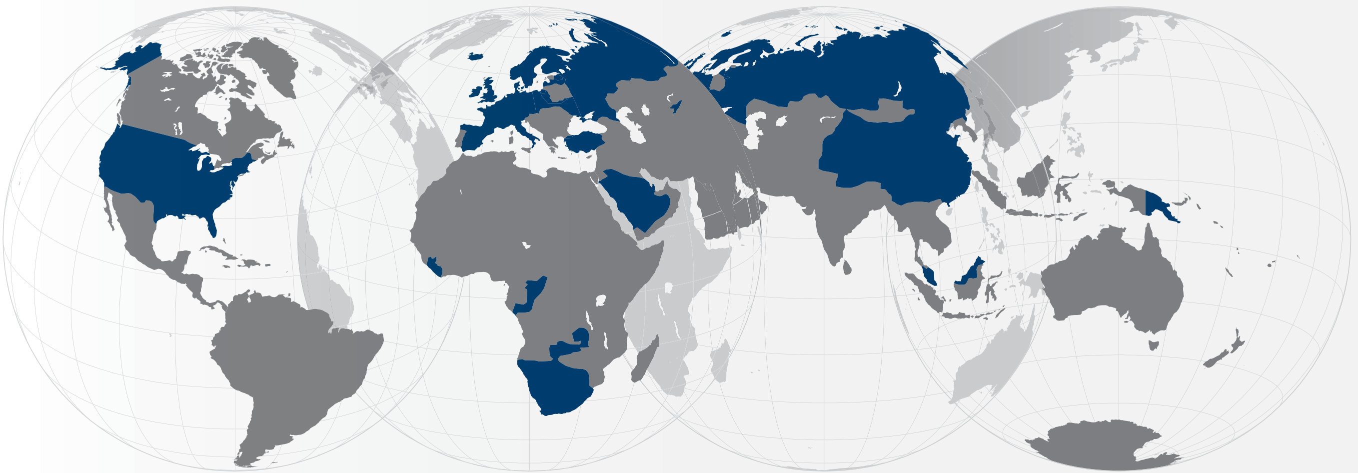
23% Increase in the size of the business

3,600 Employees

CompuGroup Medical at a glance

Synchronizing Healthcare

From local to global



Unique global position
CompuGroup Medical is a leading global eHealth provider with locations in 19 countries. Today we have the trust of customers from Koblenz to Kuala Lumpur, from Kiruna to Cape Town and from Lublin to Los Angeles – in 34 countries worldwide. Our products assist doctors and dentists, hospitals, laboratories, pharmacies, social and other institutions for the good of mankind.

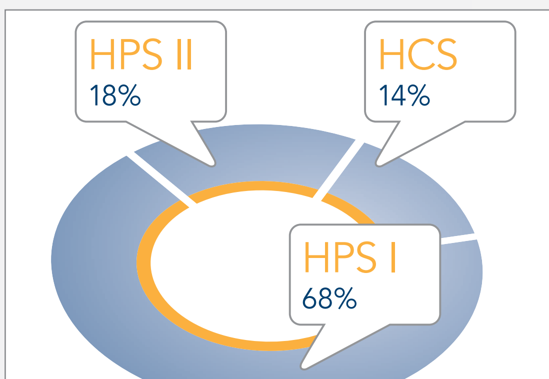
Business segments

CompuGroup Medical develops target group-oriented systems and solutions in three business segments:

Health Provider Services I (HPS I)
- Modern information systems to organize medical data for doctors, dentists and pharmacists.

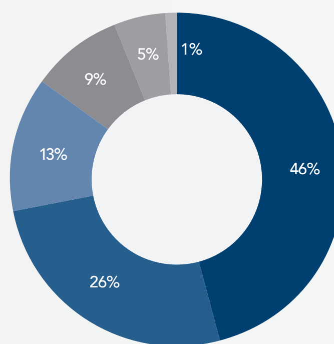
Health Provider Services II (HPS II)
- Hospital, laboratory and special care information systems.

Health Connectivity Services (HCS)
- Networking systems for the healthcare sector. Provision and secure exchange of medical knowledge.



Koblenz: the heart and soul of CGM

In April 2012 CompuGroup Medical inaugurated the new corporate headquarters on the grounds of the historical Maria Trost site in Koblenz. The buildings provide new offices for senior management and 170 additional employees and also offer space for an innovation forum. In keeping with our responsible company philosophy, the new buildings were constructed using environmentally friendly, resource-efficient passive energy standards.



Regional employee deployment

- Central Europe* (46%)
- Central Eastern Europe (26%)
- North Europe (13%)
- North America (9%)
- South Europe (5%)
- Asia, Latin America, Middle East (1%)

* thereof 19% in Koblenz

We provide patients with the best possible healthcare services available:

- by providing structured, up-to-date information
- by streamlining the workflow of service providers
- by developing effective software assisted medicine (SAM) solutions

Business Areas

Health Provider Services

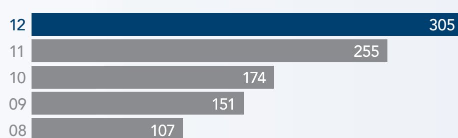
Modern Information Systems for In- and Out-Patient Areas

For the Out-patient Sector (HPS I):
Our medical and pharmaceutical information systems enable more time for the essentials. They manage medical records as well as help with the organization of operational procedures and in the creation of patient invoices. Our integrated software and workflow solutions create efficient structures for established physician and dental practices, medical care centers, physician networks and pharmacies.

The HPS I segment consists of the following two sub-segments:

- Ambulatory Information Systems
- Pharmacy Information Systems

Revenue (€M)

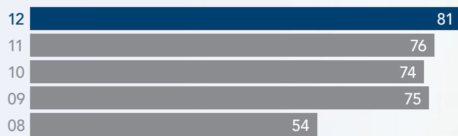


For the In-patient Sector (HPS II):
Hospital, Laboratory and Special Care Information Systems

As a full service provider, we pursue an integrated care approach and provide customized IT solutions for the laboratory, acute care, rehabilitation and social markets. Our integrated software and workflow solutions create efficient structures for the following areas:

- Clinics
- Laboratories
- Rehabilitation centers
- Social services
- Medical centers in schools and businesses

Revenue (€M)



68% of Total Group Revenue: HPS I

18% of Total Group Revenue: HPS II

Health Connectivity Services

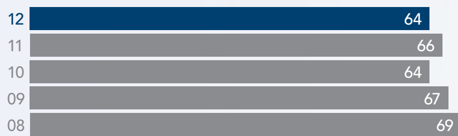
Networking Systems for the Healthcare Sector

Workflow & Decision Support: Compilation of medical information
Our solutions in the field of software assisted medicine bring together the data from the patient's medical history and the global medical knowledge, thus providing clinicians with all information that is relevant for optimum patient treatment and care. We also offer drug databases that help prevent drug interaction effects and develop software solutions to prevent insurance fraud.

Communication & Data: Communication between large numbers of users
Our information systems offer the industry a highly targeted marketing channel. Research institutes use anonymized clinical data for their studies and clinical trials.

Internet Service Provider: Secure Exchange of Medical Data
As an internet service provider (ISP), we offer Internet and Intranet solutions for the healthcare industry. Our networking solutions enable the secure exchange of data between the healthcare sectors – and this, fully integrated into the daily practice routine.

Revenue (€M)



14%

of Total Group Revenue: HCS

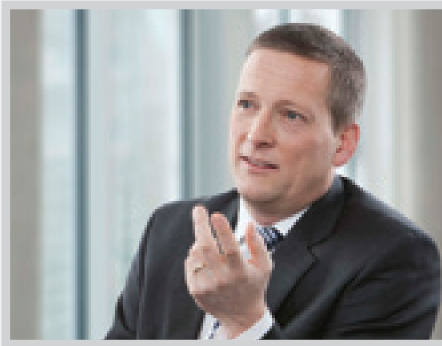
Management Board

Ready for the Future

Frank Gotthardt
Frank Gotthardt, Chairman of the Management Board, CEO

Frank Gotthardt was born in Germany in 1950. After his studies he started his career as a one-man entrepreneur in the software business. In 1987 he started developing CompuGroup Medical. Under his leadership the business grew into one of the leading providers of eHealth-solutions worldwide. Frank Gotthardt is a graduated computer scientist.

He is majority shareholder of CompuGroup Medical AG.



Christian B. Teig
Chief Financial Officer, CFO

Christian B. Teig was born in Norway in 1965. He joined the Management Board of CompuGroup Medical AG in 2008. Prior to his appointment, he held the position of CEO of Profdoc, worked in the IT Division of Norsk Data and as a management consultant for McKinsey & Company. Christian B. Teig graduated from the University of California (Santa Barbara) in 1990 with a Bachelor of Science degree. In 1995, he received his Master of Business Administration (MBA) degree from INSEAD, France.

Uwe Eibich
Executive Vice President, Central Europe

Uwe Eibich was born in Germany in 1962. He was appointed a member of the Management Board of CompuGroup Medical AG in 2007. He first joined the company in 1998, heading the Dental Division. Since 2004, he has been in charge of the international expansion of the company's business and is today the executive responsible for Central Europe. Uwe Eibich is a graduate in Computer Sciences.

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 2012. 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 2012. The Supervisory Board was regularly informed about the work of the Audit Committee. Members of the Committee besides the chairman Mr. Prof. Klaus Steffens are Mr. Dr. Klaus Esser, Mr. Dr. Daniel Gotthardt and Mr. Ralf Glass.

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

15 February 2012:
The Supervisory Board approved by circular resolution the update of the Statement of Conformity according to clause 161 of German Stock Companies Act, which refers to the German Corporate Governance Codex.

7 March 2012:
The 2011 financial statements of CompuGroup Medical AG, the consolidated financial statements for 2011 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. The Management Board's recommended appropriation of net profit was approved. Further activities, plans and financings for the 2012 financial year were also presented to the Supervisory Board. In the same meeting, the re-appointment of Mr. Uwe Eibich to the Company's Management Board as well as the contractual terms were discussed. Mr. Eibich was subsequently appointed for the time period from 01.01.2013 to 31.12.2016.

9 May 2012:
In this meeting, the Management Board reported about the current situation of all business segments. Preparations were made for the Annual General Meeting during the further course of the meeting.

6 July 2012:
In a circular resolution, the Supervisory Board approved the Management Board's recommendation for a further share repurchase program of 1,000,000 shares starting on 09.07.2012.

12 September 2012:
In this Supervisory Board meeting, the Supervisory Board discussed updating the declaration of conformity with the Corporate Governance Codex. An important topic of the meeting was the consultation on the extension of the appointment of Mr. Frank Gotthardt to the Management Board as of 01.07.2013.

11 November 2012:
During this meeting, the Supervisory Board was informed about potential acquisitions. The draft Group budget 2013 was presented and discussed. The Management Board presented the Supervisory Board with the draft of the interim finance report as of 31.10.2012. Another important topic was the compensation structure of the new appointment of Mr. Gotthardt as Chairman of the Company.

14 December 2012:
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 2013 which was subsequently approved by the Supervisory Board. In the same meeting, the appointment of Mr. Frank Gotthardt as Chairman of the Company for the period from 01.07.2013 to 31.12.2017 was approved and the contractual terms were determined.

During the reporting period no conflicts of interest occurred within the Supervisory Board.

On 28 March 2013 the Supervisory Board received in due time the 2012 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. At the meeting of the Supervisory Board held in March 2013 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 2012, 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 objections.

In accordance with Section 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 Section 312 AktG concerning relationships with related companies (dependency report) to the Supervisory Board together with the declaration required by Section 312 (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

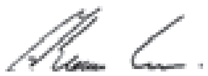
1. *the actual details in the report are correct,*
2. *the payments made by the company were not unreasonably high for the legal transactions listed in the report."*

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, 28 March 2013

The Supervisory Board



Professor Dr. Klaus Steffens
Chairman

Corporate Governance Statement

The actions of CompuGroup Medical´s Management Board and Supervisory Board are based on the principles of good and responsible corporate governance. In this statement, the Management Board – also acting on behalf of the Supervisory Board – provides its report on corporate governance in the Company 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 February 2012, CompuGroup Medical AG has conformed to the recommendations of the GCGC as amended on 26 May 2010, 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 15 May 2012 with the following exceptions:

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.

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.

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 believes that a rigid age limit does not represent an appropriate selection criterion for its corporate officers and will consider this aspect on a case by case basis when evaluating potential candidates. 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.

Section 5.2 of the GCGC

The company deviates from the recommendation in section 5.2 of the GCGC stipulating that the Chairman of the Supervisory Board shall not be Chairman of the Audit Committee. The Chairman of the Supervisory Board of CompuGroup Medical has specific knowledge and experience in the field of accounting and internal control procedures and is also considered to be independent.

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 it 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.

Section 5.4.1 of the GCGC

According to section 5.4.1 of the Corporate Governance code 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 believes that a rigid age limit does not represent an appropriate selection criterion for its Supervisory Board Members and will consider this aspect on a case by case basis when evaluating potential candidates.

With regard to the composition of the Supervisory Board, the company will predominantly take into account potential candidates' expertise, skills and professional experience.

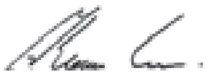
The Supervisory Board will not specify concrete objectives regarding its composition which need to be considered in election recommendations to the Annual General Meeting, in order to retain flexibility in assessing the suitability of potential candidates.

Section 5.4.6 of the GCGC

The compensation arrangements for the Supervisory Board basically provide for a uniform fixed compensation. All Supervisory Board members are expected to perform their tasks with the highest level of engagement with focus on the company's long-term success. Up to now, only the chairman of the Supervisory Board receives a 50 percent higher compensation, because the work pattern of the chairman is clearly larger than the work pattern of all other Board Members, including the deputy chairman and the Committee members.

Section 7.1.2 of the GCGC
With the publication of the quarterly report for the 3rd quarter of 2013 the company deviates from the recommendation of the GCGC, which says that companies should publish interims reports within 45 days after the end of the reporting period. Traditionally the company publishes its third quarter report during the world's largest healthcare trade fair Medica taking place every year. In 2013, the publication is scheduled for 20 November 2013.

Koblenz, September 2012



Prof. Dr. Klaus Steffens
Chairman
Supervisory Board

Frank Gotthardt
Chairman
Management Board

Corporate Governance practices

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.

Operation principles of the Management and Supervisory Board

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 2011 one member of the Management Board was assigned to the regional line organization as Executive Vice President and overall responsible for the region of Central Europe. The other 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 ten 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 six to eight 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 2011. The next efficiency review is scheduled for 2013. 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 no conflict of interest, which was disclosed to the Supervisory Board. 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 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 2011 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 2011.

Shareholders 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 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.

Group Management Report

for the financial year 2012

Preliminary remarks

The Group management report of CompuGroup Medical Aktiengesellschaft, Koblenz, for the 2012 financial year shows certain differences compared to the prior year report with regard to its structure, in particular pertaining to rearrangement of the business segments. The goal of these changes is to improve the informational value and to render the reporting more comprehensible.

The CGM 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. CGM's software products and related services are designed to support all medical and organizational activities in doctors' offices, pharmacies and hospitals. 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. With headquarters in Germany (Koblenz), the Company has a wide and global reach with offices in 19 countries and customers in 34 countries worldwide.

Approximately 3,600 highly qualified employees support customers with innovative solutions for the steady growing demands of the healthcare system.

Business segments

The business activities of CGM comprise of two main business areas: Health Provider Services (HPS) and Health Connectivity Services (HCS), which are in turn separated into three business segments HPS I, HPS II and HCS.

The business segments were rearranged during the reporting year due to changes in internal reporting, resulting in the integration of Consumer Health Services (CHS) in the HPS I segment. As of the 2012 financial year, the business area Health Provider Services (HPS) is divided according to relevant customer and product groups Practice Software (HPS I) and Clinic Software (HPS II).

Health Provider Services I (HPS I)

For ambulatory use (Practice Software) by physicians, dentists and pharmacists: modern information systems for organization of medical data.

Specialized software solutions for managing medical data, organizing business operations and generating invoices. Integrated software and workflow solutions create efficient structures for the customers.

- Ambulatory Information Systems (AIS) is focused on practice management software and electronic medical records for office-based physicians, dentists, medical care centers and physician's networks.
- Pharmacy Information Systems (PCS) is focused on integrated clinical, administrative and financial software applications for pharmacies and mail order pharmacies.

Health Provider Services II (HPS II)

For the in-patient sector (Hospital Information Systems, HIS): Hospital, laboratory and special care information systems.

As a full service provider, CGM pursues an integrated care approach and provides customized IT solutions for the laboratory, acute care, rehabilitation and social sectors. Our integrated software and workflow solutions create efficient structures for clinics, laboratories, rehabilitation centers, social services and medical centers in schools and businesses.

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, enabling them to provide information to physicians through software interfaces.
- Workflow & Decision Support: Targeted at healthcare payers (health insurers, managed care companies and public sector organizations) and physicians by providing an information channel via software interfaces to optimize decision making.
- Internet Service Provider (ISP): Targeted at healthcare providers (physicians, dentists, pharmacists and hospitals), providing internet/intranet networks for information exchange.

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 with offices in 19 countries and customers in 34 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 five years CGM acquired and successfully integrated more than 30 companies. This proves the Company's strong track record in acquiring new businesses.

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 Gotthardt who founded CompuGroup Medical in 1987 and has grown it into a worldwide leading enterprise. Supporting Mr. Gotthardt is a strong, experienced cadre of managers, all who have been active in the industry for more than a decade. 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 the HPS I installed base of doctors, dentist and pharmacists through acquisition and organic growth.
- 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 a broad range of key performance indicators. An important variable is organic growth as part of our growth strategy and as a measure of our ability to add value to our acquisitions.

Earnings before interest, taxes, depreciation and amortization (EBITDA) is a good indicator of the business unit's ability to generate positive cash flows and meet their financial obligations. EBITDA is one of the internal key parameters and stated in the consolidated income statement.

Especially in light of CGM's 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.

CGM's access to a very large number of healthcare professionals 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 customer acquisition, cross-selling and customer satisfaction.

Financial Review
Five Year Overview

	2012 EUR m	2011* EUR m	2010 EUR m	2009 EUR m	2008 EUR m
Group sales	450.6	397.3	312.4	293.4	229.2
Expenses for goods and services purchased	82.5	76.1	59.0	61.0	49.3
Personnel expenses	202.0	188.5	144.3	130.2	95.8
Other expenses	73.2	68.9	53.6	53.1	47.1
EBITDA	105.0	74.3	67.0	59.2	49.3
in %	23.3%	18.7%	21.4%	20.2%	21.5%
EBIT	64.2	37.9	33.2	24.8	12.8
in %	14.2%	9.5%	10.6%	8.5%	5.6%
EBT	48.4	25.7	26.5	18.3	7.0
in%	10.7%	6.5%	8.5%	6.2%	3.1%
Net profit	30.4	9.8	16.8	11.7	1.3
in%	6.7%	2.5%	5.4%	4.0%	0.6%

* Figures have been adjusted.

Revenue
Consolidated revenue in 2012 was EUR 450.6 million compared to EUR 397.3 million in 2011. This represents an increase of EUR 53.3 million and 13.4 percent respectively. Acquisitions contribute 9.8 percent to growth and organic growth was 3.6 percent.

In the HPS I segment, revenue was EUR 306.4 million compared to EUR 258.2 million in 2011. This represents an increase of approximately 19 percent of which approximately 4 percent is organic growth. Ambulatory Information Systems (AIS) grew at 10 percent of which approximately 5 percent is organic growth. The organic growth in AIS primarily stems from new value-added products and services sold to existing customers. Pharmacy Information Systems (PCS) grew strongly at 100 percent mostly due to only being consolidated for 6 months last year following the acquisition of Lauer-Fischer in June 2011. The year-on-year organic contraction in PCS was -3 percent in 2012.

HPS I revenue development (including acquisitions):

EUR m	2012	2011	Change
Ambulatory Information Systems	251.8	231.6	9%
Pharmacy Information Systems	54.6	26.6	100%
Total	**306.4**	**258.2**	19%

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

EUR m	First-time revenue 2012	Segment
Lauer-Fischer (6 months due to acquisition in June 2011)	27.2	HPS1 (PCS)
Microbais (acquisition January 2012)	10.7	HPS1 (AIS)
Effepieffe (acquisition in January 2012)	1.5	HPS1 (AIS)
Total	**39.4**	

In the HPS II segment, the year-on-year growth in Hospital Information Systems (HIS) was 2 percent going from 2011 to 2012, all of which is organic growth. It has been a relatively good market for add-on projects and new hospital clients in 2012. The positive development was particularly pronounced in the markets in Poland, Austria and Switzerland.

HPS II revenue development:

EUR m	2012	2011	Change
Hospital Information Systems	87.4	85.5	2%
Total	**87.4**	**85.5**	2%

In the HCS segment, revenue was EUR 64.9 million compared to EUR 67.6 million in 2011. This represents an organic contraction of approximately 4 percent. Revenue in Communication & Data was reduced by 2 percent, from EUR 32.1 million in 2011 to EUR 31.3 million in 2012. As was announced in the 2nd quarter financial report, published August 9th 2012, Germany's Federal Association of Statutory Health Insurance Physicians (Kassenärztliche Bundesvereinigung – KBV) changed the regulatory guidelines for certification of physicians' software in Germany beginning 1 July 2012. The new guidelines put new limitations on advertising which explains the reduction in Communication & Data revenue.

The business volume in Workflow & Decision Support was reduced by 4 percent, from EUR 24.0 million in 2011 to EUR 23.0 million in 2012. Business development in the Workflow & Decision Support area continues with new contracts coming on stream towards the end of 2012. Internet Service Provider revenue declined 8 percent from EUR 11.5 million in 2011 to EUR 10.6 million in 2012. The reduction in ISP revenue is due to special revenue generated in 2011 from a roll-out of card-readers for a new data security system delivered to customers in Germany and this revenue did not repeat in 2012.

HCS revenue development:

EUR m	2012	2011	Change
Communication & Data	31.3	32.1	-2%
Workflow & Decision Support	23.0	24.0	-4%
Internet Service Provider	10.6	11.5	-8%
Total	**64.9**	**67.6**	-4%

Profit

Consolidated EBITDA amounted to EUR 105.0 million compared to EUR 74.3 million in 2011. This represents an increase of EUR 30.7 million and 41 percent respectively. The corresponding operating margin was 23 percent compared to 19 percent in 2011. The significant increase in profitability is the result of broad-based operational improvements, especially in the United States which went through a merger and consolidation process during 2011. There were also one-off acquisition and restructuring expenses related to the Lauer-Fischer acquisition which significantly impacted the operating margin in 2011.

The main developments in operating expenses were:

- Expenses for goods and services purchased went up from EUR 76.1 million to EUR 82.5 million, corresponding to a rise of 8 percent year-on-year. The increase is primarily driven by first time consolidation of costs of goods in acquired companies.
- The corresponding gross margin is 82 percent, which is 1 percent higher than in the previous year. The stable gross margin is explained by only small changes to the revenue mix and business model going from 2011 to 2012.
- The increase in personnel expenses by EUR 13.5 million is attributable to the increase in the average number of employees by 120 between the two fiscal years. This is mainly due to the employees in acquired companies.
- Other expenses increased from EUR 68.9 million in 2011 to EUR 73.2 million in 2012.

Depreciation of tangible fixed assets increased from EUR 6.3 million in 2011 to EUR 7.2 million in 2012. This is mainly due to the first time consolidation of fixed assets depreciation in acquired companies.

Amortization of intangible fixed assets went from EUR 30.1 million in 2011 to EUR 33.6 million in 2012. This primarily is driven by the increased amortization of purchase price allocations arising from new company acquisitions as well as adjustments to the useful life of intangible assets. The amortization figure for 2012 also includes a one-off impairment of goodwill of EUR 1.0 million related to the Company's subsidiary in South Africa.

Financial income increased from EUR 4.1 million in 2011 to EUR 7.5 million this year due largely gains on derivative financial instruments. The financial expense increased from EUR 16.3 million in 2012 to EUR 22.9 million in 2012 and is composed of the following items:

	2012 EUR '000	2011 EUR '000
Interest on bank loans	14,368	11,442
Capitalized borrowing costs for qualified assets	-493	-587
Foreign exchange losses on non-euro Group-internal debt	1,513	615
Swap	0	75
Transaction costs/Loan commitment fees	2,459	2,674
Increases in purchase price liabilities	4,653	1,686
Other	400	401
Total	**22,900**	**16,305**

The increases in purchase price liabilities come from put options carried by minority shareholders which contain a variable component. The values have increased due to improved financial performance in these companies during 2012.

The effective tax rate was 37 percent in 2012 compared to 62 percent in 2011, primarily as a result of unrecognized losses carried forward and effects of external tax audits in 2011.

After tax earnings came in at EUR 30.4 million in 2012, compared to EUR 9.8 million in 2011.

Cash flow

Cash flow from operating activities during 2012 was EUR 66.9 million compared to EUR 46.7 million in 2011. The changes compared to 2011 mainly come from the following positions:

- After tax earnings came in at EUR 30.4 million in 2012, which is a increase of EUR 20.6 million compared to 2011
- Increase in depreciation and amortization of EUR 4.4 million year-on-year
- Increase in cash from sale of fixed assets of EUR 5.9 million year-on-year
- Change in provisions (including income tax liabilities) of +EUR 4.6 million (2011: EUR 7.1 million)
- Change in trade receivables of -EUR 8.7 million (2011: EUR 0.3 million)
- Change in trade payables of -EUR 4.7 million (2011: EUR 0.8 million)
- Change in other current and non-current liabilities of +EUR 3.1 million (2011: -EUR 5.5 million)

Cash flow from investment activities during 2012 amounted to EUR -53.2 million compared to EUR -98.4 million in 2011 due to higher expenditures for acquisitions in 2011 compared to 2012. In 2012, CompuGroup Medical's capital expenditure consisted of the following:

EUR m	2012
Acquisition of 100% of the shares in Microbais, Effepieffe and MECO	15.5
Acquisition of 12.5% of the shares in Lauer-Fischer and other minorities	13.7
Capitalized in-house services and other intangibles	8.9
Purchase of office building 'Maria Trost 21' in Koblenz	6.1
Construction of office building 'Maria Trost 25' in Koblenz	3.3
Other property plant and equipment (less disposals)	5.7
Total	**53.2**

Investments in office buildings and property arise from the continued construction of the new administration building at the company headquarter in Koblenz. The new building was completed and inaugurated in April 2012. Also, the building 'Maria Trost 21' in Koblenz, which has been rented and used by CompuGroup for more than 10 years, was purchased during 2012 for EUR 6.1 million. The owner of the building was Mr. Frank Gotthardt and the purchase price was based on an independent valuation report and a unanimous approval by the Supervisory Board. The 'campus Koblenz' technology park now consists of 12 buildings with more than 20,000m² of office space – all fully owned by CompuGroup.

Cash flow from financing amounted to EUR -18.9 million in 2012 (previous year: +EUR 34.0 million) which is mainly related to a dividend payment of EUR 12.5 million by CompuGroup Medical AG, purchase of own shares in CompuGroup Medical AG for EUR 4.6 million. In 2011 the positive cash flow from financing was a result of net cash inflows from assumption/repayment of loans of EUR 52.0 million.

Statement of financial position

Since the statement of financial position of 31 December 2011, total assets increased by EUR 10.6 million to EUR 651.3 million. Intangible assets represent the largest item of individual asset classes in terms of value in is virtually unchanged between the two balance sheet days (EUR 455.8 million as of 31 December 2012 compared to EUR 458.8 million as of 31 December 2011). Their share of total assets was 70.0 percent (previous year: 71.6 percent). Intangible assets primarily originated from undisclosed reserves from company acquisitions uncovered during purchase price allocations. The uncovered intangible assets mainly pertain to customer relationships, order backlog, software, brand values, and 'residual' goodwill.

The largest changes to individual asset classes are a EUR 10.0 million increase in tangible assets and a EUR 7.6 million increase in trade receivables. The increase in tangible assets mainly arises from office buildings constructed and acquired in Koblenz during 2012. The increase in current trade receivables results primarily from new companies acquired and normal fluctuations. For all other assets there are only minor changes during 2012.

After consolidating EUR 30.4 million in net profit for the period from 1 January to 31 December 2012, Group equity was EUR 179.4 million as at 31 December 2012, up from EUR 168.2 million as at 31 December 2011. The increase in equity comes after the effect from a EUR 12.5 million dividend paid to the shareholders of CompuGroup Medical AG and purchase of own shares for EUR 4.6 million. In addition, the equity effect from changes in currency exchange rates, changes in interest rates (actuarial losses) and change in market value of interest rate swap together amounted to EUR -2.4 million during 2012. The equity ratio increased from 26.25 percent as at 31.12.2011 to 27.55 percent as at 31.12.2012.

During the reporting period, only small changes to total current and non-current liabilities occurred going from EUR 472.5 million as at 31.12.2011 to EUR 471.9 million as at 31.12.2012. The biggest changes to individual positions is a reduction in purchase price liabilities of EUR -9.0 million, an increase of pension provisions of EUR 5.1 million, and an increase in liabilities associated with derivative financial instruments (interest rate hedging instrument)of EUR 6.0 million.

Operational review

Order situation and development within business segments

Health Provider Services I (HPS I)

Ambulatory Information Systems

CompuGroup Medical remains No. 1 for Germany's doctors
According to statistics released by the German Association of Statutory Health Insurance Physicians (KBV) in 2012, MEDISTAR is still the most widely used medical information system nationwide. The impressive increase of installations within one year underlines the confidence the medical profession has in the Company's software and services. From the beginning, it has been MEDISTAR's goal to achieve an efficient practice schedule for physicians with its software, thus allowing for more time with patients. The success of this concept can been seen in the recently published figures showing 15,000 equipped practices and a market share of almost 13 percent assuring that MEDISTAR remains the preferred partner of Germany's physicians.

CGM's TurboMed software is the second most used application in Germany, with over 11,000 installations and a market share of 11 percent. In recent years, TurboMed was the software with the fastest growing number of users in the German market. Besides the market leaders Medistar and TurboMed, the ambulatory information systems ALBIS, M1 and DataVital are also part of the CompuGroup Medical portfolio with a total of over 41,000 installations and almost 70,000 users in Germany.

MEDISTAR implements first fully virtualized medical center
Based on a virtualization concept, a private cloud was created as part of a project in Bad Kissingen in 2012 using the MEDISTAR ambulatory information system. The private cloud allows employees remote, personalized access to the system. Doctors at the medical center in Heiligenfeld, Bad Kissingen, who have been using MEDISTAR for many years, thereby aim to promote cooperation with other healthcare providers for the purpose of successfully implementing primary health care objectives. With this goal in mind, a centralized IT concept was developed that comprises virtualized server architecture as well as virtual workplaces. This particular private cloud constellation is the first of its kind in Germany.

The private cloud gives all employees fast, secure access to the latest patient records using mobile tablet PCs regardless of their location. The concept also facilitates the billing process to a considerable degree as the invoices can be generated via the medical center's central server using the common invoice management system.

United States and status for CompuGroup Medical
The 5010 upgrade significantly influenced the healthcare industry business and CGM's business in the United States at the beginning of 2012. The 5010 upgrade is related to a new HIPAA standard (Health Insurance Portability and Accountability Act) for electronic healthcare transactions which is mandatory from January 1st 2012 for all healthcare entities, clearinghouses and associated business partners handling patient/healthcare data in the US. However, despite this challenge, CGM's US business delivered its strongest first quarter ever with year-on-year organic growth and 11 percent EBITDA margin.

Beginning of April 2012, the issues related to 5010 were mostly resolved and the business was back normal operating conditions. This gradually freed up internal capacity in CompuGroup Medical which could be redirected to sales and implementation activities. Potential customers were also able to devote more attention to new developments and in particular EHR adoption instead of dealing with 5010 problems. The business in the United States continued the positive trend from the first quarter and delivered a second quarter 2012 with 16 percent year-on-year organic growth (5 percent at constant exchange rates) and 15 percent EBITDA margin.

Following a stronger first half of the year, the market in the United States went through a slow period in the second half as was experienced by many market participants. The larger physician practice Group segment has reached a saturation level in many product areas (including EHR) whereas the EHR penetration rate in small practices remains relatively low. The current EHR penetration rate is only approximately 20 percent for 1-10 doctor practices, which shows that the HITECH stimulus so far has had little effect on the small and medium-sized end of the market. This is in contrast to the large practice end of the market (practices with 25+ doctors) where EHR penetration has reached more than 50 percent and with significant positive effects from the HITECH stimulus to date

Overall CompuGroup Medical experienced a positive business development in the United States in 2012 with year-on-year revenue growth additionally supported by favorable exchange rates. Productivity has increased and so has the quality of deliverables and support. Profitability was significantly increased with 13 percent EBITDA margin.

CompuGroup Medical is predominantly focused on small and medium-sized practices and still sees this end of the market where EHR-based growth is yet to come and a niche where CompuGroup Medical has significant competitive advantages. The key success factors in the US market are identical to Europe: reliable and effective products backed by excellent service and customer support. CGM has what it takes to succeed and, with the market regaining momentum, expects the US business to gradually grow in the following quarters of 2013.

Consolidation of operations in The Netherlands

CGM is currently an IT supplier to approximately 900 pharmacies and 900 GPs in the The Netherlands, out of a total number of 2,000 pharmacies and 7,000 GPs. The market position has been assembled through the acquisitions of Ascon/Euroned (January 2011) and Microbais (January 2012). Broad measures have been taken during 2012 to consolidate and restructure the Dutch operation with Group-wide management of functional areas and corresponding cost reductions and efficiency improvements. The restructuring was completed during the third quarter of 2012 and CGM is confident that the measures implemented in The Netherlands have created the basis for a strong, profitable and growing business in this market. A severance payment provision of EUR 1.5 million related to the restructuring was made in the third quarter and expensed under 'Personnel costs'.

CGM LIFE eSERVICES

CompuGroup Medical is one of the first companies to develop a fully integrated online service for medical offices worldwide. CGM LIFE eSERVICES enables patients to access eBooking (online appointment scheduling), ePrescription (online prescriptions), eFindings (online findings inquiries) and eConsultations (online consultations) on the practice website. An added bonus for the physician is that the data is fully integrated into their Ambulatory Information System. The online services not only represent an innovative additional service for patients, they also reduce administration expenditure and efforts, and cut down on phone calls.

The number of physicians and patients using eSERVICES increased significantly in 2012. By November, more than 2,000 physicians and dentists in Germany had installed CGM LIFE eSERVICES in their practices. We have also witnessed a record number of patients that have registered for a CGM Life Key: At present, there are almost 4,000 new registrations a month, and these patients in turn book approximately 10,000 appointments each month. This makes CGM LIFE eSERVICES the number one online appointment booking system in Germany. In addition, hundreds of prescriptions and findings are processed online through CGM LIFE eSERVICES. The number of online consultations is the fastest-growing of all the services.

CGM LIFE eSERVICES was awarded 1st prize in the Austrian IT business award 'eAward Salzburg 2012'. The annual eAward goes to the best national IT projects. This year's winners, who come from the regions of Upper Austria and Salzburg, received the award on 9 October in Linz. CGM provided the winning entry from Salzburg with online communication platform CGM LIFE eSERVICES.

Following successful rollout of the project in Germany and Austria, CGM LIFE eSERVICES was launched internationally in the 2012 financial year. The online services were adapted to meet the individual legal and market requirements in the respective countries.

In June, CGM Italia launched the new online system supporting doctors in communicating with their patients. Users of CGM's software PROFIM and INFANTIA, more than 8,000 Italian general practitioners and pediatricians, and about 8 million patients, can already enjoy this additional innovative communication channel.

The online services have been available in the US since July 2012. CGM customers that use Alteer Office and HEHR can now enable their patients to view findings online. The platform was subsequently introduced in France in October 2012. There are more than 18,000 physicians in CGM's French customer base, including over 13,000 general practitioners and pediatricians, who are now able to schedule appointments with their patients online.

CGM LIFE eSERVICES has also gone mobile: The iPhone and iPad Apps were presented to a wide audience at the Medica Congress in November 2012. Patients have been able to download the CGM LIFE eSERVICES App since January 2013. Hundreds of users in Germany and Austria have already installed the App on their mobile devices.

Pharmacy Information Systems

Following the acquisition of LAUER-FISCHER Group in June 2011, CompuGroup Medical has become a leading innovator in pharmacy software solutions in Germany. For more than six decades, the name LAUER-FISCHER has been a synonym for all-round competence in the pharmacy sector with over 4,000 pharmacies and approximately 1,000 other customers in the healthcare sector. By providing excellent market coverage and guaranteed service quality through its 13 locations, LAUER-FISCHER has attained an outstanding level of trust among pharmacists.

Since early 2012, the role of the 13 LAUER-FISCHER branches has become more important as a result of the new 360 degree all-in service concept. The two call centers, which until then had been managed separately, were consolidated in the Fürth location and the focus of service was shifted to the various branches. The 360 degree all-in service concept has a consistent focus on customer needs, combining regional hotlines in the separate branches with the additional call and service center in Fürth. Higher customer retention and closer ties with their customers was LAUER-FISCHER management's motivation behind this stronger regional focus.

Optimizing business processes is becoming an increasingly important, but at the same time more complex, issue for pharmacies. In September, LAUER-FISCHER launched the new OptX software module. The new module provides customers with a number of options for optimizing storage. A range of filter functions enable users to revalue all items in stock, which is necessary on account of constant renegotiation of discounts. The aim thereby is to reduce stock and improve revenues. These innovative functions are not exclusively linked to LAUER-FISCHER pharmacy software, but can be used by any pharmacy.

Health Provider Services II (HPS II)

Hospital Information Systems: Evolution as a recipe for success

CGM's strategy for the evolution of hospital information systems has shown remarkable success. The modular G3 strategy has already been approved by CGM customers in Germany, Austria and Switzerland. New modules are seamlessly integrated in the existing system landscape, while older modules are replaced by new G3 modules in the mid-term by means of a release strategy.

In Switzerland, the existing CGM PHOENIX customer systems will be augmented with new G3 modules, while new functions will be added to the CLINICA systems, a range that has been successfully installed in Germany. In particular, the new CGM G3 module 'medication' has established itself in the market: customers have confirmed that CompuGroup Medical's medication software is able to satisfy the strong needs in the sector. Shortly after the product was launched, the Zurich clinics in Wald and Davos as well as the children's hospitals in Zurich and St. Gallen purchased the module. The first customer in Germany, the Lahnhöhe medical center in Lahnstein, is still implementing the project.

The evolution of existing HIS solutions has also been well-received by the Polish market. Furthermore, we have encountered increasing interest in CGM NetRAAD beyond Poland's borders. With the active support of local sales partners, CompuGroup Medical made important initial sales in the high-growth market Russia in 2012. CGM NetRAAD is currently used by 38 clinics in Russia, including Budz Zdarov and 26 polyclinics in St. Petersburg. CGM NetRAAD is now also available in Russian.

At the end of 2012, we completed the major HIS project in Saudi Arabia's largest medical facility, the King Fahad Medical City, laying the foundation for a sustainable partnership. Besides development, maintenance and support of the existing clinical information systems (including mobile iPad application), the biggest focus is currently on the new product generation, which will also enable expansion of the new HIS solutions in Saudi Arabia.

New App 'Mio' for Mobile Documentation in Hospitals

In August 2012, the new CGM mobile application, 'Mio' (Mobile Information Organizer), was introduced onto the market. This application makes it possible for the physician to have access to all relevant patient data independent of his location in the hospital. Based on Google Android®, 'Mio' admittedly cannot replace a hospital information system (HIS), but it can however, bring the relevant patient information the physician selects to his mobile device. Thus, the physician can easily search for patients using his smartphone – directly from the central HIS, per barcode-scan, via the care unit overview or by entering the patient's name – and additionally record dictations as well as take wound images and save them to the patient file or forward them to for the respective processing. Most importantly, the mobile dictation makes it possible for the physician to document directly at the scene of the event. Wound images are taken in direct context to the patient thereby reducing the margin for error common in manual allocation. With insight into the current medication and around the clock access to current vital signs, the physician can retrieve the patient's status without the hard copy of the fever-curve and act if necessary. The extensive range of functions is seamlessly integrated in the familiar working environment of the HIS.

Health Connectivity Services (HCS)

Communication & Data

The Communication & Data business had a particularly strong first quarter of 2012 which was due to especially favourable short-term market conditions. Several big drugs came off patent during this quarter and this drove extra demand from generics producers to introduce new products to the market. The general trend however, is that C&D revenue continues to decline from the generics part of the market as rebate contracts 'without choice' become more and more the norm for German health insurance companies.

During the second quarter, Germany's Federal Association of Statutory Health Insurance Physicians (Kassenärztliche Bundesvereinigung – KBV) changed the regulatory guidelines for certification of physicians' software in Germany. The new guidelines beginning 1 July 2012 put new limitations on advertising related to the drug prescribing process. CompuGroup Medical went through a new certification process. The new software certification rules had a negative impact on Communication & Data development in the second half of 2012.

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 CompuGroup's ability to use computer technology to bring relevant information to doctors.

Workflow & Decision Support

New drug database tool and adapted business model in Germany

In July 2012, the new generation drug database 'IfAp praxisCENTER 3' (ipC3) was introduced in Germany. More than 100,000 physicians in 45,000 medical offices using CGM ambulatory information systems and additional 25,000 physicians using AIS software from competitors of CGM received the modern software. The new tool includes a multitude of advanced workflow and decision support utilities for drug prescribing and at the same time fulfills the new software certification rules introduced by Germany's Federal Association of Statutory Health Insurance Physicians (Kassenärztliche Bundesvereinigung – KBV) in July 2012.

Following the new software certification rules, which has reduced the opportunities for advertising of drug prescribing tools, and adapted business model with a software maintenance increase was introduced to all physician AIS customers in Germany. Also, ipC3 will no longer be offered for free to third party software vendors and CGM will for the future charge a maintenance and support fee to all re-sellers of CGM drug prescribing databases (today covering an estimated 25,000 physicians which use AIS software from competitors of CGM).

The price level and new business model for German drug databases is based on different levels of functionality, from basic version to advanced version, with a financial incentive for doctors to sign-up for online update (new versions of the drug database directly downloaded to the AIS through a secure Internet connection).

Expansion of SAM technology adoption

SAM technology (Software Assisted Medicine) structures and analyses indication-relevant patient data from the ambulatory information system (AIS). The entire treatment process is monitored comprehensively – from the medical history to the treatment to the long-term compliance of the patients. Using medical algorithms, SAM provides guidance for diagnosis and therapy, information about medication and specialist referral recommendations. Current medical knowledge is displayed for the physician precisely when he needs it. Starting July 2012, The German health insurance company Knappschaft Bahn See expanded the use of SAM Diabetes in the Saarland region and in Gelsenkirchen/Gladbeck. A total of more than 8,000 diabetes patients can participate in the program.

Development partnership for integrated care solutions

In November 2012, CompuGroup Medical announced the formation of a development partnership with OptiMedis AG – the leading provider of integrated health care solutions in Germany. The companies will jointly develop a web-based software solution that will allow integration of treatment pathways tried and tested by the 'Gesundes Kinzigtal' project – an integrated care system founded in the Kinzig valley in South-West Germany – as well as electronic patient data, amongst other things. The aim is to improve medical care and efficiency in integrated health care systems and physician's networks. The network routines and treatment pathways developed by physicians and healthcare specialists as part of the project will be integrated into one complete IT solution for the first time. The first components of the IT solution have already been tested in the 'Gesundes Kinzigtal' project. After the pilot phase, the software will also be available to other physician's networks and integrated care management companies, which is expected to occur during the first half of 2013.

privadis: CompuGroup Medical offers an extended service for billing private patients

Under the umbrella of the recently formed joint venture privadis GmbH, CompuGroup Medical, together with opta data Group, developed a new solution for billing private patients in 2012. This new 'at the touch of a button' billing solution aims to provide the market with an innovative and competitive service that successfully combines the long-standing expertise of the companies involved, i.e. CMG's expertise in practice management systems and the billing and factoring knowledge of Essen-based opta data Group.

The privadis billing function was integrated in ambulatory information systems ALBIS, COMPUMED M1, MEDISTAR and TURBOMED, and made available to customers following the update in April 2012. Physicians can choose from three different private tariffs making it easier for them to plan cashflow and providing 100 percent protection in case of payment default as well as many other economic benefits. The physician can transmit secure and encrypted information to privadis using the practice software and the usual billing dialog. The solution offers physicians a variety of options: Payment on a date of request, invoice generation and dispatch, as well as a payment reminder and debt collection service.

Acquisitions, share purchase, formations and divestitures

Acquisition of Microbais Group, Netherlands

In January 2012, CompuGroup Medical AG concluded an agreement for the acquisition of all shares in Microbais Werkmaatschappij B.V. Microbais is one of the leaders in the Dutch market for ambulatory and pharmacy information systems. Revenue in 2011 was approximately EUR 11.2 million and EBITDA approximately EUR 2.5 million. The purchase price was EUR 15.0 million and was financed from cash and cash equivalents and existing credit lines. Microbais has around 90 employees and headquarters in Amsterdam. The Company's customer base includes approximately 475 pharmacies and 150 physicians' offices. This corresponds to a market share of around 25 percent for pharmacies and 4 percent for physicians in private practice in the Netherlands.

This acquisition expands CompuGroup Medical's market share in the Netherlands to around 45 percent of pharmacies and 15 percent of ambulatory information systems. CompuGroup Medical aims to provide customers with access to its international product platform so they can benefit from the numerous intelligent Software Assisted Medicine (SAM) solutions that are global leaders in terms of innovation and security. As part of the transaction, CompuGroup Medical also receives a 51 percent majority share in MediPharma Online, a startup company in the field of networking between patients and pharmacies.

Acquisition of Effepieffe srl., Italy

In January 2012, CompuGroup Medical AG signed a purchase agreement for the acquisition of all shares in Effepieffe srl. via its subsidiary CompuGroup Medical Italia S.p.A. Effepieffe's revenue in 2011 came to around EUR 1.2 million and EBITDA to approximately EUR 0.5 million. The purchase price for 100 percent of the shares amounts to EUR 3.4 million and a variable component amounting to maximum EUR 1.0 million. The Company counts approximately 8,000 general practitioners among its customers and is the third-largest ambulatory information system provider in Italy. This acquisition is another step toward continuously expanding CompuGroup Medical's position in the Italian market. Since its market entry in 2006, the Company is consistently pursuing a growth strategy and today is the market leader in Italy in the field of primary care with a share of around 40 percent. Effepieffe's strategy focuses on the North Italian market. A majority of its customers are based in the area around the Company headquarters in Milan.

Establishment of Privadis GmbH, Germany

In April 2012, Privadis GmbH was formed as a joint venture between CMG and our partner opta data Group in Essen. Privadis GmbH sells and renders management services to physicians and dentists with regard to billing and debt collection for private patients. In addition, Privadis GmbH offers general services in the domain of billing. CompuGroup Medical Deutschland AG indirectly holds 50 percent of shares plus one vote. privadis GmbH posted its first revenues in the 2012 financial year.

Establishment of Lauer-Fischer ApothekenService GmbH

The company trades in Lauer-Fischer brand software for pharmacies and associated hardware, and also provides advisory and technical services in the healthcare sector with a focus on pharmacies.

Acquisition of the 'Cartella Clinica Basic' business unit, Italy
Through its Italian subsidiary CompuGroup Medical Italia S.p.A, CompuGroup Medical AG acquired the assets of the Ambulatory Information Systems (AIS) business unit 'Cartella Clinica Basic' from Italian company DS Medica in November 2012. The asset purchase price was EUR 1.9 million. The acquisition agreement also provided for variable considerations limited to EUR 0.5 million. The acquisition of this business unit has enabled us to significantly increase the number of physicians we have as customers in Italy by 2,300 and also presents additional growth opportunities.

Acquisition of MECO Medizinische Computersystem GmbH, Germany
In December 2012, CompuGroup Medical AG took over MECO Medizinische Computersystem GmbH via its German subsidiary CompuGroup Medical Deutschland AG. The asset purchase price amounted to EUR 0.5 million. Prior to the acquisition, CompuGroup Medical Deutschland AG held a 50 percent share in MECO Medizinische Computersystem GmbH. As a result of the takeover, CompuGroup Medical has secured access to around 800 physicians in the form of contracts and customer lists.

Additional shares in Lauer-Fischer GmbH, Germany
CompuGroup Medical AG raised its share in Lauer-Fischer GmbH by 12.5 percent in December 2012. The asset purchase price of EUR 10 million had already been set as part of the option agreements negotiated in July 2011 on closure of the acquisition purchase agreement. The increase in share capital led to a corresponding reduction of purchase price liabilities.

Establishment of CompuGroup Medical Netherlands Management and Services B.V., Netherlands
The company was established on 1 October 2012 as a holding company and provides management services for the Dutch operations.

Establishment of CGM Life Denmark AsP, Denmark
The company mainly focuses on developing and selling technology-based products such as web applications and associated activities.

Mergers and company name changes

The following mergers took place in chronological order in the 2012 financial year. The purpose of these mergers is to further consolidate the number of legal business units, drive synergistic effects and create leaner organization structures as well as to further establish the CompuGroup Medical corporate brand.

Merger of Medistar Praxiscomuter GmbH and Turbomed EDV GmbH, Germany
Medistar Praxiscomputer GmbH and Turbomed EDV GmbH were merged with CompuGroup Medical Deutschland AG by merger agreement, effective 1 January 2012.

Merger of CGM Systema Kliniksoftware GmbH, Germany
CGM Systema Kliniksoftware GmbH was merged with CGM Systema Deutschland GmbH by merger agreement, effective 1 January 2012.

Merger of CompuGROUP France SAS, France
CompuGROUP France SAS was merged with CompuGroup Medical France SAS by merger agreement, effective 30 March 2012.

Merger of CompuGroup Medical Stockholm AB, Sweden
CompuGroup Medical Stockholm AB was merged with CompuGroup Medical Sweden AB on 9 May 2012.

Merger of Tepe International Saglik Bilgi Sistemleri A.S., Turkey
Tepe International Sağlık Bilgi Sistemleri A.S. was merged with CompuGroup Medical Bilgi Sistemleri A.S, Turkey on 13 June 2012.

Merger of CompuGroup Medical Link AB, Sweden
CompuGroup Medical Link AB was merged with CompuGroup Medical Sweden AB on 4 September 2012.

Merger of Degama GmbH Apotheken- und Marketing-Beratung, Germany
The company was merged with Lauer-Fischer GmbH on 25 September 2012.

Renaming of systema Deutschland GmbH to CGM SYSTEMA Deutschland GmbH, Germany
Systema Deutschland GmbH, based in Oberessendorf, was renamed CGM SYSTEMA Deutschland GmbH effective September 2012. The company headquarters remain in Oberessendorf.

Renaming of Fischer Software GmbH to CGM Mobile Services GmbH, Germany
Fischer Software GmbH, based in Stuttgart, was renamed CGM Mobile Services GmbH effective 14 November 2012. The Company headquarters remain in Stuttgart.

Liquidation of Tipdata Bilgi Islem Sistemleri Danismanlik ve Ticaret Limited Sirketi, Turkey
Tipdata was liquidated in the financial year after transferring its business activities to CompuGroup Medical Bilgi Sistemleri A.S.

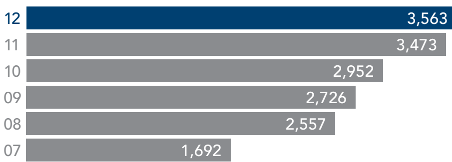
Procurement

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.

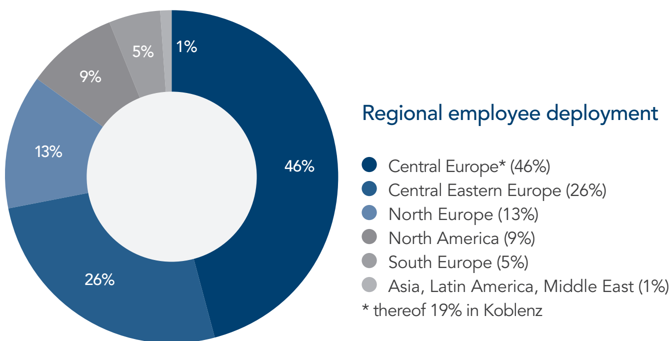
Employees

At year-end 2012, CompuGroup Medical employed 3,563 persons worldwide. Compared to the previous year, this reflects an increase of 90 employees or 2.6 percent. With regard to the development in the number of employees for the period 2007 to 2012, the average annual increase was approximately 13 percent per year.

Number of employees 2007-2012



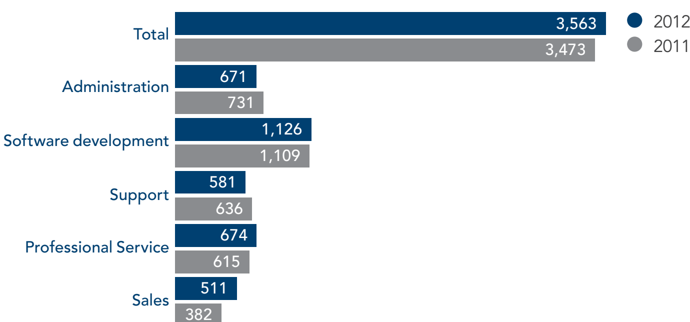
In Germany alone, which is currently the strongest market, CompuGroup Medical had 1,626 employees in the 2012 financial year, representing 46 percent of the total number of employees worldwide.



A significant part of human resources management within the Group involves integrating new employees in the Group of companies. In 2012, the workforce grew primarily as a result of acquisitions.

Within the Group, employees work in Software Development, Sales, Administration, Professional Service and Support. 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 sector 2011-2012



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.

Long-term customer relationships – customer satisfaction

Another significant success factor for CompuGroup Medical is customer satisfaction. The access to a very high number of physicians, dentists, pharmacists and other healthcare service providers 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 average customer churn rate is between 4 percent and 5 percent, reflecting an average customer retention time of about 20 to 25 years.

Innovative technology

The continuous development of its technological and innovative leadership is at the core of CompuGroup Medical's sustainable strategy. Software development usually is a central CGM Group task. Please refer to the detailed information in the 'Research & Development' section.

Strategic cooperation and investments with view to acquire new companies

The Company's strategic goal is to further expand its position as a leading supplier of IT solutions for the healthcare sector. The primary way of achieving this objective is by acquiring new companies. For years, acquisitions have been providing the Group with a basis on which to build its strategy. More information can be found in the section 'Acquisitions, investments and divestitures'.

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 over time. This enables CompuGroup Medical 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.

In addition, CompuGroup Medical carries out a 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 programs. The effectiveness of the training programs is also analyzed and measures taken to increase quality.

Employee satisfaction indicators and social commitment

Employee absenteeism due to illness remained at a constantly low level worldwide throughout the Group in the 2012 financial year. This is an indication of a high degree of contentment and commitment among the workforce. In this context, CompuGroup Medical, in cooperation with the Company physician, regularly offers its employees the possibility of flu vaccinations, cancer screenings 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.

Since its opening on 4 September 2009, the children's daycare center – which is located in CompuGroup's Koblenz Technology Park – has met with very high acceptance, with all 32 places in this comprehensive facility being occupied as of 31 December 2012. Six experienced teachers look after the children.

In September 2012, CompuGroup Medical opened the CGM Health Center in Koblenz. The new center, which is 850 m² in size, offers employees a wealth of sports, preventive and health activities. The CGM Health Center was developed in conjunction with renowned fitness experts and scores highly with innovative health concepts in the work environment. For example, the strength training and endurance equipment is electronically linked, allowing employees to control and document training sessions in order to ensure safe and effective training. Employees can review their physical activities at any time and can assess their progress and adjust personal training plans together with trainers. What's more, employees can use the endurance and strength training equipment free of charge. In addition, the CGM HEALTH CENTER offers a range of various classes, physical therapy and massages. CGM is continuously expanding its corporate health management program.

Thanks to the establishment of these facilities, employees now benefit from measures to ensure safety at work and to provide an ergonomic workplace, preventive medical care such as eye exams, flu shots and sports events, or from healthy nutrition in the Company's own bistro. CGM also boasts a daycare center that helps young parents to return to work.

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 Ambulatory Information Systems and Pharmacy Information Systems, development activity that occurs both centrally and locally.
- Development of platform products, which are independent products that are 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 systems 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 innovative software solutions for use in Software Assisted Medicine (SAM).

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 state-of-the-art 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 uniquely adapted to the individual CGM 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. In contrast, developing and updating the front-end area will remain the responsibility of the subsidiaries.

Capitalized in-house services

In accordance with the provisions of IAS 38, the development work for capitalized in-house services (approximately 217,000 hours) is capitalized as an asset, which had a EUR 6.6 million effect on CompuGroup Medical’s result in 2012 (previous year: EUR 6.4 million). The vast majority of this development work stemmed from the new development project G3.HIS (new development of a Hospital Information System) which involves several Group companies. The larger item in terms of development hours (around 1,300,000 hours) has generated costs in the current year. This mainly involves adapting/constantly improving 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, 1,126 Group employees work in software development.

Take-Over Related Disclosures

Information Pursuant to Section 315 (4) Commercial Code

Composition of subscribed capital

The share capital of CompuGroup Medical AG amounts to EUR 53,219,350 and is composed of 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 3,600,939 shares, the voting capital comes to 49,618,411 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 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 (54.17 percent).

Two effectively separate concluded pooling agreements, first between Frank Gotthardt, GT1 Ver-mögensverwaltung GmbH, Dr. Brigitte Gotthardt and Dr. Daniel Gotthardt, and secondly between GT1 Vermögensverwaltung GmbH and Dr. Reinhard Koop, result in the attribution of 11,894,423 shares to the share pool, reflecting 23.97 percent of shares with voting rights. The purpose of both pooling agreements is, among other things, to safeguard a consistent exercise of voting rights with respect to the shares of CompuGroup Medical AG. Frank Gotthardt as well as GT1 Vermögensverwal-tung GmbH hold 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 54.17 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, no further investors held more than 10 percent of voting rights as of the reporting date.

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 179 to 181 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 26,609,675.00 through a one-time or multiple issuance of new shares for cash and/or in-kind capital contributions until 11 May 2016 (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 General 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 General Meeting on 19 May 2010, it was terminated and replaced by a new authorization. According to Section 71 (1) No. 8 AktG, which was amended by the Gesetz zur Umsetzung der Aktionarsrechterichtlinie (ARUG – Law on the Implementation of the Shareholder Rights Directive), an authorization is now allowed to last up to five years.

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 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 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 19 May 2010, due to any authorizations for share issues from authorized capital in accordance with Section 186 (3) Sentence 4 AktG, 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 need for an additional Annual General 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 equity is not reduced, but instead the percentage of the other shares in equity is raised in accordance with Section 8 (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).

Authorization to issue convertible bonds, bonds with warrants, profit participation certificates or profit participation bonds (or combinations of these instruments) with the option of excluding subscription rights pursuant to Sections 221 (4) and 186 (3) Sentence 4 AktG and the creation of corresponding conditional capital (amendment to the articles of association)
According to the resolution of the Annual General Meeting of 9 May 2012, the Management Board was given the authorization to issue convertible bonds (and similar instruments) and corresponding conditional capital. The authorization is limited to a volume of EUR 500 million.

The Management Board of CompuGroup Medical AG was authorized to exclude shareholders' subscription rights on convertible bonds (and similar instruments). In order to ensure that the authorization limit can be used to the full extent, even in the case of later adjustments to conversion or warrant prices, the conditional capital serving to fulfill conversion rights, warrants or conversion or warrant obligations is to amount to EUR 26,609,675.00. However, in the event of the exclusion of subscription rights on bond issues pursuant to Section 186 (3) Sentence 4 AktG, the shares to be issued for the purpose of the serving of conversion rights, warranty or conversion or warrant obligations may not exceed 10 percent of the equity capital either at the point at which the subsequent authorization comes into force or – should the number of shares be lower – at the point at which the authorization is exercised.

(1) Authorization period, nominal value, number of shares, term, contribution in kind, currency, issuance by Group companies
According to the resolution of the Annual General Meeting of 9 May 2012, the Management Board of CompuGroup Medical AG was authorized, with the consent of the Supervisory Board, to issue registered or bearer convertible bonds, bonds with warrants, profit participation certificates or profit participation bonds (or combinations of these instruments) (hereinafter referred to collectively as 'Bonds') amounting to a total principal amount of up to EUR 500 million on one or more occasions up to and including 8 May 2017, to grant bearers or rather creditors (hereinafter referred to collectively as 'Bearers') of the Bonds conversion rights and warrants on Company shares with a proportionate share in equity capital of up to EUR 26,609,675.00 in accordance with the terms and conditions of the Bonds (hereinafter also referred to as 'Bond Terms and Conditions') and to place conversion and warrant obligations on these Bonds. The Bonds, conversion rights, warrants and conversion and warrant obligations may be issued with no maturity limitations. The Bonds can also be issued in return for a contribution in kind. The Bonds can be issued in euros and in the official currency of an OECD member country, provided that the corresponding euro equivalent is not exceeded.

(2) Granting or exclusion of subscription rights
In principle, shareholders are entitled to subscription rights on the Bonds. Subscription rights may also be granted indirectly whereby Bonds are assumed by one or more credit institutions or by equivalent companies pursuant to Section 186 (5) Sentence 1 AktG with the obligation to offer said subscription rights to shareholders.

However, the Management Board of CompuGroup Medical AG is authorized to exclude shareholders' right to subscribe to the Bonds with the consent of the Supervisory Board:

- in the case of fractional shares;
- to the extent necessary to grant subscription rights to the holders of previously issued Bonds with conversion rights, warrants or conversion or warrant obligations on Company shares in the amount to which they would be entitled after their conversions rights or warrants have been exercised or conversion or warrant obligations met;
- to the extent in which Bonds are issued with conversion rights, warrants or conversion or option obligations in return for cash and the issue price is not significantly lower than the theoretical market value calculated in accordance with recognized financial and mathematical methods and only insofar as the shares issued to serve conversion rights, warrants or conversion or option obligations do not exceed 10 percent of the equity capital either at the point at which the subsequent authorization comes into force or – should the number of shares be lower – at the point at which the authorization is exercised. It is also declared that the authorization volume of 10 percent of equity capital is reduced by the proportion of the equity capital attributed to shares or on which conversion rights, warrants or conversion or warrant obligations from Bonds are based, which have been issued or sold under the exclusion of subscription rights in direct, corresponding or logical application of Section 186 (3) Sentence 4 AktG;
- insofar as the shares are issued in return for contributions in kind, provided that the value of the contribution in kind is appropriate in relation to the market value of the Bonds as calculated pursuant to the preceding paragraph.

Insofar as profit participation certificates or profit participation bonds are issued without conversion rights, warrants or conversion or warrant obligations, the Management Board is authorized to exclude the shareholders' subscription rights in full with the consent of the Supervisory Board if these profit participation certificates or profit participation bonds feature terms similar to those of a debenture, in other words do not grant any membership rights within the Company or grant any share in liquidation proceeds and the level of interest is not determined in line with profits on the basis of net income, net profit or dividends. In this case, the interest and the issue value of the profit participation certificates or profit participation bonds must conform to the current market conditions for equivalent assumption of capital at the time of the issuance.

(3) Conversion right
In the case of the issuance of Bonds with conversion rights, Bearers may convert their Bonds into shares in the Company in accordance with the Bond Terms and Conditions. The proportion of equity capital of the shares to be issued upon conversion may not exceed the nominal value of the Bond or a lower issue price. The conversion ratio is determined by dividing the nominal value of a Bond by the fixed conversion price of a share in the Company. The conversion ratio can also be calculated by dividing the issue price of a Bond underlying the nominal value by the fixed conversion price for a share in the Company. A fixed additional contribution to be paid in cash can also be determined. It can also be stipulated that fractional shares can be aggregated and/or exchanged for cash.

(4) Warrant
In the case of the issue of bonds with warrants, each Bond is issued with one or more detachable warrants which entitle the Bearer to subscribe to shares in the Company in accordance with the Bond Terms and Conditions. It can also be stipulated that fractions be combined and/or exchanged for cash. The proportion of equity capital of the shares to be subscribed to for each Bond may not exceed the nominal value of the bond with warrant or rather an issue price below the nominal value.

(5) Conversion and warrant obligation
The Bond Terms and Conditions can also stipulate a conversion or warrant obligation at the end of the Bond's term or at another point in time (also known as 'maturity'). In this case, the conversion or warrant price for a share can correspond to the mean closing price of the listed Company in the Xetra securities trading system on the Frankfurt Stock Exchange (or a corresponding subsequent system) over the ten days prior to or following maturity, even if this price is below the minimum price stipulated in (6). Section 9 (1) AktG is to be complied with in conjunction with Section 199 (2) AktG.

(6) Conversion/warrant price, prevention of dilutive effects
The conversion or warrant price is either – in the case of the exclusion of subscription rights – at least 60 percent of the mean closing price of the Company shares in the Xetra securities trading system on the Frankfurt Stock Exchange (or a corresponding subsequent system) over the ten days prior to or following the resolution by the Management Board concerning the issue of Bonds or – in the case of the granting of subscription rights – at least 60 percent of the mean closing price of the Company shares in the Xetra securities trading system on the Frankfurt Stock Exchange (or a corresponding subsequent system) either (i) over the ten trading days prior to the start of the subscription period or (ii) during the trading of subscription rights apart from the final two subscription rights trading days. Section 9 (1) AktG remains unaffected by this.

If, during the term of a Bond for which conversion rights, warrants or conversion or warrant obligations have been granted or rather stipulated, the financial value of existing conversion rights, warrants or conversion or warrant obligations is diluted and no subscription rights are granted in the form of compensation, conversion rights, warrants or conversion or warrant obligations can be adjusted while preserving their value provided that such an adjustment is not already required by law. In all cases, the proportion of the equity capital of all shares to be subscribed to per Bond may not exceed the nominal value per Bond or rather the lower issue price.

(7) Further options
The Bond Terms and Conditions can stipulate that the Company may also grant new shares from approved capital or Company shares in the case of conversion rights or warrants being exercised. The Bond Terms and Conditions can also stipulate variability in terms of the conversion ratio or a direct link between the conversion or warrant price and the development of the Company's share price on the stock exchange. Furthermore, it can also be stipulated that, rather than issuing shares in the Company, the Company pays those eligible to exercise conversion rights or warrants the equivalent in cash.

(8) Authorization to stipulate further terms and conditions for bonds
The Management Board of CompuGroup Medical AG is authorized, with the consent of the Supervisory Board, to stipulate further terms and conditions concerning the issue and structure of bonds, particularly interest rate, type of interest, issue price, term, denomination and conversion or warrant terms.

Creation of new conditional equity
Equity is increased by up to EUR 26,609,675.00 through the issue of up to 26,609,675 new bearer shares with dividend entitlement from the start of the financial year of their issuance. The purpose of the conditional equity increase is to grant shares to bearers or creditors of convertible bonds, bonds with warrants, profit participation certificates or profit participation bonds (or combinations of these instruments) with conversion rights, warrants or conversion or warrant obligations issued in accordance with the aforementioned authorization insofar as the bonds are issued in return for cash.

The new shares are issued at the conversion or warrant price to be determined in accordance with the aforementioned authorization. The conditional equity increase is only to be performed to the extent to which conversion rights or warrants are exercised on the basis of Bonds issued in return for cash or to which conversion or warrant obligations are met on the basis of such bonds and provided that no other forms of fulfillment are used to service these rights.

In accordance with the resolution of the Annual General Meeting of 9 May 2012, the Management Board of CompuGroup Medical AG is authorized to stipulate further terms and conditions of the conditional increase of equity.

Amendment to the articles of association
On the basis of the resolution of the Annual General Meeting, Section 4 (6) was added to the Company's articles of association: 'Equity is increased by up to EUR 26,609,675.00 (in words: twenty-six million six hundred and nine thousand six hundred and seventy-five euros) through the issue of up to 26,609,675 new bearer shares with dividend entitlement from the start of the financial year of their issuance (conditional equity 2012). The conditional equity increase is only performed to the extent to which bearers or creditors of convertible bonds, bonds with warrants, profit participation certificates or profit participation bonds exercise their conversion rights or warrants on the basis of Bonds the Company issues in return for cash up to and including 8 May 2017 as a result of the authorization resolution of the Annual General Meeting from 9 May 2012 or to the extent to which conversion or warrant obligations are met on the basis of such bonds and provided that no other forms of fulfillment are used to service these rights.'

The previous Section 4 (6) of the Company's articles of association becomes Section 4 (7) of the Company's articles of association and reads as follows: 'The Supervisory Board is entitled to change the wording of Section 4 (1), (2), (5) and (6) of the articles of association (amount and distribution of equity, approved capital, conditional capital) accordingly after a full or partial increase of equity or after the expiry of the authorization period in accordance with Section 4 (5) of the articles of association.'

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 (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 Christian B. 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. Christian B. Teig may exercise the 375,000 share options immediately during his four-year appointment period, if the Company experiences a 'change of control' during this time. A 'change of control' is defined as follows: 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 Frank Gotthardt and his family.

Share Repurchase Programs

Within the scope of its share repurchase program started on 2 January 2012 and concluded on 30 June 2012, CompuGroup Medical bought back a total of 101,835 of its own shares or around 0.191 percent of total equity at an average price of EUR 8.8488, corresponding to a total of EUR 901,112.55. As of the conclusion of the share repurchase program, CompuGroup Medical AG held 3,318,096 shares or around 6.234 percent of equity capital.

CompuGroup Medical started a new share repurchase program effective as of 9 July 2012. In total, up to 1,000,000 Company shares are to be bought back, corresponding to approximately 1.88 per-cent of current equity capital. The shares that are bought back can be used for any of the purposes stated in the authorization issued by the Annual General Meeting. As of the reporting date of 31 December 2012, 282,843, or around 0.531 percent, of equity capital had been bought back at an aver-age price of EUR 13.2397.

As of the end of the reporting period, CompuGroup Medical held 3,600,939 shares or around 6.766 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 the 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.

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 member of the Management Board (commencing on 1 October 2008, 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 at any time until 31 October 2016. 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. On 14 December 2011, the Supervisory Board of CompuGroup Medical AG appointed Christian B. Teig for a second four-year term as CFO, starting 1 October 2012 and ending 30 September 2016. At the same Supervisory Board meeting, the Company extended Christian B. Teig's Management Board contract with a fixed salary of EUR 300,000 p.a. and a variable management bonus of up to EUR 300,000 p.a. of which 50 percent is based on performance over several years. The two-month exercise period for share options was extended to a four-year period.

The Management Board members Uwe Eibich and Christian B. Teig receive variable compensation tied to a previously agreed target. The (quantitative and qualitative) 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.

On 7 March 2012, the Supervisory Board of CompuGroup Medical AG appointed Uwe Eibich for a second four-year term as Executive Vice President Central Europe, starting 1 January 2013 and ending 31 December 2016. At the same Supervisory Board meeting, the Company extended Uwe Eibich's Management Board contract. This extension did not lead to any changes in Uwe Eibich's compensation as a member of the Management Board in the 2012 financial year. In the case of premature termination of his term of office from 1 January 2013 to 31 December 2016, a severance pay cap of EUR 600 thousand has been agreed.

The fringe benefits for Christian B. Teig and Uwe Eibich include the non-cash benefit of the use of a company car.

The variable compensation of the Chairman of the Management Board Frank Gotthardt is measured in relation to consolidated EBITDA.

Management Board compensation 2012

Name	Fixed salary EUR	Management bonus obtained EUR	Fringe benefits EUR	Total compensation EUR
Gotthardt, Frank	600,000	1,595,000	0	2,195,000
Eibich, Uwe	200,000	200,333	27,783	428,116
Teig, Christian B.	225,000	225,000	5,873	455,873
Total	**1,025,000**	**2,020,333**	**33,656**	**3,078,989**

Comparison: Management Board compensation 2011

Name	Fixed salary EUR	Management bonus obtained EUR	Fringe benefits EUR	Total compensation EUR
Gotthardt, Frank	600,000	1,095,000	0	1,695,000
Eibich, Uwe	200,000	221,333	10,997	432,330
Teig, Christian B.	200,000	200,000	0	400,000
Total	**1,000,000**	**1,516,333**	**10,997**	**2,527,330**

Compensation of the Supervisory Board

Furthermore, there was no change in the composition and functions of the Supervisory Board in the 2012 financial year.

The compensation of the Supervisory Board was established by the Annual General Meeting and is regulated by Section 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.

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 thousand while all other members receive EUR 40 thousand each. All other expenses arising from the members' activities on the Supervisory Board are also recompensed (notably travel expenses). This results in the following allocation for the reporting year:

Supervisory Board compensation 2012

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

Supervisory Board compensation 2011

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

Additional compensation is paid to employee representatives on the Supervisory Board for activities outside the Supervisory Board at arm's length terms and conditions. No individual disclosures are made in this respect as these payments are deemed as not being of a material nature.

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 as well as its broad customer base and its extensive market knowledge form a durable foundation, making it possible to assess risks as early and as accurately as possible and to minimize them.

Risk management is understood by CompuGroup Medical as an ongoing endeavour 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 (risk management system) 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 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 an 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 regular reviews.

- Essential for CompuGroup Medical are risks associated with changes in the healthcare market. This 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 existing products and services becoming obsolete and therefore losing their competitiveness.
- Regulatory changes or the introduction of new industry standards, could affect the market positioning of CompuGroup Medical to the extent that the offered products and services no longer completely adhere to these new statutory requirements or industry standards.

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

Macroeconomic risks

The products and services offered by CompuGroup Medical are currently marketed in 34 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 in terms of import 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 counteracts these risks by regularly consulting with local lawyer's offices and tax advisors in countries where it is entering the market or conducting further business activities and by communicating with local public authorities. 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 as well as the 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

CompuGroup Medical's customers use the Company's products and services to store, process and transmit highly confidential information about the health of their patients. 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 in an orderly manner, 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, the distribution of sales and service partners entails certain risks. To also ensure that quality requirements are also complied with 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 financial year, CompuGroup Medical expects, as in the past financial year, consistently good 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 cannot be made 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.

There are currently no known or threatened legal disputes in existence that might have a significant impact on the financial situation of the Group.

CompuGroup Medical is greatly 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 the 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 arrive into the possession of third parties so that they 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.

The syndicated loan (EUR 330 million – for details see Group notes) covers the Group's basic capital requirements. It is composed of a term loan and a revolving loan. CompuGroup Medical has another credit line (current account with a EUR 17,245,800 million limit) as well as bilateral credit lines that are used for covering its short and medium-term liquidity requirements from operating activities and for expenses resulting from the Group restructuring measures, so as to provide additional capital if and when required.

Financial covenants have been agreed for the syndicated loan. If the Group breaches any of these covenants, the loan can be recalled immediately. This creates liquidity and refinancing risks. An additional short-term liquidity risk results from the risk of misjudgments during working capital planning that could mean that trade receivables and liabilities may not be collected or paid on time.

Corporate Treasury prepares a rolling one-week liquidity plan to monitor and manage short-term liquidity risks. Short-term fluctuations in working capital requirements are monitored on a daily basis and can be offset with bilateral credit lines. Short and medium-term structural liquidity requirements can generally be met by drawing on the revolving credit line.

Strict working capital management, whose methods and targets are regularly evaluated and adjusted, if necessary, also serves to manage short-term liquidity risks.

The medium-term liquidity risk is monitored and managed with the help of 12-month liquidity planning. Compliance with the financial covenants is consistently monitored as part of planning and the results are regularly reported to both management and the banks. For details on the financial covenants, please refer to the respective sections in the Group notes.

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 several swap contracts 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.

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 in the medium term. 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.

Currency risks

Due to 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.

Acquisition risks

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 evaluated at least annually, and other assets are also to be evaluated, in the case of so-called 'triggering events'. If an impairment of assets results from such a valuation, a corresponding adjustment to the carrying amount of these assets to the determined fair value less cost to sell has to be carried out. 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.

Tax risks

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

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 insufficient provisions cannot be completely excluded. Considering the present situation, CompuGroup Medical has recognized sufficient provisions for general risks from ongoing tax audits.

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 as well as 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.

CompuGroup Medical considers its employees to be an integral part of the Group's public image. In the event of non-compliance with the ethical principles firmly anchored in CGM's management culture, risks may arise through possible negative effects on the image and good reputation of the Company. A temporary higher probability of risk by non-compliance with CGM's principles may arise in the case of newly-acquired companies.

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 resulting long-term product life cycle, the HPS II business segment is especially exposed to the risk that profitable new business may take a long time to materialize. 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.

CompuGroup Medical takes 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, neither in the form of individual risks nor from a total risk perspective for CompuGroup Medical as a whole.

Disclosures pursuant to Section 315 (2) No. 5 HGB and Explanatory Report

The following disclosure of the financial reporting process conforms to Section 289 (5) and Section 315 (2) No. 5 of the Handelsgesetzbuch (HGB – German Commercial Code) in accordance with the German Accounting Modernization Act (BilMoG), effective 29 May 2009. The main features of CompuGroup Medical AG's existing 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. Key regional and sector functions are controlled centrally through CompuGroup Medical AG. Operationally active subsidiaries have a high level of individual responsibility. A clear separation of functionalities is ensured in the areas of 'Group Accounting', 'Controlling', 'Financial Accounting', 'Human Resources', 'Internal IT', 'Risk Management', 'Procurement' and 'Investor Relations', which are involved in the financial reporting process. Responsibilities are clearly defined.
- The departments involved in the financial reporting process are in line with the quantitative and qualitative requirements defined by the Group.
- An internal directive written according to Company requirements is implemented (among other things a Group-wide accounting directive, risk management directive and research and development directive). The financial systems used are protected against unauthorized access by adequate security mechanisms. The financial systems used are mostly standard software.
- 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.
- Group Accounting, in particular, is centrally organized and pools the Group's (global) information in one place. The subsidiaries' segment managers/company managers, and ultimately the Management Board, continuously monitor Group Accounting's reporting activities.
- 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 in line with current developments and its adequacy reviewed in terms of quantity and quality.
- For key issues in accounting, risk management and the audit mandate of the auditor, the Supervisory Board has established an Audit Committee.

For all financial reporting processes, a 'four-eye principle' is applied.

The accounting-related internal control and risk management system, whose main features have been described earlier, ensures that corporate balance sheet issues are properly recorded, processed, assessed and incorporated in the external accounts. Group Accounting is a central function and as such monitors all these processes. It is monitored in turn by the Management Board and Supervisory Board and is also audited by an independent auditor.

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, in terms of both personnel and material. Legal and corporate directives and guidelines ensure that a unified and proper financial reporting process is implemented within the accounting-related areas. The clear delineation of responsibilities and various control and verification mechanisms ensure correct accounting and reliable handling of 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 and to assess and communicate them appropriately.

Significant Post Balance Sheet Events

Acquisition of Meditec GmbH, Germany

In January 2013, CompuGroup Medical AG acquired a 70 percent share of Meditec GmbH via its fully-owned subsidiary CompuGroup Medical Deutschland AG. CALL-PUT options were also arranged. Meditec offers multimedia services in the pharmacy sector. Its main product is its 'TeleApotheke' software. By acquiring Meditec GmbH, CompuGroup has expanded its customer base by an additional 800 customers. Meditec currently employs a staff of four.

For 2012, it expects revenue of EUR 0.93 million, 80 percent of which is recurring revenue. Its EBITDA for 2012 is anticipated to be EUR 0.2 million. CompuGroup Medical aims to enhance its value by acquiring the existing product portfolio, and it aims to take advantage of cross-selling opportunities with existing customers from the 'WinApo' sector.

Acquisition of assets of GCD Gesellschaft für Computer und Datentechnik mbH, Germany

Effective beginning 1 January 2013, CompuGroup Medical completed the acquisition of assets from the insolvency estate of GCD Gesellschaft für Computer und Datentechnik mbH via its fully-owned subsidiary CGM Systema Deutschland GmbH. The purchase price for the acquired assets amounted to EUR 70 thousand. The acquired assets are primarily order backlogs, customer contracts and software.

General Economic Conditions

Global economic development

The HWWI (Hamburg Institute of International Economics) has outlined a continued slowdown of international economic growth for 2012 (according to SVR expert council for macroeconomic development a decline from 3.8 percent in 2011 to 3.3. percent in 2012). While the Euro zone has fallen into a recession, the US and emerging markets grew slightly, leading to the global economy stabilizing.

Salary growth will also turn out to be rather moderate due to rather weak global economic growth. At the same time, competitive pressure is high, limiting companies' price margins. This allows central banks to continue their expansive policy without running the risk of acute inflation, meaning even long-term interest remains low. This will make the consolidation process simpler for governments and attract investment.

The Organization for Economic Cooperation and Development (OECD) adjusted their projection for the global economy in their most recent report. The forecasts for its member states were reduced considerably and a warning was issued of a "deep recession and deflation accompanied by sharply rising unemployment".

The current projection anticipates continued stagnation of the global economy. The potential for a worldwide recession is as high as it was at the start of the housing crisis in 2007. The gross domestic product (GDP) of the member states, all of whom are industrialized nations, will rise only by 1.4 percent in 2013. The report issued six months previously had predicted 2.2 percent. The total unemployment rate of the OECD is expected to rise from 8 to 8.2 percent.

According to the HWWI, the turnaround will take place in 2013 and will begin in the emerging markets. China is expected to report growth of 8 percent in 2013. Brazil and Russia will continue to grow, not least from their high raw materials exports, thereby increasing investment in South American countries and leading in turn to higher capital intensity in manufacturing and improved long-term growth prospects.

Slow growth in 2013 is forecast for the US, as part of the required consolidation of government and budget was postponed in 2012 and must now be implemented subsequently. This may lead to weakened demand. There is the possibility of an economic slump, although this can be avoided by implementing the automatic yearly tax increase for expenses or ensuring tax exemptions. The final decision on the budget has not yet been made. The increase in real estate prices is seen as one of the main positive factors in the economic growth of the US in 2013. Medium-term positive growth effects are also expected from wage restraints as well as the unconventional natural gas and oil deposits as economical energy reserves. A growth rate of 2 percent is anticipated for 2013.

The current problematic position of the Euro zone, caused by private and public debt, poses the greatest risk to the global economy. The OECD also adjusted its forecast for the Euro zone, anticipating an economic decline of 0.1 percent. European unemployment rose from 10.8 percent to 11.1 percent in 2012. It remains to be seen whether the monetary union can remain together. Dissolution would bring about government insolvencies and would be a further severe shock to the financial system. To prevent this from happening, the ECB should intervene, rescue packages should be deployed and consolidation measures continued.

Following on from the ECB's decision to intervene without restrictions for government bonds, announced in September 2012, thereby preventing further escalation of uncertainty, the SVR has forecast a growth rate for the global economy of 3.4 percent for 2013. The current recession is expected to be overcome by 2014, though with a stagnating yearly average as the best possible result.

For 2013, the OECD forecasts further declines for the economies of Greece, Spain, Portugal, Slovenia, Italy and Hungary. Declines in GDP are also anticipated for Belgium, the Czech Republic, the UK and the Netherlands. Greece is the only country whose economy is anticipated to continue declining in 2014 according to this forecast (by 1.3 percent).

Economic growth in Germany slowed in 2012. The GDP growth rate for 2012 was 0.7 percent according to current findings, below previous predictions of 1.1 percent. Domestic spending experienced weak growth as part of declining investment activity, while foreign trade held steady in a difficult foreign economic environment, contributing decisively to growth. SVR, pointing to several indicators, reports that a best-case scenario could see slight growth in the second half of the year while economic activity continues to decline.

Conditions are not expected to improve in 2013. GDP growth is anticipated to also come to 0.3 percent, with slightly more momentum than in 2012. In particular, investment in equipment is expected to bottom out in 2013. Domestic spending is expected to be the driving factor. Consumer spending is expected to rise, with foreign trade not contributing to growth as a result of imports increasing considerably. Further forecasts suggest that employment will remain at a high level and prices will stay stable in all probability in the coming year.

Industry development

In spite of the European financial and banking crisis, the global ICT market (information and communication technology market) remained on a steady growth course. According to the German Association for Information Technology, Telecommunications and New Media (BITKOM), global revenue in 2012 was EUR 2.57 trillion, an increase of 5 percent compared to the previous year. Computer technology and telecommunications both experienced growth of 5 percent but were distributed differently worldwide according to EITO (European Information Technology Observatory).

In industrialized countries, the boom in mobile data usage has caused higher revenues; in emerging markets, mobile devices such as mobile telephones, laptops and tablets are even used as a main method of access in information technology.

Emerging markets make up more than one quarter of global demand at 27 percent. This figure is expected to rise to as much as 50 percent by 2020. China's market, for example, grew by 12 percent in 2012 to EUR 220 billion, overtaking Japan as the country with the second-largest ICT demand.

Western Europe is the region with the lowest growth at 1.2 percent (EUR 617 billion in revenue). In 2013, growth of 1.4 percent is anticipated, and 1.6 percent in Germany.

In the US market, changes in laws designed to improve the healthcare system, the 2010 Patient Protection and Affordable Care Act, will take effect. A national pilot project will begin for payment bundling in order to improve patient care from doctors, hospitals and other healthcare providers.

In terms of its market size, the European eHealth industry has assumed a leading role with its personalized healthcare systems, medical equipment and integrated eHealth solutions. Its focus is on two main areas, telemedicine/home care and clinical information systems in the primary healthcare sector. The healthcare sector in Europe employs around 10 percent of the global labor force, 9 percent of GDP. Health expenditures are rising faster than GDP and are expected to reach 16 percent by 2020 in the OECD member states.

According to a study carried out by PricewaterhouseCoopers (PwC), mobile technologies will be an important factor in the global healthcare market. Revenues from the mHealth (mobile health) area could reach USD 23 billion by 2017. This study divides potential mHealth revenues as follows:

- USD 11.5 billion for mobile providers
- USD 6.6 billion for device retailers
- USD 2.6 billion for content and application providers
- USD 2.4 billion for healthcare providers

Drawing from this study, it follows that Europe will become the largest mHealth region worldwide with revenues of USD 6.9 billion, followed by the Asia-Pacific region with USD 6.8 billion, North America with USD 6.5 billion, Latin America with USD 1.6 billion and Africa with 1.2 billion. Revenues in the US could reach USD 5.9 billion while those in China and Japan could amount to USD 2.5 billion and USD 1.4 billion, respectively.

Supervisory management of chronic illnesses and other similar medical conditions will become the largest mHealth market segment, corresponding to 65 percent of the market volume in 2017 according to PwC. Remote diagnosis will become the second-largest segment, followed by care services, as well as Vitality GlowCaps which remind users when medication is to be taken.

Overall, it can be said that the healthcare IT market is regarded as a growth market by all studies worldwide. CompuGroup Medical considers itself well-positioned and expects to profit from these developments.

Outlook

The business model of CompuGroup Medical, with a large installed base of loyal customers, gives a relatively high degree of visibility for future revenue and earnings. The primary source of revenue is annual software maintenance and other recurring service fees from existing customers, which amounts to EUR 308 million at the beginning of 2013, compared to EUR 290 million at the beginning of 2012. This corresponds to a 6 percent increase.

In terms of total Group revenue, the organic growth rate is expected to be 4-8 percent in 2013. This corresponds to an equal or higher organic growth rate relative to 2012. Acquisitions completed to date are not expected to have a material effect on revenue in 2013.

Organic growth in the HPS I segment is expected to be similar to the Group average (4-8 percent), with above average growth in Ambulatory Information Systems and below average growth in Pharmacy Information Systems. The organic growth in AIS primarily stems from new value-added products and services sold to existing customers. A significant amount of groundwork was completed in 2012 to create new growth opportunities in this area for 2013.

Organic growth in the HPS II segment is also expected to be similar to the Group average (4-8 percent). The order backlog for 2013 is better than one year ago and the relatively positive market for add-on Hospital projects and new clients experienced during 2012 is expected to continue also in 2013.

Organic growth in the HCS segment is also expected to be similar to the Group average (4-8 percent). Within Communication & Data, the new regulatory guidelines in Germany are expected to lead to a revenue decline in 2013 compared to 2012. The positive developments experienced in Workflow & Decision Support towards the end of 2012 are expected to continue in 2013 and this business area is expected to grow above the Group average in 2013. Internet Service Provider revenue is also expected to grow above the Group average, especially in Germany where activities related to the Telematik Infrastructure may commence towards the end of the year.

Because of the scalable nature of the CompuGroup's business, the revenue coming from organic growth in 2013 is expected to give a high incremental operating profit contribution of about 50 percent. Therefore, the 2013 operating margin is expected to improve compared to the previous five years and end up in the 24-25 percent range.

In summary, CompuGroup Medical offers the following guidance for 2013:

- Group revenue is expected to be in the range of EUR 470 million to EUR 490 million.
- Group operating income (EBITDA) is expected to be in the range of EUR 115 million to EUR 125 million.

Depreciation of fixed assets is on Group level expected to be approximately EUR 8 million in 2013 and amortization of intangible assets is expected to be approximately EUR 32 million, of which EUR 28 million will come from amortization of purchase price allocations related to past acquisitions. The corresponding Group earnings before interest and tax (EBIT) is in 2013 expected to be in the range of EUR 75 million to EUR 85 million.

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

Looking at the fiscal year 2014, CompuGroup Medical expects to continue organic revenue growth with increasing margins. Group EBITDA and Group earnings after taxes are expected to record higher growth rates compared to revenue. As a market leader in Europe, and with a significant business in the United States, the Company is ideally positioned to benefit from changes in healthcare systems all over the world with demand for software solutions and IT services less sensitive to economic climate. 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 2012

Assets	Notes	31.12.2012 EUR '000	31.12.2011 adjusted EUR '000
Non-current assets			
Intangible assets	(1)	455,812	458,776
Property, plant and equipment	(2)	60,196	50,200
Interests in affiliates (valued at equity)	(3)	646	971
Other investments	(3)	128	105
Trade receivables	(6)	8,773	8,404
Other financial assets	(7)	10,520	9,726
Derivative financial instruments	(18)	4,417	0
Deferred taxes	(4)	3,754	5,851
		544,246	**534,033**
Current assets			
Inventories	(5)	3,317	3,666
Trade receivables	(6)	68,991	61,354
Other financial assets	(7)	3,939	6,730
Other non-financial assets	(8)	7,941	8,776
Income tax claims	(4)	3,732	1,698
Securities (recognized as profit or loss at fair value)	(9)	165	178
Cash and cash equivalents	(10)	18,953	23,979
		107,038	**106,381**
Non-current assets qualified as held for sale	(11)	0	300
		107,038	**106,681**
		651,284	**640,714**

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

Shareholders Equity and Liabilities

	Notes	31.12.2012 EUR '000	31.12.2011 adjusted EUR '000
Shareholders equity	(12)		
Subscribed capital		53,219	53,219
Treasury shares		-20,903	-16,257
Reserves		147,063	131,169
Capital and reserves allocated to the shareholder of the parent company		**179,379**	**168,131**
Minority interests		28	71
		179,407	**168,202**
Non-current liabilities			
Pensions	(13)	10,880	5,765
Liabilities to banks	(14)	222,733	233,996
Purchase price liabilities	(15)	602	16,150
Derivative financial instruments	(18)	12,285	6,290
Other financial liabilities	(18)	3,112	4,347
Other non-financial liabilities	(18)	3,041	1,840
Deferred taxes	(4)	45,716	51,838
		298,369	**320,226**
Current liabilities			
Liabilities to banks	(14)	46,580	35,746
Trade payables	(16)	17,428	21,182
Income tax liabilities	(4)	19,929	15,146
Provisions	(17)	21,431	22,685
Purchase price liabilities	(15)	29,038	22,512
Other financial liabilities	(18)	9,755	7,926
Other non-financial liabilities	(18)	29,347	27,089
		173,508	**152,286**
		651,284	**640,714**

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

Consolidated Income Statement

	Notes	2012 EUR '000	2011 adjusted EUR '000
Sales revenue	(19)	450,582	397,329
Capitalized in-house services	(20)	6,610	6,474
Other income	(21)	5,403	3,937
Expenses for goods and services purchased	(22)	-82,518	-76,057
Personnel expenses	(23)	-201,951	-188,462
Other expenses	(24)	-73,172	-68,910
Earnings before interest, taxes, depr. and amortization (EBITDA)		**104,954**	**74,311**
Depreciation of property, plants and tangible assets	(25)	-7,207	-6,317
Earnings before interest, taxes and amortization (EBITA)		**97,747**	**67,994**
Amortization of intangible assets	(25)	-33,592	-30,093
Earnings before interest and taxes (EBIT)		**64,155**	**37,901**
Results from associates recognized at equity	(26)	-360	22
Financial income	(27)	7,479	4,061
Financial expenses	(27)	-22,900	-16,305
Earnings before taxes (EBT)		**48,374**	**25,679**
Income taxes for the period	(28)	-17,951	-15,927
Consolidated net income of the period		**30,423**	**9,752**
of which: allocated to parent company		**30,716**	**9,640**
of which: allocated to minority interests		**-293**	**112**
Earnings per share	(29)		
undiluted (EUR)		**0.62**	**0.19**
diluted (EUR)		**0.62**	**0.19**
Further information from the company			
Cash Net Income*		**60,087**	**36,241**
Cash Net Income* per share (€)		**1.21**	**0.73**

* 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)

Consolidated Statement of Comprehensive Income

	2012 EUR '000	2011 adjusted EUR '000
Consolidated net income of the period	**30,423**	**9,752**
Cashflow Hedges		
of which: in equity	-8,969	-6,666
of which: income	2,974	376
	-5,995	**-6,290**
Actuarial gains and losses from pensions	-3,549	-481
Deferred taxes on cash flow hedges	2,749	1,865
Currency conversion differences	4,396	-2,169
Operating income and expense recognized directly in equity	-2,399	-7,075
Total result of the period	**28,024**	**2,677**
of which: allocated to parent company	28,317	2,565
of which: allocated to minority interests	-293	112

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

Changes in Consolidated Equity

	Share capital EUR '000	Treasury shares EUR '000	Reserves EUR '000	Accumulated other operating income: Cashflow Hedges EUR '000	Accumulated other operating income: Currency conversion EUR '000	Shares held by shareholders of CompuGroup Medical AG EUR '000	Minority interests EUR '000	Consolidated equity EUR '000
Balance as at 31.12.2010	**53,219**	**-14,384**	**152,136**	**0**	**-8,403**	**182,568**	**333**	**182,901**
Group net income	**0**	**0**	**9,640**	**0**	**0**	**9,640**	**112**	**9,752**
Other results								
Changes in the fair value of cashflow hedges	0	0	0	-4,425	0	-4,425	0	-4,425
Actuarial gains and losses	0	0	-481	0	0	-481	0	-481
Currency conversion differences	0	0	0	0	-2,169	-2,169	0	-2,169
Total result of the period	**0**	**0**	**9,159**	**-4,425**	**-2,169**	**2,565**	**112**	**2,677**
Transactions with shareholders								
Dividend distribution	0	0	-12,557	0	0	-12,557	0	-12,557
Stock option program	0	0	41	0	0	41	0	41
Additional purchase of shares from minority interests after control	0	0	-2,613	0	0	-2,613	-374	-2,987
Purchase of own shares	0	-1,873	0	0	0	-1,873	0	-1,873
	0	-1,873	-15,129	0	0	-17,002	-374	-17,376
Balance as at 31.12.2011 adjusted	**53,219**	**-16,257**	**146,166**	**-4,425**	**-10,572**	**168,131**	**71**	**168,202**
Group net income	0	0	30,716	0	0	30,716	-293	30,423
Other results								
Changes in the fair value of cashflow hedges	0	0	0	-4,179	0	-4,179	0	-4,179
Actuarial gains and losses	0	0	-2,616	0	0	-2,616	0	-2,616
Currency conversion differences	0	0		0	4,396	4,396	0	4,396
Total result of the period	0	0	28,100	-4,179	4,396	28,317	-293	28,024
Transactions with shareholders								
Capital contribution	0	0	0	0	0	0	250	250
Dividend distribution	0	0	-12,475	0	0	-12,475	0	-12,475
Stock option program	0	0	52	0	0	52	0	52
Purchase of own shares	0	-4,646	0	0	0	-4,646	0	-4,646
	0	-4,646	-12,423	0	0	-17,069	250	-16,819
Balance as at 31.12.2012	**53,219**	**-20,903**	**161,843**	**-8,604**	**-6,176**	**179,379**	**28**	**179,407**

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

Consolidated Cash Flow Statement

	2012 EUR '000	2011 adjusted EUR '000
Group net income	30,423	9,752
Amortization of intangible assets, plant and equipment	40,799	36,410
Earnings on sales of fixed assets	4,001	-1,855
Change in provisions (including income tax liabilities)	4,647	7,083
Deferred tax income	-5,066	-4,527
Other non-cash income or expense	-105	-479
	74,699	**46,384**
Change in inventories	566	34
Change in trade receivables	-8,735	274
Change in income tax receivables	-1,993	3,832
Change in other assets	3,948	897
Change in trade accounts payable	-4,674	831
Change in other liabilities	3,094	-5,516
Cash flow from operating activities	**66,905**	**46,736**
Cash inflow from disposals of intangible assets	1,105	849
Cash outflow for capital expenditure in intangible assets	-8,935	-10,513
Cash inflow from disposals of sales of property, plant and equipment	2,275	643
Cash outflow for capital expenditure in property, plant and equipment	-18,453	-12,368
Cash outflow for company acquisitions	-15,491	-71,669
Cash outflow for acquisitions from prior periods	-13,726	-5,831
Cash inflow from disposal of subsidiaries	0	486
Cash flow from investing activities	**-53,225**	**-98,403**
Purchase of own shares	-4,646	-1,873
Dividend paid	-12,475	-12,557
Dividend received	250	0
Purchase of minority interest	0	-3,614
Cash inflow from assumption of loans	32,564	185,265
Cash outflow for redemption of loans	-34,583	-133,246
Cash flow from financing activities	**-18,890**	**33,975**
Cash funds at the beginning of the period	23,978	42,180
Changes in cash and cash equivalents	**-5,210**	**-17,692**
Change in cash due to exchange rates	185	-510
Cash funds at the end of the period	**18,953**	**23,978**
Interest paid	14,944	13,263
Interest received	2,534	1,460
Income tax paid	19,440	10,910

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

Consolidated Notes

for the 2012 Financial Year

A. The Company

CompuGroup Medical AG (parent company) is a Company registered in Germany in the Commercial Register of the Koblenz Municipal Court under HRB No. 4358.

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 business segments – Health Provider Services I (HPS I), and Health Provider Services II (HPS II), as well as Health Connectivity Services (HCS). These segments form the basis for the Company's segment reporting. As of the 2012 financial year, the business area Health Provider Services (HPS) is divided according to relevant customer and product groups Practice Software (HPS I) and Clinic Software (HPS II). The prior-year figures were adjusted accordingly in the Segment Report.

HPS I: Development and sale of software solutions for physicians and dentists in their practices as well as for pharmacies.
HPS II: Development and sale of software solutions for hospitals
HCS: Networking service providers (physicians, dentists, hospitals, and pharmacies) with other important market participants in the healthcare sector, such as sponsors, and pharmaceutical companies and research institutes. In addition, an Internet Provider Service is offered to doctors and other participants in healthcare.

The consolidated financial statements for 2012 were prepared by the Management Board and will be examined by the audit committee on 28 March 2013. They will be examined, approved and cleared for publication by the Supervisory Board at its meeting on 28 March 2013.

B. General principles

This consolidated financial statement combines the financial statements of CompuGroup Medical AG and its subsidiaries (also referred to in the following as the 'Company' or 'CGM Group'. As in the prior year, the consolidated financial statement as of 31 December 2012 of CGM Group was prepared in accordance with Section 315a Handelsgesetzbuch (HGB – 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.

The prior year figures have been adjusted to reflect changes in the accounting treatment of pension liabilities (see section for 'Provisions for post-employment benefits'), reclassifications (financial income in previous year related to hardware leasing contracts in LAUER-FISCHER GmbH reclassified to sales revenue, personnel expenses in previous year related to external contractors used for software development and customer projects reclassified to expenses for goods and services purchased) and corrections in presentation (Change between Goodwill and Software intangible assets) as follows:

EUR '000	Note	31.12.2011 (reported)	Adjustment effect	31.12.2011 (adjusted)
Intangible assets	(1)	458,776	0	458,776
of which: Goodwill		214,415	-546	213,869
of which: Software and other intangible assets		220,148	546	220,694
Reserves	(12)	131,169	0	131,169
of which: net income for the period		9,271	481	9,752
of which: actuarial gains and losses		0	-481	-481
Total assets		**640,714**	**0**	**640,714**

EUR '000	Note	2011 (reported)	Adjustment effect	2011 (adjusted)
Sales revenue	(19)	396,564	765	397,329
Expenses for goods and services purchased	(22)	-74,392	-1,665	-76,057
Personnel expenses	(23)	-190,608	2,146	-188,462
Financial income	(27)	4,826	-765	4,061
Consolidated net income of the period		9,271	481	9,752
of which: allocated to shareholders of the parent company		9,159	481	9,640
of which: allocated to minority interests		112	0	112
Other results				
actuarial gains and losses	(13)	0	-481	-481
Total result for the period		2,677	0	2,677
of which: allocated to shareholders of the parent company		2,565	0	2,565
of which: allocated to minority interests		**112**	0	**112**

Changes in accounting and reporting methods had the following effects on the income statement in the 2012 financial year:

EUR '000	Note	2012	Adjustment effect	2012 without adjustment
Sales revenue	(19)	450,582	-1,451	449,131
Capitalized in-house services	(20)	6,610		6,610
Other Income	(21)	5,403		5,403
Expenses for goods and services purchased	(22)	-82,518		-82,518
Personnel costs	(23)	-201,951	-3,549	-205,500
Other expense	(24)	-73,172		-73,172
Earnings before interest, taxes depr, and amortization (EBITDA)		**104,954**	**-5,000**	**99,954**
Depreciation of property, plants and tangible assets	(25)	-7,207		-7,207
Earnings before interest, taxes and amortization (EBITA)		**97,747**	**-5,000**	**92,747**
Amortization of intangible assets	(25)	-33,592		-33,592
Earnings before interest and taxes (EBIT)		**64,155**	**-5,000**	**59,155**
Results from associates recognised at equity	(26)	-360		-360
Financial income	(27)	7,479	1,451	8,930
Financial expense	(27)	-22,900		-22,900
Earnings before taxes (EBT)		**48,374**	**-3,549**	**44,825**
Taxes on income for the period	(28)	-17,951	933	-17,018
Consolidated net income for the period		**30,423**	**-2,616**	**27,807**
of which: allocated to parent company		**30,716**	**-2,616**	**28,100**
of which: allocated to minority interests		**-293**	**0**	**-293**

The change in reporting of revenue from hardware leases resulted in a more appropriate presentation of the operating result by including the corresponding operating activities under sales revenue previously presented in financial income. For explanations of adaptation of the accounting treatment for provisions for post-employment benefits see section D. Summary of the principal accounting and measurement methods and underlying assumptions.

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

New and revised standards applied in 2012:
Amendment to IFRS 7 – Financial Instruments: Disclosures: Transfer of Financial Assets
These relate to disclosure requirements in connection with transfers of financial assets. This now means that extensive disclosures have to be made on rights and obligations that may be retained or assumed in a transaction. This amendment is designed to increase the transparency of disclosures on transfers of assets and improve the understanding of the related risks to the Company's financial position, especially for those relating to the sale of assets.

The EU adoption ordinance ('endorsement') was published on 23 November 2011 in the Official Journal of the EU. The Group did not have to expand its disclosures in the notes as it did not transfer any financial assets (particularly from factoring or asset-backed securities).

Standards and interpretations, and changes to published standards that must not be mandatorily applied in 2012 and which have not been adopted early by the Group
The following standards and changes to standards have been adopted by the European Union. A mandatory application is planned in the future. The Group's assessment of the effects of these new or amended standards and interpretations is explained as follows:

Standards, interpretations and changes to published standards to be applied in 2013
Amendment to IAS 1 – Presentation of Financial Statements: Presentation of Individual Other Income Items
The amendment demands that other income items are divided into amounts that can then be recycled in the consolidated income statement, and those that cannot. The amendment does not state which other income items should be posted.

The EU adoption ordinance ('endorsement') was published on 6 June 2012 in the Official Journal of the EU. The change should be applied for the first time to financial years beginning on or after 1 January 2013. The only effect in CompuGroup Medical will be the presentation of other results.

IAS 19 (rev. 2011) – Employee Benefits
The amendments to IAS 19 eliminate the corridor method and require the immediate recognition of actuarial profits and losses in other income, without any effect on net income. In addition, expected income from plan assets and the interest expense on pension obligations will be replaced with a single net interest component in the amended IAS 19. Past service cost must in future be recognized fully in the period of the related plan amendment. In addition, in the Netherlands, additional payments to plan assets are to be recognized not affecting net income, instead of the previous method of recognizing such payments in the income statement. The amendments also change the requirements for termination benefits and include enhanced presentation and disclosure requirements. The EU adoption ordinance ('endorsement') was published on 6 June 2012 in the Official Journal of the EU and is applicable to financial years beginning on or after 1 January 2013, although it may be applied earlier. CompuGroup did not make use of the option to apply the change earlier and will apply IAS 19 (rev. 2011) for the first time in 2013.

In 2013, pension expenses will likely fall by approximately EUR 196,000 as a result of the net interest rate and the recognition of additional payments to plan assets without affecting net income (in comparison with the current version of IAS 19). There will be no effects from the amended recognition of actuarial profits and losses, as these have already been recognized in equity in full without affecting net income since 2012. The absence of the delayed recognition of past service cost is also irrelevant for CompuGroup, as all past service costs have already been recognized in full.

Amendment to IFRS 1 – first-time Adoption of IFRS: Severe Hyperinflation and Elimination of Fixed Transition Dates for First-time Adopters
This amendment contains two amendments to IFRS 1 'First-time Adoption of IFRS'. The first amendment replaces references to a fixed date of '1 January 2004' with 'the date of transition to IFRSs', thus eliminating the need for companies adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation.

The EU adoption ordinance ('endorsement') was published on 29 December 2012 in the Official Journal of the EU. The obligatory first-time application for financial years starting on or after 1 July 2011 did not result in any changes to the consolidated financial statements of CGM Group. Earlier application is permitted.

Amendment to IAS 12 – Income Taxes: Deferred Taxes: Recovery of Underlying Assets
Under IAS 12 'Income Taxes', the measurement of deferred taxes depends on whether the carrying amount of an asset is recovered through use or sale. In some cases it can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40 Investment Property. The amendment provides a practical solution to the problem by introducing a presumption that recovery of the carrying amount will, normally, be through sale. As a result of the amendment, SIC-21 Income Taxes – Recovery of Revalued Non-Depreciable Assets would no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC-21, which is accordingly withdrawn.

The EU adoption ordinance ('endorsement') was published on 29 December 2012 in the Official Journal of the EU. This amendment must be applied for the first time to financial years starting on or after 1 January 2012. It does not have any effects on the consolidated financial statements of CGM Group.

IFRS 13 – Fair Value Measurement
IFRS 13 describes how fair value is to be defined if another IFRS requires its application or disclosure. Fair value has been re-defined as the sales price of an actual or hypothetical regular transaction be-tween independent market participants with expert knowledge and the willingness and ability to enter into an agreement at arm's length conditions on the measurement date.

The standard applies almost comprehensively – only IAS 17, IFRS 2 and those measurement parameters that are similar to fair value (e.g. net realizable value pursuant to IAS 2 and value in use pursuant to IAS 36) are excluded from IFRS 13's area of application. Whereas the extent of these regulations remains almost unchanged for financial instruments, they have now been expanded and defined in more detail for other aspects (e.g. investment property, intangible assets, property, plant and equipment). In future, market and credit risk effects can be included in the fair value of a net portfolio for a financial instrument, if the connection can be proven. The known three-tier 'fair value hierarchy' must be applied throughout. In the case of 'decreasing markets' (previously: 'inactive markets'), it has to be checked in two steps if (a) trading activities have lessened and (b) if this led to actual transactions not being conducted at arm's length. Deviations from the market price are only allowed if both these factors have been confirmed. The application of the new standard is not expected to have any material impact on the consolidated financial statements.

The EU adoption ordinance ('endorsement') was published on 29 December 2012 in the Official Journal of the EU. The new standard enters into force for financial years beginning on or after 1 January 2013.

IFRIC 20 – Stripping Costs in the production Phase of a Surface Mine
The interpretation deals with stripping costs in the production phase of a surface mine. It should be applied for the first time to financial years beginning on or after 1 January 2013. The EU adoption ordinance ('endorsement') was published on 29 December 2012 in the Official Journal of the EU. No changes to the consolidated financial statements of CGM Group result from the first-time application of this requirement.

IFRS 7 – Financial Instruments: Disclosures: Offsetting Financial Assets and Financial Liabilities
The amendments to IFRS 7, Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities, extend the existing quantitative disclosure requirements for financial instruments that were offset in the consolidated financial statement. Furthermore, the amendments include additional disclosure requirements for financial instruments that are subject to netting agreements, regardless of whether they have been offset in accordance with IAS 32. The amendments should be applied to financial years beginning on or after 1 January 2013.

Standards, interpretations and changes to published standards to be applied in 2014

IFRS 10 – Consolidated Financial Statements
In May, the IASB published it improvements to consolidation, off-balance sheet transactions and joint arrangements financial reporting and disclosure standards with IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities', subsequent amendments to IAS 27 'Separate Financial Statements (amended 2011)' as well as IAS 28 'In-vestments in Associates and Joint Ventures (amended 2011)'.

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

The EU adoption ordinance ('endorsement') was published on 29 December 2012 in the Official Journal of the EU. IFRS 10 enters into force for financial years beginning on or after 1 January 2014. The Company is currently assessing the effects on the consolidated financial statements.

IFRS 11 – Joint Arrangements
IFRS 11 provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. The amended definitions now result in two different 'types' of joint arrangements: joint operations and joint ventures. A joint arrangement is defined as a contractual arrangement over which two or more parties have joint control. Joint control exists only when decisions about the relevant activities that have a significant impact on agreement returns require the unanimous consent of the parties sharing control. In accordance to IFRS 11, parties that have joint control of the arrangement have rights to the assets (and revenues), and obligations for the liabilities (and costs), relating to the arrangement. Parties that have joint control must account for their investment using the equity method. IFRS 11 replaces IAS 31 'Interests in Joint Ventures (amended 2008)' and SIC 13 'Jointly Controlled Entities – Non-Monetary Contributions by Venturers'.

The EU adoption ordinance ('endorsement') was published on 29 December 2012 in the Official Journal of the EU. IFRS 11 enters into force for financial years beginning on or after 1 January 2014. Based upon current assessments, no changes to the consolidated financial statements of CGM Group result from the first-time application of this requirement.

IFRS 12 – Disclosure of Interests in Other Entities
IFRS 12 combines the amended disclosure requirements of IAS 27 and IFRS 10, IAS 31 and IFRS 11 as well as IAS 28. IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and off balance sheet vehicles. The standard requires an entity to disclose information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

The EU adoption ordinance ('endorsement') was published on 29 December 2012 in the Official Journal of the EU. IFRS 12 enters into force for financial years beginning on or after 1 January 2014. The Company is currently assessing the effects on the consolidated financial statements.

Revised IAS 27 – Separate Financial Statements
IAS 27 (amended 2011) now only contains requirements relating to separate financial statements as a result of the issuance of the new standard IFRS 10. IFRS 10 enters into force for financial years be-ginning on or after 1 January 2014. The EU adoption ordinance ('endorsement') was published on 29 December 2012 in the Official Journal of the EU. The Company is currently assessing the effects on the consolidated financial statements.

Revised IAS 28 – Investments in Associates and Joint Ventures
IAS 28 (amended 2011) contains provisions on jointly controlled entities and associates measured at equity following the publication of IFRS 11. IFRS 28 (amended 2011) enters into force for financial years beginning on or after 1 January 2014. The EU adoption ordinance ('endorsement') was published on 29 December 2012 in the Official Journal of the EU. Based upon current assessments, no changes to the consolidated financial statements of CGM Group result from the first-time application of this requirement.

Amendments to IAS 32 – Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
The revision of the provisions regarding the offsetting of financial assets and financial liabilities resulted in corresponding amendments to IAS 32.

The offsetting requirements formulated in IAS 32 have been maintained in principle and have only been finalized by additional application guidance. This guidance explicitly emphasizes on the one hand that an absolute, legally enforceable claim for compensation is required even if one of the parties becomes insolvent. On the other hand, criteria are cited under which a gross settlement of financial assets and financial liabilities could still result in offsetting. The amended guidelines should be applied retrospectively to financial years beginning on or after 1 January 2014. The EU adoption ordinance ('endorsement') was published on 29 December 2012 in the Official Journal of the EU. The Company is currently assessing the effects of the amended IAS 32 on the consolidated financial statements.

The EU adoption ordinance ('endorsement') was published on 29 December 2012 in the Official Journal of the EU. The amendments to IFRS 7 should be applied retrospectively to financial years beginning on or after 1 January 2013. It does not appear to have any effects on the consolidated financial statements of CGM Group.

Amendments, standards and interpretations published by the IASB but not yet transposed into European legislation:

The IASB and the IFRIC have adopted several additional standards and interpretations in 2012 and the previous years which were not yet compulsorily applicable in the financial year 2012. The application of these IFRS and IFRIC is dependent upon recognition by the EU.

IFRS 9 – Financial instruments: Classification and Measurement – Financial Assets
The new standard fundamentally changes the previous regulations on the categorization and valuation of financial instruments.

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.

IFRS 9 – Financial instruments: Classification and Measurement of Financial Liabilities
The IASB added requirements on the accounting of financial liabilities and requirements for derecognition of financial assets and liabilities to IFRS 9 'Financial Instruments' in October 2010. The rules as set out in IAS 39 remain unchanged and were adopted in IFRS 9, with the exception of the rules for financial liabilities measured at fair value on a voluntary basis (fair value option). If the fair value option is exercised, the new provisions of IFRS 9 result in a change in the reporting of fair value changes resulting from the measurement of financial liabilities in total comprehensive income. Any change in fair value resulting from a change in an entity's own credit risk must be recognized as other comprehensive income directly in equity and not in the income statement as had previously been the case. This does not apply if the presentation would lead to an accounting mismatch in the income statement. Accounting mismatches are to be estimated on the initial recognition of financial liabilities. This cannot be reassessed at a later date. An accounting mismatch would arise if the credit risk resulting from liability-based fluctuations were offset by changes to the fair value of the asset on account of the economic link between a financial liability and a financial asset. IFRS 9 does not allow any transfer of amounts from other comprehensive income to the income statement, although it permits reclassification within equity. The portion of fair value changes not attributable to the entity's own credit risk is still recognized in the income statement.

Amendment to IFRS 9 and IFRS 7 – Mandatory Effective Date and Transition Disclosures
On 16 December 2011, the IASB issued amendments which delay the mandatory application of IFRS 9 to financial years beginning on or after 1 January 2015. IFRS 9 (revised 2011) also formulates exceptions under which a company can make additional disclosures in the notes when transitioning to IFRS 9 in place of adjustments to previous year's figures. When the EU will endorse these is unknown at present. CGM is currently assessing the exact impact this will have on accounting and measurement.

Amendments to IFRS 10, IFRS 12 and IAS 27: Investment Companies
With amendments published in October 2012 many investment companies are exempt from the requirement to consolidate subsidiaries controlled by them in consolidated financial statements. Instead, they value investments held for investment purposes at fair value. In addition, new disclosure requirements for investment companies are required. The amendments have no relevance to CompuGroup Medical AG.

Transition to IFRS 10, IFRS 11 and IFRS 12
The transitional provisions published in June 2012 included facilitation of the initial application of the standards. Adjusted comparative information is now only needed for the direct previous comparable period. The obligation to provide comparative information in unconsolidated structured companies for periods prior to the initial application of IFRS 12 is omitted.

Annual improvement project 2009 – 2011
Provisions from the annual improvements project were published in May 2012, containing amendments to five standards. The new regulations specify minor content changes and clarifications to the approach of identification and evaluation.

Amendments to IFRS 1: Government loans
The amendments issued in March 2012 concern the recognition and measurement of low interest government loans during the changeover to IFRS. The amendments allow first-time adopters to treat such loans in the opening IFRS balance sheet at amortized cost and prospectively at fair value. The amendments have no relevance to CompuGroup Medical AG.

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. 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 2012, there were six 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:

	01.01.2012			Additions			Disposals			31.12.2012		
	Domestic	Foreign	Total	Domestic	Foreign	Total	Domestic	Foreign	Total	Domestic	Foreign	Total
Subsidiaries	18	43	61	2	8	10	4	5	9	16	46	62

An overview of company acquisitions in the reporting period is given in the notes to the consolidated financial statements (see table 'Company acquisitions in the financial years 2011 to 2013').

Acquisition of Microbais Group, Netherlands

Effective from 1 January 2012, CompuGroup Medical concluded an agreement for the acquisition of 100 percent of the shares in Microbais Werkmaatschappij B.V. ('Microbais'). Microbais is one of the leaders in the Dutch market for ambulatory and pharmacy information systems. The purchase price for 100 percent of the shares was EUR 15.0 million. Revenue in 2011 was approximately EUR 11.2 million and EBITDA approximately EUR 2.5 million. Microbais has around 90 employees and headquarters in Amsterdam. The company's customer base includes approximately 475 pharmacies and 150 physicians' offices. This corresponds to a market share of around 25 percent for pharmacies and 4 percent for physicians in private practice in the Netherlands. The acquisition of Microbais included five associated companies.

The preliminary goodwill of EUR 4.0 million mainly relates to synergies that arise from the expansion of the customer base and from this a stronger market position in the Dutch market as well as cost saving potentials within the Group. Further value drivers arise from the intangible assets acquired in the form of brands and trademarks, customer contracts, deferred taxes as well as the employees in the areas of research and development, finance and accounting and technical support with related know-how. The valuation of goodwill is preliminary in particular because of the valuation of the customer contracts and the use of a valuation model where the parameters still can differ significantly from the real values. The Company does not anticipate that the estimated goodwill will be deductible for income tax purposes.

Based on the purchase price allocation within the scope of initial consolidation as of 1 January 2012, the fair value of trade receivables and other receivables is EUR 1.8 million; the fair value of trade receivables accounts for EUR 0.7 million of this amount. The gross amount of due trade receivables came to EUR 1.2 million, of which EUR 0.5 million is expected to be bad debts. The fair value of intangible assets (including goodwill) according to the purchase price allocation within the scope of initial consolidation as of 1 January 2012 totals EUR 11.5 million.

Microbais contributed EUR 10.7 million in revenue to consolidated revenue since 1 January 2012. The share of profits (before step-up depreciation) for the same period was EUR -0.6 million.

Acquisition of Effepieffe S.r.l., Italy

In January 2012, CompuGroup Medical signed a purchase agreement for the acquisition of all shares in Effepieffe S.r.l. ('Effepieffe') via its subsidiary CompuGroup Medical Italia S.p.A. The purchase price for 100 percent of the shares amounts to EUR 4.4 million. As at 31.12.2012 a total of EUR 210 thousand was still not paid out and this amount is balanced under purchase price liabilities. Effepieffe's revenue in 2011 came to around EUR 1.2 million and EBITDA to approximately EUR 0.5 million. The company counts approximately 8,000 general practitioners among its customers and is the third-largest ambulatory information system provider in Italy.

The preliminary goodwill of EUR 0.6 million mainly relates to synergies that arise in the Italian market from a better coverage and stronger market position in North Italy and from additional advertising revenue based on the larger customer base. Further value drivers arise from the deferred taxes as well as the employees with related know-how. The valuation of goodwill is preliminary in particular because of the valuation of the customer contracts and the use of a valuation model where the parameters still can differ significantly from the real values. The Company does not anticipate that the estimated goodwill will be deductible for income tax purposes.

Based on the purchase price allocation within the scope of initial consolidation as of 1 January 2012, the fair value of trade receivables and other receivables is EUR 0.1 million; the fair value of trade receivables accounts for EUR 0.1 million of this amount. The gross amount of due trade receivables came to EUR 0.1 million. The fair value of intangible assets (including goodwill) according to the purchase price allocation within the scope of initial consolidation as of 1 January 2012 totals EUR 5.9 million.

Effepieffe contributed EUR 1.5 million in revenue to consolidated revenue since 1 January 2012. The share of profits (before step-up depreciation) for the same period was EUR 0.4 million.

Acquisition of business area from DS Medica srl., Italy

On 8 November 2012 CompuGroup Medical acquired the assets of the Italian company DS Medica srl. through its subsidiary CompuGroup Medical Italia S.p.A. The assets make up the business area 'Cartella Clinica Basic' (Ambulatory Information Systems). The purchase price amounts to EUR 1.9 million plus a variable component amounting to maximum EUR 0.5 million. Through the acquisition of the 'Cartella Clinica Basic' business area, the customer base in Italy increase with approximately 2,300 doctors which drives further growth opportunities in the Italian market.

The preliminary goodwill of EUR 134 thousand recognized as of 8 November 2012 mainly relates to synergies that arise in the Italian market. Further value drivers arise from the intangible assets acquired in the form of customer contracts. The Company does not anticipate that the estimated goodwill will be deductible for income tax purposes.

Acquisition of assets from MECO medizinische Computersysteme GmbH, Germany

On 1 December 2012 CompuGroup Medical acquired the assets of MECO medizinische Computersysteme GmbH ('MECO') located in Duisburg, Germany. The preliminary goodwill of EUR 152 thousand recognized as of 1 December 2012 mainly relates to synergies that arise in the Group. Further value drivers arise from the intangible assets acquired in the form of customer contracts. The company does not anticipate that the estimated goodwill will be deductible for income tax purposes.

Establishment of LAUER-FISCHER ApothekenService GmbH, Germany

The company trades in LAUER-FISCHER brand software for pharmacies and associated hardware, and also provides advisory and technical services in the healthcare sector with a focus on pharmacies. The company also performs sales activities for the LAUER-FISCHER Group.

Establishment of Privadis GmbH, Germany
Privadis GmbH was established in April 2012 by shareholder agreement together with the partner OptaData-Gruppe in Essen. The company's purpose is to sell and provide invoicing and debt collection services for physicians and dentists. A 50 percent shareholding plus one share is held by CompuGroup Medical Deutschland AG and Privadis GmbH could already in 2012 record its first operating revenue.

Establishment of CompuGroup Medical Nederland Software and Services B.V., Netherlands
The Company was established on 1 October 2012 as a holding company and provides management services for the Dutch operations.

Establishment of CompuGroup Medical Life Denmark ApS, Denmark
The Company mainly focuses on developing and selling technology-based products such as web applications and associated activities.

Merger of CompuGROUP France SAS, France
CompuGROUP France SAS was merged with CompuGroup Medical France SAS effective 30 March 2012.

Merger of CompuGroup Medical Stockholm AB, Sweden
CompuGroup Medical Stockholm AB was merged with CompuGroup Medical Sweden AB on 9 May 2012.

Merger of Tepe International Saglık Bilgi Sistemleri A.S., Turkey
Tepe International Saglık Bilgi Sistemleri A.S. was merged with CompuGroup Medical Bilgi Sistemleri A.S., Turkey, on 13 June 2012.

Merger of CompuGroup Medical Link AB, Sweden
CompuGroup Medical Link AB was merged with CompuGroup Medical Sweden AB on 4 September 2012.

Merger of MEDISTAR Praxiscomputer GmbH, Germany
The Company was merged with CompuGroup Medical Deutschland AG on 27 August 2012.

Merger of TurboMed EDV GmbH, Germany
The Company was merged with CompuGroup Medical Deutschland AG on 27 August 2012.

Merger of Degama GmbH Apotheken- und Marketing-Beratung, Germany
The Company was merged with LAUER-FISCHER GmbH on 25 September 2012.

Merger of CGM SYSTEMA Kliniksoftware GmbH, Germany
With effect from 1 January 2012 the company was merged with CGM SYSTEMA Deutschland GmbH.

Name change from systema Deutschland GmbH to CGM Systema Deutschland GmbH, Germany
With effect from September 2012 the name of the company systema Deutschland GmbH, located in Oberessendorf, was changed to CGM SYSTEMA Deutschland GmbH. The location of the company is unchanged.

Name change from Fischer Software GmbH to CGM Mobile Services GmbH, Germany
With effect from September 2012 the name of the company Fischer Software GmbH, located in Stuttgart, was changed to CGM Mobile Services GmbH. The location of the company is unchanged.

Liquidation of Tipdata Bilgi işlem Sistemleri Danişmanlik ve Ticaret Limited iŞirketi, Turkey
Tipdata was liquidated in the financial year after transferring its business activities to CompuGroup Medical Bilgi Sistemleri A.Ş.

Acquisition of LAUER-FISCHER GmbH in 2011
The purchase price allocation for the acquisition of LAUER-FISCHER GmbH in 2011 was preliminary at the time of the publication of the consolidated financial statements for the Group as at 31 December 2011. The purchase price allocation was subsequently finalized during the financial year 2012. Comparative information for periods prior to the preparation of the final accounting of the acquisition is according IFRS 3.49 to be retroactively adjusted as if the purchase price allocation was already finalized at the time of acquisition. The following table gives an overview of the changes to the acquisition in financial year 2011. An adjustment of prior year figures was not done as it is deemed as not being of a material nature. All effects from these changes were recognized in the financial year 2012.

	Preliminary allocation from 30.06.2011 EUR '000	Earnings effect before finalization 2011 EUR '000	Book value as of 31.12.2011 EUR '000
Goodwill	30,709	0	30,709
Software	10,153	-508	9,645
Customer relationship	15,883	-318	15,565
Brand	3,555	-71	3,484
Order backlog	6,763	-845	5,918
Building step-up	1,000	-17	983
Deferred taxes	-11,075	512	-10,563
	56,988	**-1,247**	**55,741**

	Book value as of 01.01.2012 EUR '000	Adjustments from finalization 30.06.2012 EUR '000	Additional earnings effect (effects from 2011) 2012 EUR '000	Earnings effect after finalization 2012 EUR '000	Book value as of 31.12.2012 EUR '000
Goodwill	30,709	104	0	0	30,813
Software	9,645	787	-39	-1,095	9,298
Customer relationship	15,565	50	-1	-637	14,977
Brand	3,484	242	-12	-486	3,228
Order backlog	5,918	408	-51	-2,690	3,585
Building step-up	983	-244	3	4	746
Deferred taxes	-10,563	-368	30	1,088	-9,814
	55,741	**977**	**-70**	**-3,816**	**52,832**

The effects from finalization of purchase price allocations can be found in the Notes table 'Changes in company acquisitions during financial year 2012 (IFRS 3.49).

Acquisition of Meditec GmbH, Germany
In January 2013, CompuGroup Medical AG acquired a 70 percent share of Meditec GmbH via its fully-owned subsidiary CompuGroup Medical Deutschland AG. Call and put options were also arranged for the remaining 30 percent. The purchase price amounts to EUR 1.4 million. For 2012, Meditec expects revenue of EUR 0.93 million, 80 percent of which is recurring revenue. Its EBITDA for 2012 is anticipated to be EUR 0.2 million.

The preliminary goodwill is estimated to be EUR 134 thousand. The valuation of goodwill is preliminary in particular because of the valuation of the customer contracts and the use of a valuation model where the parameters still can differ significantly from the real values.

Acquisition of assets from GCD Gesellschaft für Computer und Datentechnik mbH, Germany
On 1 January 2013 CompuGroup Medical acquired through its subsidiary CGM Systema Deutschland GmbH the assets of the GCD Gesellschaft für Computer und Datentechnik mbH, Germany, from its insolvency estate. The purchase price amounts to EUR 70 thousand. The assets acquired are mainly order backlog, customer contracts and software.

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

Business combinations (IFRS 3) and 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). Acquisition costs are shown in the balance sheet if they are incurred.

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.

Acquisition costs also include the fair values of all reported assets or liabilities resulting from a contingent consideration agreement. Any contingent consideration is measured at fair value. Subsequent changes to the fair value of an asset or contingent consideration classified as liabilities are measured within the scope of IAS 39 and any resulting profit or loss is recognized in the income statement. Contingent consideration classified as equity is not remeasured and is recorded as equity.

The shares of minority shareholders are reported as no less than the share of the fair values of the documented assets and debts that corresponds to the minority share. The Group decides on whether the non-controlling interest in the acquired Company should be recognized either at fair value or at a pro-rata share of the identifiable net assets of the acquired Company on an individual basis for each company acquisition.

Liabilities from written put options from non-controlling interests are measured at fair value at initial recognition. As the initial recognition in equity of these liabilities has not been clearly defined up to now, it is ensured that the equity share of the non-controlling interests is impaired or written off, regardless of opportunities and risks arising from the possession of the respective shares being transferred.

The financial results of the subsidiaries acquired or sold in the course of the year are included in the consolidated 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. Unrealized gains from transactions between Group companies and associated companies are eliminated according to the Group's interest in the associated company. Unrealized losses are also eliminated, unless the transaction hints at an impairment of the assigned asset. The accounting and measurement methods for associated companies were changed as necessary to guarantee uniform accounting principles throughout the Group.

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.

When disposing of a foreign business (such as the disposal of all of a company's interest in a foreign business or a disposal which results in the loss of control of a subsidiary to which a foreign business belongs), the cumulated translation differences, cumulated in equity, are reclassified as profit or loss.

When disposing part of a subsidiary to which a foreign business belongs but which does not result in the loss of control, the corresponding cumulated translation differences, cumulated in equity, are assigned to the non-controlling interest in this foreign business and not reclassified as profit or loss. In any other partial disposal of a foreign operation (such as a reduction in the interest in an associated or jointly controlled entity that does not result in a loss in significant influence or joint control) the entity shall reclassify to profit or loss only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive 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 current and non-current accounts. Accounts are disclosed as non-current if they are realized after more than 12 months or outside a normal business cycle. Deferred taxes are always allocated to non-current accounts.

Acquired software, licenses 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. For amortization of intangible assets, the following values for useful life are used:

	Useful life in years
Acquired software	3-15
Customer relationships	10-30
Brands	10-30
Order backlog	1-4

Amortizations as well as impairments and reversed impairments of intangible assets are recorded in the income statement under 'Amortization of intangible assets'.

The main part of intangible assets in the balance sheet comes from company acquisitions. 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).

Borrowing costs that are directly attributable to software development (qualifying asset) form part of the cost of that asset and should be capitalized until all work has largely been completed to prepare the asset for its intended use or sale.

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.

Goodwill

Goodwill is not amortized but instead tested annually for impairment on 30 September. It is recognized at cost less accumulated impairments. The impairment test of goodwill is based on cash-generating units (CGU) that are always represented by a legal entity. A CGU is the lowest level on which goodwill is monitored for the internal purposes of company management. As part of the impairment testing, the book value of the units on which the goodwill is based is compared with their recoverable value. 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.

CGM determines the recoverable value of a CGU on the basis of its value in use. This value is based on the expected future cash flows, based on a discount rate before taxes that reflects current market expectations regarding the interest effect and the specific risks of the CGU.

Even if the recoverable value exceeds the book value of the CGU allocated to goodwill in future periods, impaired goodwill is not written up. Impairments of Goodwill are recorded in the income statement under 'Amortization of intangible assets'.

Property, plant and equipment

Property, plant and equipment is stated at acquisition and production costs less cumulative depreciation and impairment.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset and should be capitalized until all work has largely been completed to prepare the asset for its intended use or sale.

Land and facilities under construction are not written down. All other assets are depreciated on a straight-line basis. Costs and fair values are written down as follows over the estimated useful life of an asset, but no lower than the residual book value.

	Useful life in years
Buildings	Up to 60
Other assets, plant and office equipment	3-10

Depreciation as well as impairments and reversed impairments of property, plant and equipment are recorded in the income statement under 'Depreciation of property, plants and tangible assets'.

Impairment of non-current assets

As of each balance sheet date, the Group reviews the book values of its property, plant and equipment 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.

When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associated company.

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

Financial assets

Classification

CGM classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets recognized at fair value in income

Financial assets recognized at fair value in income are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise they are classified as non-current. Fluctuations in the value of financial assets at fair value are recognized in financial income or financial expenses respectively.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. CGM's loans and receivables comprise trade receivables, other receivables as well as cash and cash equivalents.

(c) Financial assets available for sale

Financial assets available for sale are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trading day – the day on which the Group commits to purchase or dispose the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the total comprehensive income statement. Financial assets are derecognized when the rights to receive cash flow from the investments have expired or have been transferred and CGM has transferred all substantially risks and rewards of ownership. Financial assets at fair value in income are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest method. Financial assets available for sale are subsequently carried at fair value unless the fair value cannot be determined, in which case the financial assets available for sale is carried at cost.

Dividends on financial assets available for sale are recognized in the income statement as part of financial income when the Group's right to receive payments is established.

Impairment of financial assets

(a) Assets carried at amortized cost

CGM assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine if there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- CGM, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganization;
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
- adverse changes in the payment status of borrowers in the portfolio; or national or local economic conditions that correlate with defaults on the assets in the portfolio.

CGM first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognized in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in profit or loss.

(b) Financial assets available for sale

CGM carries its financial assets available for sale at cost. To assess whether there is objective evidence that a financial assets available for sale or a group of financial assets is impaired, refer to the criteria and methods mentioned in (a) above. In addition to these criteria and methods, objective evidence of impairment for an investment in an equity instrument includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered. CGM assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. Such impairment losses are not reversed.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated financial statements when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

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.

Non-current assets qualified as held for sale

Non-current assets held for sale (or groups of assets and liabilities held for sale) are classified as held for sale if their book value is mainly yielded from a disposal and if a sale is very likely. They are measured at the lower of the book value or fair value less disposal costs.

Provisions for post-employment benefits

For defined benefit plans, provisions for pensions and similar obligations are determined using the projected unit credit method in accordance with IAS 19. 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. The provision for defined retirement benefits plans in the balance sheet corresponds to the present value of the pension commitment on the balance sheet date, less the fair value of the plan assets. The service cost, compound interest expense and expected fund income are all reported in personnel expenses. Actuarial profits and losses are immediately recognized in the income statement.

The method for recognizing actuarial gains and losses has been changed in the reporting period. Up until 31 December 2011 the gains and losses were recognized in the income statement. As of fiscal year 2012 such gains and losses are recognized directly in equity in accordance with the existing option under IAS 19.93A.

The change in methodology will not only improve the comparability within the peer group, it also increases the informational value of earnings, as the underlying amounts are separated into parts and each part assigned an individual predictive value. This change leads to reliably estimated amounts (such as service time and interest expense) being recognized in income, while the volatile factors that depend on external circumstances (such as the change in the discount rate) is valuated separately and recognized without income effect.

The change in methodology was made in accordance with the requirements of IAS 8 retroactively. The presentation of an opening balance sheet for the same period in 2011 (so-called 'Third Record') was not included, because the change has no effect on the amounts recognized in the 2011 balance sheet.

Past service cost is recognized immediately in income, unless the changes to the pension plan depend on the employees remaining in service for a specified period of time (vesting period). In this case, the past service cost is recognized linearly over the vesting period.

Contributions to defined contribution pension plans are recognized as an expense as they fall due in personnel expenses. Payments for state pension plans are treated as defined contribution plans. The Group has no further payment obligations other than the payment of contributions.

Other 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. Measurement is on the basis of the amount of the obligation with the highest degree of probability or, in the case of equal probability, on the expected amount of the obligation. Provisions are measured at the present value of the expected expenses.

Provisions for contingent liabilities are stated if the expected profit of the related contract in 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. Where a large number of similar obligations exists, such as for guarantees, the probability of a charge over assets is determined on the basis of this group of obligations. Provisions are also carried under liabilities if the probability of a burden on assets is low in relation to a single obligation contained in this group.

Treasury shares

Shares which are repurchased by CGM (treasury shares) are deducted from equity in accordance with IAS 32.33. Purchase, sale, issue or cancellation of treasury shares own is not recognized in the income statement. All paid or received payments related to treasury shares are recognized directly in equity.

Share-based bonus plans

In the 2008 financial year, share-based remuneration, as defined under IFRS 2, was agreed to with Board member Christian B. Teig, which comprises 375,000 options on CompuGroup shares. It was agreed to amend the share option agreement when his employment contract was extended until 30 September 2016. The agreed amendment from 14 December 2011 stipulates that Christian B. Teig may exercise the share options at any time within a 30-day period of notice until his extended employment contract expires.

The fair value as of the option grant date amounted to EUR 1.25 per option and was accumulated until the expiration of his initial contract on 30 September 2012. As the fair value has not changed following the contract amendment, there were no expenses in the year under review in addition to the recognized accumulation for the period 2008 to 2012. As at the balance sheet date, EUR 52 thousand were recorded in the profit and loss. Calculation of the fair value was done in 2008 and 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 option	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 less transaction costs when incurred and are subsequently measured at amortized cost using the effective interest method. Foreign currency payables are converted at the closing exchange rate.

Liabilities from government grants

Government grants are recognized according to the gross method, i.e. their gross amounts are recognized on the liabilities side. They exclusively comprise investment grants that are recognized in other income in proportion to the write-downs of the subsidized assets.

Leasing relationships

a) CGM as lessee

Leases in which a substantial proportion of all risks and rewards incidental to ownership of an asset remain with the lessor are classified as operating leases. Payments received in connection with an operating lease (net of any incentives received from the lessor) are recognized in the income statement on a straight-line basis over the term of the lease.

The Group leases certain items of property, plant and equipment (leasing items). Lease agreements for property, plant and equipment for which the Group bears the material risks and rewards from ownership of the leased asset are classified as finance leases. Assets in connection with finance leases are capitalized at the beginning of the leasing term at the lower of the fair value of the leased item and the present value of minimum leasing payments. Leasing liabilities of the same amount are recognized under non-current liabilities. Each leasing installment is divided into its respective interest and principal components in such a way that the leasing liabilities remain constant. The net lease liability is recorded under non-current liabilities. The interest component of the leasing installment is charged to the income statement so as to produce a constant rate of interest over the term of the lease agreement. Items of property, plant and equipment governed by finance leases are depreciated over the shorter of their economic useful life or the term of the lease.

b) CGM as lessor

If assets are leased under a finance lease, the present value of the minimum lease payments is carried as a lease receivable. Any difference between the gross receivable (minimum leasing payment before discounts) and the present value of the receivable is recognized as unrealized financial income. The receipt of differences in amounts is recognized in sales revenue. Leasing income is recognized over the lease term using the annuity method, reflecting a constant annual return in terms of the lease receivable.

Assets leased by customers within the scope of leasing relationships are recognized in non-current assets.

Income from leasing relationships is recognized on a straight-line basis over the term of the lease.

Derivative financial instruments and hedging

Derivatives are initially recognized at fair value on the date a contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Gains and losses from trading derivatives are recognized in profit or loss.

Derivatives included in hedge accounting are generally designated as either:

- hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedge);
- hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge); or
- hedges of a net investment in a foreign operation (net investment hedge).

Only hedges of cash flows (Cash Flow Hedge) occur at CompuGroup.

At the inception of the transaction the relationship between the hedging instrument and hedged item is documented, as well as the risk management objectives and strategy for undertaking the hedging transaction. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in the cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized in profit or loss as financial result. Amounts accumulated in other comprehensive income are reclassified to profit or loss in the periods when the hedged item affects profit or loss.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than one year and as a current asset or liability when the remaining maturity of the hedged item is less than one year.

Trading derivatives are classified as non-current assets or liabilities in accordance with IAS 1.68 and 1.71 if they are due after more than one year; otherwise they are classified as current.

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), 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 license sale. Accordingly, the customary price for software maintenance is recorded and the difference compared to the total price is offset against the software sale.
- 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) 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.

Income tax

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

The current tax charge is based on the Company's taxable income. The Group's current tax liability as of the reporting date 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 consolidated 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 consolidated earnings.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates unless the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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) unless they relate to items that are directly recognized in equity or other comprehensive income. In this case, the tax is also recognized in other comprehensive income or equity.

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. The main estimates and judgments in preparing the consolidated financial statements are discussed below:

a) Purchase price allocations and company acquisitions

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 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.

b) Impairment of goodwill

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.

c) Provisions for post-employment benefits

The present value of the pension obligation is dependent on a number of factors which, in turn, are based on actuarial assumptions. The assumptions used to determine these net expenses (and income) include the pension interest rate. Any change in this assumption will have an effect on the present value of the obligation.

d) Corporation taxes
Management also has to make estimations and assumptions when calculating current and deferred taxes. 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. Various factors are used to assess the probability of the future utilization, including past operating results, operational plans, loss carry forward periods and tax planning strategies.

e) Fair value of derivative financial instruments
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.

Discretionary decisions have to be taken when applying accounting and measurement methods. These decisions are constantly reassessed and are based on historical experiences and expectations in respect of future events that can be considered reasonable under the given circumstances.

This applies especially with regard to the following issues:

- The determination of the fair values of assets and liabilities acquired as part of a business combination, as well as of the useful lives of the assets is based on management's judgment.
- With regard to assets held for sale, it must be determined if they can be sold in their current condition and if the sale of such is highly probable.
- Financial assets are categorized as either 'financial assets recognized at fair value in income', 'loans and receivables', or as 'financial assets available for sale'.

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.

All amounts in the consolidated financial statements are stated in thousands of EURO (EUR '000) unless otherwise stated. Smaller deviations in absolute figures and in the calculation of percentages may occur due to rounding.

E. Explanation of items on the statement of financial position and income statement

1. Intangible assets

	31.12.2012 EUR '000	31.12.2011 EUR '000
Goodwill/business value	219,503	213,869
Software	60,104	74,353
Customer contracts	127,249	120,926
Brands	17,023	18,991
Order backlog	4,210	6,424
Purchased software licenses	1,289	1,158
Capitalized in-house services	26,434	23,055
	455,812	**458,776**

The development of intangible assets is detailed in the separate overview 'Change in Intangible and Tangible Assets 2012'.

Goodwill/business value

The principle components of goodwill/business value are allocated to cash-generating units (CGUs) as follow:

CGU	31.12.2011 EUR '000	Additions EUR '000	Finalization of PPA / Impairments EUR '000	Transfers EUR '000	Exchange rate differences EUR '000	31.12.2012 EUR '000
LAUER-FISCHER	30,709		104			30,813
CGM Deutschland	7,945	152		22,524		30,621
CGM Sweden	29,234				1,062	30,296
CGM US	0			22,121	-447	21,674
CGM Denmark	8,390				-8	8,382
Systema HIS	14,304					14,304
CGM Norway	13,502				703	14,205
CGM Italy	12,072	134				12,206
IfAp	9,290					9,290
CGM Österreich GmBH	5,975					5,975
CGM LAB	4,588				167	4,755
CGM Solution	4,479					4,479
Innomed	3,791					3,791
CGM Netherlands	3,144					3,144
CGM Dentalsysteme	2,905					2,905
Effepieffe	0	616				616
CGM Belgium	2,342					2,342
HCS	2,258					2,258
Microbais	0	4,001				4,001
CGM SYSTEMA Deutschland	7,307					7,307
CGM Ceska republika	1,453				34	1,487
Lorensbergs	1,341				49	1,390
CGM Malaysia	984				38	1,022
CGM South Africa	983		-1,020		-37	0
CGM Schweiz	966				8	974
Intermedix France	543					543
CGM Slovensko	337					337
CGM France	284					284
CGM Turkey	98				4	102
Visionary Group	11,151			-11,151		0
Noteworthy- Gruppe	6,193			-6,193		0
Healthport	4,776			-4,776		0
TurboMed	14,153			-14,153		0
MEDISTAR	8,372			-8,372		0
	213,869	**4,903**	**-916**	**0**	**1,647**	**219,503**

The transfers of goodwill/business value primarily arise from the consolidation of multiple cash-generating units by way of legal merger of subsidiaries during 2012. Divestitures from the Group did not take place during the reporting period.

Impairment test of goodwill/business value
The DCF method is applied by discounting the future cash flows of the CGUs using the Budget 2013 figures for current financial position and performance and then verified using past values. Subsequently, the results are extended by four additional years using individual planning assumptions per CGU that reflect the Company's future development under current conditions. After the 5-year planning period a perpetuity value is calculated using a conservative Group-wide growth rate of 1.5 percent. To determine the present value of future cash flows, a discount rate based on the WACC (Weighted Average Cost of Capital) is applied.

The following tables give an overview of assumptions used in the calculation of value in use in 2011 and 2012:

	EBITDA-Margin				Growth rate			
	2011		2012		2011		2012	
	Year 1	Following years	Year 1	Following years	Year 1	Following years	Year 1	Following years
LAUER-FISCHER	16.5%	17.3%	14.0%	15.0%	-0.9%	3.9%	0.1%	2.8%
CGM Deutschland	35.5%	38.4%	40.4%	37.7%	14.0%	5.7%	16.9%	3.8%
CGM Sweden	34.7%	33.4%	33.9%	35.0%	10.4%	2.4%	-2.6%	3.4%
CGM US	19.4%	23.0%	15.2%	17.8%	n.a.	6.1%	10.8%	4.3%
CGM Denmark	31.6%	31.7%	20.9%	21.4%	-3.1%	3.7%	28.6%	2.7%
Systema HIS	21.3%	22.2%	20.6%	21.4%	1.5%	3.3%	3.1%	2.9%
CGM Italy	33.9%	39.5%	31.7%	33.7%	28.0%	8.7%	23.8%	5.7%
CGM Norway	31.4%	30.9%	22.0%	23.1%	17.0%	1.6%	14.8%	3.4%
IfAp	10.7%	12.7%	30.0%	29.1%	-6.8%	4.4%	77.8%	3.9%
CGM Österreich	30.8%	30.2%	33.8%	33.1%	2.0%	3.1%	1.6%	2.0%
CGM Turkey	8.0%	16.0%	14.1%	18.0%	-0.8%	1.4%	12.7%	0.4%
Innomed	46.8%	47.1%	46.5%	47.1%	2.3%	3.9%	10.9%	5.0%
CGM Solution	38.1%	36.8%	41.4%	43.6%	30.8%	2.2%	25.8%	4.5%
CGM Netherlands	33.0%	30.7%	38.7%	40.6%	15.5%	1.7%	28.9%	4.4%
CGM Dentalsysteme	43.0%	42.8%	46.3%	46.1%	5.1%	3.1%	13.5%	3.7%
Effepieffe	n.a.	n.a.	85.4%	85.7%	n.a.	n.a.	10.9%	5.0%
CGM Belgium	46.0%	44.8%	53.3%	55.6%	34.7%	1.4%	33.4%	7.4%
HCS	32.4%	37.2%	31.0%	31.8%	0.6%	7.4%	2.9%	2.6%
Microbais	n.a.	n.a.	21.2%	22.7%	n.a.	n.a.	-13.9%	3.6%
CGM Ceska republika	29.8%	27.9%	33.0%	33.8%	-0.4%	4.8%	16.5%	5.0%
CGM South Africa	6.2%	13.7%	-16.5%	1.1%	107.8%	2.0%	176.6%	8.4%
CGM Systema Deutschland	12.3%	15.1%	11.5%	12.6%	4.3%	5.0%	12.1%	3.4%
CGM Schweiz	5.8%	10.4%	11.4%	12.4%	32.1%	6.2%	12.7%	5.5%
CGM Malaysia	3.3%	30.0%	0.7%	10.3%	307.7%	10.9%	129.4%	6.5%
CGM Lab	1.7%	9.8%	7.5%	11.4%	10.7%	5.6%	24.7%	4.1%
Intermedix France	29.4%	30.9%	29.5%	30.2%	53.7%	5.0%	33.7%	5.0%
CGM Slovensko	17.2%	20.8%	12.8%	13.2%	15.1%	8.2%	34.3%	4.2%
CGM France	13.9%	14.0%	9.8%	10.1%	18.3%	3.3%	3.7%	1.9%

	WACC (after tax)		WACC (before tax)	
	2011	2012	2011	2012
LAUER-FISCHER	8.2%	8.0%	11.0%	10.7%
CGM Deutschland AG	8.2%	8.0%	11.0%	10.7%
CGM Sweden	8.3%	8.0%	10.8%	10.3%
CGM US	8.2%	8.0%	12.1%	12.1%
CGM Denmark	8.3%	7.9%	10.3%	10.1%
Systema HIS	8.3%	7.9%	10.6%	10.1%
CGM Italy	9.1%	9.2%	12.3%	12.6%
CGM Norway	8.3%	8.0%	11.0%	10.5%
IfAp	8.2%	8.0%	11.0%	10.7%
CGM Österreich GmbH	8.3%	7.9%	10.6%	10.1%
CGM Turkey	10.7%	10.5%	12.7%	12.6%
Innomed	8.3%	7.9%	10.6%	10.1%
CGM Solution	8.2%	8.0%	11.6%	11.1%
CGM Netherlands	8.3%	7.9%	10.6%	10.1%
CGM Dentalsysteme	8.2%	8.0%	11.0%	10.7%
Effepieffe	n.a.	9.2%	n.a.	12.6%
CGM Belgium	8.8%	8.7%	11.8%	12.3%
HCS	8.3%	7.9%	10.6%	10.1%
Microbais	n.a.	7.9%	n.a.	10.0%
CGM Ceska republika	9.0%	8.8%	10.9%	10.1%
CGM South Africa	9.3%	9.2%	12.0%	10.8%
CGM SYSTEMA Deutschland	8.2%	8.0%	11.0%	10.4%
CGM Schweiz	8.3%	7.9%	9.6%	9.7%
CGM Malaysia	9.3%	9.2%	11.4%	9.2%
CGM LAB	8.3%	8.0%	10.8%	10.3%
Intermedix France	8.2%	8.0%	11.6%	11.1%
CGM Slovensko	9.0%	9.0%	10.8%	10.7%
CGM France (RSS)	8.2%	8.0%	11.6%	11.3%

In the reporting period, an impairment in the amount of EUR 1,020 thousand was discovered in CGM South Africa which increased the amortization of intangible assets for the 2012 financial year accordingly. The impairment was primarily caused by a stagnation in growth and lacking business volume. The impairment for this CGU is made entirely in goodwill. All other impairment tests showed a value in excess of the book value and did not result in any further value reductions of goodwill in the financial year 2012.

A lower growth rate by 0.5 percentage points in the terminal value would results in an impairment loss of EUR 50 thousand. By this 0.5 percent lower growth rate, the Group-wide surplus would be reduced by EUR 63.1 million.

A one percentage points higher WACC results in an impairment of EUR 2.0 million. By this one percent higher WACC, the Group-wide surplus would be reduced by EUR 157.9 million.

A two percentage points higher WACC results in an impairment of 9.0 million. By this two percent higher WACC, the Group-wide surplus would be reduced by EUR 278.8 million.

Impairments arising from a change in the WACC and growth rate of the terminal value would be distributed as shown in the following table:

EUR '000	Lower growth rate by 0.5% in the terminal value	Higher cost of capital (WACC) by 1.0 percent	Higher cost of capital (WACC) by 2.0 percent
CGM Malaysia	-50	-265	-543
CGM LAB	0	-497	-1,469
CGM Turkey	0	-259	-1,246
CGM US	0	0	-3,957
CGM Italy	0	0	-1,782
Total	**-50**	**-1,021**	**-8,997**

Acquired software, customer contracts and brands
Acquired software, customer contracts and brands constitute, in addition to goodwill, the main part of intangible assets of CompuGroup Medical AG. These assets are posted under 'software and other intangible assets' and are made up of the following:

	31.12.2012 EUR '000	31.12.2011 EUR '000	Amortization until
Software from acquisitions			
CGM Sweden	6,151	9,533	30.06.2018
CGM Norway	3,549	4,403	30.06.2018
CGM Denmark	1,428	2,736	30.06.2018
LAUER-FISCHER	9,298	10,939	30.06.2021
CGM US (Visionary Gruppe)	4,350	5,202	31.08.2020
Systema HIS	6,086	6,781	31.08.2021
CGM Turkey	3,810	4,814	31.12.2016
CGM US (Noteworthy)	3,379	4,213	28.02.2019
CGM US (Healthport)	2,199	2,983	31.12.2015
CGM Netherlands	2,011	2,361	31.12.2018
Other acquisitions and purchased software licenses	17,843	20,388	
Acquired Software	**60,104**	**74,353**	
Customer contracts			
CGM Sweden	17,931	17,981	30.06.2038
CGM Norway	8,408	8,305	30.06.2038
CGM Denmark	4,961	5,161	30.06.2038
CGM US (Visionary Gruppe)	20,443	21,764	31.08.2035
CGM Netherlands	10,406	11,501	31.12.2031
Innomed	9,644	10,211	31.12.2029
Effepieffe	4,514	0	31.12.2023
CGM US (Healthport)	5,601	6,301	31.12.2021
LAUER-FISCHER	14,977	15,565	30.06.2036
CGM SYSTEMA Deutschland	3,862	4,564	30.06.2018
Sonstige	26,502	19,573	
Total customer contracts	**127,249**	**120,926**	

	31.12.2012 EUR '000	31.12.2011 EUR '000	Amortization until
Brands			
CGM US	2,295	2,732	31.08.2018
LAUER-FISCHER	3,228	3,484	30.06.2021
Systema HIS	3,075	3,426	31.08.2021
CGM Sweden	1,426	1,548	31.12.2020
CGM Netherlands	990	1,155	31.12.2017
CGM Systema Deutschland	1,613	1,906	30.06.2018
Sonstige	4,396	4,740	
Total brands	**17,023**	**18,991**	

During 2012, the expected useful life of brands has been adjusted down due to changed business and market conditions (strategic focus on global platform products and the Group brand). Had this change not been made, the amortization of intangible assets would have been EUR 1,486 thousand lower in the 2012 financial year.

Capitalized in-house services
In the financial year 2012, EUR 6,610 thousand of in-house services (software development) was capitalized pursuant to the requirements of IAS 38. Measurement is based upon directly attributable production costs plus capitalized borrowing costs of EUR 493 thousand. The interest rate used is between 4.93 and 5.02 percent.

Amortization of capitalized software development costs was EUR 3,927 thousand in the reporting period. For more information about changes to intangible assets, refer the separate overview over 'Changes in Intangible and Tangible assets'.

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.

In the 2012 financial year, an extraordinary impairment charge of goodwill in the amount of EUR 1.0 million was recorded in the subsidiary CGM South Africa.

Intangible assets from company acquisitions
The following additions to software, customer relationships, brands, backlog and goodwill/business value resulted from business combinations during the 2012 reporting period:

	Microbais EUR '000	Effepieffe EUR '000	DS Medica EUR '000	MECO EUR '000	Total EUR '000
Software	2,198	96	239	0	2,533
Customer relationships	4,411	4,924	2,023	317	11,675
Brands	550	87	0	0	637
Backlog	335	222	0	46	603
Goodwill/business value	4,001	616	134	152	4,903
Total	**11,495**	**5,945**	**2,396**	**515**	**20,351**

2. Property, plant and equipment

The additions to land and buildings mainly relate to the continued construction of the new administration building at the company headquarter in Koblenz (EUR 3.3 million). The new building was completed and inaugurated in April 2012. Also, the building 'Maria Trost 21' in Koblenz, which had been rented and used by the CGM Group for more than 10 years, was purchased during the reporting period for EUR 6.1 million. The additions to other facilities, furniture and office equipment mainly arise from office expansions in various subsidiaries as well as extensions and renewals of data centers.

Impairments to property, plant and equipment were not recorded in 2012 or in 2011.

During the year, the Group capitalized borrowing costs of EUR 86 related to qualifying assets (previous year: EUR 343 thousand). The average interest rate used in this case was 4.65 percent (unchanged from last year).

For more information about changes to property, plant and equipment, refer to the separate overview over 'Changes in Intangible and Tangible assets 2012'.

3. Financial assets

Investments in associated companies at equity

	31.12.2012 EUR '000	31.12.2011 EUR '000
mediaface	49	0
Medigest	563	553
MECO	0	400
Other	34	18
	646	**971**

Medigest is a provider of Ambulatory Information Systems for the Spanish private practitioner market. Medigest has about 4,500 physicians 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 50 thousand on revenue of EUR 624 thousand. The balance sheet total of EUR 330 thousand largely consists of trade receivables of EUR 218 thousand and other assets of EUR 29 thousand as well as cash and cash equivalents of EUR 22 thousand. On the equity and liabilities side, trade payables were the largest item on the balance sheet at EUR 117 thousand. Equity amounted to EUR 130 thousand.

MECO, headquartered in Duisburg, offers individual IT solutions for doctor's offices and medical centers. As at 31 December 2012 the MECO business was acquired by CompuGroup Medical Deutschland AG for a purchase price of EUR 525 thousand. Before this, the company served as a distribution partner for CompuGroup Medical Deutschland AG. Due to lack of financial statements for the full year 2012, the relevant figures for 2012 are shown as estimates and, in parentheses, the comparative figures as at 31 October 2012 (last present statements of the company). For 2012, MECO is expected to achieve revenue of EUR 414 thousand (EUR 345 thousand) with an expected loss of EUR -170 thousand (EUR -142 thousand). The investment in MECO was written down completely as at 31.12.2012.

Mediaface Gesellschaft für multimediale Kommunikation mbH in Hamburg is a provider of management solutions for intranet and Internet applications as well as the development of communication solutions and related consulting for the digital implementation of marketing strategies. The customer base consists mainly of healthcare providers and industrial companies.

Other financial assets

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

Participations	31.12.2012 EUR '000	31.12.2011 EUR '000
CD Software	54	54
IC med	25	25
Savoie Micro	20	0
BFL Gesellschaft des Bürofachhandels	12	12
AES Ärzteservice Schwaben	10	10
Other	7	4
	128	**105**

4. Corporation tax receivables, deferred tax and income tax payables

Corporation tax receivables (EUR 3,732 thousand; previous year: EUR 1,698 thousand) comprise current corporation tax receivables of Group companies. Corporation tax payables (EUR 19,929 thousand; previous year: EUR 15,146 thousand) comprise current tax payables as well as EUR 3,160 thousand to cover the result from a tax audit in Germany which was completed by the time the consolidated financial statements were published (previous year EUR 1,800 thousand).

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

	Assets		Liabilities	
	31.12.2012 EUR '000	31.12.2011 EUR '000	31.12.2012 EUR '000	31.12.2011 EUR '000
Intangible assets	27	0	50,624	56,491
Property, plant and equipment	1,356	1,641	364	102
Trade receivables	959	128	4,600	4,026
Other financial assets	438	0	217	0
Provisions for post-employment benefits	1,737	595	0	0
Derivative financial instruments	3,686	1,865	1,325	0
Credit institution liabilities	0	0	1,035	1,435
Trade payables	74	0	0	0
Other liabilities	1,248	322	2,154	0
Other	0	1,544	0	142
Tax losses carried forward	8,832	10,114	0	0
Offset vs. deferred tax liabilities	-14,603	-10,358	-14,603	-10,358
	3,754	**5,851**	**45,716**	**51,838**

Deferred tax assets consist of tax losses carried forward, most of which were created regarding the US and French companies. The largest position is the deferred tax asset from the tax losses carried forward of CompuGroup Medical Inc. in USA (EUR 5,372 thousand) and CompuGroup Medical Solutions in France (EUR 2,032 thousand). In Germany, deferred tax assets were principally created for losses carried forward of CompuGroup Medical Managementgesellschaft (EUR 437 thousand). Tax losses can currently all be carried forward and used indefinitely.

Unrecognized tax losses carried forward exist as of year-end in several foreign subsidiaries because the probability that they can be recovered has been judged as limited. Depending on the revenues situation and tax legislation the current assessment can change in future years making an adjustment necessary. No deferred tax assets were recognized for tax losses carried forward of EUR 25,278 thousand (previous year: EUR 36,799 thousand) as it is likely that tax losses carried forward cannot be used within the scope of tax-related earnings planning.

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 have the following maturities:

	31.12.2012 EUR '000	31.12.2011 EUR '000
Deferred tax assets		
Deferred tax assets, realized after more than 12 months	1,921	4,242
Deferred tax assets, realized within 12 months	1,833	1,609
	3,754	**5,851**
Deferred tax liabilities		
Deferred tax liabilities, realized after more than 12 months	39,459	46,001
Deferred tax liabilities, realized within 12 months	6,257	5,837
	45,716	**51,838**
Net deferred tax liabilities	**41,962**	**45,987**

Changes in deferred corporation taxes are as follows:

	2012 EUR '000	2011 EUR '000
1 January	45,987	32,976
Exchange rate differences	527	-487
Acquired from subsidiaries	3,263	19,403
Charged to the income statement	-5,066	-4,040
Income taxes recognized in equity	-2,749	-1,865
31 December	**41,962**	**45,987**

5. Inventories

	31.12.2012 EUR '000	31.12.2011 EUR '000
Raw materials and supplies	138	525
Products	3,179	3,141
	3,317	**3,666**

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

6. Trade receivables

Provisions for bad debt (including write downs) of EUR 2,480 thousand were made in the financial year (previous year: EUR 2,683 thousand).

Specific bad debt provisions are based on the age of receivables throughout the Group. There are exceptions to the controlled impairment of receivables based on ageing. This applies to receivables in business areas with regular customers and long-term contractual relationships (e.g. hospital business, ASP service). Such receivables are tested individually for impairment on a case-by-case basis. 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.

Age of receivables, breakdown of provisions

	31.12.2012 EUR '000	31.12.2011 EUR '000
Receiveables aging structure		
Receivables not overdue and not impaired	31,865	27,275
Receivables overdue but not impaired		
0-3 months	12,926	12,085
4-6 months	654	399
7-12 months	1,765	587
> 12 months	1,677	688
Receivables that are impaired	24,207	25,765
Specific provisions	-6,117	-6,799
PoC receivables	10,787	9,758
	77,764	**69,758**
Regions		
Receivables domestic	21,053	35,049
Receivables foreign	62,828	41,508
Specific provisions	-6,117	-6,799
	77,764	**69,758**

Changes to specific provisions in the 2012 and 2011 reporting periods are shown in the following table:

	2012 * EUR '000	2011 * EUR '000
Specific provisions 01.01.	**6,799**	**5.306**
Use	-2,564	-725
Reversal	-71	0
Addition (incl. additions from company acquisitions)	1,953	2.218
Individual value adjustments 31.12.	**6.117**	**6.799**

*Exchange rate related changes in individual value adjustments are not disclosed separately for reasons of materiality

With respect to the trade receivables that are neither impaired nor past due, there are no indications as of the reporting date that the debtors will not meet their payment obligations.

Receivables from the Percentage of Completion Method (PoC)

In addition to receivables from the PoC method totaling EUR 10,787 thousand (previous year: EUR 9.758 thousand) projects with a payment backlog amount to EUR 2,876 thousand (previous year: EUR 4.616 thousand) that are classified under other financial liabilities. The corresponding sales are fully included in the income statement. These relate almost exclusively to projects in the Hospital Information System business. The cost-to-cost method was used to determine the degree of completion.

Finance leasing relationships

LAUER-FISCHER GmbH offers its clients the leasing of hardware (including all peripheral devices) for up to five years. The revenue from the leases of LAUER-FISCHER GmbH is recognized in the income statement as sales revenue. The contracts are classified as finance leases (IAS 17.10). The following table provides an overview of the financing receivables includes in trade receivables:

	31.12.2012 EUR '000	31.12.2011 EUR '000
Future minimum lease payments		
< 1 year	5,971	5,888
1-5 years	10,311	10,021
> 5 years	0	0
Present value	**16,282**	**15,909**
Unrealized financial income	2,339	2,294
Unsecured residual value due to lessor	0	0

	31.12.2012 EUR '000	31.12.2011 EUR '000
Present value of future leasing receivables		
due < 1 year	5,279	5,211
due 1-5 years	8,664	8,404
due > 5 years	0	0
	13,943	**13,615**

7. Other financial assets

	31.12.2012 EUR '000	31.12.2011 EUR '000
Leasing receivables	1,374	2,206
Granted loans	9,184	7,520
Long-term other financial assets	**10,520**	**9,726**
Short-term loan	1,108	2,524
APO-Bank	0	4,206
Other short term financial assets	**2,831**	**0**
Short-term other financial assets	3,939	6,730
Short-term other financial assets	**14,459**	**16,456**

The previous year's receivables towards APO bank result from the years 2007 and 2008. In the reporting period, the claim was paid under an interim court order of EUR 5.8 million. To avoid an impending appeal to a higher court, a negotiated settlement in the sum of EUR 5.0 million was agreed. The current portion of the obligation of EUR 0.8 million is recorded in other current financial liabilities.

Receivables stated in "Granted loans" are secured by software assets in the amount of EUR 7,884 thousand. Their production cost amounts to approx. EUR 4.3 million.

In 2009, Systema HIS, 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 2.3 million at their present value as of 31 December 2012. 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 1.3 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 payables arising from the Systema HIS sale-and lease-back transaction:

	31.12.2012 EUR '000	31.12.2011 EUR '000
Future minimum lease payments		
< 1 year	1,139	939
1-5 years	228	1,368
> 5 years	0	0
Total net present value	**1,368**	**2,307**
Unrealized financial income	32	101
Unsecured residual value due to lessor	42	63

	31.12.2012 EUR '000	31.12.2011 EUR '000
Present value of future leasing receivables		
due < 1 year	1,114	870
due 1-5 years	223	1,336
due > 5 years	0	0
	1,336	**2,206**

8. Other non-financial assets

	31.12.2012 EUR '000	31.12.2011 EUR '000
Income tax surplus receivable	1,069	2,691
Prepayments for future periods	4,614	4,191
Security deposits	213	1,230
Other	2,045	664
Other non-financial assets	**7,941**	**8,776**

9. Securities (recognized at fair value in income)

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).

10. 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. Cash and cash equivalents are not subject to any limitation of use.

11. Non-current assets qualified as held for sale

Sale of the office building in Neu Golm

During the reporting period, a building in Neu Golm owned by the subsidiary IfAp Institut für Unternehmensberatung und Wirtschaftsdienste im Gesundheitswesen GmbH (HCS segment) was sold for a price of EUR 690 thousand. The book value of this building (EUR 300 thousand) was included in the balance sheet position 'non-current assets classified as available for sale' as at 31 December 2011. From this book value, a profit from the sale in the amount of EUR 390 thousand was booked in 2012 as other revenue. As at 31 December 2012 a receivable in the amount of EUR 50 thousand from this sale was recorded in the balance sheet as other financial assets. The receivable was paid 3 January 2013.

12. Equity

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

Share capital

	31.12.2012 EUR '000	31.12.2011 EUR '000
Issued and fully paid-in share capital		
53,219,350 shares at EUR 1.00	53,219	53,219
Authorized share capital:		
26,609,675 shares at EUR 1.00	26,610	26,610

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

With the approval of the Supervisory Board, the Management Board is authorized to increase the equity of the Company by up to EUR 26,609,675.00 through a one-time or multiple issuance of new shares for cash and/or in-kind capital contributions until 11 May 2016 (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.

Treasury shares

As of 31 December 2011, CompuGroup Medical AG held 3,600,939 treasury shares, corresponding to 6.77 percent of equity capital. The amount pertaining to share capital amounts to EUR 3,600,939. The Company's treasury shares result from the following share buybacks:

Financial year	Buyback program period	Number of shares	Purchase price interval	Average weighted purchase price per share
2007		532,350		
2008	23 January to 18 April 2008	500,000	EUR 8.6430 to 12.6788	EUR 10.3276
2008	22 July to 14 October 2008	500,000	EUR 3.8243 to 5.4881	EUR 4.8426
2008	15 October to 30 December 2008	428,736	EUR 3.1519 to 4.4279	EUR 3.8849
2009	5 January to 31 March 2009	403,876	EUR 3.4100 to 4.7402	EUR 4.0810
2009	1 April to 27 May 2009	500,000	EUR 3.8357 to 4.5988	EUR 4.1578
2009	4 June to 31 December 2009	125,746	EUR 4.1853 to 6.0000	EUR 5.6852
2010	No buybacks			
2011	17 August to 31 December 2011	225,553	EUR 7.6496 to 9.3140	EUR 8.3033
2012	2 January to 30 June 2012	101,835	EUR 8.4429 to 9.9764	EUR 8.8488
2012	Since 9 July 2012	282,843	EUR 11.30 to 14.00	EUR 13.2397
Total		**3,600,939**		

In accordance with a resolution by the Annual General Meeting on 14 May 2009, the Management Board was authorized to acquire treasury shares. This authorization was valid until 14 November 2010. By resolution of the Annual General 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 GesetzzurUmsetzung der Aktionärsrechterichtlinie (ARUG – Law on the Implementation of the Shareholder Rights Directive), an authorization is allowed to last up to five years.

In accordance with a resolution of the Annual General Meeting of 19 May 2010, the Company was authorized to purchase up to 10 percent of the share capital in accordance with Section 71 Paragraph 1 No. 8 Aktiengesetz (AktG – German Stock Corporation 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 AktG, 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. 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 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 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 other 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 (3) Sentence 4 AktG, 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 Annual General 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 (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).

Equity reserves

Changes to equity reserves are reported in the Changes in Equity statement. The previous year's net profit and actuarial gains and losses figures were adjusted (see section 'B. General principles'). The main developments in 2012 were as follows:

After tax earnings of EUR 30,423 thousand were posted to equity reserves.

Pursuant to the resolution of the Annual General Meeting dated 9 May 2012, dividends totaling EUR 12,475 thousand were distributed (EUR 0.25 per each share with dividend rights).

Adjustments to the market value of the cash flow hedges also reduced the equity reserves by EUR 8,604 thousand, actuarial results by EUR 3,097 thousand as did currency translation by EUR 6,176 thousand.

If a final dividend is recommended, this will be conditional on shareholder approval at the Annual General Meeting in 2013. 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.

Non-controlling interests

	31.12.2012 EUR '000	31.12.2011 EUR '000
CGM South Africa	12	69
Privadis	-2	0
IfAp	18	2
Total	**28**	**71**

13. Provisions for post-employment benefits

Provisions are calculated on the basis of a current actuarial report.

There are pension liabilities owing to current or former employees of CompuGroup Medical Deutschland AG (previously CompuGroup Medical Arztsysteme GmbH & Co. KG) and of other German subsidiaries to pay fixed, retirement/disability or spousal pensions of 60 percent. In the Netherlands, the Company has defined benefit commitments depending on salary and years of service. There are also pension obligations to various employees of subsidiaries in foreign countries (defined benefit plans). Severance payment provisions, which IAS 19 calls 'post-employment benefits', still exist for most Austrian employees.

Defined benefit obligations and plan assets developed as follows during the financial year:

	2012 EUR '000	2011 EUR '000
Defined benefit obligation 01.01.	**8,432**	**3,183**
Current service cost	1,001	646
Past service cost	1,665	0
Interest expense	501	307
Payments	-251	-123
Employee payments	149	142
Atuarial losses	4,262	706
Obligations acquired through company acquisitions	46	3,571
Defined benefit obligation 31.12	**14,805**	**8,432**
Plan assets 01.01.	**-2,667**	**-608**
Estimated income from plan assets	-240	-106
Employer payments	-538	-638
Additional employer payments	382	365
Employee payments	-149	-142
Atuarial gains	-713	-225
Plan assets acquired through company acquisitions	0	-1,313
Plan assets 31.12	**-3,925**	**-2,667**
Provisions 31.12.	**10,880**	**5,765**

Total provisions were calculated as follows:

	31.12.2012 EUR '000	31.12.2011 EUR '000
Present value of fund-financial obligations	9,395	6,028
Fair value of plan assets	-3,925	-2,667
Deficit of the fund-financial obligations	5,470	3,361
Present value of not fund-financial obligations	5,410	2,404
Not yet recognized past service cost	0	0
Total provision	**10,880**	**5,765**

The following amounts were recognized in the income statement:

	2012 EUR '000	2011 EUR '000
Current service cost	1,001	646
Past service cost	1,665	0
Interest expense	501	307
Estimated income from plan assets	-240	-106
Additional employer payments	382	365
Total personnel expenses	**2,309**	**1,212**

In the financial year 2012, actuarial losses in the amount of EUR 3,549 thousand (previous year: loss of EUR 481 thousand) were recognized in equity.

The expected return on plan assets were determined in accordance with the expected returns of the underlying investments. In particular forecasts relating to the interest on insurances have been taken into account.

In the year under review, the actual return on plan assets amounted to EUR 844 thousand.

The following actuarial assumptions were made in determining the defined benefit obligation and related plan assets:

Actuarial assumptions	2012 Germany %	2011 Germany %	2012 Netherlands %	2011 Netherlands %	2012 Austria %	2011 Austria %
Discount rate	2.50	4.25	3.60	4.50	3.50	4.50
Future salary increases	2.40	2.40	2.50	2.40	3.25	3.25
Future pension increases	2.00	2.00	1.90	1.90	n.a.	n.a.
Estimated income from plan assets	4.25	4.50	3.60	4.50	n.a.	n.a.

Domestic pension obligations are based on the typical mortality rates applied in Germany (according to Heubeck 2005 G). For non-German pension plans country-specific tables are applied.

The expected funding requirement arising from post-employment benefits for the financial year ending on 31 December 2013 amounts to EUR 545 thousand.

Changes in provisions for post-employment benefits in the last five years are given in the following table:

	31.12.2008 EUR '000	31.12.2009 EUR '000	31.12.2010 EUR '000	31.12.2011 EUR '000	31.12.2012 EUR '000
Present value of pension commitment	1,386	1,478	3,183	8,432	14,773
Present value of plan assets	-63	-602	-608	-2,667	-3,925
Shortfall	1,323	876	2,575	5,765	10,880
Experience gain/loss to gross liabilities	0	0	0	0	194
Experience gain/loss to plan assets	0	0	-1	-225	-713

14. Liabilities to banks (current and non-current)

	Due in < 1 Y EUR '000	Due in 1-5 Y EUR '000	Due in > 5 Y EUR '000	Total EUR '000
Liabilities 31.12.2012	46,580	218,261	4,472	269,313
Liabilities 31.12.2011	35,746	233,152	844	269,742

Liabilities to banks can be broken down as follows:

Credit institution	Type of financing	31.12.2012 EUR m	31.12.2011 EUR m
IKB	KfW loans	16.0	18.8
SEB AG	Term and Multicurrency revolving loan facility	233.5	245.2
Sparkasse Koblenz	Mortgage loan	5.6	0.0
Other		14.2	5.8
		269.3	**269.8**

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 (KfWBankengruppe or German Development Bank). Each loan has a value of EUR 10 million. Both loans were fully utilized as of 31 December 2012. 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 thousand; the first repayment is due on 30 September 2012. The loan has a term until 30 June 2015. The two loans are valued at EUR 16.0 million as of 31 December 2012.

CompuGroup Medical AG concluded a loan agreement with an execution date of 22 December 2010 for a total sum of EUR 300 million. The loan consists of a 'term loan facility' (also referred to in the following as 'TLF') for EUR 160 million and a 'multi currency revolving loan facility' (also referred to in the following as 'RLF') for EUR 140 million, both of which mature on 22 December 2015. A change made on 5 May 2011 increase the TLF amount to EUR 190 million; the repayment amounts were adjusted accordingly. The total facility size after the increase is EUR 330 million. The TLF must be repaid in EUR 15 million installments twice a year from 31 January 2012, whereas the RLF must be repaid at the end of each interest period and can be taken out again immediately thereafter. CGM selected an interest period of three months. The interest rate is based upon the appropriate EURI-BOR rate for the interest period chosen plus a margin derived from the relationship between the consolidated net debt and adjusted EBITDA. As of 31 December 2012, EUR 160 million of the TLF and EUR 77 million of the RLF were utilized. Transaction costs totaling EUR 6.5 million were incurred related to these facilities. These fees will be charged as an expense over the term of the loan agreement. The grant of the loan is linked to meeting certain financial covenants. The loan agreement includes joint and several guarantees for payment by a number of Group subsidiaries (contingent liability in case of non-payment of CompuGroup Medical AG). The guarantee provision requires that the subsidiary guarantors constitute a defined percentage of the Group EBITDA and Group net assets.

In the first quarter of 2012, CompuGroup Medical Deutschland AG entered into a loan agreement in the amount of EUR 6.1 million to finance the purchase of the office building 'Maria Trost 21'. The mortgage loan has a term of 10 years and has a fixed interest rate of 3.3 percent. The loan value at 31 December 2012 was EUR 5.6 million.

Other liabilities to banks include:

- Two mortgage loans to CompuGroup Medical Deutschland AG, for which a payment guarantee by the parent Company was granted as security. The two loans are valued at EUR 1.9 million as of 31 December 2012.
- A mortgage loan to CGM SYSTEMA Deutschland GmbH of EUR 3.0 million. The loan value at 31 December 2012 was EUR 1.3 million.
- Two loans to CompuGroup Italia, for which various securities were granted. The two loans are valued at EUR 1.0 million as of 31 December 2012.

15. Purchase price liabilities (short and long-term)

	31.12.2012 EUR '000	31.12.2011 EUR '000
CGM Österreich	0	3,392
CGM LAB	0	2,355
LAUER-FISCHER	0	9,333
CGM Belgium	602	1,070
Total non-current purchase price liabilities	**602**	**16,150**
CGM Österreich	220	440
CGM LAB	2,561	0
CGM Italy	0	124
UCF	7,723	5,141
CGM Belgium	758	408
LAUER-FISCHER	10,000	10,000
CGM Netherlands	1,100	1,100
Effepieffe	210	0
DS Medica	500	0
HCS	0	100
Innomed	5,966	5,199
Total current purchase price liabilities	**29,038**	**22,512**

Non-current purchase price liabilities (due in more than one year):
CompuGroup Medical Belgium: Long-term portion of the discounted with 3.74 percent (previous year: 3.67 percent) variable purchase price liability (earn-out clause) based upon growth in software maintenance revenue in the financial years 2012, 2013 and 2014, but not to exceed EUR 1.5 million. In 2012, an earn-out of EUR 106 thousand was paid out based on performance in financial year 2011. The estimate of future results remains unchanged as against the previous year; the Company continues to assume a maximum amount over the total term.

Current purchase price liabilities (due in less than year):
UCF: 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. The fair value of the put option is calculated by using market multiples for small- and mid-cap software companies as well as a Discounted Cash Flow (DCF) model. An unchanged WACC after tax of 10.06 percent and a corporate tax rate of 33 percent have been applied.

CompuGroup Medical 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.

Innomed: Purchase price liability from the put option of the non-controlling shareholders for the remaining 29.7 percent of the shares of Innomed. The purchase price is based on the estimated average EBITDA in 2011 and 2012 multiplied by the factor 6. Undistributed profits since the business year 2010 amounting to EUR 845 thousand that are to be compensated proportionally are included in the liability. The put options may be exercised from 1 January 2013 to 31 December 2018.

CompuGroup Österreich: Short-term purchase price liability from a purchase agreement from 26 May 2009 regarding the purchase of remaining 20 percent from non-controlling shareholders. The outstanding amount of EUR 220 thousand was paid in January 2013 in accordance with the payment plan.

CompuGroup Medical Belgium: Short-term portion of the discounted variable purchase price liability (earn-out clause) based upon growth in software maintenance revenue in the financial years 2012, 2013 and 2014, but not to exceed EUR 1.5 million. Based on the financial year 2011 an amount of EUR 106 thousand was paid out on the earn-out in 2012. The estimate of future results remains unchanged as against the previous year; the Company continues to assume a maximum amount over the total term.

LAUER-FISCHER: Short-term portion of the options agreements to take over the remaining 12.5 percent interest in LAUER-FISCHER for EUR 10.0 million.

16. Trade payables

The trade payables of EUR 17,428 thousand (previous year: EUR 21,182 thousand) all fall due in less than one year. Acquired companies contributed EUR 1,210 thousand to the increase.

17. Other provisions

	01.01.2012 EUR '000	Addition from first time consolidation EUR '000	Reclassifications EUR '000	Use EUR '000	Liquidation EUR '000	Addition EUR '000	Changes in exchange rates EUR '000	31.12.2012 EUR '000
Personnel expenses	14,557	365	11	-13,483	-1,603	14,920	115	14,882
Guarantee	1,624	0	19	-760	-9	115	20	1,009
External year-end accounting costs	1,147	0	17	-988	-60	801	4	920
Legal charges	1,143	0	-5	-684	-118	893	7	1,236
Other	4,214	0	-42	-3,527	-19	2,760	-2	3,384
	22,685	**365**	**0**	**-19,442**	**-1,809**	**19,489**	**143**	**21,431**

Payroll provisions largely relate to bonuses and commissions (EUR 4,294 thousand; previous year: EUR 5,465 thousand), holiday pay (EUR 1,628 thousand; previous year: EUR 4,253 thousand) and overtime (EUR 1,016 thousand, previous year: EUR 838 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 CGM Schweiz (EUR 257 thousand), CGM Deutschland AG (EUR 80 thousand), CGM France (EUR 295 thousand), CGM Solutions (EUR 200 thousand) and CGM Turkey (EUR 113 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.

The other provisions mainly relate to current provisions. Only the provisions for guarantees and warranty include a part that would be expected at a later date than 12 months after the reporting date. A separate disclosure of discounted values is not done due to materiality.

18. Other liabilities and derivative financial instruments

Other financial liabilities

	31.12.2012 EUR '000	31.12.2011 EUR '000
PoC excess liability	2,876	4,616
Employee payables	2,313	2,828
Debtors with credit balances	1,112	267
Loans	304	215
Prepayment for projects	17	0
Interest on tax audit expense	1,180	0
Repayment obligation APO-Bank	786	0
Other current financial liabiltites	1,167	0
Total current financial liabilities	**9,755**	**7,926**
Deferred income	18,188	18,859
VAT, payroll tax	9,682	7,653
Other current non-financial liabilities	1,477	577
Total current non-financial liabilities	**29,347**	**27,089**
Total current other liabilities	**39,102**	**35,015**

Other non-financial liabilities

	31.12.2012 EUR '000	31.12.2011 EUR '000
Non-current leasing liabilities	2,362	3,279
Non-current loans and other non-current financial liabilities	750	1,068
Total non-current financial liabilities	**3,112**	**4,347**
Investment grants	1,840	1,840
Guarantees	1,201	0
Total non-current non-financial liabilities	**3,041**	**1,840**
Total non-current other liabilities	**6,153**	**6,187**

Derivative financial instruments

	31.12.2012		31.12.2011	
	Assets EUR '000	Liabilites EUR '000	Assets EUR '000	Liabilites EUR '000
Interest SWAP – cash flow hedges	0	12,285	0	6,290
Stock option – held for trading	4,417	0	0	0
Total	**4,417**	**12,285**	**0**	**6,290**
Less non-current portion				
Interest SWAP – cash flow hedges	0	12,285	0	6,290
Stock option – held for trading	4,417	0	0	0
Non-current portion	**4,417**	**12,285**	**0**	**6,290**
Current portion	**0**	**0**	**0**	**0**

The derivative financial instruments (EUR 12,285 thousand; prior year EUR 6,290 thousand) represent the negative market values of interest rate hedges (interest rate swap), valued by applying the mark-to-market-method at fair value.

Derivative financial instruments hedge against the effects of interest rate fluctuations. Variable interest rates were fixed with terms and a multicurrency revolving loan facility using interest rate swaps. Interest rate swaps (hedging transactions) were designated in a cash flow hedge with the term and multicurrency revolving loan facility (hedged item). The ineffective portion of cash flow hedges classified in other comprehensive income cost EUR 0 thousand in 2012.

The nominal amount of interest rate swaps in hedge accounting amounted to EUR 250 million as of 31 December 2012 (31 December 2011: EUR 250 million).

As of 31 December 2012, the fixed interest rates ranged from 1.83 percent to 2.07 percent; the variable interest rate was the three-month-EURIBOR.

Profits and losses from interest rate swaps accounted in the equity hedge reserve as of 31 December 2012 contain interest rate hedging instruments measurements.

Stock option held for trading (EUR 4,417 thousand, previous year: EUR 0) is a call option which can be exercised at any time until 31.12.2016. The fair value of the shares is calculated on the basis of a business plan using the DCF method. The fair value of the call option is based on the fair value of the shares less the exercise price less loans granted by CGM to the business (Enterprise-Approach). To determine the fair value of the shares an after-tax WACC of 10.9 percent was used. The value of the call option depends mainly on the development of the business and a possible commitment of additional loans. Fluctuations can also come from changes in other parameters (e.g. the WACC or the tax rate).

19. Revenue

	2012 EUR '000	2011 (adjusted) EUR '000
Software license and other recurring revenue	264,272	251,684
Services	59,187	47,381
Hardware	25,525	20,251
Advertising, eDetailing and data	36,020	37,347
Software Assisted Medicine	3,172	3,200
Software licenses	57,199	31,964
Other revenue	5,207	5,502
	450,582	**397,329**

20. Capitalized in-house services

These relate exclusively to self-produced software. In the 2012 financial year, approximately 217 thousand working hours were utilized (previous year: approximately 215 thousand working hours). The country specific hourly rate is between approx. EUR 15 and approx. EUR 61 per hour. In reporting year 2012, research and development costs amounted to approx. EUR 37,380 thousand (previous year: approximately EUR 36,133 thousand).

21. Other operating income

	2012 EUR '000	2011 EUR '000
Currency gains	0	135
Compensation received from damages	2,071	40
Investment grants	219	1,077
Gain on sale of fixed assets	650	1,912
Rental income	410	172
Non-period result from POC valuation	1,231	0
Other	822	601
	5,403	**3,937**

Rental income is primarily derived from rental of office and warehouse space in Koblenz to related parties (for details of the existing tenancies see 'Disclosures on related parties').

Investment grants are subsidies granted for the construction of an office and administration building of CGM Italy.

22. Expenses for purchased goods and services

	2012 EUR '000	2011 (adjusted) EUR '000
Software license and other recurring cost of goods	33,796	34,773
Services	18,920	15,566
Hardware	17,596	15,251
Advertising, eDetailing and data	2,348	3,055
Software Assisted Medicine	295	300
Software licenses	7,857	5,198
Other cost of goods	1,706	1,914
	82,518	**76,057**

The software maintenance and other recurring costs of goods item primarily relates to external service providers operating the customer service hotline, as well as sales activities.

23. Personnel expenses

	2012 EUR '000	2011 (adjusted) EUR '000
Salaries	167,506	159,446
Employer social security costs	32,141	27,868
Pension costs		
– defined benefit plans	2,167	957
– defined contribution plans	138	191
	201,951	**188,462**

In 2012, contributions to domestic statutory health insurance organizations amounted to EUR 12,467 thousand (previous year: EUR 14,382 thousand).

Employees
The average number of Group employees was 3,517 (previous year: 3,397). This figure only relates to salaried employees. The number of apprentices was 81 (previous year: 76) and the average number of employees in management positions was 60 (previous year: 61). The Management Board of CGM AG is not included in these figures.

24. Other expenses

Other operating expenses can be broken down as follows:

	2012 EUR '000	2011 EUR '000
Administrative and sales expense	65,639	67,194
Bad-debt adjustments	2,480	1,493
Losses on disposal of fixed assets	4,909	57
Losses on currency exchange	144	166
	73,172	**68,910**
Administrative and sales expenses:		
Legal and consulting fees	9,594	11,660
Occupancy	14,292	11,202
Company cars	8,162	6,690
Travel	7,209	8,012
Advertising/entertainment	6,682	6,548
Trade fairs	2,664	3,150
Office and business equipment	3,559	2,559
Telephone	4,318	3,825
Commissions	0	5,000
IT (software, maintenance etc.)	2,421	1,623
Postage	2,089	2,222
Insurances/fees/contributions	1,810	2,006
Other	2,839	2,697
	65,639	**67,194**

Other expenses contain leasing payments for building, office equipment and vehicles of EUR 11.8 million (previous year: EUR 7.6 million).

25. Depreciation and amortization

Please refer to the separate overview 'Changes in Intangible and Tangible assets 2012' for more details.

26. Results from associates recognized at equity

Equity valuation	31.12.2012 EUR '000	31.12.2011 EUR '000
MECO	-400	0
Medigest	40	22
	-360	**22**

At the time of reporting, there were no financial statements available for Technosante Nord-Picardie, AxiService Nice and Mediaface.

27. Financial income and expenses

Financial income	2012 EUR '000	2011 (adjusted) EUR '000
Change in fair value of stock options held for sale	4,417	0
Apo-Bank	1,326	0
Interest on loans	651	661
Currency gain or loss	767	3,021
Other	318	379
	7,479	**4,061**

Financial expenses	2012 EUR '000	2011 EUR '000
Interest on loans	15,463	11,442
Capitalized borrowing costs on qualified assets	-493	-587
Currency loss on loans	1,969	615
SWAP	0	75
Loan origination fees	2,459	2,674
Increases in purchase price liabilities	4,653	1,686
Other interest	400	400
	22,900	**16,305**

The 'SWAP' item contains costs related to the cancellation in 2011 of an interest swap agreement in CGM Italy.

28. Income taxes

Taxes on income can be broken down as follows:

	2012 EUR '000	2011 EUR '000
Current taxes	-23,017	-19,967
Deferred taxes	5,066	4,040
	-17,951	**-15,927**

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:

	2012		2011 (adjusted)	
	EUR '000	%	EUR '000	%
Earnings before taxes (EBT)	48,374		25,679	
Nominal tax rate (30.0%; previous year: 29.65%) – theoretical tax expense	14,512	30.00%	7,614	29.65%
Loss foreign countries – tax saving	772	1.6%	781	3.0%
Derecognition of deferred tax asset	480	1.0%	169	0.7%
Lower tax rate in foreign countries	-374	-0.8%	260	1.0%
Tax reimbursement for prior years	-764	-1.6%	-90	-0.4%
Expense from tax audit	1,792	3.7%	1,800	7.0%
Tax expense from permanent differences	1,902	3.9%	1,483	5.8%
Tax free earnings	0	0.0%	-143	-0.6%
Unrecognized foreign losses	0	0.0%	4,041	15.7%
Other differences	-369	-0.8%	12	0.0%
Effective tax expense	**17,951**	**37.1%**	**15,927**	**62.0%**

The weighted average tax rate was 37.1 percent (2011: 62,0 percent). Under German tax regulations, taxes on income include the 'Körperschaftsteuer' (corporation tax), 'Gewerbesteuer' (local business tax) and the 'Solidaritätszuschlag' (solidarity surcharge for the former East Germany).

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.

29. Earnings per share

	2012 EUR '000	2011 (adjusted) EUR '000
Earnings attributable to the shareholders of the parent company (EUR '000)	30,716	9,640
Number of no-par value common shares	53,219,350	53,219,350
Number of treasury shares	-3,600,939	-3,216,261
Outstanding common shares at balance sheet day	49,618,411	50,003,089
Earnings per share (EUR)		
– undiluted	0.62	0.19
– diluted	0.62	0.19

F. Segment reporting

The segment reporting of the CGM Group is in alignment with the management approach required by IFRS 8 and based on the internal structure and reporting. In order to reflect regional differences of the healthcare industry with regard to organization and regulation, the reporting covers product and service related financial data as well as regional information. The product and service-related segmentation is the decisive parameter for controlling and resource allocation and is divided into six business segments.

- Ambulatory Information Systems (AIS) is focused on practice management software and electronic medical records for office-based physicians, dentists, medical care centers and physician's networks.
- Pharmacy Information Systems (PCS) is focused on integrated clinical, administrative and financial software applications for pharmacies and mail order pharmacies.
- Hospital Information Systems (HIS): hospital, laboratory and special care information systems.
- Communication & Data: Targeted at pharmaceutical and medical equipment manufacturers, enabling them to provide information to physicians through software interfaces.
- Workflow & Decision Support: Targeted at healthcare payers (health insurers, managed care companies and public sector organizations) and physicians by providing an information channel via software interfaces to optimize decision-making.
- Internet Service Provider (ISP): Targeted at healthcare providers (physicians, dentists, pharmacists and hospitals), providing internet/intranet networks for information exchange.

Since 1 January 2012, the CGM Group has been divided n these business segments as part of a changed internal reporting structure. Changes are caused in particular by the entry into the market for pharmacy software (PCS). Furthermore, the Board has decided that the division CHS is no longer strategically relevant.

The company has defined EBITDA (earnings before interest tax depreciation and amortization) as a key financial indicator for the evaluation and assessment of segment performance. EBITDA represents the segment result.

The reporting segments can be described as follows:

- HPS I (Health Provider Services I): development and sale of software solutions for physicians, dentists and pharmacists.
- HPS II (Health Provider Services II): development and sale hospital, laboratory and special care information systems (hospital information systems (HIS)).
- HCS (Health Connectivity Services): Products and services to facilitate networking between various healthcare participants, targeted specifically at pharmaceutical companies, healthcare payers and healthcare providers.

The reporting segment Health Provider Services I (HPS I) is composed of the business segments Ambulatory Information Systems (AIS) and Pharmacy Information Systems (PCS). The reporting segment Health Connectivity Services (HCS) is composed of the business segments Communication & Data (C&D), Workflow & Decision Support (WDS) and Internet Service Provider (ISP). The business segment Hospital Information Systems (HIS) is externally reported as segment Health Provider Services II (HPS II).

The previous year's figures were adjusted according to the business segmentation introduced in 2012.

The category 'Other segments' mainly comprises income and expense from software development centrally based in Koblenz.

'Reconciliation' comprises central corporate functions managed at the Koblenz headquarter (e.g. IT, Human Resources, Legal) as well as consolidation measures between segments. Business areas that do not exceed the threshold set in IFRS 8 have nevertheless been treated as reportable operating segments when they are likely to contribute to Group growth to a significant extend in the future. 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 evaluation methods as the consolidated financial statements. The transactions among the segment companies of the CGM Group are always agreed at arm's length. In the segment report by region sales revenue is broken down according to the supplying entity's country of domicile.

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. The previous year's figures were adjusted in accordance with the changes to the balance sheet and total comprehensive income (see section 'B. General principles').

Cash and cash equivalents

Cash and cash equivalents (available cash as of the balance sheet date) recognized in the cash flow statement total EUR 18,953 thousand (previous year: EUR 23,979 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 Management Board 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. 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'. As of 31 December 2012, management has no intention to dispose of the financial assets 'available for sale'.

	31.12.2012		
	Category IAS 39	Book value EUR '000	Fair Value EUR '000
Financial assets			
Cash and cash equivalents	LaR	18,953	18,953
Trade receivables	LaR	63,821	62,510
Other receivables	LaR	13,085	13,085
Leasing receivables	–	15,317	17,194
Other financial assets	AfS	128	128
Securities	FVtPL	165	165
Stock option held for trading	FVtPL	4,417	4,417
Total financial assets		**115,886**	**116,452**
Financial liabilities			
Liabilities to banks	oL	269,313	268,525
Purchase price liabilities	oL	21,917	21,917
Purchase price liabilities	FVtPL	7,723	7,723
Trade payables	oL	17,428	17,428
Other liabilities	oL	10,504	10,504
Leasing liabilities		2,362	2,323
Interest rate swaps - cash flow hedges		12,285	12,285
Total financial liabilities		**341,532**	**340,705**
Total per category			
Assets available for sale	AfS	128	128
Loans and receivables	LaR	95,859	94,548
Financial assets at fair value in income	FVtPL	4,582	4,582
Other financial liabilities	oL	319,162	318,374
Financial liabilities at fair value in income	FVtPL	7,723	7,723

	31.12.2011		
	Category IAS 39	Book value TEUR	Fair Value TEUR
Financial assets			
Cash and cash equivalents	LaR	23,979	23.979
Trade receivables	LaR	56,143	56.143
Other receivables	LaR	14,250	14.250
Leasing receivables	–	15,821	16.341
Other financial assets	AfS	105	105
Securities	FVtPL	178	178
Total financial assets		**110,476**	**110,996**
Financial liabilities			
Liabilities to banks	oL	269,742	270,885
Purchase price liabilities	oL	33,521	33,686
Purchase price liabilities	FVtPL	5,141	5,141
Trade payables	oL	21,182	21,182
Other liabilities	oL	9,204	9,204
Leasing liabilities	–	3,069	3,069
Interest rate swaps – cash flow hedges	–	6,290	6,290
Interest rate swaps – held for trading	FVtPL		
Total financial liabilites		**348,149**	**349,457**
Total per category			
Assets available for sale	AfS	105	105
Loans and receivables	LaR	94,372	94,372
Financial assets at fair value in income	FVtPL	178	178
Other financial liabilities	oL	338,649	334,957
Financial liabilities at fair value in income	FVtPL	5,141	5,141

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

Securities and swaps are measured at fair value. The fair value of securities (EUR 165 thousand; prior year EUR 178 thousand) is based upon publicly quoted prices on active markets as of the balance sheet date and are therefore classified as level 1 type assets in the fair value hierarchy of IFRS 7. The fair value of the interest rate swaps (EUR 12,285 thousand; prior year EUR 6,290 thousand) 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. The stock options held for trading (included in other long-term liabilities and derivative financial instruments) is assigned to level 3 of the hierarchy according to IFRS 7. The determination of the rating is described in note 18. Other liabilities and derivative financial instruments.

The development of Level 3 instruments in the reporting period is presented in the following table:

in EUR '000	Stock options held for trading	Total
Carry forward	0	0
Transfers to/from Level 3	0	0
Recognized in income statement	4.417	4.417
Assets held at end of reporting period	4.417	4.417
Gains or losses recognized for the period; assets held at the end of the period	**4.417**	**4.417**

There were no transfers in the reporting period between levels as defined by 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.

Net profits and losses on financial assets and liabilities
Net profits and losses on financial assets and financial liabilities are stated in financial income and financial expense respectively. The financial income and loss on stock options (EUR 4,417 thousand) is classified as instruments held for trading. All other items in the financial income (interest and currency gains) are instruments of the category loans and receivables.

Items included in the financial expense are measured at amortized cost except for the change in the purchase price liability of EUR 2,581 thousand, which is measured at fair value.

Furthermore, allowance for doubtful accounts is stated under other operating expense in the amount of EUR 2,480 thousand as well as foreign exchange losses in the amount of EUR 144 thousand included as instruments of category loans and receivables.

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.

The loss of major clients in hospitals and pharmaceuticals may adversely affect the Group's liquidity situation. The tender and tendering procedures for large customers and project business is closely monitored to detect and address changes in the market.

The maximum credit risk from financial assets available for sale at the reporting date the carrying value of all investments that are classified as available for sale.

The maximum credit risk of securities and stock options held for trading at the reporting date is the fair value of the instrument in the balance sheet.

The maximum exposure to credit risk arising from trade and other receivables and lease receivables at the reporting date is the carrying amount of these receivables. The Group has received no guarantees.

Currency risk

Fluctuating exchange rates influence the market success and gross revenues of exporting companies. In 2012 about 51 percent of sales were achieved abroad; of this amount however, over 42 percent came from within the EURO zone. During the financial year, certain exchange rate hedging transactions have been carried out. All such instruments are completely expired as of the balance sheet date.

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):

	31.12.2012 EUR '000	31.12.2011 EUR '000
Trade receivables	22,470	14,387
Tax & other receivables	5,193	3,919
	27,663	**18,306**
Tax payable	-3,679	-3,728
Other liabilities	-21,419	-12,742
Tax liabilities	-1,812	-537
	-26,910	**-17,007**
Net balance	**753**	**1,299**

The net item (receivable) after taking account of the various foreign currencies amounted to EUR 753 thousand on the balance sheet date (previous year: EUR 1,299 thousand). Consequently, a change in exchange rates would not have a significant impact on consolidated income.

Interest-rate risk

CompuGroup Medical AG's interest rate risk arises from variable interest rate non-current liabilities. It was completely absorbed in the financial year by interest rate transactions. At 31 December 2012, the liabilities to banks total EUR 269.3 million. The effects of interest rate fluctuations on interest rate swaps designated as cash flow hedges are detailed below. Borrowings that bear fixed interest rates are excluded from this analysis.

If market interest rates on 31 December 2012 had been 100 basis points higher or lower, other comprehensive income would have been EUR 7,835 thousand higher or EUR 6,140 thousand lower. There was no effect on the net result as the interest rate transactions are designated as completely effective hedgescompletely effective hedges.

Capital management

CompuGroup Medical 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 consolidated equity ratio is 27.6 percent (previous year: 26.3 percent), which was primarily influenced by ongoing acquisitions as well as dividend payments (EUR 12.5 million; previous year: EUR 12.6 million).

In addition, there are so-called 'financial covenants' from the syndicated credit agreement. The financial key figures (financial covenants) include consolidated equity ratio among other things. CompuGroup Medical's strategy is to sustain the financial covenants named in the credit agreement in order to continue the financing granted within the existing syndicated loan at unchanged or improved terms (the interest rate margin is tied directly to a financial covenant). All financial covenants were met during the 2012 financial year.

Liquidity risk

To ensure that financial obligations can be complied with throughout the Group, CompuGroup Medical AG has negotiated adequate syndicated loans and overdraft facilities.

Liquidity risk differs between the countries where CGM operates. Companies operating in Germany usually receive revenue from customers via direct debit agreements, whereby liquidity risk is minimized. The same goes for companies that operate in countries where direct debit is the predominant payment method (e.g. Austria, Norway, Sweden and France).

Parts of the Group cooperate in cash pooling arrangements. These agreements provide a needs-based cash management that ensures sufficient liquidity to the individual companies to meet the operational needs. The control of the cash pooling is handled centrally through the Group's headquarters in Koblenz. For those operating entities that do not belong to cash pooling arrangements the control of the cash holdings is done through short- and medium-term cash planning methods.

Cash in Group companies exceeding the level of working capital requirements is usually transferred to the cash management department on a quarterly basis. CGM considers any limitation on debt and capital absorption capacity as liquidity risk. Restrictions could lead to a significant risk with respect to the achievement of corporate goals and affect overall financial flexibility.

CGM understands liquidity risk management as performing regular risk analysis involving the use of financial instruments to ensure that potential risks can be adequately addressed.

Other financial obligations, commitments and other information

As at the balance sheet date the Group had open obligations from operating leases that cannot be cancelled, maturing as follows:

	31.12.2012 EUR '000	31.12.2011 EUR '000
Within one year	11,794	9,590
Between two and five years	15,499	12,220
More than five years	8,067	7,825
	35,360	**29,635**

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 effect on income (see Note 24 'Other Expenses').

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 HIS GmbH, Asutria, gave a performance guarantee for EUR 3.6 million to KAV. Furthermore, the Company has deposited EUR 23 thousand with the landlord for the rental of office space and a computer center in St. Pölten.

Additional information

CompuGroup Österreich GmbH has deposited EUR 8 thousand with the landlord for the rental of office space in the premises in Hall.

CGM SYSTEMA Deutschland GmbH gave a performance guarantee in relation to a customer transaction of EUR 44 thousand at Raifessenbank Oberessendorf.

CompuGroup Medical AG has issued a guarantee on behalf of Tepe Teknolojik Servisler AS in favor of the Meteksan Sistem ve Bilgisayar Teknolojileri AS for TRY 210,000 (approximately EUR 89 thousand).

CompuGroup Medical Bilgi Sistemleri A.S. (formerly: Tepe International Salık Bilgi Sistemleri 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 USD 5.0 million at Turk Ekonomi Bankasi A.S. (TEB), formerly Fortis Bank (Turkey).

Under the terms of the joint venture agreement of 15 November 2004 between United Pascal Holdings B.V. and CompuGroup Medical Deutschland AG to found UCF Holding S.a.r.l. Luxembourg, CompuGroup Medical AG as the parent Company is obliged to guarantee the liquidity of CompuGroup Medical Deutschland AG. The reason for this is that United Pascal Holdings B.V. has, at term, the right to sell its minority stake. The purchase obligation as of 31 December 2012 amounted to EUR 7.7 million.

The Company has taken over a guarantee for EUR 6,275 thousand in favor of the landlords Friedrich and Jan Christopher GmbH and Geschwister Christoffer GbR on behalf of CompGroup Medical Deutschland AG as part of an existing rental agreement.

The Company has given a surety of EUR 15 thousand to Gesmo Gesellschaft für MobilfunkservicesmbH, Marburg, at Commerzbank.

The Company has taken over a guarantee of EUR 350 thousand (from 01.01.2013 EUR 250 thousand) in favor of BECOM Electronics GmbH limited until 31 December 2013 for KoCo Connector AS.

In accordance with the guarantee bond dated 29 August 2011, the Company has given a credit guarantee limited to USD 2.5 million to Bank of America for CompuGroup Holding US Inc.

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 2.56 million as of 31 December 2012). CompuGroup Medical AG has guaranteed the payment as per the credit guarantee dated 22 September 2009.

The Dutch subsidiary Microbais Automatisering B.V. has issued a rental guarantee in the amount of EUR 140 thousand.

The Turkish subsidiary CompuGroup Medical Bilgi Sistemleri A.S. has issued guarantees of EUR 1.364 million for customer orders.

For an existing office lease of CompuGroup Medical Inc., USA, CompuGroup Medical AG has issued a guarantee in favor of the real estate company 125 High Street LP, USA in the amount of USD 1.3 million.

In connection with the acquisition of an office building including land in Koblenz, Germany, CompuGroup Medical Deutschland AG took out a fixed rate amortizing mortgage loan in the amount of EUR 6.1 million with Sparkasse Koblenz on 30.01.2012. The loan balance is EUR 5.621 million as at 31.12.2012. CompuGroup Medical AG has assumed a guarantee for Sparkasse Koblenz for this loan.

CompuGroup Medical AG has issued a limited credit insurance guarantee dated 30 November 2012 on behalf of its subsidiary CompuGroup Medical Polska SP z.o.o to Skandinaviska Enskilda Banken AB (Warsaw branch) for PLN 8.5 million (PLN 8.0 million guarantee framework and PLN 0.5 million overdraft line).

The Polish subsidiary CompuGroup Medical Polska SP. zoo has guaranteed for customer orders in the amount of EUR 0.9 million through Skandinaviska Enskilda Banken AB (Warsaw Branch).

CompuGroup Medical AG has issued a limited credit insurance guarantee dated 18 June 2012 on behalf of its subsidiary CompuGroup Medical Norway AS, Lysaker, to Skandinaviska Enskilda Banken AB (Oslo branch) limited to NOK 4.1 million.

CompuGroup Medical AG has issued a limited credit insurance guarantee dated 18 June 2012 on behalf of its subsidiary Profdoc AS, Lysaker, to Skandinaviska Enskilda Banken AB (Oslo branch) limited to NOK 0.7 million.

An interest and principle guarantee has been entered into in favor of Landesbank Saar Girozentrale on behalf of the subsidiary CompuGroup Medical Deutschland AG 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 one loan with the following conditions:

Initial loan amount EUR	Interest rate Percent	Half-yearly down payment EUR	Duration
1,879,000.00	**2.75**	**93,950.00**	**31.12.2022**

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

The loan was valued at EUR 1,879 thousand on 31 December 2012.

As part of the interest rate adjustment on 30 December 2012 a half-yearly repayment of EUR 93,950 is agreed until 30.12.2022 so that the total term of 20 years is not exceeded.

Disclosures on related parties

Frank Gotthardt holds direct and indirect interests of 35.99 percent (previous year: 35.71 percent) in CompuGroup Medical AG through GT 1 Vermögensverwaltung GmbH. From his membership in two pools from financial year 2007 with terms until 31 December 2015, Frank Gotthardt is due voting rights in the pools tied to the shares of the other pool members. Taking into consideration these voting rights, Frank Gotthardt's share of the shares with voting rights in CompuGroup Medical AG amounts to more than 45 percent since financial year 2007.

The shareholder group 'Gotthardt family/Dr. Koop' holds in total more than 50 percent of the voting shares.

As a result, all of the associated companies listed in the report on equity investments are associated with CGM AG where a corporate relationship exists with Frank or Dr. Daniel Gotthardt.

CompuGroup Medical Deutschland AG, through a notarized purchase agreement dated 2 January 2012, acquired from Frank Gotthardt a plot with an office building which was previously rented under a long term contract. The Supervisory Board approved the transaction in December 2011. The determination of the purchase price was based on a market value appraisal dated 28 November 2011. The purchase price amounted to EUR 6.1 million.

During the reporting year, Dr. Daniel Gotthardt leased parking spaces to CompuGroupMedical AG (EUR 30 thousand; previous year: EUR 30 thousand).

In April 2012, CompuGroup Medical AG entered into an agreement to purchase software for an e-mail archiving system. The agreement was made with related party INFOSOFT Information- und Dokumentationssysteme GmbH, Koblenz. Prior to the award of the contract, comparable offers were collected from unrelated companies. The investment costs of EUR 100 plus VAT regarded to be on market conditions.

With effect from 1 June 2012, Frank Gotthardt has taken out a lease agreement for the hire of car workshop spaces for private use with CompuGroup Medical Deutschland AG as the building owner. The annual rental charge before VAT is EUR 16 thousand.

In addition, the Company has rental contracts for office and parking space, service contracts, and other contracts for the delivery of goods with CO-PRA Computer-Praxisanwendungen GmbH & Co. KG, Gotthardt Informationssysteme GmbH, GT1 Vermögensverwaltung GmbH, GT2 Beteiligungen GmbH, GT3 Software und Beteiligung GmbH, GTS PraxisShop GmbH, INFOSOFT Informations- und Dokumentationssysteme GmbH, INFOSOFT Softwareentwicklung GmbH, mps public solutions GmbH, mps software & systems GmbH and Citywerk GmbH RheinMassivVerwaltung AG (the shareholder is Frank Gotthardt in each case). These transactions are based on services contracts at arm's length terms and conditions. The transfer of costs also does not include a profit element. As of 31 December 2012, the Group's receivables against these companies amounted to EUR 528 thousand, the liabilities amounted to EUR 93 thousand. There were no related collaterals.

CompuGroup Medical Deutschland AG has concluded an advertising agreement with the KEC KölnerEishockeyGesellschaft 'Die Haie' mbH (the parent Company of KEC is SHC Sport Holding Cologne GmbH, whose shareholders include, among others, Frank Gotthardt and Uwe Eibich). The annual fee for the agreement is EUR 150 thousand. In addition comes rental of a spectator lounge with associated marketing products and service from KEC totaling EUR 11 thousand in the reporting period (as of 6 November 2012). All transactions are considered to be on market terms and conditions. In 2011 the Company concluded an agreement (name assignment Kölnarena) with KEC GmbH for advertising services. According to the agreement CompuGroup Medical AG provides return services (controlling, payroll accounting). At the end of 2012, the provided services amounting to EUR 25 thousand were settled for the period 1 January to 31 December 2012. The transaction is considered to be on market terms and conditions.

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).

Auditing fees according to Section 314 (1) No. 9 HGB
The following table takes account of all fees, including expenses and all additional costs, due to Pri-cewaterhouseCoopers Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, for the 2012 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 CompuGroupMedical AG, as well as the fees for auditing various subsidiaries.

	2012 EUR '000	2011 EUR '000
Annual financial statements	411	398
Other confirmatory services	11	0
Tax advisory	43	49
Other services	23	3
	488	**450**

The auditing fees include expenses that do not belong to the reporting period in the amount of EUR 80 thousand.

Significant Post Balance Sheet Events
Acquisition of Meditec GmbH, Germany
In January 2013, CompuGroup Medical AG acquired a 70 percent share of Meditec GmbH via its fully-owned subsidiary CompuGroup Medical Deutschland AG. Call-put options were also arranged. Meditec offers multimedia services in the pharmacy sector. Its main product is its 'TeleApotheke' software. By acquiring Meditec GmbH, CompuGroup has expanded its customer base by an additional 800 customers. Meditec currently employs a staff of four.

For 2012, it expects revenue of EUR 0.93 million, 80 percent of which is recurring revenue. Its EBITDA for 2012 is anticipated to be EUR 0.2 million. CompuGroup Medical aims to enhance its value by acquiring the existing product portfolio, and it aims to take advantage of cross-selling opportunities with existing pharmacy customers.

Acquisition of assets of GCD Gesellschaft für Computer und Datentechnik mbH, Germany
Effective beginning 1 January 2013, CompuGroup Medical completed the acquisition of assets from the insolvency estate of GCD Gesellschaft für Computer und Datentechnik mbH via its fully-owned subsidiary CGM SYSTEMA Deutschland GmbH. The purchase price for the acquired assets amounted to EUR 70 thousand. The acquired assets are primarily order backlogs, customer contracts and software.

Management Board and Supervisory Board

Management Board:

Frank Gotthardt	Chief Executive Officer • Chairman of the Supervisory Board of RheinMassiv Verwaltung AG • Chairman of the Supervisory Board of CompuGroup Medical Deutschland AG • Member of the Supervisory Board of Amedes Holding AG • Chairman of the Supervisory Board of CompuGroup Medical Polska Sp.z.o.o.
Christian B. Teig	Chief Financial Officer • Chairman of the Supervisory Board of CompuGroup Medical Deutschland AG
Uwe Eibich	Executive Vice-President Central Europe

Supervisory Board:

Prof. Dr. Klaus Steffens (Chairman)	Independent Consultant • Member of the Supervisory Board of MTU Aero Engines Holding AG • Member of the Advisory Board of Poppe + Potthoff GmbH
Dr. Klaus Esser (Deputy Chairman)	Businessman • Managing Director, General Atlantic GmbH • Chairman of the Supervisory Board of Amedes Holding AG
Prof. Dr. Rolf Hinz	Orthodontist in private practice • Member of the Supervisory Board of Stadtmarketing Herne GmbH
Dr. Daniel Gotthardt	Doctor, Universitätsklinikum Heidelberg
Mathias Lange (Employee-representative)	Human Resources Assistant, CompuGroup Medical AG
Ralf Glass (Employee-representative)	Commercial clerk, CompuGroup Medical AG • Member of the Supervisory Board of CompuGroup Medical Polska Sp.z.o.o. • Member of the Supervisory Board of CompuGroup Medical Deutschland AG

The total remuneration of the Management and Supervisory Board is as follows:

	2012 EUR '000	2011 EUR '000
Management Board		
Fixed compensation	1,025	1,000
Variable compensation	2,020	1,516
Fringe benefits	33	11
Total Management Board	**3,079**	**2,527**
Supervisory Board	**260**	**260**
Total	**3,339**	**2,787**

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 member of the Management Board (commencing on 1 October 2008, 94,000 accrue after 12 months, 188,000 accrue after 24 months, 282,000 accrue after 36 months and 375,000 after 48 months). Should Mr. Teig decide to leave the company at his own will during the vesting period, he can only keep the options having already vested at that time. Should Hr. Teig be dismissed from his duties to the company after the expiry of the first 6 months of his contract period but before the contract period ends, and the reason for this dismissal is not a breach of his duties to the company, the full amount of 375,000 options will vest and he can execute the options within 2 months. 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.

On 14 December 2011, the Supervisory Board of CompuGroup Medical AG appointed Christian B. Teig for a second four-year term as CFO, starting 1 October 2012 and ending 30 September 2016. At the same Supervisory Board meeting, the Company extended Christian B. Teig's Management Board contract with a fixed salary of EUR 300,000 p.a. and an annual variable compensation for short-term objectives in the amount of EUR 150,000 and a bonus for sustainable long-term goals in the amount of EUR 150,000.

Christian B. Teig has served as the Group's CFO since 1 October 2008 and the new appointment represents no change in his role or position.

The remuneration report in the Group management report provides an individual breakdown of remuneration of the Management Board and Supervisory Board members.

No additional expenses were incurred for services by members of the Supervisory Board. The employee representatives on the Supervisory Board received in addition to what is stated above their normal salary in their employment relationship.

Release from disclosure requirement

All companies incorporated in Germany with profit-transfer agreements claim the right of exception under Section 264 (3) HGB not to publish their annual financial statements. This concerns the following companies:

- AESCU DATA Gesellschaft für Datenverarbeitung mbH, Winsen
- All for One. Enterprise Solutions GmbH, Eberhardzell-Oberessendorf
- CGM SYSTEMA Deutschland GmbH, Koblenz
- CompuGroup Medical Dentalsysteme GmbH, Koblenz
- CompuGroup Medical Deutschland AG, Koblenz
- CompuGroup Medical Software GmbH, Koblenz
- IfAp Service-Institut für Ärzte und Apotheker GmbH, Martinsried
- Intermedix Deutschland GmbH, 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, 28 March 2013

CompuGroup Medical Aktiengesellschaft
The Management Board

Frank Gotthardt

Christian B. Teig

Uwe Eibich

Changes in Intangible and Tangible Assets

in the financial year 2012

EUR '000	Purchase or manufacturing costs						
	01.01.2012	Initial consolidation additions	Other additions	Transfers	Disposals	Currency differences	31.12.2012
Intangible assets							
Goodwill	220,678	5,006	0	0	0	1,589	227,273
Acquired software	212,768	3,715	1,104	-2,518	-5,129	1,305	211,245
Customer relationships	146,494	11,725	0	2,146	-719	1,076	160,722
Brands	23,701	879	0	443	0	52	25,075
Order backlogs	7,709	1,011	0	134	0	8	8,862
Prepayments on software	1,158	0	728	-286	-76	21	1,545
Capitalized in-house services	38,001	0	7,103	203	0	0	45,307
Total intangible assets	**650,509**	**22,336**	**8,935**	**122**	**-5,924**	**4,051**	**680,029**
Tangible assets							
Land and buildings	31,219	0	12,041	8,342	-613	107	51,096
Other assets, plant and office equipment	29,941	108	6,814	240	-1,886	146	35,363
Assets under construction	9,197	0	306	-8,704	-522	5	282
Total tangible assets	**70,357**	**108**	**19,161**	**-122**	**-3,021**	**258**	**86,741**
Total	**720,866**	**22,444**	**28,096**	**0**	**-8,945**	**4,309**	**766,770**

Changes in Intangible and Tangible Assets

in the financial year 2011

EUR '000	Purchase or manufacturing costs						
	01.01.2011	Initial consolidation additions	Other additions	Transfers	Disposals	Currency differences	31.12.2011
Intangible assets							
Goodwill	178,513	41,306	0	-546	0	1,405	220,678
Acquired software	188,994	20,922	3,107	861	-178	-938	212,768
Customer relationships	112,071	36,035	0	0	0	-1,612	146,494
Brands	19,049	5,294	0	0	0	-642	23,701
Order backlogs	0	7,761	0	0	0	-52	7,709
Prepayments on software	15,854	0	689	-15,284	0	-101	1,158
Capitalized in-house services	31,283	0	6,718	0	0	0	38,001
Total intangible assets	**545,764**	**111,318**	**10,514**	**-14,969**	**-178**	**-1,940**	**650,509**
Tangible assets							
Land and buildings	26,763	3,234	1,067	361	-2	-204	31,219
Other assets, plant and office equipment	25,347	3,105	4,460	196	-2,011	-1,156	29,941
Assets under construction	2,944		6,841	-588			9,197
Total tangible assets	55,054	6,339	12,368	-31	-2,013	-1,360	70,357
Total	**600,818**	**117,657**	**22,882**	**-15,000**	**-2,191**	**-3,300**	**720,866**

EUR '000	Depreciation					Book value	
	01.01.2012	Additions	Disposals	Currency differences	31.12.2012	31.12.2012	31.12.2011
Intangible assets							
Goodwill	6,809	1,020	0	-59	7,770	219,503	213,869
Acquired software	138,415	13,601	-635	-241	151,140	60,104	74,353
Customer relationships	25,568	8,065	-129	-30	33,474	127,249	120,926
Brands	4,710	3,354	0	-12	8,052	17,023	18,991
Order backlogs	1,285	3,368	0	-1	4,652	4,210	6,424
Prepayments on software	0	257	0	-1	256	1,289	1,158
Capitalized in-house services	14,946	3,927	0	0	18,873	26,434	23,055
Total intangible assets	**191,733**	**33,592**	**-764**	**-344**	**224,217**	**455,812**	**458,776**
Tangible assets							
Land and buildings	4,861	1,577	-37	0	6,401	44,695	26,358
Other assets, plant and office equipment	15,296	5,630	-770	-12	20,144	15,219	14,645
Assets under construction	0	0	0	0	0	282	9,197
Total tangible assets	20,157	7,207	-807	-12	26,545	60,196	50,200
Total	**211,890**	**40,799**	**-1,571**	**-356**	**250,762**	**516,008**	**508,976**

EUR '000	Depreciation					Book value	
	01.01.2011	Additions	Disposals	Currency differences	31.12.2011	31.12.2011	31.12.2010
Intangible assets							
Goodwill	6,809	0	0	0	6,809	213,869	171,704
Acquired software	123,432	16,849	-124	-1,742	138,415	74,353	65,562
Customer relationships	20,128	6,946	0	-1,506	25,568	120,926	91,943
Brands	3,321	1,407	0	-18	4,710	18,991	15,728
Order backlogs	0	1,285	0	0	1,285	6,424	0
Prepayments on software	0	0	0	0	0	1,158	15,854
Capitalized in-house services	11,341	3,605	0	0	14,946	23,055	19,942
Total intangible assets	**165,031**	**30,092**	**-124**	**-3,266**	**191,733**	**458,776**	**380,733**
Tangible assets							
Land and buildings	3,787	1,082	0	-8	4,861	26,358	22,976
Other assets, plant and office equipment	12,189	5,236	-1,370	-759	15,296	14,645	13,158
Assets under construction	0				0	9,197	2,944
Total tangible assets	15,976	6,318	-1,370	-767	20,157	50,200	39,078
Total	**181,007**	**36,410**	**-1,494**	**-4,033**	**211,890**	**508,976**	**419,811**

Company Acquisitions

in the financial years 2011 to 2013*

Purchase date	LAUER-FISCHER 30.06.2011	Microbais 01.01.2012	Effepieffe 01.01.2012	DS Medica 08.11.2012	MECO 01.12.2012	Total 31.12.2012	Meditec 30.01.2013	Total 2013
1) Assets								
I. Non-current assets	9,823	846	388	n.a.	10	1,244	126	126
II. Current assets – cash	1,414	4,679	427	n.a.	0	5,106	300	300
III. Current assets – without cash	12,815	1,993	147	n.a.	0	2,139	27	27
2) Liabilities and Equity								
I. Non-current liabilities	4,609	0	106	n.a.	0	106	0	0
II. Current liabilities	5,567	2,112	727	n.a.	0	2,840	141	141
3) Equity acquired	**13,876**	**5,405**	**128**	**n.a.**	**10**	**5,543**	**312**	**312**
Minorities	0	0	0	n.a.	0	0	0	0
Purchase price allocation						0		
Goodwill software	10,939	2,198	96	239	0	2,533	343	343
Goodwill business value	30,813	4,001	616	134	152	4,903	134	134
Goodwill customer relationships	15,933	4,411	4,924	2,023	317	11,675	961	961
Goodwill brand	3,797	550	88	0	0	637	57	57
Goodwill order backlog	7,171	335	222	0	46	603	0	0
Goodwill buildings	756	0	0	0	0	0	0	0
Deferred tax on goodwill	-11,444	-1,873	-1,673	0	0	-3,547	-406	-406
Purchase price paid 31.12.2012	**61,841**	**15,026**	**4,190**	**1,895**	**525**	**21,636**	**1,400**	**1,400**
According to allocation	71,841	15,026	4,400	2,395	525	22,346	1,400	1,400
4) Voting rights acquired (%)	100	100	100	n.a.	n.a.		100	
5) Purchase price liabilities 31.12.2012	10,000	0	210	500	0	710	n.a.	n.a
6) Total purchase cost	71,841	15,026	4,400	2,395	525	22,346	1,400	1,400
7) Acquired funds	1,414	4,679	427	n.a.	n.a.	5,106	300	300
8) Result following initial consolidation	n.a.	546	374	n.a.	n.a.	920	n.a.	n.a
9) Result under the premise that no takeover had taken place from 1 January-31 December 2012	n.a.	546	374	n.a.	n.a.	920	n.a.	n.a
10) Step up depreciation	3,923	868	588	33	9	1,489	n.a.	n.a
11) Sales revenue since initial consolidation	n.a.	10,473	1,510	n.a.	n.a.	11,983	n.a.	n.a
12) Sales revenue under the premise that no takeover had taken place from 1 January-31 December 2012	n.a.	10,473	1,510	n.a.	n.a.	11,983	n.a.	n.a
13) Costs associated with the acquisition (incl. in Other Expenses in the comprehensive income statement)	n.a.	731	66	107	1	905	n.a.	n.a

* All purchase price allocations for the period 2012 and 2013 are provisional (except LAUER-FISCHER). The acquisition of assets from GCD Gesellschaft für Computer und Datentechnik mbH, Germany, has not been separately disclosed for reasons of materiality.

Changes to Company Acquisitions

in the financial years 2012 (IFRS 3.49)

Purchase date 30.06.2011	LAUER-FISCHER (preliminary)	LAUER-FISCHER (final)	Change
1) Assets			
I. Non-current assets	9,823	9,823	0
II. Current assets – cash	1,414	1,414	0
III. Current assets – other	13,793	12,815	-977
2) Liabilities and equity			
I. Non-current liabilities	4,609	4,609	0
II. Current liabilities	5,567	5,567	0
3) Acquisition of shareholder's equity	14,854	13,876	-977
Minorities	0	0	0
Purchase price allocation			
Goodwill software	10,153	10,939	787
Goodwill business value	30,709	30,813	104
Goodwill customer relationships	15,883	15,933	50
Goodwill brand	3,555	3,797	242
Goodwill order backlog	6,763	7,171	408
Goodwill buildings	1,000	756	-244
Deferred tax on goodwill	-11,075	-11,444	-368
Purchase price paid	**71,841**	**71,841**	**0**

Segment Report by Business Areas

EUR '000	Segment I: Health Provider Services I (HPS I) 2012	Segment I: Health Provider Services I (HPS I) 2011*	Segment II: Health Provider Services II (HPS II) 2012	Segment II: Health Provider Services II (HPS II) 2011*	Segment III: Health Connectivity Services (HCS) 2012	Segment III: Health Connectivity Services (HCS) 2011*
Sales to third parties	**304,754**	**254,790**	**81,155**	**76,217**	**64,445**	**65,628**
Sales between segments	**1,613**	**3,430**	**6,201**	**9,295**	**500**	**2,009**
Segment Sales	**306,367**	**258,220**	**87,356**	**85,512**	**64,945**	**67,637**
Capitalized in-house services	**717**	**407**	**0**	**0**	**0**	**0**
Expenses for goods and services purchases	**-57,665**	**-55,907**	**-18,155**	**-18,246**	**-15,440**	**-18,885**
Personnel expenses	**-108,508**	**-94,242**	**-51,473**	**-49,870**	**-28,425**	**-27,793**
Other expenses	**-43,172**	**-36,770**	**-6,724**	**-7,924**	**-8,186**	**-8,210**
EBITDA	**97,739**	**71,708**	**11,004**	**9,472**	**12,894**	**12,749**
in % of revenue	32.1	28.1	13.6	12.4	20.0	19.4
Depreciation of property, plant and tangible assets						
Amortization of intangible assets						
EBIT						
Results from associates recognized at equity						
Financial income						
Financial expenses						
EBT						
Income taxes						
Consolidated net income of the period						
in % of revenue						
Cash Net Income**						

* Adjusted prior year figures

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

All other segments		Sum segments		Consolidation		CGM Group	
2012	2011*	2012	2011*	2012	2011*	2012	2011*
228	**694**	**450,582**	**397,329**	**0**	**0**	**450,582**	**397,329**
95	**260**	**8,409**	**14,994**	**-8,409**	**-14,994**	**0**	**0**
323	**954**	**458,991**	**412,323**	**-8,409**	**-14,994**	**450,582**	**397,329**
5,893	**6,067**	**6,610**	**6,474**	**0**	**0**	**6,610**	**6,474**
-6,893	-6,298	-98,153	-99,336	15,635	23,279	-82,518	-76,057
-4,589	-6,505	-192,995	-178,410	-8,956	-10,052	-201,951	-188,462
-1,088	-2,423	-59,170	-55,327	-8,600	-9,646	-67,769	-64,973
-6,354	-8,205	115,283	85,724	-10,329	-11,413	104,954	74,311
–	**–**	**25.6**	**21.6**	**–**	**–**	**23.3**	**18.7**
						-7,207	-6,317
						-33,592	-30,093
						64,155	37,901
						-360	22
						7,479	4,061
						-22,900	-16,305
						48,374	25,679
						-17,951	-15,927
						30,423	9,752
						6.7	2.5
						60,087	36,241

Segment Report by Regions

	CER		CEE		NER		SER	
EUR '000	2012	2011*	2012	2011*	2012	2011*	2012	2011*
Sales revenues	220,355	195,892	84,008	78,632	82,418	64,328	26,389	24,377
Non-current assets	161,495	157,648	74,304	78,818	147,416	140,536	35,983	28,878

*Figures have been adjusted

The CER region (Central Europe) comprises the domestic market (Germany).

USC		Total		All other segments		Consolidation		CGM Group	
2012	2011*	2012	2011*	2012	2011*	2012	2011*	2012	2011*
44,959	41,034	458,130	404,263	1,053	980	-8,601	-7,914	450,582	397,329
63,380	72,638	482,578	478,520	33,430	30,457	0	0	516,008	508,977

Equity Investments as of 31.12.2012

(Section 313 (2) German Commercial Code (HGB))

	Company name		Registered office	Equity voting rights %	Equity EUR '000	Earnings EUR '000
	Subsidiaries in the region Central Europe (CER)					
1	AESCU DATA Gesellschaft für Datenverarbeitung mbH*	1)	Winsen	100.0	1,770	0
2	All for One Enterprise Solutions GmbH	2)	Eberhardzell-Oberessendorf	100.0	127	-166
3	CompuGroup Medical Deutschland AG*		Koblenz	100.0	73,403	0
4	CompuGroup Medical Dentalsysteme GmbH*		Koblenz	100.0	5,595	0
5	CompuGroup Medical Services Deutschland GmbH	2)	Augsburg	100.0	-44	327
6	CGM Mobile Services GmbH (formerly Fischer – Software GmbH)	6)	Stuttgart	100.0	1,473	71
7	CompuGroup Medical Managementgesellschaft mbH (formerly GIV Gesellschaft für angewandte integrierte Versorgungsformen mbH)		Koblenz	100.0	-1,624	299
8	IfAp Institut für Unternehmensberatung und Wirtschaftsdienste im Gesundheitswesen GmbH	4)	Neu-Golm	93.0	34	348
9	IfAp Service-Institut für Ärzte und Apotheker GmbH*		Martinsried	100.0	7,930	0
10	Intermedix Deutschland GmbH*	5)	Koblenz	100.0	2,720	0
11	IS Informatik Systeme Gesellschaft für Informationstechnik mbH	6)	Kaiserslautern	60.0	1,026	523
12	LAUER-FISCHER GmbH		Fürth	100.0	19,488	7,362
13	LAUER-FISCHER ApothekenService GmbH	3)	Koblenz	100.0	1,567	1,542
14	CGM SYSTEMA Deutschland GmbH (formerly systema Deutschland GmbH)*		Koblenz	100.0	191	0
15	Privadis GmbH (50% + 1 share)	3)	Köln	50.0	-3	-253
16	AESCU DATA Gesellschaft für Datenverarbeitung mbH AT	9)	Steyr/Austria	100.0	300	88
	Subsidiaries in the region Central Eastern Europe (CEE)					
17	CompuGroup Medical CEE GmbH		Wien/Austria	100.0	42,746	6,232
18	CompuGROUP Österreich GmbH	10)	Steyr/Austria	100.0	1,788	1,458
19	HCS Health Communication Service Gesellschaft m.b.H.	10)	Steyr/Austria	100.0	431	615
20	INNOMED Gesellschaft für medizinische Softwareanwendungen mbH	10)	Wiener Neudorf/Austria	70.3	3,214	2,148
21	Intermedix Österreich GmbH	10)	Wien/Austria	100.0	147	73
22	Systema HIS Human Information Systems Gesellschaft m.b.H.	10)	Steyr/Austria	100.0	7,942	3,672
23	CompuGroup Medical Schweiz AG	10)	Köniz/Switzerland	100.0	501	-918
24	CompuGroup Medical Polska Sp. z o.o.		Lublin/Poland	100.0	4,284	992
25	CompuGroup Medical Ceská republika s.r.o.	11)	Prag/Czech Republic	100.0	3,343	2,056
26	Intermedix Ceská republika s.r.o.	12)	Prag/Czech Republic	100.0	214	119
27	CompuGroup Medical Slovensko s.r.o.	12)	Bratislava/Slovakia	100.0	-11	-76
28	CompuGroup Medical Bilgi Sistemleri A.S.	14)	Istanbul/Turkey	100.0	3,926	-719
	Subsidiaries in the region North Europe (NER)					
29	CompuGroup Medical Norway AS	7)	Lysaker/Norway	100.0	1,743	2,102
30	Intermedix AS	7)	Lysaker/Norway	100.0	12	0
31	Profdoc AS		Lysaker/Norway	100.0	18,878	5,177
32	CompuGroup Medical LAB AB	8)	Borlänge/Sweden	75.5	1,600	197
33	CompuGroup Medical Sweden AB	7)	Uppsala/Sweden	100.0	15,463	5,289
34	Lorensbergs Communication AB	24)	Göteborg/Sweden	100.0	399	-56

	Company name		Registered office	Equity voting rights %	Equity EUR '000	Earnings EUR '000
35	Lorensbergs Holding AB	7)	Göteborg/Sweden	100.0	1,333	668
36	CompuGroup Medical Denmark A/S	7)	Randers/Denmark	100.0	2,728	1,440
37	CompuGroup Medical Life Denmark ApS	26)	Randers/Denmark	100.0	240	159
38	CompuGroup Medical Nederland B.V.	22)	Echt/Netherlands	100.0	3,572	677
39	CompuGroup Medical Holding Coöperatief U.A.	21)	Echt/Netherlands	100.0	6,145	-920
40	CompuGroup Medical Belgium BVBA (vormals BelgieData BVBA)	15)	Nevele/Belgien	100.0	719	312
41	CompuGroup Medical Nederland Technical Services B.V.	23)	Echt/Netherlands	100.0	295	-2
42	CompuGroup Medical Nederland Software and Services B.V. (vormals CompuGroup Medical Netherlands Management and Services B.V.)	22)	Echt/Netherlands	100.0	1	0
43	Microbais Werkmaatschappij B.V.	22)	Amsterdam/Netherlands	100.0	6,113	-38
44	Hethis B.V.	25)	Amsterdam/Netherlands	100.0	825	-162
45	Microbais Automatisering B.V.	25)	Amsterdam/Netherlands	100.0	6,150	776
46	Microbais Auxiliare B.V.	25)	Amsterdam/Netherlands	100.0	228	-30
47	MediPharma Online B.V.	25)	Amsterdam/Netherlands	100.0	4	-1,179
	Subsidiaries in the region South Europe (SER)					
48	CompuGroup Medical Solutions SAS	16)	Montpellier/France	100.0	4,762	3,016
49	Intermedix France SAS	16)	Rueil-Malmaison/France	100.0	628	367
50	CompuGroup Medical France SAS (vormals: Le Reseau Sante Sociale SAS)		Rueil-Malmaison/France	100.0	907	597
51	CompuGroup Medical Italia S.P.A.		Molfetta/Italy	100.0	15,451	265
52	Intermedix Italia S.r.l.	17)	Molfetta/Italy	100.0	491	197
53	Intermedix ESPANA SL		Madrid/Spain	100.0	-80	-7
54	Effepieffe S.r.l	17)	Molfetta/Italy	100.0	502	374
55	UCF Holding S.a.r.l.	3)	Luxembourg/Luxembourg	74.9	17,891	1,605
	Subsidiaries in the region United States und Canada (USC)					
56	All for One Software, Inc.	2)	Los Angeles/USA	100.0	135	-3
57	CompuGroup Holding USA, Inc.		Delaware/USA	100.0	-9,203	-3,206
58	CompuGroup Medical, Inc.	18)	Delaware/USA	100.0	36,966	1,705
59	All for One Software, Inc.	19)	Vancouver/Canada	100.0	119	-1
	Subsidiaries in the region "Other" (OTH)					
60	CompuGroup Medical South Africa (Pty) Ltd. (vormals Profdoc (Pty) Ltd.)	13)	Stellenbosch/South Africa	85.0	-658	-351
61	CompuGroup Medical Malaysia Sdn Bhd	7)	Kuala Lumpur/Malaysia	100.0	-3,751	-1,018
62	CompuGroup Medical Software GmbH*	3)	Koblenz	100.0	9,077	0
	Associated companies (at equity)					
63	MECO Medizinische Computersysteme GmbH	3)	Duisburg	50.0	n.a.	n.a.
64	Mediaface GmbH		Hamburg	25.0	n.a.	n.a.
65	AxiService Nice S.a.r.l.	16)	Nice/France	28.0	n.a.	n.a.

Equity Investments

as of 31.12.2012

	Company name		Registered office	Equity voting rights %	Equity EUR '000	Earnings EUR '000
66	Technosante Nord-Picardie SAS	16)	Lille/France	20.0	n.a.	n.a.
67	Medigest Consultores, S.L.		Madrid/Spain	49.0	n.a.	n.a.
	Other participations					
68	AES Ärzteservice Schwaben GmbH	3)	Bad Wimpfen	10.0	n.a.	n.a.
69	BFL Gesellschaft des Bürofachhandels mbH&Co.KG	3)	Eschborn	1.0	n.a.	n.a.
70	CD Software GmbH	2)	Lampertheim	9.1	n.a.	n.a.
71	ic med EDV-Systemlösungen für die Medizin GmbH	3)	Halle	10.0	n.a.	n.a.
72	Savoie Micro S.a.r.l.	16)	Meythet/France	10.0	n.a.	n.a.
73	Technosante Toulouse S.A.S.	16)	Toulouse/France	10.0	n.a.	n.a.
74	Daisy-NET S.c.a r.l.	17)	Bari/Italy	0.5	n.a.	n.a.

* Companies marked with * have a profit-pooling agreement with CompuGroup Medical AG or one of its subsidiaries.
n.a.: no specification due to company's minor significance to the Group

1) Subsidiary of CGM Managementgesellschaft mbH (formerly GIV Gesellschaft für angewandte integrierte Versorgungsformen mbH)
2) Subsidiary of CGM SYSTEMA Deutschland GmbH
3) Subsidiary of CompuGroup Medical Deutschland AG
4) Subsidiary of IfAp Service Institut für Ärzte und Apotheker GmbH
5) Subsidiary of CompuGroup Medical Dentalsysteme GmbH
6) Subsidiary of LAUER-FISCHER GmbH
7) Subsidiary of Profdoc AS
8) Subsidiary of CompuGroup Medical Sweden AB (formerly Profdoc AB)
9) Subsidiary of AESCU DATA Gesellschaft für Datenverarbeitung mbH
10) Subsidiary of CompuGroup Medical CEE GmbH
11) Subsidiary of CompuGroup Medical AG (78.5%) and CompuGroup Medical Deutschland AG (21.5%)
12) Subsidiary of CompuGroup Medical Ceska republika s.r.o.
13) Subsidiary of CompuGroup Medical AG (55.88%) and Profdoc AS (29.12%)
14) Subsidiary of CompuGroup Medical AG (43.99%), CompuGroup Medical Deutschland AG (53.16%), Intermedix Deutschland GmbH (0%), CGM SYSTEMA Deutschland GmbH (0.48%), CompuGroup Medical Software GmbH (2.37%)
15) Subsidiary of CompuGroup Medical AG (99%) and CompuGroup Deutschland AG (1%)
16) Subsidiary of UCF Holding S.a.r.l
17) Subsidiary of CompuGroup Medical Italia S.p.A.
18) Subsidiary of CompuGroup Holding USA Inc.
19) Subsidiary of All for One Software Inc.
20) Subsidiary of Systema HIS Human Information Systems Gesellschaft mbH
21) Subsidiary of CompuGroup Medical AG (99.98%) and CompuGroup Medical Deutschland AG (0.02%)
22) Subsidiary of CompuGroup Medical Holding Coöperatief U.A.
23) Subsidiary of CompuGroup Medical Netherlands B.V.
24) Subsidiary of Lorensbergs Holding AB
25) Subsidiary of Microbais Werkmaatschappij B.V.
26) Subsidiary of CompuGroup Medical Denmark A/S

Auditor's Report

We have audited the consolidated financial statements prepared by the CompuGroup Medical Ak-tiengesellschaft, Koblenz, comprising the statement of financial position, the income statement, 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 January 1 to December 31, 2012. The preparation of the consolidated financial statements and the group management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (par-agraph) 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 consoli-dated 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 In-stitut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards re-quire that we plan and perform the audit such that misstatements materially affecting the presenta-tion 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 man-agement 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 account-ing-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 con-solidated financial statements and the group management report. We believe that our audit pro-vides 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 pursu-ant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and re-sults 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 develop-ment.

Frankfurt am Main, March 28, 2013
PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Dr. Ralf Worster
Wirtschaftsprüfer (German Public Auditor)

ppa. Christopher Schlig
Wirtschaftsprüfer (German Public Auditor)

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 2012, there were 53.2 million shares outstanding, each with a nominal value of EUR 1.00.

Key data per share

		2012	2011	2010
Year-end price	€	**14.65**	8.70	11.07
Year high	€	**15.62**	12.70	7.51
Year low	€	**8.15**	7.47	11.63
Year average	€	**11.88**	9.99	8.77
Yearly trade	€m	**63.4**	49.1	45.2
	Shares m	**5.3**	5.1	5.3
Number of shares	Shares m	**53.2**	53.2	53.2
Market capitalization[1]	€m	**779.7**	463.0	589.1
Earnings per share	€	**0.62**	0.18	0.33
Dividend per share	€	**0.35**[2]	0.25	0.25
Dividend payout	€m	**17.4**[2,4]	12.5	12.6
Dividend yield	%	**2.39**[1,2]	2.87[1]	2.26[1]

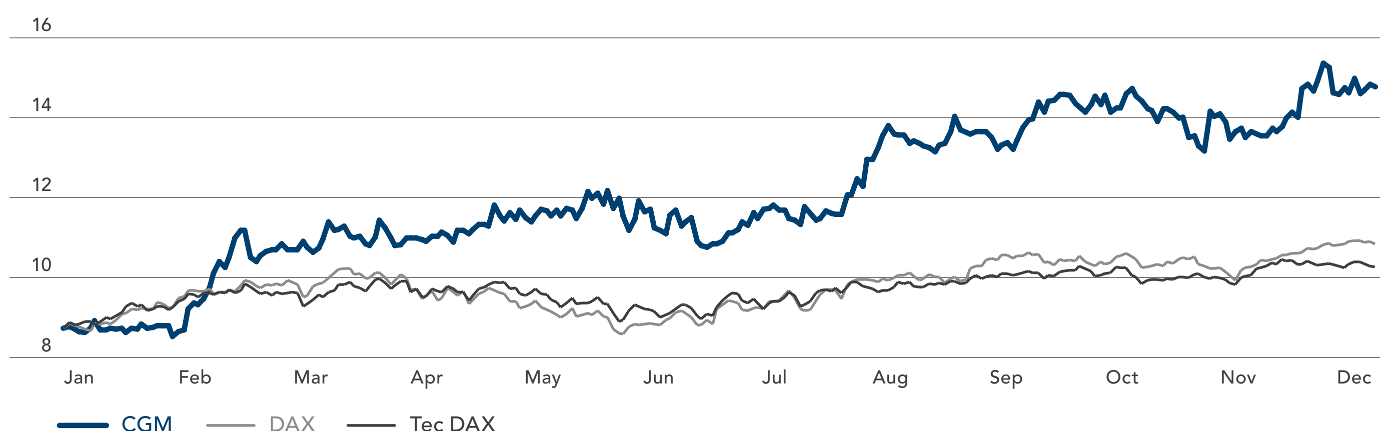
[1] as of 31.12
[2] Subject to Annual General Meeting approval
[3] related to net income of CGM AG
[4] as of 28.03.2013

Share development

The share price increased throughout 2012 by 170 percent, bringing the total market capitalization from EUR 459 million at the beginning of the year, to EUR 780 million at the end of the year 2012. The shares ended 2012 at EUR 14.65, very close to their high for the year.

The yearly trading volume was 5.3 million, slightly up from the previous year (+5 percent). The average daily trading volume in 2012 was 20,904 shares (previous year: 19,732).

The share price development during 2012 can be seen below:



Dividend

In the 2012 financial year EUR 12.6 million were pay out corresponding to a dividend per share of EUR 0.25. In 2013, the Management and Supervisory Board will propose the payment of a dividend of EUR 0.35 per share to the Annual General Meeting held on 15 May 2013. Subject to the shareholder's approval, the dividend amount would total EUR 17.4. Based on the 2012 closing share price (EUR 14.65), this would equate to a dividend yield of 2.39 percent.

Share repurchase

As part of its share repurchase program, which was launched on 2 January 2012, CompuGroup Medical bought back a total of 101,835 shares or approx. 0.19 percent of the share capital at an average price of EUR 8.85 by 30 June 2012. This corresponds to an amount of EUR 901,112.55. The total number of treasury shares held by the Company as of 30 June 2012 amounted to 3,318,096 shares or 6.23 percent of the share capital.

As part of its share repurchase program launched on 9 July 2012, CompuGroup Medical bought back a total of 282,843 shares or approx. 0.53 percent of the share capital at an average price of EUR 13.24 by 31 December 2012. This corresponds to an amount of EUR 3,745,074.86. The total number of treasury shares held by the Company as of 31 December 2012 amounted to 3,600,939 shares or 6.77 percent of the share capital.

Information on the scope of the share repurchase has regularly been published on the Company's website.

Share data

Listing	Börse Frankfurt, Germany, Prime Standard
ISIN	DE0005437305
WKN	543730
Xetra Trading Parameters Symbol	COP

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 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 2012 include: Boston, Cologne, Dusseldorf, Edinburgh, Frankfurt, Geneva, London, Munich, New York, Paris and Zurich.

At the world's largest medical trade fair MEDICA in Düsseldorf CompuGroup Medical held an investor and analyst conference in November 2012. In addition to the publication of CGM's Q3 results, the Company presented products and services from various business units.

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.

Financial Calendar

Date	Event
03 May 2013	Interim Report Q1 2013
15 May 2013	Annual General Shareholder Meeting, Koblenz
08 August 2013	Interim Report Q2 2013
20 November 2013	Interim Report Q3 2013/Analyst Conference

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