2016 Registration Document

Annual Financial Report & SDR included









Founded in 1969, Cegedim is an innovative technology and services company in the field of digital data flow management for healthcare ecosystems and B2B, and a business software publisher for healthcare and insurance professionals. Cegedim employs more than 4,000 people in 11 countries and generated revenue of €441 million in 2016. Cegedim SA is listed in Paris (EURONEXT: CGM).

Copies of the Registration Document are available for free from Cegedim SA at 137, rue d'Aguesseau, 92100 Boulogne-Billancourt, France, and on the website: www.cegedim.com/finance

This Registration Document was filed with the Autorité des Marchés Financiers (AMF) on March 29, 2017 in accordance with the provisions of article 212-13 of AMF general regulations. This document was prepared by the issuer and is binding on its signatories. It may be used in support of a financial transaction if supplemented by a transaction note that has received approval from the Autorité des Marchés Financiers.



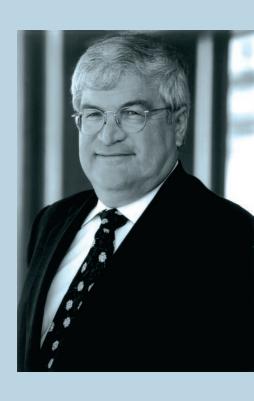


Part 1 >>> Overview

Presentation, organization, activities and financial statements of Cegedim



Chairman's Statement



organization has strengthened our ability to adapt, to innovate and to implement. The transition of all of our products towards the SaaS model, incorporating Big Data and digital technology, is still ongoing and the move to a full services model and/or BPO is accelerating, so as to meet the growing demands of our clients, the users of our SaaS solutions.

In 2016, we achieved our first objective: a return to sustained growth - a clear indication of our customers' belief in our vision

We support these widespread transformations, brought about by regulatory, demographic, technological and economic changes, that are having an impact on our clients and our

In the healthcare industry, new ways of delivering care, the increasing complexity of medical knowledge, and new technologies offer exceptional opportunities for growth.

Medical data are growing more and more complex, requiring the development of knowledge bases covering products and therapies, and accelerating the need for prescription and dispensing software to be used during the course of care.

The growing need to make the economics of healthcare more efficient means that we need to develop new patient monitoring and health record

management tools, and create tools for coordinating healthcare between health professionals. This entails the implementation of a strategy that incorporates connected devices and telemedicine.

In the health insurance industry, new opportunities for growth include the introduction of new insurance policies (ACS, National Interprofessional Agreements, Responsible contracts), and the widespread automation of third-party payment processes (control of online rights, invoicing and payment).

Our ecosystem, unlike any other healthcare, enables us to address the challenges associated with the extensive changes underway in this business. In 2016, Cegedim launched Docavenue the online appointment booking system, Smart Rx for pharmacists in France, Pulse Cloud in the United States, Vision Anywhere in the United Kingdom, the MSP solution which caters to the needs of healthcare professionals, more and more of whom are choosing to work in groups at healthcare centers and nursing homes, and Activ' Infinite 7 for health and mutual insurance companies. Cegedim has also accelerated the roll out of MonLogicielMedical.com for physicians in France. Cegedim is also currently developing its full service offers with mutual insurance groups Klesia and YSTIA and in the US with its Revenue Cycle Management business.

"After a successful refocusing on its major business lines, Cegedim has continued to reinvent itself, to innovate, and to invest."

Jean-Claude Labrune, Chairman

With regard to digital advances, the Group is strengthening its positions, particularly through the acquisition of Futuramedia which has enabled it to create the first in-pharmacy digital display network. The offers linked to the digitization of flows through our SaaS model platform «GIS» are a proven

Lastly, with regard to human resources management, we are seeing growing opportunities against a backdrop of regulatory changes, the spread of digital technologies and companies' desire to outsource a wide range of administrative tasks (including training coordination, work-time management, talent management and the management

of supplemental health insurance and pensions).

We are also seeing huge success here for our full service offers with iconic clients such as FNAC.

All of the Group's offers rely on our own healthcare data hosting infrastructure with Cegedim Cloud Services which is also undergoing significant developments.

During this period of transition, with the aim of consolidating the Group's development, we are increasingly grateful to our employees for their contributions, our clients for their trust, and our shareholders for their support.

>>> Management Bodies

BOARD OF DIRECTORS

- Jean-Claude LABRUNE Chairman
- Laurent LABRUNE
 Deputy Managing Director
 - Cegedim
- Aude LABRUNE
- Pierre MARUCCHI Representative of FCB
- Valérie RAOUL-DESPREZ Appointed by Bpifrance
- Anne-Sophie HÉRELLE
 Appointed by Bpifrance

 Philippe TCHENG
 Representative of GIE GERS
- Marcel KAHN
- Jean-Pierre CASSAN
 Independent Board Director
- Sandrine DEBROISE
 Chief Financial Director Cegedim

AUDIT COMMITTEE

- Valérie RAOUL-DESPREZ Chairman
- Aude LABRUNE
- Jean-Pierre CASSAN
 Independent Board Director
- Pierre MARUCCHI

APPOINTMENTS COMMITTEE

- Jean-Claude LABRUNE Chairman
- · Valérie RAOUL-DESPREZ
- Jean-Pierre CASSAN
 Independent Board Director

COMPENSATION COMMITTEE

- Jean-Pierre CASSAN
 Chairman,
 Independent Board Director
- Aude LABRUNE
- Marcel KAHN

STRATEGY COMMITTEE

- Jean-Claude LABRUNE Chairman
- · Laurent LABRUNE
- Anne-Sophie HÉRELLE







Corporate Governance

The **Board of Directors** is composed of ten Directors including an independent member. At the end of 2016, four of its members, or 40%, are women. **During fiscal year 2016**, **the Board of Directors met eight times on written invitation from the Chairman**, sent to each Director at least one week before the date of the meeting. The Board approved financial statements and deliberated on the overall direction and strategic decisions of the Group.

The main missions of the **Audit Committee** are to examine the financial statements, to monitor the preparation process of financial information and the efficiency of the internal control systems, oversee risk management, the rules of independence and objectivity of the Auditors. It is composed of four members including one independent member. **The Audit Committee met five times during the 2016 fiscal year.** The Auditors, the CFO and the Director of Investment also attended the meetings.

The main missions of the **Appointments Committee** are to create proposals for the selection of Directors and to elaborate a plan for the succession of the Corporate Officers in the event of unplanned vacancies. It is composed of three members including one independent member. **The committee met once during the 2016 fiscal year.**

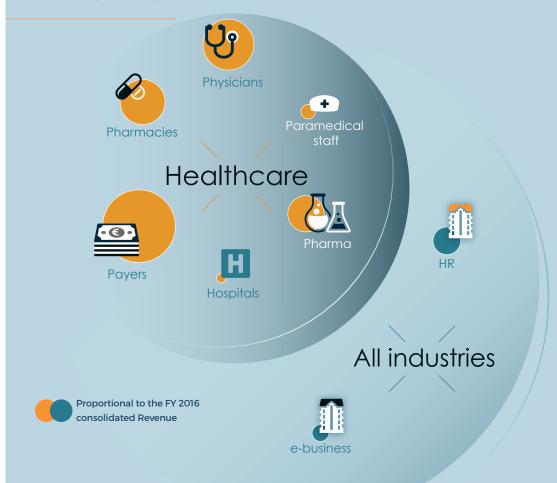
The main missions of the **Compensation Committee** are to examine and to make recommendations to the Board of Directors concerning the compensation of the Cegedim Directors, the Chairman & CEO and the Deputy Managing Directors, and to examine the policy of free share allocation and variable compensation. It is composed of three members including one independent member. **The committee met twice during the 2016 fiscal year, with all its members in attendance.**

The main missions of the **Strategy Committee** are to propose directions for the Company's growth and to identify potential targets. It is composed of three members appointed by the Board of Directors. **The committee usually meets twice a year. In 2016, the Strategy Committee held no meetings.**

>>> Our businesses

As of 12.31.2016

Our clients



Main Cegedim Group products and offerings

by client type



- · Software
- Services ·BPO
- · Third-party payment



- · Software
- Database
- Services
- · Supply chain
- · Digital media



- · Software
- · Database
- Services
- · BPO



- · Software
- Database Services



- · Payroll
- ·BPO
- ·TAM



- · Dematerialization Invoices
 - Digitization
 - · Electronic signature
 - · Archiving
 - · EDI
 - · Payment management



· Supply chain

>>> Key figures

As of 12.31.2016

178,000

Physicians workstations

350,000 Payrolls (1)

43m
Policyholders (2)

20,000

Pharmacies

172m

1,200
Hospitals (5)

300m
Electronic documents (4)

44,000 Paramedical staff

⁽¹⁾ Processed by Cegedim

⁽²⁾ Managed by Cegedim solutions in France

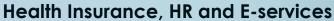
⁽³⁾ Third-party payment flows managed by Cegedim

⁽⁴⁾ Processed by e-business

⁽⁵⁾ Equipped with our Hospitalis offer

>>> Cegedim Skills

As of 12.31.2016





Healthcare Professionals



Activities not allocated



€1m EBITDA 21%
EBITDA margin

>>> Financial situation

As of 12.31.2016

€441m

Revenue

€61m

EBITDA

14% EBITDA margin

€65m

Adjusted EBITDA

15%

Adjusted EBITDA margin

€27m

Operating income (1)

€(1.2)

Earnings per share

4,062

Employers



€58m

Operating Cash Flow (2)

€227m

Net debt

€189m

Shareholder equity
Group's part





As of 12.31.2016

Leading market positions

in each of our divisions



Our presence



· High Revenue recurrence

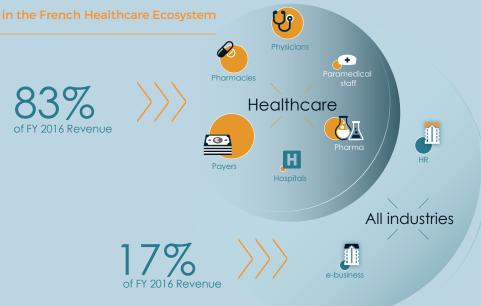
· Long-term contracts

High customers loyalty

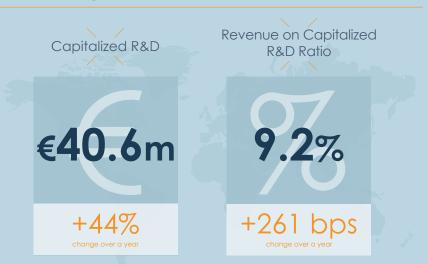


As of 12.31.2016

Unique presence

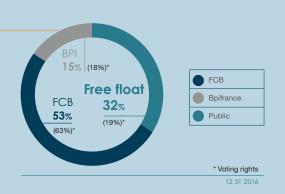


Recognized portfolio of innovative and integrated solutions



Long-standing shareholder support

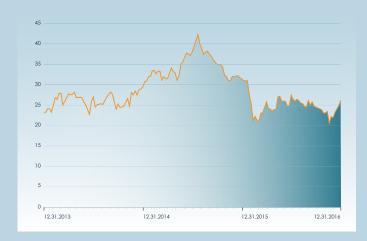
and experiences management



>>> Financial market

Cegedim Share Price

over 4 years



In 2016, Cegedim share price was down by 18.1 %. The price reached its high at closing at \leqslant 32.73 on January 18th, 2016.

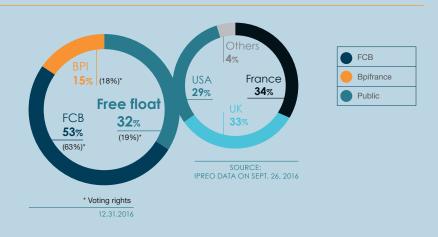
Cegedim Share Price Performance

over 4 years

2013	2014	2015	2016
22.89	29.18	32.00	26.20
22.02	26.05	34.60	25.09
26.97	29.30	42.69	32.73
18.48	22.00	29.18	20.56
320.4	408.4	447.9	366.7
14.00	14.00	14.00	14.00
	22.89 22.02 26.97 18.48 320.4	22.89 29.18 22.02 26.05 26.97 29.30 18.48 22.00 320.4 408.4	22.89 29.18 32.00 22.02 26.05 34.60 26.97 29.30 42.69 18.48 22.00 29.18 320.4 408.4 447.9

Cegedim Shareholder Structure

as of 12.31.2016



>>> Financial market

Analysts

- Damien Choplain Gilbert Dupont
- Patrick Jousseaume Société Générale
- Benjamin Terdjman Kepler Chevreux

Cegedim Share

Credit Rating

ISIN: FR0000053506
Reuters Ticker: CGM
Market: Euronext Paris

BB positive outlook

Assessed on April 28, 2016

Investor Relations

Cegedim's financial communication policy is to deliver rapid, relevant and timely information on company performance to investors and the market.

One key element of communicating with the market is the publication of earnings in annual reports, interim reports and quarterly revenue reports.

Following the publication of financial media statements, Cegedim organizes a conference call.

Cegedim has regular contact with institutional investors through meetings and road shows in Europe and the United States.

Financial disclosure policy

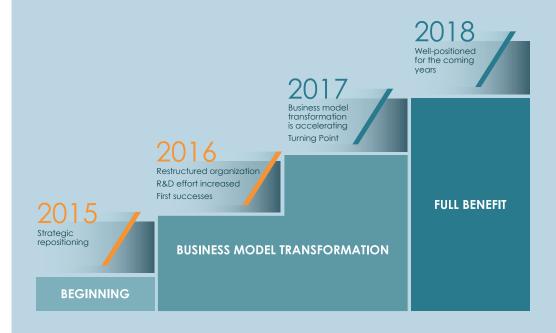
Simplicity, transparency, clarity

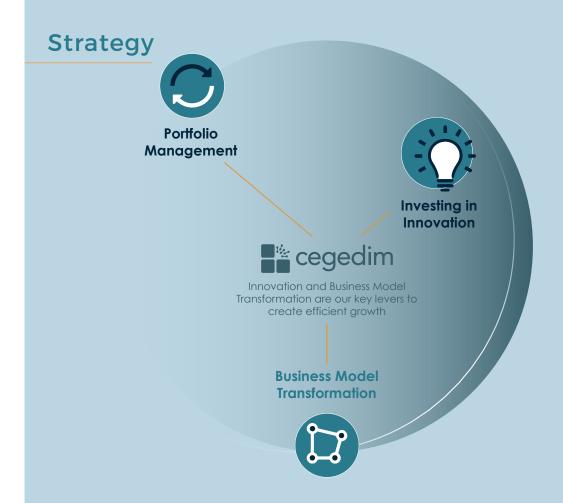
Ramp-up of the roadshows program

Ramp-up of the roadshows program already strengthened in 2015, the roadshow program was further accelerated in 2016 to 48 days, compared to 43 in 2015. This escalations was reflected by an increased presence in the United States (34 days compared with 22 in 2015 and 18 in 2014) and in Europe (8 days in continental Europe and 6 days in London).

>>> Our strategy

Chronology





>>> Our strategy

Business Model Transformation



Align organization and resources to our best opportunities

BPO: Full Service Model



Software



Extending the range of opportunities



Software & Full Service Model

- US Physicians
- · HR Department
- · Health Insurance Companies

Creating new opportunities with customers and expanding the value of Cegedim's offer









\bigcirc 1	Presentation	
	of the Group	p.01

- **Key figures**
- 1.2 Brief history and review of corporate developments
- 1.3 Organizational structure
- 1.4 Activities
- Research and development

Governance

- Composition and organization of the Board of Directors
- 2.2 Compensation and benefits of corporate officer
- Interests held by corporate officer in the company's share capital and transactions in the company's shares by corporate officer
- 2.4 Risk factors and insurance
- 2.5 Policy toward employees
- AFR 2.6 Report of the chairman of the Board of Directors
 - Statutory auditors' report prepared in accordance with article L. 225-235 of the French commercial code

Overview of the fiscal year

- Activity and highlights
- **3**.2 Crossing of ownership thresholds
- 3.3 Events after December 31, 2016
- Analysis of the financial position of the Cegedim Group
- 3.5 Analysis of the financial position of Ceaedim S.A
- Dividends paid in respect of the last three fiscal years
- 3.7 Outlook

Consolidated **financial**

p.89

- AFR 4.1 Consolidated balance sheet AFR 4.2 Consolidated income statement AFR 4.3 Consolidated statement of other comprehensive income
- AFR 4.4 Consolidated statement of changes in equity
- AFR 4.5 Consolidated statement of cash flows
- AFR 4.6 Notes to the consolidated financial statements
- AFR 4.7 Statutory auditors' report on the consolidated financial statements

Company financial statements

p.141

- Balance sheet
- AFR 5.2 Income statement
- AFR 5.3 Notes to the Company financial statements
- AFR 5.4 Statutory auditors' report on the financial statements
 - Five-year financial summary

Cegedim's Corporate

Social Responsability

- Cegedim's core value
- **Employment information** 6.2
- 6.3 **Environmental information**
- Societal information
- 6.5 Going even further
- 6.6 Methodological note
- AFR 6.7 Report of one of the statutory Auditors designated as third-party independent body to audit social, environmental and societal information

Information on the company and the share capital

p.193

- Information on the company
- 7.2 **Bylaws**
- 7.3 Information on the share capital
- 74 Shareholding structure
- 7.5 Shareholders' agreements
- 7.6 Transactions in the company's shares
- 7.7 Factors affecting a potential takeover bid
- 7.8 Stock market indicators
- 7.9 Relations with shareholders

Shareholders' meetings

p.205

- **Draft resolutions**
- Auditors' special report on the regulated agreements and commitments

Additional information

p.211

- Contacts and available financial information
- 9.2 Annual financial information
- **AFR** 9.3 Declaration by the person responsible for the registration document
 - Parties responsible for the audit of the financial statements
 - 9.5 Related-party transactions
 - 9.6 Historical financial information
 - 9.7 Registration document cross-reference table
- AFR 9.8 Executive board's report cross-reference table

Presentation of the Group

1.1	Key figures	2	1.4	Activities	7
1.2	Brief history and review of corporate developments	3	1.5	Research and development	25
1.3	Organizational structure	5			

1.1 Key figures

The following selected consolidated financial information has been prepared in accordance with: International Financial Reporting Standards (IFRS) as adopted by the European Union, except where stated otherwise.

In millions of euros (except for per share data)	31.12.2016	31.12.2015	31.12.2014
Revenue	440.8	426.2	412.2
EBITDA	61.4	78.5	78.0
Consolidated operating income before special items	27.1	48.1	51.6
Profit (loss) for the period	(26.7)	67.0	(199.7)
Profit (loss) for the period attributable to the owners of the parent	(26.7)	67.0	(199.7)
Number of shares outstanding	13,997,173	13,997,17 3	13,997,173
Average number of shares excluding treasury shares	13,960,024	13,958,11	13,962,873
Net earnings per share	(1.9)	4.8	(14.3)
Net current earnings per share	(1.2)	1.6	(0.2)
In millions of euros	31.12.2016	31.12.2015	31.12.2014
Total balance sheet	709.1	864.3	1 173.2
Goodwill on acquisition	199.0	188.5	175.4
Net financial debt	226.8	167.6	504.2
Shareholders' equity, Group share	188.9	228.1	216.8
Cash flow after cost of net financial debt and taxes	27.6	50.3	69.0

1.2 Brief history and review of corporate developments

Jean-Claude Labrune founds Cegedim (standing
for Centre de Gestion, de Documentation,
d'Informatique et de Marketing) in order to provide
IT solutions to the world of healthcare.

- 1972 Innovation with the first computerized database of doctors.
- 1979 Launch of CRM division in France.
- 1990 International expansion begins.
- 1991 Innovation with the first electronic data interchange platform.
- 1994 Launch of computerization offers for doctors in France and promotional activities dedicated to doctors and pharmacists. Launch of human resources management activities.
- 1995 The Cegedim security is introduced in the Second Market of the Paris Stock Exchange. It is now listed on the NYSE Paris Exchange, Compartment B.
- 1997 Innovation with the *BCB*, the first computerized drugs database.
- **1999** Computerization of health insurance and mutual companies.

- **2007** With the acquisition of *Dendrite International*, *Cegedim* becomes the world leader in CRM for the pharmaceutical industry.
- 2009 Capital increase of 180.5 million euros to relaunch a strategy of dynamic external growth and the Bpifrance (formerly FSI, or *Fonds Stratégique d'Investissement* French Strategic Investment Fund) becomes a shareholder in the Group.
- **2010** Cegedim enters the American market in the computerization of medical offices with the acquisition of *Pulse*.
- 2015 Disposal of the CRM and Strategic Data division to IMS Health Inc.
 The acquisition of Activus in the UK enables Cegedim to access new markets and to strengthen the international positioning of its offering for the insurance sector.
- **2016** With the acquisition of Futuramedia, *Cegedim* is pursuing its digital displays leadership in pharmacies in France.

The events of FY 2016 are presented in note 12.2 of the consolidated financial statements in chapter 4.

1.2.1 Investments

Acquisitions on a scope of activities earning less than 10 million euros in revenue are generally self-financed. For larger transactions, the Group examines the advisability of debt financing on a case-by-case basis. Transactions in excess of 20 million euros must be approved by the Board of Directors with a qualified majority of 6/10 including at least one Director representing the Bpifrance Participations. Other growth operations (launch of new business activities, opening of a new country, etc.) are internally financed.

The acquisition prices and other financial terms are protected by confidentiality agreements.

In 2015, the acquisitions of companies and business assets were financed by internal cashflow of 7.5 million euros. The major acquisition made in 2015 was *Activus*.

In 2016, the acquisitions of companies and business assets were financed by internal cashflow of 21.4 million euros. The major acquisition made in 2016 was *Futuramedia*.

As mentioned in the chapter 4 of this Registration Document, all earn-outs were recorded.

Main Investments of 2014

April 2014: Cegedim completed the acquisition of the SoCall, whose main business is installing and running secretarial and land-line telephone systems for the offices of healthcare professionals. Handling customer calls, messages, appointments and consultation logs, the company operates in some fifty medical offices.

The SoCall business represented annualized revenue of less than 0.3 million euros.

Main investments of 2015

July 2015: Acquisition of *Activus* in the United Kingdom, a leading software publisher in that market in the field of health insurance and accidental death and disability insurance. This deal enables *Cegedim Insurance Solutions* to tap into new markets such as the U.K., the U.S.A., the Middle East, APAC and Africa, and to add to its software suite for international customers. *Activus* generated revenues of about 7 million euros in 2014.

October 2015: Acquisition by *Pulse Systems Inc.* of the U.S.-based medical management operations of *Nightingale Informatix Corporation*, including the assets of *Medrium*, *Ridgemark*, *Secure Connect* and *Northern Health Products*. Pulse is now able to offer its customers client-server and cloud products for medical management and electronic patient files.

Main investments of 2016 and up to the release of this Registration Document

November 2016: Cegedim completed on November 30 the acquisition in France of Futuramedia Group. This deal strengthens the digital offerings of its subsidiary RNP, which specializes in pharmacy displays in France.

In 2015, Futuramedia Group generated revenues of around €5.4 million. It will have an accretive impact on Cegedim Group's margins and began contributing to the Group's consolidation scope from January 1, 2017.

February 2017: Acquisition by *Alliadis Europe Ltd* of the *B.B.M Systems* company in UK. The deal strengthens the Group's expertise in developing Cloud-based products for general practitioners. *B.B.M Systems* generated revenue of €0.7 million in 2016 and earned a profit. It will contribute to the Group's scope of consolidation from March 1, 2017.

Investments made during the past three years

In € million	Price of acquisitions excluding earn-outs	Amount of earn- outs paid	Total price of acquisitions
2014	0.2	0.0	0.2
2015	7.5	0.0	7.5
2016	21.4	3.8	25.2

Main current investments

Investments are primarily made through external growth as well as internal growth with a particular focus on the international development of activities intended for physicians, and pharmacists, as well as opportunities for expanding the line of services offered.

The Cegedim Group's external growth strategy involves expanding services offered to healthcare professionals.

The desire to support the Group's customers in their markets is the main driver of international expansion. The Group regularly looks into acquisition possibilities that are consistent with this strategy. There is no active, systematic search for targets. However, the Group constantly monitors potential targets in-house in order to seize the best opportunities when the time comes.

Cegedim's intended future investments for which its management has already made firm commitments

As of the date of filing of this Registration Document, no firm undertakings have been made by the Cegedim Group.

Direct and indirect equity investments and disposals of equity interests by Cegedim SA.

Cegedim SA's investments are linked to its activities and logically involve the IT infrastructure and equity investment

Equity investments made during the year that took the company's holdings above one twentieth, tenth, fifth, third, half or two-thirds of the capital of a company with registered office in the territory of the French Republic, and takeovers of any such company (French Commercial Code Article L. 233-6, para. 1 and L.247-1,1).

Acquisition of 100% of the Futuramedia Group company on November 30, 2016 (refer to chapter 1.2.1 Investments, Main investments of 2016, in page 4).

1.2.2 Disinvestments

Sale executed in 2015

On April 1, 2015 Cegedim announced completion of the sale of its *CRM* and *Strategic Data* division to *IMS Health*. The final price of this sale was 410.5 million euros, all of which was paid in 2015.

The transaction lets *Cegedim* refocus on applications and data bases for healthcare professionals and health insurance companies, as well as on its fast-growing multisector business lines such as e-business, e-collaboration and outsourcing payroll and human resources.

Sale executed in 2016

The Kadrige business was sold to IMS Health on November 9, 2016.

1.3 Organizational structure

1.3.1 Cegedim SA's place within the Group

Cegedim SA is a subsidiary of FCB, the lead holding company of the Cegedim Group. It is the only Group company listed for trading on Euronext (since 1995) and does not belong to another group.

Cegedim SA is active in the following fields:

- Information technologies and R&D: development and upgrading of most of the IT tools used by the other departments and subsidiaries of the Group to supply the services they sell.
- Centralized services: payroll processing, employee management, billing, accounting and monthly reporting. All the security, insurance and confidentiality rules in effect in the IT facilities management fields are obeyed. Centralized services also include handling tax, legal, social and accounting, organization and audit questions, insurance, purchasing, external communication and intellectual property. Based on an annual projected operating budget, these expenses are allocated monthly to the Group's subsidiaries according to the allocation key specific to each family of services.

Cegedim SA plays an operational role with its departments:

- Cegedim e-business: data concentrator for the transmission of orders and bills between pharmaceutical companies, wholesale distributors and hospitals (Edipharm system) and the transmission of subrogatory bills between pharmacies and payer agencies (Télépharma). Hosting of application software developed by the Group and flow management;
- Cegedim Cloud Services: Cegedim has extensive expertise in data management for pharmaceutical companies, insurance providers and health networks (e.g. Electronic Health Record (EHR) tests, etc.), as well as in the management of capital flows and paperless documents. Due to their strategic and sensitive nature, these activities have led the Group's teams to devise architectures with very high availability that meet the security requirements of its customers and, in particular, standards governing the hosting of medical records.

1.3.2 List of Cegedim Subsidiaries

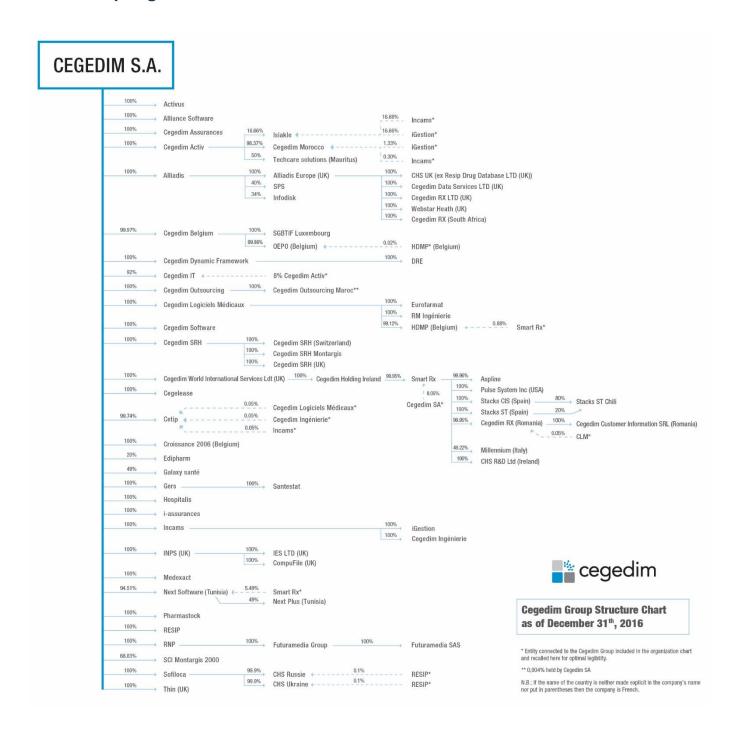
The list of the Group's subsidiaries, their country of origin and the percentage of control held are given in point 2.1 of the 4.6 chapter of the consolidated financial statements of this Registration Document.

In addition, more detailed information on the activity of the Group's main subsidiaries appears in point 1.4.

The Group's organization chart is presented on the following page.

1

1.3.3 Group organization chart



1.4 Activities

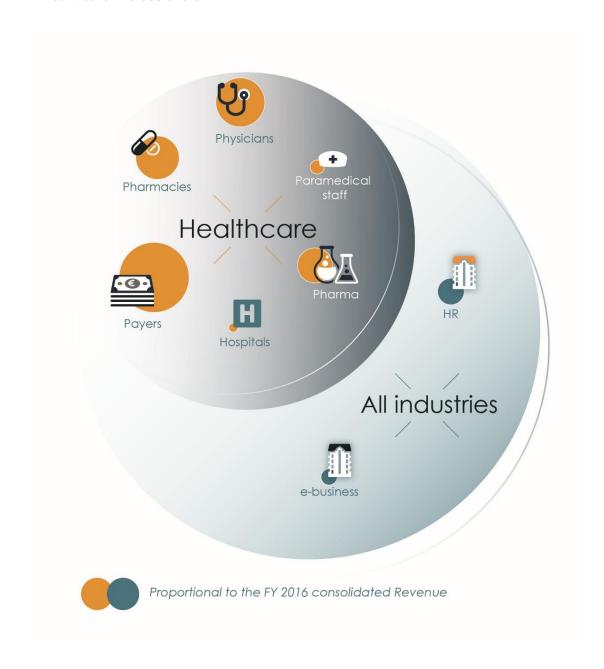
Cegedim is an innovative technology and services company specializing in the digital flows of the healthcare ecosystem and in B2B marketing, as well as in the design of enterprise software for healthcare and insurance professionals.

The Group is also involved the businesses of human resources management and digitization in all types of industries.

Cegedim generated revenues of 440.8 million euros in 2016 and has over 4,000 employees in 11 countries.

Given the services offered and customers targeted, *Cegedim*'s business is structured around two operating divisions:

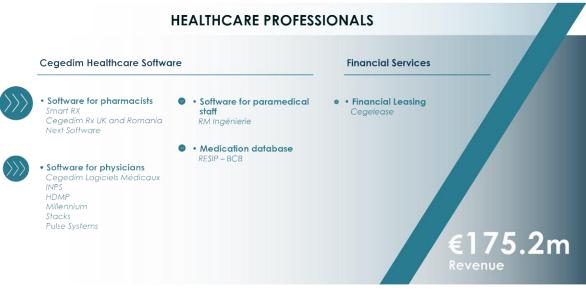
- Health insurance, HR and e-services;
- Healthcare Professionals.



1

1.4.1 Main business activities







Proportional to the FY 2016 consolidated Revenue

Health insurance, HR and e-services

CEGEDIM INSURANCE SOLUTIONS

The Cegedim Insurance Solutions business unit includes all of the Group's solutions and services for insurers, supplemental insurers, provident institutions and intermediaries through its subsidiaries Cegedim Activ, Activus, Cetip and iGestion. This unit brings together competencies across the entire chain of information sharing between healthcare professionals, insurance organizations and managers of compulsory and supplemental insurance plans. Cegedim Insurance Solutions has broadened its digital product offering with innovative solutions in preventive healthcare based on managing well-being and health capital, hospitalization, home care and chronic illness.

IT for Healthcare Insurers

Cegedim Activ - France

With more than 43 million policyholders in France managed with its solutions, *Cegedim Activ* is now the leader¹ of software and services dedicated to personal insurance (supplementary health plans, mandatory health plans, and provident funds). Its products are intended for all market operators: insurance companies, supplemental health insurers, provident institutions, and intermediaries.

With its expertise in personal insurance, *Cegedim Activ* works closely with its customers to create innovative offers and help them optimize the profitability of their business. In this regard, *Cegedim Activ* has a unique combination of know-how: the expertise of its employees, the availability of technologies and an offer of consulting, integration, facilities management and healthcare flow management services.

Activus - United Kingdom

The acquisition in July 2015 of *Activus*, one of the leading² health and provident insurance software publishers in the United Kingdom. strengthened *Cegedim Activ's* software suite, with an offer intended for domestic or non-French-speaking IPMI³ markets (United Kingdom, Ireland, United States, China, Middle and Far East, Africa and Asia-Pacific); a first new client benchmark implements the works from the first year from this acquisition.

Flows and Electronic Payment

Cetip - France

In 2016, the *Cetip* consolidated its position as leader⁴ in the management of third party payment through its brands *SP Santé* and *iSanté*, with over 172 million third-party healthcare payer invoices processed now for 21 million beneficiaries and over 2.9 billion benefits paid per year.

Management Services

iGestion - France

iGestion offers management services on behalf of third parties, in supplemental health and provident insurance, to insurance companies, provident institutions, supplemental healthcare insurers, and intermediaries.

HR

Outsourced Payroll and Human Resources Management

Cegedim SRH - France, Morocco and Switzerland

Cegedim SRH offers Human Resources Departments TEAMSRH, a complete, modular HRIS platform via SaaS. The TEAMSRH solution covers a wide range of functions: payroll, personnel administration, business activities, scheduling, career and skills management, HR analytics, digitization of HR processes and documents, compensation, etc.

This innovative solution can be coupled with a Business Process Outsourcing (BPO) service, locally (in Boulogne, Nantes, Lyon, Toulouse, Strasbourg and Montargis) or offshore (Morocco). Its clients can start off with a limited range of functions and add to its list of outsourced services as the collaboration progresses.

Cegedim SRH assists more than 200 clients, national and international businesses, in all business sectors, from large and mid-market accounts.

DIGITAL

e-promotion

MedExact - France

MedExact offers a variety of digital marketing tools to physicians, pharmacists and paramedics equipped with *Cegedim software.*

¹ According to in-house estimates, Cegedim Activ's customers managed more than 43 million policyholders in 2016, thus establishing the company as market leader (as in 2015, with 40 million).

² Activus in one of the leading actors in terms of policyholders managed with its solutions,

according to in-house estimates.
³ IMPI: International Private Medical Insurance.

⁴ According to in-house estimates, the Cetip handled more than 172 million of third-party payment flows in 2016, thus establishing the company as market leader (as in 2015, with 165 million).



Digital displays in pharmacies

RNP - France

RNP, Réseau National de Promotion or National Promotional Network, is the French benchmark⁵ for on-site advertising in pharmacy and drugstore chains.

RNP offers its clients a line of services to develop the visibility of their products: point-of-sale media campaigns (store windows, jumbo screens), shelving, promotions to strategic groups and POS surveys.

Thanks to its network of 120 promoters in its employ, *RNP* provides quick deployment of coverage unrivaled on the market.

Today, *RNP* is able to guarantee global coverage for the shopper's browsing thanks to the unique association of digital and sales promoters.

Futuramedia - France

At the end of 2016, *Cegedim* acquired Futuramedia, an advertising firm specializing in Digital Media since 2004. A true pioneer in the sector in France, the company Futuramedia has more than 6,550 digital faces throughout two networks Pharma Instore and Pharma Vitrine.

Through its experience in Digital Media it has acquired expertise to develop digital solutions with a 360° visions for projects:

- Technical: installing digital screens in strategic locations in the pharmacy and monitoring;
- Content management: creating and disseminating specific Digital Media content to capture the clientele's attention;
- Marketing: measuring the qualitative and quantitative impact of the content released;
- Development: creation of new digital screens via a dedicated team.

CEGEDIM E-BUSINESS

Specialized in electronic data since 1989, *Cegedim* designs, develops and markets invoice digitization, probative value filing offers and EDI through its *Cegedim e-business* business unit, which groups together the activities of *Cegedim EDI*, *CG Call*, *GIS* (*Global Information Services*), *Cegedim*, *Global Payments*, *Hospitalis* and *Qualitrans* - *Telepharma*.

Digitalization

Cegedim EDI - France

Dedicated to Electronic Data Interchange (EDI), the Cegedim EDI department offers electronic management of all financial and supply chain documents circulating between companies, such as purchase orders, fulfillment records, invoices, contracts, catalogs, etc.). Born from the Edipharm system for pharmacies, wholesale distributors and laboratories, this division quickly spread beyond the healthcare market, particularly to mass retailing and services

CG Call - France

With a multi-channel solution (telephone, platform, EDI, etc.) this division handles all the different direct-sales promotion transactions on behalf of pharmaceutical companies.

Global Information Services - Europe

Global Information Services (GIS) is an SaaS platform providing the digitization and management of all types of documents — papers, structured files, images — and of processes. The platform integrates natively with all information systems, both for flows in and for flows out. Whatever the size of the business, GIS handles all its digitization needs by offering a great many ancillary services.

The GIS platform combines all services for digitizing business documents and processes GIS e-invoicing (digitizing invoices to customers and from suppliers), GIS EDI, GIS workflow, GIS sign&archive, GIS payments and GIS financing.

The KISS portal made available to major suppliers offers very small, small and medium-size businesses the advantages of going paperless free of complications. Once uploaded to KISS, invoices can be marked up (accepted, to be paid, paid) and are accessible on the portal at all times.

Cegedim Global Payments - France

Cegedim Global Payments offers a set of solutions enabling the optimization of subscription and receivables processes on the one hand and, on the other hand, digitization and electronic signature for all types of documents, and in all areas of B2C ou B2B activity (contracts, selling/management/rental mandates, payment orders, LREs, HR files, etc.):

- MA€A, the application for managing SEPA orders and associated payment flows;
- *CP Pass,* simple or biometric electronic signature server compliant with the European EiDAS regulations; and
- CG Pay, a new bank deposit process.

⁵ RNP is the French benchmark for on-site advertising in terms of number of pharmacies covered by its display network (in 2016 and in 2015), according to in-house estimates.

Hospitalis - France

Hospitalis is a Web portal that provides information and data exchanges between healthcare institutions and their suppliers, and digitizes all flows in managing the procurement of drugs, medical equipment, and laboratory reagents. Hospitalis is now present in more than 1,200 major healthcare institutions, 26 of which are university hospitals, and was used to transmit more than 2.5 million orders in 2016.

Qualitrans-Telepharma - France

Qualitrans-Telepharma is a centralizer of claims for reimbursement (electronic care sheets - Feuilles de Soins Électroniques – FSE) from pharmacies and allocates them to the appropriate mandatory and supplemental health insurers.

DATA

Sales Statistics for Healthcare products

GERS SAS - France

For more than 40 years, the *GERS* has offered data and analyses for the healthcare market from a single data collection system. The offer to cover all healthcare professionals and the entire distribution channel for general practitioners and hospitals. The data range (Purchases & Sales) the geographic accuracy, France to the point of sale as well as modern visualization solutions meeting the needs of the players in the self-medication drugs, food supplements, medical and dermo-cosmetic devices.

The reliability and accuracy of its data have made *GERS* highly recommended with the health authorities and unions.

Cegedim Customer Information - Romania

Cegedim Customer Information Romania supplies sales statistics of pharmaceutical products in that country through a broad line of products and services for the pharmacy and hospital segments.

OTHER SERVICES

Management of Medical Samples and Promotional Material

Pharmastock - France

Pharmastock is a pharmaceutical depositary institution. Specialized in the distribution of healthcare products (drugs, medical devices, skin care, cosmetics, etc.), Pharmastock provides, in keeping with the BPDM⁶, on behalf of different pharmaceutical and cosmetics laboratories, the Storage (under controlled temperature between 8 and 25°C in secured locations), Order preparation (based on the FEFO principle) and Shipping (daily shipments by appropriate certified shippers to medical sales representatives, doctors, pharmacies, healthcare institutions, conferences, etc.) activities.

Pharmastock also handles the storage and distribution of documentation for labs as well as various manual operations (making kits, making displays, etc.).

Pharmastock offers an online order site with direct access to the inventory based on pre-defined and customized parameters based on the different user profiles.

Healthcare Data Hosting

Cegedim Cloud Services - France

Cegedim has extensive expertise in facilities management for pharmaceutical companies, insurers and supplemental health insurers, and healthcare networks, as well as in the management of financial flows and paperless exchange documents. Due to their strategic and sensitive nature. these activities have led the Group's teams to devise architectures with very high availability that meet the security requirements of its customers and, in particular, standards governing the hosting of health data. Cegedim obtained approval from the French Ministry of Health to "host personal health data," allowing it to offer all those involved in e-health a line of "private cloud" hosting services using first-rate infrastructures and know-how. Its Tier III+ data centers located in Boulogne (92) and in Toulouse-Labège (31) provide adapted levels of redundancy and security to operate critical applications that call for a high degree of availability.

Integration and Services

Cegedim Outsourcing - France and Morocco

Cegedim Outsourcing, specializing in the fields of IT infrastructure and Business Process Outsourcing (BPO), provides to businesses of all sizes services in two core areas of activity:

- "IT Services" includes the Integration of high added-value technological solutions (centralized management solutions for users, hyperconvergence, unified collaboration); the Information management and managed services (managing all or part of the infrastructure, Level 2/3 user support); and the Availability of IT resources. *Cegedim Outsourcing* provides services and innovative solutions with renowned partners such as IVANTI Ex-Landesk, Nutanix, VMWare, Citrix, Microsoftm, etc.
- "BPO-Customer Relations" incorporates Digitization, Contact center, and Back Office core activities. Cegedim Outsourcing proposes a 100% French multi-channel offer combining state-of-the-art technology, integration and highly secure hosting services.

⁶ BPDM: Base de Données Publique des Médicaments or Public Drugs Database.

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Healthcare Professionals

CEGEDIM HEALTHCARE SOFTWARE (CHS)

This division contains all of the Group's computerization activities for healthcare professionals. It has over 178,000 physician workstations, 20,000 pharmacies and 44,000 paramedical staff using its solutions in nine countries (Belgium, Chile, Spain, the United States, France, Italy, Romania, the United Kingdom and Tunisia). In 2016, *CHS* continued to grow in web programs and developing the Patient ecosystem, a true exchange platform between patients and healthcare professionals.

CHS operates in the following areas:

- Software for pharmacists (Smart Rx, Cegedim Rx UK and Romania, Next Software);
- Software for doctors (CLM, INPS (Vision), HDMP, Millennium, Stacks and Pulse Systems);
- Software for paramedical professions (RM Ingénierie);
- Medication database (Resip/ Claude Bernard Database).

Software for pharmacists

Smart Rx - France

Capitalizing on over 30 years of expertise in pharmacy IT, Smart Rx, Cegedim's French pharmacy division, develops and markets comprehensive, integrated software solutions, including the supply of appropriate computer hardware.

Smart Rx is at the forefront of the latest technological innovations, and is meeting its customers' occupational needs with high value-added and continuously updated solutions.

The new challenges related to the business model and to regulations such as the Pharmaceutical File, substitution goals, product traceability, the electronic prescription of drugs, new pharmacist responsibilities from the HPST laws, etc. are some of the issues that encourage short or medium term changes in IT tools.

Cegedim Rx - United Kingdom

Cegedim Rx continues to be the leading⁷ supplier of Pharmacy software solutions and computer services in the United Kingdom, with over 40% of the pharmacy market which incorporates in excess of 14,000 pharmacies. Its product line includes Nexphase and Pharmacy Manager Patient Medication Record systems, which process over 600 million electronic prescriptions every year through spine connectivity using Cegedim Rx MHS accredited message brokers.

Cegedim Rx offers products and solutions for hardware distribution and engineering, support and training for users, and sale of consumables.

Cegedim Rx - Romania

Specialized in publishing and distributing solutions for healthcare professionals in Romania, *Cegedim Rx* (formerly Pharmec Healthcare Software) is the leading⁹ company in the software for pharmacists with over 35% market share. *Cegedim Rx Romania* is also a key up-and-coming player in the physician computerization market in Romania.

Next Software - Tunisia

A leader¹⁰ in pharmacy computerization with a 25% market share, Next Software is the only player in the market with a presence throughout Tunisia.

Software for Doctors

Cegedim Logiciels Médicaux (CLM) - France

CLM offers solutions for office-based physicians, healthcare centers and for multi-disciplinary health structures:

- For private practitioners (generalists and specialists): the Crossway, MédiClick, and monLogicielMedical.com software provide simple, high-performance management of patient charts and are in compliance with all regulatory obligations;
- For multi-disciplinary health structures: a specific version of monLogicielMedical.com has been adapted to the requirements for data sharing between healthcare professionals (physicians and paramedical staff) within a single structure;
- For healthcare centers: the Crossway CDS software (coupled with a management solution for direct payment) offers medical center management.

MLM FSE is a 100% web-based application 100% that issues electronic care sheets, free of complications. It is also appropriate for private practitioners who exercise a mixed practice (hospital clinic).

CegedimRx is also a leading⁸ supplier of Web-based systems to support the claims administration and performance management of locally commissioned pharmacy and optical services in the UK. The solutions are provided through two IT platforms: ServicePact for pharmacy services and OptoManager for optometry services.

⁷ According to in-house estimates, Cegedim Rx equipped more than 40% of the 14,000 UK pharmacies in 2016, thus establishing the company as market leader (as in 2015, with 50% of the market estimated of 12,000 pharmacies, the target market was then reevaluated).

⁸ Following the Webstar integration.

According to in-house estimates, Cegedim Rx Romania equipped more than 35% of the pharmacists in this country in 2016, thus establishing the company as market leader (as in 2015, with the same market share).
 According to in-house estimates, Next equipped more than 25% of the Tunisian

Note of the Tunisian pharmacies in 2016, thus establishing the company as market leader (as in 2015, with the same market share).

INPS (Vision) - United Kingdom

INPS has now re-branded itself as simply Vision in the United Kingdom. INPS is in the latter stages of its development plans, aimed at increasing its market share and establishing itself as the leading provider of APPs to the "Primary Care" sector in the United Kingdom with its latest Vision offer.

There are national IT projects, driven separately by the National Health Service in each of the four countries in the UK that require INPS to continually develop and adapt Vision to meet the requirements for interoperability between healthcare professionals and allow simpler interactions with patients.

The Vision clinical application is used by approximately 7,500 doctors at around 1,400 primary care centers in the United Kingdom.

HDMP - Belgium

The second-leading¹¹ player on the Electronic Patient File market for general practitioners in Belgium with the Health One, solution, HDMP is also very active in the industrial medicine sector, out-of-hours services, prevention centers, healthcare centers, with more than 2,900 references.

Millennium - Italy

Millennium, 49% owned by Cegedim, is Italy's leading¹² medical software publisher, with Millewin installed on over 18,300 customers. Millennium recently strengthened its regional presence in becoming a 40% shareholder of Mediatec which targets generalists.

Millennium now directly or indirectly equips more than 23,300 physicians, representing close to a 50% market share with Italian general practitioners.

Stacks - Spain and Chile

The leader¹³ in physician software in Spain with more than 30,000 users, Stacks specializes in the analysis, design, and development of information systems dedicated to the healthcare sector.

Stacks also offers consulting and technical services for identification, adaptation, and integration of solutions in order to meet the needs of healthcare professionals.

The primary market for Stacks is the Spanish public sector, which represents more than 60% of its sales.

The company has its own commercial network throughout the country. It is also present in South America through its establishment in Chile.

Pulse Systems - United States

Pulse provides leading edge healthcare technology and technology enabled business process solutions to the ambulatory healthcare market. Pulse's solutions enable clients to realize outstanding clinical outcomes in combination with timely and accurate financial outcomes. The company has been doing this for over 20 years and is the better choice for hundreds of medical practices and thousands of providers across over 40 specialties in the U.S. Pulse's industry leading interoperable platform solutions include: Electronic Health Records, Practice Management, Patient Portal, e-Prescribing, EDI, Billing and Collections, and Revenue Cycle Management.

Software for paramedical staff

RM Ingénierie - France

RM Ingénierie offers a full range of software (+4,000 line) for paramedical professions: nurses, physiotherapists, speech therapists, orthoptists, chiropodists, podiatrists, midwives, along with a complete solution for multi-disciplinary health structures.

Designer of France's first practice management software for physiotherapists in 1984, RM Ingénierie has positioned itself as the French leader¹⁴ in management software solutions for paramedical practices with approximately 44,000 users.

RM Ingénierie also develops innovative solutions designed for its clientele of physiotherapists and private practice nurses (Simply Vitale, a portable packaged solution) and for re-education (Kinapsys, the leading rehab-gaming application).

Medication Database

RESIP Base Claude Bernard - France

RESIP (Research and Studies in Professional Information Systems) provides healthcare professionals with a scientific database to assist them in prescribing and issuing medications: the Claude Bernard Database acronym BCB).

The first medications and healthcare products database approved by France's Haute Autorité de Santé (HAS) in 2008, BCB is integrated into the various trade software which equips pharmacies, physicians' offices, and multidisciplinary health structures (hospitals, clinics, assistedliving senior residences).

The BCB is also available to the general public for consultation on healthcare sites and portals as well as on Apple, Android and Windows smartphones and tablets.

¹¹ According to in-house estimates, HDMP is Belgium second-leading player in 2016 (as in

²⁰¹⁵⁾ in terms of the number of clients.

¹² According to in-house estimates, Millennium equipped more than 18,300 doctors' workstations in Italy in 2016, thus establishing the company as market leader (as in 2015,

with 18,200 workstations).

13 According to in-house estimates, Stacks equipped more than 30,000 HCPs in Spain in 2016, thus establishing the company as market leader (as in 2015, with 30,000 HCPs).

¹⁴ RM Ingénierie boasts the highest number of electronic care sheets sent by physiotherapists, speech therapists, podiatrists, orthoptists and midwives (source: GIE SESAM- Vitale, data as of January 2017).



FINANCIAL SERVICES

Financial Leasing

Cegelease - France

In France, *Cegelease* offers professionals and businesses in all sectors, financial leases on computer equipment (software, hardware and maintenance) and pharmacy fixtures and furnishings (signs, robotics, furniture, etc.).

Cegelease self-finances a portion of its leases and places the remainder with the largest French lending institutions.

Originally specializing in financing IT solutions, *Cegelease* has diversified the range of assets it finances:

- IT solutions (hardware and software);
- office and telephone equipment;

- capital equipment, real estate and build-outs (automated machines and manipulators, pharmacy crosses, signs, fixtures for window or store displays);
- equipment made for opticians, dentists and ophthalmologists.

Cegelease financing products are organized around the following trademarks:

- Pharmalease: for pharmacies;
- Medilease: for other healthcare professionals;
- Cegelease Santé for pharmacies that are customers of the Group;
- Cegelease Entreprise for a few secure occupational niches (the legal profession, municipal governments, etc.);
- Minilease primarily for oral surgeons.

Overview of the Group's main products and services

HEALTH INSURANCE, HR AND E-SERVICES

Product/Service or ubsidiary/Subdivision	Type of Offering(s)	Purpose and Use	Main users	Revenue Generation	Geography
Cegedim Activ	Software for healthcare insurers	Facilitates policyholder management	Insurance companies, provident insurers, supplemental health insurers, and insurance brokers	Sales, administration and training fees and fees for subsequent upgrades and enhancements and pay per transaction fees	France and French- speaking countries
Activus	Software for healthcare insurers	Facilitates policyholder management	Insurance companies, provident insurers, supplemental health insurers, and insurance brokers	Sales, administration and training fees and fees for subsequent upgrades and enhancements and pay per transaction fees	Internationa
Cetip	Software and services for electronic third- party payments (electronic reimbursements)	Processes electronic direct payments (electronic reimbursements) as well as aids regulatory compliance verification	Healthcare providers and healthcare insurers	Sales, administration and training fees and fees for subsequent upgrades and enhancements and pay per transaction fees	France
iGestion	Management services	Offers outsourced administrative and other back-office services	Insurance companies, provident insurers, supplemental healthcare insurers, and insurance brokers	Service fees	France
MyWellnessPartner MyHospiPartner	Digital solutions for preventive healthcare	Assists insureds throughout their healthcare pathway	Insurance companies, provident insurers, supplemental health insurers, and insurance brokers	Service fees	Internationa
Cegedim SRH	Management services	Offers HR outsourced administrative services and other back-office services	Companies and organizations in various sectors	Service fees	France, Morocco, Switzerland
RNP Futuramedia	Visibility and sell outs	Placing media campaigns in the pharmacy, merchandising and in- pharmacy turnkey promotional operations	Healthcare companies including pharmaceut and biotech companies	ical	France

Product/Service or Subsidiary/Subdivision	Type of Offering(s)	Purpose and Use	Main users	Revenue Generation	Geography
MedExact	Promotional services	Dissemination of promotional information to software users connected to Cegedim servers and direct marketing services to prescribers, pharmacists and paramedical staff	Healthcare companies, including pharmaceutical and biotech companies, medical devices	Access fees	France
Cegedim EDI Global Information Services™ Cegedim Global Payments	e-Business software and services	Provides electronic data interchange, document digitization, digital filing and other services, as well as payment software for migration to SEPA DD	Companies in various sectors	Service fees	Europe
CG Call	Services	Sales subcontracting services (reception, customer service, setting appointments, B2B and B2C telemarketing, etc.)	Healthcare companies, including pharmaceutical and biotech companies	Service fees	Europe
GERS SAS	Services	Processes and reports sales statistics for pharmaceutical and HABA products in France.	GIE GERS Healthcare regulators and healthcare companies, including pharmaceutical and biotech companies	Sales of statistics	France
Cegedim Customer Information	Services	Offers pharmaceutical products sales statistics	Healthcare companies, including pharmaceuticals and biotechs	Sales of these statistics	Romania
Pharmastock	Supply chain services	Healthcare products management services	Healthcare professionals and pharmaceutical companies	Storage and and routing of products for the healthcare indutries	France
Cegedim Cloud Services	Outsourced services	IT outsourcing services	Healthcare facilities, healthcare manufacturers and companies in all sectors that use health data.	Service fees	France
Cegedim Outsourcing	High value-added solutions and Outsourcing services	IT consulting and service, document digitization and customer relationship management	Companies and organizations in various sectors	Products sales and Services invoicing	France and North Africa

HEALTHCARE PROFESSIONALS

Product/Service or Subsidiary/Subdivision	Type of Offering(s)	Purpose and Use	Main users	Revenue Generation	Geography
Smart Rx Cegedim Rx Next Software	Software for pharmacists	Facilitates general business and operations management for pharmacies, including managing drug dispensing and facilitating intracompany communications	Independent pharmacists, SELs, pharmacist groups and partnerships and chains of pharmacies	Sales, administration and training fees, fees for subsequent upgrades and enhancements and service fees	France, United Kingdom, Tunisia, Romania
Cegedim Logiciels Médicaux INPS HDMP Millennium Stacks Pulse Systems	Software for Physicians and healthcare workers	Aids in practice management, E-prescription, electronic care sheet management Sharing secured data among healthcare professionals	Physicians, hospitals, centers for prevention and care	Sales, administration and training fees, fees for subsequent upgrades and enhancements and service fees Pay per transaction fees	France, United Kingdom, Belgium, Italy, Spain, Chile, United States
Cegedim Logiciels Médicaux Stacks	Patient portal	Facilitates communication between patients and physicians using a secure channel, sets appointments Stacks and alerts, develops a healthcare plan and follows up on progress of treatment	Patients and healthcare professionals	User subscriptions	France, Spain
RM Ingénierie	Software for paramedical professionals	Aids in practice management, E-prescriptions, electronic care sheet management), secure data sharing between healthcare professionals and electronic healthcare records	Nurses, physiotherapists, speech therapists, midwives and other paramedical professionals	Sales, administration and training fees, fees for subsequent upgrades and enhancements and service fees	France
RESIP (BCB)	Medication database	Contains information about medications (use, contraindications, etc.) to help with the prescription	Healthcare professionals in private practices or in hospitals	User subscriptions	Belgium, France, United Kingdom, Romania, Tunisia
Cegelease	Financial services	Leasing services	Pharmacies, other healthcare professionals (including physicians, physical therapists, nurses, opticians, ophthalmologists and dentists) and other self-employed professionals (such as in the legal profession).	Broker and service fees	France

1.4.2 Principal markets: trends by division

Health insurance, HR and e-services

MAJOR TRENDS IN THE INSURANCE MARKET IN FRANCE

In view of the continued economic crisis, the health market remains an important strategic stake for insurance companies. Fierce competition, growth in regulations and the digitization of the insurance sphere hold back the expansion of healthcare product offerings. Insurers must rework their products to include: integration of new technologies in their product line and in the management process, more services to assist the individual, development of affinity-group products, diversification into other markets, regulation of benefits by turning to the healthcare platforms and care networks, rate negotiation with healthcare professionals, and control of all management costs.

The year 2016 was marked by five major events:

- Continuous collective bargaining agreements, from the ANI, lower than expected;
- The slow implementation of the DSN;
- Developing differentiated separate services of simple reimbursement of the portion not covered by the mandatory regime;
- The vote for the law for the Modernization of Our Healthcare System introducing the principle of generalizing third-party payment to the mandatory regime;
- The need for insurers to offer third-party payment services on their responsible contracts.

MAJOR TRENDS IN THE INSURANCE MARKET INTERNATIONALLY

In 2015, **Europe** was the number one market in the world for insurance, ahead of North America and Asia, according to figures from Insurance Europe (the European insurance and re-insurance federation). Within the European market, France held the number two spot behind the United Kingdom and ahead of Germany. With 35% of worldwide insurance premiums, the European insurance sector is the largest in the world, ahead of North America (31.4%) and Asia (29.7%).

On the other hand, **the African healthcare market** is in turmoil. Organizations like CIPRES¹⁵ have contributed much to the improvement and harmonization of practices in terms of social protection, especially in health insurance in French-speaking Africa. The governments of the countries concerned are today fully aware that the introduction of a healthcare insurance system is a major leverage for improving access to care, but also combating inequality. In addition, convinced of the contributions of information and

communication technologies, they want to have state-of-theart solutions, benefiting from the experience acquired by the European/Anglo-Saxon countries.

PRINCIPAL PAYROLL AND HR OUTSOURCING MARKET TRENDS IN FRANCE¹⁶

The French market of HR solutions (IT services and software) was worth close to 2.3 billion Euros in 2015, up more than 6% from 2014. It represents 4.5% of the IT services and software market estimated by Syntec Numérique at more than 50 billion Euros in France in 2015.

It's a dynamic market, boosted by the digital transformation experienced by human resources departments.

Organizations also have many needs, in terms of HR processes coverage as well as features that are in keeping with the digital transformation that is underway in human resources departments. So demand is more specifically strongly increasing for mobile applications to access HRIS and for the digitization of HR documents.

Demand is also consistently high for tracking and managing HR performance, the reporting and performance indicator type tools, as well as for "HR analytics" which includes decision-making, predictive and prescriptive data analysis, human resources departments becoming more aware of the opportunities offered by big data.

Digital thus brings a **new vision of relations with current and future** workers, who are considered more and more to be clients of human resources.

MAJOR TRENDS IN THE ELECTRONIC DATA PROCESSING MARKET IN FRANCE

The electronic data processing market continues to expand rapidly, driven by a major move towards the outsourcing of invoice processing, the increased targeting of rapid productivity gains, and the support of French and European public authorities.

Since January 1, 2017, big French companies are obligated to issue electronic invoices to the public sector (Order dated June 26, 2014). *Cegedim e-business* largely contributed to this historic moment by connecting many customers to the new CHORUS PRO platform.

By 2020 this obligation will radiate to other businesses (middle sized then small and then very small enterprises).

Moreover, large French customers have decided to completely eliminate paper and launch ambitious digitization projects to move all of their commercial partners to zero paper for all documents exchanged. In parallel, the barriers are disappearing between the different segments of the exchange digitization market: e-invoicing, e-procurement, EDM (Electronic Document Management).

¹⁵ CIPRES: Conférence Interafricaine de la Prévoyance Sociale (inter-African conference for health contingency).

¹⁶ Source: Markess 2015-2016.

According to the results of a study carried out by the E-Invoicing Service (European Association) in June 2015, 767 million "BtoB" and "BtoG" electronic invoices were processed and sent in 2015 by the members of the EESPA, representing a significant growth of 23% in comparison to the year 2014.

In terms of payment, the disappearance of interbank payment instruments and of online payments on February 1. 2016, combined with the capabilities of the SEPA mechanisms, enable the emergence of new payment forms in B2C and B2B modes: cheaper, more secure, faster than checks, cards, or wire transfers. Cegedim is positioning itself as a major player in putting SEPA 2.0 into place.

MAJOR TRENDS IN THE PHARMACEUTICAL MARKET **IN FRANCE**

According to the GERS data that serves as a reference¹⁸ in this respect, the total pharmaceutical market grew by +2.6% in 2016 in revenue. Medications sold in pharmacies, the largest market segment in volume and revenue, has shown stable development (+0.1%). The global hospital market is continuing to grow (+7.5% in list price).

Like for the previous years, the revenue for reimbursable drugs, which represents 90% of the pharmacy market, is strongly impacted by price reduction measures. Their contribution on the market trend is estimated at -3.7 points.

The generic market is continued to grow by +5.1% in units. The penetration rate reached 79.7% or 2.1 points up from 2015.

In hospitals, the growth is brought by the retrocession of drugs which include among others drugs in pre- or postmarket approval¹⁹; dynamic segment.

Healthcare Professionals

Cegedim strives to provide all healthcare professionals with effective tools for managing their day-to-day practices. Physicians and pharmacists, particularly in France and the United Kingdom, constitute a prime example in this sector of activity. The number of staff employed in these professions gives a good estimate of Cegedim's potential market. On the other hand, the constantly changing US market offers attractive growth prospects.

PHYSICIAN AND PHARMACISTS SOFTWARE IN THE **UK MARKET**

Whilst the United Kingdom Pharmacy market has grown steadily over the recent years it's is anticipated that future years will see bring some consolidation as new dispensing mechanisms such as centralized hub & spoke dispensing and direct home delivery become established. Patients will have a greater choice in selecting when and where to receive their healthcare and collect their prescriptions.

INPS operates in the GP market.

UK population

Number of physicians	Registered in the LRMP*	%	Licensed	%
Generalists	89,067	31.7	74,624	31.4
TOTAL	280,882	100.0%	237,351	100.0%

Source: General Medical Council - data December 15, 2016. * LRMP: List of Registered Medical Practitioners. Physicians that can be registered both as generalists and specialists

In the UK, GPs work in medical practices that typically have 5 full-time GPs plus support staff. Every practice has to use a software solution provided by one of the four accredited suppliers (of which INPS) throughout the United Kingdom. This National Health Service (NHS), runs a program of constant improvements and new requirements for suppliers to adhere to; the idea being to evolve gradually into a paperfree inter-connected ecosystem of suppliers aimed at improving the provision of patient care in the United Kingdom and administrative efficiency.

The agency responsible for this program is called NHS Digital. NHS Digital in England regulates its relationships with the principal GP Systems suppliers through a framework agreement known as GPSoC-R. This program allows GPs to choose an accredited clinical system developed by any of the core suppliers to this program, and enables innovation to be introduced into the market. The agreement which came into force in 2014 expires in March 2018 and negotiations are underway to determine the future contractual arrangements.

¹⁷ EESPA: European E-invoicing Service Providers Association.

According to the framework agreement between LEEM and CEPS.
 Market approval or ATU in French.

One of the key components in the future IT strategy is to enable full interoperability between suppliers. This will widen access to key clinical data from across the health spectrum to promote safer and better informed medical interventions.

The security and privacy of data are guaranteed by a private telecommunications network procured and improved by the NHS.

Cegedim will continue to benefit from providing solutions in this environment, through its subsidiaries INPS and Cegedim Rx, which supply software APPS and applications to both general practitioners and pharmacists.

For GP systems, the interoperability agenda covers the following topics:

- compliance with NHS IT, security and safety standards (ongoing accreditation);
- electronic appointments system between GP Practices and hospital consultants (e-Referral Service);
- electronic transmission of prescriptions (ETP) from GPs to pharmacists:
- electronic transmission of patient records when a patient changes GP practice (called GP2GP record transfer):
- summary of patient medical records (called SCR), which are transferred to a central national system and continually updated and intended for access by all healthcare professionals irrespective of locality;
- automated creation of medical certificates for employees and their transmission to a central agency;
- mandated access to principal suppliers systems via a common interface mechanism;
- patient access to medical services and their own medical records through approved Web gateways and mobile Apps;
- centralized hosting of GP IT systems according to the NHS standards:
- interoperability between GP systems suppliers through the GP Connect project going live in 2017.

INPS has successfully incorporated all of these features into its Vision software.

INPS continues to be involved in a large number of smaller scale projects through Change Control Notices issued and agreed by NHS Digital to meet the evolving requirements of GPs and patients.

The overall program remains ambitious and demanding for all of the players in the British market.

Pharmacists are also reimbursed for implementing systems that have been accredited for ETP and for connection to the NHS private telecommunications network.

The Group is convinced that over the coming years it can continue to take part in new opportunities stemming from the re-organization of the British healthcare system into federated groups of practices, working in unison together to provide community-based healthcare management.

COMPUTERIZATION OF PHARMACISTS IN FRANCE

All French pharmacies are now computerized: the market for pharmacist software is therefore a replacement market. In keeping with the increasing need for performance from the pharmacies, this market is undergoing major changes and offers attractive growth prospects.

The economic challenges to the pharmacy in an increasingly regulated and competitive market oblige pharmacists to make the daily operation of their businesses more and more efficient. This is reflected in heavier information needs in monitoring and managing the business, in improvements in purchasing and in enhancing the point of sale. This creates needs for IT solutions offering increasingly sophisticated and useful statistics, for the ability to interconnect pharmacies while preserving the integrity of health data and for hardware solutions that add to the improvement of the point of sale. All of these factors have contributed to an evolution in computer resources in the short and the long term.

COMPUTERIZATION OF PHYSICIANS IN FRANCE

The large majority of French medical practices, almost 90% according to Cegedim's estimates, are computerized. However, until now this level of computerization essentially concerned electronic care sheet management. With the new healthcare collective agreement, which incorporates compensation based on public health objectives (known in French as ROSP) and the structure fee, the electronic handling of patient records has become nearly obligatory, in terms of diagnostics, prescriptions, pathologies, allergies, family history, test results, etc. This is a resurging market.

In addition, in order to be paid, physicians will need to use certified software, in particular, a secure prescription module with a medication database. So this is a time for the software market to tighten up. Cegedim Logiciels Médicaux has seen its growth driven by this regulatory impetus, such that 80% of its sales involve recovering data from competing software.

Patients are increasingly requesting services, especially via the Internet: scheduling appointments online, looking up their medical data, etc.

France population

	In regular practice ⁽¹⁾	In general medicine ⁽¹⁾	In general medicine and independent (1)	Generalists using electronic transmission ⁽²⁾	Specialists using electronic transmission ⁽²⁾
Physicians	198,144	88,886	50,608	55,735	52,488
Pharmacists	Practicing ⁽³⁾	Holding a pharmacy license ⁽³⁾	Assistant pharmacists ⁽³⁾	Number of pharmacies ⁽³⁾	Using electronic transmission ⁽²⁾
	74,754	27,120	22,876	21,591	22,253
Physiotherapists	Practicing ⁽⁴⁾	Individual practices ⁽⁴⁾	Group practices ⁽⁴⁾	Independent or mixed practices ⁽⁴⁾	Using electronic transmission ⁽²⁾
	86,459	39,337	29,065	69,006	60,935
Nurses	Practicing ⁽⁴⁾	Individual practices ⁽⁴⁾	Group practices ⁽⁴⁾	Independent ⁽⁴⁾	Using electronic transmission ⁽²⁾
	660,611	65,800	40,647	116,800	81,102

⁽¹⁾ French National Council of Physicians – Atlas of Medical Demography – Situation as of January 1st, 2016.

PHYSICIAN SOFTWARE IN THE UNITED STATES

The electronic medical records industry, which designs, develops, implements and supports EMR²⁰ and EHR²⁰ systems, has significantly benefited from federal healthcare legislation over the past five years. The 2009 Health Information Technology for Economic and Clinical Health Act established Medicare and Medicaid incentives to encourage the widespread adoption of EHR systems among ambulatory and inpatient healthcare providers.

Demand and growth will likely remain high, as providers work to avoid increasing Medicare penalties, which are set to grow to 3.0% by 2017 and take advantage of incentives provided by insurers.

The U.S. healthcare IT market is projected to grow at a CAGR of nearly 9% during 2015-2020²¹. This growth is driven by rapid introductions of new products, growing government support and declining implementation cost of healthcare IT. The emergence of advanced technologies such as cloud computing, big data, population health, and revenue cycle lead investments.

Revenue Cycle Management (RCM) accelerates revenue cycle processes. This is achieved by reducing the number of denied insurance claims, speeding explanation of benefits (EOB) reconciliation, improving the quality of information, streamlining denial management, and automating operational processes.

⁽²⁾ GIE SESAM-Vitale, data as of December 31, 2016.

⁽³⁾ Statistics from the French National Council of Pharmacists (l'Ordre National des Pharmaciens) as of January 1st, 2016.

⁽⁴⁾ DREES, 2016 data.

²⁰ EHR: Electronic Health Records / EMR: Electronic Medical Records.

²¹ Source: RNCOS (March 2015): US Healthcare IT Market Outlook 2020.

Automated systems and services are positioned to address RCM processes and improve the payment gap created by complex processes of medical billing and collections. Inefficient medical billing and collections have resulted in revenue loss for many healthcare organizations.

RCM technologies and services ensure maximum collections in the face of growing challenges and reduce the potential revenue leakage for different RCM processes.

The Revenue Cycle Management market, currently valued at \$20.5 billion, is estimated to reach \$40.4 billion by 2021, at a CAGR of 12.0% from 2016 to 2021, according to a new report from MicroMarketMonitor.

Key RCM market drivers include: consolidation of healthcare providers, reduction of overall healthcare cost, and decreasing reimbursements.

1.4.3 Main competitors

There is currently no global competition operating across the countries covered by Cegedim.

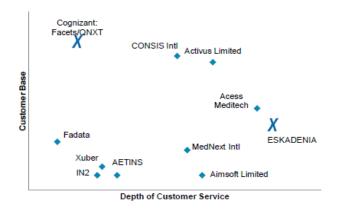
Therefore, the analysis has been broken down by market and by country.

Health insurance, HR and e-services division

Cegedim Activ is the French leader²² with over 43 million insureds managed by its solutions in the personal insurance computerization market. Its main competitors are generalist consulting, engineering and integration firms such as Sopra Group, Atos, Oracle and Accenture, or software houses like Linedata, CSC, Igo6 and Wyde.

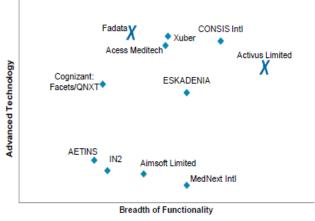
As regards value-added services in the management of third-party payment and adherence to public medical care systems, Viamedis and Almerys are Cetip's main competitors, through its two brands (iSanté and SP santé). Internationally, faced with its main competitors such as Fadata or Xuber, Activus is very well positioned on the IPMI market according to market analysts.

Figure 3: Customer Base and Depth of Customer Service



Source: Celent

Figure 2: XCelent Technology and XCelent Functionality



Source: Celent

In terms of promotion, Cegedim is the French leader²³, both in terms of advertising at points of sale (POS) in pharmacies, through the numerous pharmacies covered by its display network. The acquisition of *Futuramedia* and the combination of its know-how with *RNP*'s strengthens the Cegedim Group's positions on the point of sale media and opens new performance outlooks for partner brands.

²² According to in-house estimates, Cegedim Activ's customers managed more than 43 million policyholders in 2016, thus establishing the company as market leader (as in 2015, with 40 million).

²³ RNP is the French benchmark for on-site advertising in terms of number of pharmacies covered by its display network (in 2016 and in 2015), according to in-houses estimations.

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"HR and e-Services" activities mainly cover a natural extension of the Group's expertise; notably with electronic data exchange, outsourced IT services, and outsourced payroll and human resources management. There are a large number of competitors in these different businesses.

The HR solutions market, moreover, is evolving between pure players who offer outsourced solutions on HRIS bricks (e.g., talent management) and competing ERP publishers with "comprehensive" solutions requiring partnerships to handle special local conditions. *Cegedim SRH* is unique in that it offers at the same time 360° functional coverage and the most advanced service levels in BPO. *Cegedim SRH* and ADP remain major players in 2016 in the market of services associated with payroll and HR management in France.

Regarding paperless exchanges brought in particular by the CHORUS PRO project, *Cegedim e-business* had many commercial successes in 2016 with a global growth rate further increasing from 2015.

However, the competition is getting stiffer. New providers in GED or e-procurement are attracted by the favorable regulatory context. Out competition includes in particular Docapost, Generix, Tessi, Esker, Tradeshift, and Ariba.

GERS SAS is one of the French leaders²⁴ in the domain of data and analyses of healthcare and pharmaceutical products. The only company to cover the entire distribution channel across all points of sale, GERS SAS is now the benchmark of the framework agreement between LEEM and CEPS. It monitors over 800 markets at the most local level for over 190 companies marketing drugs or healthcare products.

Healthcare Professionals division

SOFTWARE FOR PHARMACISTS

In France:

Smart Rx (*Alliadis, PGInformatique,* ASPline and NtPharm) which belong to *Cegedim* and Pharmagest Interactive are the two main actors²⁵ in the pharmacy computerization market in France.

In the UK:

Cegedim entered this market at the end of 2004, with the acquisition of the *NDC Health* and *Enigma Health* companies, which today are combined into one entity called *Cegedim Rx*. With approximately 42% of market share, and references such as the Walgreen Boots Alliance and Well Pharmacy Group (previously the Co-op Group) *Cegedim Rx* continues to occupy a leading⁷ market position. Its Main Competitor in Dispensing Solutions is emisHealth.

More than 3,500 pharmacies and ophthalmology centers now use *ServicePact, Optomanager & Healthi Services* solutions to share their patients' consultation data. Its main competitor in this area is PharmOutcomes.

In Romania:

Cegedim Rx is a leading⁹ player with a market share estimated at more than 35%. Setrio, Softeh and HTSS are its major competitors in the pharmacy software market.

In Tunisia:

Next software has a 25% share¹⁰ of the pharmacy computerization market in Tunisia. Its main competitors are: 3S, Pharmasoft and EasyPharm.

SOFTWARE FOR DOCTORS

In France:

Cegedim Logiciels Médicaux is one of the market²⁶ leaders. Its principal competitors are the German group CompuGroup (with in particular, the AxiSanté and HelloDoc software) and Prokov Editions (MédiStory software) and in the nursing home segment: WEDA and ICT.

In the UK:

Cegedim, with its INPS subsidiary, is one of three large suppliers in terms of user numbers (market share estimated at about 15%²⁷), after EMIS (market share estimated at about 50%), and TPP (about 30%).

 $^{^{24}}$ With more than 800 markets managed for over 190 companies (in 2016 and in 2015), GERS is, according to in-house estimates, one of the French leaders.

²⁵ Smart Rx and Pharmagest are the two main actors in terms of care sheets sent by pharmacists (source: GIE SESAM- Vitale, data as of January 2017).
²⁶ According to in-house estimates, Cegedim is one of the leading software publisher for healthcare professionals in terms of number of workstations installed.
²⁷ According to in-house estimates is of the large suppliers with a market share of around 15% in 2016 (17% in 2015).

In Belgium:

Cegedim is one of the four main healthcare software publishers (with Corilus, CompuGroup Medical and EpicureSoft), at the forefront of this very rigid market The complexity and work load that came with the Roadmap eHealth (2015-2018), resulted in a decrease in the number of software programs on this market and the disappearance of very small regional players.

In Italy:

Millennium and its subsidiaries hold nearly 50% of the market, and number the following among its competitors: CompuGroup (Profim, Phronesis, FPF, Venere, CCBasic), Koinè, latros, Atlas, Next, Perseo.

In Spain:

With 35% of the estimated general practitioner market share, Cegedim, with its subsidiary, Stacks, is the leader²⁸ in this corner of the market. Indra for Primary Health Care and Siemens for Hospital information systems are among the main competitors in the healthcare field. IBM is a new player in this sector, with whom Stacks is collaborating.

In Romania:

Cegedim Rx is a leading private player with a market share in GPs at 23%²⁹. It offer is seeing competition from a free public offering (SIUI) and those of private players such as: Syonic, Setrio and Softeh.

In the United States:

McKesson Corporation, Cerner Corporation, Athenahealth, Allscripts Healthcare Solutions, eClinicalWorks, CareCloud Corporation, NextGen, Greenway, Epic Systems, CureMD, Aprima, and Kareo are players leading the market along with Pulse/Cegedim. The market continues to experience a significant churn rate. According to KLAS approximately 33% of the market surveyed is looking to replace their current vendor and according to Blackbook depending on the practice size, the churn rate estimated to be between 20% - 50%.

SOFTWARE FOR PARAMEDICAL STAFF

In France:

A leader³⁰ on the management software market for physical therapists, speech therapists, chiropodists, podiatrists, orthoptists and midwives, RM Ingénierie occupies a top position in France in the domain of computerization for the paramedical staff. Its main competitors are Epsilog and CBA (on the multi-disciplinary health structures market).

MEDICATION DATABASE

In the area of drug databases: Cegedim's BCB and its competitor Vidal are the principal players in this field in France.

Although there is no paper version of the BCB, its main competitor in the pharmacy, general practitioner practice and hospital sectors is Vidal. Then come two other competing databases, sold only on the hospital and clinics market, Thésorimed and Thériaque.

FINANCIAL LEASING

Competition is exacerbated by the drop in interest rates for refinancing, particularly lending institutions.

1.4.4 Major contracts

Significant contracts for the two years preceding the publication of this Registration Document, other than contracts signed in the normal course of business to which Cegedim or any other member of the Group is party, concern external growth operations. They are systematically subject to confidentiality agreements. If these transactions are concluded and are likely to have a significant impact on the issuer's situation, they are published in a press release that can also be consulted at the Company's web site (www.cegedim.com). Cf. note 12.6 and 12.3 of item 4.6 of this Registration Document for a recap of these operations.

Any contract signed by any member of the Group that contains provisions conferring on any member of the Group a significant obligation or commitment for the entire Group on the date of this Registration Document is mentioned in the off-balance sheet commitments appearing in the point 12.5 of the consolidated financial statements notes presented in item 4.6 of this Registration Document.

1.4.5 Strategy

After a successful refocusing on its major business lines, Cegedim has continued to reinvent itself, to innovate, and to invest.

Our new, increasingly agile organization has strengthened the Group ability to adapt, to innovate and to implement. The transition of all of the products towards the SaaS model, incorporating Big Data and digital technology, is still ongoing and the move to a full services model and/or BPO is accelerating, so as to meet the growing demands of the clients, the users of SaaS solutions.

In 2016, the first objective achieved: a return to sustained growth - a clear indication of the customers' belief in the Group's vision.

²⁸ According to in-house estimates, Stacks equipped more than 30,000 HCPs in Spain in 2016, thus establishing the company as market leader (as in 2015, with 30,000 HCPs). ²⁹ According to in-house estimates, Cegedim Rx's market share is estimated at 23% in 2016 (20% in 2015).
30 RM Ingénierie boasts the highest number of electronic care sheets sent by

physiotherapists, speech therapists, podiatrists, orthoptists and midwives (source: GIE SESAM-Vitale, data as of January 2017).

At the same time, *Cegedim* is always on the lookout for targeted acquisition opportunities, particularly companies operating in new markets or offering new products and services which would enable the Group to enhance its business or expand its product and service offerings.

For the *Health insurance, HR and e-services* division, the Group leverages its infrastructure and market position in France in order to meet the changing needs of the participants in the health insurance sector in terms of efficiency and cost reduction. It is benefiting from the changes of new healthcare contracts (ACS, ANI, responsible contracts) and from the need for automation of third-party payment processes: control of online rights, online invoicing and payment.

The Group also benefits from the transformation of the global economic model with the digital revolution in its media offerings and also in all administrative businesses. Lastly, human resources management businesses are becoming more and more complex, with the integration of management of training, work time, talent, supplemental health and supplemental retirement.

Within the *Healthcare Professionals* division, the Group continues to enhance its product and service offerings for

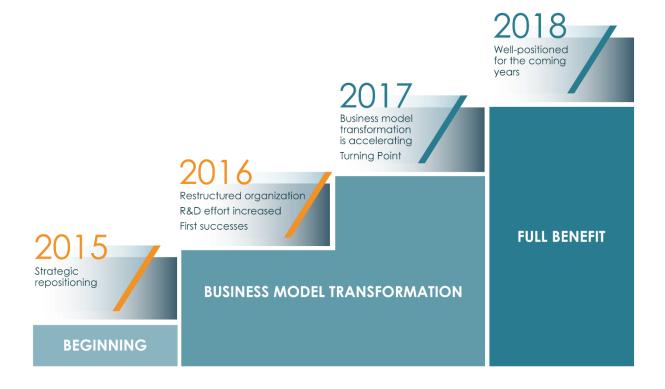
healthcare professionals. The Group benefits from the reforms and cost reduction measures put in place by governments, which should lead healthcare professionals to work more efficiently, in particular through the use of software that manages health and pharmacy records. It also benefits from the development of telemedicine and of the coordination of care and patients between healthcare professionals.

Lastly, the Group benefits from the transformation of prescription logistics and issuance of medications tied to the emergence of connected objects.

All of the Group's offers rely on our own healthcare data hosting infrastructure with Cegedim Cloud Services which is also undergoing significant developments.

At the same time, *Cegedim* is constantly at work improving its operating advantages and increasing its cashflow.

Cegedim expects to see the full positive impact of its investments, reorganization and transformation in 2018.



1.5 Research & development

1.5.1 Research and development activity at the Cegedim SA level

Cegedim SA brings together the pooled development teams assigned to projects using the Group's shared IT infrastructure. Development projects completed in FY2016 were capitalized in the parent company financial statements for 2.6 million euros, for all projects combined. This capitalization was carried out in the balance sheet, as the conditions set forth by the General Chart of Accounts were satisfied.

The Company continued and intensified the development of its GIS offering, a SaaS platform providing the digitization and management of all types of documents - papers, structured files, images - and of processes.

Aside from these specific developments, Cegedim handles daily application maintenance for all of the Group's pooled offers based on a budget that is relatively comparable each year.

1.5.2 Research and development activity at the Cegedim Group level

Research expenses are recorded as expenses for the fiscal year during which they were incurred.

Development costs for new internal projects are capitalized if the following criteria are fully satisfied in accordance with IAS 38:

- the project is clearly identified and the related costs are separable and tracked reliably;
- the technical feasibility of the project has been demonstrated, and the Group has the intention and the financial capacity to complete the project and use or sell the products resulting from the project;
- it is probable that the developed project will generate future economic benefits that will flow to the Group.

Otherwise, the development costs are recorded as expenses for the fiscal year during which they were incurred.

Once in use, a project whose development is complete is transferred to the balance sheet, under the relevant asset category (generally software), and the related amortization is carried out based on its estimated useful life.

The development costs capitalized in the consolidated accounts in 2016 totaled 40.6 million euros.

The main projects are:

- Its offerings for US doctors;
- The development of additional modules for Cegedim SRH;
- The pursuing and the reinforcement of offerings development for French and UK pharmacists and doctors;
- Activ'Infinite with significant developments in order to reduce management costs of its clients in insurance.

Cegedim SA brings together the pooled research and development teams assigned to projects using the Group's shared IT infrastructure. Certain regional R&D centers and some subsidiaries also have their own teams, and conduct their research and development activities under the coordination of the corporate headquarters.

The projects implemented by the Group involved divisions:

- Health Insurance, HR and e-services for 18.4 million euros:
- Healthcare Professionals for 21.8 million euros; and
- Activities not allocated for 0.4 million euros.

These specific development efforts are complemented by investments in software and hardware. The work of the dedicated IT teams performed routinely within the Group's different subsidiaries provides application maintenance for all of the solutions marketed (the cost is allocated to expenses for the year).

In all, the *Cegedim* Group has devoted about 9.4% of its sales revenues to research and development though this figure is not a target.

1.5.3 Innovations in 2016

In the Health insurance, HR and eservices division

IN TERMS OF IT FOR HEALTH INSURANCE COMPANIES AND SUPPLEMENTAL HEALTH INSURERS

In 2016, *Cegedim Activ* implemented structural changes to its software suites. Significant developments were thus made to *Activ'Infinite* to limit the managing costs for its insurer clients: the new version 7.0 is proof with *Activ'Infinite*'s ergonomics with Mutuelle Générale, one of the three main French mutual health insurers, with more than 1.5 million persons protected.

The acquisition of Activus in July 2015 increased the international business activities by putting us into new markets: the U.K., Ireland, the U.S.A., China, the Middle East, the Far East, East Africa and Asia-Pacific This operation helped strengthen the software suite, with Actisure, which makes it possible to best adapt to the specific characteristics of each country in the health and provident management of expatriates. The international deployment of Actisure continued with the signing of the contract at MSH International, a worldwide leader in the design and management of international healthcare solutions and the implementation of a POC (Proof of Concept) for ASSURA, 4th largest Swiss healthcare insurer.

Lastly, *Cegedim* Activ continued its efforts towards ISAE 3402 Type II certification, confirming the appropriateness of its internal risk control system and attesting to its total reliability in operations it manages on behalf of its customers.

REGARDING FLOWS AND DIRECT PAYMENT

New service offerings were developed in 2016, capitalizing on *Visiodroits* which was rolled out in 2015 for pharmacists to help them look up rights online and in future propose diversified guarantees and value-added services in the fields of reimbursement and prevention, independently of mandatory plans.

The supplemental insurer CCMO and the French federation of pharmacist unions and the USPO, in partnership with *Cegedim*, launched the new *Visiodroits* program, introduced nationally on January 1, 2016 giving pharmacies and supplemental insurance companies real-time access to refined information in healthcare agreements.

Moreover, with a view to marking its commitment to generalizing third-party payment, *Cegedim Insurance Solutions* integrated the 3AS association and participated in different projects alongside its other members, also third-party payment operators (Viamedis, Almerys et Actil). It is also a partner members of the inter AMC association. In this context, the Cetip offers innovative solutions integrating: Simplified coverage, online; Simplified doctor's software program (integrating online control of rights and calculations; as formalized by the inter AMC association beyond, invoicing and online payment); Automatic lettering of invoices.

This direct payment system offered for doctors is ergonomic and strongly integrated by the medical software publishers.

Moreover, in 2016, new market leaders have signed up for iSanté direct payments, including Mercer, Gras Savoye, or Humanis for example, which renewed its trust in managing its third-party payers and extended to new services like antifraud.

Lastly, the registration efforts continued and now more than 220,000 healthcare professionals are registered with *iSanté* and 200,000 with *SP santé*.

MANAGEMENT SERVICES

2016 maintained significant growth in the iGestion portfolio, by the progressive integration of the Klesia portfolio; their service offer was also consolidated to meet the management issues of the community, relying on all of Cegedim Insurance Solutions' components and know-how, in particular with online subscription for collective healthcare cost agreements and additional individual contributions.

REGARDING PREVENTIVE HEALTHCARE

Cegedim Insurance Solutions broadened its first two innovative digital prevention products:

- MyWellnessPartner offers a palette of services to help the insured make daily improvements in his or her habits through online coaching programs, quizzes, information sheets, videos, social networks and more, all done in a playful style.
- MyHospiPartner offers assistance throughout a hospital stay with services offered at just the right time: geolocation of hospitals, online cost estimates, simulated patient payables, online appointment setting with auxiliary caregivers and information sheets to help get ready for the operation and the return home.

REGARDING OUTSOURCED PAYROLL AND HR

Time management is one of the domains identified as mainly concerned by the HR projects with related purposes thanks to access badges and other log systems to manage check-in/check-out, report and warn on time spent, etc. In 2016, Cegedim SRH chose to heavily invest to improve its TEAMS GTA solution. Now TEAMS GTA is available standalone, and compatible with all HRIS on the market.

In terms of HR analytics, *Cegedim SRH* innovated at the end of 2015, with *TEAMS PMS*, a cloud solution for managing payroll. Available stand-alone, *TEAMS PMS* can interface with all HRIS present on the market. The solution is an answer to the mounting need for greater control of personnel costs, making the company more competitive. Payroll can account for up to 80% of a company's expenses. This module meets the needs of company controllers, HR departments and finance departments, helping their decisions more securely support their company's sustainability.

In keeping with the companies' need to digitize, *Cegedim SRH* is launching electronic signature for HR documents: *TEAMS Signature RH* that offers a significant lightening of

administrative tasks, an acceleration of HR processes and an optimization of the time needed for signatures. It makes use of all of *Cegedim* Group's know-how and a proven electronic signature platform in compliance with EU regulations. Over 300 million documents are processed annually on this back office application usually used for signing invoices and medical contracts.

This digitization is accompanied by the creation of highly secure electronic data vaults to receive and keep all HR documents: an employee data vault, called *Arkevia* and an HR data vault to manage employee files and corporate documents

Drawing on its vast back-office management experience in BPO* 31 treatment centers, *Cegedim SRH* wanted to diversify its offers for services. The year 2017 will see the launch of a new offer called *TPO* (Transparency Processing Outsourcing). *TPO* is an offer only for pharmaceutical labs, which handles the administrative processes: Administrative management of outside providers; Administrative management of event planning costs; The objective being to optimize, through outsourcing, the administrative management of events involving healthcare professionals in accordance with the regulations in force.

REGARDING DIGITAL DISPLAY

In 2016, *RNP* intensified its digital development thanks to two major innovations:

- the deployment of a network of jumbo screens in the center aisles of all Carrefour superstores including drug stores;
- the deployment of a network of 500 "stretch" register screens, in a format unrivaled on the market: 2.15M*35cm.

REGARDING PAPERLESS EXCHANGES

During 2016, Cegedim successfully deployed its new digitization of supplier invoices KISS (Keep Invoicing Smart and Simple). Similar to the CHORUS PRO portal, this modern user-friendly application lets any suppliers to Cegedim customers upload their invoices, simply and for free, on the KISS portal, digitizing them in compliance with the regulations. New services will be available in 2017 for subscribers to KISS, in particular a quick, digitized online financing service.

Prompted by the French government, which has made it mandatory to use electronic invoicing in government contracts from 2017 to 2020, *Hospitalis* has successfully introduced connection with the Chorus portal for those laboratories starting to send invoices to healthcare institutions. The obligation to digitize brought about a high demand which also delayed the implementation of other projects around signing agreements or shipping notices.

The year 2016 also featured the deployment of the digitization and electronic signature solution for all types of documents in accordance with the European eIDAS regulation. Successfully installed with *Cegedim* customers who are pharmaceutical companies, the *CG-PASS* solution was also implemented in the real estate sector to optimize administration of the property sales/rental/management cycle and in quite a few other B2B and B2C domains. In addition, in collaboration with *Cegedim SRH*, it was adapted for signing HR documents (employment contacts, riders, etc.).

Finally, many issuers of direct debits migrated to $MA \in A$, the application for managing SEPA orders and associated payment flows,

REGARDING SALES DATA

Continuing to develop its Sell Out data range, *GERS SAS* has adapted its range to self-medical labs, food supplements, medical and dermo-cosmetics devices.

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³¹ BPO: Business Processing Outsourcing (full outsourcing).

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In the Healthcare Professionals division

In 2016, Cegedim Healthcare Software continued to reinforce international synergies among its different entities as well as strengthen its leading position in health-related data exchange in all countries where its Business Unit operates (Belgium, Chile, Spain, the United States, France, Italy, Romania, Tunisia and the United Kingdom).

CHS also opened an office in Russia and in Ukraine to address these markets in the future.

IN THE UNITED KINGDOM:

In 2015 *INPS* embarked on a major redevelopment program to transform its entire product suite into a series of modern Apps, which the group believes will establish *INPS* as the most technologically advanced supplier in the market with the best user experience characteristics. That work is ongoing but in 2016 the mobile versions of Vision gained NHS accreditation and revenue flows have commenced. Similarly the new Appointments app is now accredited for use and revenues will begin to flow in 2017.

The new mobile versions of its core *Vision* software, are being used by more than 400 GP practices across the UK. It operates on all major tablets and smart phones, have gone from strength to strength, with the latest version including multi-practice capabilities for use in GP federations.

This allows patients in a locality to book appointments with a GP in the evening or at the weekend into the GP practice that is operating extended opening hours even if it is not the patients' normal registered practice. The GP to patient consultation details are transmitted back to the "home" practice in a coded format, irrespective of which system the "Home" practice uses. In 2017, the company will be releasing the first versions of its new Tasks and Workflow app which has undergone extensive pilot trialing, followed by an app to simplify patient registration later in the year.

In 2016, Cegedim Rx continues to deploy the government's Electronic Prescriptions scheme in England which now has nearly 99.4% of all pharmacies using the system. Development continues on the governments 'drive to deliver more clinical services through pharmacies with the introduction of a clinical portal called Healthi Services delivering a secure cloud based platform for the recording and management of such services. Cegedim Rx continues development of Healthi platform and Healthi Hub to underpin the release of its next generation dispensing applications and solutions.

Cegedim Rx has continued its expansion and diversification in the primary care optometry services market working closely with LOCSU³² in England, with the number of services being managed doubling in 2016. In this market, the scope of services has been extended to include administration of payments to optical practices on behalf of

commissioners using a developed application integrated with *OptoManager*.

CegedimRx continues to develop and launch connected healthcare solutions, launching a medicines discharge solution called R2P (Refer to Pharmacy). The application supports the electronic management of patients from secondary to primary care. This has now been implemented in several Hospital Trusts and has been extended into managing optometry patient referrals in the same manner.

IN BELGIUM:

To meet the demands of its clients who are starting to work more and more together (but keep their own firm) HDMP have developed the Cloud Synchro system. The system makes it possible to synchronize on the Internet the info introduced in the patient's chart between several care providers.

HDMP also offered an online questionnaire for patients who are on a preventative path. With this questionnaire the patient completes a number of questions, that are then integrated in the doctor's preventative module. This saves the doctor a lot of time.

The *HealthGuard* product integrated a web module to easily register home visits. Patient and medical information is transferred from HealthGuard to WebGuard and comes back after the home visit.

IN SPAIN AND IN CHILE:

In 2015, *Stacks* introduced a new version of *OMI360*, its solution for the private sector and *OMI360* its cloud platform for the private sector and insurance companies. With more than 3,000 workstations connecting daily to its platform, *Stacks* is thus a leading online services provider in the health sector in Spain.

As part of the technical modernization of its entire line, *Stacks* continued to develop its *HIS* solution for hospitals, with the official launch in Spain set for June 2016, along with the finalization of its deployment in Chile.

In addition, the *OMIap* cloud solution was launched on the Spanish market, and 400,000 medical files are now entirely computerized and hosted in the cloud.

Lastly, *Stacks* obtained CMMI Level II and ISO 15504 certifications, demonstrating its commitment to improving its production processes.

IN THE UNITED STATES:

Pulse continued to make significant investments in R&D supporting it key platforms and cloud operations in 2016.

Practice Management and RCM investments including: Updates for ICD-10, continued improvements to EDI and payment gateway services, upgrades to security, updates to secure messaging, reporting, web services, and the introduction of digital fax services.

The Pulse Complete EHR achieved ONC HIT Edition Complete EHR certification many years ago and remains compliant in accordance with the criteria adopted by the Secretary of Health and Human Services. Pulse also

³² LOCSU: Local Optometry Community Support Unit.

submitted 2016 quality data to the Center for Medicare and Medicaid Services ("CMS") and as an officially recognized member of the Physician Quality Reporting System ("PQRS") Registry. Electronic Health Records investments including: Updates for ICD-10 and next generation point of care – PulseNote – were introduced.

PulseMobile and Patient Portal investments including: New next generation Patient Portal and continue advancement in Physician mobility with PulseMobile were introduced.

Next generation Integrated Cloud Practice Management and Electronic Health Records investments including: launch of PulseCloud with Practice Management capabilities was introduced.

Cloud infrastructure and data center investments including: New North American global data center and cloud infrastructure were introduced.

IN FRANCE:

In 2016, as a result of heavy investments in R&D, *Smart Rx* launched an innovative software solution to meet new needs and wants of the market. The pharmacy management software is now part of a much broader suite, providing features for statistics and bundled purchases.

From a pharmacy point of view, *Smart Rx* continued to effectively meet the needs of pharmacies by enhancing its line and invigorating the point of sale and making it more secure. The Pharm & You and Pharmavance consortia strengthened their partnership with *Smart Rx* by choosing a single provider for their IT solutions.

At the very end of 2015, *CLM* launched its new Docavenue service (docavenue.com), which lets physicians put their available time slots for visits online and lets patients make their appointments online. This service is the first component in the doctor-patient relationship, which will have other services added to it in the months ahead (a patient portal).

The Crossway and monlogicielmedical.com software programs have earned the e-santé label for multidisciplinary health facilities and multi-disciplinary health structures.

Thanks to its touch-screen *Simply Vitale* system, *RM Ingénierie* experienced tremendous growth of its market share with independent nurses in 2014, 2015 and 2016. Internationally, the exportation of rehabilitation systems is developing slowly in Europe and in Asia but has a promising outlook in China.

In 2016, *RESIP* reinforced its positions on the medical software market.

BCB has a growing presence on all of the computerized healthcare professionals' stations of the *Cegedim* Group in France, as well as on those of users of software publishers outside of the Group, which integrate it.

The BCB's digital offer is supported by:

- A new version of the BCB Dexther Web solution that uses the latest web technologies, presents new features, and has a completely new user interface;
- Availability to all healthcare professionals of the mobile version of BCB Dexther available on SmartPhone and tablet (Apple, Android and Windows).

RESIP is also pursuing the industrialization of its "foreign" *BCB Dexther* model: after the United Kingdom (the base is called "Gesmscript"), Tunisia, Romania and Belgium several other international projects should emerge in particular in Italy, Spain and Morocco.

2 Governance

2.1	Composition and organization of the Board of Directors	32	2.6	Report of the chairman of the Board of Directors	65
2.2	Compensation and benefits of corporate officer	42	2.7	Auditors' report, prepared pursuant to article L. 225-235 of the French code of commerce on the report of the chairman of the board of directors of Cegedim SA	70
2.3	Interests held by corporate officer in the company's share capital and transactions in the company's shares by corporate officer	48			
2.4	Risk factors and insurance	49			
2.5	Policy toward employees	64			

2.1 Composition and organization of the Board of Directors

2.1.1 Composition of the Board of Directors

The members of the board of Directors as of December 31, 2016 were the following:

Jean-Claude Labrune	Chairman & CEO and, Chairman of the strategy committee, Chairman of the appointments committee
	Founder of Cegedim SA
FCB SAS	Active holding company, represented by Pierre Marucchi, who is also Deputy Managing Director of Cegedim SA and member of the Audit committee
GERS, GIE	GIE pool consisting of the pharmaceutical laboratories operating in France, represented by Philippe Tcheng
Marcel Khan	Member of the Compensation Committee
Laurent Labrune	Deputy Managing Director of Cegedim SA; member of the Strategy committee
Aude Labrune	Member of the Audit committee and of the Compensation Committee, Chairman of the Executive Committee at FCB
Valérie Raoul-Desprez	Chairman of the Audit Committee
Sandrine Debroise	Chief Financial Officer at Cegedim SA
Jean-Pierre Cassan ;	Independent board member, Chairman of the Compensation committee, member of the Appointments committee and of the Audit committee
Bpifrance Participations	represented since September 20, 2013 by Anne-Sophie Hérelle, she is also member of the Strategy committee

Jean-Claude Labrune is the father of Aude Labrune and Laurent Labrune.

The business address given for the Directors is that of the Company's headquarters.

2.1.2 Offices and experience

Jean-Claude Labrune

Date of first appointment

December 1, 1969

End date of term of office

AGMS 2022

Offices and positions held in all companies as of December 31, 2016

Offices held at French and international Cegedim subsidiaries

- Chairman of the Board of Cetip;
- Chairman of SAS GERS and Hospitalis;
- Manager of RNP;
- Member of the board at Cegedim since April 12, 1989;
- Chairman of the Board and CEO at Cegedim since August 18, 1994
- Representative of RNP since to the Board of Directors of Futuramedia Group

Offices and positions held currently, excluding companies controlled by Cegedim

- Chairman of Supervisory Board of FCB since February 5, 2013;
- Manager of JCL since November 30, 1994
- Chairman of Château de La Dauphine since November 26, 2015

Other positions and offices held over the past five years

- Chairman of FCB from June 24, 2005 to February 5, 2013

Experience

He graduat from the École Nationale Supérieure des Arts et Métiers. During his years of experience at IBM as a sales engineer, he worked primarily with the pharmaceutical industry. He was one of the promoters of professional discussion groups bringing together the IS Directors of pharmaceutical labs, such as Cedhys. It was out of his concern for resolving the issues the industry was bringing to his attention that in 1969 he created Cegedim.

Laurent Labrune

Date of first appointment

April 18, 2001

End date of term of office

AGMS 2019

Offices and positions held in all companies as of December 31, 2016

Offices held at French and international Cegedim subsidiaries

- Chairman of the Board of Futuramedia Group
- Board Director of Cegedim since April 18, 2001
- Deputy managing Director of Cegedim since November 26, 2015
- Chairman of SAS Cegedim SRH
- Permanente Representative of Futuramedia Group / Chairman of Futuramedia SAS
- Director of Cegedim SRH (UK)

Offices and positions held currently, excluding companies controlled by Cegedim

- Member of the executive Board of FCB since February 5, 2013
- Managing Director at Château de La Dauphine since November 26,2015

Other positions and offices held over the past five years

 Director of the Board and Deputy Managing Director of FCB from November 21, 2005 to February 5, 2013

Experience

He graduat from the École Nationale Supérieure des Arts et Métiers. In 1995 he joined Cegedim, where his responsibilities included coordinating the Group's IT development, before assuming the Directorship of the subsidiary Cegedim SRH. Laurent Labrune is Executive Chairman of the new entity Cegedim Relationship Management.

Aude Labrune

Date of first appointment

April 27, 2007

End date of term of office

AGMS 2019

Offices and positions held in all companies as of December 31, 2016

Offices held at French and international Cegedim subsidiaries

- Director of the Board of Cegedim since April 27, 2007
- Director of the Board of Cetip;
- Manager of Santestat

Offices and positions held currently, excluding companies controlled by Cegedim

- Chairman of the Executive Board of FCB since February 5, 2013
- Managing Director at Château de La Dauphine since November 26, 2015
- Managing Director at SCB since July 13,2011

Other positions and offices held over the past five years

 Director of the Board and Deputy Managing Director of FCB from November 21, 2005 to February 5, 2013

Experience

She has a master's degree in business law and a post-graduate degree in international tax law. She joined Cegedim in 1999; then took over the Directorship of Rosenwald, a Cegedim subsidiary, and held the position of Deputy General Manager for Legal Matters in the active holding company FCB.

GERS

Date of first appointment

GIE GERS since March 6. 1995

Philippe Tcheng since February 2012

End date of term of office

AGMS 2022

Represented by Philippe Tcheng

Offices and positions held in all companies as of December 31, 2016

Offices held at French and international Cegedim subsidiaries

Representative of GERS on the Board of Directors of Cegedim since February 10, 2012

Offices and positions held currently, excluding companies controlled by Cegedim⁽¹⁾

- Member of the Board of Directors of LEEM since March 6, 2007
- Member of the Office of the Board of LEEM since December 11, 2009
- Chairman of the Economic Affairs Commission of LEEM since June 1, 2013
- Member of the Office of the Board and of the Board of Directors of Paris Développement since September 15, 2006
- Chairman of GIE-GERS since February 1, 2012
- Director of the board (as an individual) of Sanofi-Aventis France since May 3, 2012
- Chairman of the Strategy Committee of the Fondation Bordeaux Université since March
 2015

Other positions and offices held over the past five years(1)

- Member of the Board of Directors of Fondation Bordeaux Université from April 1, 2013 to March 1, 2015
- Member of the Board of Directors of Fondation Paris-Diderot since January 31, 2012 to March 5, 2015
- Chairman of the Strategy Committee at Fonds Innobio from februiary 1, 2011 to January 1, 2012

Experience

The GERS GIE, as a pooling of our pharmaceutical laboratories operating in France, is an institutional Director with unsurpassed knowledge of the industry's needs. It pays especially close attention to the type and quality of services offered by Cegedim and provides a highly knowledgeable, creative voice within the Company.

(1) Position held by Philippe Tcheng

FCB

Represented by Pierre Marucchi

Date of first appointment

April 12, 1989

End date of term of office

AGMS 2022

Offices and positions held in all companies as of December 31, 2016

Offices held at French and international Cegedim subsidiaries

- Representative of FCB to the Board of Directors of Cegedim SA since April 12, 1989
- Deputy Managing Director since April 23, 2002
- Director of the Board of Cetip, Futuramedia Group and SGBTIF (Luxembourg)
- Chairman of SAS: Cegedim Ingénierie, DRE, Incams, Cegedim Logiciels Médicaux France, RM Ingénierie, Smart RX(former CHS), Cegedim Assurances, Cegedim Software, Cegedim Dynamic Framework, Cegedim IT, I-Assurances, Laboratoires NYM
- Managing Director of Cegedim SRH; Futuramedia Group
- Manager of Resip and Cegedim SRH Montargis;
- Co-Manager of Cegedim Maroc
- Chairman of Croissance 2006 (Belgium), Stacks Consulting E Ingeniera de Software (Spain),
 Stacks Servicios Technologicos (Spain), Cegedim SRH Switzerland, Stacks Servicios
 Technologicos (Chili)
- Deputy Director of de Cegedim Belgium and OEPO (Belgium);
- Director of, Millenium (Italy), Alliadis Europe (UK), Cegedim Rx (UK), Cegedim SRH (UK), Cegedim World International Services Ltd (UK), Compufile (UK), INPS (UK), INPS Enterprise Solution (UK), THIN (UK), Cegedim Healthcare Software R&D (Irelande), Acrossduty Ltd (UK), Pembroke Fitzwilliam Investment (Irlande), Cegedim Data Services (UK), Activus Ltd (UK), Cegedim Holding Ireland Limited (Irelande), Health Data Management Partners (Belgium)
- Legal representative of RESIP CHS LLC (Russia)

Offices and positions held currently, excluding companies controlled by Cegedim⁽¹⁾

- Chairman of MARUCCHI SAS since November 2010
- Member of the Supervisory Board of since February 5, 2013
- Manager of IRIS since 1997
- Managing Director at Château de La Dauphine since November 26, 2015

Other positions and offices held over the past five years(1)

- Chairman of the SAS Chebranmic from June 29, 2007 to June 12, 2015

Experience

He holds degrees from the École Nationale Supérieure des Télécommunications, Stanford University (USA) and the Centre d'Études Supérieures Bancaires. He is also a member of the Institut des Actuaires Français. Mr. Marucchi began his career in 1977 at Crédit Lyonnais, where he held various technical and sales positions. He joined the Cegedim Group senior management team in 1984.

(1) Position held by Pierre Marucchi

Sandrine Debroise

Date of first appointment

June 14, 2016

End date of term of office

AGMS 2022

Offices and positions held in all companies as of December 31, 2015

Offices held at French and international Cegedim subsidiaries

- Director of the Board of Cegedim since June 14, 2016

Offices and positions held currently, excluding companies controlled by Cegedim

None

Other positions and offices held over the past five years

None

Experience

She holds an undergraduate degree in accounting and graduate degrees in Accounting and Financial Science and Techniques and a Master in Corporate Tax, which she earned from the University of Paris, Dauphine. She began her career at KPMG Audit Paris, and joined Cegedim in 1999 as a senior manager in the finance division. After serving in a variety of positions in that division, including Group CFO since 2010, she has now been named CFO of the family holding company, FCB.

Marcel Kahn

Date of first appointment

June 14, 2016

End date of term of office

AGMS 2022

Offices and positions held in all companies as of December 31, 2015

Offices held at French and international Cegedim subsidiaries

Director of the Board of Cegedim since June 14, 2016

Offices and positions held currently, excluding companies controlled by Cegedim

- Chairman of the Financière d'Argenson SAS
- Board Director at Advanced Credit Solutions (QCS)

Other positions and offices held over the past five years

Companies from the MACSF Group until June 2014

Experience

Graduate of ESSEC, chartered accountant and member of the Institute des Actuaires Français, has more than 27 years of financial experience and of general managers as well as a solid knowledge of the insurance companies and mutals.

After a career with AXA, PartnerRe and Scor, he was named Managing director of MACSF until May 2014. Actually, he has a consultancy and support activity dedicated to general managers.

Jean-Pierre Cassan

Date of first appointment

January 8, 2010

End date of term of office

AGMS 2022

Offices and positions held in all companies as of December 31, 2015

Offices held at French and international Cegedim subsidiaries

Director of the Board of Cegedim since January 8, 2010

Offices and positions held currently, excluding companies controlled by Cegedim

Manager of Eratos santé since May 25, 2004

Other positions and offices held over the past five years

- Vice-President of Inserm-Transfert
- Director of the Board of Fondation Cœur et Recherche
- Vice-President of IFIS

Experience

An independent Board Director, Corresponding Member of the Société Française de Cardiologie, Manager of Eratos Santé SARL, Jean-Pierre Cassan is the Honorary Chairman of Companies du Médicament (LEEM) and of the Fédération Française des Industries de Santé (FEFIS), former Vice-Chairman of the Supervisory Committee of Inserm-Transfert, and Chairman of its Strategic Committee. Former Director of Fondation Cœur à Recherche. Former Chairman & CEO of Astra France, then of Astra Zeneca France. Former Director of Afssaps.Former Vice- President of the Institut de Formation des Industries de Santé (IFIS) [Health Industries Training Institute]. Honorable Member of the Collège des Pneumologues des Hôpitaux Généraux (CPHG) [College of Lung Specialists of General Hospitals].

Valérie Raoul-Desprez

Date of first appointment

January 31, 2013

End date of term of office

AGMS 2022

Offices and positions held in all companies as of December 31, 2015

Offices held at French and international Cegedim subsidiaries

Director of the Board of Cegedim since January 31, 2013

Offices and positions held currently, excluding companies controlled by Cegedim

- Member of the Board of Directors of Dassault Systèmes KK since December 3, 2007
- Member of the Management Committee, Chairman, Treasurer of Dassault Systèmes Holdings LLC since June 16, 2008

Other positions and offices held over the past five years

- Member of the Board of Directors of Icem Limited from July 28, 2008 to November 28, 2013
- Chairman of Syena SAS from June 21, 2010 to January 3, 2011
- Member of the Supervisory Board of Dassault Systemes 3DExcite GmbH(former 3DS Acquisition AG) from September 14, 2013 to December 15, 2014
- Member of the Board of Directors of 3DS Financial Services Ltd from March 4, 2015 to March 27, 2015
- Member of the Board of Directors of 3DS store Ltd from March 4, 2015 to September 17, 2015

Experience

She is a graduate of ESCP and has more than 25 years of financial experience in an international setting and a solid knowledge of the pharmaceutical, chemistry and software sectors. After a career with Rhône-Poulenc and Rhodia, she was named Financial Director of Dassault Systèmes in September 2007.

Bpifrance Participations

Represented by Anne-Sophie Hérelle

Date of first appointment

Bpifrance Participations : September 23, 2010

Anne-Sophie Hérelle : September 20, 2013

End date of term of office

AGMS 2022

Offices and positions held in all companies as of December 31, 2015

Offices held at French and international Cegedim subsidiaries

 Representative of Bpifrance Participations on the Board of Directors of Cegedim since September 20, 2013

Offices and positions held currently, excluding companies controlled by Cegedim

- Member of the Supervisory Board of Novasep Holding SAS since November 2013, as permanent representative of Bpifrance Participations
- Member of the Strategy Committee of NGE as permanent representative of Bpifrance Participations
- Director of the Board of Medipole as permanent representative of Bpifrance Participations
- Censor at Quadran, under proper name

Other positions and offices held over the past five years

- Member of the Investment Committee of HIME as permanent representative of Bpifrance Participations
- Director of the board of CDC Entreprises Capital Investissement as permanent representative of Bpifrance Participations

Experience

Bpifrance Participations (formerly FSI, Fonds Stratégique d'Investissement) is a 100%-owned subsidiary of Bpifrance, which is in turn held jointly by the French State and Caisse des Dépôts. Bpifrance Participations is a knowledgeable investor that acquires minority equity stakes in French companies and industrial projects with the potential to create value and enhance the competitiveness of the French economy.

A graduate of HEC, Anne-Sophie Hérelle has 15 years' experience in mergers and acquisitions. After beginning her career in the Mergers & Acquisitions department of JPMorgan in London and Paris, she joined Fonds Stratégique d'Investissement (FSI), now known as Bpifrance Mid & Large Cap, when it was founded in 2009. She was appointed Investment Director in 2011. She has been notably involved in several transactions in the health sector.

 $(1) \quad \textit{Position held by Anne-Sophie H\'erelle}$

2.1.3 Statements relating to corporate governance

During the last five years and to the Company's knowledge:

- No member of the administrative and management bodies has been convicted of fraud;
- No member of the administrative and management bodies has been associated with bankruptcy, receivership or liquidation;
- No indictments and/or official public sanctions have been handed down against these persons by the statutory or regulatory authorities and the designated professional bodies;
- No member of the administrative and management bodies has been prevented by a court from acting in his capacity as a member of an administrative, management or supervisory body of an issuer or from taking part in the management and conduct of the issuer's business dealings

2.1.4 Compliance with the corporate governance system in effect in France

Cegedim complies with all the provisions of French Corporate law and the French Commercial Code (Code de commerce) governing the operation and organization of its administrative and management bodies. The Company therefore considers that all the legal provisions entirely satisfactory and appropriate guarantees, with a view to ensuring that control is not exercised in an abusive manner. In 2010, the Group adopted the AFEP-MEDEF Code of Governance. Cegedim's governance code hasn't change since 2014; see the 2014 Registration Document. The Group is currently adopting the Middlenext Code of Governance, which will likely take effect in 2017.

2.1.5 Conflicts of interest in administrative and management bodies

To the Company's knowledge, there are no conflicts of interest in the administrative and management bodies of Cegedim.

Cegedim has commercial relationships with some of its shareholders and/or Directors and their respective groups. In particular, these relationships mainly involve GERS GIE (a consortium of pharmaceutical companies) and Financière d'Argenson, whose chairman, Mr. Marcel Kahn, serves on the Cegedim board of directors.

Cegers has been wholly owned by Cegedim since April 16, 2010. Cegedim absorbed its assets as of January 3, 2011. GERS ceased to be a shareholder in Cegedim on May 11, 2010 but does have a seat on the Board of Directors.

Contracts with GIE GERS groups and Financière d'Argenson were entered into under normal market conditions and represent respectively, revenue amounts less than 0.2% and 0.01% of the 2016 Company's consolidated revenue from continuing activities. The relationships between Cegedim and the above-mentioned entities do not therefore create any conflicts of interest.

In addition, Jean-Pierre Cassan, an independent board director, does not have any business relationship with the Cegedim Group.

Most of the companies belonging to the Cegedim Group rent the buildings in which they carry out their businesses.

In particular, Cegedim SA rents all of the facilities it occupies in Boulogne-Billancourt. Some rent amounts are paid to companies (managing holding company FCB or different real estate holding companies) that have common Directors with Cegedim SA, as indicated in the Auditors' Special Report reproduced in point 8.2 in chapter 8 of this Registration Document. In 2016, the total rent amounts involved (premises and car parks) amounted to €3.9 million, excluding occupancy expenses. Rents are established based on market conditions and will remain so.

Table of independence criteria

Board director	Not an employee or corporate officer	No cross- directorships	No business relationship	No family ties	Not the auditor or former auditor of the Company	Not a Director for more than 12 years	Not a shareholder holding over 10% of the share capital	Independent
Jean Claude Labrune					✓			
FCB représenté par Pierre Marucchi				✓	✓			
GERS, GIE représenté par Philippe Tcheng				✓	✓	✓	✓	
Marcel Khan	✓	✓		✓	✓	✓	✓	
Laurent Labrune					✓	✓		
Aude Labrune					✓	✓		
Valérie Raoul-Desprez	✓	✓	✓	✓	✓	✓	✓	
Sandrine Debroise		✓	✓	1	✓	✓	✓	
Jean Pierre Cassan	✓	✓	✓	✓	✓	✓	✓	✓
Bpifrance Participations representé par Anne- Sophie Hérelle	4		✓	✓	✓	✓		

2.1.6 Corporate governance

Cegedim has adopted, following the meeting of the Board of Directors of March 22, 2010, new internal rules of procedure. These internal rules of procedure set, inter alia, the rules governing its composition, aims, functioning, and responsibilities.

Certain important decisions of the Board of Directors (in particular, dissolution or liquidation of Cegedim, issuance of securities, investments, additional debt, agreement referred to in article L. 225-38 of the Code of Commerce, recalling of any member of the Board of Directors appointed upon the proposal of Bpifrance Participations, determination of the annual indicative budget) are taken upon a qualified majority 6/10 vote, including at least one Director of the Board representing Bpifrance Participations, it being specified that the rights of Bpifrance Participations shall be reduced in the event of a reduction in its equity or voting rights.

With regard to the determination of the indicative annual budget mentioned above, Bpifrance Partipications, in particular, has a stronger right of consultation under which, in the event of persistent disagreement between Bpifrance Participations and the Managing Director of Cegedim on this budget, the budget for the previous year will be brought forward after adjustment for inflation and for current projects already authorized by the Board, without prejudice to the Managing Director's right to change it subsequently, if necessary, after having informed the members of the Board of Directors in the case of a significant change, provided that Bpifrance Participation's share of the capital or voting rights does not fall below certain thresholds.

The Board of Directors has four standing committees tasked with improving its functioning and facilitating its decision-making through the prior review of specific subjects in their specialized areas. These committees are:

- The Audit Committee:
- The Appointments Committee;
- The Compensation Committee;
- The Strategy Committee

2.1.6.1 The Audit Committee

Cegedim's Audit Committee consists of four members of the Board of Directors, including one independent member. The members of the Audit Committee are as follows: Ms. Valérie Raoul-Desprez, Chairman, Ms. Aude Labrune, Mr. Pierre Marucchi and Mr. Jean-Pierre Cassan, as the independent member. In view of their current and/or previous professional responsibilities, described in the Registration Document, the four members of the Audit Committee possess, individually or collectively, accounting, audit and financial expertise, in particular with regard to the Group's sectors of activity.

The Financial Director and the Director of Investments are asked to participate in each meeting of the Audit Committee, as well as the Auditors of the Cegedim Group.

The Audit Committee assists the Board of Directors in ensuring that the Company's individual financial statements and related information provided are accurate and reliable. In particular, it is responsible for:

- Examining the annual and quarterly financial statements:
- Monitoring the preparation process for financial information;

- Review of the five-year business plan and Cegedim SA forecasted statements;
- Review of the Group's financial strategy, especially in regard to refinancing the debt and acquisition;
- Monitoring compliance with rules of independence and objectivity for Auditors;
- Review of the revenue recognition rules;
- Perceive the impact of application of IAS 17 on Cegelease activities.

The Audit Committee meets at least twice each year, prior to the approval of the Company's interim and annual financial statements. The Audit Committee met five times during the course of the 2016 fiscal year, on the dates of March 21, 2016, May 24, 2016, September 13, 2016, October 17, 2016 and November 25, 2016.

2.1.6.2 The Appointments Committee

The Cegedim Appointments Committee is made up of three members of the Board of Directors, including one independent Director of the Board. The members of the Audit Committee are as follows:

Mr. Jean-Claude Labrune, Chairman, Ms. Valérie Raoul-Desprez and Mr. Jean-Pierre Cassan, as the independent Director of the Board.

The main duties of the Appointments Committee are to examine the following matters and to make proposals to the Board of Directors:

- Formulate proposals on the selection of Directors with regard to the composition of the Company's shareholder base and any changes thereto;
- Formulate proposals on the selection of independent Board Directors by carrying out its own research into potential candidates before making any approaches to the latter:
- Formulate a succession plan for executive officers so that proposals for succession can be made to the Board of Directors in the event of an unforeseen vacancy.

The Appointments Committee meets at least once a year, prior to the Board meeting that convenes the Annual General Meeting, and approves the meeting agenda.

The Appointments Committee met once during the course of the past fiscal year, on March 23, 2016, in order to discuss the expiring term of a board member and the terms of the Managing Director and Deputy Managing Directors.

2.1.6.3 The Compensation Committee

The Compensation Committee is made up of three Directors. Mr. Jean-Pierre Cassan (Independent Director and Chairman of the Compensation Committee), Ms. Aude Labrune, and Mr. Marcel Kahn, assigned to the committee at the March 1, 2017, Board meeting.

The Compensation Committee proposes the remuneration criteria for the Company's corporate officers to the Board. Its mission is to review the remuneration of the Company's Directors, Chairman, Managing Director and Deputy Managing Director, and to make proposals to the Board in such regards, as well as to review the policies governing the allocation of free shares and variable compensation, and to review any proposal pertaining to a capital increase by the Company, in the form of an exclusive offer to its employees.

In the 2016 fiscal year, the Compensation Committee met twice, on January 26, 2016, and March 23, 2016, in order to rule on the plan to allocate free shares, the amount of Directors' fees, and the compensation of the Chairman and CEO, and the Deputy Managing Directors.

2.1.6.4 The Strategy Committee

The Strategy Committee is made up of three Directors. The Chairman of the Board chairs the Strategy Committee: Mr. Jean- Claude Labrune, Chairman, Mr. Laurent Labrune and Ms. Anne- Sophie Hérelle.

The Strategy Committee proposes Company development priorities to the Board and identifies potential targets.

It usually meets twice a year. In the 2016 fiscal year, the Strategy Committee held no meetings.

2.2 Compensation and benefits of corporate officer

2.2.1 Principles governing the compensation of corporate officers

2.2.1.1 Compensation policy for corporate officers

The variable portion is based on the Group's earnings. The variable compensation of Pierre Marucchi and Laurent Labrune is a fix and constant over time percentage of the Group EBIT before special items.

Apart from the allocation of free shares (see point 7.6.2), the Company has made no commitments to its corporate officers involving compensation or benefits owed or that may be owed as a result of the assumption, cessation or change of these duties or subsequent to them.

There are no stock-option plans (subscription or purchase options) within the Cegedim Group.

There are no financial instruments giving access to the capital, nor other optional instruments of any kind, subscribed by the management or employees as part of reserved transactions. There are management fees agreements binding Cegedim to its holding company FCB with Directors in common. This is with reference to the agreements referred to in article L. 225-38 of the Code of Commerce corresponding to current agreements entered into on normal terms. Cegedim pays four quarterly payments on accounts based on the previous year's invoicing. At the end of the year, an adjustment is calculated based on the services utilized. For 2016, the annual invoicing amounts to 1.7 million euros. This amount corresponds to the re-invoicing of salary expenses and advisers' fees borne by FCB and attributable to Cegedim. The advisers' fees represent less than 10% of the total. The salary portion corresponds to the re-invoicing of a portion of the compensation of Jean-Claude Labrune, Laurent Labrune, Aude Labrune, Pierre Marucchi, Sandrine Debroise and Jan Eryk Umiastowski.

2.2.1.2 Pensions, retirement benefits and other benefits

There are no specific supplemental retirement plans set up for particular corporate officers.

All the pertinent information related to calculating the provision for retirement compensation is presented in the Accounting Principles and note 11.1 – Retirement Liabilities – of the Consolidated Financial in chapter 4.6 of this Registration Document.

2.2.1.3 Cegedim SA directors' fees

A proposal will be made to the General Meeting to decide upon the total amount of Directors' fees allocated to the Board of Directors for the current fiscal year, which could be set at 120,000 euros.

2.2.1.4 Stock-options

There are no stock-option plans in the Cegedim Group either for management or for any other category of employees. However, the Group implemented the allocation of free shares (see point 7.6.2 of this Registration Document for the description of the allocated free shares plan). This plan do not concerned Managing Directors.

2.2.2 Tables presented in accordance with AMF recommendations

The compensation and benefits of corporate officers includes the amounts paid by all the companies in the chain of control, in relation to the office held in the listed company, as stated by the article L.225-102-1 of the French Commercial Code.

The total gross compensation amounts paid to the Company's corporate officers are set out in the tables below.

Table 1 – Summary of compensation, stock options and free shares granted to each executive corporate officer

In euros	2016	2015
Jean-Claude Labrune – Chairman of the Bord – CEO		
Compensation due for the fiscal year (see Table 2)	528,698	510,667
Value of options granted during the fiscal year (see Table 4)	-	-
Value of free shares granted during the fiscal year (see Table 6)	-	-
Total	528,698	510,667
ineuros	2016	2015
Laurent Labrune – Deputy Managing Director		
Compensation due for the fiscal year (see Table 2)	605,643	681,908
Value of options granted during the fiscal year (see Table 4)	-	-
Value of free shares granted during the fiscal year (see Table 6)	-	-
Total	605,643	681,908
in euros	2016	2015
Pierre Marucchi - Deputy Managing Director		
Compensation due for the fiscal year (see Table 2)	540,015	484,698
Value of options granted during the fiscal year (see Table 4)	-	-
Value of free shares granted during the fiscal year (see Table 6)	-	-
Total	540,015	484,698

Table 2 – Summary of compensation paid to each executive corporate officer

Jean Claude Labrune	Amounts for	or 2016	Amounts for 2015		
in euros	payable ⁽¹⁾	paid ⁽²⁾	payable ⁽¹⁾	paid (2)	
Fixed compensation	509,000	509,000	494,000	494,000	
Variable compensation (3)	-	-	-	-	
Foreign travel compenation	-	-	-	-	
Special payments (4)	-	-	-	-	
Attendance fees (5)	14,000	14,000	13,000	13,000	
Benefits in kind (6)	5,698	5,698	3,667	3,667	
Total	528,698	528,698	510,667	510,667	

Laurent Labrune	Amounts fo	or 2016	Amounts for 2015		
En euros	payable ⁽¹⁾ paid ⁽²⁾		payable ⁽¹⁾	paid ⁽²⁾	
Fixed compensation	294,462	294,462	236,000	236,000	
Variable compensation (3)(7)	140,780	250,000	250,000	385,727	
Foreign travel compenation	40,000	40,000	40,000	40,000	
Special payments (4)	-	-	-	-	
Attendance fees (5)	14,000	14,000	13,000	13,000	
Benefits in kind (6)	7,181	7,181	7,181	7,181	
Total	496,423	605,643	546,181	681,908	

Pierre Marucchi	Amounts fo	or 2016	Amounts for 2015	
En euros	payable ⁽¹⁾	paid ⁽²⁾	payable ⁽¹⁾	paid ⁽²⁾
Fixed compensation	311,538	311,538	300,000	300,000
Variable compensation (3)	97,117	37,463	172,463	146,693
Foreign travel compenation	-	-	-	-
Special payments (4)	50,000	150,000	150,000	-
Attendance fees (5)	35,671	35,671	32,532	32,532
Benefits in kind (6)	5,342	5,342	5,473	5,473
Total	499,668	540,015	660,468	484,698

⁽¹⁾ Variable compensation payable in respect of a given year is paid in the next fiscal year.

⁽²⁾ Variable compensation paid in a given fiscal year is that payable in respect of the previous fiscal year.

⁽³⁾ The variable compensation of Pierre Marucchi and Laurent Labrune is a fix percentage of the Group EBIT before special items. However in 2014, Laurent Labrune was Chairman of the CRM and Strategic Data activities, his variable compensation was a percentage of the EBIT before special items respectively of the Group, CRM division and others activities that he was in charge. He was appointed Group Deputy Managing Director in December 2015.

⁽⁴⁾ In 2015, the special payment is related to the disposal of the CRM and Strategic Data division to IMS Health on April 1st, 2015. The special payment was made in 2014 to Laurent Labrune and decided in 2015 for Pierre Marucchi and paid in 2016. In 2016, the Pierre Marucchi's special payment is related to the Futuramedia acquisition. It was decided in 2016 and paid in 2017.

⁽⁵⁾ The attendances fees includes the attendances fees attributed from all the companies of the Group Cegedim. For Pierre Marucchi it include the attendance fees from Cegedim SRH Switzerland.

⁽⁶⁾ Company car.

⁽⁷⁾ Variable compensation payable in respect of a given year is paid by advance during the fiscal year and then rectify during the next fiscal year.

Table 3 – Attendance fees and other compensation paid to non-executive cooperate officers

Board member		Amount paid in 2016	Amount paid in 2015
Aude Labrune	Attendance fees	14,000	13,000
	Other compensation (1)	322,711	242,711
Philippe Tcheng	Attendance fees	-	-
	Other compensation	-	-
Jean-Louis Mery (2)	Attendance fees	13,000	13,000
	Other compensation	-	-
Jean-Pierre Cassan	Attendance fees	18,000	17,500
	Other compensation	-	-
Valérie Raoul-Deprez	Attendance fees	26,000	25,000
	Other compensation	-	-
Anthony Roberts (3)	Attendance fees	-	6,250
	Other compensation	-	-
Anne-Sophie Hérelle (4)	Attendance fees	7,000	6,250
	Other compensation	-	-
Sandrine Debroise (5)	Attendance fees	-	-
	Other compensation (6)	180,755	138,509
Marcel Kahn (7)	Attendance fees	-	
	Other compensation	-	

⁽¹⁾ Compensation paid by FCB and includes the fixed and variable compensation, special payments and benefits in kind. Part of this compensation are re-invoiced to Cegedim in accordance with the management fees agreement binding Cegedim to its holding company FCB. This re-invoicing is done in consideration of services rendered in term of strategies, legal, marketing and HR to Cegedim.

⁽²⁾ The terms of the Director Jean Louis Mery coming to an end, he was replaced by Sandrine Debroise during the General meeting held on June 14, 2016.

⁽³⁾ Attendance fees paid directly to Alliance Healthcare France. The terms of the Director Alliance Healthcare France coming to an end, he was replaced by Marcel Khan during the General meeting held on June 14, 2016.

⁽⁴⁾ Attendance fees paid directly to Bpifrance participations.

⁽⁵⁾ Sandrine Debroise was appointed Director of the board during the General Metting held on June 14, 2016 for six years, i.e. until the end of the General Meeting which will be held in 2022.

a été nommé administrateur lors de l'assemble générale du 14 Juin 2016 pour une période de six années, soit jusqu'à l'issue de l'assemblée générale qui sera tenue en 2022.

⁽⁶⁾ Compensation paid by FCB and includes the fixed and variable compensation, special payments and benefits in kind. Part of this compensation are re-invoiced to Cegedim in accordance with the management fees agreement binding Cegedim to its holding company FCB. This re-invoicing is done in consideration of her position as Cegedim CFO.

⁽⁷⁾ Marcel Kahn was appointed Director of the board during the General Metting held on June 14, 2016 for six years, i.e. until the end of the General Meeting which will be held in 2022.

Table 4 – Share subscription or purchase options granted to each executive corporate officer during the fiscal year

Name of the executive corporate officer	Plan number and date	Type of options	Value of options using the method applied in the consolidated financial statements	1 0	Strike price	Exercise period	
None							

Table 5 – Share subscription or purchase options exercised by each executive corporate officer during the fiscal year

Name of the executive corporate officer	Plan number and date	Number of options exercised during the year	Strike price	Year granted			
None							

Table 6 – Free shares granted to each executive corporate officer subject to performance conditions

Name of the executive corporate officer	Plan number and date	Number of options granted during the year	Value of shares using the method applied in the consolidated financial statements	Vesting date	Date of avaiability			
None								

Table 7 – Free shares that became available to each executive corporate officer during the fiscal year

Name of the executive corporate officer	Plan number and date	Number of share that become available during the fiscal year	Vesting conditions	Year granted		
None						

Table 8 – Historical date related to share subscription or purchase options granted (executive board members only)

	Plan number
Date of the General Meeting	
Date of the Board meeting	
Total number of shares available for subscription or purchase	
Of which number of shares that can be subscribed or purchased by	
Start of exercise period	Ф
Expiry date	None
Purchase price	2
Exercise conditions	
Total number of shares subscribed	
Cumulative number of share subscription or purchase options canceled or expired	
Share subscription or purchase options outstanding at the year-end	

Table 9 – Option granted to and exercised by the ten employees other than coportae officer holding the most options

Share subscription or purchases options granted to then ten non- corporate officer employees holding the most options, and options exercised by them	Total number	Strike price	Plan
None			

Table 10 – Summary of information required in compliance with the AFEP/MEDEF code

Executive corporate officer	Employme	ent contract	Supplementary pension Compensation or plan benefits due or relative to a non potentially due because of leaving or changing office		benefits due or potentially due because of leaving or changing		to a non-	
	Yes	No	Yes	No	Yes	No	Yes	No
Jean Claude Labrune	✓			✓		✓		✓
Chairman and CEO								
Start of term: 2016								
End of term: 2022								
Pierre Marucchi	✓			✓		✓		✓
Deputy Managing Director								
Start of term: 2016								
End of term: 2022								
Laurent Labrune	✓			✓		✓		✓
Deputy Managing Director								
Start of term: 2013								
End of term: 2019								

2.3 Interest held by corporate officers in the Company's share capital and transactions in the Company's shares by corporate officers

Here is a summary statement, to the best knowledge of the Company, of the share transactions of corporate officers over the period running from the 1st of January 2016 to December 31, 2016. To the Company's knowledge, there was not significant change between December 31, 2016 and the date of the publication of this Registration Document.

There were no significant change in the interest held by corporate officers in the company's share capital, including in registered shares, between December 31, 2016 and the date of the publication of this Registration Document.

	Number of shares held on December 31, 2015	Number of free shares granted during the year	Number of shares bought	Number of shares sold	Number of shares held on December 31, 2016
Bpifrance participations		-	0	0	
Jean-Pierre Cassan	0	-	0	0	0
Sandrine Debroise	3,157	650	0	0	3,807
FCB		-			
GIE GERS	0	-	0	0	0
Anne-Sophie Hérelle	0	-	0	0	0
Marcel Kahn	0	-	0	0	0
Aude Labrune ⁽¹⁾	1	-	0	0	1
Jean-Claude Labrune ⁽¹⁾	0	-	0	0	0
Laurent Labrune ⁽¹⁾	1,601	-0	0	1,601	1,601
Pierre Marucchi ⁽²⁾	28,478	-	700	700	28,478
Valérie Raoul-Desprez	0	-	0	0	0
Phlippe Tcheng	0	-	0	0	0
Total					

^{- (1)} Jean-Claude Labrune, Aude Labrune and Laurent Labrune are shareholders of FCB who own 52.7% of Cegedim SA capital.

 ⁽²⁾ Shares held directly and indirectly through the company called MARUCCHI SAS. Pierre Marucchi is also shareholder of FCB who own 52.7% of Cegedim SA capital.

2.4 Risk factors and insurance

The risks stated below, as well as others of which Cegedim is not yet aware or which the Group considers to be insignificant to date, could have a negative impact on its activity and results. The company has examined the risks that could negatively affect its activity, financial situation or its earnings, or its capacity to achieve its objectives, and believes that it is not exposed to any other significant risks, apart those described below..

In order to understand how the Group evaluates risks and what procedures are in place to monitor risk control, it is also necessary to consult the report prepared by the Chairman of the Board on the preparation and organization of the Board's work and on Management Control, both of which are attached to this Registration Document.

2.4.1 Financial risks

2.4.1.1 Cegedim indebtedness could adversely affect its financial situation and prevent it from fulfilling its obligations under the notes and with respect to its other indebtedness.

In May 2007, Cegedim raised 50.0 million euros, the FCB Loan, from its largest shareholder, FCB. The shareholder loan agreement between Cegedim SA and FCB was signed on May 7, 2007. The FCB Loan Agreement was amended on September 5, 2008, and September 21, 2011, to extend the maturity date and modify the applicable interest rate. During the December 2009 capital increase, FCB subscribed for 4.9 million euros equivalent in shares as a redemption of a portion of debt, which decreased the balance of the FCB Loan to 45.1 million euros. In January 14, 2016, the FCB Loan was amended in order to subordinate it to the 200 million euro revolving credit facility taken the same day and to extend the maturity date and modify the applicable interest rate.

On March 20, 2013, Cegedim issued a senior bond at 6.75%, maturing on April 1, 2020, for an amount of 300 million euros in accordance with the Reg. S and 144A rules. The bond is listed on the Luxembourg Stock Market with ISIN codes XS0906984272 and XS0906984355. The bonds have been priced at 100% of their face value.

On April 7, 2014, Cegedim issued 125 million euros in bonds in addition to its issue of 300 million euros at 6.75%, maturing in 2020. The issue price was 105.75%, plus interest accrued since April 1, 2014. Apart from the issue date and price, these new bonds are identical to those issued on March 20, 2013, under the 300 million euro bond issue with a coupon of 6.75% maturing in 2020.

Between May 6, 2015, and February 25, 2016, Cegedim redeemed on the market its 6.75% bond, maturing April 1, 2020, ISIN code XS0906984272, for a total principal amount of 110.2 million euros. The company cancelled these bonds. As a result, a total principal amount of 314.8 million euros remains in circulation.

In January 2016, the Group took out from Cegedim's bankers a new five-year revolving credit facility (RCF) of 200 million euros maturing on January 14, 2021.

On April 1, 2016, Cegedim exercised its call option on the entire 6.75% 2020 bond with ISIN code XS0906984272 and XS0906984355, for a total principal amount of 314,814,000.00 euros and a price of 105.0625%, i.e. a total premium of 15,937,458.75 euros. The company then cancelled these securities. The transaction was financed by drawing a portion of the RCF obtained in January 2016 and using the proceeds of the sale to IMS Health. Following this transaction, the Group's debt comprised the 45.1 million euro FCB subordinated loan, the partially drawn 200 million euro RCF, and overdraft facilities.

It is worth noting that the net debt at December 31, 2016 includes estimated earn out for an amount of €3.8 million contrary to the net debt situation at December 31, 2015.

THE STRUCTURE OF DEBT AT DECEMBER 31, 2015 WAS AS FOLLOWS:

- 200 million euro revolving credit, of which 190 million euros was drawn as of December 31, 2016; maturing on January 14, 2021;
- 45.1 million euro FCB Loan maturing in January 2021;
- 24.0 million euro overdraft facility, of which 0.0 million euros was drawn as of December 30, 2016.

INTEREST RATE

The interest payable on the Credit Revolver Facility is the aggregate of the applicable margin, Euribor and certain mandatory costs (Non- use fee of 35% of the margin, and a use fee of 10 basis points applies if the amount drawn is below one-third; 20 basis points if the amount drawn is greater than or equal to one-third but below two-thirds; and 40 basis points if the amount drawn is greater than or equal to two-thirds of the revolving credit). The applicable margin is based on the consolidated leverage ratio. The table below provides the schedule of applicable margins for the Revolving Credit Facility.

Leverage ratio	Leverage ratio
Ratio ≤ 1,00	0.70
1,00 < Ratio ≤ 1,50	0.90
1,50 < Ratio ≤ 2,00	1.10
Ratio > 2,00	1.40

In the first half of 2016 the applicable margin on amounts drawn under the Revolving Credit Facility was 0.90%. For the second half of 2016, the applicable margin on amount drawn under the Revolving Credit Facility is 1.40%. For the first half of 2017 the applicable margin on amount drawn under the Revolving Credit Facility will be 1.40%.

The FCB Loan bears interest at a rate of 200 basis points above the rate applicable under the Revolver Credit facility Agreement. The interest is payable semi-annually on June 30 and December 31 of each year.

REPAYMENT OF BORROWINGS

The RCF and the FCB loan mature January 14, 2021, without amortization.

Cegedim may be able to incur substantial additional debt from time to time to finance working capital, capital expenditures, investments or acquisitions, or for other purposes. If the Group does so, the risks related to its level of indebtedness could intensify. Specifically, a high level of indebtedness could have important consequences for the holders of the equity securities, including:

- Limiting the Group's ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions or other general corporate requirements;
- Requiring a substantial portion of its cash flows to be dedicated to making debt service (principal and interest) payments instead of other purposes, thereby reducing the amount of cash flows available for working capital, capital expenditures, acquisitions and other general corporate purposes;

- Making it more difficult for the Group to satisfy its obligations with respect to its debt;
- Increasing the Group's vulnerability to general adverse economic and industry conditions;
- Exposing the Group to the risk of increased interest rates, as certain of its borrowings are at variable rates of interest:
- Limiting the Group's flexibility in planning for and reacting to changes in the industry in which it competes;
- Negatively impacting credit terms with its creditors;
- Placing the Group at a disadvantage relative to competitors that have lower leverage or greater financial resources;
- Increasing the Group's cost of borrowing.

In addition, Cegedim has restrictive covenants that limit its ability to engage in activities that may be in its long-term best interest. The Group's failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of a significant portion of its debt. Any of these or other consequences or events could have a material adverse effect on its ability to satisfy its debt obligations. The Group's ability to make payments on and refinance its indebtedness, to fund future working capital, capital expenditures, acquisitions and other general corporate requirements will depend on its future operating performance and ability to generate cash from operations. Cegedim's ability to generate cash from operations is subject, in large part, to general economic, competitive, legislative and regulatory factors and other factors that are beyond its control. The Group may not be able to generate sufficient cash flow from operations or obtain enough capital to service its debt, or to fund its future acquisitions or other working capital expenditures. If new debt is added to its current debt levels, the risks that the Group now faces could

The Group has specifically reviewed its liquidity risk and considers the Company able to meet all its debt maturities in a timely fashion.

For a discussion of its cash flows and liquidity, see point 3.4 of this Registration Document.

2.4.1.2 Cegedim variable rate indebtedness subjects the Group to interest rate risk, which could cause its debt service obligations to increase significantly

Borrowings under the Revolving Credit Facility Agreement, overdraft facilities and shareholder loan from FCB are at variable rates of interest and expose Cegedim to interest rate risk. If interest rates increase, its debt service obligations on the variable rate indebtedness that is not hedged would increase even though the amount borrowed remained the same, which would require that the Group uses more of its available cash to service its indebtedness. While Cegedim intends to manage its exposure to fluctuations in interest rates, if interest rates increase dramatically, the Group could be unable to service its indebtedness, which could have a material adverse effect on its business, financial condition, results of operations and cash flows. See point3.1, 3.3, 3.4 and 3.5 of this Registration Document and other interest rate risk in this chapter for more information.

To limit the effects of rising interest rates on its financial expenses, the Group has implemented a risk hedging policy to limit the maximum interest expense for the duration of its debts. Only Cegedim SA has implemented interest hedging, when necessary. Interest rate hedges are monitored centrally in order to measure the overall interest rate risk exposure and to control the market instruments used under hedging strategies in place.

The Group hedges interest rate risk on the basis of both current debt and probable future debt levels, namely accounting for changes in the use of its revolver lines of credit and changes in the composition of its debt profile. Depending on the position to be managed and the benchmark rate upheld, a hedging strategy is implemented. The aim of such a strategy is to protect the benchmark rate and leverage, at least in part, on any positive changes. These hedging strategies mainly involve futures or forwards derivatives and options derivatives. There is no guarantee as to the Group's capacity to effectively hedge against interest rate risks.

DESCRIPTION OF HEDGES PUT IN PLACE BY THE GROUP

The euro debt's exposure to variations in the euro rate is partially hedged. In 2016, only the €45.1 million FCB loan is hedged. The notional amount hedged is €40.0 million.

The hedge is made up, as of December 31, 2016, of two no premium one month Euribor pre-set receivers, fixed rate payer as follows:

- Rate of 4.57% on a notional hedged amount of €20.0 million, until December 29, 2017;
- Rate of 4.58% on a notional hedged amount of €20.0 million, until December 29, 2017.

The amount of debt exposed to adverse changes in interest rate risk at December 31, 2016 was €195.1 million. Namely the non-hedged part of the FCB loan and the entire part of the drawn part of the Credit revolver Facility.

ASSESSMENT OF THE INTEREST RATES RISK

At December 31, 2016, a 1% increase in interest rates applied to the non-hedged debt would have an impact of approximately €2.4 million on the Group's earnings before income tax.

2.4.1.3 Restrictions imposed on Cegedim existing debt agreements may limit its ability to finance its capital needs or its external growth

The debt agreements contain a number of restrictive covenants that impose significant operating and financial restrictions on the Group and may limit its ability to engage in acts that may be in its long-term best interest, including restrictions on its ability to:

- Incur additional indebtedness;
- Pay dividends;
- Make loans and investments;
- Sell assets:
- Make adjustments to Group businesses.

These restrictions are subject to a number of qualifications and exceptions. Complying with the restrictions contained in some of these covenants requires Cegedim meets certain ratios and tests. The requirement that the Group complies with these provisions may materially adversely affect its ability to react to changes in market conditions, take advantage of business opportunities the Group believes to be desirable, obtain future financing, find funds needed for capital expenditures, or withstand a continuing or future downturn in its business.

In addition, Cegedim must comply with a semi-annual maximum leverage ratio test and a minimum coverage ratio test. The coverage ratio test becomes more restrictive over time. The Group's ability to comply with this financial covenant can be affected by events beyond the Group control, and Cegedim may not be able to satisfy it.

A breach of the covenants under the existing debt agreements and future debt agreement could, from time to time, result in an event of default under the applicable indebtedness agreements. Such a default may allow the creditors to accelerate the related debt and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. In the event holders of the Cegedim debt securities or other creditors accelerate the repayment of its borrowings, the Group and its subsidiaries may not have sufficient assets to repay that indebtedness.

As a result of these restrictions, the Group may be:

- Limited in how it conducts its business;
- Unable to raise additional debt or equity financing to operate during general economic or business downturns;
- Unable to compete effectively or to take advantage of new business opportunities.

These restrictions may affect the Group's ability to grow in accordance with its strategy.

The Group's liquidity risk is caused primarily by the maturity, amortization and payments of interest of the Revolving Credit Facility, the FCB Loan and the overdraft facilities. Borrowing is monitored centrally.

Net Financial Debt	In millions of euros
12.31.2015	167.6
03.31.2016	209.4
06.30.2016	216.6
09.30.2016	215.6
12.31.2016	226.8

REVOLVER CREDIT FACILITY

Structure

The Revolving Credit Facility Agreement consists of a euro revolving credit facility of 200.0 million euros.

The Revolving Credit Facility Agreement facilities are unsecured and not guaranteed by any subsidiaries of the Group. Its payment obligations under the Revolving Credit Facility Agreement is ranked pari passu with all of the Group's other unsecured and unsubordinated obligations.

Repayment

Each loan drawn under revolver credit facility is payable at the end of its interest period.

Financial covenants

Cegedim is subject to two maintenance covenants under the terms of the Revolving Credit Facility Agreement. Its compliance with these financial covenants is determined according to IFRS.

The Group must ensure that, for any relevant 12-month period until the termination date, its leverage ratio is less than and its interest cover ratio does not fall below the ratios set forth below.

12-month period ending	Leverage ratio	Interest cover ratio
06.30.2016	2.50	1.50
12.31.2016	2.50	1.50
06.30.2017	2.50	1.50
12.31.2017	2.50	4.50
06.30.2018	2.50	4.50
12.31.2018	2.50	4.50
06.30.2019	2.50	4.50
12.31.2019	2.50	4.50
06.30.2020	2.50	4.50
12.31.2020	2.50	4.50

Net financial debt in the calculation does not include employee profit sharing debt or FCB's loan.

The EBITDA figure used to calculate the financial leverage ratio is restated for the impact of the accounting adjustment related to leasing activities due to the application of IAS 17. Please see note 7.1 of point 4.6 on page 117 of this Registration Document.

The Group complied with all its covenants as of December 31, 2016. The net debt on EBITDA ratio came to 2.28 and the EBITDA to financial interest came to 2.79.

Non-financial covenants and other provisions

Under the Revolving Credit Facility Agreement, Cegedim is subject to negative pledges with respect to granting security over any of its assets and to disposing of any of its assets as part of a transaction to raise financial indebtedness or to consummate an acquisition.

The Revolving Credit Facility Agreement also contains general undertakings, including a prohibition against incurring additional indebtedness, subject to limited exceptions, and disposal of assets and restrictions on providing loans and credits, guarantees, dividends and mergers.

The Revolving Credit Facility Agreement also includes provisions for standard affirmative covenants, representations and warranties and undertakings.

The Revolving Credit Facility Agreement also contains other standard events of default.

Governing law

The Revolving Credit Facility Agreement is governed by French law.

FCB LOAN

Structure

The FCB Loan is unsecured and not guaranteed by any of Cegedim's subsidiaries. The payment obligations under the FCB Loan Agreement are subordinated to the Revolving Credit Facility.

Non-financial covenants and other provisions

Under the terms of the Intercreditor Agreement, the Group may only repay €5 million of the FCB Loan in advance of its maturity of January 2021.

Governing law

The FCB Loan Agreement is governed by French law.

OVERDRAFT FACILITIES

The Group has in place certain overdraft facilities with various banks in France for an amount of up to €24.0 million. These facilities have indefinite terms and are terminable at will by either party. The interest rates under these overdraft facilities are variable rates indexed to Euribor. As of December 31, 2016, the Group had €0.0 million outstanding under these overdraft facilities.

PRINCIPAL FINANCING ARRANGEMENTS

The table below sets out Cegedim's principal financing arrangements as of December 31, 2016.

In millions of euros	Total	Less than 1 year	Between 1 and 5 years	More than 5 years
Revolving credit facility	190.0		190.0	
FCB Loan	45.1	-	45.1	
Overdraft facility	0.0	0.0	-	-
Total	235.1	0.0	235.1	-

As of December 31, 2016, the Group's confirmed credit lines amounted to €200.0 million, of which €10.0 million is undrawn and €24.0 million of undrawn overdraft facilities.

2.4.1.4 Cegedim is exposed to foreign exchange risks that could impact its financial situation

81.5% of the Group's activities are conducted by subsidiaries in the euro zone, Cegedim is then expose to foreign exchange risk. In fact, exchange rate effects impacted negatively revenue in 2016 by 1.7%. These effects come mainly from the pound sterling (12.7% of revenue). The Group has not established a policy for exchange rate hedging.

Because of the exposure to variations in currencies and the volatile nature of exchange rates, the Group cannot predict the impact of exchange rate fluctuations on its future operating earnings. However, Group subsidiaries mainly deal in their local currencies.

The breakdown of the Group's consolidated balance sheet by currency used to prepare the financial statements of subsidiaries that are part of the Group's consolidated scope at December 31, 2016, is as follows:

Consolidated Balance Sheet at 12.31.2016	EUR	GBP	Other currency	Total
Amount (in millions of euros)	599.9	86.0	30.7	716.6
Share in %	83.7%	12.0%	4.3%	100.0%

The table below allows the loss risk on the net global foreign currency position to be calculated on the basis of unfavorable currency effects or consistent 1% growth being experienced by a currency used to prepare financial statements in comparison to the total number of foreign currencies concerned. The impact of an unfavorable and consistent currency change of 1% of the Euro-sterling parity on the 2016 financial statements of the subsidiaries whose currency used in the preparation of their financial statements is the GBP would have a negative impact of €0.6 million on the Group's shareholders' equity.

In thousands of euros	GBP	USD
Total balance sheet	(879)	(420)
Off-balance sheet positions	-	-
Net position after management	(879)	(420)

Should the revenue/costs structure remain similar, any appreciation in the euro against the pound sterling would bring about a reduction in earnings expressed in euro. On the basis of the 2016 fiscal year, all other currencies remaining at the same level against the pound sterling, a theoretical 1% appreciation in the euro against the pound sterling would have a negative impact of €0.6 million on

Cegedim's revenue, and €0.4 million on its operating income before special items.

Exchange rate effects had a negative impact of €7.3 million on 2016 revenue of continuing activities. It should be noted that the pound sterling had a negative impact of €7.3 million. The amount of exchange gains or losses on revenue is determined by recalculating the 2015 revenue based on the 2016 exchange rate. The currency exchange rates used are the average rates over the fiscal year.

2.4.1.5 In connection with the past and future acquisition, a significant amount of the acquisition price was and could be allocated to goodwill and to acquired brands. An unfavorable change in business activity forecasts it could lead to a recognition of impairment charges

In connection with the Group past and future acquisitions, a significant amount of the acquisition price was and could be allocated to goodwill and to acquired brands with an indefinite useful life. For example, a significant amount of the purchase price was allocated to goodwill and to acquired brands with an indefinite useful life in connection with the Dendrite acquisition in 2007, and to a lesser extent, in connection with the SK&A and Pulse acquisition in 2010.

Lastly, the Group recorded a €7.5 million allowance for depreciation of intangible assets that are becoming obsolete – legacy software related to old projects dating to before 2014.

Goodwill and indefinite useful life brands are not amortized. They are subject to an impairment test at least once a year and whenever events or circumstances indicate that a reduction in value might have occurred.

An unfavorable change in business activity forecasts and assumptions used in the projection of cash-flows for the purpose of the impairment tests, in particular with respect to goodwill could result in the recognition of impairment charges. These charges could then have significant impacts on the Group's results.

For more information, please see note 6.1, of chapter 4.6 of the consolidated annexes presented in the present Registration Document and to the Auditor's Report at point 4.7.

2.4.2 Market risk

2.4.2.1 Since Cegedim has no pay regular dividends on its stock in the past, equity investors may not receive any return on investment unless they sell their stock for a price greater than that which they paid for it

Cegedim has not paid dividend since 2011, it were based on 2010 earnings.

Any decision to distribute and pay dividends in the future will be made at the discretion of Cegedim Board and will depend on, among other things, the Group results of operations, financial condition, cash requirements, contractual restrictions and other factors that its Board may deem relevant. In addition, the Group ability to pay dividends is, and may be, limited by covenants of existing and any future outstanding indebtedness the Group or its subsidiaries incur.

Therefore, any return on investment in the Group stock is solely dependent upon the appreciation of the price of its stock on the open market, which may not occur. See point 3.6.1 "Dividend distribution policy" for more details.

2.4.2.2 Cegedim results may fluctuate significantly, which could adversely impact the value of its equity

Cegedim results of operations, including its revenues, gross margin, profitability and cash flows, may vary significantly in the future, and period-to-period comparisons of the Group operating results may not be meaningful. Accordingly, the Group quarterly results should not be relied upon as an indication of future performance. Cegedim financial results may fluctuate as a result of a variety of factors, many of which are outside of its control. Fluctuation in results may adversely impact the value of its equity. Factors that may cause fluctuations in the Group financial results include, without limitation, those listed elsewhere in this "Risk Factors" section and those listed below:

- The addition or loss of large customers, including through acquisitions or consolidations of such customers;
- The amount and timing of operating expenses related to the maintenance and expansion of the Group business, operations and infrastructure;
- Network outages or security breaches;
- Conditions within the healthcare sector;
- General economic, industry and market conditions;

- The Group ability to attract new customers;
- Amount of professional services purchased by its customers;
- Customer renewal rates and the timing and terms of customer renewals;
- Increases or decreases in the number of users of the Group solutions or pricing changes;
- Changes in the Group pricing policies or those of its competitors;
- The mix of solutions and services sold during a period;
- Variations in the timing of the sales of the Group solutions;
- The timing and success of introductions of new solutions by the Group or its competitors or any other change in the competitive dynamics of its industry, including consolidation among competitors, customers or strategic partners;
- The timing of expenses related to the development or acquisition of technologies or businesses and potential future charges for impairment of goodwill from acquired companies.

2.4.2.3 In order to prepare the financial statement Cegedim has to make estimates, uses certain assumptions and methods that could adversely impact its financial results, and ineffective management controls could adversely impact its business and operating results

The methods, estimates and assumptions that Cegedim uses in applying accounting policies have a significant impact on its results. For more information, see note 13 to the Group consolidated financial statements included in chapter 4.6 of this Registration Document. These methods, estimates and assumptions are subject to significant risks, uncertainties and interpretations, and changes could affect the Group results. In addition, Cegedim Management Control over financial reporting may not prevent or detect misstatements because of the inherent limitations, including the possibility of human error, the circumvention or overriding of controls, or fraud. Even effective Management Controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. If the Group fails to maintain the adequacy of its Management Controls, including any failure to implement required new or improved controls, or if the Group experiences difficulties in their implementation, its business and operating results could be harmed and the Group could fail to meet its reporting obligations.

2.4.3 Legal Risk

Outside items indicated below in risks 2.4.3.1, 2.4.3.2 and 2.4.3.3., it doesn't exist other governmental, legal, administrative or arbitral procedure, including any stayed or known future procedures that the company is aware and that may have significant impact on its financial condition or on its profitability.

2.4.3.1 If Cegedim is deemed to infringe, misappropriate or violate the proprietary rights of third parties, the Group could incur unanticipated expense and be prevented from providing its products and services

Cegedim has been in the past and may become in the future subject to intellectual property infringement, misappropriation or other intellectual property violation claims as the functionality of its software overlaps with competitive products and third parties may claim that the Group does not own or have rights to use all intellectual property rights used in its software. It does not believe that it has infringed or is infringing on any valid or enforceable proprietary rights of third parties. However, claims are occasionally asserted against the Group, and management cannot assure that infringement, misappropriation or claims alleging intellectual property violations will not be successful, or that they would not be asserted against the Group in the future. Cegedim could incur substantial costs and diversion of management resources defending any such claims. Furthermore, a party making a claim against the Group could secure a judgment awarding substantial damages, as well as injunctive or other equitable relief that could effectively block its ability to provide products or services. In addition, it cannot assure that licenses for any intellectual property of third parties that might be required for its products or services will be available on commercially reasonable terms, or at all. Such claims also might require indemnification of its clients at significant expense. If required licenses cannot be obtained, or if existing licenses are not renewed, litigation could result. Litigation is inherently uncertain and any adverse decision could result in a loss of its proprietary rights, subject to significant liabilities, require the Group to seek licenses from others and otherwise materially and adversely affect its business, financial condition and results of operations.

2.4.3.2 Cegedim may face adverse judgments or settlements in legal disputes or government investigations

Cegedim has been and may become a party to a variety of claims and lawsuits that may arise in the ordinary course of its business or in the course of government inquiries, investigations or audits into its business. For example, on September 24, 2015, the Paris Court of Appeal rejected Cegedim's request and upheld the Competition Authority decision of July 8, 2014 concerning the allegation in the healthcare professionals' database market in France. The amount of the fine was €5.8 million. Cegedim has appealed this decision to the Court of Cassation.

On February 10. 2017. Cegedim was ordered to pay €4.636.000 to the Tessi company for failing to meet certain contractual obligations with respect to an asset sale made on July 2. 2007. Cegedim has decided to appeal this decision. This fine impact the non-current results and was recorded has other non-financial debt. No provision was made and no additional provision are made.

Furthermore, Cegedim has received notification that it is being sued jointly with IMS Health by Euris for unfair competition. Cegedim has filed a motion claiming that IMS Health should be the sole defendant. Euris is claiming several millions of euros in damages. After consulting its external legal advisors, the company has decided to not record a provision.

The results of any proceedings brought against the Group are inherently uncertain and adverse judgments or settlements may result in materially adverse monetary damages or injunctive relief against it. Any claims or litigation, even if fully indemnified or insured, could damage its reputation and make it more difficult to compete effectively or obtain adequate insurance in the future, and could thereby materially and adversely affect its business, financial condition and results of operations.

2.4.3.3 Cegedim may face adverse judgments or settlements in commercial disputes

Cegedim has been and may become a party to a variety of commercial claims and lawsuits that may arise in the ordinary course of its business with its customers or suppliers. For example the Cegedim US subsidiary has an open conflict with a customer that uses undeclared licenses.

A friendly settlement was conclude that translate to a \$3.7 million of impairment of receivables in the Group 2016 accounts.

The results of any proceedings brought against the Group are inherently uncertain and adverse judgments or settlements may result in materially adverse monetary damages or injunctive relief against it. Any claims or litigation, even if fully indemnified or insured, could damage its reputation and make it more difficult to compete effectively or obtain adequate insurance in the future, and could thereby materially and adversely affect its business, financial condition and results of operations.

2.4.4 Other risks

2.4.4.1 Cegedim may fail to expand its business with existing customers or lose one or more of its major customers

Maintaining existing customers is central to Cegedim business model across its divisions, and its success depends on its ability to continue selling its products and services, including follow-on and incremental products and services, to its existing customers. Certain of the Group existing customers initially purchase one or a limited number of its products and services. These customers might choose not to expand their use of, or purchase, additional modules or new software and services. If the Group fails to generate additional business from its current customers, its revenue could grow at a slower rate or even decrease.

The first, the top 5 and top 10 represented respectively 3.2%; 8.0% and 12.5% of the Group's revenue of continuing activities in the fiscal year ended December 31, 20165.

2.4.3.2 Cegedim may be unable to successfully introduce new products or services or fail to keep pace with advances in technology

The successful implementation of Cegedim business model depends on its ability to adapt to evolving technologies and increasingly demanding industry standards and introduce new products and services accordingly. The Group cannot assure that it will be able to introduce new products on schedule, or at all, or that such products will achieve market acceptance. In addition, the Group must obtain compliance certifications from various authorities in connection with the development of software and medication databases to ensure that its products meet the regulatory requirements of these authorities. Cegedim cannot assure that it would be able to obtain all relevant compliance certifications. Even if it is able to do so, it may incur significant costs and encounter delays. Moreover, competitors may develop competitive products that could be more successful than those of the Group and lead to a loss of market share. If it cannot adapt to changing technologies, its products and services may become obsolete, and its business could suffer. Because the health information technology market is characterized by rapid technological change, it may not be unable to anticipate changes in its current and potential customers' requirements that could limit its competitiveness or make its

existing technology obsolete. Its success and continued competitiveness will depend, in part, on its ability to continue to enhance its existing products and services, develop new technology that addresses the increasingly sophisticated and varied needs of its prospective customers, license leading technologies and respond to technological advances and emerging industry standards and practices on a timely and cost-effective basis. The development of its proprietary technology entails significant technical and business risks. Cegedim may not be successful in using new technologies effectively or adapting its proprietary technology to evolving customer requirements or emerging industry standards, and, as a result, its business could suffer. If it fails to introduce planned products on schedule, enhance its current products and services or fail to develop new products in light of emerging technologies and industry standards, the Group could lose clients to current or future competitors, which could have a material adverse effect on its business, financial condition and results of operations.

2.4.4.3 Cegedim business depends on the adequate and effective protection of its intellectual property rights

Cegedim business plan relies on technology products and its intellectual property rights in those products. Accordingly, protecting its intellectual property rights is critical to its continued success and its ability to maintain its competitive position. In addition to existing trademark, trade secret and copyright law, the Group protects its proprietary rights through confidentiality agreements and technical measures. It generally does not rely on patents to protect its technology. It customarily enters into non-disclosure and assignment agreements with its employees and consultants and limit access to its trade secrets and technology. Typically, its employment contracts also include clauses requiring its employees to assign all of the inventions and intellectual property rights they develop in the course of their employment and to agree not to disclose its confidential information even beyond the duration of the employment agreement. Despite its efforts, its source code, know-how and trade secrets could potentially be disclosed to third parties, causing the Group to lose any competitive advantage resulting from such source code, know-how or trade secrets.

Cegedim also minimizes the need for disclosure of its source code to users or other third parties. It cannot be certain, however, that these measures will adequately prevent third parties from accessing its software, source code or proprietary information. Furthermore, its use and distribution of open source software and modules in connection with its business also present risks to its intellectual property. Open source commonly refers to software whose source code is subject to a license allowing it to be modified, combined with other software and redistributed, subject to restrictions set forth in the license. Under certain conditions, the use of some open source code to create derivative code may obligate the Group to make the resulting derivative code available to others at no cost. Cegedim monitors its use of open source code carefully in

an effort to avoid situations that would require to make parts of its core proprietary technology freely available as open source code and it generally uses only code licensed under open source licenses that allow it to freely redistribute and sell the resulting products without restriction. Cegedim cannot guarantee, however, that it will not use code governed by more restrictive licenses or that a court will not interpret a license to require certain of its technology to be made available as open source code. The Group cannot assure that the steps it has taken have prevented or will prevent misappropriation of its technology. It has been involved in legal proceedings in the past for what it suspected as misappropriations of its intellectual property. Misappropriation of its intellectual property could have an adverse effect on its competitive position. In addition, Cegedim may have to engage in litigation in the future to enforce or protect its intellectual property rights or to defend against claims of infringement, misappropriation or other violations of third-party intellectual property rights. If it is unable to adequately protect its intellectual property or if, in doing so, it incurs substantial costs, including from the diversion of management's time and attention, its business, financial condition and results of operations could be materially and adversely affected.

2.4.4.4 Cegedim may be liable for the improper use of its products and services or of the information provided

Cegedim products and services may be used contrary to their intended use, including in ways that may cause harm, constitute fraud or any other criminal or civil offense or attract negative public attention. Although the Group may not be responsible for any misuse of its products and services or any wrongdoing perpetrated through the use of its products and services, it may become the subject of investigations, inquiries or legal proceedings and suffer damage to its reputation. For example, in recent years, there have been incidents in France of pharmacists who were prosecuted for preparing fake accounting records for tax evasion purposes and for submitting fraudulent reimbursement claims to the French social security administration by misusing certain features of its Alliadis software. There were suggestions in the French press that its software contained features that facilitated such conduct by pharmacists and failed to incorporate sufficient controls to prevent user fraud or error. Legal or regulatory actions arise from these incidents may be subject to fines and damages to Cegedim's reputation.

Cegedim provides information that healthcare providers use in treating patients. If any information is incorrect or incomplete, it may be subject to product liability and other claims as a result of adverse consequences, including death of patients. The Group also provides software that contains patient clinical information. A court or government agency may rule that the delivery of health information exposes the Group to liability for personal injury, wrongful delivery or handling of healthcare services or erroneous health information. Although Cegedim maintains product liability insurance coverage in an amount that management believe is sufficient for its business, the Group cannot assure that this coverage will prove to be adequate or will continue to be available, if at all, on acceptable terms. A claim that is brought against Cegedim that is uninsured or under-insured could harm its business, financial condition and results of operations and unsuccessful claims may still result in substantial costs and diversion of management resources.

2.4.4.5 Data processing errors, delays in delivering or difficulties in implementing Cegedim products and services could result in loss of client confidence

Data processing errors or significant defects in Cegedim products may result in loss of revenue, issuance of credits to clients, re- performance of work, payment of damages, future rejection of its products, including new versions and updates, and services by current and prospective customers and irreparable harm to its reputation. Such monetary penalties, lost revenue or increase in service and support costs may also result from difficulties in implementing its products and services, the failure to deliver products and services according to requirements or the failure to meet specified goals within contractual timeframes. Cegedim cannot assure that it will not encounter difficulties or delays in delivering or implementing future products and services that could materially and adversely affect its business, financial condition and results of operations.

2.4.4.6 If Cegedim security is breached, the Group could be subject to liability, and customers could be deterred from using its products and services

Cegedim business relies on securely transmitting, storing and hosting sensitive information, including protected health information, financial information and other sensitive information relating to its customers, company and workforce. As a result, the Group faces the risk of unauthorized access to its computer systems, both deliberate and unintentional, that may disrupt its business, such as through misappropriation or loss of sensitive information and corruption of data. Similarly, Cegedim faces the risk of denial-of-service and other Internet-based attacks ranging from mere vandalism of its electronic systems to systematic theft of sensitive information and intellectual property. The Group cannot guarantee that its programs and controls will be adequate to prevent all possible security threats. Cegedim believes that any compromise of its electronic systems, including the unauthorized access, use or disclosure of sensitive information or a significant disruption of its computing assets and networks would (i) adversely affect its reputation and its ability to fulfill contractual obligations, (ii) require Cegedim to devote significant financial and other resources to mitigate such problems and (iii) increase its future cyber-security costs, including through organizational changes, deploying additional personnel and protection technologies, further training employees and engaging third-party experts and consultants. Moreover, unauthorized access, use or disclosure of such sensitive information could result in civil or criminal liability or regulatory action, including potential fines and penalties. Recently, other companies have experienced many high-profile incidents involving data security breaches by entities that transmit and store sensitive information. Lawsuits resulting from these security breaches have sought very significant monetary damages, although many of these suits have yet to be resolved. Although the Group maintains some insurance to cover these types of damages and costs, if it is sued for this type of security breach it is uncertain whether this coverage would be sufficient to cover the costs or damages assessed in this type of lawsuit against the Group.

Any real or perceived compromise of its security or disclosure of sensitive information may result in lost revenues by deterring customers from using or purchasing its products and services in the future. If its security is breached, its business, financial condition and results of operations could be materially and adversely affected.

2.4.4.7 Complex software may contain defects

Complex software may contain defects. The Group continually introduces new software, including enhancements to its existing software, which may contain defects. If Cegedim detects any defects before it introduces new software, the Group might have to delay its deployment for an extended period of time and lose the revenue that it otherwise could earn, while it addresses the problem and incur additional costs. If Cegedim does not discover defects that affect its software until after they are deployed, it could suffer harm to its reputation, lost sales, delays in commercial releases, product liability claims, delays in or loss of market acceptance of its applications, license terminations or renegotiations, unexpected expenses and diversion of resources to remedy defects and privacy and/or security vulnerabilities.

Cegedim customers may also use its software together with products from other companies or those that they have developed internally. As a result, when problems occur, it may be difficult to identify the source of the problem. Even when Cegedim software does not cause these problems, the existence of these defects may cause the Group to incur significant costs, divert the attention of its technical personnel from its software development efforts, impact its reputation and cause significant customer relations problems. Any of these could materially and adversely affect its business, financial condition and results of operations.

2.4.4.8 System disruptions and failures may result in customer dissatisfaction and customer loss

Cegedim systems may form an integral part of its customers' business operations as they are used to manage customer data, plan marketing and sales strategies and process payments. The continued and uninterrupted performance of its systems is critical to the Group success, as its customers may become dissatisfied by any system failure that interrupts its ability to provide services to them. Cegedim continued ability to satisfy its customers depends on its ability to protect its computer systems against damage from fire, power loss, water, telecommunications failures, earthquake, terrorism attack, vandalism and similar unexpected adverse events. Despite its efforts to implement network security measures, Cegedim systems are also vulnerable to computer viruses, break-ins and similar disruptions from unauthorized tampering. Major weather and pandemic event could also harm the Group ability to conduct normal business operations. Although the Group maintain insurance that it believes is appropriate for its business and industry, such coverage may not be sufficient to compensate for any significant losses that may occur as a result of any of these events. A prolonged system-wide outage or frequent outages could cause harm to its reputation and could cause Cegedim customers to make claims against the Group for damages allegedly resulting from an outage or interruption. Any damage or failure that interrupts or delays its systems or sustained or repeated

damage or failures could reduce the attractiveness of its services significantly and result in decreased demand for the Group products and services, which could materially and adversely affects its business, financial condition and results of operations.

2.4.4.9 Data suppliers may withdraw data that Cegedim has previously collected, withhold data from the Group in the future or fail to adhere to data quality standards, leading to difficulty in providing products and services to its clients

In addition from proprietary data and those derived from public record sources, Cegedim uses data purchased from third-party data suppliers and relies on them to provide the necessary data licenses on commercially reasonable terms. Its ability to continue providing products and services to its clients would be affected if its data suppliers were to withhold their data, whether as a result of its failure to maintain sufficient relationships with them or as a result of legal, contractual, privacy, competition or other economic concerns. For example, data suppliers could withhold their data if there is a competitive reason to do so, if Cegedim breaches its contract with them, if they are acquired by one of its competitors, if legislation is passed restricting the use of the data they provide or if judicial interpretations are issued restricting use of such data. Its data suppliers may also fail to adhere to its data quality standards and cause the Group to terminate its relationship with them. If a substantial number of data suppliers were to withdraw or withhold their data or fail to adhere to Cegedim data quality standards, its ability to provide products and services to its clients could be negatively impacted, which could materially and adversely affect its business, financial condition and results of operations.

2.4.4.10 Cegedim is subject to a number of existing laws, regulations and industry initiatives in a changing regulatory environment

Cegedim business and the business of its customers are regulated by a number of governmental entities in multiple jurisdictions. These regulations may impact the Group directly through their application, or indirectly through their application to its customers, as its products must be capable of being used by its customers in a manner that complies with those laws and regulations. The inability of its customers to do so could affect the marketability of its products or its compliance with its customer contracts. In the case of regulations that apply only to its customers, Cegedim may nevertheless be subject to liability under the theory that it assisted its customers in a violation of healthcare laws or regulations.

Because the healthcare information technology industry as a whole is relatively young, the application of many regulations to its business and to the business of its customers is uncertain. There are laws in many jurisdictions that may apply directly or indirectly to its business and the business of its customers, including anti-kickback laws and limitations on physician referrals. In addition, these laws and regulations differ from one country to another and its products and services have to be customized to satisfy the legal and regulatory regimes of each country, adding to the complexity of legal and regulatory compliance. It is possible that a review of its business practices or those of its customers by courts or regulatory authorities could result in a determination that could adversely affect the Group.

The healthcare regulatory environment may also change in a way that restricts Cegedim existing operations or its growth. For example, in France, pharmacy chains are not permitted, but the European Union is exerting pressure to change the law to allow pharmacy chains to operate. If the law does change, Cegedim negotiating power with the pharmacies in France could be negatively impacted. The Group may not be able to retain its current strength in making commercial arrangements with chains of pharmacies in France, notwithstanding the potential benefit of having fewer parties with which to transact business. If its negotiating power were reduced or if reduced operational costs were not sufficient to offset the negative impact on its negotiating power, its business, financial condition and results of operations could be materially and adversely affected.

The healthcare industry generally and the healthcare information technology industry specifically are expected to continue to undergo significant legal and regulatory changes for the foreseeable future. If the Group is unable to comply with changes in existing legislation or regulations, or if the healthcare regulatory environment adversely impacts its operating environment, its business, financial condition and results of operations could be materially and adversely affected.

2.4.4.11 The market for Cegedim products and services is competitive

The market for Cegedim products and services is competitive and is characterized by rapidly evolving technology and product standards, user needs and the frequent introduction of new products and services. Some of its competitors may be more established, benefit from greater name recognition and have substantially greater financial, technical and marketing resources. Moreover, the Group expects that competition will continue to increase as a result of consolidation in both the information technology and healthcare industries. If one or more of its competitors or potential competitors were to merge or partner with another of its competitors, the change in the competitive landscape could adversely affect its ability to compete effectively. Cegedim competes on the basis of several factors, including the breadth and depth of services, reputation, reliability, accuracy and security, client service, price and industry expertise and experience. The resources allocated to each market in which the Group competes vary, as do the number and size of its competitors across these markets. In any given market, its competitors may be in a better position to develop new products and pricing strategies that more quickly and effectively respond to changes in customer requirements in these markets and achieve greater market acceptance than its products and services. Due to competition, Cegedim may be subject to pricing pressures with respect to its future sales and be forced to reduce its prices, causing its business to be less profitable. There can be no assurance that the Group will be able to compete successfully against current and future competitors or that the competitive pressures that it faces will not materially and adversely affect its business, financial situation and results of operations.

2.4.4.12 Cegedim is exposed to general global economic and market conditions, particularly those impacting the healthcare and technology industries

A significant majority of Cegedim revenue is generated from the sale of its products and services to the healthcare industries. The demand for its products and services or the price that it can charge to its clients may decline if the businesses that it serves become subject to financial pressures, such as increased costs or reduced demand for their products. The recent worldwide recession has had, and the European sovereign debt crisis and the continuing uncertainty as to global economic recovery may have, adverse consequences on its customers and its business, including financial pressures on industry participants to cut expenses and limit investment in capital intensive projects. Adverse market conditions may have a negative impact on its business by decreasing its new customer engagements and the size of initial spending commitments under those engagements, as well as decreasing the level of discretionary spending by existing customers. In addition, a longer buying decision-making may limit its ability to forecast its flow of new contracts. Any of these circumstances could have a material adverse impact on its business, financial condition and results of operations.

2.4.4.13 Engagements with certain clients, particularly those with long-term agreements, may prove to be more costly than anticipated

The pricing and other terms of Cegedim client contracts are based on estimates and assumptions the Group makes at the time it enters into these contracts. These estimates and assumptions reflect its best judgment regarding the nature of the engagement and its expected costs to provide the contracted services, but such estimates and assumptions may differ from the actual nature of the engagement and costs. Any increased or unexpected costs or unanticipated delays in connection with the performance of these engagements, including delays caused by factors outside its control, could make these contracts less profitable or unprofitable, which would have an adverse effect on its profit margin. Its exposure to this risk increases generally in proportion to the scope of the client contract and is higher in the early stages of the contract. In addition, a majority of its information technology outsourcing contracts contain some incentive-based or other pricing terms that condition its fee on its ability to meet defined goals. The Group failure to meet the expectations of a client in any type of contract may result in an unprofitable engagement.

The proportion of non-profitable contracts are virtually inexistent.

2.4.4.14 Cegedim business may be adversely affected by prolonged sales cycles

Cegedim business is directly affected by the length of its sales cycle, which is the amount of time it takes a customer to ultimately purchase a product or service. The duration of the sales cycle depends on a number of factors that are difficult to predict, including the nature and size of the potential customer and the extent of the commitment being made by the potential customer. Information technology systems are complex, and their purchase generally involves a significant commitment of capital, with frequent delays in connection procurement procedures for large capital expenditures. The procurement procedures may require coordination and agreement across many departments. If potential customers take longer than Cegedim expects to decide to purchase, its selling expenses could increase and the recognition of its revenues could be delayed. In periods of economic downturn, its typical sales cycle is particularly subject to prolongation. Any of these situations could have a material adverse effect on its business, financial condition and results of operations.

2.4.4.15 Cegedim international presence exposes the Group to risks associated with varied and changing political, cultural, legal, financial and economic conditions worldwide

Cegedim Group is affected by risks associated with conducting business internationally. The Group operates in 11 countries mainly in Europe. Although more than 80% of its revenue of continuing activities for 2015 was derived from customers in France, it obtains significant revenue from customers in the European region, excluding France, and North and South America. Cegedim strategy is to continue to broaden its existing customer bases and to expand into international markets. Conducting business internationally exposes the Group to certain risks inherent in doing business in international markets, including lack of acceptance of non-localized products and competition from products already present;

- Legal and cultural differences in the conduct of business;
- Difficulties in staffing and managing foreign operations;
- Longer payment cycles;
- Difficulties in collecting accounts receivable and withholding taxes that limit the repatriation of earnings;

- Trade barriers:
- Fluctuations in foreign currency exchange rates;
- Difficulties in complying with varied legal and regulatory requirements across jurisdictions;
- Difficulties in complying with applicable sanctions regulations, antimony laundering and anti-corruption laws, which may include the US Department of Treasury Office of Foreign Assets Control sanctions, the US Foreign Corrupt Practices Act and the UK Bribery Act;
- Difficulties in complying with tax laws in multiple international jurisdictions, as well as changes in tax laws or their application;
- Insufficient legal protections of property rights and against crime;
- Immigration regulations that limit its ability to deploy its employees;
- Economic and political instability and threats of terrorism;
- Variations in effective income tax rates among countries where Cegedim conducts business.

One or more of these factors could have a material adverse effect on its international operations, which could harm its business, financial condition and results of operations.

The Group has implemented an ethical and an anti-bribery charter and also an escalation rule. As of today, the Group has identified no problems.

2.4.3.16 Cegedim may seek to acquire companies or technologies that can be more difficult to integrate than initially estimated and require more attention of its management

Cegedim pursues acquisitions and other initiatives in order to offer new products or services, improve its market position and enhance its strategic strengths. The Group has completed numerous acquisitions, in the past years. In the future, Cegedim may acquire other companies that will advance its strategy. The Group cannot assure that suitable future acquisition candidates can be found, acquisitions can be consummated on favorable terms or otherwise favorable acquisitions may not be subject to antitrust or other regulatory concerns. Cegedim also cannot assure that the acquisitions that it has completed, or any future acquisitions that it may make, will be successful in realizing revenue improvements, cost savings and other intended benefits. The Group may face unexpected difficulties in incorporating the technology or systems of an acquired company with its own. It may also fail to identify all material issues relating to the integration of its acquisitions, such as significant defects in the Management Control policies and unknown liabilities associated with the acquired companies. Even if it obtains indemnification from the seller of an acquisition, the indemnification may be insufficient or unavailable for the particular liabilities that it incurs in association with the acquisition. Cegedim may also face difficulties in integrating

acquired personnel and operations and in retaining and motivating key personnel from these businesses. Acquisitions may also disrupt its ongoing operations, divert management from day-to-day responsibilities, increase its expenses and harm its results of operations or financial condition. The occurrence of any of these events could have a material and adverse effect on its business, financial condition and results of operations.

2.4.4.17 The skilled and qualified workforce that Cegedim need to develop, implement and modify its products and services may be difficult to hire, train and retain, and the Group could face increased costs to attract and retain its skilled workforce

Cegedim business operations depend in large part on its ability to attract, train, motivate and retain highly skilled information technology professionals, software programmers and communications engineers, with a deep understanding of the healthcare and health information technology industries, on a worldwide basis. Because its products and services are complex and are generally used by its customers to perform critical business functions, the Group depends heavily on skilled technology professionals. Skilled technology professionals are often in high demand and short supply. If Cegedim is unable to hire or retain qualified technology professionals to develop, implement and modify its products and services, it may be unable to meet the needs of its customers.

Cegedim invests significant time and expense in training its employees, which increases their value to clients and competitors who may seek to recruit them and also increases the costs of replacing them. In addition, serving several new customers or implementing several new large-scale projects in a short period of time may require to attract and train additional IT professionals at a rapid rate. Although the Group heavily invests in training its new employees, it may not be able to train them rapidly enough to meet the increasing demands of its business. If Cegedim fails to retain its employees, the quality of its services could diminish.

Its inability to hire, train and retain the appropriate personnel could increase its costs of maintaining a skilled workforce and make it difficult to manage its operations, meet its commitments and compete for new customer contracts. Any of these could have a material adverse effect on its business, financial condition and results of operations.

For more information on the group employee turnover over the period please see point 6.2.1.1 in Chapter 6 "Cegedim's Corporate Social Responsibility".

4.2.4.18 Management and key employee turnover or failure to attract and retain qualified management could adversely affect Cegedim operations

Cegedim success depends on the skills, experience, efforts and policies of its management and the continued active participation of a relatively small group of senior management personnel, including its Chairman and Chief Executive Officer, Mr. Jean-Claude Labrune and its Deputy Managing Directors, Mr. Pierre Marucchi and Mr. Laurent Labrune. The loss of the services of all or some of these executives could harm its operations and impair its efforts to expand its business. If one or more of its key employees leaves its employment, Cegedim will have to find a replacement with the attributes necessary to execute its strategy. Because competition for skilled employees is intense, and the process of finding qualified individuals can be lengthy and expensive, it believes that the loss of the services of key personnel could materially and adversely affect its business, financial condition and results of operations. The Group cannot assure that it will continue to retain such personnel.

4.2.4 Insurance

Cegedim SA has established an insurance program with recognized insurance companies covering it and all the companies belonging to the Group against all professional and civil liability risks inherent in its operations. These contracts provide the following cover

- Civil liability for operations: 30 million euros per claim:
- Professional civil liability and civil liability for products or after delivery: 20 million euros per claim, and per year insured.

Cegedim has also taken out, inter alia, with the same companies a policy covering buildings and/or all tenant risks for all the sites occupied by it or by the companies belonging to the Group. This contract includes coverage for all computer risks up to a limit of €14.9 million, excluding events falling under the overall limit and theft, which falls under the "theft limit", and a €10 million intangible damage warranty clause covering operating losses and computer data excluding material damages.

In June 2013, Cegedim established an insurance program for its risks related to employment, with a maximum limit of 10 million euros guarantee per year of insurance.

The US subsidiary Pulse has taken an insurance policy covering risks relating to civil liability up to

 2 million dollars per year of insurance for professional civil liability at a rate of €1 million per liability;

The insurance program entered into by Cegedim SA comes into play when there are different conditions and as a complement to or after exhaustion of the US coverage.

2.5 Policy toward employees

Payroll costs represent one of the most significant expenses. The Group's employees make up Cegedim's most valuable asset and main resource. Cegedim therefore adapts its compensation policy appropriately in order to motivate talent, ensure training and recruitment while maintaining salary costs within a reasonable growth level. For 2017, salary changes will be individualized

2.5.1 Agreement providing for Cegedim employee profit-sharing plans

There are employee profit-sharing agreements in accordance with the legal provisions with application of the ordinary law calculation formula. Upon the employee's discretion, the profit-sharing may be paid into a Mutual Fund or deposited in a current account frozen in the corporate accounts.

At December 31, 2016, the Corporate Mutual Fund consisted of 87,367 Cegedim shares, representing 0.62% of the capital.

2.5.2 Allocation of free shares

See point 7.6.2 of this Registration Document.

2.6 Report of the chairman of the Board of Directors

2.6.1 Introduction

In accordance with article L. 225-37 of the French Commercial Code, as amended by financial security law No. 2003-706 of August 1, 2003, the purpose of this report is to summarize:

- Conditions for preparing and organizing the work of the Board of Directors;
- Any limitations made by the Board of Directors to the powers of the CEO and the Deputy Managing Directors:
- The internal control procedures established within the Cegedim Group.

This report was prepared on the basis of reports and meetings led by the General Management with all of the bodies involved in the Group's internal control mentioned in the remainder of this document.

2.6.2 Corporate governance and practices of the Board of Directors

2.6.2.1 Composition of the Board of Directors

The Board of Directors consisted of ten members as at December 31, 2016.

On November 5, 2009, the Company became a party to the agreement signed on October 28, 2009, between Mr. Jean-Claude Labrune, FCB and Bpifrance Participations, which was sent to the AMF. This agreement provides for changes to be made to the Company's governance. The Middlenext's code of governance is currently under adoption.

The list of Directors of Cegedim SA, including positions held in other companies, is attached to the Management Report.

2.6.2.2 Frequency of meetings

Article 13 of the bylaws of Cegedim SA states that the Board of Directors meets as often as the Company's interests dictate.

The Board of Directors met eight times in 2016.

In addition to the deliberations and decisions on the agenda as required by law (principally the shareholders' call to meeting and the preparation of the yearly Management Report), the Board of Directors worked in the main on the following areas:

- The Group's financial strategy, especially in regard to refinancing the debt, notably the authorization to agree the revolving credit facility and the subordination agreement;
- The authorization required in order to perform the Futuramedia acquisition;
- Transfer of corporate headquarters;
- Renewal of the terms of the Chairman and Deputy Managing Directors;
- Examination of board members' terms coming to an end;
- The financial statements and the budget (approval of the 20145 yearly consolidated statements, the 2016 quarterly consolidated statements and the forecasted 2016 statements), the five-year business plan. The Board was kept informed of the Group's financial position by the statements provided to the Audit Committee and the presentations given at each meeting by the Deputy Managing Director;
- And awards of free shares (restricted shares).

2.6.2.3 Convening of Directors

The Directors were convened by fax and e-mail in compliance with article 13 of the bylaws of Cegedim SA.

In accordance with article L. 225-238 of the French Commercial Code, the Statutory Auditors were convened to the Board of Directors' meetings during which the annual and interim financial statements were examined and approved.

2.6.2.4 Information provided to Directors

All documents and information necessary for the Directors to perform their duties were sent to them prior to each meeting of the Board of Directors.

At any time of the year, the Board of Directors may perform the checks and audits it deems advisable. In this respect, each Director may request the documents necessary to perform his duties from the Chairman of the Board of Directors.

2.6.2.5 Meeting location

Meetings of the Board of Directors are held at the Company's corporate headquarters.

2.6.2.6 Meeting minutes

Minutes of meetings of the Board of Directors are drawn up at the end of each meeting, sent to the Directors and validated by them at the next meeting.

2.6.2.7 Directors' compensation

The compensation paid to Directors is stipulated in the list of Directors of Cegedim SA appended to point 2.2 of this Registration Document. The Compensation Committee proposes the remuneration criteria for the Company's corporate officers to the Board. It examines the policies for allocations of free shares and all proposals for increases in the Company's capital reserved exclusively for employees.

2.6.2.8 Limitation of the powers of the Chairman & CEO and of the Deputy Managing Director

The Board of Directors has not imposed any limitations on the powers of Mr. Jean-Claude Labrune, Chairman & CEO or on those of Mr. Pierre Marucchi, Deputy Managing Director and Laurent Labrune. Deputy Managing Director.

2.6.3 Internal control procedures

2.6.3.1 Purpose of the internal control procedures within the Cegedim Group

The purpose of internal control is to provide a reasonable assurance that the Company's strategic and financial objectives will be achieved and to faithfully and accurately reflect these impacts in the published figures. The Group is putting in place the conditions necessary for an efficient internal control, ensuring notably that management actions, operational execution, and employee conduct are consistent with the framework defined by the applicable laws and regulations and are performed in accordance with the values described in the Professional Conduct Charter and the Company's standards and internal rules. Furthermore, Internal Control efforts ensure that the accounting and financial information are in order and drawn up according to the standards and rules in force.

The purpose of internal control within the Cegedim Group are based on the following topics:

COORDINATION OF ITS ACTIVITIES

Cegedim's growth relies particularly on its ability to anticipate its clients' needs and to satisfy them by combining a large number of "industry" skills.

From the standpoint of internal control, the success of this model requires the coordination of management actions and employee behavior. It means that these actions and this behavior must be consistent with the directions given to the Group's activities by its corporate bodies, by the laws and regulations in force, and by the Group's internal standards.

CONTROL AND TRANSPARENCY OF ITS ACCOUNTING ANDFINANCIAL INFORMATION

The internal control procedures govern the preparation and disclosure of the Group's accounting and financial information. This information is established in order to guarantee its availability, integrity, conformity, and auditability.

SUPPORT FOR ITS GROWTH

The Cegedim Group's expansion, particularly through acquisitions, relies on its ability to identify the external growth opportunities. Here, the measures taken by Cegedim seek to accelerate the incorporation of new businesses, control the risks inherent to growth transactions, and track their performance.

In early 2008, the Group's General Management created an "Operational Excellence" unit (OPEX) in charge of optimizing the organization and information circuits as well as reinforcing the Group's customer-oriented culture in order to generate savings through synergy, rationalization of procedures and tools, and optimization of team productivity. OPEX is able to propose improvements to internal control and financial control, by placing systematic emphasis on the business activity component.

SECURITY OF ITS INFORMATION PROCESSING OPERATIONS

Leader in the sector of technologies and services relating to medical information, the Cegedim Group's priority is to provide its clients and partners with complete satisfaction concerning data security. The Cegedim Group complies with the data protection and privacy laws in all of the countries where it operates.

ACQUISITION OF CUTTING EDGE SKILLS

The Cegedim Group considers the training of its teams to be a key factor of success, making it possible to ensure client satisfaction and employee motivation.

The general training policy implemented at Cegedim consists primarily of continuously adapting the skills of its research and development teams and assisting its employees in acquiring new skills necessary for their work.

2.6.3.2 Organization of the Management bodies that play a role in internal control

Cegedim's internal control system involves a high level of interaction between the Board of Directors, the General Management and the Activity Divisions, thus encouraging the transparency of the strategies, risks and actions implemented in the Group.

Cegedim's General Management has central management and control bodies that include the Financial Division, the investment Division, Accounting Division, the Management Control Division, the Human Resources Division, the Legal Division, General Corporate Affairs, the IT Division, the Communication Division, and the Operational Excellence unit (OPEX).

In 2010, Cegedim's Board of Directors set up an Audit Committee to ensure that the accounts are accurate and reliable and that information provided is of the highest quality.

Consistently, the Group has sought to strengthen its teams dedicated to controlling and coordinating international operations. Reporting to the General Management, OPEX and the Legal Division duty is to formalize then establish procedures that are common to the Group's subsidiaries, guaranteeing the uniformity of work methods.

The network of financial officers or controllers in each country or region is responsible for applying Headquarter policies at local level. At local level it ensure financial control of operations as part of routine management or during the operational revamping processes decided by headquarters.

In their respective fields, the mission of these management and control bodies is to regulate the Group's operation and, at the same time, put their specialized skills to use in carrying out operations.

2.6.3.3 Preparation of the Group's financial statements

The preparation of Cegedim Group's financial statements is based on the following components:

CENTRALIZED ACCOUNTING OF THE COMPANIES OF THE CEGEDIM GROUP

The Cegedim Accounting Division prepares the statutory financial statements for the subsidiaries in the French scope of the Group and oversees the process for the preparation of the consolidated financial statements. For the newly-acquired companies and foreign subsidiaries, the Accounting Department established a standard reporting procedure so as to produce consolidation packages. At the same time, the Management Control Division reports key financial and operational data on a monthly basis. The two Divisions together routinely check the consistency of their data.

The creation in 2005 of a department dedicated specifically to international consolidation has made it possible for the Company to ensure that the financial information from foreign subsidiaries is reliable while at the same time adapting to the new accounting regulations. Furthermore, this centralized consolidation process made it possible to considerably reduce the time necessary to report international information.

The processes listed below help reinforce internal controls related to the processing of financial and accounting information disclosed by the Cegedim Group.

Consolidation and financial reports: the Group's consolidated financial statements and financial reporting are prepared in accordance with the International Financial Reporting Standards (IFRS), based on the accounting data compiled under the responsibility of the operational entities' managers. The IFRS Standards and IFRIC interpretations used are those adopted by the European Union. The main issues in relation to the Financial Report are subject to specific procedures. These notably include the impairment test of the assets held by the Company during each fiscal year, the assessment of the financial liquidity risk, the valuation of benefits granted to employees, the taxes and commitments not recognized in the balance sheet. The consolidated financial statements are reviewed by the Audit Committee and approved by the Board. The Group's accounts are published semiannually, the consolidated revenue is published quarterly. The accounts are subject to an annual audit and a half-year limited review by the Statutory Auditors of the Group.

<u>Budget, management control:</u> every year, each operational entity submits its strategy and annual budget for the upcoming year and also a 3 years forecast to General Management. Once validated, this information is integrated into the business plan submitted to the Audit Committee and the Group's General Management. Quantitative and qualitative objectives, used as a basis to assess their annual performance, are then assigned to the operational entities' managers. The budget is subject to regular follow-up items.

Investments/Disposals: all investment and disposal transactions (equity investments, launch of new business activities as well as any other financial commitment, purchase rights, real estate contract, etc.) are subject to the General Management's prior authorization. Transactions exceeding 20 million euros are submitted to the Audit Committee. The file examination and reporting are carried out by the Financial and Investment Division.

CONTROL AND ENHANCEMENT OF FINANCIAL AND ACCOUNTING INFORMATION BY MANAGEMENT CONTROL

The data supplied by the Accounting Department is systematically reconciled with the work done by the Management Control Department, whether this involves regular analytical monitoring of the activities, budgetary control or inspection reports. This information forms the basis for the operating reports prepared by Management Control, allowing for regular tracking of key indicators.

IT TOOLS USED TO PREPARE FINANCIAL AND ACCOUNTING INFORMATION

Cegedim implements a policy aimed at upgrading its IT tools to ensure optimum availability, integrity, conformity and auditability of its financial and accounting data.

In order to ensure the necessary internal consistency and meet the Group's guidance needs, new tools are regularly implemented under the direct responsibility of the Deputy Managing Director, assisted by a project manager ensuring the interface with the Accounting Department and the Management Control Department. The common tools to all Group entities are the statutory consolidation tool, the international reporting tool. They are supplemented by a business intelligence tool allowing analytic information to be analyzed in greater detail.

KEY ELEMENTS OF THE LEGAL AND OPERATIONAL CONTROL EXERCISED BY THE PARENT COMPANY OVER THE SUBSIDIARIES

Main disputes are directly followed up by the Group's Legal Department. General Management follow also the most sensitive disputes and is kept informed at all times by the Group's Legal Department of the status and the various stages of the dispute. The Audit Committee is regularly kept informed.

CONTROL OF COMMITMENTS

The General Corporate Affairs office of the Group's Legal Department handles the central supervision of authorizations and delegations and makes sure, when they are established, that they are limited in accordance with the Group's internal rules regarding commitments.

CONTROL OF THE GROUP'S LEGAL ACTIVITY

The Cegedim Group's procedures require that the Legal Department be consulted prior to signing contracts with third parties, depending on their purpose and the representations and warranties that they contain and, where relevant, the transnational nature of the transactions they govern. The Legal Department also centralizes information related to certain key contracts.

2.6.4 Control of internal security

Cegedim has a governance structure for security. This means that security of all the Company's activities is taken into account and that all appropriate protection measures are implemented.

A Compliance Department reports directly to the management. It includes the Head of Information Systems Security and defines the Group's security policy using risk analysis, as well as ensuring that the policy is applied consistently to the security requirements identified by the management through regular internal audits.

The Director of Information Systems ensures that the decisions to roll out IT systems, and in particular, procedures relating to data security, take into account Cegedim's strategic priorities.

The IT Operations Manager, the Information Security Manager and the Physical Security Manager implement the Company's strategy. They are responsible for putting security procedures in place.

The Operations Director ensures that all activities provide the level of security appropriate to Cegedim's strategic decisions, through daily monitoring.

The internal security policy for the information system is actively facilitated by General Management, and covers, in particular:

- Employee security (reducing the risks of human error, theft, fraud or abusive use of infrastructures);
- Physical security (controlling access, damage and disruptions relating to the Group's assets);
- IT access security (controlling access to information):
- Information security (ensuring an appropriate level of information protection);
- Systems administration and network security (ensuring that the information processing infrastructures operate correctly and reliably);
- The security of IT developments (incorporating security into the developments and ensuring the secure execution of support activities);
- Crisis prevention, detection, and management;
- Compliance with legislation.

The major customers of the Cegedim Group apply recognized international standards, adopting the most stringent requirements in terms of the auditing and control of their information systems.

Cegedim refers to international standards such as ISO I27001 for its information security and ISO 20000/ ITIL standard for IT service management, ISO I9001 for quality management and CMMI for project management and software development. To gain recognition and validation of this high level of compliance, Cegedim, through its different affiliates, has obtained numerous accreditation/certification, reviewed annually by external auditors:

- ISAE 3402, Type 2 for Cegedim IT data hosting for the Boulogne-Billancourt and Toulouse (France) datacenter:
- ISO 27001, ISO 20000 et ISAE 3402 Type 2 for Cegedim Activ (France);
- Agreement for hosting personal health data (France);
- ISAE 3402 Type 2 for Cegedim SRH (France);
- ISAE 3402 Type 2 for Cetip (France);
- ISAE 3402 Type 2 for iGestion (France);
- ISO 27001 for Cegedim RX (UK);
- ISO 27001 for INPS (UK).

2.6.5 Control of operations management

Control of the Group's operations management covers three areas:

- The annual budget preparation process;
- The monthly management reporting and the update of annual forecasts;
- The ad hoc inspection assignments performed at the Group's departments and subsidiaries.

These procedures concern all of the Group's departments and subsidiaries. Furthermore, when new acquisitions are made, a standardized integration process ensures that the operational synergies and information reporting necessary for management and Management Control in accordance with the current standards are implemented as quickly as possible.

2.6.5.1 The annual budget preparation process

Each year, the Activity Directors present to the General Management the annual budget for the activities placed under their responsibility. To prepare these budgets, Management Control is responsible for providing all assistance necessary to the operational managers and for guiding their work in order to ensure overall consistency and to record the key assumptions to be able to track them during the year.

2.6.5.2 The monthly management reporting and the update of annual forecasts

Management Control is responsible for preparing the monthly reporting for all of the Group's subsidiaries, including their annual forecasts and their budget tracking. Routinely presented to the Group's General Management, this reporting makes it possible to identify the basic performance trends for each entity and to chart any corrective measures to be taken.

2.6.5.3 Ad hoc inspections

General Management decides when ad hoc inspections will be made. Other control bodies help determine what entities to inspect and what areas they should cover. They are also involved in conducting such inspections. The Internal Control, Management Control and OPEX departments are most often called upon to perform these missions. The scope of these inspections covers all areas relating to internal control.

2.6.6 Objectives for 2017

- Continue to work at improving the Group's operating leverage; maintain R&D investment efforts and gauge whether they are commensurate with the expected outcome.
- Optimize internal control processes, notably by enhancing the business intelligence tools associated with the consolidation and financial reporting applications.

2.7 AUDITORS' REPORT, PREPARED PURSUANT TO ARTICLE L. 225-235 OF THE FRENCH CODE OF COMMERCE ON THE REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS OF CEGEDIM SA

Société CEGEDIM

Year ended December 31, 2016

To the Shareholders,

As Auditors of Cegedim and pursuant to the provisions of article L. 225-235 of the Code of Commerce, we present to you our report on the report prepared by the Chairman of your Board of Directors in accordance with the provisions of article L. 225-37 of the French Code of Commerce for the fiscal year ended December 31, 2016.

It is the Chairman's responsibility to prepare and submit for approval from the Board of Directors a report on the internal Control and risk management procedures put into place within the company, also providing the other information required by article L. 225-37 of the French Code of Commerce, particularly with regard to the legislation on corporate governance.

It is our responsibility to:

- Inform you of any comments that we may have concerning the information contained in the Chairman's report concerning the internal Control and risk management procedures related to developing and handling accounting and financial information, and
- Certify that the report includes the other information required by article L. 225-37 of the French Code of Commerce, with the understanding that it is not our responsibility to verify the reliability of this other information.

Information regarding the internal control and risk management procedures related to developing and handling accounting and financial information

Professional standards of practice require us to take all appropriate measures to assess the reliability of information on internal Control and risk management procedures related to developing and handling accounting and financial information contained in the Chairman's report.

In particular, these measures involve:

- Examining the internal Control and risk management procedures related to developing and handling the accounting and financial information underlying the information presented in the Chairman's report as well as the existing documentation:
- Examining the work done to prepare this information and the existing documentation;
- Determining whether any major deficiencies in the internal controls related to developing and handling accounting and financial information that we noted during the course of our audit are appropriately disclosed in the Chairman's report.

Based on this work, we have no comments to make about information pertaining to the Company's internal Control and risk management procedures related to developing and handling the accounting and financial information contained in the report by the Chairman of the Board of Directors prepared pursuant to the provisions of article L. 225-37 of the French Code of Commerce.

Other information

We certify that the report by the Chairman of the Board of Directors includes the other information required in article L. 225-37 of the French Code of Commerce.

Neuilly-Sur-Seine and Courbevoie, March 28, 2017

Grant Thornton

French Member of Grant Thornton International

Solange Aïache

Partner

Jérôme de Pastors

Mazars

3 Overview of the fiscal year

3.1	Activity and highlights	72	3.4	Analysis of the financial position of the Cegedim Group	74
3.2	Crossing of ownership thresholds	73	3.5	Analysis of the financial position of Cegedim S.A.	85
3.3	Events after December 31, 2016	73	3.6	Dividends paid in respect of the last three fiscal years	87
			3.7	Outlook	88

3.1 Activity and Highlights

3.1.1 Fiscal year Highlights

New credit facility

In January 2016, the Group took out a new five-year revolving credit facility (RCF) of €200 million. The applicable interest rate for this credit facility is Euribor plus a margin. Cegedim may choose the Euribor rate, which can be the 1-, 3- or 6-month rate; if Euribor is below zero, it will be deemed to be equal to zero. The margin can range from 0.70% to 1.40% depending on the leverage ratio calculated semi-annually in June and December (refer to point 2.4.1.1 on page 14 of the Q2-2016 Quarterly Financial Report).

Exercise of the call option on the entire 2020 bond

On April 1, 2016, Cegedim exercised its call option on the entire 6.75% 2020 bond with ISIN code XS0906984272 and XS0906984355, for a total principal amount of €314,814,000.00 and a price of 105.0625%, i.e. a total premium of €15,937,458.75. The company then cancelled these securities. The transaction was financed by drawing a portion of the RCF obtained in January 2016 and using the proceeds of the sale to IMS Health. Following this transaction, the Group's debt comprises the €45.1 million FCB subordinated loan, the partially drawn €200 million RCF, and overdraft facilities.

S&P has raised *Cegedim's* rating to BB with stable outlook

After Cegedim announced that it would redeem the entire 6.75% 2020 bond, rating agency Standard and Poor's raised the company's rating on April 28, 2016, to BB with a stable outlook.

Acquisition of Futuramedia Group

Cegedim announced on November 2, 2016, that it had signed a heads of agreement to acquire *Futuramedia Group*. This deal will strengthen the digital offerings of its subsidiary *RNP*, which specializes in pharmacy displays in France. The acquisition was completed on November 30, 2016

In 2015, Futuramedia Group generated revenues of around €5.4 million. It will have an accretive impact on Cegedim Group's margins and began contributing to the Group's consolidation scope from January 1, 2017.

Kadrige sale

The Kadrige business was sold to IMS Health on November 9, 2016.

Apart from the items cited above, to the best of the company's knowledge, there were no events or changes during the period that would materially alter the Group's financial situation.

3.1.2 Information on major subsidiaries and affiliates

Cegedim's equity investments are presented in the organizational chart in point 1.3.3 of this Registration Document. They are taken into account in preparing the Group's consolidated financial statements in accordance with the methods presented in the accounting principles of the consolidated financial statements in point 4.6, note 13.

Below are specific comments about our principal subsidiaries whose separate revenues exceeded €30 million as at December 31, 2016.

Cegedim Activ

Cegedim Activ's solutions are used to manage more than 43 million policyholders in France, making the company a leader in software and solutions for the personal insurance market (compulsory and supplemental health insurance and personal protection insurance). Cegedim Activ's products are intended for all market operators, including insurance companies, mutual insurers, pension institutions, and brokers.

Cegedim Activ is an expert in the field of insurance for individuals and works closely with its clients to help them create innovative products while ensuring that their businesses are as profitable as they can be. To do so, Cegedim Activ draws on a unique combination of knowhow: the business line expertise of its employees, the latest technologies, and a range of services that encompasses consulting, integration, facilities management and health data flow management.

Cegedim SRH

Cegedim SRH markets TEAMS^{RH} – its comprehensive, scalable HRIS platform, available in SaaS format – to Human Resources departments. The TEAMS^{RH} solution covers a broad functional range, including payroll processing, personnel administration, operations management, scheduling, career planning, skills development, HR analytics, HR document and process digitalization, remuneration, and more.

This innovative solution can be paired with an business process outsourcing (BPO) service, either locally (Boulogne, Nantes, Lyon, Toulouse, Strasbourg and

Montargis) or offshore (Morocco). This allows clients to get started with a basic range of functions and upgrade their service options as the partnership develops.

Cegedim SRH works with over 200 clients, including national and international companies in every sector of the economy, ranging from mid-market firms to large corporations.

Cetip

In 2016, the Cetip consolidated its position as leader in the management of third party payment through its brands SP Santé and iSanté, with over 172 million third-party healthcare payer invoices processed now for 21 million beneficiaries and over 2.9 billion benefits paid per year.

3.2 Crossing of ownership thresholds

3.2.1 During FY 2016

To the best of the company's knowledge, there were no thresholds crossed during 2016.

3.3 Events after December 31, 2016

Tessi litigation

On February 10, 2017, Cegedim was ordered to pay €4,636,000 to the Tessi company for failing to meet certain contractual obligations with respect to an asset sale made on July 2, 2007.

Cegedim has decided to appeal this decision.

Euris litigation

Cegedim has received notification that it is being sued jointly with IMS Health by Euris for unfair competition. Cegedim has filed a motion claiming that IMS Health should be the sole defendant.

Partial interest rate hedging

To hedge part of the Group's exposure to euro interest rate fluctuations linked to its RCF, the Group carried out an interest rate swap on February 17, 2016. Under the zero-

Smart RX

Capitalizing on over 30 years of expertise in pharmacy IT, Smart Rx, Cegedim's French pharmacy division, develops and markets comprehensive, integrated software solutions, including the supply of appropriate computer hardware.

Smart Rx is at the forefront of the latest technological innovations, and is meeting its customers' occupational needs with high value-added and continuously updated solutions.

The new challenges related to the business model and to regulations such as the Pharmaceutical File, substitution goals, product traceability, the electronic prescription of drugs, new pharmacist responsibilities from the HPST laws, etc. are some of the issues that encourage short or medium term changes in IT tools.

3.2.2 During FY 2015

June 18, 2015: Alliance Healthcare France, indirectly controlled Walgreens Boots Alliance, Inc fell below the 5% threshold of capital and voting rights following the sale offmarket of block to FMR LLC and is no longer shareholder.

June 18, 2015: FMR LLC (245 Summer Street, Boston, USA) crossed the 5% threshold of capital and voting rights with 9.59% of shares and 5.73% of voting rights.

premium swap agreement, Cegedim receives the 1-month Euribor rate if it exceeds 0%, receives nothing otherwise, and pays a fixed rate of 0.2680%.

Acquisition of B.B.M. Systems in the UK

On February 23, 2017, Cegedim acquired UK company B.B.M. Systems through its Alliadis Europe Ltd subsidiary. The deal strengthens the Group's expertise in developing Cloud-based products for general practitioners.

B.B.M. Systems had 2016 revenues of around €0.7 million and earned a profit. It will contribute to the Group's scope of consolidation from March 1, 2017.

Apart from the items cited above, to the best of the company's knowledge, there were no post-closing events or changes that would materially alter the Group's financial situation.

3.4 Analysis of the financial position of the Cegedim Group

3.4.1 Consolidated P&L

In € million		12.31.2016	12.31.2015	Change
Revenue	€M	440.8	426.2	+3.4%
Purchases used	€M	(35.0)	(39.8)	(12.0)%
External expenses	€M	(125.6)	(109.1)	+15.1%
Payroll costs	€M	(206.1)	(187.0)	+10.2%
EBITDA	€M	61.4	78.5	(21.8)%
EBITDA margin	%	13.9%	18.4%	(449)bps
Depreciation	€M	(34.3)	(30.4)	+12.8%
EBIT before special items	€M	27.1	48.1	(43.7)%
EBIT margin before special items	%	6.1%	11.3%	(514)bps
Special items	€M	(24.1)	(6.7)	+261.5%
EBIT	€M	2.9	41.4	(92.9)%
EBIT margin	%	0.7%	9.7%	(905)bps
Cost of net financial debt	€M	(25.8)	(40.8)	(36.8)%
Total taxes	€M	(4.1)	17.6	n.m.
Profit (loss) for the period	€M	(25.6)	19.5	n.m.
Net profit (loss) for the period from activities sold	€M	(1.1)	47.5	n.m.
Group share	€M	(26.7)	67.0	n.m.

The Cegedim Group's key financial indicators are:

- Consolidated revenue and revenue by division;
- Consolidated operating income before special items and by division;
- Investments;
- Financial structure.

Detailed comments on these are provided below.

The key non-financial performance indicators that apply to Cegedim SA also apply to the consolidated Group level.

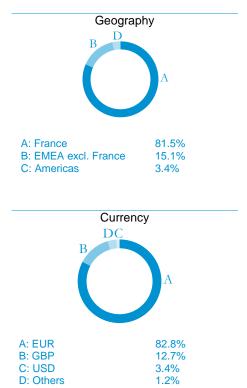
Revenue from continuing activities amounted to €440.8 million in 2016 compared with €426.2 million in 2015, an increase of €14.7 million or 3.4%. Currencies had a negative impact of 1.7% and acquisitions made a positive contribution of 0.8%. Like-for-like revenue grew by 4.4%.

The negative impact of foreign currency translation was €7.3 million, or 1.7%, coming mainly from the negative impact of the pound sterling (12.7% of consolidated Group revenue) for €7.3 million.

The positive impact from acquisitions was €3.3 million, or 0.8%, coming mainly from the acquisition of *Activus* in the UK in July 2015.

In 2016, the 2.8% like-for-like decrease in the *Healthcare professionals* division's revenue was more than offset by the 10.5% increase in the *Health Insurance*, *HR and eservices* division's revenue.

FY 2016 revenue breakdown:



By geographic region, the relative contribution of France climbed by 2.4 points to 81.5%, whereas EMEA (excluding France) fell by 2.7 points to 15.1% and the Americas remained relatively stable at 3.4%.

The breakdown of revenue by currency changed only marginally compared with the previous year: the euro and the US dollar climbed by respectively 2.1 points and 0.3 point to 82.8% and 3.4% respectively, whereas the pound sterling fell by 2.4 points to 12.7%, and other currencies remained relatively stable at 1.2%.

Changes in the breakdown of Group revenue by division were as follows. The contribution of the *Health Insurance*, *HR and e-services* division increased by 4.4 points to 59.5%, whereas that of the *Healthcare Professionals* division decreased by 4.2 points to 39.7%. The contribution of the *Activities not allocated* division remained relatively stable at 0.7%.

Operational Charges

Purchases used amounted to €35.07 million in 2016 compared with €39.8 million in 2015, a decrease of €4.8 million or 12.0%. They represented 7.9% of revenues in 2016, compared with 9.3% in 2015. This decrease in purchases used was primarily due to the trend in the computerization of UK physicians.

External expenses amounted to €125.6 million in 2016 compared with €109.1 million in 2015, an increase of €16.5 million or 15.1%. They represented 28.5% of revenues in 2016, compared with 25.6% in 2015. The increase was mainly attributable to the increased use of interim staff as part of the effort to migrate technologies and develop the Group's offerings mainly in the first half of 2016.

Payroll costs amounted to €206.1 million in 2016 compared with €187.0 million in 2015, an increase of €19.1 million or 10.2%. They represented 46.7% of revenues over 2016, compared with 43.9% over 2015. The increase mainly reflects recruitments related to the launch of the RCM offering in the US, the July 2015 acquisition of *Activus*, the late-2015 acquisition of *Nightingale*, the development of the BPO business, and the strengthening of R&D teams ahead of the transition to SaaS format.

The introduction of the CICE ("Crédit d'impôt pour la compétivité et l'emploi" -Tax credit for competitiveness and employment) in France in 2013 reduced the payroll cost in the P&L. At December 31, 2016, the impact on payroll cost and external expenses is a reduction of €2.9 million, compared with reduction of €2.0 million at December 31, 2015.

EBITDA amounted to €61.4 million in 2016, compared with €78.5 million in 2015, a decrease of €17.1 million or 21.8%. This figure represented 13.9% of 2016 revenues, compared with 18.4% in 2015. This decrease in EBITDA reflected the trends in revenue, purchases used, external expenses and payroll costs based on the factors set out above.

EBIT before special items (operating income before special items) amounted to €27.1 million in 2016 compared with €48.1 million in 2015, a decrease of €21.0 million or 43.7%. This figure represented 6.1% of 2016 revenues, compared with 11.3% of 2015 revenues. This decrease reflected the €17.1 million decrease in EBITDA and a €3.9 million increase in depreciation expenses, to €34.3 million at December 31, 2016, from €30.4 million at December 31, 2015. The depreciation expenses related to R&D amounted to €21.7 million for 2016 compared to €20.6 million for 2015.

Special items amounted to a charge of €24.1 million over 2016 compared with a charge of €6.7 million over 2015.



This increase was chiefly due to the €5.4 million increase in restructuring costs due to the implementation of new organizational structures, the impact of moving the corporate headquarters, the impact of €7.5 million

allowance for depreciation of intangible assets that are becoming obsolete – legacy software, and €4.6 million fine related to 2007 business disposal.

Breakdown of special items by nature

In € million	12.31.2016	12.31.2015
Capital gains or losses on disposals	-	-
Allowance for deprecation of intangible assets that are becoming obsolete	(7.5)	
Restructuring costs	(9.5)	(4.0)
Impairment of goodwill		0.0
Other non-recurring income and expenses	(2.5)	(2.6)
Financial penalties on 2007 business-disposal	(4.6)	
Special items	(24.1)	(6.7)

Breakdown of special items by division

In € million	12.31.2016	12.31.2015
Health Insurance, HR, e-services	(0.3)	(0.3)
Healthcare professionals	(14.9)	(3.8)
Activities not allocated	(9.0)	(2.6)
Special items	(24.1)	(6.7)

EBIT amounted to €2.9 million in 2016 compared with €41.4 million in 2015, a decrease of €38.5 million or 92.9%. This figure represented 0.7% of 2016 revenues, compared with 9.7% of 2015 revenues. The decrease was due to the €21.0 million decrease in EBIT before special items and the €17.5 million increase in special items.

Financial Charges

Total cost of net financial debt amounted to €25.8 million in 2016 compared with €40.8 million in 2015, a decrease of €15.0 million or 36.8%. This figure represented 5.8% of 2016 revenues, compared with 9.6% of 2015 revenues. The decline reflects the positive impact on interest expenses of the early redemption of the bond maturing in 2020 with a coupon of 6.75% in the first quarter of 2016, made possible by the signing of a new revolving credit facility of €200 million with a interest rate of 1.4% in January 2016. During the first half of 2016, interest expenses amounted to €23.9 million compared to €1.9 million in the second half.

Tax expense amounted to a charge of €4.1 million in 2016 compared with an income of €17.6 million in 2015, a decrease of €21.7 million. This was chiefly due to the non-recognition of deferred tax assets in 2016, contrary to 2015.

Net results

Consolidated net profit from continuing activities

amounted to an €25.6 million loss in 2016 compared with a €19.5 million profit in 2015. This €45.2 million drop in consolidated net profit from continuing activities reflected trends in revenue, EBIT, special items, cost of net financial debt and tax expense based on the factors set out above.

Net profit from discontinued activities amounted to a €1.1 million loss at December 31, 2016, compared to a €47.5 million profit at December 31, 2015.

After taking into account minority interests, the consolidated net profit attributable to the Group amounted to a €26.7 million loss at December 31, 2016, compared to a €67.0 million profit at December 31, 2015.

Earnings per share before special items amounted to a €0.9 loss for 2016, compared with a €1.6 profit for 2015.

Earnings per share amounted to a €1.9 loss at December 31, 2016, compared to a €4.8 profit in 2015.

3.4.2 Analysis of the financial position by division

3.4.2.1 Health Insurance, HR and e-services

In € million	12.31.2016	12.31.2015	Change		
Revenue	262.3	234.7	+11.8%	43.9	
EBIT before special items	28.6	30.5	(6.3)%	45.9	46.5
EBIT margin	10.9%	13.0%	(209)bp	262.3	234.7
Special items	(0.3)	(0.3)	(4.9)%		254.7
EBIT	28.3	30.2	(6.3)%	2016	2015
EBITDA	43.9	46.5	(5.7)%	■ Revenue	EBITDA
EBITDA margin	16.7%	19.8%	(309)bp	Revenue	EBITUA
Depreciation	(15.3)	(16.0)	(4.6)%		

Revenue for the *Health Insurance, HR and e-services* division amounted to €262.3 million in 2016 compared with €234.7 million in 2015, an increase of €27.6 million or 11.8%. Excluding the negative impact foreign currency translations of 0.2%, and the positive impact of 1.4% from the acquisition of *Activus* in July 2015 in the UK, revenues

The *Health insurance, HR and e-services* division represented 59.5% of consolidated revenues over 2016, compared with 55.1% over 2015.

grew by 10.5%.

By geographic region, France's relative contribution fell by 0.7 point to 96.3%, and that of EMEA (excluding France) climbed by 0.7 point to 3.7%.

The breakdown of revenue by currency has marginally changed since the previous year: the euro's share fell by 0.7 point to 96.3%, whereas that of the pound sterling climbed by 0.9 point to 2.5%, and other currencies were relatively stable at 1.2%.

This significant 2016 revenue growth was chiefly attributable to:

- Cegedim Insurance Solutions, with double-digit growth in the iGestion BPO business for health insurance companies and mutual insurers, continued robust growth in the third-party payment flow management activity, and a very fine performance in software and services devoted to the personal protection insurance sector, including double-digit growth in the fourth quarter despite the impact of transitioning to SaaS format.
- Excellent momentum at the Cegedim e-business
 unit, and a strong acceleration in the fourth quarter.
 In addition, Cegedim e-business fully benefited in
 the fourth quarter from the start of operations with
 new clients on its Global Information Services SaaS
 platform for digital data exchanges, including
 payment platforms.
- The start of operations with numerous clients on the Cegedim SRH SaaS platform for human resources

management, resulting in double-digit revenue growth over the full year.

EBITDA came to €43.9 million in 2016, compared with €46.5 million in 2015, a decline of €2.6 million or 5.7%. This figure represented 16.7% of 2016 revenues, compared with 19.8% in 2015.

The decline in EBITDA took place entirely in the first half of 2016, with a decrease of €2.9 million. EBITDA increased by €0.3 million in the second half of 2016.

The decline was chiefly the result of:

- The start of operations with BPO clients for iGestion:
- Cegedim Insurance Solutions switching its core products over to SaaS format, the start of operations with numerous new clients, and the start of new projects for existing clients;
- A difference in the timing of promotional campaigns in 2016 compared to 2015 for RNP.

The impact was partially offset by an increase of activity at Cegedim e-business and Cegedim SRH and the fine performance in processing third-party payment flows for insurance companies.

EBIT before special items (operating income from recurring operations) amounted to €28.6 million in 2016 compared with €30.5 million in 2015, a decline of €1.9 million or 6.3%. This figure represented 10.9% of 2016 revenues, compared with 13.0% in 2015. The decrease in EBIT was primarily due to the €2.6 million decrease in EBITDA and the €0.7 million decrease in depreciation.

3.4.2.2 Healthcare Professionals Division

In € million	12.31.2015	12.31.2014	Change		
Revenue	175.2	187.2	(6.4)%	16.9	30.0
EBIT before special items	3.2	18.7	(82.7)%	2010	
EBIT margin	1.9%	10.0%	(815)bp	175.2	187.2
Special items	(14.9)	(3.8)	+292.2%		
EBIT	(11.6)	14.9	n.m.	2016	2015
EBITDA	16.9	30.0	(43.8)%		
EBITDA margin	9.6%	16.0%	(641)bp	Revenue	■ EBITDA
Depreciation	(13.6)	(11.3)	+20.5%		

Revenue for the *Healthcare Professionals* division amounted to €175.2 million in 2016 compared with €187.2 million in 2015, a decrease of €12.0 million or 6.4%. Excluding the negative impact of 3.7% from foreign currency translations, revenue decreased by 2.8%. There were no disposals or acquisitions.

The *Healthcare professionals* division represented 39.7% of consolidated revenues in 2016, compared with 43.9% in 2015.

By geographic region, the relative contributions of France and the Americas climbed by respectively 2.6 and 1.6 points to 58.9% and 8.6% respectively, whereas that of EMEA (excluding France) fell by 4.2 points to 32.4%.

The breakdown of revenue by currency has marginally changed since the previous year: the euro and the US dollar saw their share climb by respectively 2.4 and 1.5 points to 62.2% and 8.5% respectively, whereas that of the pound sterling fell by 4.1 points to 28.2%, and other currencies were relatively stable at 1.1%.

The decline in revenues in 2016 was chiefly attributable to:

- The transition of clients in certain markets, who are increasingly attracted to cloud-based offerings, over to SaaS versions;
- In the UK, the fact that the Group only began marketing the new SaaS offering to doctors in January 2017;
- The September 2016 release in France of the new Smart Rx offering a comprehensive pharmacy management solution built around a hybrid architecture that combines local and cloud-based computing. The new solution allows networks amongst individual pharmacies and links with healthcare professionals. The launch of this new offering, combined with implementation of a new organization, should enable this business to return to growth in the months ahead.

These performances were partially offset by:

 Double-digit growth at *Pulse* over the full year, despite a contraction in the last quarter owing to the postponement of certain projects, mainly related to the unit's RCM offerings. The Group has implemented a new, more responsive organization that should enable the business to return to a path of sustainable growth, particularly in BPO.

- Robust growth in products and services designed for physical therapists and nurses in France;
- Double-digit growth at Cegelease, which offers financial leases.

EBITDA came to €16.9 million in 2016, compared with €30.0 million in 2015, a decline of €13.2 million or 43.8%. This figure represented 9.6% of 2016 revenues, compared with 16.0% in 2015.

The decline in EBITDA was chiefly attributable to investments made to ensure future growth. The Group was mainly penalized by the investments it made in:

- France, to develop the new hybrid offering for pharmacies;
- The US, focusing on Revenue Cycle Management (RCM) activities and SaaS electronic health records (EHR);
- The UK, to launch a cloud-based offering for UK doctors in 2017.

EBITDA felt a pinch from efforts to switch Belgian doctors over to SaaS format and reorganize the business in the US this summer.

The decline was partially offset by an increase in the computerization of physical therapists and nurses in France.

EBIT before special items (operating income before special items) amounted to €3.2 million in 2016 compared with €18.7 million in 2015, a decline of €15.5 million or 82.7%. This figure represented 1.9% of 2016 revenues, compared with 10.0% in 2015. The decrease in EBIT reflects the €13.2 million EBITDA decrease and the €2.3 million increase in depreciation.

Special items increased by €11.1 million mainly du the 7.5 million allowance for depreciation of intangible assets that are becoming obsolete – legacy software and the increase in restructuring costs due to the implementation of new organizational structures.

3.2.4.4 Activities not allocated Division

In € million	12.31.2015	12.31.2014	Change		
Revenue	3.3	4.2	(21.6)%		
EBIT before special items	(4.7)	(1.1)	+321.3%		2.0
EBIT margin	(144.0)%	(26.8)%	n.m.	0.9	
Special items	(9.0)	(2.6)	+246.0%	3.3	4.2
EBIT	(13.7)	(3.7)	+268.8%		
EBITDA	0.7	2.0	(65.2)%	2016	2015 ■ EBITDA
EBITDA margin	21.0%	47.4%	n.m.	Revenue	EBIIDA
Depreciation	(5.4)	(3.1)	+74.4%		

Revenue for Activities not allocated amounted to €3.3 million in 2016 compared with €4.2 million in 2015, a decrease of €0.9 million or 21.6%. There were no disposals or acquisitions and there was no impact from foreign currency translations.

The *Activities not allocated* division represented 0.7% of 2016 consolidated revenues, compared with 1.0% in 2015.

This trend reflects the return to a normal level of billing.

EBITDA amounted to €0.7 million in 2016 compared with €2.0 million in 2015, a decrease of €1.3 million or 65.2%. This figure represented 21.0% of 2016 revenues, compared with 47.4% in 2015. The favorable EBITDA trend reflects the return to a normal level of margin.

EBIT before special items (operating income from recurring operations) amounted to a €4.7 million loss in 2016 compared with a €1.1 million loss in 2015, an increase in the loss of €3.6 million or 321.3%. This figure represented 144.0% of 2016 revenues, compared with 26.8% in 2015. The negative trend in EBIT before special items was primarily due to the €2.3 million increase in depreciation and the €1.3 million negative trend in EBITDA.

Special items increased by €6.4 million mainly du the €4.6 million fine related to 2007 business disposal.

3.4.3 Non IFRS indicators (not audited)

Cegedim's management believes that the non-IFRS measure of adjusted EBITDA – when considered alongside its IFRS financial statements – is useful for helping investors and its own senior management understand its businesses and current operating trends. For example, the Group believes that adjusted EBITDA helps it assess the operational management and real performances of the company and its divisions. This measure must be considered as a complement to the Group's IFRS financial indicators, and not as a substitute. Furthermore, non-IFRS measures are not defined uniformly and may not be comparable to similar indicators calculated by other companies.

EBITDA is defined as the consolidated net profit before the Group share of net profit from equity method companies, interest, tax, other non-recurring income and expenses,

and depreciation and amortization. Adjusted EBITDA strips out the impact of an impairment of the receivables linked to two Pulse clients with whom the Group is currently involved in lawsuits and the impairment related to several minors lawsuits.

The two main legal disputes were noted in the 2015 Reference Document, in the Risk factors and insurance section, in point 2.4.3.21 on page 55.

Cegedim's management has appointed a new senior manager in the US and adopted a new strategy for managing the two lawsuits involving US clients. As a result of the change, the Group signed two agreements that led it to reclassify a significant amount of receivables as losses in 2016. The Group has also recognized impairments related to several minor lawsuits. These expenses cannot be classified as exceptional charges under IFRS.



Reconciliation between IFRS and non-IFRS financial indicators (not audited)

Cegedim Group

In € million		12.31.2016	12.31.2015	Change
Revenue	€m	440.8	426.2	+3.4%
Purchases used	€m	(35.0)	(39.8)	(12.0)%
External expenses	€m	(125.6)	(109.1)	+15.1%
Payroll costs	€m	(206.1)	(187.0)	+10.2%
EBITDA	€m	61.4	78.5	(21.8)%
EBITDA margin	%	13.9%	18.4%	(4495)bp
Adjustment				
Pulse Adjustment		4.0	0.0	n.m.
EBITDA adjusted		65.4	78.5	(16.7)%
EBITDA adjusted margin		14.8%	18.4%	(359)bp

Healthcare Professionals Division

In € million		12.31.2016	12.31.2015	Change
Revenue	€m	175.2	187.2	(6.4)%
EBITDA	€m	16.9	30.0	(43.8)%
EBITDA margin	€m	9.6%	16.0%	(641)bp
Adjustment	€m			
Pulse Adjustment	€m	4.0	0.0	n.m.
EBITDA adjusted	€m	20.9	30.0	(30.5)%
EBITDA adjusted margin	%	11.9%	16.0%	(413)bp

3.4.3 Financial structure

3.4.3.1 Consolidated Balance sheet

In € million	Note	12.31.2016	12.31.2015	Change
Assets				
Goodwill		199.0	188.5	+5.5%
Tangible, Intangible assets		171.7	147.2	+16.6%
Long-term Investments	а	8.7	10.0	(12.4)%
Other non-current assets	b	67.9	66.5	+2.0%
Accounts receivable, current portion		167.4	161.9	+3.4%
Cash & Cash equivalents		20.8	231.3	(91.0)%
Other current assets		73.7	58.1	+26.9%
Assets of activities held for sale		0.0	0.8	n.m.
Total assets		709.1	864.3	(18.0)%
Liabilities				
Long-term financial liabilities	С	244.0	51.7	+371.8%
Other non-current liabilities		45.1	44.3	+1.9%
Short-term liabilities	С	3.6	347.2	(99.0)%
Other current liabilities	d	227.4	189.1	+20.3%
Total Liabilities (excluding Shareholders' equity)		520.2	636.2	(18.2)%
Shareholders' equity	е	188.9	228.1	(17.2)%
Liabilities associated with assets held for sale		0.0	3.8	n.m.
Total Liabilities & Shareholders' equity		709.1	864.3	(18.0)%

a) Excluding equity shares in equity method companies.

Net Financial Debt

In € million	Note	12.31.2016	12.31.2015	Change
Long-term debt		244.0	51.7	+371.8%
Short-term debt		3.6	347.2	(99.0)%
Gross debt		247.6	398.9	(37.9)%
Cash & cash equivalents		20.8	231.3	(91.0)%
Net financial debt		226.8	167.6	+35.3%
Equity		188.9	228.1	(17.2)%
Gearing	f	1.2	0.7	-

f) Net financial debt to Total equity ratio

b) Including €28.8 million of deferred tax assets at December 31, 2016, and €28.7 million at December 31, 2015.

c) Long-term and short-term liabilities include liabilities under our employee profit sharing plans totaling €7.5 million at December 31, 2016, and €8.0 million at December 31, 2015, as well as an estimated €3.8 million for earn-outs at December 31, 2016, versus €0.0 million at December 31, 2015

d) Including "tax and social liabilities" of €78.8 million at December 31, 2016, and €70.6 million at December 31, 2015. This includes VAT, French and US profit-sharing schemes, provisions for leave days, social security contributions in France, French health insurance coverage and wage bonuses.

e) Including minority interests of €0.0 million at December 31, 2016, and €0.1 million at December 31, 2015.

COMMENTS ON THE CONSOLIDATED BALANCE SHEET

The Consolidated total balance sheet amounted to €709.1 million at December 31, 2016, a 18.0% decrease over December 31, 2015.

Acquisition goodwill represented €199.0 million at December 31, 2016, compared with €188.5 million at end-2015. The €10.4 million increase, equal to 5.5%, was mainly attributable to the acquisition of *Futuramedia Group* for €17.3 million, partly offset by the euro's appreciation against the British pound, for a total of €4.5 million. Acquisition goodwill represented 28.1% of the total balance sheet at December 31, 2016, compared with 21.8% on December 31, 2015.

Tangible and intangible fixed assets amounted to €171.7 million at the end of December 2016, compared to €147.2 million at the end of December 2015, a €24.5 million increase, or 16.6%.

- Tangible fixed assets amounted to €32.2 million at the end of December 2016, compared to €22.1 million at the end of December 2015, a €10.1 million increase, or 45.8%.
- Intangible fixed assets amounted to €139.4 million at the end of December 2016, compared to €125.1 million at the end of December 2015, a €14.4 million increase, or 11.5%, reflecting the increase of capitalized development costs.

Tangible and intangible fixed assets represented 24.2% of total assets at the end of December 2016 compared to 17.0% at December 31, 2015.

Accounts receivable, current portion, amounted to €167.4 million at the end of December 2016, compared to €161.9 million at the end of December 2015, a €5.4 million increase, or 3.4%.

Cash and equivalents came to €20.8 million at December 31, 2016, a decrease of €210.5 million compared with December 31, 2015. The drop was principally due to the early redemption of the 2020 bond for a nominal value of €340.1 million, payment of a €15.9 million early redemption premium, and the €21.4 million impact of changes in consolidation scope, partly offset by drawing €190.0 million from the €200 million revolving credit facility. Cash and equivalents represented 2.9% of the total balance sheet at December 31, 2016, compared with 26.8% at December 31. 2015.

Long-term financial liabilities increased by

€192.3 million, or 371.8%, to €244.0 million at December 31, 2016, compared with €51.7 million at December 31, 2015. This increase stemmed mainly from the fact that as of December 31, 2016, the Group had drawn €190.0 million of the €200 million revolving credit facility it took on January 14, 2016, and it takes into account the €2.3 million planned earn-out related to *Activus* and *Nightingale*. Long-term liabilities include €5.9 million for an employee stock plan as of end-December 2016, compared with €6.1 million at December 31, 2015.

Short-term debts fell by €343.6 million, i.e. 99.0%, to €3.6 million at December 31, 2016, compared with €347.2 million at December 31, 2015. The decline principally reflects the early redemption of the 6.75% 2020 bond for a nominal amount of €340.1 million in the first quarter of 2016, and the total planned earn-outs of €1.5 million for *Activus* and *Webstar*. Short-term liabilities include €1.6 million for an employee stock plan as of end-December 2016 compared to €1.7 million one year ago.

Total financial liabilities amounted to €247.6 million at December 31, 2016, down €151.3 million, or 37.9%. Total net financial liabilities amounted to €226.8 million, up €59.2 million compared with a year ago. They represented 120.1% of shareholders' equity at December 31, 2016, compared with 73.5% at December 31, 2015. Long- and short-term liabilities include €7.5 million for an employee stock plan, estimated earn-outs of €3.8 million, and €0.4 million of other debt at end-December 2016.

Shareholders' equity fell by €39.1 million, i.e. 17.2%, to €188.9 million at December 31, 2016, compared with €228.1 million at December 31, 2015. The drop was mostly the result of an €93.7 million deterioration in Group earnings and a currency translation loss of €10.9 million. Those items were partly offset by a €65.4 million increase in Group reserves. Shareholders' equity represented 26.6% of the total balance sheet at end-December 2016, compared with 26.4% at end-December 2015.

Off-balance sheet commitments

Cegedim S.A. provides guarantees and securities on the operational or financing obligations of its subsidiaries in the ordinary course of business. See note 12.5 of the Consolidated Financial Statement.

82

3.4.3.2 Source and amount of Cegedim cash flow

SUMMARIZED CONSOLIDATED CASH FLOW STATEMENT

In € million	Note	12.31.2016	12.31.2015
Gross cash flow		57.5	76.0
Tax paid		(5.7)	(12.1)
Changes in working capital		+6.8	(24.1)
Net cash provided by (used in) operating activities		58.6	39.8
Of which net cash provided by (used in) operating activities held for sale	f	4.0	6.4
Net cash provided by (used in) investing activities		(81.7)	277.3
Of which net cash provided by (used in) investing activities held for sale		(0.8	(7.5)
Net cash provided by (used in) financing activities		(183.5)	(191.4)
Of which net cash provided by (used in) financing activities		0.0	(0.9)
Total cash flows excluding currency impact	f	(206.6)	125.7
Change due to exchange currencies rate movements		(0.8)	2.7
Net cash at the beginning of the period	g	228.1	99.7
Net cash at the end of the period		20.7	228.1

Comments on the Cash Flow statement

Net cash flow from operating activities amounted to €58.6 million at the end of December 2016, compared to €39.8 million at the end of December 2015, a €18.7 million improvement, or 47.0%. This improvement mainly reflects a significant improvement in the WCR and a smaller tax payment.

Net cash flow used in investing activities amounted to an outflow of €81.7 million at the end of December 2016, compared to an inflow of €277.3 million at the end of December 2015, a €359.0 million decline. This trend reflects the payment received in April 2015 for the sale of the CRM and Strategic data division to IMS Health.

Net cash flow used in financing activities amounted to an outflow of €183.5 million at the end of December 2016, compared to an outflow of €191.4 million at the end of December 2015. The improvement was principally due to the early redemption of the 2020 bond and payment of an early redemption premium, offset by drawing €190.0 million from the €200 million revolving credit facility.

Working capital levels vary as a result of several factors, including seasonality and the efficiency of the receivables collection process. Historically, Cegedim has financed its working capital requirements with cash on hand and amounts available under the Revolving Credit Facility and overdraft facilities.

Change in Working Capital amounted to a surplus of €6.8 million at the end of December 2016 compared to a requirement of €24.1 million twelve months earlier. The increase in working capital requirement that occurred in the first quarter of 2016 was chiefly due to the end of factoring arrangements. During the second half of 2016 the improvement in WCR was €17.4 million, partly due to the €4.6 million fine related to the Tessi litigation. The WCR at end-December 2016 represented 6.0% of 2016 revenues.

CAPITAL EXPENDITURES

In € million	12.31.2016	12.31.2015
Capitalized R&D	(40.6)	(28.2)
Maintenance capex	(18.8)	(15.4)
Impact from the acquisition of the US assets of Nightingale	0.0	(8.0)
Acquisition / Disposal	(21.4)	336.3
Investment in discontinued activities	(0.8)	(7.5)
Total capital expenditures	(81.7)	277.3

Capital expenditures were relatively stable from the previous year to this past year. Historically, they have primarily related to R&D, maintenance costs and acquisitions/disposals. There are no material capital expenditure commitments. Flexibility and discretion are maintained in order to adjust, from time to time, the level of capital expenditures to the needs of Cegedim's business.

At December 31, 2016, capital expenditures came to €81.7 million. The capital expenditures breakdown was as follows: €40.6 million of capitalized R&D; €21.4 million related to the acquisition of the company *Futuramedia Group*, and the payment of the *Activus* earn-out; and €18.8 million in maintenance capex. As a percentage of 2016 revenue, capital expenditures amounted to 18.5%.

Payroll expenses for the R&D workforce represent the majority of the total R&D cost and around 9.4% of the last twelve months' Group revenue. Although this percentage is not a targeted figure, it has increased compared to the past several years. Of this R&D expenditure, approximately half is capitalized annually in accordance with IAS 38, which requires that (i) the project is clearly identified and the related costs are separable and tracked reliably; (ii) the technical feasibility of the project has been demonstrated, and the Group has the intention and the financial capacity to complete the project and use or sell the products resulting from this project; and (iii) it is probable that the developed project will generate future economic benefits that will flow to the Group.

At the end of December 2016, €40.6 million of R&D costs were capitalized, an increase of €12.5 million compared to December 31, 2015. This figure came from a reduction of payroll costs and external expenses. The remaining R&D costs are recorded as expenses for the period in which they were incurred.

The change in net cash from operations, from investment operations and from financing operations was a decrease of €207.4 million at the end of December 2016, including a €0.8 million negative contribution from exchange rate movements.

3.4.4 Activities held for sale

The *Kadrige* business was sold to IMS Health on November 9, 2016. In 2015, the *CRM* and *Strategic* Data division was classified as an asset held for sale and sold on April 1, 2015.

Revenue amounted to €1.9 million at December 31, 2016. EBIT before special items amounted to a €1.1 million loss at December 31, 2016.

Net earnings of activities held for sale amounted to a €1.1 million loss at December 31, 2016.

3.5 Analysis of the financial position of Cegedim S.A.

The annual financial statements for the fiscal year ended December 31, 2016, which we are submitting for the approval of the General Meeting, were prepared in accordance with the presentation rules and valuation methods set forth in the regulations in force.

The presentation rules and valuation methods used are identical to those used for the previous fiscal year.

The key financial performance indicators for Cegedim SA are:

- Revenue generated within the Group and outside the Group;
- Dividends received;
- Investments;
- Financial structure.

Detailed comments on these are provided above.

In addition, with regard to the key non-financial performance indicators, Cegedim has pooled the IT resources it makes available to its subsidiaries and their clients. It is therefore essential for Cegedim to be on the cutting edge of new technologies, to make sure that these systems are operating optimally, and to handle their maintenance and security (physical security and security of access, information, systems administration and development).

Cegedim considers the training of its teams to be a key factor of success, ensuring client satisfaction and employee motivation. Cegedim's general training policy consists primarily of continuously adapting the skills of its research and development teams, and helping its employees acquire new skills necessary for their work.

The Cegedim Group's international expansion, particularly through external growth, depends on its ability to incorporate new activities. Here, the measures taken by Cegedim seek to accelerate the incorporation of new activities, control the risks inherent in growth operations, and track their performance.

Revenue

Cegedim SA's business declined by 14.9%, with revenue decreasing from €60.9 million in 2015 to €51.8 million in 2016. This decrease reflects the disposal of the *CRM* and strategic data division to IMS Health on April 1, 2015.

Cegedim SA's revenue consists primarily of services and software sales, and in some cases equipment sales. These are relatively mature activities that Cegedim SA has been carrying out for many years. They do not call for any particular comments.

Operating income decreased by 15.8%, from €73.2 million in 2015 to €61.6 million in 2016.

Operating expenses decreased by 16.4%, from €81.3 million in 2015 to €68.0 million in 2016. Highlights included:

- A decrease in other "external purchases and expenses" of €10.1 million compared to 2015;
- A decrease of €1.6 million in allocations to provisions for risks and charges, a €1.3 million decrease in allocations to fixed asset depreciation and €0.7 million in allocations to provisions for current assets;
- A decrease in charged payroll and benefit-related expenses of €1.9 million compared to 2015;
- A decrease in capitalized production of €1.2 million compared to 2015;
- A decrease in write-backs of depreciation, amortization and provisions of €0.9 million compared to 2015;

All of these trends reflect the disposal of the *CRM* and strategic data division to IMS Health on April 1, 2015.

The impact in absolute terms of the few changes in other operating income and expense items was insignificant.

Operating earnings amounted to a loss of €6.4 million, a loss €1.8 million greater than that of 2015.

To the Company's knowledge, except for the developments presented in point 2.4, there are no specific governmental, economic, budgetary, monetary or political strategies or factors capable of influencing Cegedim's operations directly or indirectly.

Accounts payable aging schedule

The Cegedim SA accounts payable aging schedule, broken down by internal and external suppliers, is as follows:

Total accounts payable at 12.31.2016 Accounts payable, current payable, past due Rest due R							
External suppliers 8,946,212 6,041,710 2,904,502 1,528,048 52,238 Total accounts payable 9,714,420 6,795,130 2,919,290 1,542,836 52,238 In euros Total accounts payable at 12.31.2015 Account payable, current payable, past due 230 days Past due 230 days Past due 31 – 60 days Internal suppliers 4,310,799 4,132,768 178,031 51,900 57,800 External suppliers 3,095,750 2,978,796 116,953 108,796 57,164		payable at		payable, past			Past due > 60 days
Total accounts payable 9,714,420 6,795,130 2,919,290 1,542,836 52,238 In euros Total accounts payable at payable at 12.31.2015 Account payable, current payable, past due 230 days Past due 31 – 60 days Internal suppliers 4,310,799 4,132,768 178,031 51,900 57,800 External suppliers 3,095,750 2,978,796 116,953 108,796 57,164	al suppliers	768,208	753,420	14,788	14,788	-	-
In euros Total accounts payable at 12.31.2015 Account payable, current Accounts payable, past due 2 30 days Past due 31 – 60 days Internal suppliers 4,310,799 4,132,768 178,031 51,900 57,800 External suppliers 3,095,750 2,978,796 116,953 108,796 57,164	nal suppliers	8,946,212	6,041,710	2,904,502	1,528,048	52,238	1,324,216
In euros	accounts payable	9,714,420	6,795,130	2,919,290	1,542,836	52,238	1,324,216
Past due Past due 12.31.2015 Payable, current Payable, past due 230 days 31 – 60 days Past due 230 days 31 – 60 days Past due 230 days 230 days 24.310,799 24							
External suppliers 3,095,750 2,978,796 116,953 108,796 57,164		payable at		payable, past			Past due > 60 days
	al suppliers	4,310,799	4,132,768	178,031	51,900	57,800	68,331
Total accounts payable 7,406,548 7,111,564 294,984 160,696 114,964	nal suppliers	3,095,750	2,978,796	116,953	108,796	57,164	(49,007)
	accounts payable	7,406,548	7,111,564	294,984	160,696	114,964	19,324

The financial result was a profit of €7.1 million in 2016, compared with a €31.0 million profit in 2015. This included €78.6 million in financial income and €71.5 million in financial expenses.

Financial income is break down in €64.4 million in financial income from equity interests, €4.9 million in writebacks on provisions and expense transfers, and €11.3 million euros in other interest and related income.

Financial expenses includes €37.1 in allocation to financial depreciation and provisions and €34.3 million in interest and related expenses.

Earnings before special items and tax amounted to a profit €0.7 million in 2016, compared to a profit of €22.8 million in 2015.

Net exceptional income in 2016 was a loss of €7.0 million, i.e. €38.4 million smaller than the loss in 2015.

Income taxes in 2016 amounted to a credit of €10.9 million.

Net profit for 2016 amounted to €4.4 million, compared to a loss of €10.6 million in 2015.

Balance Sheet

At December 31, 2016, the **total balance sheet** of Cegedim SA came to €479.7 million compared to €568.9 million for the previous fiscal year, which is a decrease of €89.1 million or 15.7%.

Shareholders' equity was €50.1 million at December 31, 2016, compared with €45.7 million at December 31, 2015. The increase reflects mainly the increase in earnings

Financial liabilities decreased by €105.4 million to €334.1 million at the end of 2016, from €439.2 million at the end of 2015. Considering the cash position, net financial debt increased over the period and stood at €266.7 million at the end of 2016, compared to €213.5 million at the end of 2015.

3.6 Dividends paid in respect of the last three fiscal years

3.6.1 Dividend distribution policy

The Group paid no dividends in respect of 2014, 2015 and 2016.

The Group does not plan to pay regular cash dividends before it has completed the transformation of its business model. Any decision to distribute and pay dividends in the future will be made at the discretion of Cegedim Board and will depend on, among other things, the results of the Group's operations, its financial position, cash requirements, contractual restrictions and any other factors that the Board may deem relevant.

In addition, the Group's ability to pay dividends is, and may be, limited by covenants on the loans that the Group or its subsidiaries have taken or may take in the future. If the Company holds some of its own shares when a dividend is paid, the distributable earnings corresponding to the dividend not paid on the shares the Company holds will be allocated to retained earnings.

3.6.2 Table of dividends paid in respect of the last three fiscal years

In accordance with the provisions of article 243 bis of the French General Tax Code, the amounts distributed as dividends for the three previous fiscal years are as follows:

		Dedu									
Fiscal year	Number of shares	Dividend		Dividend		Dividend		Dividend		Other income	Non-deductible income allowance
		Per share	Overall	distributed							
2014	13,997,173	None	None	None	None						
2015	13,997,173	None	None	None	None						
2016	13,997,173	None	None	None	None						

3.7 Outlook

Cegedim's activity is essentially affected by developments affecting the healthcare players which are the Group's main clients. The principle impacts are regulatory, economic, technological, demographic, and behavioral in nature.

The Group is benefiting from government healthcare reforms, new ways of delivering healthcare, rapid development of new technologies, and changes in the way healthcare players interact. It is benefiting from the increase in healthcare expenditures that are a result of aging populations and trends in chronic illnesses in the countries where the Group carries on its business activities. These factors require the development of tools to manage patient monitoring and medical records, and the adoption of tools for the coordination of care amongst healthcare professionals.

The Group is also benefiting from the growing complexity of medical knowledge, which requires the development of knowledge bases on products and therapeutics, and requires that companies equip themselves with software designed to aid drug prescription and fulfillment, and to help manage prescription guidelines. Lastly, the Group is rolling out a strategy for connected devices, telemedicine, future biological testing in doctors' offices, and physical rehabilitation tools. Cegedim's products and services also address outcome-based remuneration policies.

Health insurance-related businesses are being influenced by the regulatory changes surrounding new insurance policies (ACS – assistance for supplemental insurance; ANI regulations for employer insurance; and 'responsible' policies that lay out certain policyholder obligations) and of the expansion and automation of third-party payer processes (online benefits management, invoicing and payment).

The Group is also keeping pace with the changing business model in administrative operations, with the digital revolution and the growing complexity in human resources management, including training, time tracking, talent management, paperless environment, and the management of supplemental health and retirement schemes.

In 2017, Cegedim continues to reinvent itself, pursuing innovation and investing in business model transformation. Cegedim is making great strides on its transformation. As a result, growth is expected to pick up speed in the fourth quarter of 2017 and lay the groundwork for improving profitability

Cegedim expects for 2017:

- Like-for-like revenue growth between 4.0% and 6.0%.
- EBITDA in a range of €66.0 million to €72.0 million inclusive.

Cegedim expects to see the full positive impact of its investments, reorganization and transformation in 2018.

In 2017, the Group does not expect any significant acquisitions and is not issuing any earnings guidance or estimates.

Potential Brexit impact

In 2016, the UK accounted for 12.7% of consolidated Group revenues and 14.8% of consolidated Group EBIT before special items.

Cegedim deals in local currency in the UK, as it does in every country where it is present. Thus, Brexit is unlikely to have a material impact on consolidated Group EBIT before special items.

Assuming the revenue/cost structure remains similar, any appreciation in the euro against the pound sterling would bring about a reduction in earnings expressed in euros. Based on the 2016 fiscal year, if all other currencies remain at the same level against the pound sterling, a theoretical 1% appreciation in the euro against the pound sterling would have a negative impact of €0.6 million on Cegedim's revenue, and €0.4 million on its operating income before special items.

With regard to healthcare policy, the Group has not identified any major European programs at work in the UK and expects UK policy to be only marginally affected by Brexit.

Quarterly statements

Starting in 2017, Cegedim will only publish half-year and annual results. It will, however, continue to publish quarterly revenues.

The figures cited above include guidance on Cegedim's future financial performances. This forward-looking information is based on the opinions and assumptions of the Group's senior management at the time this document is issued and naturally entails risks and uncertainty. For more information on the risks facing Cegedim, please refer to section 2.4, "Risk factors and insurance", on page 49 of this document.

4

Consolidated Financial Statements

4.1	Consolidated balance sheet	90	4.6	Notes to the consolidated financial statements	96
4.2	Consolidated income statement	92	4.7	Statutory auditors' report on the consolidated financial statements	139
4.3	Consolidated statement of other comprehensive income	93			
4.4	Consolidated statement of changes in equity	94			
4.5	Consolidated statement of cash flows	95			



4.1 Consolidated balance sheet

4.1.1 Assets

In thousands of euros	Note	12.31.2016 Net	12.31.2015 Net
Goodwill on acquisition	6.1	198,995	188,548
Development costs		12,152	16,923
Other intangible fixed assets		127,293	108,166
Intangible fixed assets	6.2	139,445	125,089
Property		459	459
Buildings		4,712	5,021
Other tangible fixed assets		26,548	16,574
Construction work in progress		508	51
Tangible fixed assets	6.3	32,227	22,107
Equity investments		1,098	1,098
Loans		3,508	3,146
Other long-term investments		4,126	5,730
Financial assets excluding shares from equity method companies	6.4	8,733	9,973
Equity shares in equity method companies	2.4	9,492	10,105
Government - Deferred tax	8.1	28,784	28,722
Accounts receivable: Long-term portion	4.5	29,584	26,544
Other receivables: Long-term portion	4.6	0	1,132
Non-current assets		447,260	412,219
Services in progress	4.4	1,034	-
Goods	4.4	6,735	8,978
Advances and deposits received on orders		1,773	218
Accounts receivable: Short-term portion	4.5	167,361	161,923
Other receivables: Short-term portion	4.6	53,890	32,209
Cash equivalents		8,000	153,001
Cash		12,771	78,298
Prepaid expenses		10,258	16,666
Current assets		261,823	451,293
Assets of activities held for sale	3.3	-	768
Total assets		709,082	864,280

4.1.2 Equity and liabilities

In thousands of euros	Note	12.31.2016	12.31.2015
Share capital		13,337	13,337
Group reserves		204,723	139,287
Group exchange gains/losses		(2,391)	8,469
Group earnings		(26,747)	66,957
Shareholders' equity, Group share		188,921	228,051
Minority interests (reserves)		9	39
Minority interests (earnings)		14	41
Minority interests		23	79
Shareholders' equity		188,944	228,130
Long-term financial liabilities	7.1	244,013	51,723
Long-term financial instruments		1,987	3,877
Deferred tax liabilities	8.1	6,453	6,731
Non-current provisions	4.8	23,441	19,307
Other non-current liabilities	4.7	13,251	14,376
Non-current liabilities		289,145	96,014
Short-term financial liabilities	7.1	3,582	347,213
Short-term financial instruments		11	5
Accounts payable and related accounts		62,419	54,470
Tax and social liabilities		78,810	70,632
Provisions	4.8	3,297	2,333
Other current liabilities	4.7	82,874	61,657
Current liabilities		230,993	536,311
Liabilities of activities held for sale	3.3	-	3,823
Total Liabilities		709,082	864,280



4.2 Consolidated income statement

In thousands of euros	Note	12.31.2016	12.31.2015	Change
Revenue		440,846	426,158	3.4%
Purchases used	4.1	(35,004)	(39,787)	(12.0)%
External expenses		(125,635)	(109,142)	15.1%
Taxes	5.1	(7,793)	(8,856)	(12.0)%
Payroll costs		(206,092)	(187,021)	10.2%
Allocations to and reversals of provisions		(4,727)	(3,415)	38.4%
Change in inventories of products in progress and finished products		1,034	-	-
Other operating income and expenses		(1,219)	577	(311.4)%
EBITDA		61,410	78,513	(21.8)%
Depreciation expenses		(34,338)	(30,438)	12.8%
Operating income before special items		27,072	48,075	(43.7)%
Depreciation of goodwill		-	-	-
Special items	4.2	(24,124)	(6,673)	261.5%
Other special items		(24,124)	(6,673)	261.5%
Operating income		2,948	41,402	(92.9)%
Income from cash and cash equivalents		1,367	1,369	(0.2)%
Gross cost of financial debt		(29,263)	(36,342)	(19.5)%
Other financial income and expenses	7.2	2,142	(5,809)	n.s.
Cost of net financial debt		(25,755)	(40,782)	(36.8)%
Income taxes		(3,308)	(2,383)	38.8%
Deferred taxes	8.1	(774)	19,996	(103.9)%
Total taxes		(4,082)	17,612	n.m.
Share of profit (loss) for the period of equity method companies		1,253	1,305	(4.0)%
Profit (loss) for the period from continuing activities	3.3	(25,636)	19,538	n.m.
Profit (loss) for the period discontinued activities		(1,096)	47,460	n.m.
Consolidated profit (loss) for the period	Α	(26,732)	66,998	n.m.
Group Share		(26,746)	66,957	n.m.
Minority interests	В	14	41	(64.7)%
Average number of shares excluding treasury stock		13,960,024	13,958,112	
Current Earnings Per Share (in euros)	A/B	(1,2)	1,6	n.m.
Earnings Per Share (in euros)		(1,9)	4,8	n.m.
Dilutive instruments		None	None	n.m.
Earning for recurring operation per share (in euros)		(1,9)	4,8	n.m.

4.3 Consolidated statement of other comprehensive income

In thousands of euros	Note	12.31.2016	12.31.2015	Change
Consolidated net profit (loss) for the period		(26,732)	66,998	n.m.
Other items included in total earnings				
Unrealized exchange gains / losses		(10,844)	(55,108)	(80.3)%
Free shares award plan		33	(904)	(103.7)%
Hedging of financial instruments (net of tax)		379	754	(49.7)%
Hedging of net investments		0	0	
Actuarial differences relating to provisions for pensions		(1,528)	438	n.m.
Items recognized as shareholders' equity net of taxes		(11,959)	(54,819)	(78.2)%
Total earnings		(38,691)	12,179	n.m.
Minority interests' share		31	41	(24.2)%
Group share		(38,723)	12,139	n.m.



4.4 Consolidated statement of changes in equity

In thousands of euros	Equity	Reserves tied to capital	Conso. reserves and earnings	Unrealized exchange gains/losses	Total group share	Minority interests	Total
Balance as at 01.01.2014 corrected	13,337	185,561	154,533	(9,234)	344,198	376	(344,574)
Earnings for the fiscal year			(199,724)		(199,724)	24	(199,700)
Earnings recorded directly as shareholders' equity					0		0
Transactions on shares			(389)		(389)		(389)
Hedging of financial instruments			(587)		(587)		(587)
Hedging of net investments					0		0
Unrealized exchange gains/losses				72,760	72,760		72,760
Actuarial differences relating to provisions for pensions			(24)		(24)		(24)
Total earnings for the fiscal year			(200,724)	72,760	(127,964)	24	(127,940)
Transactions with shareholders							
Equity transactions						(53)	(53)
Distribution of dividends (1)						(74)	(74)
Treasury shares			650		650		650
Total transactions with shareholders			650	-	650	(127)	523
Other changes		(2,606)	2,380		(226)		(226)
Change in consolidated scope			(5)	51	46	(131)	(85)
Balance as at 12.31.2014	13,337	182,955	(43,166)	63,578	216,704	142	216,846
Earnings for the fiscal year			66,957		66,957	41	66,998
Earnings recorded directly as shareholders' equity					0		0
Transactions on shares			(904)		(904)		(904)
Hedging of financial instruments			754		754		754
Hedging of net investments					0		0
Unrealized exchange gains/losses				(55,108)	(55,108)		(55,108)
Actuarial differences relating to provisions for pensions			438		438		438
Total earnings for the fiscal year			67,246	(55,108)	12,138	41	12,179
Transactions with shareholders							
Equity transactions						(33)	(33)
Distribution of dividends (1)						(70)	(70)
Treasury shares			(707)		(707)		(707)
Total transactions with shareholders	0	0	(707)	0	(707)	(103)	(810)
Other changes		(182,955)	182,871		(84)		(84)
Change in consolidated scope					0		0
Balance as at 12.31.2015	13,337	0	206,244	8,469	228,051	80	228,131
Earnings for the fiscal year			(26,747)		(26,747)	14	(26,733)
Earnings recorded directly as shareholders' equity					0		0
Transactions on shares			33		33		33
Hedging of financial instruments			379		379		379
Hedging of net investments					0		0
Unrealized exchange gains/losses				(10,860)	(10,860)	16	(10,844)
Actuarial differences relating to provisions for pensions			(1,528)		(1,528)		(1,528)
Total earnings for the fiscal year			(27,862)	(10,860)	(38,722)	31	(38,692)
Transactions with shareholders							
Equity transactions							0
Distribution of dividends (1)						(87)	(87)
Treasury shares			598		598		598
Total transactions with shareholders			598	0	598	(87)	511
Other changes			(1,005)		(1,005)		(1,005)
Change in consolidated scope					0		0
Balance as at 12.31.2016	13,337	0	177,975	(2,391)	188,921	23	188,945

⁽¹⁾ The total amount of dividends is distributed in respect of common shares. There are no other classes of shares. There were no issues, repurchases or redemptions of equity securities between 2014 and 2016, except for the shares acquired under the free share award plan.

4.5 Consolidated statement of cash flows

In thousands of euros	Note	12.31.2016	12.31.2015
Consolidated profit (loss) for the period		(26,733)	66,998
Share of earnings from equity method companies		(1,253)	(1,348)
Depreciation and provisions		56,133	31,546
Capital gains or losses on disposals		(548)	(46,857)
Cash flow after cost of net financial debt and taxes		27,598	50,339
Cost of net financial debt		25,772	40,120
Tax expenses		4,083	(14,431)
Operating cash flow before cost of net financial debt and taxes		57,454	76,028
Tax paid		(5,687)	(12,127)
Change in working capital requirements for operations: requirement ⁽¹⁾		-	(24,072)
Change in working capital requirements for operations: surplus		6,801	-
Cash flow generated from operating activities after tax paid and change in working capital requirements	Α	58,569	39,829
Of which net cash flow from operating activities of discontinued operations		4,021	6,419
Acquisitions of intangible assets		(46,622)	(51,229)
Acquisitions of tangible assets		(15,209)	(10,231)
Acquisitions of long-term investments		-	-
Disposals of tangible and intangible assets		848	1,416
Disposals of long-term investments		(1,277)	927
Impact of changes in consolidation scope (1)		(21,425)	336,347
Dividends received from equity method companies		2,026	81
Net cash flows generated by investment operations	В	(81,659)	277,311
Of which net cash flow from investment opertaions of discontinued operations		(828)	(7,482)
Dividends paid to parent company shareholders		-	-
Dividends paid to the minority interests of consolidated companies		(87)	(69)
Capital increase through cash contribution		-	-
Loans issued		190,000	-
Loans repaid		(340,292)	(147,563)
Interest paid on loans		(33,029)	(42,681)
Other financial income and expenses paid or received		(112)	(1,130)
Net cash flows generated by financing operations	С	(183,520)	(191,443)
Of which net cash flow from financing operations of discontinued operations		(16)	(852)
Change In Cash without impact of change in foreign currency exchange rates	A+B+C	(206,610)	125,698
Impact of changes in foreign currency exchange rates		(787)	2,707
Change in cash		(207,398)	128,405
Opening cash		228,120	99,715
Closing cash		20,722	228,120

⁽¹⁾ The change in WCR had been impacted par the termination of the factoring arrangement and by the disposal of the CMR and strategic data division to IMS Health on April1st, 2015



4.6 Notes to the consolidated financial statements

Note	1	General principles	97	Note 7	Financing and financial instruments	116
Note	2	Consolidation scope	98	7.1	Net debt	116
	2.1	List of consolidated companies	98	7.2	Net financial expense	120
	2.2	Changes in consolidation scope	101	7.3	Risk management	120
	2.3	Impact of change in consolidation scope	101	Note 8	Income tax	121
	2.4	Equity-method investments	102	8.1	Deferred tax	121
Note	3	Segment reporting	103	Note 9	Equity and earnings per share	124
	3.1	Segment reporting as of 2016	103	9.1	Equity	124
	3.2	Segment reporting as of 2015	105	9.2	Earnings per share	124
	3.3	Group of assets sold	107	9.3	3-1	124
	0.0	310up 01 u330t3 30tu	107	9.4	,	124
Note	4	Operating data	108	Note 10	Equity and dividends	125
	4.1	External expenses	108	10.1	Shareholders structure	125
	4.2	Other special items	108	10.2	Dividends	125
	4.3	Capitalized production	108	Note 11	Commitments	126
	4.4	Inventory and work in progress	109	11.1	Retirement commitments	126
	4.5	Accounts receivable	109	11.2	Lease commitments	128
	4.6	Other receivables	110	11.3	Restatement of finance lease	129
	4.7	Other liabilities	110	Note 12	Other disclosures	130
	4.8	Current and non-current provisions	111	12.1	Seasonality	130
Note	5	Employees benefits expense and liabilities	111	12.2	Period highlights	130
	5.1	Employees benefits expense	111	12.3	Significant post-closing transactions and events	131
	5.2	Number of employees	111	12.4	Group audit fees	131
	5.3	Related parties	112	12.5	Off-balance sheet commitments	132
	5.4	Management compensation	112	Note 13	Accounting principles and methods	132
Note	6	Intangible, tangibles and financials asset	113			
	6.1	Goodwill	113			
	6.2	Intangible assets	114			
	6.3	Tangible assets	114			
	6.4	Financial assets (excluding shares fro equity method companies)	m ₁₁₄			

Note 1 General Principals

Pursuant to European Regulation No. 1606/2002 of July 19, 2002 on the application of international accounting standards, amended by EC Regulation No. 297/2008 of March 11, 2008 and subsequent European Regulations on IAS/IFRS standards, the consolidated financial statements of the Cegedim Group for the period ended December 31, 2016 were prepared in accordance with international accounting standards. International accounting standards ("International include **IFRS** Financial Reporting Standards"), IAS ("International Accounting Standards") and their mandatory application interpretations on the closing date.

The consolidated financial statements were approved by the Board of Directors of Cegedim SA at their meeting of March 223, 2017, were reviewed by the Audit Committee on March 20, 2017 and will be submitted to the General Meeting for approval.

1.1 Basis of preparation of the consolidated financial statements

The financial statements are mainly prepared using the historical cost principle, with the exception of derivative instruments and financial assets available for sale, which are measured at fair value. Assets and liabilities related to business combination are also measured at fait value.

The new IFRS standards, interpretations and modifications, as adopted by the European Union for fiscal years beginning on or after January 1, 2016, were applied by the Company, and did not result in any significant changes in the valuation methods for the assets, liabilities, income and expenses.

Main norms, amendments and interpretations effective from January 1, 2016

There are no new standards that are applicable for the first time on January 1, 2016.

Main norms, amendments and interpretations published by the IASB not mandatory as at January 1, 2016 in the European Union.

Le Groupe n'a appliqué de façon anticipée aucune des nouvelles normes et interprétations mentionnées ci-après qui pourraient le concerner et dont l'application n'est pas obligatoire au 1er janvier 2016.

- IFRS 15 "Revenue from contracts with customers";
- IFRS 16 "Leases";
- IFRS 9 "Financial instruments";
- Annual Improvements 2014–2016 Cycle
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration"

1.2 Critical accounting estimates and judgments

In order to prepare the financial statements, the management of the Group or the subsidiaries must make estimates and use certain assumptions that impact the value of the assets and liabilities, the valuation of positive and negative contingencies on the closing date, as well as income and expenses for the fiscal year.

Due to the uncertainties inherent in any valuation process, the Group revises its estimates based on regularly updated information.

It is possible that the future results of the operations involved will differ from these estimates.

The assumptions and estimates primarily concern:

- The valuation of retirement obligations (assumptions described in note 11.1)
- Recognition of deferred tax assets
- Capitalization of R&D cost (note 4.3)
- Impairment tests on goodwill (note 6.1)



Note 2 Consolidation scope

2.1 List of consolidated companies as of 12.31.2016

2.1.1 RENCH FULLY CONSOLIDATED COMPANIES

Companies	Main establishment	City	Siren	% of control	%owned	Method
Cegedim	127, rue d'Aguesseau	Boulogne	350422622	100.00%	100.00%	FC
Alliance software	Le Crystal Palace – 369/371 Promenade des Anglais	Nice	407702208	100.00%	100.00%	FC
Alliadis	3, impasse des Chênes	Niort	342280609	100.00%	100.00%	FC
ASP Line	13, rue Emile Decorps -Parc Atlantique	Villeurbanne	384121000	99.96%	99.96%	FC
Cegedim Activ	114-116, rue d'Aguesseau	Boulogne	400891586	100.00%	100.00%	FC
Cegedim Assurances	127, rue d'Aguesseau	Boulogne	790172217	100.00%	100.00%	FC
Cegedim Dynamic Framework	127, rue d'Aguesseau	Boulogne	790172795	100.00%	100.00%	FC
Cegedim Ingénierie	326, rue du Gros Moulin – AMILLY	Montargis	402338719	100.00%	100.00%	FC
Cegedim IT	127, rue d'Aguesseau	Boulogne	790173066	100.00%	100.00%	FC
Cegedim Logiciels Médicaux	110-112, rue d'Aguesseau	Boulogne	353754088	100.00%	100.00%	FC
Cegedim Prestation Conseil Outsourcing	15, rue Paul Dautier	Velizy	303529184	100.00%	100.00%	FC
Cegedim Software	17, rue de l'Ancienne Mairie	Boulogne	752466516	100.00%	100.00%	FC
Cegedim SRH	17, rue de l'Ancienne Mairie	Boulogne	332665371	100.00%	100.00%	FC
Cegedim SRH Montargis	326, rue du Gros Moulin – AMILLY	Montargis	752466805	100.00%	100.00%	FC
Cegelease	Rue de la Zamin	Capinghem	622018091	100.00%	100.00%	FC
Cetip	114, rue d'Aguesseau	Boulogne	410489165	99.88%	99.88%	FC
Decision research Europe	127, rue d'Aguesseau	Boulogne	322548371	100.00%	100.00%	FC
Eurofarmat	Rue de la Zamin Immeuble Guilaur	Capinghem	489278978	100.00%	100.00%	FC
Futuramedia	102-116, rue Victor Hugo	Levallois	478666514	100.00%	100.00%	FC
Futuramedia Group	102-116, rue Victor Hugo	Levallois	494625130	100.00%	100.00%	FC
GERS	127, rue d'Aguesseau	Boulogne	521625582	100.00%	100.00%	FC
Hospitalis	127, rue d'Aguesseau	Boulogne	452121320	100.00%	100.00%	FC
I-Assurances	127, rue d'Aguesseau	Boulogne	790172225	100.00%	100.00%	FC
iGestion	114, rue d'Aguesseau	Boulogne	440367357	100.00%	100.00%	FC
Incams	114-116, rue d'Aguesseau	Boulogne	429216351	100.00%	100.00%	FC
MedExact	127, rue d'Aguesseau	Boulogne	432451912	100.00%	100.00%	FC

Companies	Main establishment	City	Siren	% of control	%owned	Method
Pharmastock	127, rue d'Aguesseau	Montargis	403286446	100.00%	100.00%	FC
Resip	95, rue de Billancourt	Boulogne	332087964	100.00%	100.00%	FC
RM Ingénierie	av de la Gineste	Rodez	327755393	100.00%	100.00%	FC
RNP	15 rue de l'Ancienne Mairie	Boulogne	602006306	100.00%	100.00%	FC
Santestat	127, rue d'Aguesseau	Boulogne	790172175	100.00%	100.00%	FC
SCI Montargis 2000	326, rue du Gros Moulin	Montargis	324215128	68.83%	68.83%	FC
Services Premium Santé (sps)	100, rue des Fougères	Lyon	513188771	40.00%	40.00%	FC
Smart RX	127, rue d'Aguesseau	Boulogne	789997871	100.00 %	100.00%	FC
Sofiloca	127, rue d'Aguesseau	Boulogne	348940255	100.00%	100.00%	FC

2.1.2 FRENCH COMPANIES CONSOLIDATED USING THE EQUITY METHOD

Companies	Main establishment	City	Siren	% of control	%owned	Method
Edipharm	137, rue d'Aguesseau	Boulogne	381819309	20.00%	20.00%	MEE
Galaxysanté	Zone industrielle, route de Feuquières	Grandvilliers	800997868	49.00%	49.00%	MEE
Infodisk	Immeuble CPL – Californie 2	Le lamentin	490029774	34.00%	34.00%	MEE
Isiakle	4 rue Georges Picquart	Paris	823272588	50.00 %	50.00 %	MEE



2.1.3 INTERNATIONAL FULLY CONSOLIDATED COMPANIES

Companies	Country	City	% of control	% owned	Method
Alliadis Europe Ltd	Great Britain	London	100.00%	100;00%	FC
Activus Ltd	Great Britain	Hertford	100.00%	100;00%	FC
Cegedim Belgium	Belgium	Drogenbos	99.97%	99;97%	FC
Cegedim Customer Information SRL	Romania	Bucharest	100.00%	100;00%	FC
Cegedim Data Services Limited	Great Britain	Preston	100.00%	100;00%	FC
Cegedim Healthcare Software R&D Limited	Ireland	Dublin	100.00%	100.00%	FC
Cegedim Holdings Ireland Limited	Irelande	Dublin	100.00%	100.00%	FC
Cegedim Outsourcing Maroc	Morocco	Rabat	100.00%	100;00%	FC
Cegedim Maroc	Morocco	Rabat	100.00%	100;00%	FC
Cegedim RX Limited	Great Britain	Chertsey Surrey	100.00%	100;00%	FC
Cegedim RX South Africa	South Africa	Illovo	100.00%	100;00%	FC
Cegedim SRH Ltd	Great Britain	Chertsey Surrey	100.00%	100;00%	FC
Cegedim SRH SA Switzerland	Switzerland	Geneva	100.00%	100;00%	FC
Cegedim World Internal services limited	Great Britain	London	100.00%	100;00%	FC
CHS Russie	Russia	Moscow	100.00%	100.00%	FC
CHS Ukraine	Ukraine	Kiev	100.00%	100.00%	FC
Compufile Ltd	Great Britain	Chertsey Surrey	100.00%	100;00%	FC
Croissance 2006	Belgium	Forest	100.00%	100;00%	FC
Health Data Management Partners	Belgium	Drogendos	100.00%	100;00%	FC
InPractice Systems	Great Britain	London	100.00%	100;00%	FC
Inpractice Entreprise Solution Ltd	Great Britain	Dundee	100.00%	100;00%	FC
Next Plus	Tunisia	Tunis	49.00%	49.00%	FC
Next Software	Tunisia	Tunis	100.00%	100;00%	FC
Оеро	Belgium	Drogendos	100.00%	99.97%	FC
Cegedim RX SRL	Romania	Bucharest	100.00%	100;00%	FC
Pulse System Inc	USA	Wichita	100.00%	100;00%	FC
Resip Drug Database UK Limited	Great Britain	Loughborough	100.00%	100;00%	FC
SGBTIF	Luxembourg	Luxembourg	100.00%	99.97%	FC
Stacks consulting e Ingeniera de Software	Spain	Barcelona	100.00%	100;00%	FC
Stacks Servicios Technologicos SI	Spain	Barcelona	100.00%	100;00%	FC
Stacks Servicios Technologicos SL Chile Ltda	Chile	Providencia	100.00%	100;00%	FC
Thin	Great Britain	Chertsey Surrey	100.00%	100;00%	FC
Webstar Health Ltd	Great Britain	Harrow	100.00%	100;00%	FC

2.1.4 INTERNATIONALES CONSOLIDATES COMPANIES USING THE EQUITY METHOD

Companies	Country	City	% of control	% owned	Method	Companies
Millennium	Italy	Florence	49.22%	49.22%	49.22%	MEE
Tech Care Solutions	Île Maurice	Ebene	50.00%	50.00%	50.00%	MEE

2.2 Changes in consolidated companies

2.2.1 COMPANIES ENTERING THE CONSOLIDATED SCOPE

Company	% owned at the end of the FY		% owned during the previous FY		Consolidation method during the previous FY	Comments
Cegedim Healthcare Software R&D Limited	100.00%	100.00%	-	FC		Creation
Cegedim Holdings Ireland Limited	100.00%	100.00%	-	FC		Creation
CHS Russie	100.00%	100.00%	-	FC	-	Creation
CHS Ukraine	100.00%	100.00%	-	FC	-	Creation
Futuramedia	100.00%	100.00%	-	FC		Acquisition
Futuramedia Group	100.00%	100.00%	-	FC	-	Acquisition
Isiakle	50.00%	50.00%	-	MEE	-	Creation

2.2.2 COMPANIES LEAVING THE CONSLIDATED SCOPE

Company	% owned at the end of the FY	% owned during the FY	% owned during the previous FY	Consolidation method during the FY	Consolidation method during the previous FY	Comments ⁽¹⁾
Pharmacie gestion informatique	0.00%	0.00%	100.00%	-	FC	TUP to Alliadis
Cegedim Kadrige	0.00%	0.00%	100.00%	-	FC	TUP to Cegedim SA

⁽¹⁾ TUP: Universal transfer of assets

2.3 Impact of change in consolidation scope

2.3.1 ON THE BALANCE SHEET AT THE CLOSING DATE

In thousands of euros	Consolidated before change at 12.31.2016	2016 Change	Consolidated after change at 12.31.2016
Goodwill	181,705	17,290	198,995
Other non-current assets (Excluding goodwill)	240,938	7,327	248,264
Current assets	259,921	1,902	261,823
Total balance sheet	682,564	26,518	709,082

The figures used do not refer to consolidation entry values but to the values approved as at December 31, 2016.



At the acquisition date, the impact of the companies entering the consolidation was:

- On assets: 17,464 thousand euros;
- On liabilities: 10.636 thousand euros.

2.3.2 ON THE INCOME STATEMENT AT THE CLOSING DATE

In thousands of euros	Consolidated before change at 12.31.2016	2016 Change	Consolidated after change at 12.31.2016
Revenue	440,846		440,846
Operating income	3,430	(482)	2,948
Consolidated net profit (loss) for the period	(26,184)	(548)	(26,732)

The figures mentioned refer to the creation and acquisition of companies starting on the date of their entry into the Group and are therefore not representative of the impact for the full year.

2.3.3 COMPANY ACQUISITION FINANCING

In 2016, acquisitions of companies and business assets, and the payment of earn-outs were self-financed in the amount of 21,425 thousand euros.

2.4 Equity method investments

2.4.1 VALUE OF SHARES IN COMPANIES ACCOUNTED FOR THE BY THE EQUITY METHOD

Company	% owned as at 12.31.2015	Profit (loss) as at 12.31.2015	Group share of profit (loss) as at 12.31.2015	or total net	Group share of total net 'shareholders' equity as at 12.31.2015	Goodwill	Provision for risks	Net value of shares in companies accounted for the equity method as at 12.31.2015
Edipharm	20.00%	284	57	354	71	-	-	71
Infodisk	34.00%	(8)	(3)	(63)	(22)	-	-	(22)
Millennium	49.22%	2,663	1,311	14,643	7,207	2,859	-	10,066
Tech Care Solutions	50.00%	(117)	(58)	(35)	(17)	-	-	(17)
Galaxy Santé	49.00%	(1)	0	16	8	-	-	8
Total		2,822	1,306	286	47	2,859	0	10,105

Company	% owned as at 12.31.2016	Profit (loss) as at 12.31.2016	Group share of profit (loss) as at 12.31.2016	or total net	Group share of total net 'shareholders' equity as at 12.31.2016	Goodwill	Provision for risks	Net value of shares in companies accounted for the equity method as at 12.31.2016
Edipharm	20.00%	148	30	217	43	-	-	43
Infodisk	34.00%	(332)	(113)	(396)	(135)	-	135	-
Millennium	50.00%	-	-	50	25	-	-	25
Tech Care Solutions	49.22%	2,665	1,312	13,309	6,551	2,859	-	9,409
Galaxy Santé	50.00%	50	25	15	8	-	-	8
Total	49.00%	(3)	(2)	12	6	-	-	6

2.4.2 CHANGE IN THE VALUE OF SHARES IN COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD

The change in equity shares accounted for using equity method can be analyzed as follows:

In thousands of euros	
Shares accounted for using the equity method as at 01.01. 2016	10,105
Distribution of dividend	(2,026)
Capital increase	-
Share of profit (loss) as at 12.31.2016	1,252
Provision for risk	135
Newly consolidated companies	25
Total	9,492

Note 3 Segment reporting

3.1 Segment reporting as of 2016

Cegedim Group's business is structured around 2 operational divisions.

The Health insurance, HR and e-services division serves large corporate and public sector clients. The division:

- handles all products and services marketed to insurance companies, mutual insurers, and personal protection insurers, and to insurance brokers, and covers the entire chain of interactions between these entities and healthcare professionals;
- it also targets companies in any business sector interested in solutions for hosting, outsourcing (HR

and payroll management, for example), or electronic data exchanges (Cegedim e-business).

The Healthcare professionals division serves doctors, allied health professionals, pharmacists and healthcare facilities. The division sells management software, databases and solutions that help healthcare professionals perform everyday tasks.

Group activities not allocated to one of the above divisions are grouped in a third division that supports the operating units.

3.1.1 INCOME STATEMENT ITEMS AS AT DECEMNBER 31, 2016

In th	ousands of euros	Health Insurance, HR & e- services	Healthcare professionals	Activities not allocated	Continuing activities as of 12.31.2016	Activity sold	IFRS 5 restatement	Total 12.31.2016	Total France	Total rest of the world
Segn	nent revenue									
Α	Revenue outside Group	262,325	175,226	3,295	440,846	1,925	-	442,771	361,064	81,708
В	Inter-company revenue	3,526	5,240	35,331	44,098	-	-	44,098	42,136	1,962
A+B	Revenue	265,851	180,467	38,626	484,944	1,925	-	486,869	403,200	83,669
Segn	nent earnings									
С	Operating income before special items	28,568	3,248	(4,744)	27,072	(1,078)		25,994		
D	EBITDA before special items	43,856	16,862	693	61,410	(1,076)	-	60,334		
C/A	Operating margin	10,9%	1,9%	(144,0)%	6,1%	(56,0)%	-	5,9%		
D/A	EBIDTA margin	16,7%	9,6%	21,0%	13,9%	(55,9)%	-	13,6%		
Segn	nent depreciation									
	Depreciation and amortization	15,288	13,614	5,436	34,338	2	-	34,340		

3.1.2 GEOGRAPHICAL REVENUE BREAKDOWN AS OF DECEMBER 31, 2016



			Euro zone	Pound sterling	Rest of the	
In thousands of euros		France	excluding France	zone	world	12.31.2016
Continuing activities	Geographical breakdown	359,139	5,692	55,995	20,020	440,846
	%	81%	1%	13%	5%	100%
Activities hold for sole	Geographical breakdown	1,925	-	-	-	1,925
Activities held for sale	%	100%	-	-	-	100%
Total	Geographical breakdown	361,064	5,692	55,995	20,020	442,771
	%	82%	1%	13%	5%	100%

3.1. BALANCE SHEET ITEMS AS AT DECEMBER 31, 2016

In thousands of euros	Health Insurance, HR & e- services	Healthcare professionals	Activities not allocated	Continuing activities 12.31.2015	Activities held for sale	Total 12.31.2015	Total France	Total Rest of the world
Segment assets								
Goodwill (Note 6.1)	74,242	124,752	-	198,994	120,255	78,739	74,242	124,752
Intangibles assets	58,102	76,468	4,875	139,445	78,060	61,385	58,102	76,468
Tangible assets	11,619	9,235	11,373	32,227	24,685	7,543	11,619	9,235
Equity shares accounted for using the equity method (Note 2.4)	77	9,415	-	9,492	75	9,417	77	9,415
Net total	144,040	219,869	16,248	380,158	223,075	157,083	144,040	219,869
Investments during the year (gr	oss values)							
Goodwill (Note 6.1)	17,290	-	-	17,290	17,290	-	17,290	-
Intangibles assets	18,891	24,085	2,547	45,522	27,345	18,178	18,891	24,085
Tangible assets	5,238	4,018	5,992	15,247	11,156	4,091	5,238	4,018
Equity shares accounted for using the equity method (Note 2.4)	25	-	-	25	25	-	25	-
Gross total	41,443	28,102	8,539	78,085	55,816	22,269	41,443	28,102
Segment liabilities (1)								
Non-current liabilities								
Provisions	14,196	8,510	735	23,441	23,424	16	14,196	8,510
Other liabilities	-	13,251	-	13,251	13,159	92	-	13,251
Current liabilities								
Accounts payable and related accounts	38,049	21,694	2,676	62,419	51,416	11,004	38,049	21,694
Tax and social liabilities	56,646	20,083	2,082	78,810	72,302	6,509	56,646	20,083
Provisions	1,268	2,028	-	3,297	3,261	36	1,268	2,028
Other liabilities	40,083	36,346	6,445	82,874	73,880	8,994	40,083	36,346

⁽¹⁾ Cegedim SA contribution to liabilities is still allocated by default to the Health Insurance, HR & e-services segment, with no segment breakdown.

3.2 Segment information as of 2015

3.2.1 INCOME STATEMENT ITEMS AS AT DECEMNBER 31, 2015

In th	ousands of euros	Health Insurance, HR & e- services	Healthcare professionals	Activities not allocated	Continuing activities as of 12.31.2015	Activity sold	IFRS 5 restatement	Total 12.31.2015	Total France	Total rest of the world
Segn	nent revenue									
	Total revenue (excluding revenue with activities held for sale)	234,562	185,847	3,711	424,119	105,534	-	529,654	365,592	164,062
	Revenue with activities held for sale	157	1,391	490	2,038	-	(2,038)	-	-	-
	Revenue with continuing activities	-	-	-	-	453	(453)	-	-	-
Α	Revenue HG	234,719	187,238	4,201	426,158	105,987	(2,491)	529,654	365,592	164,062
В	Inter-company revenue from continuing activities	2,632	2,750	12,909	18,291	-	-	18,291	16,055	2,236
A+B	Revenue	237,350	189,989	17,110	444,449	105,987	(2,491)	547,945	381,647	166,298
Segn	nent earnings									
С	Operating income before special items	30,477	18,725	(1,126)	48,076	4,517	-	52,592		
D	EBITDA before special items	46,496	30,027	1,990	78,513	4,517	-	83,030		
C/A	Operating margin	13.0%	10.0%	(26.8)%	11.3%	4.3%	-	15.5%		
D/A	EBIDTA margin	19.8%	16.0%	47.4%	18.4%	4.3%	-	15.7%		
Segn	nent depreciation									
	Depreciation and amortization	16,019	11,302	3,117	30,438	-	-	30,438		

3.2.2 GEOGRAPHICAL REVNUE BREAKDOWN AS OF DECEMBER 31, 2015

In thousands of euros		France	Euro zone excluding France	Pound sterling zone	Rest of the world	12.31.2015
Continuing activities	Geographical breakdown	337,151	6,503	64,164	18,339	426,158
Continuing activities	%	79%	2%	15%	4%	100%
Activities held for sale	Geographical breakdown	28,441	19,204	5,354	50,497	103,496
	%	27%	19%	5%	47%	100%
Total	Geographical breakdown e	365,593	25,707	69,518	68,837	529,654
	%	69%	5%	13%	13%	100%



3.2.3 BALANCE SHEET ITEMS AS AT DECEMBER 31, 2015

In thousands of euros	CRM and strategic data not sold	Health Insurance, HR & e- services	Healthcare professionals	Activities not allocated	Continuing activities 12.31.2015	Activities held for sale	Total 12.31.2015	Total France	Total Rest of the world
Segment assets									
Goodwill (Note 6.1)	-	57,926	130,622	0	188,548	-	188,548	102,965	85,583
Intangibles assets	-	49,410	72,345	3,333	125,089	-	125,089	66,818	58,271
Tangible assets	-	5,588	9,039	7,480	22,107	-	22,107	15,704	6,403
Equity shares accounted for using the equity method (Note 2.4)	-	53	10,052	-	10,105	-	10,105	56	10,049
Net total	-	112,977	222,058	10,814	345,849	-	345,849	185,543	160,306
Investments during the year (gro	oss values)								
Goodwill (Note 6.1)	-	7,670	4,038	-	11,709	-	11,709	-	11,709
Intangibles assets	-	15,117	22,085	1,741	38,943	-	38,943	22,434	16,509
Tangible assets	-	3,023	3,651	3,117	9,791	-	9,791	6,301	3,490
Equity shares accounted for using the equity method (Note 2.4)	-	-	-	-	-	-	-	-	-
Gross total	-	15,811	29,774	4,858	60,443	-	60,443	28,735	31,708
Segment liabilities (1)									
Non-current liabilities									
Provisions	-	11,612	7,290	405	19,307	193	19,500	19,474	27
Other liabilities	-	1,466	12,910	-	14,376	-	14,376	14,376	-
Current liabilities									
Accounts payable and related accounts	-	27,439	23,893	3,139	54,470	132	54,603	40,426	14,176
Tax and social liabilities	-	49,232	19,560	1,840	70,633	318	70,950	63,150	7,801
Provisions	-	1,261	1,073	-	2,333	-	2,333	2,333	-
Other liabilities	-	23,297	37,971	390	61,658	2	61,660	50,650	11,009

⁽¹⁾ Cegedim SA contribution to liabilities is still allocated by default to the Health Insurance, HR & e-services segment, with no segment breakdown.

3.3 Assets sold

Cegedim sold it CRM and Strategic Data division to IMS Health on April 1st, 2015 and also Kadrige on November 9, 2016.

NOT CONTINUING ACTIVITIES

In the consolidated income statement presented for comparison, the results of divested operations have been reclassified line by line on the item "Net profit (loss) from activities sold".

The main indicators of the consolidated income statement as at December 31, 2016 and December 31, 2054 in respect of discontinued operations are:

In thousands of euros	12.31.2016	12.31.2015
Revenue	1,925	105,987
Purchased used	(12)	(3,703)
External expenses (1)	(549)	(30,283)
Taxes	(35)	(1,967)
Payroll costs (1)	(2,573)	(63,136)
Allocation and reversals of provisions	397	(1,394)
Change in inventories of products in progress and finished products	-	(1)
Other operating income and expenses	(228)	(987)
EBITDA	(1,076)	4,517
Depreciation and amortization	(2)	0
Operating income before special items	(1078)	4,517
Depreciation of goodwill	-	-
Special items	-	(1,666)
Other special items	-	(1,666)
Operating income	(1,078)	2,851
Cost of net financial debt	(18)	665
Gain on disposal (2)	-	47,084
Income taxes	-	(3,801)
Deferred income taxes	(1)	619
Share of net profit (loss) for the period of equity method companies	-	43
Net profit (loss) from activities sold	(1,096)	47,460

⁽¹⁾ Capitalized production has been reclassified in external expenses and payroll costs as explain in the below table:

And the increase in net assets sold related to the activity of the first quarter 2015.

In thousands of euros	12.31.2016	12.31.2015
Payroll costs	-	5,344
External expenses	-	1,336
Capitalized production	-	6,681

Cash flow from discontinued operations

⁽²⁾ The €47 million gain on disposal was manly due to:

The Group exchange gains/losses related to the CRM and strategic data activities that had not been included in the calculation of the Gain on disposal at December 31, 2014 in accordance with IFRS 5.



In thousands of euros	12.31.2016	12.31.2015
Net cash flow from operating activities	4,021	6,419
Net cash flow from investing activities	(828)	(7,482)
Net cash flow from financing activities	(16)	(852)

Note 4 Operating data

4.1 External expenses

In thousands of euros	12.31.2016	12.31.2015
Purchases of studies & services and unstocked goods	(37,078)	(36,638)
External services (leasing, maintenance, insurance)	(32,746)	(30,201)
Other: advertising, seconded personnel, entertainment expenses, postal expenses, etc.	(55,811)	(42,303)
Total external expenses	(125,635)	(109,142)

4.2 Other special items

Special items comprise the following:

In thousands of euros	12.31.2016	12.31.2015	
Operating income before special items	27,072	48,075	
Allowance for depreciation of intangible assets that become obsolete	(7,500)	-	
Restructuring costs	(9,471) ⁽¹⁾	(4,037)	
Capital gains or losses on disposals and price adjustment	-	-	
Financial penalties on 2007 business-divestment	(2,517)	(2,636) (2)	
Other special items (including IMS Health transaction)	(4,636)	-	
Operating income	2,948	41,402	

⁽¹⁾ Including the cost of moving the headquarter

4.3 Capitalized production

Capitalized production has been reclassified to payroll costs and external expenses as shown in the table below.

In thousands of euros	12.31.2016	12.31.2015
Payroll costs	32,511	22,532
External expenses	8,128	5,633
Capitalized production	40,639	28,165

⁽²⁾ Including IMS Health transaction

4.4 Inventory and work in progress

In thousands of euros	Gross values as of 12.31.2016	Provision	Net values as of 12.31.2016	Net values as of 12.31.2015
Services in progress	1,034	-	1,034	-
Inventories of goods	8,286	1,551	6,735	8,978
Total inventories and work-in-progress	9,320	1,551	7,769	8,978

4.5 Accounts receivable

In thousands of euros	Current customers	Non-current customers	12.31.2016	12.31.2015
French companies (1)	148,842	28,756	177,598	164,953
Foreign companies	25,094	828	25,922	31,924
Total gross value	173,936	29,584	203,520	196,877
Provisions	6,575	-	6,575	8,410
Total net value	167,361	29,584	196,945	188,468

(1) which the fair value of collected leases, Cegelease' restatement

A provision for impairment is recognized if the inventory value, based on the probability of collection, is less than the recorded value. Thus, customers undergoing reassessment or judicial liquidation are routinely impaired at 100% and receivables outstanding for more than six months are monitored on a case-by-case basis and, if necessary, impaired in the amount of the estimated risk of non-collection.

The share of past-due receivables (gross amount) was €22.6 million as at December 31, 2016.

AGING BALANCE

In thousands of euros	Total pas due receivables	Receivables < 1 month	Receivables 1 to 2 months	Receivables 2 to 3 months	Receivables 3 to 4 months	Receivables > 4 months
French companies	12,288	2,173	2,539	1,181	870	5,526
Foreign companies	10,360	2,042	1,166	831	497	5,823
Total	22,648	4,215	3,705	2,012	1,367	11,349



4.6 Other receivables

In thousands of euros	Socials debtors	Tax debtors	Other receivables	12.31.2016	12.31.2015
Current receivables					
French companies	942	25,811	25,110	51,863	29,679
Foreign companies	133	1,839	105	2,077	2,554
Total gross value	1,075	27,649	25,215	53,940	32,233
Provisions	-	-	49	49	24
Total current receivables (net values)	1,075	27,649	25,166	53,890	32,209
Non-current receivables	-	-	-	-	
French companies	-	-	-	-	-
Foreign companies	-	-	-	-	1,132
Total gross value	-	-	-	-	1,132
Provisions	-	-	-	-	-
Total non-current receivables (net value)	-	-	-	-	1,132

4.7 Other liabilities

In thousands of euros	Cur	rent	Non-c	urrent	Total		
III triousarius or euros	12.31.2016	12.31.2015	12.31.2016	12.31.2015	12.31.2016	12.31.2015	
Advances and payment on account	3,203	3,327	-	-	3,203	3,327	
Clients – Credits to be established	-	-	-	-	-	0	
Expenses payable	-	-	-	-	-	0	
Miscellaneous payables (1)	53,343	27,242	13,159	12,910	66,502	40,152	
Other liabilities	53,343	27,242	13,159	12,910	66,502	40,152	
Debts on acquisition of assets	115	2,865	92	1,466	207	4,331	
Dividends payable	-	-	-	-	-	0	
Deferred income	26,212	28,223	-	-	26,212	28,223	
Total other liabilities	82,874	61,657	13,251	14,376	96,125	76,033	

⁽¹⁾ which the fair value of collected leases, Cegelease' restatement

4.8 Current and non-current provisions

Provisions are determined on the basis of estimated future costs for the Company.

The amounts involved are insignificant if taken individually.

In thousands of euros	12.31.2015	Reclass ification	Change in consolidation scope	Allowances to additional provisions	Allowances to new provisions	Reversals provisions used	Reversals provisions not used	Change in rate	12.31.2016
Provisions for litigation with employees	2,333	-	35	-	1,757	(180)	(684)	-	3,261
Other provisions(1)	-	-	-	-	-	-	-	-	-
Provisions for restructuring	-	-	-	-	34	-	-	2	36
Other provisions for expenses	-	-	-	-	-	-	-	-	-
Current provisions	2,333	-	35	-	1,791	(180)	(684)	2	3,297
Provisions for restructuring	-	-	-	-	-	-	-	-	-
Provisions for employee disputes	35	-	(35)	-	-	-	-	-	-
Provisions for retirement	17,634	-	367	-	4,104	(236)	(104)	-	21,766
Provisions for litigation	16	-	-	-	3	-	(13)	0	6
Provisions for guaranties	-	-	-	-	-	-	-	-	-
Other provisions for risks	270	-	-	-	135	-(7)	(182)	0	215
Other provisions for expenses	1,352	-	-	233	99	-	(229)	-	1,455
Non-current provisions	19,307	-	332	233	4,340	(242)	(529)	0	23,441
Total current and non-current provisions	21,640	-	367	233	6,131	(423)	(1,213)	1	26,739

⁽¹⁾ Provisions for client risks, supplier risks and tax risks.

Note 5 Employees benefits expense and liabilities

5.1 Employees benefits expense

In thousands of euros	12.31.2016	12.31.2015
Wages	(201,718)	(184,667)
Profit-sharing	(4,333)	(3,257)
Free shares award plan	(41)	904
Payroll costs	(206,092)	(187,021)

5.2 Number of employees

In thousands of euros	12.31.2016	12.31.2015*
France	2,749	2,528
International	1,313	1,195
Number of employees	4,062	3,723

^{* 3,655} was initially published + 68 employees from the last acquisition done in the USA.



5.3 Related parties

The purpose of the present note is to present the transactions that exist between the Group and its related parties. The compensation of key management personnel is presented in note 5.4.

IDENTITE OF CEGEDIM'S PARENT COMPANY: FCB

A limited company held mainly by Jean-Claude Labrune, Chairman and Chief Executive Officer of Cegedim SA, his family and by certain members of the Board of Directors of Cegedim SA.

FIGURES PERTAINING TO THE RELATED PARTIES

Certain transactions were carried out with companies who share a Cegedim SA Director.

The main subsidiaries (companies consolidated with the fully consolidated method) are listed in note 2. Only the significant transactions are described below:

- FCB re-invoices rent to some companies in the Cegedim Group in the amount of €2,758 thousand compare with 2,853 thousand in 2015;
- FCB invoiced €1,450 thousand for renting cars;
- FCB re-invoiced headquarters costs in the amount of €1,713 thousand;
- FCB granted a loan to Cegedim SA in the amount of 50 million euros in 2007. At the time of the Cegedim capital increase, FCB subscribed for 4,906 thousand euros to offset an outstanding debt owed them, resulting in a decrease of the debt owed them, from 50 million euros to 45,094 thousand euros. The interest resulting from this loan for 2016 was €1,550 thousand.

In thousands of euros	Companies und or significat		FC	СВ	Family SCI		
	12.31.2016	12.31.2015	12.31.2016	12.31.2015	12.31.2016	12.31.2015	
Income	-	-	183	212	-	-	
Expenses	-	-	7,950	9,273	1,419	1,178	
Loans	-	-	45,094	45,094	-	-	
Security deposits	-	-	627	-	1,307	58	
Receivables	-		11		-	-	
Provisions for receivables	-	-	23	8	-	-	
Liabilities	-	-	-	-	-	-	
Commitments given	-	-	1,557	2,687	1,600	-	
Commitments received	-	-	-	-	-	-	

5.4 Management compensation

Directors' fees paid to Board members came to 120 thousand euros at December 31, 2016, and are recorded in the "Other external purchases and expenses" item of the income statement. In compliance with the IAS 24 standard, Cegedim's "key managers" correspond to the people sitting on the Board of Directors with the authority

and responsibility for planning, managing and controlling Cegedim's activities as well as those of any of the Group's companies, directly or indirectly. In accordance with IAS 24.17, in-kind benefits are recorded in the "Short-term benefits" item.

In thousands of euros – gross assets	12.31.2016	12.31.2015
Short term benefits (wages, bonuses, etc.)	2,011	1,932
Post-employment benefits	None	None
Severance pay	None	None
Other long-term benefits	None	None
Benefits recognized	2,011	1,932
Termination benefits	None	None
Benefits not recognized	None	None

The short term benefits include the variable and fixed portions of the manager's compensation.

Note 6 Intangible, tangible and Financial assets

6.1 Goodwill

At December 31, 2016, net goodwill amounted to €199 million, compared to €188 million at December 31, 2015. This increase of €11 million is primarily due to (1) the acquisition of Futuramedia, the leading company in France

in the field of digital communication for the pharmaceutical network, (2) the allocation of goodwill, and (3) the impact of foreign currency translation on goodwill denominated in pounds sterling.

Segment	31.12.2015	Reclassification	Goodwill allocation	Scope	Impairment	Translat gains or lo and oth change	osses ner	12.31.2015
Health Insurance, HR & eservices	57,926	-	(1,702)	17,945		-	74	74,243
Healthcare professionals	130,622	-	(2,440)	-		- (3,	430)	124,752
Activities not allocated	0	-	-	-		-	-	0
Assets held for sale	0	-	-	-		-	-	0
Total goodwill	188,548	-	(4,142) ^(*)	17,945		- (3,	356)	198,995

IAS 36.90 states that CGUs (cash-generating units) to which goodwill has been allocated must be tested for impairment at least annually and whenever impairment is indicated. This impairment is defined as the difference between the recoverable amount of the CGU and its carrying amount. Recoverable value is defined (under IAS 36.18) as the highest of: the fair value of the asset, less costs of disposal, and the value in use of the asset (estimated future cash flows to be realized from the asset).

Impairment tests aim to verify that the book value of assets essential to the operation of the business and allocated to each of the CGUs (including goodwill) does not exceed the recoverable amount thereof.

Impairment tests were carried out as part of the closure of the 2016 accounts, for both of the Group's operational CGUs, in the same way as for the previous financial year.

These tests did not result in the recognition of any impairment loss.

The tests consisted of updating the main assumptions used in the valuation of the assets allocated to the Group's CGUs. These tests are not performed for the sole purpose of verifying the amount of the goodwill (€199 million) but in fact of all assets essential to the operation of the business and allocated to the CGUs (i.e. €383 million tested at the end of 2016). As in previous years, the Group hired an independent firm to assist in the performance of these tests.

	12.31.2016	12.31.2015
Discount rate	9,04%	8,89%
Perpetual growth rate		
Health Insurance, HR & e-services	1,75%	1,75%
Healthcare professional	1,50%	1,50%

The trends amended in the business plans are as follows:

- The plans were revised for 2017 and 2018 so as to take account of stronger growth in revenue, in line with the trends observed at the end of 2016.
 However, as these years were dedicated to the transition to the SaaS model for current products and the launch of new products, there has been a temporary impact on the financial results (lower current EBITDA and margins).
- The next phase of the plan reflects the increased market share of new products, the increasing share of recurring business activities as a result of the

SaaS model, and the growth in BPO activity due to the positive effect on operating margins.

- The revenue growth assumptions used over the 6 years between 2016 and 2021 average at 8.5% for the Health insurance, HR and e-services businesses, and 5.5% for the business activities aimed at healthcare professionals.
- Perpetual growth rates, which were revised downwards at the end of 2015, remained unchanged this year.



Test sensitivity was assessed using the following parameters for both CGUs:

- change in discount rate of +/- 50 basis points;
- change in perpetual growth rate of +/- 50 basis points:
- possibility of a temporary margin reduction during the 2nd and 3rd years of the plan (50% reduction);
- possibility of a prolonged margin reduction (average terminal margin reduced by 170-180 basis points);
- possibility of a one-year delay (with no subsequent recovery) in achieving the margins set out in the plan.

These sensitivity calculations would not result in the impairment of goodwill, except in the event of a one-year delay (with no subsequent recovery) in the achievement of the margin targets for the Healthcare professionals CGU. The tested assets would be covered to 96%.

6.2 Intangible assets

In thousands of euros	12.31.2015	Opening reclassification and correction	Acquisitions	Change in scope	Decrease	Change in rates	12.31.2016
Development costs	16,923	(8,089)	4,856	339	-	(1,877)	12,152
Internal software ^{(1) (2)}	205,863	8,160	35,397	5,447	-	(3,956)	250,911
Other intangibles	48,937	6,915	5,269	533	(522)	(199)	60,933
Total gross value	271,723	6,986	45,522	6,319	(522)	(6,032)	323,995
Amortization and depreciation	146,634	2,391	33,875	3,144	(97)	(1,397)	184,550
Total depreciation and amortization	146,634	2,391	33,875	3,144	(97)	(1,397)	184,550
Total intangibles assets, net values	125,089	4,595 ⁽³⁾	11,648	3,175	(425)	(4,634)	139,445

⁽¹⁾ The projects that stem from internal development and are currently underway have an average amortization period of five years, except for three structuring projects amortized over 2 to 15 years.

6.3 Tangible assets

In thousands of euros	12.31.2015	Opening reclassification and correction		Change in scope	Decrease	Change in rates	12.31.2016
Land	459	-	-	-	-	-	459
Buildings	10,033	-	198	-	-	33	10,264
Other property, plant and equipment	72,244	(2,110)	13,934	8,146	(10,077)	(2,215)	79,922
Construction work in progress	50	(658)	1,115	-	-	-	508
Total gross value	82,787	(2,768)	15,247	8,146	(10,077)	(2,182)	91,153
Depreciation of land	0	-	-	-	-	-	0
Depreciation of buildings	5,011	(89)	612	-	-	18	5,552
Depreciation of other tangible assets	55,669	(2,227)	7,354	4,110	(9,399)	(2,134)	53,373
Total depreciation	60,680	(2,315)	7,966	4,110	(9,399)	(2,116)	58,925
Total tangible assets, net values	22,107	(453) ^(*)	7,282	4,035	(678)	(66)	32,227

^(*) Please note that there has been a reallocation between intangible and tangible assets.

⁽²⁾ The reclassification between Development Costs and Internal Software in the amount of €8 million corresponds to the projects entry into service.

⁽³⁾ of which the impact of goodwill allocation

6.4 Financial assets (excluding shares from equity method companies)

In thousands of euros	12.31.2015	Reclassi fication	Acquisitions / provisions		Reduction / Reversals		12.31.2016
Equity investments (1)	1,151	-	-	-	-	-	1,151
Loans	3,146	-	370	-	(7)	0	3,508
Security deposits	4,966	-	1,499	48	(2,511)	(40)	3,962
Other financial assets	780	-	-	-	(586)	(5)	190
Total gross values	10,043	-	1,870	48	(3,104)	(44)	8,812
Provisions for equity investments	53	-	-	-	-	-	53
Provisions on loans	-	-	-	-	-	-	-
Provisions on other financial assets	17	-	25	-	(17)	1	26
Total provisions	70	-	25	-	(17)	1	79
Total financial assets, net values	9,973	-	1,845	48	(3,088)	(46)	8,733

(1) Information on non-consolidated companies

Subsidiaries	Share capital ⁽¹⁾	Shareholders' equity other than share capital(1)	% of control	Book value of shares owned Gross value	Provision for depreciation on shares	Net value of book value of shares owned	Revenue excluding VTA ⁽²⁾	Profit (loss) for the period ⁽²⁾	Dividends received
Netfective Technology	675	15,003	6.08%	899	0	899	7,484	1,935	12
Cegedim Algérie	85	n.a.	100%	85	0	85	n.a.	n.a.	n.a.
NEX & COM	500	252	20.00%	13	0	13	n.a.	n.a.	n.a.
Teranga	33	n.a.	10.00%	100	0	100	n.a.	n.a.	n.a.
Resodom	10	n.a.	10.00%	1	0	1	n.a.	n.a.	n.a.
Quality flux	379	n.a.	13.88%	53	(53)	0	n.a.	n.a.	n.a.
Total of non-consolidated equity investments				1,151	(53)	1,098	7,484	1,935	12



Note 7 Financing and financial instruments

7.1 Net debt

In thousands of ourse		12.31.2015		
In thousands of euros	Financial	Miscellaneous ⁽¹⁾	Total	12.31.2015
Long-term financial borrowing and liabilities (> 5 years)	-	-	-	-
Medium-term financial borrowing and liabilities (> 1 year, < 5 years)	235,342	8,671	244,013	51,723
Short-term financial borrowing and liabilities (> 6 months, < 1 year)	224	1,168	1,392	1
Short-term financial borrowing and liabilities (> 1 month, < 6 months)	171	1,914	2,086	347,211
Short-term financial borrowing and liabilities (< 1 month)	60	-	60	-
Current bank loans	44	-	44	2
Total financial liabilities	235,842	11,754	247,595	398,937
Positive cash	20,771	-	20,771	231,299
Net financial debt	215,071	11,754	226,824	167,638

⁽¹⁾ The miscellaneous item includes employee profit sharing plans in the amount of €7,232 thousand.

NET CASH

In thousands of euros	Financial	12.31.2016	12.31.2015
Current bank loans	44	44	2
Positive cash	20,771	20,771	231,299
Net cash	20,727	20,727	231,297

STATEMENT OF CHANGES IN NET DEBT

In thousands of euros		12.31.2016	12.31.2015
Net debt at the beginning of the fiscal year	А	167,638	504,180
Operating cash flow before cost of net debt and taxes		(57,454)	(76,028)
Tax paid		5,687	12,127
Change in working capital requirement		(6,801)	24,072
Net cash flow from operating activities		(58,568)	(39,829)
Change from investment operations		62,260	59,036
Impact of changes in consolidation scope		21,425	(336,347)
Dividends		(1,939)	-
Increase in cash capital		-	-
Impact of changes in foreign currency exchange rates		787	(2,707)
Interest paid on loans		33,029	42,681
Other financial income and expenses paid or received		112	1,130
Other changes		(2,783)	3,986
Total net change for the fiscal year	В	54,324	(272,050)
Impact of incoming assets	С	1,685	-
Impact of assets sold	D	3,177	(64,491)
Net debt at the end of the fiscal year	A+B+C+ D	226,824	167,638

The bank loans have the following terms:

In thousands of euros	< 1 month	> 1 month < 6 months	> 6 months < 1 year		> 5 years
1-month Euribor rate	56	171	224	235,342	-
Total	56	171	224	235,342	-

Cegedim subject to two maintenance covenants in relation with the Revolver Facility Agreement. Compliance with these financial commitments is determined in accordance with International Financial Reporting Standards (IFRS). It is a ratio of the level of net bank indebtedness in relation to consolidated gross operating income (or EBITDA) and a ratio of the level of gross operating income in relation to the level of bank financing costs.

For more information on the financial covenants and the way there are calculated see point 2.4.1.3 in the Chapter "Risk factors and insurance" of this Registration Document on page 43.

The EBITDA figure used to calculate leverage is restated for the impact of correcting the accounting treatment of the lease business in accordance with IAS 17.

In euro thousand	12.31.2016	Cegelease restatement	12.31.2016 restated
Revenue	440,846	93,759	534,605
EBITDA	61,410	12,777	74,187
EBIT before special items	27,072	74	27,146

INTEREST REATE HEDGES

Start date	End date	Par value	Rate paid	Rate received	Variable rate	2017 annual flow	Duration
12.31.2016	06.30.2017	20,000,000	4.58%			(461	0.5
06.30.2017	12.29.2017	20,000,000	4.58%			(468	1.01
Payer portion			4.58%			(929	
Start date	End date	Par value	Rate paid	Rate received	Variable rate	2017 annual flow	Duration
12.31.2016	06.30.2017	20,000,000		EUR 1 M	0%		
06.30.2017	12.29.2017	20,000,000		EUR 1 M	0%		
Receiver portion				EUR 1 M	0%		
Start date	End date	Par value	Rate paid	Rate received	Variable rate	2017 annual flow	Duration
12.31.2016	06.30.2017	20,000,000	4.57%			(459	0.5
06.30.2017	12.29.2017	20,000,000	4.57%			(467	1.01
Payer portion			4.57%			(926	
Start date	End date	Par value	Rate paid	Rate received	Variable rate	2017 annual flow	Duration
12.31.2016	06.30.2017	20,000,000		EUR 1 M	0%		
06.30.2017	12.29.2017	20,000,000		EUR 1 M	0%		
Receiver portion				EUR 1 M	0%		



FINANCING

In May 2007, Cegedim raised 50.0 million euros, the FCB Loan, from its largest shareholder, FCB. The shareholder loan agreement between Cegedim SA and FCB was signed on May 7, 2007. The FCB Loan Agreement was amended on September 5, 2008, and September 21, 2011, to extend the maturity date and modify the applicable interest rate. During the December 2009 capital increase, FCB subscribed for 4.9 million euros equivalent in shares as a redemption of a portion of debt, which decreased the balance of the FCB Loan to 45.1 million euros. In January 14, 2016, the FCB Loan was amended in order to subordinate it to the 200 million euro revolving credit facility taken the same day and to extend the maturity date and modify the applicable interest rate.

On March 20, 2013, Cegedim issued a senior bond at 6.75%, maturing on April 1, 2020, for an amount of 300 million euros in accordance with the Reg. S and 144A rules. The bond is listed on the Luxembourg Stock Market with ISIN codes XS0906984272 and XS0906984355. The bonds have been priced at 100% of their face value.

On April 7, 2014, Cegedim issued 125 million euros in bonds in addition to its issue of 300 million euros at 6.75%, maturing in 2020. The issue price was 105.75%, plus interest accrued since April 1, 2014. Apart from the issue date and price, these new bonds are identical to those issued on March 20, 2013, under the 300 million euro bond issue with a coupon of 6.75% maturing in 2020.

Between May 6, 2015, and February 25, 2016, Cegedim redeemed on the market its 6.75% bond, maturing April 1, 2020, ISIN code XS0906984272, for a total principal amount of 110.2 million euros. The company cancelled these bonds. As a result, a total principal amount of 314.8 million euros remains in circulation.

In January 14, 2016, the Group took out from Cegedim's bankers a new five-year revolving credit facility (RCF) of 200 million euros maturing on January 14, 2021.

On April 1, 2016, Cegedim exercised its call option on the entire 6.75% 2020 bond with ISIN code XS0906984272 and XS0906984355, for a total principal amount of 314,814,000.00 euros and a price of 105.0625%, i.e. a total premium of 15,937,458.75 euros. The company then cancelled these securities. The transaction was financed by drawing a portion of the RCF obtained in January 2016 and using the proceeds of the sale to IMS Health. Following this transaction, the Group's debt comprised the 45.1 million

euro FCB subordinated loan, the partially drawn 200 million euro RCF, and overdraft facilities.

It is worth noting that the net debt at December 31, 2016 includes estimated earn out for an amount of €3.8 million contrary to the net debt situation at December 31, 2015

As at December 31, 2016, the debt was structured in the following manner:

- €200 million euro revolving credit, of which 190 million euros was drawn as of December 31, 2016; maturing on January 14, 2021;
- 45.1 million euro FCB Loan maturing in January 2021;
- 24.0 million euro overdraft facility, of which 0.0 million euros was drawn as of December 30, 2016.

The exposure of the debt to fluctuations in euro rates has been partially hedged by a euro rate hedge.

The Group sold in June 2015 a swap with a pre-set Euribor receiver rate and a fixed payer rate of 4.565% on a notional amount of €20 million maturing 12.29.2017 against cash payment.

As at December 31, 2016, the hedge of the debt against fluctuations in the euro rate consisted of two no-premium, one month, amortizing swaps, with a pre-set Euribor receiver rate and a fixed payer rate defined as follows:

- 4.57% rate on a notional hedged amount of €20 million, until December 29, 2017;
- 4.58% rate on a notional hedged amount of €20 million, until December 29, 2017.

The total notional hedged amount was 40 million euros as at December 31, 2016.

Interest expense on bank loans, bonds, charges and commissions totaled €33 million as at December 31, 2016.

The interest related to the shareholder loan as at December 31, 2015, amounted to €1.6 million.

The change in fair value of these derivatives was recorded in shareholders' equity for the efficient part of those qualified as cash flow hedges (€0.7 million) and in profit or loss for their inefficient part and for the related counterparty risk taken into account in accordance with IFRS 13 (€1.2 million). The fair value at the closing date of hedging instruments amounts to €2 million.

LIQUIDITY RISK

Contractual cash flows are not discounted.

When there is a fixed rate, the rate is sued to calculate future interest payments.

Cash flows

In thousands of euros	< 1month	> 1 month < 6 > months	6 months < 1 year	> 1 year < 5 years	> 5 years
Bank loans and interest	390	1,815	2,213	249,324	
Hedging instruments				(1,208)	
Current bank loans	44				
Leasing	32	161	177	586	
Earn-out		321	1,168	2,322	
Equity investments		1,593		5,925	
Miscellaneous including deposits and bonds				424	

Cash-flow projections – Financial instruments

Assumptions:

Variable rates: EUR 1 month as of December 31, 2016: 0

In thousands of euros	Rate	2017	2018	2019	Total
Swaps borrowers EUR					
Fixed paid	4.58%	(929)	0	0	(929)
Variable received	0%	0	0	0	0
LT Swaps		(929)	0	0	(929)
Swaps borrowers EUR					
Fixed paid	4.57%	(926)	0	0	(926)
Variable received	0%	0	0	0	0
LT Swaps		(926)	0	0	(926)
Total LT Swaps		(1,855)	0	0	(1,855)



7.2 Net financial expenses

In thousands of euros	12.31.2016	12.31.2015
Income or cash equivalent	1,367	1,369
Interest paid on loans (1)	(15,032)	(42,681)
Interest related to the bond buyback	(17,997)	-
Accrued interest on loans	5,900	3,125
Interest on financial liabilities	(27,129)	(39,556)
Other financial interest and expenses ⁽²⁾	(2,134)	3,214
Cost of gross financial debt	(29,263)	(36,342)
Net currency exchange differences	(393)	(369)
Valuation of financial instruments	(240)	583
Other financial income and expenses non cash ⁽²⁾	2,775	(6,024)
Other financial income and expenses	2,142	(5,810)
Cost of net financial debt	(25,755)	(40,783)

(1) Including €(8,815) thousand interest resulting from the partial bond buyback in 2015.

In thousands of euros	12.31.2016	12.31.2015
(2) Including FCB interest	(1,550)	1,916
Interest on shareholding	(442)	777
Total	(1,992)	2,693

7.3 Risk management

The Group's activities remain subject to the usual risks involved in its lines of business as well as the political and geopolitical risks arising from its international presence for most of its activities, and to unexpected events of force majeure. The main identified financial risks are as follows:

INRETEST RATE RISK

To limit the effects of rising interest rates on its financing costs, the Group has decided to implement a risk hedging policy to protect a maximum annual finance rate for one year. Only Cegedim SA hedges borrowings as necessary. The total principal hedged amount was €40 million as at December 31, 2016. The amount of the loans exposed to the interest rate risk was €195.1 million as at December 31, 2016, as the whole Credit Revolver Faciluty and the FCB loan are at variable-rate i.e. a principal of €235.1 million.

EXCHANGE RATE RISK

The foreign currencies representing a significant percentage of consolidated revenues are the pound sterling (12.7%) and the dollar (3.4%). The Group has not established a policy for exchange rate hedging. This leaves the Group potentially exposed to a more or less significant exchange rate risk from year to year.

The table below shows the impact of exchange rate risk on the balance sheet:

In thousands of euros	GBP	USD
Total balance sheet	879	420
Off-balance-sheet position	-	-
Net position after management	879	420

This table allows the loss risk on the net global foreign currency position to be calculated on the assumption of an unfavorable and consistent change of 1% in the currency used to prepare financial statements in comparison to the total amount of foreign currencies involved. For information purposes, the impact of an unfavorable and consistent

change of 1% in the euro-pound sterling exchange rate on the financial statements of subsidiaries whose operating currency for financial statements is the GBP would have a negative impact of €0.6 million on the Group's shareholders' equity.

Assuming the revenue/costs structure remain similar, any appreciation in the euro against the pound sterling would bring about a reduction in earnings expressed in euros. Based on the 2016 fiscal year, if all other currencies remain at the same level against the pound sterling, a theoretical 1% appreciation in the euro against the pound sterling would have a negative impact of €554 thousand on

Cegedim's revenue, and €425 thousand on its operating income.

Currency effects had a total negative impact of €7.3 million on revenue in 2016, almost due to the pound sterling for €7.3 million.

The amount of exchange gains or losses on revenue is determined by recalculating the 2015 revenue based on the 2016 exchange rate. The currency exchange rates used are the average rates over the fiscal year

Note 8 Income tax

8.1 Deferred tax

8.1.1 TAX BREAKDOWN

The tax charge recognized in the fiscal year earnings was €4,083 thousand, compared with a tax income of €17,612 thousand in December 2015. This comprised:

In thousands of euros	12.31.2016	12.31.2015
Tax paid		
France	(2,510)	(539)
Aboard	(799)	(1,844)
Total tax paid	(3,308)	(2,383)
Deferred taxes		
France	(262)	20,355
Aboard	(512)	(359)
Total deferred taxes	(774)	19,996
Total tax income recognized in the income statement	(4,083)	17,612



8.1.2 THERETICAL TAX EXPENSE AND RECOGNIZED TAX EXPENSE

The reconciliation between the theoretical tax expense for the Group and the tax expense effectively recognized is presented in the following table:

In thousands of euros		12.31.2016	12.31.2015
Net profit (loss) from continuing activities		(25,637)	19,538
Group share of in companies accounted by equity method		(1,253)	(1,305)
Income taxes		4,083	(17,612)
Earnings before tax for consolidated companies	(a)	(22,807)	620
Of which French consolidated companies		3,077	(120)
Of which foreign consolidated companies		(25,884)	740
Standard tax rate in France	(b)	34,43%	38,00%
Theoretical tax expense	(c) = (a) x (b)	7,852	(236)
Impact of permanent differences		(5,945)	(5,733)
Impact of differences in tax rates on profits		2,922	4,366
Impact of differences in tax rates on capitalized losses		(503)	-
Activation of tax losses			20,000
Uncapitalized tax on losses		(9,647)	(2,568)
Impact of tax credit		1,238	1,783
Tax expenses recognized in the income account		(4,083)	17,612
Effective tax rate		n.m.	n.m.

Calcuation of the standard tax rate in France

Base	33.33%
Contribution of 3.3% (Corporate tax above 763,000€)	1.10%
Standard tax rate in France	34.43%

The main countries contributing to the impact of differences in tax rates on profits are:

In thousands of euros	12.31.2016
UK	2,087
Ireland	795,
Others	40
Total	2,922

8.1.3 DEFERRED TAX ASSETS AND LIABILITIES

Analysis by category of the temporal difference for the net deferred tax position recognized in the balance sheet (before compensation by fiscal entities for deferred tax assets and liabilities).

In thousands of euros	12.31.2015	Realloca tion	Earnings	Change in consolidati ons scope	Other change in equity	Change in exchange rate	12.31.2016
Tax loss carryforwards and tax credits	20,000	-	-	-	-	-	20,000
Pension plan commitments	5,622	-	299	80	468	-	6,469
Non-deductible provisions	2,773	-	(146)	44	-	-	2,671
Updating to fair value of financial instruments	1,475	-	(513)	-	(275)	-	688
Cancellation of internal capital gain	139	-	-	-	-	-	139
Restatement of R& margin	190	-	113	-	-	-	303
Other	379	-	(27)	-	15	-	366
Total deferred tax assets	30,578	0	(273)	123	208	0	30,637
Unrealized exchange gains/losses	0	-	(912)	-	-	912	0
Cancellation of accelerated depreciation	(540)	-	(25)	-	-	-	(566)
Cegelease restatement	(562)	-	78	-	-	-	(484)
Cancellation of depreciation on business goodwill	(48)	-	7	-	-	-	(41)
Updating to fair value of financial instruments	(90)	-	90	-	-	-	1
Finance lease	(98)	-	22	(129)	-	-	(205)
R&D capitalization	(6,553)	-	366	-	-	-	(6187)
Restatement of the allowance for the R&D margin	(14)	-	(4)	-	-	-	(18)
Others	(679)	-	(122)	-	-	-	(801)
Total deferred tax liabilities	(8,587)	0	(501)	(129)	0	912	(8,304)
Net deferred tax	21,992	0	(774)	(5)	208	912	22,333

The change in deferred taxes recognized in the consolidated balance sheet after compensation by fiscal entities for deferred tax assets and liabilities can be verified in the following way:

In thousands of euros	Assets	Liabilities	Net
As at December 31, 2015	28,721	(6,731)	21,990
Impact of earnings for the period	(273)	(501)	(774)
Impact shareholders' equity	332	784	1,115
Impact of net presentation by fiscal entity	4	(5)	(1)
As at December 31, 2016	28,784	(6,453)	22,332

Tax corresponding to deferred taxes not activated from continuing activities as at December 31, 2016 amounts to €63,397 thousands for French companies and €15,171 thousands for foreign companies.



Note 9 Equity and earnings per share

9.1 Equity

As at December 31, 2016, the share capital was made up of 13,997,173 shares (including 23,583 treasury shares), each with a nominal value of 0.9528 euros, i.e. total share capital of 13,336,506 euros.

9.2 Earnings per share

Earnings per share are calculated by dividing Group earnings by the number of shares making up the capital, excluding treasury shares.

The number of shares must be the weighted average number of outstanding ordinary shares during the course of the period (i.e. 13,960,024 shares at December 31, 2016 and 13,958,112 shares at December 31, 2015).

Current earnings per share of continued operations amounted to a 1.2 euros loss in respect of fiscal 2016.

Earnings per share amounted to a 1.9 euros loss in respect of fiscal 2016.

	31.12.2016	31.12.2015
Weighted average number of outstanding ordinary Cegedim SA shares	13,997,173	13,997,173
Less average number of treasury shares held	(37,149)	(39,061)
Number of shares for the calculation of earnings per share	13,960,024	13,958,112

9.3 Diluted earnings per share

Earnings per share are calculated by dividing Group earnings by the number of shares making up the capital, excluding treasury shares.

The number of shares must be the weighted average number of outstanding ordinary shares during the fiscal year (i.e., 13,960,024 shares at 12.31.2016 and 13,958,112 shares at 12.31.2015).

9.4 Treasury shares

ALLOCATION OF FREE SHARESES

The Board of Directors meeting of June 4, 2013 was authorized by the Extraordinary General Shareholders' Meeting of June 8, 2011 to award free shares in a total number not exceeding 10% of the total number of shares comprising the share capital to corporate officers and employees of the Cegedim Group.

The Board of Directors meeting of September 18, 2014 was authorized by the Extraordinary General Shareholders' Meeting of June 10, 2014 to award free shares in a total number not exceeding 10% of the total number of shares comprising the share capital to corporate officers and employees of the Cegedim Group.

The Board of Directors meeting of January 28, 2016 was authorized by the Extraordinary General Shareholders' Meeting of November 16, 2015 to award free shares in a total number not exceeding 10% of the total number of shares comprising the share capital to corporate officers and employees of the Cegedim Group

The main characteristics of the plans are the following:

 The free shares awarded will confer the right to dividends, the distribution of which will be determined as of the award date.

- The plan dated June 4, 2013 authorized a maximum allocation of 48,870 free shares.
- The plan dated September 18, 2014 authorized a maximum allocation of 19,280 free shares.
- The plan dated January 28, 2016 authorized a maximum of 28,038 free shares.
- For the plan 2013 and 2014, the allocation of such shares to their beneficiaries will become final after a two-year vesting period for beneficiaries whose residence for tax purposes is in France as of the allocation date and four years for beneficiaries whose residence for tax purposes is not in France as of the allocation date.
- For the plan 2016, the allocation of such shares to their beneficiaries will become final after a two-year vesting period for beneficiaries whose residence for tax purposes is in France beneficiaries whose residence for tax purposes is in France and three years for beneficiaries whose residence for tax purposes is not in France as of the allocation date
- The shares will be fully allocated to the beneficiaries on one condition: no resignation, dismissal or termination;
- Starting from the final award date, beneficiaries whose residence for tax purposes is in France as of the award date must keep said shares for a term of two years starting from the final award date.

In application of standard IFRS 2, the expense measuring "the benefit" offered to employees is spread out on a linear basis over the beneficiaries' vesting period.

THE MAIN CHARACTERISTICS OF THE PLANS ARE THE FOLLOWING:

	Plan of 06.04.2013	Plan of 09.18.2014	Plan of 01.28.2016
Date of the General Meeting	06.08.2011	06.10.2014	11.16.2015
Date of the Board of Directors meeting	06.04.2013	09.18.2014	01.28.2016
Date of plan opening	06.04.2013	09.18.2014	01.28.2016
Total number of shares than can be allocated	48,870 shares	19,280 shares	28,038 shares
Initial subscription price	€24.46	€27.11	30.50€
Date of availability of free shares			
France	06.03.2015	09.17.2016	01.28.2018
Foreign	06.03.2017	09.17.2018	01.28.2019

POSITION OF PLANS AS AT DÉCEMBER 31, 2016

	Plan of 06.04.2013	Plan of 09.18.2014	Plan of 01.28.2016
Total number of shares allocated	4,500 shares	18,780 shares	20,515 shares
Total number of shares left to be acquired after recorded exercising of options and canceled options	0	0	20,479 shares
Adjusted acquisition price of free share allotments			
France	€23.74	€26.31	€29.61
Forgien	€20.79	€23.04	€25.93

Note 10 Equity and dividendes

10.1 Répartition du capital

Bearing in mind the transaction that occurred during the year, the closing position of the fiscal year under review is as follow:

Shareholders	No. Of shares held	% held	No. Of single votes	No. of votes with double voting rights shares	No. of votes with double voting rights votes	Total votes	% voting rights vote
FCB	7,375,891	52.70%	14,847	7,361,044	14,722,088	14,736,935	62.74%
Bpifrance Participations	2,102,061	15.02%	0	2,102,061	4,204,122	4,204,122	17.90%
Free float	4,495,638	32.12%	4,444,994	50,644	101,288	4,546,282	19.36%
Cegedim(1)	23,583	0.17%	0	0	0	0	0.00%
TOTAL	13,997,173	100.00%	4,459,841	9,513,749	19,027,498	23,487,339,	100.00%

⁽¹⁾ Including the liquidity contract

10.2 Dividends

No dividend has been paid for fiscal 2015, in accordance with the decision of the Ordinary General Meeting held on June 14, 2016.



Note 11 Commitments

11.1 Retirement commitments

11.1.1 RETIREMENT COMMITMENTS: FRENCH COMPANIES

In thousands of euros	Through an insurance fund	Through a provision for expenses
Pension plan commitments	2,122	21,766

When employees retire, they receive retirement indemnity as defined in the collective bargaining agreements.

An actuarial valuation plan has been set up to fund the obligations resulting from this compensation. The total obligation comes to 23,888 thousand euros, including 2,122 thousand euros paid to an insurance company.

The amount of retirement contributions provisioned as expenses during the fiscal year was 1,966 thousand euros.

The Cegedim Group decided to apply the option under IAS 19 as amended, which allows the actuarial gains and losses relating to changes in assumptions occurring in calculating liabilities to be accounted for directly in equity.

The actuarial assumptions used are as follows:

Economic assumptions	2016	2015	2014
Net interest rate	1.483%	2.43%	1.89%
Expected asset yield rate	1.483%	2.43%	1.89%
Wage increases (including inflation)	1.40%	1.40%	1.40%

The discount rate applied for 2016 is 1.483 % (the Bloomberg C66715Y Index BFV EUR Composite (AA) 15 Year) versus 2.43% in 2015.

Demographic assumptions

Mortality: Tables H/F Insee 2012 – 2014 Mobility: 7.5% per year up to 35 years

> 3.5% up to 45 years 1.8% up to 50 years

0.9% for 51 years and above

Retirement age: Voluntary retirement at 65 years of age

Sensitivity to the discount rate	1.23%	1.48%	1.73%
	23,254	23,887	24,763

The Group's collective bargaining agreements are the following:

- National collective bargaining agreement for road salesmen, representatives, ushers;
- National collective bargaining agreement for the advertising industry;
- National collective bargaining agreement for the pharmaceutical industry;
- Syntec national collective bargaining agreement;
- French Labor Code.

11.1.2 RETIREMENT COMMITMENT: FOREIGN COMPANIES

The amount of retirement contributions reported as expenses and paid during the fiscal year was 1,171 thousand euros

11.1.3 COMPARAISON DES ENGAGEMENTS ACTUARIELS ET DES ACTIFS DE COUVERTURES

Economic assumptions	2016	2015	2014
Actuarial commitments	23,888	19,709	19,134
Hedge assets	(2,122)	(2,075)	(2,015)
Unrecognized prior service cost			
Recognized liabilities	21,766	17,634	17,119

Change in the cost of the services provided and in the fair value of the hedging instruments

			12.31.2016	
In thousands of euros		French companies	Foreign companies	Total
Opening actuarial liabilities	1	19,709		19,709
Assets half for sale				
Cost of services rendered during the fiscal year		1,542		1,542
Financial cost for the fiscal year		475		475
Unrecognized prior service cost				
Costs for the period	2	2,017		2,017
Benefits paid out	3	(330)		(330)
Actuarial losses (gains) generated during the fiscal year for the obligation	4	2,493		2,493
Newly consolidated companies	5			
Companies non longer consolidated	6			
Reclassification	7			
Changes in exchange rate	8			
Closing actuarial liabilities	1+2+3+4+5+6+ 7+8	23,888		23,888
Closing actuarial liabilities				
Value of the hedge assets		2,075		2,075
Expected return on assets		50		50
Contribution				
Benefits paid out				
Actuarial gains (losses) for the fiscal year generated on assets		(3)		(3)
Newly consolidated companies				
Companies no longer consolidated				
Closing value of the hedge assets		2,122		2,122



Amounts recorded in the balance sheet and the income statement

		12.31.2016	
In thousands of euros	French companies	Foreign companies	Total
Cost of services rendered at the closing date	23,888		23,888
Fair value of the hedge assets	(2,122)		(2,122)
Sub-total	21,766		21,766
Unrecognized prior service cost			
Liabilities recognized on the balance sheet	21,766		21,766
Cost of services rendered during the fiscal year	1,542		1,542
Financial cost for the fiscal year	475		475
Return on assets	(50)		(50)
Effect of plan reduction or liquidation			
Expenses recognized in the income statement	1,966		1,966

Change in net liabilities recorded in the balance sheet

		12.31.2016	
In thousands of euros	French companies	Foreign companies	Total
Opening net liabilities	17,634		17,634
Actuarial losses (gains)	2,496		2,496
Reclassification of recognized prior service cots – vested rights			
Expenses recognized in the income statement	1,966		1,966
Benefits paid out	(330)		(330)
Contribution paid			
Newly consolidated companies			
Companies no longer consolidated			
Reclassification			
Change in exchange rate			
Closing net liabilities	21,766		21,766

11.2 Lease commitments

FINANCE LEASES - CEGEDIM GROUP LESSEE

Financial leases involve the Cegelease Company, which provides financing for pharmacies and doctors.

SCHEDULE OF PAYMENTS TO BE RECEIVED AND PRESENT VALUE

These leases are financial leases for 24 to 60 months for computer hardware and 36 to 84 months for capital goods.

In thousands of euros	Lease payments I due	Present value of payments
Within one year	25,528	12,080
Between 1 and 5 years	28,756	13,159
More than 5 years	-	-
Total	54,285	25,239

OPERTAING LEASES - CEGEDIM GROUP LESSEE

The Group lists different types of operating leases in the Group:

Real estate;

- Computer equipment;
- Photocopiers;
- Vehicle leases.

The expense resulting from these leases was €17,357 thousand for the year 2016.

Real estate leases are renewable every three-six-nine years. The Group signs standard leasing agreements. The discount rate applied is 9.04%

PAYMENT SCHEDULE AND PRESENT VALUE

In thousands of euros	Lease payments due	Present value of payments
Within one year	12,923	
Between 1 and 5 years	17,532	
More than 5 years	76	
Total	30,531	27,308

11.3 Restatement of finance lease

In thousands of euros	Depreciation period	Gross value	Cumulative amortization	Net book value
Equipment for pharmacies	3 to 5 years	1,723	379	1,344
Total financial lease asset		1,723	379	1,344

In thousands of euros	Lease payments due	Present value of payment
Within one year	378	371
Between 1 and 5 years	614	586
More than 5 years	-	-
TOTAL (A)	992	957
Financial charges (B)	34	
Payment present value (A) - (B)	957	957



Note 12 Other disclosures

12.1 Seasonality

The business activities of the Group are marked by certain seasonality effects due to its Software Publishing activity.

Over the year, the Group generate more revenue in the second half than in the first half.

% of the quarterly reported revenue	2016	2015
Q1	24.1%	23.6%
Q2	24.8%	24.9%
Q3	23.3%	23.5%
Q4	27.8%	28.0%
Year	100.0%	100.0%

During the year, the EBITDA generated in Q4 is generally much higher than the EBITDA generated during each other quarter.

% of the quaterly reported EBITDA	2016	2015
Q1	18.0%	18.7%
Q2	23.7%	26.0%
Q3	24.2%	21.9%
Q4	34.1%	33.4%
Year	100.0%	100.0%

This is largely due to the seasonal nature of the decision-making processes of the Cegedim customers. In particular, the Health Insurance, HR & e-services and Health Professionals divisions are characterized by a certain seasonality effect as some customers invest in the Group's end-of-year offers in order to spent their annual budgets.

12.2 Period highlights

Apart from the items cited below, to the best of the company's knowledge, there were no events or changes during the period that would materially alter the Group's financial situation.

NEW CREDIT FACILITY

In January 2016, the Group took out a new five-year revolving credit facility (RCF) of €200 million. The applicable interest rate for this credit facility is Euribor plus a margin. The Euribor rate can be the 1-, 3- or 6- month rate; if Euribor is below zero. It will be deemed to be equal to zero. The margin can range from 0.70% to 1.40% depending on the leverage ratio calculated semi-annually in June and December (Refer to point 2.4.1.1 on page 14 of the Q2-2016 Quarterly Financial Report).

EXERCISE OF THE CALL OPTION ON THE ENTIRE 2020 BOND

On April 1. 2016. Cegedim exercised its call option on the entire 6.75% 2020 bond with ISIN code XS0906984272 and XS0906984355, for a total principal amount of €314.814.000.00 and a price of 105.0625%, i.e. a total premium of €15.937.458.75. The company then cancelled these securities. The transaction was financed by drawing a portion of the RCF obtained in January 2016 and using the proceeds of the sale to IMS Health. Following this transaction, the Group's debt comprised the €45.1 million FCB subordinated loan, the partially drawn €200 million RCF, and overdraft facilities.

S&P HAS RAISED CEGEDIM'S RATING TO BB WITH POSITIVE OUTLOOK

After Cegedim announced that it would redeem the entire 6.75% 2020 bond, rating agency Standard and Poor's raised the company's rating on April 28. 2016. to BB with a positive outlook.

ACQUISITION OF FUTURAMEDIA GROUP

Cegedim announced on November 2. 2016, that it had signed a heads of agreement to acquire Futuramedia Group. This deal will strengthen the digital offerings of its subsidiary RNP, which specializes in pharmacy displays in France. The acquisition was completed on November 30. 2016.

In 2015. Futuramedia Group generated revenues of around €5.4 million. It will have an accretive impact on Cegedim Group's margins and began contributing to the Group's consolidation scope from January 1. 2017.

KADRIGE SALE

The Kadrige business was sold to IMS Health on November 9. 2016.

12.3 Significant post-closing transactions and events

EURIS LITIGATION

Cegedim has received notification that it is being sued jointly with IMS Health by Euris for unfair competition. Cegedim has filed a motion claiming that IMS Health should be the sole defendant.

PARTIAL INTEREST RATE HEDGING

To hedge part of the Group's exposure to euro interest rate fluctuations linked to its RCF, the Group carried out an interest rate swap on February 17. 2016. Under the zero-premium swap agreement. Cegedim receives the 1-month Euribor rate if it exceeds 0%, receives nothing otherwise, and pays a fixed rate of 0.2680%.

TESSI LITIGATION

On February 10. 2017. Cegedim was ordered to pay €4.636.000 to the Tessi company for failing to meet certain contractual obligations with respect to an asset sale made on July 2. 2007.

Cegedim has decided to appeal this decision. However, because this was an enforceable decision, the sum of €4.636.000 was recorded as Group debt at December 31. 2016, under the heading "Other non-financial debt", and is expected to be paid in 2017.

ACQUISITION OF B.B.M SYSTEMS IN THE UK

On February 23. 2017. Cegedim acquired UK company B.B.M. Systems through its Alliadis Europe Ltd subsidiary. The deal strengthens the Group's expertise in developing Cloud-based products for general practitioners.

B.B.M. Systems had 2016 revenues of around €0.7 million and earned a profit. It will contribute to the Group's scope of consolidation from March 1. 2017.

Apart from the items cited abow, to the best of the company's knowledge, there were no events or changes during the period that would materially alter the Group's financial situation.

12.5 Group audit fees

		12.31	12.31.2016 12.31.2015					
In thousands of euros	Mazars	%	Grant Thornton	%	Mazars	%	Grant Thornton	%
Auditing, certification, review of individual and consolidated financial statements								
Cegedim SA	143	32.57%	143	70.70%	140	36.84%	140	75.53%
Fully consolidated subsidiaries	296	67.43%	59	29.30%	240	63.16%	45	24.47%
Other services than certification of accounts								
Cegedim SA	-	-	-	-	-	-	-	-
Fully consolidated subsidiaries	-	-	-	-	-	-	-	-
Audit subtotal	439	100.00%	202	100%	380	100.00%	185	100.00%
Legal, fiscal, social	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Subtotal of other services provide by the networks to the fully consolidated subsidiaries	-	-	-	-	-	-	-	-
Total auditors' fees	439	100.00%	202	100.00%	380	100.00%	185	100.00%



12.6 Off-balance sheet commitments

GUARANTEES GIVEN BY CEGEDIM TO ITS SUBSIDIARIES

Cegedim IT subsidiary

 Guarantee of 3 million euros in favor of Microsoft Ireland Operations Limited for orders made by Cegedim IT and guarantee of 1.5 million euros in favor of Obiane for orders made by Cegedim IT.

Cegedim RX Itd subsidiary

 Authorization given to Cegedim SA to become a guarantor as part of a sub-lease contract between Cegedim RX ltd and Cegedim UK ltd (authorization of the Board of Directors on March 25, 2015)

All subsidiaries

 One-year authorization for all subsidiaries to provide a security, endorsements and other guarantees for a total amount of 5 million euros provided no single commitment exceeds 2 million euros (authorized by the Board of Directors on March 23, 2016.

SUBSIDIARY GUARANTEES

Note 13 Accounting principles and methods

13.1 Consolidated methods

Subsidiaries and equity investments are included in the consolidation scope on the date on which control is effectively transferred to the Group, while subsidiaries and equity investments sold are excluded from the consolidation scope on the date on which control is lost.

Subsidiaries over which the Group exercises exclusive control are consolidated using the full consolidation method, even if the percentage held is less than 50%. Exclusive control is deemed to exist if the parent company directly or indirectly has the power to dictate the financial and operational policies of a company so as to benefit from its activities.

- The full consolidation method used is the method by which the assets, liabilities, income and expenses are fully consolidated. The share in net assets and net earnings attributable to the minority shareholders is presented separately as minority interests in the consolidated balance sheet and the consolidated income statement.
- Equity investments over which the Group exercises joint control with a limited number of other shareholders, such as joint ventures, are consolidated using the proportional consolidation method.
- Equity investments over which the Group exercises significant influence are consolidated using the equity method. Significant influence is presumed if the Group holds a percentage of voting rights

Cegedim Activ subsidiary

- Guarantee in favor of CNOPS in the amount of 293 thousand euros.
- Guarantee in favor of Office National de l'Electricité in the amount of 216 thousand euros.
- Guarantees in favor of ANAM Maroc in the amount of 20 thousand Moroccan dirhams and 8 thousand euros.
- Guarantee in favor of the Kingdom of Morocco in the amount of 60 thousand Moroccan dirhams.
- Guarantee in favor of Caisse Nationale de Sécurité Sociale du Maroc in the amount of 621 thousand dirhams and 17 thousands euros.
- Guarantee in favor of Mutuelle Général du Personnel in the amount of 100 thousands dirhams.

iGestion subsidiary

Guarantee in favor of La Poste for the amount of 80 thousand euros.

greater than or equal to 20%. According to this method, the Group records the "share of the net profit (loss) of companies consolidated using the equity method" on a specific line of the consolidated net income statement.

The list of consolidated companies is set out in note 2. Some companies, insignificant from the Group's perspective, are not consolidated.

13.2 Business combinations (IFRS 3)

Business combinations are accounted for using the acquisition method in accordance with the provisions of the IFRS 3 – "Business Combinations" standard.

The identifiable assets, liabilities and contingent liabilities of the entity acquired are accounted for at their fair value.

The difference between the acquisition price and the Group's interest in the net fair value of assets, liabilities and contingent liabilities of the acquired entity at the acquisition date is recorded as goodwill. In general, the acquisitions made by the Group correspond to acquisitions of market shares leading to limited allocations of acquisition goodwill. If the acquisition price is less than the fair value of the identified assets, liabilities and contingent liabilities acquired, the difference is immediately recognized as negative goodwill in the income statement.

Goodwill on acquisition is recorded in the functional currency of the entity acquired. Standard IAS 21 (§ 47) requires that goodwill on acquisition in foreign currencies be recognized at the closing rate on each accounting closing date and not at the historical cost.

Goodwill on acquisition is not depreciated and is subject, in accordance with revised standard IAS 36, to impairment testing when an impairment indicator is identified and at least once a year (see § "Impairment of Assets"). If necessary, impairments are recorded as "Other non-recurring income and expenses from operations."

If the recoverable value of goodwill is less than the net book value, the difference in value is recorded on the income statement.

The recoverable amount is defined as the higher of fair value of assets less costs of sell and value in use of the assets (the sum of discounted cash flows expected by the company for this asset estimated based on the present and future profitability of the division concerned.

13.3 Intangible assets (IAS 38)

INTANGIBLE ASSETS ACQUIRED SEPARATELY OR IN CONNECTION WITH A BUSINESS COMBINATION

The intangible assets acquired separately (primarily software) are recorded initially at their historical cost. They are recognized at asset when (i) it is probable that future economic benefits attributable to them will go to the Group and (ii) their cost can be measured reliably.

Intangible assets acquired in connection with business combinations are recorded at their fair value on the acquisition date.

Intangible assets of which the useful life is over are then assessed and recognized according to the cost model.

Intangible assets, with the exception of business assets, are depreciated using the straight-line method over their useful life (excluding goods with an indefinite life span). The value of depreciated intangible assets is tested if an impairment indicator is identified. If applicable, impairments are recorded as "Other non-recurring income and expenses from operations."

The useful life of intangible assets is reviewed periodically. If necessary, resulting changes are recognized.

RESEARCH AND DEVELOPMENT/INTERNALLY DEVELOPED SOFTWARE

Research costs are recorded as expenses for the fiscal year during which they were incurred.

Development costs for new internal projects are capitalized if the following criteria are fully satisfied in accordance with IAS 38:

- the project is clearly identified and the related costs are separable and tracked reliably;
- the technical feasibility of the project has been demonstrated, and the Group has the intention and the financial capacity to complete the project and use or sell the products resulting from the project;
- it is probable that the developed project will generate future economic benefits that will flow to the Group.

Otherwise, the development costs are recorded as expenses for the fiscal year during which they were incurred.

Once in use, an asset whose development is complete is removed from the development costs item and recognized under the corresponding asset item (generally software).

Depreciation is calculated as of the moment the fixed asset is in use and is calculated over its foreseeable useful life. Project typology depends on life cycle and is as follows:

Project type	Duration	Mode	Number of projects
Structuring projects	15 years	Straight- line	Very limited number of projects
Strategic projects	8-10 years	Straight- line	Limited number
Current developments	5 years	Straight- line	Mainly Group's projects
Targeted projects	2-4 years	Straight- line	Limited number

13.4 Tangible assets (IAS 16)

Tangible assets consist primarily of computer hardware and industrial equipment and are recorded at their acquisition cost, less accumulated depreciation and impairment losses.

Tangible assets are depreciated straight-line over their economically useful life, the depreciable basis used being the acquisition cost less any estimated residual value, if applicable

The useful lives of the fixed assets are revised periodically. If necessary, resulting changes are recognized.

Tangible assets are subject to impairment testing if an impairment indicator is identified.

If necessary, additional impairment is recorded in the income statement as "Other non-recurring income and expenses from operations".

The following depreciation modalities (period and method) are used:

Project type	Duration	Mode
Computer hardware		
Microcomputers for office use	3-4 years	Straight-line
Server systems	5 years	Straight-line
Industrial equipment		
Printing equipment	8-10 years	Straight-line
Industrial equipment and machinery	5-8 years	Straight-line
Fixtures and facilities	8 years	Straight-line
Transportation equipment	4 years	Straight-line
Office equipment	4 years	Straight-line
Moveable property	8 years	Straight-line

Additionally, IAS 16 prescribes the separate component approach for assets that can be broken down into elements that each have different uses or offer economic benefits at a different rate. In the Cegedim Group, this involves buildings consisting of administrative offices and industrial facilities (workshops, warehouses, storage areas, etc.) for which separate depreciation plans have been established based on the useful life of the various components (structure, facades and waterproofing, general and technical facilities, fixtures, layout).

13.5 Finance leases (IAS 17)

A finance lease is a lease agreement that transfers almost all risks and benefits of ownership of an asset to the lessee.

Assets used for lease agreements are capitalized at their fair value and offset against a financial debt if such lease agreements effectively transfer virtually all the risks and benefits inherent in ownership of this property to the Group. Lease payments are broken down into financial expense (recorded as "Cost of net financial debt") and debt retirement.

Assets that are the object of financial leases are depreciated over the same periods as owned property of the same category.

13.6 Impairment of assets (IAS 36)

The Group evaluates the recoverability of its long-term assets as follows::

- amortized intangible assets (software, databases);
- although these intangible assets are amortized, they are individually monitored. This monitoring is done using indicators that will let any loss of value be identified, including the anticipated productivity of the asset or business opportunities. If a loss of value has occurred, the Group carries out an impairment test that may result in the recognition of additional impairment:
- unamortized intangible assets (trademarks, goodwill on acquisition).

Once a year, the Group performs impairment tests to assess the possible loss of value for these assets.

Impairment tests are performed on the Cash Generating Units (CGUs) to which these assets may be allocated.

The recoverable amount of a CGU is the higher of its fair value less costs to sell and value in use.

An impairment loss is recognized if the recoverable value of an asset or of a CGU is less than its book value. If the CGU tested includes goodwill on acquisition, the impairment is first allocated to this goodwill.

Impairment is recognized under "Other non-recurring income and expenses from operations" and is clearly explained in the notes to the consolidated financial statements.

Sensitivity tests are conducted on various parameters, namely by varying the assumptions used for the discount rate, the perpetuity growth rate, the performance in term of EBITDA margin and Free Cash Flow growth.

CASH GENERATING UNITS (CGU)

The CGU is the smallest identifiable group of assets that generates cash flows which are largely independent of the cash inflows generated by other assets or groups of assets. CGUs generally correspond to a set of entities contributing to the same sector of activity (type of services) and using the same tools.

CGUs follow the divisions of the Group's main sectors of activity, which are further divided themselves into separate industry components if they are relevant to the definition of the cash flows. Business activities were first separated into CGUs in 2007 with the assistance of an independent consulting firm. The separation was reviewed in the first half of 2013 and at end of 2015, with the same firm.

The Cegedim Group has 2 CGUs, corresponding to the first two sector of activities plus a "Activities not allocated" division that was not intended to include operating activities. The sectors of activity and CGUs are as follows:

- Health Insurance, HR and e-services: this sector is a CGU in itself. It brings together the know-how needed to develop services for insurance companies, mutuals and other organizations involved in the processing chain of healthcare flows as well as clients from the pharmaceutical industry or from multi-industry.
- Healthcare Professionals: this sector is a CGU in itself and includes all services provided to medical professionals: physicians, pharmacists and paramedics.

For impairment testing purposes, as of the acquisition date, goodwill acquired within a business combination is allocated to the CGU that is likely to benefit from the synergies of the combination. Such allocation is also consistent with the manner in which the Group's management monitors the performance of operations.

VALUE IN USE

The value in use of a CGU is determined using the discounted cash flows (DCF) method. Business plans are constructed by making five-year forecasts under the assumptions used by the Group's different operating managers in their strategic plans. These are reviewed by the Audit Committee and approved by the Board of Directors. The expected cash flows beyond the fifth year of the plan are represented by a terminal value, which is determined using a margin projected from the average margin appearing in the business plans and in the near historical years.

DISCOUNT RATE

The Group uses a single discount rate for all CGUs. The skills center, the R&D developments or the databases used to support to Group services are centralized and the distribution is local.

To comply with the requirements of paragraphs 55 and 56 of IAS 36, the discount rate used is calculated from a business segment's weighted average cost of capital before taxes. The rate is applied to operating cash flows before income taxes. The Group engages an independent firm of experts to calculate this discount rate. The calculations make use of sample comparable stocks and of benchmark indexes to determine Cegedim's specific risk premium and beta coefficient, as well as a target debt ratio applicable to the industry in which the Group competes. The formula is updated as market conditions require and at least once per year.

PERPETUAL GROWTH RATE

The perpetual growth rate chosen is based on economic data that is weighted so as to reflect the specificities of the Cegedim Group.

13.7 Financial assets (IAS 32/IAS 39)

Equity investments in non-consolidated companies are classified as securities available for sale. They are initially recorded at the acquisition cost, and then subsequently valued at their fair value, if this fair value can be determined reliably.

Changes in fair value are accounted for in a separate item of shareholders' equity until the securities are effectively sold, at which time the transaction is recognized in the income statement.

Furthermore, where an identifiable loss of value is considered to be durable with regard to the circumstances, it is recognized in financial earnings.

Loans granted are accounted for at their amortized cost and are recorded as impaired if there is an objective indication they may be impaired. Long-term financial receivables are discounted if the effect of discounting is deemed significant.

13.8 Deferred taxes (IAS 12)

Deferred taxes are calculated using the variable tax rate method for all temporal differences between the book value entered in the consolidated financial statements and the tax basis of the Group's assets and liabilities. Deferred tax assets and liabilities are valued at the tax rate expected to be applied for the fiscal year during which the asset will be realized or the liability paid, based on the tax rates approved on the closing date.

Deferred tax assets on deductible temporal differences and on unused tax losses carried forward are recognized to the extent that it is likely that future taxable profits will be offset by as yet unused tax losses.

Deferred tax assets and liabilities are not discounted. They are offset when (1) the entity has a legally enforceable right to offset tax assets and liabilities, (2) they relate to income taxes levied by the same taxation authority on the same taxable entity.

13.9 Inventories of goods and services in progress (IAS 2)

INVENTORIES OF GOODS

Inventories of goods are valued using the weighted average cost method. The gross value of goods and supplies includes the purchase price and ancillary expenses.

Impairment is recorded if the book value is less than the inventory value (net realizable value).



SERVICES IN PROGRESS

The inventory value consists solely of the direct costs recorded on contracts in progress. An impairment is recorded when future billings for work in progress will not cover the corresponding direct costs.

13.10 Accounts receivable and other operating receivables

ACCOUNTS RECEIVABLE

Accounts receivable are initially valued at fair value then at amortized cost and are individually monitored. An impairment is established when the inventory value is less than the recorded value based on the probability of recovery.

OTHER RECEIVABLES

Receivables are accounted for at their discounted amount if they are payable in more than one year and if the effects of discounting are significant..

13.11 Cash and cash equivalents

Cash equivalents are valued at their market value on the closing date. Differences in value are recorded as financial earnings.

13.12 Treasury shares (IAS 32)

In accordance with IAS 32, treasury shares are accounted for at their purchase cost and are recorded against consolidated shareholders' equity.

Gains (losses) arising from sales of treasury shares are added to (deducted from) consolidated reserves at their amount net of tax effects.

Sales of treasury shares are accounted for using the FIFO method.

13.13 Provisions and contingent liabilities (IAS 37)

A provision is recorded if the Group has an obligation resulting from past events, whose settlement should correspond to an outflow with an economic benefit and whose amount can be reasonably measured. The provision ranking is maintained as long as the due date and the amount of the outflow of resources have not been precisely determined.

Provisions are estimated on a case by case basis or based on statistics when they include a lot of items. They are discounted when they are due in more than one year. Cegedim Group's main commitments (excluding retirement compensation) are intended to cover employee, client and supplier litigation.

13.14 Retirement benefits (IAS 19)

DEFINED-CONTRIBUTION PLANS

Defined-contribution plans are post-employment benefit plans under which an entity makes defined contributions to a separate entity (a fund) and shall have no legal or implied obligation to pay additional contributions if the fund has insufficient assets to provide all the benefits corresponding to the services rendered by employees during current and prior periods. These contributions are recorded as expenses for the period in which they are due with no liability recognized in the balance sheet.

DEFINED-BENEFIT PLANS

The defined-benefit plans designate post-employment benefits other than defined-contribution plans.

They primarily involve retirement obligations. If these obligations are assumed directly by the Group's companies, the corresponding actuarial liabilities are covered by a provision in the balance sheet.

Since 2011, the Group has applied the IAS 19, as amended, allowing the recognition directly in equity of actuarial gains and losses arising from changes in the assumptions in the calculation of such liabilities.

Cegedim SA applies the measures of ANC recommendation No. 2013-02 dated November 7, 2013, which regulates the valuation of retirement obligations and similar benefits.

In accordance with this recommendation, the unrecognized prior service cost unamortized as at December 31, 2012 has been amortized by shareholders' equity as at January 1, 2014.

Actuarial liabilities are calculated using the projected credit units method and are based on valuations specific to each country and to each company of the Group; these valuations include, in particular, assumptions concerning wage increases, inflation, life expectancy and employee turnover. The discount rate applied to retirement obligations is determined using the closing benchmark market rate based on first-class bonds. In countries where this type of market is not active, the Group uses the closing rate of government bonds.

Additionally, the impact of changes to the collective bargaining agreements on the valuation of the provision for retirement is spread over the residual length of the employees' working life.

Finally, if this obligation is partially or completely covered by funds paid by the companies of the Group to financial agencies, the amounts of these dedicated investments are deducted from the liability on the balance sheet.

13.15 Financial liabilities (IAS 32/IAS 39)

Share premiums and issue costs impact the value (fair value) at the recognition of financial liabilities, and are included in the calculation of the EIR (Effective Interest Rate) in compliance with IAS standards 32 and 39. Loans and other financial liabilities which carry interest are valued according to the depreciated cost method using the effective interest rate for the loan. The costs are thus spread out over the loan's life cycle via the EIR.

In the event of financial liabilities arising from finance leases, the financial liability recorded to offset the tangible asset is initially recorded at the fair value of the leased asset or, if latter value should be lower, at the present value of the minimum lease payments.

13.16 Derivatives and hedging instruments

Financial instruments are recognized at fair value and subsequent changes in the fair value of the instrument are recognized according to whether or not the instrument is a hedging instrument and, if so, the nature of the item hedged.

The Group's use of derivatives such as interest rate swaps, caps or other equivalent term contracts, is intended to hedge risks associated with fluctuations in interest rates.

These derivative instruments are recorded in the balance sheet at market value. Changes in market value are recognized in the income statement excluding transactions that qualify as cash flow hedges (flows related to a variable interest rate debt) for which changes in value are recorded under equity.

From the outset of the transaction, the Group documents the relationship between the hedging instrument and the hedged item, as well as its risk management objectives and hedging policy.

The financial elements covered by derivatives follow hedging accounting principles which are of two types:

- fair value hedges;
- cash flow hedges.

For fair value hedges, the underlying financial liability of the derivative is revalued in the balance sheet under the hedged risk (risk relating to interest rate fluctuations). Changes in value are recorded in the income statement (as financial expenses) and offset changes in the value of the derivative allocated to the underlying for the hedged portion.

For cash flow hedges, the financial liability is recorded in the balance sheet at the amortized cost. Changes in the value of the derivative are recorded in shareholders' equity. As the financial expenses or income of the hedged element impact on the income statement for a given period, the financial expenses or income recorded under shareholders' equity in relation to the derivative for the same period are transferred to the income statement.

When a derivative does not meet the criteria for hedge accounting principles, changes in fair value are recognized in the income statement (other operating profit/losse).

13.17 Revenue recognition (IAS 18

Cegedim Group's revenues consist primarily of services, software sales and, to a lesser extent, hardware sales.

SERVICE REVENUE

The main categories of services and the methods of revenue recognition are as follows:

- access to the Group's databases is generally realized by subscription with periodic billing (monthly or yearly); sales revenues are then recognized on a prorated basis according to elapsed time;
- standard and specific studies supplied by the Group are recorded when they are delivered to clients;
- data processing performed for clients is recorded when the service is provided;
- support services (assistance, maintenance, etc.) are covered by a contract (generally annual) calculated on a lump sum basis in relation to the costs and resources committed by Cegedim to provide these services. Income from these contracts is recorded on a prorated basis over the duration of the contract and results, in this case, in the recognition of deferred income.

SOFTWARE AND HARDWARE SALES

These sales are recorded upon delivery, concurrent with installation at the professional's site. Any discounts and rebates are recorded as a subtraction from sales.

Revenue from new software licenses with fixed or openended terms is entered into the accounts (under the condition that the Group does not have any other obligations to fulfill) if there is an agreement with the client, if delivery and acceptance are completed, if the amount of revenue and the related costs can be measured reliably, and if the economic benefit connected to the transaction will come back to the Group.

If one of these four criteria is not fulfilled, the recognition of sales arising from the software license is deferred until all of these criteria are fulfilled.

13.18 Methods for translating items into foreign currencies (IAS 21)

TRANSACTIONS IN FOREIGN CURRENCIES

Transactions in foreign currencies are recorded using the exchange rate applicable on the date the transactions are recorded. On the closing date, accounts payable or receivable denominated in foreign currencies are converted into euros at the closing exchange rate.



Translation differences for transactions in foreign currencies are recorded as financial earnings. Such transactions are very limited in number. Therefore, there is no specific management of the exchange risk. The Group is also not covered for amortization of liabilities in dollars, given the Group's revenues in that currency.

FINANCIAL STATEMENTS OF FOREIGN ENTITIES

The currency used to prepare consolidated financial statements is the euro.

The financial statements of foreign entities using a different functional currency are converted into euro using:

- the official closing rate for assets and liabilities;
- the average rate for the fiscal year ended for items of the income statement and the cash flow statement;
- the historic cost for shareholders' equity.

Translation gains or losses resulting from this treatment and those resulting from the translation of the shareholders' equity of subsidiaries at the beginning of the fiscal year based on the closing rates are included as "Group translation gains and losses" under consolidated shareholders' equity.

Translation gains or losses on intra-Group loans are neutralized via the Group translation gains or losses (in reserves) in order to smooth out fluctuations in exchange rates because these loans are long term (their settlement is neither planned nor likely in the foreseeable future) and may be, if applicable, transformed into capital increases.

13.19 Cash flow statement (IAS 7)

In accordance with the option offered by the IAS 7 "Statement of cash flows" standard, the consolidated cash flow statement is prepared by using the indirect method.

This shows the reconciliation of the net profit (loss) with the net cash generated by the transactions of the fiscal year. The opening and closing cash positions include cash and cash equivalents which are made up of investment instruments less overdrafts.

13.20 Segment reporting (IFRS 8)

Segment reporting is prepared according to the accounting methods used for the preparation and presentation of consolidated financial statements.

In application of the provisions in IFRS 8, the segment reporting presents operating segments that are comparable to the activity sectors previously identified according to IAS 14.

The segment reporting corresponds to the organization of the Group's internal reporting, which leads to the development of the management tools used by the Group's management. This is also the main line used for financial communication.

The Group's activities are divided into two operating sectors and one "Activities not allocated" non-operational sector:

- Health Insurance, HR and e-Services. which brings together the know-how needed to develop services for insurance companies, mutuals and other organizations involved in the processing chain of healthcare flows as well as clients from the pharmaceutical industry or from multi-industry;
- Healthcare Professionals, which includes activities for medical professionals: physicians, pharmacists and paramedics;
- Activities not allocated, combining activities inherent in the headquarters of a publicly traded corporation and support functions for the Group's two operating segments..

The Group continues to publish information by geographic area, which shows the France/outside France dichotomy. This analysis is refined for consolidated revenue in order to show the Group's exposure to the different currencies, to the extent this information is significant.

Intra-Group transfer prices are relative to standard agreements signed under normal terms.

4.7 Statutory auditors' report on the consolidated financial statements

CEGEDIM

Fiscal year ended December 31,2016

To the Shareholders,

In our capacity as Statutory Auditors, we hereby report to you, for the year ended December 31, 2016, ono:

- the audit of the accompanying consolidated financial statements of Cegedim,
- the justification of our assessments,
- the specific verification required by law.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit..

1 - Opinion on the consolidated financial statements

We conducted our audit in accordance with auditing standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes verifying, by audit sampling and other selective testing procedures, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used, the significant estimates made by management, and the overall financial statements presentation. We believe that the evidence we have gathered in order to form our opinion is adequate and relevant.

In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and results of the consolidated group of entities in accordance with IFRS as adopted by the European Union.

2 - Justification of assessments

In accordance with the provisions of article L. 823-9 of the French Code of Commerce, we made our own assessments that we bring to your attention:

Impairment tests

At each balance sheet date, the company systematically performs impairment tests of goodwill and assets with indefinite useful lives and it also seeks to ascertain whether there are any indications of impairment to long-term assets, in accordance with the methodology described in the "Accounting policies – Asset impairment (IAS 36)" paragraph of the financial statements.

We reviewed the manner in which this impairment test was implemented and the cash flow projections and assumptions used and verified that the "Accounting policies – Asset impairment (IAS 36)" paragraph as well as note 6.1 to the financial statements provided appropriate disclosures.

Capitalization of development costs

In the context of our assessment of the accounting policies applied by your company, we reviewed the conditions for capitalization of development costs, the amortization method used and the manner in which their recoverable amount was validated and we ensured that the "Accounting policies – Intangible assets and Asset impairment" paragraphs of the financial statements provided appropriate disclosures.

Retirement benefit obligations

The "Accounting policies – Retirement benefits" paragraph describes the valuation methods used for retirement commitments. Our work involved reviewing the figures used, assessing the assumptions retained and verifying that note 11.1 to the financial statements provided appropriate disclosures.



Active deferred taxes

The active deferred taxes were estimated according to rules and methods described in the note 13.8 "deferred taxes (IAS 12)" of the consolidated financial statements.

We reviewed the modalities of estimation of the forecasts of fiscal results and used hypotheses and we verified that the note 13.8 "deferred taxes (IAS 12)" as well as the note 8 of the consolidated financial statements give an appropriate information.

In the context of our assessments, we verified that these estimates were reasonable and that the disclosures provided in the notes to the consolidated financial statements were appropriate.

The assessments were thus made in the context of the performance of our audit of the consolidated financial statements taken as a whole and therefore contributed to the formation of our audit opinion expressed in the first part of this report.

3 - Specific verification

We have also performed the specific verification required by French law relatives to the Group in the management report.

We have no matters to report regarding its fair presentation and conformity with the consolidated financial statements.

Neuilly-Sur-Seine and Courbevoie, March 28, 2017

Grant Thornton

French Member of Grant Thornton International

Solange Aïache

Partner

Jérôme de Pastors Partner

Mazars

5

Company financial statements

5.1	Balance sheet	142	5.4	Statutory auditors' report on the financial statements	169
5.2	Income statement	144	5.5	Five-year financial summary	171
5.3	Notes to the Company financial statements	146			

5.1 Balance sheet

5.1.1 Assets

In thousands of euros	Gross amount	Depreciation and provision	12.31.2016 Net	12.31.2015 net	12.31.2014 net
Intangible assets					
Development costs	2,219	0	2,219	1,793	6,398
Concessions, patents, and similar rights	495	397	98	110	123
Goodwill	5,071	160	4,911	4,911	4,911
Other intangible assets	22,877	16,203	6,674	6,672	136,177
Tangible assets			0		
Buildings	3,197	2,130	1,067	1,333	1,599
Technical facilities, tooling	3,788	3,028	760	626	5,107
Other tangible assets	437	423	14	30	113
Construction work in progress	14	0	14	0	58
Financial assets			0		
Other equity investments	295,361	48,369	246,992	273,880	501,375
Receivables from equity investments	0	0	0	0	2,442
Loans	113,594	344	113,250	17,098	41,265
Other financial assets	1,595		1,595	1,111	3,890
Fixed assets	448,649	71,056	377,593	307,564	703,458
Inventory and work in progress			,		
Inventory of goods and raw materials	0	0	0	0	11
Production of services in progress	0	0	0	0	(
Goods	0	0	0	0	(
Advances and deposits made on orders	30	0	30	76	64
Receivables			,		
Trade receivables	19,364	1,538	17,826	16,480	66,396
Other receivables	14,827		14,827	17,401	31,814
Subscribed and called capital not paid	0	0	0	0	(
Marketable securities	8,931	135	8,796	154,471	835
Cash and cash equivalents	58,579		58,579	71,524	464
Accruals			,		
Prepaid expenses	780		780	1,046	4,270
Current assets	102,511	1,673	100,838	260,998	103,854
Deferred bond issuing costs	1,207	1	1,207	268	6,929
Unrealized exchange losses	85	1	85	31	7
Total assets	552,452	72,729	479,724	568,862	814,318

5.1.2 Liabilities and shareholders' equity

In thousands of euros	12.31.2016	12.31.2015	12.31.2014
Share capital	13,337	13,337	13,337
Share premiums, merger share premiums	29,992	40,605	241,706
Legal reserves	1,334	1,334	1,334
Regulated reserves	431	1,029	322
Other reserves	541	(57)	650
Retained earnings	-	-	
Profit (loss) for the period	4,366	(10,613)	(201,101)
Regulated provisions	72	80	1,217
Shareholders' equity	50,071	45,714	57,464
Provisions for risk	615	11,814	5,551
Provisions for expenses	2,648	2,250	10,309
Minority interest	-	-	
Provisions for risks and expenses	3,263	14,064	15,85
Financial liabilities			
Other bonds	-	340,091	487,600
Loans and liabilities from financial institutions	288,082	53,363	63,26
Miscellaneous loans and financial liabilities	45,781	45,752	46,44
Advances & payments on account received on orders in progress	193	255	10
Operating liabilities			
Account payable and related accounts	13,336	9,323	33,420
Tax and social liabilities	10,855	7,789	24,453
Miscellaneous liabilities			
Payables on fixed assets and associated accounts	-	-	
Other liabilities	67,745	51,850	67,64
Deferred income	398	661	7,279
Liabilities	426,389	509,083	730,21
Unrealized exchange gains	1	1	10,779
TOTAL Liabilities	479,724	568,862	814,318

5.2 Income statement

5.2.1 Income statement part I

In thousands of euros	12.31.2016	12.31.2015	12.31.2014
Sale of goods France	-	-	-
Sale of goods outside France	-	-	-
Production of goods sold France	79	73	84
Production of goods sold outside France	7	229	895
Production of services sold France	49,663	51,532	117,257
Production of services sold outside France	2,064	9,028	74,122
Net revenue	51,813	60,862	192,358
Stocked production	-	-	-
Capitalized production	2,605	3,831	25,769
Write-backs on depreciation, provisions and transferred expenses	6,782	7,635	2,921
Other income	405	833	1,941
Operating income	61,605	73,161	222,989
Purchase of goods	(3,990)	-	-
Variations in inventories of goods and raw materilas	-	(11)	(4)
Purchase of raw materials and supplies	-	-	-
Other external purchases and expenses	(32,670)	(42,778)	(119,287)
Taxes, duties, and similar payments	(1,436)	(2,619)	(5,076)
Wages and salaries	(17,565)	(19,431)	(53,468)
Payroll taxes	(7,919)	(8,498)	(25,299)
Depreciation of fixed assets	(3,231)	(4,551)	(24,279)
Provisions for current assets	(203)	(928)	(562)
Provisions for risks and expenses	(758)	(2,341)	(1,867)
Other expenses	(217)	(149)	(635)
Operating expenses	(67,989)	(81,306)	(230,477)
Operating earnings	(6,384)	(8,145)	(7,488)

144

5.2.2 Income statement part II

In thousands of euros	12.31.2016	12.31.2015	12.31.2014
Financial income from equity investments	64,432	35,275	33,808
Other interest and related income	2,961	8,425	7,537
Write-backs on provisions and transferred expenses	11,279	20,449	27,798
Foreign exchange gains	1	4,176	332
Net gain on disposal of short-term investments	0	22,993	0
Financial income	78,673	91,318	69,475
Financial depreciation and provisions	(37,122)	(14,273)	(215,048)
Interest and related expenses	(34,324)	(45,470)	(54,373)
Foreign exchange losses	(94)	(620)	(943)
Financial expenses	(71,540)	(60,363)	(270,363)
Financial result	7,133	30,955	(200,888)
Current earnings before tax	749	22,810	(208,376)
Non-recurring income on management operations	0	0	0
Non-recurring income on capital transactions	0	318,835	6,524
Write-backs on provisions and transferred expenses	230	397,347	1,601
Non-recurring income	230	716,182	8,126
Non-recurring expenses on management operations	(6,908)	(180)	(5,767)
Non-recurring expenses on capital transactions	(281)	(761,349)	(3,790)
Non-recurring expenses from depreciation and provisions	(23)	(52)	(2,359)
Non-recurring expenses	(7,212)	(761,581)	(11,916)
Net non-recurring income (loss)	(6,982)	(45,399)	(3,791)
Employee profit-sharing	(348)	(246)	(442)
Incoem taxes	10,946	12,221	11,507
Total income	140,508	880,661	300,590
Total expenses	(136,142)	(891,274)	(501,691)
Profit (loss)	4,366	(10,613)	(201,101)
Net earnings per share (in euro)	0.31	(0.76)	(14,37)
Earnings before tax per share (in euro)	(0.47)	(1.63)	(15,19)
Current earnings before tax per share (in euro)	0.05	1.63	(14,89)

5.3 Notes to the Company financial statements

5.3.1	General principles	147	5.3.4	List of shareholdings	165
5.3.2	Accounting methods	147	5.3.5	Table of subsidiaries and equity investments	167
5.3.3	Additional information	150			

5.3.1 General principles

The annual financial statements are prepared in accordance with French legal and regulatory provisions.

General accounting principles were applied in accordance with the principle of conservatism with the following basic assumptions:

- The going concern concept;
- The consistency of accounting methods from one fiscal year to another;
- Independence of fiscal years.

The basic method used to value the items included in the financial statements is the historical cost method.

5.3.2 Accounting methods

5.3.2.1 Intangible assets

Cegedim SA's intangible assets mainly consist of business assets, development costs and acquired software.

BUSINESS ASSETS

Business assets are recorded at acquisition cost and are tested annually for impairment.

RESEARCH AND DEVELOPMENT EXPENSES

Cegedim incurs costs in connection with project development operations.

Development costs for new projects are capitalized as long as the following criteria are fully satisfied (CRC Regulation No. 2004-06):

- The technical feasibility necessary to complete the intangible asset in order to use it or sell it;
- The intention to complete the intangible asset and to use or sell it;
- The ability to use or sell the intangible asset;
- The way in which the intangible asset will generate probable future economic benefits;
- The availability of appropriate resources (technical, financial, and other) to complete development and use or sell the intangible asset;
- The ability to reliably measure the costs related to the intangible asset during its development.

If one of these criteria is not satisfied, development costs are recognized as expenses for the fiscal year during which they were incurred.

Development costs include all expenses that can be directly related to the intangible asset and that are necessary to create it, produce it, and prepare it so that it operates in accordance with the use planned by the management.

Amortization is calculated using the straight-line method starting with the initial use of the underlying asset and is calculated over its foreseeable useful life.

External projects are recognized first in an expense account called "Studies and research" and at the end of the year, restated as intangible assets in progress offset by an external capitalized production account.

Other projects are recognized in the corresponding expense accounts during the year. At the closing date, they are transferred to research and development costs and offset by a capitalized production account.

Cegedim SA has capitalized 18,703 thousand euros, including 2,605 thousand euros for the 2016 fiscal year in Research and Development, including 2,219 thousand euros for software developed by Cegedim and its subsidiaries. The capitalized amount of 2,605 thousand euros relates solely to software developed by Cegedim and its subsidiaries.

The main projects concern the "GIS" department in a total amount of 15,202 thousand euros. The projects concerning all of Cegedim SA's activity sectors are amortized over an average of five years.

ACQUIRED ASSETS

Acquired intangible assets are valued at their purchase cost and amortized using the straight-line method over their economic lifespan.

5.3.2.2 Tangible assets

Tangible assets acquired are valued at their purchase cost and depreciated over their economic lifespan. The depreciable base used is the purchase cost. Lifespans are reviewed periodically and may be modified prospectively depending on the circumstances.

Cegedim SA's tangible assets consist essentially of computer hardware and fixtures, and facilities.

The depreciation periods and methods used are generally the following:

COMPUTER HARDWARE

- Microcomputers intended for office use: between three and four years; straight-line method.
- Server systems: between five and fifteen years; straight-line method.

FIXTURES AND FACILITIES

Fixtures and facilities have a lifespan of eight to fifteen years (usually being eight years). Fixtures and facilities are depreciated using the straight-line method.

5.3.2.3 Equity investments and other investments

Their gross value consists of the purchase cost, excluding ancillary acquisition expenses. Equity investments are subject to a provision for impairment, if necessary.

When events occur that could cause a lasting change in the value of the group's long-term financial investments, those assets are tested for impairment.

When the recoverable value of an asset is less than its net book value, an impairment is recorded in the amount of the difference.

An asset's recoverable value is defined as the greater of either its fair value minus selling costs or its value in use.

An asset's value in use is calculated using estimates of the present value of future cash inflows and outflows.

An asset's fair value is calculated using the results of recent transactions involving comparable companies operating in the same business sector.

5.3.2.4 Treasury shares

Treasury shares held pursuant to an authorization granted by the General Meeting are valued at their purchase price and recognized as long-term investments or investment securities, depending on their type. A provision for impairment is included if the average price for the last month of the fiscal year is lower than the acquisition value. The provision is equal to this difference.

However, the existing treasury shares as at Wednesday, December 31, 2016 involve all of the treasury shares intended for the Cegedim Group's managers and employees (see note 23), therefore they are recorded as investment securities and there is no cause to record an impairment.

5.3.2.5 Accounts receivable

Receivables are valued at their face value. A provision for impairment is recognized if the inventory value, based on the probability of collection, is less than the recorded value. Thus, customers undergoing reassessment or judicial liquidation are routinely impaired at 100% and receivables outstanding for more than six months are monitored on a case- by-case basis and, if necessary, impaired in the amount of the estimated risk of non-collection.

5.3.2.6 Retirement commitments

Cegedim SA applies the measures of the ANC recommendation No. 2013-02 dated November 7, 2013 which regulates the valuation of retirement commitments and similar benefits.

The Company's actuarial liabilities are calculated using the projected credit unit method and on the basis of measurements that include assumptions concerning wage increases, inflation, life expectancy, employee turnover, and return on dedicated investments. Changes tied to periodic modifications of the actuarial assumptions listed above under financial and economic situations or to demographic conditions are recorded in the income statement.

Retirement commitments are recognized as a provision for expenses and Cegedim SA has chosen to record actuarial differences in the income statement.

Cegedim SA's commitments are partially covered by funds paid to a financial agency; the amount of these dedicated investments is therefore deducted from the total obligation on the liabilities side of the balance sheet.

5.3.2.7 Revenue recognition

Cegedim SA's revenue consists primarily of services, and if necessary, any sales of software and hardware.

SOFTAWARE AND HARDAWRE SALES

Sales arising from new software licenses with unlimited or limited length are accounted (under the condition that the Group does not have any other obligations) when there exists an agreement with the client, if the delivery and acceptance are completed, if the amount of sales and costs related can be measured properly, and if the economic benefits connected to the transaction will revert to the Group. If one of these four criteria is not fulfilled, the recognition of sales arising from the software license is deferred until all of these criteria are fulfilled.

SERVICE REVENUE

The main categories of services and the methods of revenue recognition are as follows:

- Access to Cegedim databases is generally subject to subscription with periodic billing (monthly or annually); sales revenue is then recognized on a prorated basis according to elapsed time;
- Standard and specific studies supplied by Cegedim are recognized upon delivery to clients;
- Data processing performed for clients is recorded when the service is provided;
- Support services (assistance, maintenance, etc.) are covered by a contract (generally annual) calculated on a lump sum basis in relation to the costs and resources committed by Cegedim to provide these services. Income from these contracts is recorded on a prorated basis over the duration of the contract and results in the recognition of deferred income.

5.3.2.8 Transactions in foreign currencies

Expenses and income in foreign currencies are recorded at their exchange value in euros on the date of the transaction.

Liabilities and receivables in foreign currencies appear in the balance sheet at their exchange value in euros at the end of the fiscal year. Differences resulting from the conversion of liabilities and receivables into foreign currencies at this last closing exchange rate are listed in the balance sheet as "unrealized conversion gains or losses". Unrealized, unhedged exchange losses are covered by a provision for risks.

5.3.2.9 Bond issue costs

Since 2013, issue expenses related to the 300,000 thousand euros bond (i.e. 7,608 thousand euros), were spread over the remaining period of the bond in accordance with the bond's maturity (i.e. March 19, 2020).

In 2014, issue expenses related to the 125,000 thousand euros bond (i.e. 1,428 thousand euros), were spread over the remaining period of the bond in accordance with the bond's maturity (i.e. March 19, 2020).

The amortization of borrowing costs was accelerated in 2015 owing to the early redemption of the 2020 bond on March 31, 2016.

The amortization charge on March 31, 2016, was €268,000.

In 2016, the cost of issuing the €200 million RCF – i.e. €1,422,000 – was amortized over the remaining maturity of the debt in a manner consistent with the debt repayment terms, i.e. through March 30, 2021.

The amount for the past fiscal year was 215 thousand euros.

5.3.2.10 Statutory Auditors' fees (Decree No. 2008-1487 dated December 30, 2008)

The information pertaining to the Statutory Auditors' fees is listed in the notes to Cegedim SA's consolidated financial statements.

5.3.2.11 Tax credit for encouraging competitiveness and jobs (CICE – Crédit d'Impôt Compétitivité Emploi)

CICE is deductible from payroll costs and amounts to 230 thousand euros for 2016.

5.3.3 Additional information

Note 1	Assets	151	Note 17	Breakdown of corporate tax	161
Note 2	Depreciation and amortization	152	Note 18	Deferred and latent tax situation	161
Note 3	Provisions	153	Note 19	Non-deductible expenses	161
Note 4	Due dates for receivables and liabilities	154	Note 20	Advances paid to management	161
Note 5	Financial debt	155	Note 21	Compensation of Directors' and management bodies	161
Note 6	Bond issue expense	156	Note 22	Share capital	162
Note 7	Retirement	156	Note 23	Treasury shares	162
Note 8	Statement of changes in shareholder's equity	157	Note 24	Identity of Cegedim's parent company: FCB	162
Note 9	Date coming under several balance sheet and income statement items	158	Note 25	Allocation of free shares	162
Note 10	Revenue breakdown	158	Note 26	Workforce	163
Note 11	Breakdown of income receivable	158	Note 27	Off-balance sheet commitments	163
Note 12	Breakdown of expenses to be paid	159	Note 28	Other incomes	163
Note 13	Breakdown of deferred revenue and accrued expenses	159	Note 29	Charge transfer	163
Note 14	Non-recurring expenses and income	160	Note 30	Period highlights	163
Note 15	Financial earnings	160	Note 31	Significant post-closing transactions and events	164
Note 16	Tax consolidation scope	160			

Note 1 Assets

In thousands of euros	12.31.2015	Reclassification peer-to-peer	Acquisitions / Contributions	Disposals Subtractions	12.31.2016
Establishment and development costs	1,793	(1,793)	2,219		2,219
Other intangible assets (1)	26,093	1,906	259	200	28,058
Other intangible assets in progress	112	(112)	386		386
Gross intangible assets	27,998	0	2,864	200	30,662
Buildings on un-owned land	0				0
General buildings & facilities	3,197				3,197
Technical facilities, tooling	4,474		432	1,117	3,789
Office and IT equipment and furniture	930			494	436
Tangible assets under construction	0		15		15
Gross intangible assets	8,601	0	447	1,611	7,437
Other equity investments	285,885	8,821	654		295,361
Loans and other financial investments (2)	18,209	(8,821)	130,807	25,006	115,189
Gross financial assets	304,094	0	131,461	25,006	410,550
Total gross assets	340,693	0	134,772	26,817	448,648

¹⁾ The account "Other intangible assets" include €5,071 thousand of Business assets that are recorded at acquisition cost and are tested annually for impairment

The typical features of loans granted to subsidiaries are:

- An annual interest rate of 3.5% for the old loans to French subsidiaries;
- An annual interest rate of 4% for the old loans to foreign subsidiaries;
- An annual interest rate of 2% for the new loans to French and foreign subsidiaries;
- Varying duration ;
- The lack of an automatic renewal clause and other specific clauses.

Note the reallocation of €8,821 thousand between "Loans and other equity investments" " result of the incorporation of the current accounts of affiliates Cegedim IT and GERS at their fair value following a capital increase.

²⁾ The account "Loans, other long-term investments" is made up of security deposits in the amount of €1,595 thousand, €112,023 thousand in loans to subsidiaries, and €1,571 thousand in loans for construction efforts.

5

Note 2 Depreciation and amortization

In thousands of euros	12.31.2015	Allowances	Reversals	12.31.2016
	0	0	0	0
Establishment and development costs	14,512	2,249	0	16,761
Other intangible assets	0	0	0	0
Amortization of intangible assets	14,512	2,249	0	16,761
Buildings on un-owned land	0			0
General buildings & facilities	1,864	266		2,130
Technical facilities, tooling	3,848	216	1,036	3,028
Office and computer equipment	900	17	494	423
Buildings on un-owned land	6,613	499	1,530	5,581
Total depreciation	21,125	2,748	1,530	22,342

In thousands of euros	Straight-line	Declining balance	Accelerated allowances	Accelerated reversals
Establishment and development costs				
Other intangible assets	2,249			
Other intangible assets in progress				
Other intangible assets	2,249	0	0	0
Buildings on un-owned land				
General buildings & facilities	266			
Technical facilities, tooling	216		23	30
Office and computer equipment	17			
Property, plant and equipment	499	0	23	30
TOTAL Allowances	2,748	0	23	30

Note 3 Provisions

In thousands of euros	12.31.2015	Allowances	Reversals used	Reversals unused	12.31.2016
Accelerated depreciation	80	23		30	72
Regulated provisions	80	23		30	72
Provisions for litigation	443	10	89	180	183
Provision for exchange losses	31	87		33	85
Provisions for pensions and similar obligations	1,637	498			2,135
Provisions for shares allocated to employees	613	320		420	513
Other provisions for risks and expenses	0				0
Provisions for risks on equity investments	11,339			10,993	346
Total provisions for risks and expenses	14,064	915	89	11,627	3,263
Equity investments	12,005	36,558		194	48,369
Other financial assets	0	344			344
Provisions on inventory and work in progress	0				0
Provisions for impairment of accounts receivable	1,487	298	13	234	1,538
Other provisions for impairment	58	135		58	135
Provisions for impairment of internally developed software	0				0
Provisions for impairment	13,550	37,335	13	486	50,386
Total provisions	27,694	38,273	102	12,143	53,721
Operating depreciation and reversals		1,126	102	835	
Financial depreciation and reversals		37,124	0	11,278	
Non-recurring depreciation and reversals		23		30	

Note 4 Due dates for receivables and liabilities

In thousands of euros	Gross amount	At one year or less	At more than one year
Receivables from equity investments			
Loans	113,594		113,594
Other financial assets	1,595		1,595
Doubtful or litigious customer receivables	373	373	
Other accounts receivable	18,991	18,991	
Employees and related commitments	135	135	
Social Security and other social agencies	2	2	
Government: Corporate tax	11,860	11,860	
Government: Value added tax	1,245	1,245	
Government: Miscellaneous receivables	86	86	
Group and associates	1,384	1,384	
Miscellaneous debtors	115	115	
Prepaid expenses	780	780	
Total receivables	150,160	34,971	115,189
Loans granted during the fiscal year	130,807		
Repayments received during the fiscal year	25,006		

In thousands of euros	Gross amount	At one year or less	Between 1 and 5 years	At more than five years
Other bonds				
Current bank loans	98,063	98,063		
Loans initially due in more than 1 year	190,019	19	190,000	
Miscellaneous loans and financial liabilities	45,781	120	45,661	
Accounts payable	13,336	13,336		
Employees and related obligations	4,953	4,953		
Social Security and other social agencies	1,317	1,317		
Government: Value added tax	3,047	3,047		
Government: Other income tax, and other related taxes	1,538	1,538		
Group and associates	61,987	61,987		
Other liabilities ⁽¹⁾	5,758	5,758		
Deferred income	398	398		
Total financial liabilities	426,197	190,536	235,661	0
Loans taken out during the fiscal year	205,163			
Loans reimbursed during the fiscal year	361,147			

⁽¹⁾ Of which 4,636 thousand euros related to the Tessi litigation

Note 5 Financial debt

In thousands of euros	12.31.2016	12.31.2015
Long-term financial borrowing and liabilities (> 5 years)		
Medium-term financial borrowing and liabilities (> 1 year, < 5 years)	235,662	45,655
Short-term financial borrowing and liabilities (> 6 months, < 1 year)		340,091
Short-term financial borrowing and liabilities (> 1 month, < 6 months)	139	6,039
Short-term financial borrowing and liabilities (< 1 month)		
Current bank loans	98,063,	47,421,
Total financial liabilities	333,863	439,206
Positive cash	67,375	225,995
Net financial debt	266,488	213,211

FINANCING

In May 2007, Cegedim raised 50.0 million euros, the FCB Loan, from its largest shareholder, FCB. The shareholder loan agreement between Cegedim SA and FCB was signed on May 7, 2007. The FCB Loan Agreement was amended on September 5, 2008, and September 21, 2011, to extend the maturity date and modify the applicable interest rate. During the December 2009 capital increase, FCB subscribed for 4.9 million euros equivalent in shares as a redemption of a portion of debt, which decreased the balance of the FCB Loan to 45.1 million euros. In January 14, 2016, the FCB Loan was amended in order to subordinate it to the 200 million euro revolving credit facility taken the same day and to extend the maturity date and modify the applicable interest rate.

On March 20, 2013, Cegedim issued a senior bond at 6.75%, maturing on April 1, 2020, for an amount of 300 million euros in accordance with the Reg. S and 144A rules. The bond is listed on the Luxembourg Stock Market with ISIN codes XS0906984272 and XS0906984355. The bonds have been priced at 100% of their face value.

On April 7, 2014, Cegedim issued 125 million euros in bonds in addition to its issue of 300 million euros at 6.75%, maturing in 2020. The issue price was 105.75%, plus interest accrued since April 1, 2014. Apart from the issue date and price, these new bonds are identical to those issued on March 20, 2013, under the 300 million euro bond issue with a coupon of 6.75% maturing in 2020. Between May 6, 2015, and February 25, 2016, Cegedim redeemed on the market its 6.75% bond, maturing April 1, 2020, ISIN code XS0906984272, for a total principal amount of 110.2 million euros. The company cancelled these bonds. As a result, a total principal amount of 314.8 million euros remains in circulation.

In January 14, 2016, the Group took out from Cegedim's bankers a new five-year revolving credit facility (RCF) of 200 million euros maturing on January 14, 2021.

On April 1, 2016, Cegedim exercised its call option on the entire 6.75% 2020 bond with ISIN code XS0906984272 and XS0906984355, for a total principal amount of 314,814,000.00 euros and a price of 105.0625%, i.e. a total premium of 15,937,458.75 euros. The company then cancelled these securities. The transaction was financed by drawing a portion of the RCF obtained in January 2016 and using the proceeds of the sale to IMS Health. Following this transaction, the Group's debt comprised the 45.1 million euro FCB subordinated loan, the partially drawn 200 million euro RCF, and overdraft facilities.

It is worth noting that the net debt at December 31, 2016 includes estimated earn out for an amount of €3.8 million contrary to the net debt situation at December 31, 2015

As at December 31, 2016, the debt was structured in the following manner:

- €200 million euro revolving credit, of which 190 million euros was drawn as of December 31, 2016; maturing on January 14, 2021;
- 45.1 million euro FCB Loan maturing in January 2021;
- 24.0 million euro overdraft facility, of which 0.0 million euros was drawn as of December 30, 2016.

The exposure of the debt to fluctuations in euro rates has been partially hedged by a euro rate hedge.

The Group sold in June 2015 a swap with a pre-set Euribor receiver rate and a fixed payer rate of 4.565% on a notional amount of €20 million maturing 12.29.2017 against cash payment.

5

As at December 31, 2016, the hedge of the debt against fluctuations in the euro rate consisted of two no-premium, one month, amortizing swaps, with a pre-set Euribor receiver rate and a fixed payer rate defined as follows:

- 4.57% rate on a notional hedged amount of €20 million, until December 29, 2017;
- 4.58% rate on a notional hedged amount of €20 million, until December 29, 2017.

The total notional hedged amount was 40 million euros as at December 31, 2016.

Interest expense on bank loans, bonds, charges and commissions totaled €33 million as at December 31, 2016.

The interest related to the shareholder loan as at December 31, 2015, amounted to €1.6 million.

The change in fair value of these derivatives was recorded in shareholders' equity for the efficient part of those qualified as cash flow hedges (€0.7 million) and in profit or loss for their inefficient part and for the related counterparty risk taken into account in accordance with IFRS 13 (€1.2 million). The fair value at the closing date of hedging instruments amounts to €2 million.

Note 6 Bond issue expense

In thousands of euros	12.31.2015	Increase	Allowances	12.31.2016
Bond issue costs	267	1,422	483	1,206

Since 2013, issue expenses related to the €300,000 thousand bond (i.e. €7,608 thousand), were spread over the remaining period of the bond in accordance with the loan's maturity (i.e. March 19, 2020).

In 2014, issue expenses related to the €125,000 thousand bond (i.e. €1,428 thousand), were spread over the remaining period of the loan in accordance with the bond's maturity (i.e. March 19, 2020).

The amortization of issuance expenses was accelerated given the early repayment on March 31, 2016 of the 2020 bond.

The amount spread over as of March 31, 2016 was €268 thousands.

In 2016, issue expenses related to the €200 million RCF, i.e. €1,422 thousands were amortized over the remaining maturity of the loan in line with the repayment terms (i.e. March 30, 2021).

The total amount for the past fiscal year was 215 thousand euros.

Note 7 Retirement

In thousands of euros	Through an insurance fund	Through a provision for expenses	
Pension plan commitments	1,743	2,135	

When employees retire, they receive retirement indemnity as defined in the collective bargaining agreements.

An actuarial valuation plan has been set up to fund the obligations resulting from this compensation. The total obligation comes to €3,878,487 including €1,743,133 paid to an insurance company.

THE ACTUARIAL ASSUMPTIONS USED ARE AS FOLLOWS:

Economic assumptions

Net interest rate: 1.48%

Wage increases: 1.4% including inflation

Demographic assumptions

Mortality: Tables used are from Insee 2009 - 2011

Mobility: 7.5% per year up to 35 years

3.5% up to 45 years

1.8% up to 50 years

0.9% for 51 years and above

Retirement age: Voluntary retirement at 65 years of age for non-management.

Retirement age: Voluntary retirement at 65 years of age for management.

Collective bargaining agreement

Cegedim comes under the national collective bargaining agreement for the Pharmacy industry.

Note 8 Statement of changes in, shareholders' equity

In thousands of euros	Equity	Premiums	Legal reservces	Regulated reserves	Other reserves	Retained earnings	Profit (loss) for the period	Total regulated provisions	Total
At 12.31.2011 ⁽¹⁾	13,337	244,313	1,334	1,140	106,127	188	23,244	1,838	391,520
Capital increase									0
Decrease in capital									0
2011 earnings					23,244		(23,244)		0
Dividends									0
Retained earnings									0
Restated reserves				(402)	402				0
Regulated provisions				, ,				387	387
2012 earnings							(82,251)		(82,251)
At 12.31.2012 ⁽¹⁾	13,337	244,313	1,334	738	129,774	188	(82,251)	2,226	309,656
Capital increase	,		•					•	0
Decrease in capital									0
2012 earnings					(82,251)		82,251		0
Dividends					(- , - ,		- , -		0
Retained earnings									0
Restated reserves				234	(234)				0
Unrecognized prior service cost				20.	(1,146)				(1,146)
Regulated provisions					(1,110)			(381)	(381)
2013 earnings							(48,937)	(001)	(48,937)
At 12.31.2013 ⁽¹⁾	13,337	244,313	1,334	972	46,143	188	(48,937	1,845	259,193
Capital increase	13,337	244,515	1,334	312	40,143	100	(40,337	1,043	0
Decrease in capital									0
2013 earnings		(2,606)			(46,143)	(188)	48,937		0
Dividends		(2,000)			(40, 143)	(100)	40,937		0
									0
Retained earnings				(650)	CEO				
Restated reserves				(650)	650				0
Unrecognized prior service cost								(000)	(000)
Regulated provisions							(004.404)	(628)	(628)
2014 earnings	40.007	044 700	4.004	200	050		(201,101)	4.047	(201,101)
At 12.31.2014 ⁽¹⁾	13,337	241,706	1,334	322	650	0	(201,101)	1,217	57,464
Capital increase									0
Decrease in capital									0
2014 earnings		(201,101)					201,101		0
Dividends									0
Retained earnings									0
Restated reserves				707	(707)				0
Unrecognized prior service cost									0
Regulated provisions								(1,137)	(1,137)
2015 earnings							(10,613)		(10,613)
At 12.31.2015 ⁽¹⁾	13,337	40,605	1,334	1,029	(57	0	(10,613)	80	45,714
Capital increase									0
Decrease in capital									0
2015 earnings		(10,613)					10,613		0
Dividends									0
Retained earnings									0
Restated reserves				(598)	598				0
Unrecognized prior service cost									0
Regulated provisions								(8)	(8)
2016 earnings							4,366		4,366
At 12.31.2016 ⁽¹⁾	13,337	29,992	1,334	431	541	0	4,366	72	50,071

⁽¹⁾ Shareholders' equity before distribution.

Note 9 Data coming under several balance sheet and income statement items

In thousands of euros	Consolidated companies	Equity investments	Related companies	
Fixed assets				
Dividends due				
Equity Investments	294,364	997		
Loans				
Current assets				
Accounts receivable and associated accounts	5,672	2,843	27	
Other receivables	1,384			
Liabilities				
Financial liabilities	(233)		(45,094)	
Trade payables and related accounts	(1,179)	(703)	(2,522)	
Other liabilities	(62,696)			
Investments				
Financial expenses	(283)	(3)	(1,550)	
Financial income	1,606			
Operations				
Management fees			(1,782)	
Rent	(5)		(371)	

Note 10 Revenue breakdown

In thousands of euros	Revenue France	Outside	
Sales of goods			
Production of goods	79	7	86
Production of services	49,663	2,064	51,727
Total revenue	49,742	2,071	51,812

Note 11 Breakdown of income receivables

In thousands of euros	12.31.2016
Dividends due	0
Receivables from equity investments	0
Clients, invoices to be prepared	2,546
Trade receivables	2,546
Suppliers, accrued credits	0
Receivables from employees	0
VTA and receivables from government	86
Subsidiaries, repayment of capital due	0
Other receivables	86
Total of income receivables	3,188

Note 12 Breakdown of expenses to be paid

In thousands of euros	12.31.2016
Accrued interest payable on loans	19
Accrued interest payable on equity investments	16
Borrowings and financial liabilities	35
Suppliers, accrued invoices	3,476
Accounts payable and related accounts	3,476
Provision for paid holidays	2,055
Reduced work time provision	432
Provision CET holidays	56
Other personnel expenses payable	2,081
Government, VAT and Expenses payable	1,236
Tax and social liabilities	5,859
Subsidiaries, capital repayment to be paid	0
Expenses to be paid	33
Clients – Credits to be established	715
Total	10,118

Note 13 Breakdown of deferred revenue and accrued expenses

In thousands of euros	12.31.2016
Tolling	46
Rent & rental expenses	323
Software royalties	12
Maintenance software	54
Subscriptions	19
Insurance	193
Fees	30
Recruitment costs	56
Others	47
Total prepaid expenses	780
Service revenue	398
Financial income	0
Total deferred income	398

Note 14 Non-recurring expenses and income

In thousands of euros	12.31.2016
Penalties, fiscal and criminal fines	
Book value of intangible assets sold	
Book value of tangible assets sold	(281)
Book value of financial assets sold	
Other non-recurring charges	(6,908)
Accelerated amortization and depreciation	(23)
Total non-recurring charges	(7,212)
Gain on disposal of intangible assets	
Gain on disposal of tangible assets	
Gain on disposal of financial assets	
Write-back of accelerated depreciation	30
Write-back of extraordinary depreciation	200
Write-back of impairment and risks	
Total recurring income (1) Of which 64 626 thousand fine related to the Tessi litigation and 62.3	230

⁽¹⁾ Of which €4,636 thousand fine related to the Tessi litigation and €2,272 thousand of termination payment.

Note 15 Financial earnings

In thousands of euros	12.31.2016	12.31.2015
Financial allowances/reversals	(25,843)	6,176
Financial interest expense and income	(26,769)	(36,768)
Dividends received	64,432	35,275
Other financial earnings (incl. foreign exchange gains and losses) $^{\left(1\right)}$	(4,687)	26,272
Financial earnings	7,133	3,055

⁽¹⁾ Of which in 2016, €4,594 thousand related to the Kadrige loss for asset transfert

Note 16 Tax consolidation scope

Cegedim SA is the ultimate parent company of the Group. The following companies elected to form a consolidated tax group with cegedim SA:

 Alliadis, Alliance Software, CLM, Cegedim Activ, Cegedim Ingénierie, Cegedim SRH, Cegelease, Cetip, Euroformat, GERS SAS, Hospitalis, I gestion, Incams, Medexact, Cegedim Outsourcing, Pharmastock, Resip, RNP, RMI, Sofiloca, Decisions Research Europe, Cegedim SRH Montargis, Cegedim Software, ASPLine, Cegedim Assurances, Cegedim Dynamic Framework, I-Assurances, Cegedim IT, Santestat, Smart RX. The tax consolidation group generated a total tax loss of €626 thousand as at December 31, 2015.

The Group's tax loss carryforwards are netted against this profit in the amount of €13.156 thousand.

The parent company Cegedim recorded a deferred tax income of €13,156 thousand corresponding to deferred tax income on loss-making consolidated subsidiaries, with a ceiling fixed at the tax burden of the companies posting profits.

Note 17 Breakdown of corporate tax

In thousands of euros	Earnings before tax	Tax due	Net earnings after tax
Income before non-recurring items	749	(1,903)	(1,154)
Deferred tax income		13,156	13,156
Short-term non-recurring income	(6,982)		(6,982)
Employee profit-sharing	(348)		(348)
Tax related to past financial years			
Source withholding		(306)	(306)
Accounting earnings	(6,580)	10,946	4,366

Note 18 Deferred and latent tax situation

The 2016 fiscal year generated the following expenses deductible over future fiscal years:

Organic: €56 thousand;

Equity investments: €348 euros;

Retirement provision: €428 thousand;

Other non-deductible provisions: €445 thousand.

Deferred taxes corresponding to €485 thousand (with a Corporate Tax Rate of 38%).

Note 19 Non-deductible expenses

Pursuant to the provisions of articles 223 quarter and 223d of the French General Tax Code, it should be noted that the financial statements for the year ended include an amount of €456,194 corresponding to non-deductible expenses. Consequently, the tax corresponding to said expenses and charges amounts to €173,354.

Note 20 Advances paid to management

In accordance with article L. 225-43 of the French Code of Commerce, no advances or loans were granted to the Company's management.

Note 21 Compensations of Directors' and management bodies

Directors' fees paid to Board members came to €120 thousand in 2016 and are recorded as "Other expenses" in the income statement

In thousands of euros	12.31.2016	12.31.2015
Short-term benefits (wages, bonuses, etc.)	(947)	(898)
Post-employment benefits	None	None
Severance pay	None	None
Benefits recognized	(947)	(898)
Termination benefits	none	None
Benefits not recognized	None	None

Note 22 Share capital

Shareholders	No. Of shares held	% held	No. Of single votes	No. of votes with double voting rights shares	No. of votes with double voting rights votes	Total votes	% voting rights vote
FCB	7,375,891	52.70%	14,847	7,361,044	14,722,088	14,736,935	62.74%
Bpifrance Participations	2,102,061	15.02%	0	2,102,061	4,204,122	4,204,122	17.90%
Free float	4,495,638	32.12%	4,444,994	50,644	101,288	4,546,282	19.36%
Cegedim(1)	23,583	0.17%	0	0	0	0	0.00%
TOTAL	13,997,173	100.00%	4,459,841	9,513,749	19,027,498	23,487,339	100.00%

⁽¹⁾ Including the liquidity contract

		Number off shares				Nominal value	
Categories of shares	Closing number of shares	Created during the fiscal year	Created by division of the par value	Opening number of shares	Closing number of shares	At the start of the fiscal year	
Common shares	13,997,173			13,997,173	0.9528	0.9528	

Note 23 Treasury shares

7,270 shares were definitively granted in September 2016, under the plan of September 19, 2012, amounting to €247 thousand.

10,230 shares were definitively granted in September 2016, under the plan of September 18, 2014, amounting to €351 thousand.

Note 24 Identity of Cegedim's parent company: FCB

137, Rue d'Aguesseau 92100 Boulogne-Billancourt Siren 340 651 132

A business corporation (SA) held primarily by Mr. Labrune, his family, and by certain members of the Board of Directors of Cegedim SA.

Note 25 Allocation of free shares

The Extraordinary General Shareholders' Meeting on June 10, 2014 renewed for another 38 months the authorization to award existing shares to employees of the Company and the Cegedim Group on the terms set by the Board on March 21, 2008 and November 5, 2009.

Following a resolution of the Extraordinary Shareholders' Meeting of Wednesday, June 08, 2011, the Board of Directors, in their meetings of June 29, 2011, September 19, 2012 and June 4, 2013, were authorized to award a total number of free shares, which were not to exceed 10% of the total number of shares making up the capital, to the Directors and employees of the Cegedim Group.

Following a resolution of the Extraordinary Shareholders' Meeting of February 22, 2008, the Board of Directors, in their meetings of March 21, 2008, November 5, 2009 and June 8, 2010, were authorized to award a total number of free shares, which were not to exceed 10% of the total number of shares making up the capital, to the Directors and employees of the Cegedim Group.

Following a resolution of the Extraordinary Shareholders' Meeting of November 15, 2015, the Board of Directors, in their meetings of January 28, 2016 was authorized to award a total number of free shares, which were not to exceed 10% of the total number of shares making up the capital, to the Directors and employees of the Cegedim Group

The main features are as follows:

- The free shares awarded will grant the right to dividends. Their distribution will be determined as of the award date.
 - The plan dated June 8, 2010 authorized a maximum allocation of 32,540 free shares.
 - The plan dated June 29, 2011 authorized a maximum allocation of 41,640 free shares.
 - The plan dated September 19, 2012 authorized a maximum allocation of 31,670 free shares.
 - The plan dated June 4, 2013 authorized a maximum allocation of 48,870 free shares.
 - The plan dated September 18, 2014 authorized a maximum allocation of 19,280 free shares.
 - The plan dated January 28, 2016 authorized a maximum allocation of 28,038 free shares.

- For the 2013 and 2014 plan, the allocation of these shares to the beneficiaries will become final at the end of a lock-in period of two years for beneficiaries whose residence for tax purposes is in France as of the award date, and four years for beneficiaries whose residence for tax purposes is not in France as of the award date;
- For the plan 2016, the allocation of these shares to the beneficiaries will become final at the end of a lock-in period of two years for beneficiaries whose residence for tax purposes is in France as of the award date, and three years for beneficiaries whose residence for tax purposes is not in France as of the award date;
- The shares will be permanently awarded to their beneficiaries on a single condition: no resignation, dismissal, or layoff;;
- Starting from the final award date, beneficiaries whose residence for tax purposes is in France as of the award date must keep their shares for a term of one year starting from the final award date.

On the year-end date, December 31, 2016, Cegedim SA recognized a provision of €513 thousand in its financial statements.

Note 26 Workforce

	12.31.2015
Management	174
Non-management	93
Trainees	9
Corporate officers.	3
Total salaried staff	279

Note 27 Off-balance sheet commitments

There is a commitment of €2 million pounds sterling related to the Activus acquisition.

GUARANTEES GIVEN BY CEGEDIM TO ITS SUBSIDIARIES

Cegedim IT subsidiary

Guarantee of 3 million euros in favor of Microsoft Ireland Operations Limited for orders made by Cegedim IT and guarantee of 1.5 million euros in favor of Obiane for orders made by Cegedim IT.

Cegedim RX Itd subsidiary

Authorization given to Cegedim SA to become a guarantor as part of a sub-lease contract between Cegedim RX ltd and Cegedim UK ltd (authorization of the Board of Directors on March 25, 2015).

All subsidiaries

One-year authorization for all subsidiaries to provide a security, endorsements and other guarantees for a total amount of 5 million euros provided no single commitment exceeds 2 million euros (authorized by the Board of Directors on March 23, 2016).

Note 28 Other incomes

Other income consists of €369,000 re-invoiced to subsidiaries related to the free shares plan and €36,000 for miscellaneous current income.

Note 29 Charge transfer

Charges transfer amounting to €5,845 thousands consists mainly of €4,368 thousands of charges re-invoiced to Cegedim IT and €1,422 thousands related to the new loan.

Note 30 Period highlights

NEW CREDIT FACILITY

In January 2016, the Group took out a new five-year revolving credit facility (RCF) of €200 million. The applicable interest rate for this credit facility is Euribor plus a margin. The Euribor rate can be the 1-, 3- or 6- month rate; if Euribor is below zero. it will be deemed to be equal to zero. The margin can range from 0.70% to 1.40% depending on the leverage ratio calculated semi-annually in June and December (Refer to point 2.4.1.1 on page 14 of the Q2-2016 Quarterly Financial Report).

EXERCISE OF THE CALL OPTION ON THE ENTIRE 2020

On April 1. 2016. Cegedim exercised its call option on the entire 6.75% 2020 bond with ISIN code XS0906984272 and XS0906984355, for a total principal amount of €314.814.000.00 and a price of 105.0625%, i.e. a total premium of €15.937.458.75. The company then cancelled these securities. The transaction was financed by drawing a portion of the RCF obtained in January 2016 and using the proceeds of the sale to IMS Health. Following this transaction, the Group's debt comprised the €45.1 million FCB subordinated loan, the partially drawn €200 million RCF, and overdraft facilities.

KADRIGE SALE

and liabilities ware transferred at the net book value. The €4,594,000 accounting loss on the transfer of assets and liabilities (TUP) was recorded as a charge.

The Kadrige business was then sold to IMS Health on November 9, 2016.

S&P HAS RAISED CEGEDIM'S RATING TO BB WITH POSITIVE OUTLOOK

After Cegedim announced that it would redeem the entire 6.75% 2020 bond, rating agency Standard and Poor's raised the company's rating on April 28. 2016. to BB with a positive outlook.

Apart from the items cited above, to the best of the company's knowledge, there were no events or changes during the period that would materially alter the Group's financial situation.

Note 31 Significant post-closing transactions and events

EURIS LITIGATION

Cegedim has received notification that it is being sued jointly with IMS Health by Euris for unfair competition. Cegedim has filed a motion claiming that IMS Health should be the sole defendant.

PARTIAL INTEREST RATE HEDGING

To hedge part of the Group's exposure to euro interest rate fluctuations linked to its RCF, the Group carried out an interest rate swap on February 17. 2016. Under the zero-premium swap agreement. Cegedim receives the 1-month Euribor rate if it exceeds 0%, receives nothing otherwise, and pays a fixed rate of 0.2680%.

TESSI LITIGATION

On February 10. 2017. Cegedim was ordered to pay €4.636.000 to the Tessi company for failing to meet certain contractual obligations with respect to an asset sale made on July 2. 2007.

Cegedim has decided to appeal this decision. However, because this was an enforceable decision, the sum of €4.636.000 was recorded as Group debt at December 31. 2016, under the heading "Other non-financial debt", and is expected to be paid in 2017.

Apart from the items cited above, to the best of the company's knowledge, there were no post-closing events or changes that would materially alter the Group's financial situation.

5.3.4 List of shareholdings

As of December 31, 2016

Companies	Number of shares or units	% owned	Net asset value
French companies equity investments			
Alliadis	8,161	100.00%	44,224,377
Alliance Software	102,500	100.00%	5,962,245
Cegedim Activ	873,900	100.00%	30,000,000
Cegedim Assurances	10	100.00%	100
Cegedim Dynamic Framework	10	100.00%	0
Smart RX	99	0.05%	9,900
Cegedim IT	799,276	92%	7,000,100
Cegedim Logiciel Medicaux	1,000	100.00%	14,672,998
Cegedim Outsourcing	25,000	100.00%	4,209,412
Cegedim Software	193,000	100.00%	19,300,000
Cegedim SRH	9,776,601	100.00%	12,450,632
Cegelease	6,450	100.00%	10,219,374
Cetip	39,340	99.74%	1,215,767
Edipharm	200	20.00%	3,049
Galaxy Santé	98	49.00%	7,350
GERS SAS	50	100.00%	440,012
Hospitalis	1,000	100.00%	37,000
I-assurances	10	100.00%	100
Incams	2,500	100.00%	9,535,030
MedExact	6,549	100.00%	654,900
Pharmastock	5,000	100.00%	331,470
Resip	1,600	100.00%	20,434,710
RNP	26,000	100.00%	2,429,694
Sofiloca	1,000	100.00%	15,245
SCI 2000	159	68.83%	846,739
Netfective Technology	130,725	6.08%	898,888
Nex & Com	240	20.00%	13,332
Total equity investments, net value			184,902,534
Activus	300	100.00%	7,279,299
InPractice Systems (Angleterre)	14,000,000	100.00%	1
Thin (Angleterre)	100	100.00%	0
Cegedim World Int. Services Ltd	60,000,000	100.00%	39,000,000
Croissance 2006 (Belgique)	13,781	100.00%	6,242,793
Cegedim Belgique	2,999	99.97%	9,471,943
Next Software (Tunisie	34,424	94.51%	0
Total equity investments, net value			246,991,560

Companies		Number of shares or units	% owned	Net asset value
Other long-term securities	11			
French companies				
Listed securities				None
Foreign companies				None
Marketable securities	III			
Shares allocated to employees				430,571
Kepler Cheuvreux liquidity contract				500,000
Humanis savings account				8,000,000
Grand total	1+11+10			255,922,131

5.3.5 Table of subsidiaries and equity investments

5.3.5.1 Subsidiaries owned at more than 50%

Subsidiaries	Share capital ⁽¹⁾	Shareholders' equity other than share capital(1)	% of control	Book value of shares owned Gross value	Provision for depreciation on shares	Net value of book value of shares owned	Loans and advances granted not reimbursed	Provision for risk	Revenue excluding VTA ⁽²⁾	Profit (loss) for the period ⁽²⁾	Dividends received
Cegedim Outsourcing	2,500	1,0230	100.00	5,553	1,344	4,209			15,146	720	
GERS SAS	50	400	100.00	1,871	1,431	440	179		29,263	385	
Cetip	749	17,044	99.74	1,216	0	1,216			33,996	3,849	794
SCI 2000	4	419	68.83	847	0	847			200	165	152
Incams	8,038	(329)	100.00	10,626	1,091	9,535			2,687	52	
Pharmastock	576	(254)	100.00	576	245	331			1,423	(13)	
Cegelease	10,000	10,810	100.00	10,219	0	10,219	13,000		128,877	3,302	
Cegedim Logiciels Médicaux	1,000	1,513	100.00	30,567	15,894	14,673	26,550		25,930	2,108	
Cegedim SRH	7,000	1,966	100.00	12,451	0	12,451			46,450	1,243	
RNP	495	939	100.00	2,430	0	2,430	23,000		25,365	764	865
Sofiloca	15	(12)	100.00	15	0	15	600		81	(15)	66
MedExact	37	2,267	100.00	655	0	655			4,873	462	734
Cegedim Activ	13,323	21,984	100.00	30,000	0	30,000			83,714	6,294	4,002
Hospitalis	37	1,962	100.00	37	0	37			3,759	1,149	
Resip	159	2,190	100.00	20,435	0	20,435			8,043	2,165	2,300
Alliadis	1,244	(5,348)	100.00	44,224	0	44,224			41,329	(5,755)	
Alliance Software	1,563	540	100.00	8,962	3,000	5,962			22,050	(1,062)	
Cegedim Software	19,300	(1,410)	100.00	19,300	0	19,300			6,571	86	
Smart RX	20,010	(4,404)	0.05	10	0	10	47,828		4,891	34	
Cegedim Assurances	0	(5)	100.00	0	0	0			0	(1)	
Cegedim Dynamic Framework	0	(8)	100.00	0	0	0		346	0	(3)	
I-Assurances	0	(1)	100.00	0	0	0			70	2	
Cegedim IT	8,688	1,373	92	7,000	0	7,000			28,056	911	
Cegedim Belgique	9,475	37,328	99.97	9,472	0	9,472			18	27,133	52,461
CroissancE 2006 Belgique	1,378	7,794	100.00	6,243	0	6,243			0	292	
Cegedim World Int.Services Ltd	60,000	3,622	100.00	60,000	21,000	39,000			222	3,180	3,000
Cegedim Algérie	85		100.00	85	0	85					
Thin	1	(879)	100.00	188	188	0			921		
INPS	19,075	13,040	100.00	1	0	1			26,471	2,023	
Next Software	165	(191)	94.51	177	177	0	363	344	41	(97)	
Activus Subsidiaries owned at more than 50%	0	3,400	100.00	11,279 294,439	4,000 48,369	7,279 246,070	111,520	690	8,258 548,705	332 49,705	64,375



5.3.5.2 Subsidiaries owned at less than 50%

Share capital ⁽¹⁾	Shareholders' ec other than share capital ⁽¹⁾	% of control	Book value of sh owned Gross val	Provision for depreciation on shares	Net value of book value of shares owned	Loans and advan granted not reimbursed	Provision for risk	Revenue excluding VTA ⁽²⁾	Profit (loss) for the period ⁽²⁾	Dividends received
15	202	20.00	3	0	3			8,785	148	57
15	(3)	49.00	7	0	7			23	(3)	
626	17,245	6.08	899	0	899			7,332	2,241	
111	120	0	0	0	0			2,399,	84	
500	252	20.00	13	0	13			2,232		
			000	0	000			40.500	0.470	57
(4)	15 15 626 111	Shareholders, (3) 202 215 (3) 626 17,245 111 120	Share capital ⁽¹⁾ Share holders, of control Shareholders, of control Shareholders, of capital ⁽¹⁾ Shareholders, of capital ⁽¹⁾ 15 202 20.00 15 (3) 49.00 626 17,245 6.08 111 120 0	Share capital Share capital Share capital Share holders Shareholders Shareholders	Share capital(1) Share capital(2) Share capital(3) Shareholders, other than shareholders, other than shareholders, other capital(3) Shareholders, other cap	Share capital Share capital Share capital Share capital Shareholders Shareholders	Share capital ⁽¹⁾ Share capital ⁽¹⁾ Share capital ⁽¹⁾ Share capital ⁽¹⁾ Shareholders other than sha capital shareholders other than shareholders of the shareholders of the shareholders of the shareholders of the shareholders	Share capic Sharehold Sh	Share capital(1) Share holders, or capital(1) Share holders, or capital(1) Share holders, or capital(1) Share capita	Share capital(1) Share capital(2) Share capital(3) Shareholders; Sha

⁽¹⁾ Capital and shareholders' equity of subsidiaries that not in the euro zone are given at their exchange value in thousands of euros in the historical dates.

⁽²⁾ Revenues and net earnings for subsidiaries that are not in the euro zone are given at their exchange value in thousands of euros at the 2016 annual average exchange rate.

⁽³⁾ Not disclosed, for reference the 2015 revenue amount to € 2,232 thousand.

5.4 Statutory auditors' report on the financial statements

CEGEDIM

Fiscal year 2016

To the Shareholders,

In our capacity as Statutory Auditors, we hereby report to you, for the fiscal year ended December 31, 2016, on:

- the audit of the accompanying annual financial statements of Cegedim,
- the justification of our assessments,
- the specific verifications and information required by French law.

These annual financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

1 - Opinion on the annual financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual financial statements are free of material misstatement. An audit includes verifying, by audit sampling and other selective testing procedures, evidence supporting the amounts and disclosures in the annual financial statements. An audit also includes assessing the accounting principles used, the significant estimates made by management, and the overall financial statements presentation. We believe that the evidence we have gathered in order to form our opinion is adequate and relevant.

In our opinion, the financial statements give a true and fair view of the company's financial position and its assets and liabilities and of the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

2 - Justification of assessments

In accordance with the provisions of article L. 823-9 of the French Code of Commerce, we made our own assessments that we bring to your attention:

Capitalization of development costs

In the context of our assessment of the accounting policies applied by your company, we reviewed the conditions for capitalization of development costs, the amortization method used and the manner in which their recoverable amount was validated and we ensured that note 5.3.2.1 "Intangible assets" to the annual financial statements provided appropriate disclosures

Valuation of investments

As mentioned in the first section of this report, note 5.3.2.3 "Equity investments and other investments" to the annual financial statements sets out how equity investments are assessed. The objective of this method is to compare the amount of equity investments to the recoverable value, defined as the higher of fair value less costs to disposal and value in use.

We carried out specific assessments of the items taken into consideration in making the estimates at the balance sheet date and, as necessary, verified the calculation of the provisions for impairment.

In the context of our assessments, we verified that these estimates were reasonable and that the disclosures provided in the notes to the annual financial statements were appropriate.



Retirement benefit obligations

Note 5.3.2.6 "Retirement commitments" to the annual financial statements describes the valuation methods used for retirement commitments. These commitments were assessed by external actuaries. Our work involved reviewing the figures used, assessing the assumptions retained and verifying that note 7 "Retirement" to the annual financial statements provided appropriate disclosures. In the context of our assessments, we verified the reasonableness of these estimates.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3 - Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of Board of Directors and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L. 225- 102-1 of the French Commercial Code (code de commerce) relating to remunerations and benefits received by the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders has been properly disclosed in the management report.

Neuilly-Sur-Seine and Courbevoie, March 28, 2017

The Statutory Auditors

Grant Thornton

French Member of Grant Thornton International

Solange Aïache

Partner

Mazars

Jérôme de Pastors

5.5 Five-year financial summary

Reporting date	12.31.2016	12.31.2015	12.31.2014	12.31.2013	12.31.2012
Duration of the fiscal year (months)	12	12	12	12	12
Capital at the end of fiscal year					
Share capital	13,336,506	13,336,506	13,336,506	13,336,506	13,336,506
Number of share					
common	13,997,173	13,997,173	13,997,173	13,997,173	13,997,173
preference shares	-	-	-	-	-
Maximum number of shares to be created	-	-	-	-	-
Through bond conversions	-	-	-	-	-
Through subscription rights	-	-	-	-	-
Operations and earnings					
Revenue excluding taxes	51,812,477	60,862,440	192,358,195	190,974,709	184,087,377
Earnings before taxes, profit sharing, depreciation and provisions	22,657,316	(420,044,403)	972,566	39,909,091	35,116,400
Income taxes	(10,946,477)	(12,220,826)	(11,507,075)	(11,012,546)	(9,372,459)
Employee profit sharing	347,815	245,870	441,631	372,976	195,158
Depreciation and provisions	28,890,121	(397,455,908)	213,138,813	99,485,405	126,545,120
Profit (loss) for the period	4,365,856	(10,613,539)	(201,100,804)	(48,936,743)	82,251,419
Distributed earnings		-	-	-	-
Earnings per share					
Earnings after tax, profit sharing, and before allowances, depreciation, and provisions	2.38	(29.15)	0.86	3.61	6.16
Earnings after tax, profit sharing, allowances, depreciation, and provisions	0.31	(0.76)	(14.37)	(3.50)	(5.88)
Dividend allotted		-	-	-	-
Employees					
Number of employees as of December 31	279	266	1,006	1,018	1,052
Payroll	17,565,304	19,431,016	53,467,633	51,110,333	51,755,987
Sums paid for employee benefits (social security, welfare institutions, etc.)	7,918,830	8,497,931	25,298,555	24,527,369	25,226,189

6 Cegedim's Corporate Social Responsibility

6.1	Cegedim's core values	174	6.5	Going even further	186
6.2	Employment information	175	6.6	Methodological note	187
6.3	Environmental information	181	6 7	Report of one of the statutory Auditors designated as third-party independent	189
6.4	Societal information	184	6.7	body to audit social, environmental and	109



6.1 Cegedim's core values

Cegedim's values aim at federating its employees around keys messages below:



6.2 Employment information

6.2.1 Employment

6.2.1.1 Employees

The Cegedim Group's total workforce as of December 31, 2016 was 4,062 employees versus 3,723 as of December 31, 2015. (The 2015 headcount has been adjusted upward to include 68 US employees who were added through acquisitions in the fourth quarter of 2015 and had previously been omitted).

Employees based in France represented 68% of the Cegedim Group's total workforce in 2016.

97% of employees are employed under open-ended contracts, 96% in France and 98% abroad.

In 2016, the Cegedim Group hired 1,266 employees. Among them, 966 were under open-ended contracts (of which 60% were in France), 300 were under temporary contracts (of which 91% were in France).16 employees joined the Group through acquisitions of entities.

	31.12.2015	31.12.2016
Total staff in the Group	3,723*	4,062
Staff in France	2,525	2,749
Employees on open-ended contracts	3,603	3,936
As a % of total staff	97%	97%
As a % of staff in France	96%	96%
As a % of international staff	99%	98%
Additions	1,152	1,266
Of which new hires on open- ended contracts	888	966
Of which new hires on temporary contracts	264	300
Of which change in consolidation scope	147	16
Subtractions	790	943

^{* 3,655} employees reported in 2015 + 68 US employees added through US acquisitions.

In order to support the Company's plans and initiatives, Cegedim:

- Hires several hundred employees in France each year, with an ever-increasing effort to promote diversity among the Company's employees and to help persons with disabilities enter the workforce;
- Employs a large number of interns and young people under work-study contracts;
- Recruits employees internationally through its presence in over 11 countries around the world.

 The Group hires temporary employees when needed.

The breakdown of the workforce by region as of December 31, 2016 is as follows:

Zone	% of employees as of Dec. 31, 2016
France	68%
EMEA hors France	26%
America	6%

In 2016, based on legally available data, 59% of the Group's employees were men, with an average age of 41, and 41% were women, with an average age of 39.

In 2016, 943 Cegedim employees left the Group, 647 in France and 296 abroad. Reductions in staff include completed temporary employment contracts, completed assignments, completed trial periods, resignations, changes in consolidation (entities sold), mutually-agreed terminations, layoffs and deaths.

In France, layoffs accounted for 7% of all the 647 causes for staff departures. With regard to the procedures around staff departures in France, 10 disputes were initiated in 2016.

6.2.1.2 Compensation and evaluations

The Group's compensation policy aims to recognize talent by rewarding both individual and group wide performance, with greater weight accorded to individual performance.

A fixed and variable compensation policy is in place for certain employees to incentivize high performance:

- The variable portion of Operational Managers' compensation is objectives-based, reflecting the Company's overall strategic direction in terms of the Group's growth, profitability and cash flow;
- The compensation paid to salespeople, consultants, Project Directors, and certain operational employees includes a variable component. It is based on achieving yearly objectives established by senior management; these are for the most part individual and to a lesser degree group-wide.



Each year, the Cegedim Group's managers meet with their team members one-on-one for an individual assessment and to review target achievement. An assessment guide is provided to participants to ensure that discussions take place under the best possible conditions. The assessment takes place in the first quarter using the internal software tool known as "Evaluadim".

Semi-annual assessments are held as the case may be, and others are held systematically at the end of trial periods in order to examine the work done by employees.

Under the "generational contract" signed in 2014, the Group is committed to, inter alia, maintaining the employment of older workers, hiring more young people under 25 and managing the end of its employees' careers. The Group pursues the terms of the "generational contract" although it is not anymore a compulsory tool.

A Compensation Committee was formed in 2010. Its main duties are to review and make proposals to the Board of Directors on the compensation of Cegedim's Directors, Chairman & CEO and Deputy Managing Directors. The Committee also examines the policies relating to the attribution of free shares and variable compensation. It consists of three Directors of the Board, including one Independent Director. In the past fiscal year, the Compensation Committee met twice.

6.2.1.3 Payroll costs

Payroll costs include net salaries, benefits in kind, variable compensation, bonuses and incentives, as well as payroll taxes and contributions to social welfare programs for employees. The fluctuation in these costs over the past two years is as follows:

In thousands of euros	12.31.2015	12.31.2016
Payroll costs	187,021	206,092

Employees make up the Group's main resource and represent one of the most significant expenses. Cegedim adapts its wage policy appropriately in order to motivate talent, ensure training and recruiting while maintaining salary costs within a reasonable growth level.

There are employment benefits (at minimum health insurance, which can be supplemented with other benefits plans) and retirement benefits for employees in all countries where such are required by law. The Group intends to gradually broaden such plans into those countries where they are not required by law. As a practical matter nearly all Group employees have been offered health insurance.

6.2.2 Work organization

6.2.2.1 Organization of work hours

For employees in France, who represent 68% of the Cegedim Group's total workforce, work hours are organized based on an annual total of 216 work days with a contractual work week of 35 hours, in exchange for reduced work hour ("RTT" for working time containment) days. There are 13 RTT days per year.

Employees receive 25 days of paid annual vacation, plus certain paid vacation time for legal holidays or days off established under Company agreements.

The provisions applied for overtime comply with the collective bargaining agreements applied within each entity.

Outside of France, the local regulations governing work hours are observed in each respective country. If there are no regulations, the Cegedim Group applies work hour requirements that are considered reasonable by the Human Resources Department of that region, in consultation with the head office. In all countries where it operates, the Group respects the conventions of the International Labor Organization.

There were 106 employees working under part-time contracts in France and 30 part-time employees abroad.

In 2016, absenteeism (absence due to sickness, family events such as maternity, marriage, etc., and unjustified absences) totaled 9.9 days per employee in France (including 13% for maternity and 68% for sickness) and 10.8 days per employee for the Group. Paid leave and reduced work hour days are not included in the above absenteeism statistics.

6.2.2.2 Professional relations and collective bargaining agreements

The Cegedim Group works to maintain good relations with its employees and their representatives and fosters regular dialogue between the parties.

In the French subsidiaries and in the Group as a whole, there are a very large number of collective bargaining agreements in place. It is not possible to provide a detailed list of all of them. None of the agreements set up in France have yet been opposed by the employee or union representatives, which illustrates the relevance of the social dialogue.

In 2016 in France, collective bargaining agreements were negotiated on working time, anchored in three main components; the organization of working hours, supporting roaming, and telecommuting or part-time work.

The working time agreement was signed in July 2016 by almost all of the Group's French entities. The last 3 ratifications are planned for the first half of 2017.

In 2016, all the French unions gave their agreement in principle to a very important and innovative agreement on roaming. It should be signed in the first half of 2017. This agreement acknowledges the roaming nature of certain jobs (travel, commuting, overnight stays) requiring setting up appropriate monitoring of the workload and granting specific compensatory measures.

With these two major agreements, the Group continues its initiative to control employees' workloads and ensures that they get their mandatory rest time. It is based on a tool for daily monitoring of working hours and immediately alerting the chain of command, and the HR Department, in the event of an anomaly.

The third component on working hours concerns the practices of telecommuting and part-time work. In 2016 negotiations began and this subject is on the agenda for 2017 initiatives.

In the French subsidiaries, the major agreements include profit-sharing agreements (signed for 3 years) and an incentive plan agreement. They are reviewed annually with the staff representative bodies.

In the French entities and in the Group as a whole, there are employee representatives and Works Councils elected in the legal frameworks.

In France the Group has 2 UES (Economic and Social United), in Boulogne-Billancourt and Niort, as well as sites in Toulouse, Marseille and Rodez.

A member of top management regularly attends all mandatory meetings with the staff representatives. In addition, two members of the Works Council serve on Cegedim SA's Board of Directors.

For all entities combined, in France, there were about 150 meetings in 2016, or about 550 hours, with the elected representatives from the various bodies (Works Councils, Staff Delegates, Union Delegates, CHSCT, etc.).

The themes covered by social dialogue are not always the same based on the entities. The most frequent in particular have to do with working time, hygiene and safety, compensation, training, and investments and disposals.

The Group respects the obligations towards the various staff representation bodies around the world. It ensures that these bodies are created and monitors the frequency of meetings or the discussion themes (on the life of the company's employees, the organization, hours, safety, health, departures, etc.).

6.2.2.3 Works Committee

It is impossible to report the activities of all the Works Committees in the Group. It can be noted, however, that in 2016, no local Works Committee brought to the Group HR Department a major question that was not handled successfully at the local level.

With respect to the Works Committee at the parent company, Cegedim SA, pursuant to article L. 432-4 of the French Labor Code, it should be noted that this Works Committee made no comment on the Company's economic and employment situation in 2016.

In 2016, the Works Committee of the UES of Boulogne-Billancourt, France, met 12 times for Ordinary Meetings and 3 times for Extraordinary Meetings.

6.2.2.4 Information and communication

Within the Company, information is disseminated via the following communication tools:

- An Intranet, launched in 2013, one purpose of which is to collect a set of documents including: the welcome packet, which provides information specific to each country and what is available to employees there:
- An in-house newsletter;
- Intranet news messages for employees;
- A presentation at least once a year of the Group operations and key events by one of the Deputy CEOs for employees located in the Paris Region. This presentation is also relayed to the rest of the Group through internal media;
- Half-yearly individual interviews;
- The site of the UES of Boulogne-Billancourt, France, which disseminates a transcript to employees;
- The welcome packet given to every new hire, containing the Company rules, the Cegedim Group security charter, the business conduct charter, the ethical charter, the social media usage charter, together with documents about the schedule of benefits and France's 1% housing program;
- A personal, secure electronic lockbox (www.arkevia.com), where Group employees can find their pay stubs and store personal documents without cost:
- Various other initiatives have been launched locally within different Group entities.



6.2.2.5 Health and safety

In France, health and safety conditions are addressed during meetings of the Health, Safety, and Working Conditions Committee (CHSCT). These meetings are held regularly in the Group's various entities.

In France in 2016 there were 69 job-related accidents that forced employees to take leave from work, amounting to a total of 837 days off work. 49% of these accidents occurred during work-related travel. Such accidents did not result in any case of permanent disability. These statistics do not include potential accidents affecting temporary personnel or service providers. Further information about the measurement of workplace accidents is provided in the paragraph about methodological limits. No cases of occupational diseases were declared to the French Social Security system in 2016.

Additionally, in France the Accord National Interprofessionnel has since 2012 allowed supplementary private health insurance to be paid for former employees looking for a new job. The assumption of this cost by the Group, except in the case of resignation, is available for twelve months after the employee has left the Company.

After numerous negotiation meetings between the broker of the Group, employee representatives, and Management, the Cegedim Group came to an agreement in 2014 that established a new optics price list in compliance with the new French awareness contract decree.

In 2015, the service company taking care of the French employees' medical claims, opened a secured intranet platform where the employees can manage their claims and exchange relating information.

In 2016, we noted a nominal operation of the services set up.

Both in France and abroad, the Group adheres to all local regulations in relation to health and safety conditions.

In general, the Group considers the situation regarding agreements relating to health and safety at work to be satisfactory.

6.2.2.6 Training

Training, which gives employees a foundation on which they build their skills and maximize their potential, is a cornerstone of the Cegedim strategy. The Group works to help employees define and achieve their individual development goals. Requests for training may be expressed during the annual evaluation meeting or at any other time. Requests may be placed through a central management system for employees connected to the Group Intranet, which also allows them to consult their individual right to training in real time.

In accordance with the new regulations in force since 2016, the HR Department set up the tools to conduct a professional interview, independent from the annual individual interviews. This professional meeting aims at discussing the employees' career, including their training needs. It will be repeated at least every two years.

A summary of the first series of professional interviews was completed for each entity and presented by the HR Department to the managers concerned.

For the year 2016, 1.1% of the Cegedim Group's payroll was allocated to training, representing a total budget of 2,207 thousand euros.

The training budget went primarily toward outside training hours. Internal training was also organized for the employees of the Group.

In France 33% of employees received training within the Company. This training represents a total of 16,094 hours.

Training costs are paid for either by each entity of the Cegedim Group or by collecting bodies, depending on the payments made.

Consolidation France	12.31.2016
Employees receiving training	912
Number of hours of training	16,094

6.2.2.7 Gender equality in the workplace

The Group does not discriminate when hiring and assigning positions. Job offers provide wages without discrimination; raises depend on criteria linked to the performance and experience of each worker.

Any person who is a victim of or a witness to discrimination has several means of calling attention to it. They can among other things contact the Group Ethics Committee (see following page) or any employee representative, who will act with complete independence.

The Group's senior staff – senior in terms of both age and seniority– provides a mentoring system to support new employees for whom joining the Company requires particular attention. This commitment is part of the generational contract concept.

6.2.2.8 Jobs and assignments given to workers with disabilities

The Cegedim Group aims to ease the way into the Company for workers with disabilities and to lessen instances of discrimination. The Group is making efforts to improve access to buildings for handicapped people. Furthermore, in France, special five-day paid leave is offered to employees with disabilities to allow them to take care of their medical and administrative needs.

In France in 2016, 80 handicapped persons, recognized as such by the MDHP (Departmental institute for persons with disabilities) were counted towards the contribution program for workers with disabilities.

From 2013, the human resources managers at the head office were trained about disabilities in the workplace, in order to discuss obligations of employment, principles of non-discrimination, and compensation for the disabled. A mediator handles, among other issues, the interface



between occupational healthcare and workers with disabilities.

Both in France and abroad, the Group enforces the regulations in force with regard to the employment of people with disabilities and, in general, works to combat any form of discrimination.

6.2.2.9 Ethical charter and Ethics Committee

In March 2011, an ethical charter was drawn up to remind employees of the Group's objectives in the areas of sustainable development and social equity, with respect to its employees and the communities with which the Group interacts. Rules for proper conduct were developed based on this charter. These rules make up the core of the standards and responsibilities that the Group wishes to emphasize.

This charter is accessible to every Cegedim employee, and every new hire has to read it. These provisions basically state one's obligation to always be attentive to Cegedim's values and to adhere to ethics scrupulously.

Internationally, headquarters sees to it that this charter is known and observed by all the Group's subsidiaries.

The Cegedim Group's Management is responsible for ensuring compliance with the values and principles set forth in the ethical charter with respect to its customers and employees. It is aided in this endeavor by an independent Ethics Committee.

Since 2011, this Committee has consisted of three members: an employee representative (the secretary of the UES Works Committee in Boulogne-Billancourt, France), the CEO of Cegedim and the Cegedim Director of Human Resources. Requests may be sent directly by mail to each member of the Ethics Committee or to a Committee-specific email address. No obvious violations of the provisions of the charter have been reported to the Committee since its creation.

Our code of ethics seeks to:

- Apply the laws and regulations in force in the countries where the Group does business to all relevant areas;
- Ensure that business is conducted in a way that has a positive impact on each country in which the Group operates;
- Put the men and women of Cegedim at the core of the Group's development strategy and offer all employees the
 opportunity to put their full operational and intellectual potential to use;
- Apply and respect the 12 commitments set forth in the "Cegedim Compact", which draws on the United Nations' "Global Compact". The implementation of these commitments is coordinated at the headquarters by the Operational Excellence Unit:
 - 1. Eliminate all forms of forced or mandatory labor,
 - 2. Prohibit the employment of children under the age of 15 to the exclusion of training,
 - 3. Eliminate all discrimination in the areas of employment and professional occupation,
 - 4. Promote individual success,
 - 5. Ensure a favorable working environment on all sites,
 - 6. Promote local employment and respect the laws in effect,
 - 7. Undertake initiatives to promote greater environmental responsibility,
 - 8. Act against corruption in all forms,
 - 9. Ensure the safety of property belonging to the Group and its clients,
 - 10. Ensure the confidentiality of client information,
 - 11. Respect the laws in effect governing the protection of personal data worldwide,
 - 12. Reduce travel;
- Conduct business in accordance with the highest standards of honesty, integrity, and fairness in every country served by the Group;
- Give vendors, partners, and sub-contractors the chance to succeed, in keeping with the spirit of fair competition as well
 as a spirit of collaboration, partnership, and mutual benefit;
- Communicate information openly and transparently with shareholders, stakeholders, and the financial community, while
 ensuring that the information provided to them is relevant.

Cegedim's Corporate Social Responsibility Employment information

As part of their duties, the men and women of Cegedim strive to follow the following rules of conduct:

- Protect the confidentiality of the information and data to which they have access as part of their job;
- Ensure that any gifts and invitations received or offered are merely symbolic in nature and that they do not violate
 acceptable use policies, any relevant regulations, or ethics in general;
- Use the equipment and office supplies made available to perform their duties with respect for the Group's interests;
- Express themselves on behalf of the Cegedim Group, such as to journalists and analysts, in strict compliance with the Group's communication rules;
- Ensure that there is no confusion between personal opinions and interests and the interests of the Cegedim Group;
- Notify supervisors of potential conflicts of interest or circumstances that could possibly be seen as influencing one's judgment or behavior;
- Refrain from holding any position or job or from holding a financial interest in an organization that is a competitor, customer, vendor, or business partner of the Cegedim Group, if the duties performed allow one to have an influence on the relationship, unless the interest is acquired through the purchase of listed securities as part of the management of a portfolio of securities and in compliance with the rules prohibiting the use of insider information;
- Refrain from selling, transferring, or assigning any property belonging to the Cegedim Group without the proper authorizations and documentation;
- Protect the confidential information and data to which any employee may have access as part of his or her job, by using such information strictly for his or her professional duties and by upholding the commitment to keep such information confidential with regard to third parties.

6.3 Environmental information

In keeping with the code of ethics described above, the Cegedim Group works to protect the environment. Nevertheless, it should be mentioned that the Group's activities do not, by nature, generate pollution, since its products are essentially intangible. Cegedim relies first and foremost on its human capital, as it provides service activities that do not directly require the use of industrial processes or raw materials.

Quality

Operating in the sector of technologies and services relating to information and databases, the Cegedim Group's priority is to satisfy its clients and partners concerning systems and data security. The best precautions are taken to guarantee that clients have the highest quality of service and that the data and data flows entrusted to Cegedim are protected. As such, Cegedim with its affiliates Cegedim Assurance and Cegedim IT, is certified ISO 27001 for its data center located in Toulouse, and is accredited ISAE 3402 Type 2 for its data center located in Boulogne-Billancourt. Cegedim also has three approvals issued by ASIP (the Shared Healthcare Information Systems Agency) for the hosting of personal data.

Security

Thus, the reduction of risks and impacts that can affect the assets and the image of the Group, relating in particular to fire, floods or other natural disasters, power outages, computer viruses and sabotage is a constant and primary concern for the Group.

The Group implements strategies for activity and service continuity, drawing on the geographical distribution of its IT centers and the state of the art of information technologies. The Chairman's Report on internal control details the information system security measures implemented in the Cegedim Group. Some industrial risks are also covered by suitable insurance policies.

Environmental responsibility

The Group is careful to follow best practices and promotes processes that minimize its impact on the environment, especially as regards the day-to-day organization of work activities.

Given their essentially intangible nature, the activities of the Cegedim Group have no significant environmental impact.

The main levers for environmental responsibility are based on:

- Reducing energy consumption, mainly at the level of the data centers through the use of latest generation equipment;
- Purchasing recycled products;
- Optimizing the life cycle of manufactured goods by managing certain products' end of life (paper, cardboard, IT equipment, cartridges, etc.);
- Controlling the Group's vehicle fleet;
- Controlling travel;
- Controlling the printing of work documents (using black and white instead of color, shared printers rather than personal ones);
- Installing equipment which enable to reduce energy consumption (timer to turn off the lights, automatic hand dryer);
- The use of water fountains, which generate less waste than purchasing bottled water.

Within the framework of Cegedim Compact, the Cegedim Group has continued to develop global and local initiatives to reduce its environmental impact in accordance with local laws and regulations.

Cegedim Compact's main efforts are aimed at:

- The virtualization of the data centers and reducing their energy consumption;
- Equipping people with new generation computers that consume less;
- The drawing up of an ethics charter and a nondiscrimination charter;
- The creation of an Ethics Committee involving senior management and employee representatives;
- The implementation of best HR practices for managing key positions, spreading the Group's values and carrying out employee awareness campaigns;
- Introducing a travel policy more respectful of the environment;
- Developing remote communication tools.

Additionally, the subsidiaries abide by local laws and regulations relating to hygiene, safety and the environment



6.3.1 Considering the environmental impact in the day-to-day management of IT equipment

For over thirty years, Cegedim has designed, built and run its data centers and technological platforms with a view to optimizing energy efficiency, in order to respond to both the economic demands of a highly competitive market and the objectives of sustainable development.

When deploying its data centers, the Group has always considered environmental, energy and economic constraints throughout the design, deployment and operation stages. These constraints have been integrated into every dimension of information systems hosting.

In 2016, Cegedim's technical and IT teams further developed the ongoing improvement program related to energy efficiency within Group's IT hosting services. This program is structured around three main areas:

Optimizing the use of IT resources

Virtualization continues to bring about a series of significant optimizations. In 2016, the number of physical servers dropped by around 15%, while the number of virtual machines (which bring far more interesting performances per unit) was up by around 32%. Consequently, the ratio stands at 9 virtual servers for one physical server.

The use of oversized virtual servers also increases the sharing rate of services and optimizes energy consumption during periods of low activity.

Reducing the energy consumption of servers and IT equipment

Cegedim renewed its main computer hardware between 2014 and 2015, without changing the overall level of services delivered by the Group, and with an ongoing focus on data and access security.

In 2016 this policy continued with the simplification of the topology of the network equipment.

The Group selects high energy efficiency equipment for equivalent or superior capabilities. The capacity of the network infrastructure thus increased tenfold at constant energy needs.

Synergies were implemented between the data centers of Toulouse and Boulogne-Billancourt, in order to optimize performance and use of these sites.

Optimizing the efficiency of air conditioning systems at hosting centers

Construction of more environmentally-friendly air conditioning systems has successfully been carried out since 2014 in all data centers.

In 2016, partitions in the cold areas of the data centers in France were generalized. The implementation of free cooling, a cost-effective method that uses the difference in temperature between the air of the computer hardware and the temperature of the outside air, on the Toulouse data center helped decrease consumption from air conditioning by about 15%.

6.3.2 Energy consumption

The Group's carbon footprint regarding greenhouse gas is measured in terms of the electricity consumption necessary to carry out its business activities.

The figures below show the Group's annual electricity and gas consumption in kilowatt hours for its affiliates located in France and in the United-Kingdom, representing 81% of the Group's employees. These two countries accounted for 94% of the Group's consolidated revenue in 2016.

The Group has IT hosting centers in Boulogne-Billancourt and Toulouse. The figures given below include the electricity consumption required to operate these data centers and that attributable to other premises (offices, other administrative sites, etc.).

Annual electricity consumption (in thousands kWh)	12.31.2015	12.31.2016
For France and the UK	12,698	10,804

6.3.3 Considering the environmental impact in the business travel policy

The Company has been making a special effort to reduce work-related travel. This item represents a large expense, as well as a large source of CO2 emissions. The Group clearly encourages employees to cut back on their travel and use alternative solutions while maintaining the quality of the services offered to customers.

This encouragement to reduce travel was announced by the Chairman, when launched in 2012, and has been broadcast then after within the Cegedim Compact initiatives, which were described in the Employment information section of this document.

Regarding business travel policy, the Group measures its impact on CO2 emissions using annual air travel statements supplied by its travel agencies.

The data below indicate the annual emission of CO2 in France in 2015 and in 2016.

(in tons - CO ₂ equivalent)	31.12.2015	31.12.2016
Annual CO ₂ emissions	871	623

In France, Cegedim opts for categories with lower CO2 emissions when renewing Company vehicles. In 2016, 67% of the French fleet consists of vehicles that emit less than 120 g of CO2 per kilometer (compared with 58% in 2015), and 89% of this same fleet emits less than 140 g of CO2 per kilometer (compared to 86% in 2015).

In the UK, efforts have been made to render the fleet of company vehicles less polluting. The standard in 2016 is to choose vehicles below 130 g of CO2, the stated objective as of April 2017 being to go below 118 g.

Generally speaking in the Group, subsidiaries are tending to have more environmentally-friendly vehicles.

6.3.4 Considering the environmental impact in the day-to-day management of business activities

The Cegedim Group's sustainable development program, the Cegedim Compact, was launched on the initiative of Group Management and is based on the United Nations' Global Compact.

In most countries, Cegedim promotes and deploys actions regarding the items that have a large impact on the environment throughout the entire Group. Since the Group's activities do not generate pollution, there are no specific training in environmental protection. The Group however is implementing certain preventive initiatives in waste recycling and disposal.

The Group is taking care of the end of life of the computer equipment in its data centers, in order to ensure a waste processing respectful of the environment. Waste are in most cases handled by the supplier of the replacing equipment, otherwise, they are recycled by a specialized recycling company. The Group can also decide to convert certain equipment into spare parts, thus optimizing the life cycle of certain components with on-site recycling.

Reducing the number of documents printed by employees is an important goal for the Group. In all countries, on a day-to-day basis, teams are encouraged to consider whether or not they truly need to print out their work or whether there are simple alternatives at their disposal (e.g. projecting information for a meeting on a screen rather than printing it out, only printing out emails when necessary, two-sided printing, etc.). There are less and less individual printers being used among employees, who instead send their documents to a shared printing station. This limits printouts made simply out of convenience and helps to save consumables by encouraging black-and-white printing over color printouts.

Regarding reducing printing, since 2007, the Group has promoted electronic dissemination of the information it is required to provide under French regulations. The Group has cut the number of printed copies of its Registration Documents by almost 88% between 2009 and 2015. Furthermore, electronic greeting cards sent to customers and providers have been gradually replacing paper cards.

Other actions revolve around more responsible individual behaviors and various initiatives by local teams in charge of general services. For instance, ink cartridges are recycled throughout almost the entire Group, and the recycling of paper is increasing within many subsidiaries.

The purchase of green office supplies is encouraged when the price-to-quality ratio is reasonable ("Ecolabel" recycled paper or paper from sustainably managed plantations), especially for certain initiatives requiring mass printouts. For example, since 2007, the Group's Registration Document has been published on 100%-recycled, European Ecolabel-certified paper.

Simple ways to reduce energy use have been implemented on a case-by-case basis, such as automatically turning off lights and air conditioning in the offices after a certain time, encouraging car-pooling, etc.



6.4 Societal information

As part of its international presence, Cegedim is naturally involved in sustainable development, which puts human capital and, particularly, social equity for its employees as well as its communities, at the forefront of the Group's concerns.

6.4.1 Societal commitments to Group employees

In 2016, Cegedim's employment policy supported the Group's business activities. Cegedim considers human resources as the main asset of the Company and it is committed to strengthening this human capital. This year, the Group hired 1,266 employees, of which 76% had openended contracts.

The Group also sees to it that upcoming graduates are hired under apprenticeship contracts thanks to partnerships with schools and universities.

Expertise and potential for advancement are top priorities when hiring employees. The people hired as Managers all have advanced degrees. Most employees have a scientific or business-oriented educational background.

As an international service provider, Cegedim encourages its employees to work as a group-wide team and to collaborate with teams in other geographic regions. The Group aims to consistently provide high quality services to its international customers, wherever they are based.

For Cegedim, opportunities for internal promotion to different geographic areas allow employees to broaden their skills and their business knowledge and help the Group guarantee the transfer of knowledge among entities.

The Group applies an ambitious HR policy for training and internal mobility, and uses professional advancement as a tool to motivate employees and drive their success. To this end, an international mobility department serves managers, salespeople, and technicians to manage their requests for international placement (generally on assignments lasting three years), for transfer or for short-term assignments from France to abroad, or from abroad to France, or between different locations outside of France.

As a major proponent of the "win-win" principle, the Cegedim Group seeks to create an environment in which its employees are able to fully develop their talents while actively contributing to the Company's performance. The diversity of business activities and the international presence of Cegedim in 11 countries give employees opportunities to enrich their skills and personal experience with a view to taking on new responsibilities. When there is a vacancy, priority of consideration is given to the Group's employees.

6.4.2 Societal commitments to organizations interested in the Group's business

6.4.2.1 Impact on regional development and employment

Cegedim consistently bears in mind the regional impact of its activities, in terms of both employment and development. The Group is active in 11 countries. New employees are typically hired locally, which helps to boost the local economy.

The international mobility policy ensures that employees are able to retain their health and pension benefits and offers the necessary return and repatriation provisions.

Cegedim focuses on three goals for progress:

- 1. Take the full scope of the Company into consideration and treat human resources as the Company's most valuable asset;
- 2. Put a greater focus on people;
- 3. Continue efforts to support transparent, effective governance.

6.4.2.2 Subcontracting

Regarding sub-contracting in France, agreements are centralized. In other countries, it is a local responsibility. Cegedim also subcontracts part of its activities to its own subsidiaries, to guarantee the application of the quality and safety standards required by the Group. Certain specific computer support or back office tasks are thus covered in subsidiaries in Morocco or Romania.

Cegedim works with vendors who apply responsible practices and strives to apply the same treatment to the employees of external subcontractors as to Group employees.

As discussed in the context of the Ethics Charter (see the "Employment information" section), the Group aims to offer its suppliers, partners and subcontractors opportunities for success in a competitive, open and fair environment but also in the spirit of cooperation, partnership and mutual benefit.

In 2016, subcontracting represented 78 769 man-days worked person-days in France. This amount pertains to external vendors of the Cegedim Group.

6.4.2.3 General commitments regarding consumer health and safety

The Group is fully aware of the fact that it operates in a sensitive sector, that of life science industries, and it ensures the anonymization of health data, secure hosting and the carrying out of studies in line with standards that are regularly audited by customers.

Cegedim has HDS (Health Data Server) approval and ISAE 3402 Type 2 certifications for its data centers. The Group has extensive expertise in data management, as well as in the management of financial flows and electronic documents. Due to their highly strategic and sensitive nature, these activities have led the Group's IT teams to devise and implement resources and architectures with very high availability that meet the most stringent security requirements and, in particular, standards governing the hosting of health records. Cegedim thus offers its customers a complete private Cloud service, IaaS (Infrastructure as a Service) mode or in SaaS (Software as a Service) mode, based on its hosting capacities and knowledge. These Tier III+ level sites make it possible to implement Service Continuity Plans (PCA - Plan de Continuité d'Activité) or Disaster Recovery Plans (PRA -Plan de Reprise d'Activité).

The Group offers a secure electronic safe service (www.arkevia. com) for storing personal documents.

As part of the Group's Ethics Charter described in the Employment information section, Cegedim seeks to ensure that its employees protect the confidentiality of the information and data to which they have access as part of their job.

6.4.2.4 Philanthropy and other initiatives of the Group

The Group commits to developing initiatives to support social causes around the world.

Several initiatives are organized at the discretion of Group subsidiaries. For example:

- The Aguesseau art gallery, located in the premises of the Group's headquarters, exhibits the works of about ten artists each year and regularly promotes young local artists;
- Cegedim Insurance Solutions supported the organization of the Foulées de l'Assurance, for the prevention of cardiovascular diseases;
- Pulse, the Group's American subsidiary, participated in a fundraiser for a walk organized by the American Heart Association;
- This subsidiary also participates in different initiatives collecting school supplies, or delivering meals with local organizations, or charities giving toys to children or helping impoverished families during the end-of-year holidays;
- The different offices of the Group's British subsidiaries encourage employees to support various charitable organizations, working in particular in neighborhood healthcare centers; employees are asked to participate in bake sales to support various causes;
- INPS (in the UK) hiked the "3 peaks challenge" with a team of employees that climbed one or more of the highest mountains in Wales, England and Scotland, raising funds to fight conditions like Alzheimer's;
- Cegedim SRH sponsored the participant of a sailing race, sporting the company's colors and values.

Generally speaking, according to local customs,

- subsidies were granted to some employees for extra-curricular activities (sports, leisure, culture);
- actions have been undertaken in connection with the year-end holidays (gift vouchers, Christmas tree, etc.), school breaks (vacation vouchers) and for other important events.

6.4.2.5 Actions undertaken to prevent corruption

As mentioned in the Group's Ethics Charter (see the "Employment information" section), the Group is committed to act against corruption in all forms. In 2016, no evidence was submitted or reported to the Ethics Committee.



6.5 Going even further

6.5.1 Certification and quality system

Since 2012, Cegedim has started a certification process for type 2 (reviewed annually) ISAE 3402 (International Standard on Assurance Engagements No. 3402, which covers all countries except for the US) for both its hosting services delivered by Cegedim IT and for the Boulogne-Billancourt and Toulouse data centers for several of its activities. This certification stems from the US Sarbanes-Oxley Act (SOX) of 2002, which implies that suppliers of these companies must also be audited on financial risks. The assessment is conducted by an independent auditor recognized by the Auditing Standards Board of the American Institute of Certified Public Accountants (AICPA).

Cegedim also relies on international standards, such as ISO 27001 for informational security and ISO 20000/ ITIL on IT service management, ISO 9001 for quality management and CMMI for project management and software development. To assert and validate this high level of compliance, Cegedim, through its various subsidiaries, obtained several accreditations or certifications:

- ISAE 3402 Type 2 for Cegedim IT's hosting services on the Boulogne-Billancourt and Toulouse data center (France);
- ISO 27001, ISO 20000 and ISAE 3402 Type 2 for Cegedim Activ (France);
- Personal Healthcare Data Hosting Agreement (France);
- ISAE 3402 Type 2 for Cegedim SRH (France);
- ISAE 3402 Type 2 for CETIP (France);
- ISAE 3402 Type 2 for iGestion (France);
- ISO 27001 pour Cegedim RX (UK);
- ISO 27001 for INPS (UK).

6.5.2 Useful links

Cegedim Group website links

Sustainable development

http://www.cegedim.fr/groupe/Developpement-durable/Pages/default.aspx

Group Ethics Committee

http://www.cegedim.com/Docs Communiques/Cegedim%20 Ethics%20Committee%20appendix-%2020161010 IV EN.pdf

Group Ethics Charter

http://www.cegedim.com/Docs_Communiques/Cegedim%20 Ethics%20charter%20-%2020161010_IV_EN.pdf

Group Professional conduct Charter

http://www.cegedim.com/Docs_Communiques/Cegedim%20 Business%20charter%20-%2020161010_IV_EN.pdf

Group non-discrimination Charter

http://www.cegedim.com/Docs_Communiques/Cegedim%20 Non-discrimination%20policy-%2020161010_IV_EN.pdf

6.6 Methodological note

6.6.1 Scope of consolidation

The information contained in the present report concerns the whole Cegedim Group, that is to say the parent company and all its consolidated subsidiaries using the full consolidation method, unless a different scope is expressly stipulated.

In general terms, the comments are more detailed and the illustrations more numerous for the French companies, which represent 68% of the total Group workforce.

The figures relating to employment information, unless otherwise specified, are consolidated for all fully consolidated companies worldwide, i.e. 68 companies.

The figures discussed in the Environmental Report relating to electricity and gas consumption in kilowatt hours concern the Group's subsidiaries present in France and in the United-Kingdom. Those two countries are considered to be the most representative for these indicators. The employees in these countries represent 81% of the Group's workforce.

The figures of the environmental balance on CO2 relating to travels include only France.

6.6.2 Information sources

In order to ensure the homogeneity and reliability of the indicators monitored in all its entities, the Group has developed common employment and environmental reporting tools. These are accompanied by methodological instructions and definitions that ensure the clarity of the questions asked and guarantee the comparability of the responses.

The collection of employment figures has been carried out by the Teams^{RH} worldwide database, developed by the Group. This database enables workforce data as well as other employment information to be monitored in each country. It meets the security and confidentiality requirements and, more generally, the legal constraints specific to each country, which are systematically respected for data collection and processing.

It is updated on a daily basis by the Human Resources teams in the different regions where the Group operates.

The other quantitative data has been collected by means of a questionnaire that is included in the annual consolidation package and is completed by each of the consolidated subsidiaries.

Data relating to external suppliers is also used, notably statistics from travel agencies relating to CO2 emissions or invoices and annual report prepared by energy suppliers relating to the energy consumption expressed in kilowatt hours.

The qualitative information contained in this report results from interviews with the managers responsible for the

matters dealt with, either at the Group's headquarters or in the Group subsidiaries (notably in the Human Resources, IT, OPEX and Finance Departments).

Most of these declarations have been corroborated by a survey sent to each country where the Group is established and completed under the responsibility of the local Financial Director. This survey, which is integrated in the consolidation software but follows a different procedure from the annual financial consolidation process, can be completed, on the basis of one survey per country, from the beginning of the fourth quarter until the closing of the annual financial statements. It aims to test the knowledge and application of the key measures contained in the Cegedim Compact charters, and also to report qualitative information on the practices or actions of foreign subsidiaries regarding social, environmental and societal issues.

6.6.3 Reporting period

The information contained in this report covers a period of 12 months, from January 2016 to December 2016. The exception is that a 12-month rolling calendar may have been used exclusively for the energy consumption indicator, with a maximum difference of two months with regard to the previous fiscal year.

6.6.4 Methodological precisions and limits

The methodologies relating to certain indicators can be limited by the following:

- The absence of definitions that are recognized at a national and/or international level (for example, concerning the different types of employment contracts);
- The need to make estimations, the relevance of the measurements carried out or the limited availability of the external data necessary to make calculations;
- Practical or legal methods for collecting and inputting data (for example, storing information regarding the age or gender of employees may be prohibited).

The reporting scope and coverage of the measurements relating to certain indicators have, if necessary, been adapted. This is indicated in the report, notably:

- Information pertaining to the calculation of the rates of frequency and severity of work accidents could not be collected across the Group. The number of work accidents is nonetheless provided;
- CO2 emissions only relate to emissions from workrelated travel by plane in 2016 in France.
- Electricity consumption in kilowatt hours covers, in France and in the United-Kingdom, all the



establishments for which the data is available. Certain premises have been excluded since bills are included in the rent, but these cases are minimal. The Group considers that these omissions do not significantly affect the published information;

 In view of the low polluting nature of its activities, waste prevention, recycling and elimination measures do only apply occasionally to the Group. Nonetheless, actions in favor of responsible environmental practices are being taken, and are detailed in the "Environmental information" chapter.

The Group intends to continue to expand the scope of these indicators to a greater number of countries and to other sources of emissions.

6.6.5 Non-applicable indicators

Considering the Group's activities, the following indicators are not considered to be applicable:

- Resources set aside for the prevention of environmental risks and pollution;
- Measures to prevent, reduce or repair air, water or soil pollution having a serious effect on the environment;
- The consideration of noise pollution and all other forms of pollution specific to an activity;
- The water supply in accordance with local constraints:
- Land use;
- The measures taken to preserve or develop biodiversity;
- Adapting to the consequences of climate change.

6.6.6 Consolidation and internal controls

The data is consolidated under the responsibility of the Human Resources and Finance Departments at the headquarters of the consolidating entity.

A preliminary validation of the data is carried out by the persons responsible for its collection. Coherence checks on the data are then carried out by the Human Resources and Finance Departments when consolidation takes place. These checks include comparisons with the data from previous fiscal years, with any differences considered to be significant being systematically analyzed. They also include ratio analysis when data can be related to the workforce, to a business activity or to another relevant indicator used to compare entities.

6.6.7 External controls

In order to obtain an external opinion on the reliability of the data and the robustness of the reporting process, the Statutory Auditor of Cegedim SA has been asked to attest on the information required by article R. 225-105.1 of the French Code of Commerce, and issue an opinion on their fair presentation. In this context, specific checks have been carried out on certain information reported by the Company and considered to be key indicators of the Group's Employment and Environmental policy. It covers the workforce, CO2 emissions and energy consumption in kilowatt hours. The Statutory Auditor's Assurance Report detailing the work carried out together with his or her comments and conclusions is included in the Group's Registration Document.

6.7 Report one of the statutory auditors, appointed as independent third party parties, on the consolidated human resources, environmental and social information included in the management report

This is a free English translation of the statutory auditors' report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the year ended December 31st 2016

To the Shareholders,

In our capacity as statutory auditor of Cegedim Company, (the "Company"), appointed as independent third party and certified by COFRAC under number n° 3-1080¹, we hereby report to you on the consolidated human resources, environmental and social information for the year ended December 31st 2016, included in the management report (hereinafter named "CSR Information"), pursuant to article L.225-102-1 of the French Commercial Code (*Code de commerce*).

Company's responsibility

The Board of directors is responsible for preparing a company's management report including the CSR Information required by article R.225-105-1 of the French Commercial Code in accordance with the procedures used by the Company (hereinafter the "Guidelines"), available on request from the company's head office and summarized in section 6.6 of the management report entitled "Methodological note".

Independence and quality control

Our independence is defined by regulatory texts, the French Code of ethics (*Code de déontologie*) of our profession and the requirements of article L.822-11 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements and applicable legal and regulatory requirements.

Statutory Auditor's responsibility

On the basis of our work, our responsibility is to:

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of article R.225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information).

Our work involved three persons and was conducted in March 2017 during approximately one week period. We were assisted in our work by our CSR experts.

We performed our work in accordance with the French professional standards and with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement and with ISAE 3000² concerning our conclusion on the fairness of CSR Information.

whose scope is available at www.cofrac.fr

² ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information



1 Attestation regarding the completeness of CSR Information

Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company's sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programs arising from them.

We compared the CSR Information presented in the management report with the list provided in article R.225-105-1 of the French Commercial Code.

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with article R.225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, i.e., the Company, its subsidiaries as defined by article L.233-1 and the controlled entities as defined by article L.233-3 of the French Commercial Code within the limitations presented in section 6.6 of the management report entitled "Methodological note".

Conclusion

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

2 Conclusion on the fairness of CSR Information

Nature and scope of our work

We conducted two interviews with the persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate;
- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important³:

- at parent entity level, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organization, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;
- at the level of a representative sample of entities selected⁴ by us on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents 68% of headcount and 86% of quantitative environmental data disclosed.

⁴ France.

³ Total headcount as of 12/31/2016; recruitment in permanent and fixed-term contracts; dismissals rates; departures; absenteeism; number of training hours; annual energy consumption; CO₂ emissions.

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Paris, March 28th 2017

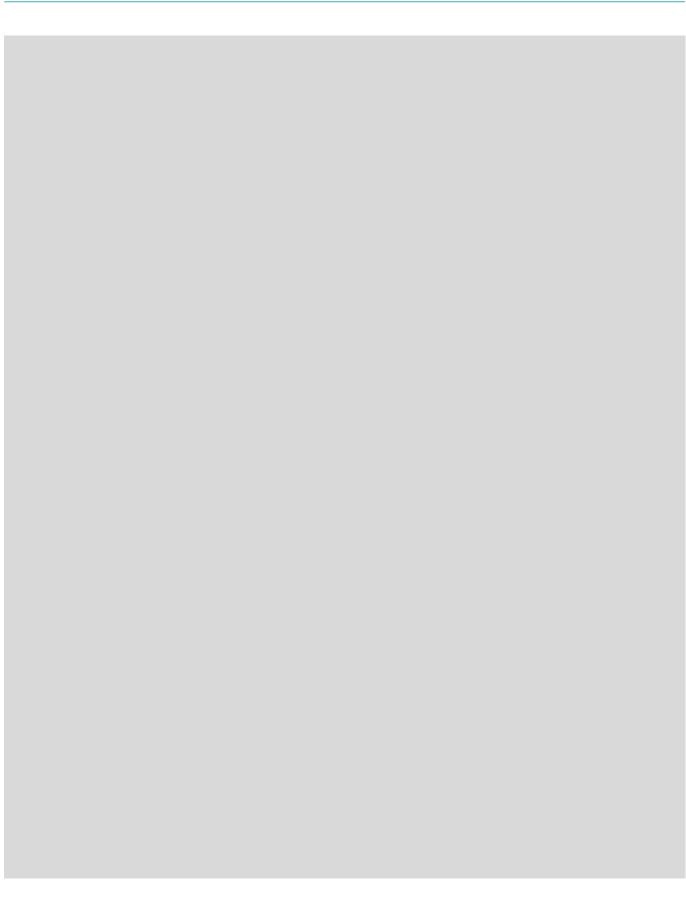
French original signed by one of the statutory auditors:

Grant Thornton

French Member of Grant Thornton International

Solange Aïache

Partner



Cegedim's Corporate Social Responsibility Cegedim

7

Information on the company and the share capital

7.1	Information on the company	194	7.6	Transactions in the company's shares	200
7.2	Bylaws	195	7.7	Factors affecting a potential takeover bid	201
7.3	Information on the share capital	197	7.8	Stock market indicators	202
7.4	Shareholding structure	198	7.9	Relations with shareholders	203
7.5	Shareholders' agreements	200			

7.1 Information on the company

7.1.1 Registered company name and trade name of the issuer

The issuer's registered name is: Cegedim.

The issuer's trade name are: Cegedim Dendrite – division TVF, Cegedim Dendrite – Santesurf Division, Cegedim Pharma CRM division, Cegedim Relationship Management, Cegedim Relationship Management France, Cegedim Relationship Management Corp., Deskom, Cegers, Rosenwald et Cegedim Analytics.

7.1.2 Issuer's place of registration and number

Registered in the Nanterre Trade and Companies Register, under number: 350 422 622, code APE 6311Z.

7.1.3 Date of incorporation and term of the issuer

Cegedim SA was incorporated on August 27, 1969.

On April 18, 1989, FCB was incorporated for a term of ninety-nine years.

On December 26, 1994, the holding company at that time merged with Cegedim SA and took on its corporate name.

7.1.4 Issuer's corporate headquarters and legal name, laws governing its business activities

Cegedim SA is a public limited company with a Board of Directors and paid-in capital of 13,336,506.43 euros. Since March 26, 2015 its corporate headquarters are located at 127 rue d'Aguesseau, 92100 Boulogne-Billancourt, France. Formerly, the corporate headquarters were at 127 rue d'Aguesseau, 92100 Boulogne-Billancourt, France.

The telephone number is: + 33 (0)1 49 09 22 00, and the fax number is + 33 (0)1 46 03 45 95. Its country of incorporation is France. The legislation governing the business activities of Cegedim SA is the Code of Commerce.

7.1.5 Corporate documents

All documents pertaining to the Company, in particular its Bylaws, financial statements and reports to Shareholders' Meetings presented by the Board of Directors or the Statutory Auditors may be consulted at the Company's registered office.

7.2 Bylaws

7.2.1 Cegedim's corporate purpose

According to article 2 of the bylaws, the Company's corporate purpose is:

- The acquisition of stakes or interests in all companies or enterprises that offer data processing, studies and marketing;
- The provision of various services in various fields;
- Economic and social studies of all kinds in various fields, particularly statistical, financial, commercial and legal studies, market research, opinion polls, surveys of all kinds and in all fields, the creation and use of panels, public relations, advertising and calculations of all kinds;
- The organization and management of companies and company information by the most diverse means:
- Documentation through all means and in all fields, particularly the scientific, economic, social and statistical fields, etc.;
- Marketing, particularly the penetration of various markets with all the operations such increase in market share requires;
- All activities involving information and its processing, information technologies and machine processing in all their design and operational aspects in the various fields;
- All administrative, financial, accounting or management services for the Company's subsidiaries or all other companies in which it holds a stake or any other company;
- The acquisition, subscription and management of all securities;
- All industrial, commercial and financial, moveable and real property operations that may be directly or indirectly related to the corporate purpose and all similar or related purposes;
- The acquisition by the Company, by all means, of equity interests in all enterprises or companies created or to be created related to the corporate purpose, particularly through the creation of new companies, contributions, general partnerships, the subscription or acquisition of shares or corporate rights, mergers, alliances or joint ventures or economic interest groups or lease management.

7.2.2 Provisions in the articles of incorporation and the bylaws concerning administrative and management bodies

The provisions of the Cegedim bylaws concerning the members of its administrative and management bodies comply with the laws in effect, with the exception of the following terms and conditions:

- Unless the French Code of Commerce exempts him from this obligation, each Director is required to own at least one share for his entire term of office;
- No-one over the age of 85 may be appointed as Chairman of the Board of Directors. If the Chairman in office exceeds this age, he is assumed to have resigned at the end of the next upcoming meeting of the Board of Directors;
- No one over the age of 85 may be appointed as Director;
- Decisions are made by the majority of members present or represented; each Director has one vote.
 In case of a tie, the Chairman casts the deciding vote:
- No-one over the age of 85 may be appointed as CEO. If the CEO in office exceeds this age, he is assumed to have resigned at the end of the next upcoming meeting of the Board of Directors.

7.2.3 Rights, privileges and restrictions attached to each class of existing shares

All the shares making up the Company's capital are of the same class.

The Extraordinary General Meeting held on February 8, 1995, decided that in consideration of the portion of the capital they represent, a double voting right would be allotted to all fully paid-up shares providing proof of registration for at least four years in the name of the same shareholder. This double voting right is reserved for shareholders with French nationality and for shareholders originating from a Member State of the European Union.

7

Furthermore, in case of a capital increase through incorporation of reserves, profit or issue premium, the double voting right is attached, as of their issuance, to the registered shares allotted free of charge to a shareholder in the amount of the former shares that entitle him to this right.

The double voting right ceases for any share that has been converted into a bearer share or transferred, to the exclusion of any transfer of registered shares through inheritance or family gift.

In accordance with the law, all dividends that have not been collected within five years of their payment date revert to the French State.

Treasury shares are not entitled to dividends: the related amount is recognized in "retained earnings"

7.2.4 Actions necessary to modify shareholder's rights

There are no stricter conditions than those set forth by law for modifying shareholders' rights.

7.2.5 Conditions under which Annual General Meetings and Extraordinary Shareholder's Meetings are called

General Meetings are called and transact business under the conditions set forth by law. They are held at the corporate headquarters or at any other location indicated in the notice of Meeting.

Any shareholder has the right to attend General Meetings and to take part in the votes in person or through a proxy regardless of the number of shares he owns, upon simple proof of his status as shareholder at least five days before the meeting. However, the Board of Directors has the right to reduce this time frame. All shareholders may vote by mail

7.2.6 Provisions of the articles of incorporation and the bylaws that may delay, defer or hinder a change of control in the Company

None.

7.2.7 Provisions of the articles of incorporation and the bylaws that set the threshold above which any investment must be disclosed

The bylaws contain no special provision for declaring threshold crossings. Only the legal provisions are applicable.

7.2.8 Conditions imposed by the articles of incorporation and the bylaws governing changes in the capital, where such conditions are more stringent than is required by law

None.

7.3 Information on the share capital

7.3.1 Number of share

Share capital as of December 31, 2016:

The Company has a share capital of €13,336,506.43, comprising 13,997,173 fully paid-up shares. The shares have a par value of €0.9528.

7.3.2 Shares not representing capital

There are no shares not representing capital.

7.3.3 Total convertible or exchangeable securities or securities with warrants

There are no convertible or exchangeable bonds or bonds redeemable for shares or warrants or any other securities likely to increase the share capital.

7.3.4 Information about and terms of any right of acquisition and/or any obligation attached to the capital subscribed but not paid up or an undertaking to increase share capital

None.

7.3.5 Information about any capital of any member of the Group which is under option or agreed conditionally or unconditionally to be put under option

None.

7.3.6 Changes in share capital

		Number	of shares	Premiums	Capital	Par Value
Date	Transaction	Created	After transactions	(in euros)	(in euros)	(in euros)
	Initial number of shares	488,300	-	-	-	15.24
12/1994	Takeover of Cegedim (1)	6,594	494,894	3,308,684.72	7,544,610.39	15.24
	Four-for-one stock split	1,484,682	1,979,576	-	7,544,610.39	3.81
	Capital increase	120,000	2,099,576	7,090,892.39,(2)	8,001,957.45	3.81
04/1998	Four-for-one stock split	6,298,728	8,398,304	-	8,001,957.45	0.9528063
12/2000	Conversion of the capital into euros (3)	-	8,398,304	-	8,001,904.05	0.9528
12/2000	Capital increase through contribution in kind	891,112	9,9289,416	70,900,927.60(4)	8,891,004.61	0.9528
12/2000	Capital increase through cash contribution	42,033	9,331,449	73,910,793.03 ⁽⁵⁾	8,891,004.61	0.9528
12/2009	Capital increase through cash contribution	4,665,724	13,997,173	-	13,336,506.34	0.9528

¹⁾ FCB, which, since it was founded in 1989, has held 98.61% of Cegedim, merged with Cegedim on December 26, 1994, and took over its name. This internal operation was carried out on the basis of the companies' book value.

²⁾ Cumulative 1994 merger premium, and €3,782,207.67 in issue premium.

³⁾ When the share capital was converted into euros, the par value of the share was set at 0.9528 euros. The conversion rounding based on 8,398,304 shares (i.e. €53.40) resulted in a capital reduction allocated to the non-distributable reserves.

⁴⁾ The cumulative premiums mentioned in (2) are increased by the contribution premium of €63,810,035.2.

⁵⁾ The cumulative premiums mentioned in (3) are increased by the issue premium of €3,009,865.44

7.4 Shareholding structure

7.4.1 Shareholders

In accordance with article L. 233-13 of the French Commercial Code, and given the information and notifications received pursuant to articles L. 233-7 and L. 233-12 of this Code, the capital and voting rights of the shareholders (individuals or legal entities) who directly or indirectly hold more than one-twentieth, one-tenth, three-twentieths, one-fifth, one-quarter, one-third, one-half, two-thirds, eighteen-twentieths, or nineteen-twentieths of the share capital or voting rights at December 31, 2016 are shown below. To the Company's knowledge, there was not significant change in the shareholder structure between December 31, 2016 and the date of the publication of this Registration Document.

	Number of 0/ hald		Number of	Number of do	ouble votes		% of voting
Shareholders	shares held	% held	single votes	Shares	Votes	Total votes	rights
FCB	7,375,891	52.70%	14,847	7,361,044	14,722,088	14,736,935	62.74%
Bpifrance participations	2,102,061	15.02%	0	2,102,061	4,204,122	4,204,122	17.90%
Sub-total concert FCB and Bpifrance participations	9,477,952	67.71%	14,847	9,463,105	18,926,210	18,941,057	80.64%
Free Float ⁽¹⁾	4,495,638	32.12%	4,444,994	50,644	101,288	4,546,282	19.36%
Cegedim ⁽²⁾	23,583	0.17%	-	-	-	-	0.00%
Total	13,997,173	100.00%	4,459,841	9,513,749	19,027,498	23,487,339	100.00%

⁽¹⁾ The Free-Float includes the shares hold by Corporate Officers and Board Directors. The detail of the Corporate Officers and Boards directors holding are presented in page 48 point 2.3 "Interest held by corporate officers in the Company's share capital and transactions in the Company's shares by corporate officers".

(2) Including the liquidity contract.

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7.4.2 Changes in the shareholding structure

To the best of the Company's knowledge as of this Registration Document, the shareholders owning more than 5% of the capital or of voting rights are FCB, Bpifrance Participations and FMR LLC. As of December 31, 2016, FCB and BPIfrance Participations hold together 67.71% of Cegedim shares and 80.64% of voting rights.

- FCB is a Simplified Joint-Stock Company (SAS) with capital of 475,560 euros (Trade and Companies Register of Nanterre 340 651 132), the majority of which is held by Jean-Claude, Laurent and Aude Labrune. It is an active holding company;
- Bpifrance Participations (formerly FSI, Fonds Stratégique d'investissement) is a fully owned subsidiary of Bpifrance, which is itself owned by the French State and the Caisse des dépôts. Bpifrance Participations is an informed investor which enhances equity by becoming a minority investor in French companies involved in industrial projects that create value and drive competitiveness for the economy;

 FMR LLC is a holding company of an independent group of portfolio management company commonly known as Fidelity Investments.

The latest declared threshold crossings are as follows:

- March 28, 2001: Alliance Healthcare France crossed the 10% shareholding threshold;
- November 23, 2006: Financière de l'Échiquier crossed the 5% shareholding threshold;
- July 26, 2007: AB Acquisition Holding crossed the 5% and 10% shareholding thresholds. The thresholds were crossed as a result of the acquisition by AB Acquisition Holding Limited of control of Alliance Boots Capital plc, which holds an indirect interest in Alliance Healthcare France which itself holds a direct interest in Cegedim;
- December 22, 2009: Bpifrance crossed the 5%, 10% and 15% shareholding thresholds;
- March 31, 2010: Alliance Healthcare France fell below the 10% shareholding threshold;
- December 15, 2010: Financière de l'Échiquier fell below the 5% shareholding threshold;
- April 22, 2014: Bpifrance Participations crossed the 15% threshold of voting rights as a result of double

- voting rights attributed to shares held for over four years:
- December 31, 2014: Walgreens Boots Alliance, Inc. announced the crossing of the 5% threshold of Cegedim's capital and voting rights, indirectly through companies it controls. This crossing of the threshold is due to Walgreens Boots Alliance, Inc.'s indirect acquisition of Alliance Boots GmbH which holds an indirect stake in Cegedim through AB Acquisitions Holdings Ltd. At the same time, AB Acquisitions Holdings Limited announced that it had gone under these same thresholds, indirectly, through the companies it controls, and therefore no longer held any Cegedim shares.
- June 18, 2015: Alliance Healthcare France, indirectly controlled Walgreens Boots Alliance, Inc fell below the 5% threshold of capital and voting rights following the sale off-market of block to FMR LLC and is no longer shareholder.
- June 18, 2015: FMR LLC (245 Summer Street, Boston, USA) crossed the 5% threshold of capital and voting rights with 9.59% of shares and 5.73% of voting rights.

December 31, 2016

	Number of		Number of -	Number of do	Number of double votes		% of voting rights
Shareholders	shares held	% held	single votes	Shares	Votes		
FCB	7,375,891	52.70%	14,847	7,361,044	14,722,088	14,736,935	62.74%
Bpifrance participations	2,102,061	15.02%	0	2,102,061	4,204,122	4,204,122	17.90%
Sub-total concert FCB and Bpifrance participations	9,477,952	67.71%	14,847	9,463,105	18,926,210	18,941,057	80.64%
Free Float ⁽¹⁾	4,495,638	32.12%	4,444,994	50,644	101,288	4,546,282	19.36%
Cegedim ⁽²⁾	23,583	0.17%	-	-	-	-	0.00%
Total	13,997,173	100.00%	4,459,841	9,513,749	19,027,498	23,487,339	100.00%

⁽¹⁾ The Free-Float includes the shares hold by Corporate Officers and Board Directors. The detail of the Corporate Officers and Boards directors holding are presented in page 48 point 2.3 "Interest held by corporate officers in the Company's share capital and transactions in the Company's shares by corporate officers".

December 31, 2015

	Number of		Number		Number of double votes		% of voting rights
Shareholders	shares held	% held	single votes	Shares	Shares Votes		
FCB	7,375,891	52.70%	25,845	7,350,046	14,700,092	14,725,937	62.79%
Bpifrance participations	2,102,061	15.02%	0	2,102,061	4,204,122	4,204,122	17.93%
Sub-total concert FCB and Bpifrance participations	9,477,952	67.72%	28,845	9,452,107	18,904,214	18,930,059	80.72%
Free Float ⁽¹⁾	4,476,752	31.98%	4,430,476	46,276	90,552	4,523,028	19.29%
Cegedim ⁽²⁾	42,469	0.30%	-	-	-	-	0.00%
Total	13,997,173	100.00%	4,456,321	9,498,383	18,996,766	23,453,087	100.00%

⁽¹⁾ Including the investment by Walgreens Boots Alliance Inc.

⁽²⁾ Including the liquidity contract

¹⁾ The Free-Float includes the shares hold by Corporate Officers and Board Directors. The detail of the Corporate Officers and Boards directors holding are presented in page 48 point 2.3 "Interest held by corporate officers in the Company's share capital and transactions in the Company's shares by corporate officers".

⁽²⁾ Including the liquidity contract.



December 31, 2014

	Number of double votes		Number of Number of -		ouble votes	Total votes	% of voting rights
Shareholders	shares held	% held	single votes	Shares	Votes		
FCB	7,361,044	52.59%	33,957	7,327,087	14,654,174	14,688,131	62.69%
Bpifrance participations	2,102,061	15.02%	1	2,102,060	4,204,120	4,204,121	17.94%
Sub-total concert FCB and Bpifrance participations	9,463,105	67.61%	33,958	9,429,147	18,858,294	18,892,292	80.63%
Free Float ⁽²⁾	4,518,541	32.28%	4,499,488	19,053	38,106	4,537,594	19.37%
Cegedim ⁽¹⁾	15,527	0.11%	-	-	-	-	0.00%
Total	13,997,173	100.00%	4,533,446	9,448,200	18,896,400	23,429,846	100.00%

- (1) Including the investment by Walgreens Boots Alliance Inc.
- (2) Including the liquidity contracts

7.4.3 Control of Cegedim

Cegedim is controlled by FCB and Jean-Claude Labrune, as indicated in the Registration Document. In accordance with the Memorandum of Understanding between FCB, Bpifrance Participations and Jean-Claude Labrune, the Group has amended its governance rules. See point 2.1.5 of this Registration Document.

7.4.4 Agreement which might at later date entail a change of control

Simultaneously with the Memorandum of Understanding signed on October 28, 2009 between Jean-Claude Labrune, FCB and Bpifrance Participations, a discussion ensued on setting up a shareholders' agreement to govern the relations between the different parties to the transaction.

To the Company's knowledge, there are no agreements whose implementation could, at a later date, result in a change in its control.

7.5 Shareholders' agreements

Simultaneously with the Memorandum of Understanding signed on October 28, 2009 between Jean-Claude Labrune, FCB and Bpifrance Participations, a discussion ensued on setting up a shareholders' agreement to govern the relations between the different parties to the transaction.

Pursuant this agreement the Group have adapted it governance rules. Cf. point 2.1.5 of this Registration Document.

7.6 Transactions in the company's shares

7.6.1 Treasury shares

At the end of fiscal year 2016, the Company own 42,469 treasury shares. During the fiscal year 2016 Cegedim do not acquired shares, excluding operation within the liquidity contract framework. The Company transferred, in the framework of the free share plans, 10,230 treasury shares. The Company did not proceed with any transaction for the

assignment of treasury shares in 2016, apart from the allocation of free shares.

The Company has set up a liquidity contract with Kepler Cheuvreux of €500,000. At December 31, 2016, the contract involved 11,577 Cegedim shares and €61,634.06 in cash.

At December 31, 2016, the Company held 23,583 treasury shares.

There was not significant change between December 31, 2016 and the date of the publication of this Registration Document

7.6.2 Allocation of free shares

The Board of Directors meetings of June 29, 2011, September 19, 2012 and June 04, 2013 were authorized by the Extraordinary Shareholders' Meeting of June 08, 2011 to award a total number of free shares not exceeding 10% of the total number of shares comprising the share capital to the Directors and employees of the Cegedim Group. This concerned a total of 1,399,717 shares.

The Board of Directors of November 5, 2009 and June 8, 2010 were authorized by the Extraordinary General Meeting

of February 22, 2008, to grant a total of free shares, which were not to exceed 10% of the total number of shares making up the capital, to the Directors and employees of the Cegedim Group. This concerned a total of 933,144 shares.

The Board of Directors of January 28, 2016 was authorized by the Extraordinary Shareholders' Meeting of November 16, 2015, to grant a total of free shares, which were not to exceed 10% of the total number of shares making up the capital, to the Directors and employees of the Cegedim Group. This concerned a total of 28,038 shares.

For more information see note 9.4 ""Treasury shares" in the notes to the consolidated financial statement in Chapter 4 of this Reference Document.

	Plan #4	Plan #5	Plan #6	Plan #7	Plan #8
Date of the General Meeting	June 6,2011	June 6, 2011	June 6, 2011	June 6, 2011	Nov. 16, 2015
Number of shares authorized by the general Meeting	1,399,717	1,399,717	1,399,717	1,399,717	1,399,717
Date of the Board meeting	06.29.2011	09.19.2012	06.04.2013	09.18.2014	01.28.2016
Total number of shares than can be allocated	41,640	31,670	48,870	19,280	28,038
Number of recipients	85	80	108	34	40
Date of allocation	June 29, 2011	Sept. 9, 2012	June 4, 2013	Sept. 18, 2014	Jan. 28, 2016
Date of availability of free shares					
France	June 28, 2013	Sept. 18, 2014	June 3, 2015	Sept. 17, 2016	Jan. 28, 2018
Aboard	June 28, 2015	Sept. 18, 2016	June 3, 2017	Sept. 17, 2018	Jan. 28, .2019
End of retention period	June 28, 2015	Sept. 18, 2016	June 3, 2017	Sept. 17, 2018	Jan. 28, 2016
Shares permanently allocated	33,110	20,090	18,530	19,280	20,515
Shares permanently acquired at 12.31.2015	27,500	12,970	13,950	0	0

7.7 Factors affecting a potential takeover bid

In the event of a public offering, there are no specific provisions likely to have an impact on:

- The structure of the Company's capital;
- Restrictions in the Company bylaws on exercising voting rights and transferring shares;
- Direct or indirect stakes in the Company's capital of which it is aware pursuant to articles. L. 233-7 and L. 233-12;
- The rules applicable to appointing and replacing members of the Board of Directors and to amending the Company's bylaws;
- The powers of the Board of Directors, particularly with respect to issuing or buying back shares

Furthermore,

- The Company was not informed of any agreements pursuant to article L. 233-11;
- There are no holders of shares comprising special control rights (except for the double voting rights, the allotment of which is completely independent of the occurrence of a public offering);
- There is no special mechanism set forth in the employee shareholding plan when control rights are not exercised by employees
- The Company has no knowledge of agreements between shareholders that might result in restrictions on transferring shares and exercising voting rights;



- The agreements signed by the Company, which could be amended or terminated in the event of a change of control of the Company, are relatively few and are confidential in nature; the ability to amend or to terminate agreements is not systematic, and, in such an event, would only have a relatively immaterial impact on the Company;
- There are no agreements providing for compensation for the members of the Board of Directors or employees if they resign, if they are dismissed without real and serious cause, or if their employment ends due to a public offering.

Regarding contracts entered into by the Company that could be amended or end in the event of a change in control of the Company, Cegedim has no policy of engaging in such agreements. However, there are clauses protecting the intellectual property of the Group.

7.8 Stock market indicators

7.8.1 Cegedim share

Cegedim is listed on Euronext paris, compartment B.

ISIN code: FR0000053506

Reuters ticker: CGDM.PA

Bloomberg ticker: CGM

The Cegedim share price is available delayed by few minutes on Cegedim's website: Cegedim.com.

7.8.2 Stock market performance as of December 31, 2016

Cegedim shares developed negatively during 2016. The closing price at the end of December 2016 was down 18.1% at €26.20. The price reached their high of €32.73 on January 18, 2016.

7.8.3 Stock market performance over the past four years

January - December	2013	2014	2015	2016
Share price at closing	22.89	29.18€	32.00€	26.20
Average for the period	22.02	26.05€	34.60€	25.09
High for the period	26.97	29.30€	42.69€	32.73
Low during period	18.48	22.00€	29.18€	20.56
Market capitalization	320.4	408.4M€	447.9M€	366.7
Outstanding shares	14.0M	14.0M	14.0M	14.0M

7.9 Relations with shareholders

Cegedim's financial communication policy is to deliver rapid, relevant and timely information on company performance to investors and the market.

One key element in communicating with the market is the publication of earnings in annual reports, interim reports and quarterly revenue reports.

Following the publication of financial media statements, Cegedim organizes a conference call. Cegedim has regular contact with institutional investors through meetings and road shows in Europe and the United States.

Policy in respect of financial disclosure

Simplicity, transparency, clarity.

Ramp-up of the roadshows program

Already strengthened in 2015, the roadshow program was further accelerated in 2016 to 48 days, compared to 43 in 2015. This escalations was reflected by an increased presence in the United States (34 days compared with 22 in 2014 and 12 in 2013) and 8 days in Europe and 6 days in London.

7th Investors' day

Cegedim organized on December 17th, 2016, its 7th Investor Summit dedicated to investors. The topic was to present the Cegedim solution and the current business model transformation combining Cloud, BPO (Business Process Outsourcing), digital, connectivity and data.

015-2016: Positioning Cegedim for Growth" with the presentation of transition to the Cloud/Saas and the digital, the deployment of the BPO offerings with the extension of the offering and the geographical development.

Provisional financial agenda for 2016

April 27, 2017: 2017 first quarter revenue **June 15, 2017:** Shareholders' meeting

July 27, 2017: 2017 first six months revenue

September 21, 2017: 2017 first six months earnings October 26, 2017: 2017 third quarter revenue

Shareholder contacts

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8

Shareholders' meetings

8.1 Draft resolutions

206

8.2 Auditors' special report on regulated agreements and commitments

208

8.1 Draft resolutions

8.1.1 Ordinary shareholders' meeting held on June 14, 2016

First resolution

The General Meeting, after having listened to the Board of Directors' management report and the Statutory Auditors' report on the annual financial statements, approved the annual financial statements for the fiscal year ended December 31, 2016 as they were presented, as well as the transactions reflected in those statements or summarized in those reports.

Accordingly, it full and unreservedly releases the directors from the execution of their duties for said fiscal year.

The General Meeting approves the amount of non-deductible expenses for corporate tax, set out in Article 39-4 of the French General Tax Code amounting to €456,194 as well as the corresponding tax amounting to €173,354.

Second resolution

The General Meeting decided to allocate the profit for the fiscal year amounting to €4,365,856.614 in full to the other reserves account.

The General Meeting takes note that no sums were distributed as dividends for the three previous fiscal years.

Third resolution

The General Meeting, after having listened to the Statutory Auditors' report on the consolidated financial statements as at December 31, 2016, approves the consolidated financial statements for said fiscal years, as well as the transactions posted in those statements or summarized in the report on the management of the group included in the Corporate Management Report.

Fourth resolution

The meeting committee then noted that for the approval of agreements falling under the scope of Article L 225-38 et seq. of the French Commercial Code, the quorum attained by the meeting is more than one fifth of the shares with voting rights, it being specified that the shares of the persons affected by such agreements are excluded from the calculation of the quorum and of the majority.

Accordingly, the meeting may deliberate on the application of these agreements.

Fifth resolution

The General Meeting, after having listened to the Statutory Auditors' special report on the agreements falling under Article L 225-38 and following of the French Commercial Code, approves the findings of said reports and the agreements mentioned within it.

Sixth resolution

The General Meeting sets the amount for the directors' fees to be distributed among the directors for the current fiscal year at €120,000.

Seventh resolution

The General Meeting, after having reviewed the report from the Board of Directors, authorizes the Board of Directors, in accordance with the provisions of Articles L. 225-209 of the French Commercial Code, to purchase shares of the Company.

The purchases of shares, which may not represent more than 10% of the share capital of the Company, may be made at any time and by any means on the market, except for a negotiated contact or by the use of optional mechanisms, potentially by any third party acting on behalf of the Company, including by an investment service provider acting on the shares of the Company, under a liquidity agreement in accordance with a Code of Ethics recognized by the Autorité des Marchés Financiers, in accordance with the provisions of the last subsection of Article L. 225-206 of the French Commercial Code.

This authorization made it possible to allocate shares of the Company to salaried staff members of the Groupe Cegedim in accordance with Articles L. 225-197-1 to L. 225-197-3 of the French Commercial Code. The Company must, in accordance with the legal provisions, have permanent reserves available, other than the legal reserve, in an amount at least equal to the value of all of the shares that it directly owns. The maximum unit purchase price is set at €60.

This authorization is given for a period of eighteen (18) months expiring December 14, 2018. It cancels and replaces the authorization granted by the Ordinary General Meeting on June 14, 2016 and shall become null and void upon a takeover bid.

The General Meeting gives all powers to the Board of Directors with the right of delegation, to implement this authorization, to approve any stock market order, enter into any agreement, including an AFEI liquidity agreement, to carry out all formalities and declarations with all bodies and, generally, do whatever is necessary to execute the decision that it has made under this authorization

Eighth resolution

The General Meeting, taking note that the compensation and benefits in kind paid to the corporate officers were proposed by the Compensation Committee to the Board of Directors who is submitting them with no change for a vote by the General Meeting, approving them as they appear in chapter "2.2 Compensation and benefits in kind of the corporate officers" of the Registration Document on page 42

Ninth resolution

The General Meeting ratified the election by the Board of Directors on March 22, 2017, of

Ms. Anne-Sophie Hérelle, 63 rue des Martyrs 75009 Paris, As Board Director, in place of Ms. Valérie Raoul-Desprez, who has resigned.

Ms. Anne-Sophie Hérelle will serve the remainder of Ms. Valerie Raoul-Desprez's term, i.e. until the end of the General Meeting called to approve the financial statements for the fiscal year ending in 2021.

Tenth resolution

The General Meeting gives all powers to the bearer of an original, copy or certified copy of the minutes of this Meeting to carry out all legally required formalities.

8.1.2 Resume of new proposed board members

Ms. Anne-Sophie Hérelle

A graduate of HEC, Anne-Sophie Hérelle has 15 years' experience in mergers and acquisitions. After beginning her career in the Mergers & Acquisitions department of JPMorgan in London and Paris, she joined Fonds Stratégique d'Investissement (FSI), now known as Bpifrance Mid & Large Cap, when it was founded in 2009. She was appointed Investment Director in 2011. She has been notably involved in several transactions in the health sector.

8.2 Auditors' special report on the regulated agreements and commitments

CEGEDIM

General Meeting called to approve the financial statements for the fiscal year ended December 31, 2016

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report to you on regulated agreements and commitments with related parties.

The terms of our engagement do not require us to identify such agreements or commitments, if any, but to inform you, based on information provided to us, of the principal terms and conditions, as well as the motives proving the interest for the Company of those agreements and commitments brought to our attention, without expressing an opinion on their usefulness or appropriateness. It is your responsibility, pursuant to Article R. 225-31 of the Code of Commerce, to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

We are also required, as necessary, to communicate to you information required by article R. 225-31 of the Code of Commerce relating to the application of agreements and commitments entered into prior to the past fiscal year, as approved by the General Assembly.

We carried out the tests that we deemed necessary pursuant to the professional doctrine of the French Institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes) regarding this assignment. These standards require that we agree the information provided to us with the underlying documents.

1. Agreements and commitments submitted to the General Meeting for approval

In accordance with article L. 225-40 of the Code of Commerce, we have been informed about the following agreements and commitments who have been already authorized by the Executive Board.

1.1 With FCB, administrator and shareholder holding more than 10 % of the voting rights

<u>Nature and purpose:</u> Subordination agreement restricting FCB's reimbursement to amounts due to Subordinated Shareholders Loans, further to the implementation of a renewable credit.

Person: Mr. Jean-Claude LABRUNE, manager of SCI MAG.

<u>Motive:</u> Agreement between FCB and CEGEDIM restricting FCB's reimbursement to amounts due from CEGEDIM accounting for the Subordinated Shareholders Loan that will enhance the financing conditions of the renewable loan.

2. Agreements and commitments already approved by the General Meeting the performance of which continued in the past fiscal year

In accordance with article L. 225-30 of the Code of Commerce, we have been informed that the performance of the following agreements and commitments already approved by the General Meeting continued in the past fiscal year.

2.1 WITH SCI MAG

Nature and purpose: Leasing of premises at 110-112 rue d'Aguesseau, Boulogne-Billancourt

Person: Mr. Jean-Claude LABRUNE, manager of SCI MAG.

Terms: Rent paid in 2016 (excluding expenses) of 30 144 euros.

2.2 WITH FCB, administrator and shareholder holding more than 10 % of the voting rights

2.2.1 PREMISES AND PARKING SPACES AT 104-106 RUE D'AGUESSEAU

Nature and purpose: Leasing of premises and parking spaces at 104-106 rue d'Aguesseau, Boulogne-Billancourt

Terms: Rent paid in 2015 (excluding expenses) of 5 671 euros.

2.2.2 SERVICE CONTRACTS

Nature and purpose: Contract for strategic consulting, human resources, marketing, finance, budget, and internal information system services.

Terms: Services paid for in 2016 of 1 712 946 euros.

2.3 WITH MS AUDE LABRUNE, ADMINISTRATOR, AND MR LAURENT LABRUNE, DELEGATE GENERAL **DIRECTOR AND ADMINISTRATOR**

Nature and purpose: Temporary assignment to Cegedim of the usufruct of shares in the SCI at 114 rue d'Aguesseau Bureau, under the following conditions, subject to the approval of Cegedim as a new partner:

- 198 stripped shares belonging in equal parts to Ms Aude Labrune and Mr Laurent Labrune,
- Term of the assignment of the usufruct: 18 years beginning October 9, 2006, until October 8, 2024.

2.4 WITH SCI AT 114 RUE D'AGUESSEAU BUREAU

Nature and purpose: The SCI at 114 rue d'Aguesseau Bureau and your Company were appointed on December 23, 2008, to complete the building work relative to the construction of the office building located at 114-116 bis rue d'Aguesseau in Boulogne-Billancourt (Hauts de Seine), which is the subject of a lease for future completion signed between the two parties, authorized by the Board of Directors meeting on February14, 2007.

As a modification to the above lease for future completion, the SCI at 114 rue d'Aguesseau Bureau has granted your Company a commercial lease for the office building situated at 114-116 bis rue d'Aguesseau, Boulogne-Billancourt (Hauts de Seine) for a duration of twelve years, from January 1, 2009 to December 31, 2020, with waiver of the option to end the lease at the end of each three-year period.

Person: Mr. Jean-Claude LABRUNE, manager of SCI DU 114 RUE D'AGUESSEAU BUREAU

Terms: Rent paid in 2016 (excluding expenses) of 926 371 euros.

2.5 WITH SCI BUR

Nature and purpose: Leasing of premises at 112 rue d'Aguesseau, Boulogne-Billancourt.

Person: Mr. Jean-Claude LABRUNE, manager of SCI BUR.

Terms: Rent paid in 2016 (excluding expenses) of 86 146 euros.

2.6 WITH GERS SAS

Nature and purpose: Cegedim is engaged jointly with its subsidiary GERS SAS to guarantee, to an unlimited amount, the payment of all sums of an indemnifying nature (such as penalties, indemnities, interest on late payments, etc) claimed from GIE GERS by Datapharm with respect to contractual obligations and/or any indemnification arising from the provision of data provided by Datapharm from GIE GERS for the benefit of the future GERS SAS

Person: Mr. Jean-Claude LABRUNE, President of GERS SAS

Neuilly-Sur-Seine and Paris, March 28, 2017 The Statutory Auditors

Grant Thornton Mazars

French Member of Grant Thornton International

Solange Aïache Jérôme de Pastors Associate Associate

9 Additional information

9.1	Contacts and available financial information	212	9.5	Related-party transactions	215
9.2	Annual financial information	212	9.6	Historical financial information	216
9.3	Declaration by the person responsible for the registration document	214	9.7	Registration document cross- reference table	217
9.4	Parties responsible for the audit	215	9.8	Executive board's report cross-	220



9.1 Contacts and available financial information

9.1.1 Person responsible for financial information

Jan Eryk Umiastowski, Chief Investment Officer & Head of Investor Relations, is the person responsible for investor relations.

To obtain any documents published by the Group, or for any other financial information, please contact:

Cegedim - Financial Communication Department

137, rue d'Aguesseau

92100 Boulogne-Billancourt, France

Telephone: + 33 (0)1 49 09 33 36

Fax: + 33 (0)1 46 03 45 95

email: janeryk.umiastowski@cegedim.com

9.1.2 Documents available to the public

The bylaws, deeds of incorporation, all reports, correspondence and other documents, historical financial information of Cegedim SA and of its subsidiaries for each of the two fiscal years prior to the publication of this Registration Document may be consulted, where necessary, at the corporate headquarters of Cegedim SA.

In particular, this Registration Document and financial releases are available on the Company's website (www.cegedim.com/finance).

9.2 Annual financial information

Pursuant to article L. 451-1-1 of the French Financial Code and article 221-1-1 of the AMF General Regulations, the table below sets out all information published or made public by Cegedim during the 2016 fiscal year to fulfill its legislative or regulatory obligations pertaining to financial instruments, issuers of financial instruments and markets in financial instruments.

Date	Document name	AMF ⁽¹⁾	Greffe ⁽²⁾	Cegedim Website ⁽³⁾
01/06/2016	Disclosure of share capital and voting rights as of 12/31/2015			✓
01/06/2016	Half-Year summary of the Cegedim liquidity contract as of 12/31/2015	✓		✓
01/28/2016	2015 Revenue	✓		✓
01/28/2016	Presentation of 2015 Revenue			✓
02/08/2016	Disclosure of share capital and voting rights as of 01/31/2016			✓
03/04/2016	Disclosure of share capital and voting rights as of 02/29/2016			✓
03/23/2016	2015 Results	✓		✓
03/23/2016	Presentation of 2015 Results			✓
04/01/2016	2015 Registration Document	✓		✓
04/01/2016	Release of 2015 Registration Document	✓		✓
04/07/2016	Disclosure of share capital and voting rights as of 03/30/2016			✓
04/28/2016	French Health Care Software And Services Group Cegedim Upgraded To 'BB' On Bond Repayment; Outlook Stable			✓
05/09/2016	Convening note for 06/14/2016 Shareholder's meeting			✓
05/09/2016	Disclosure of share capital and voting rights as of 04/30/2016			✓

Date	Document name	AMF ⁽¹⁾	Greffe ⁽²⁾	Cegedim Website ⁽³⁾
05/26/2016	2016 Q1 results	✓		✓
05/26/2016	Presentation of 2016 Q1 results			✓
05/26/2016	2016 Q1 Financial Report	✓		✓
05/26/2016	Release of Financial Report – First Quarter 2016	✓		✓
05/27/2016	Notice of convocation for 06/14/2016 Shareholder's meeting			✓
05/27/2016	Share Capital and Voting Rights for 06/14/2016 Shareholder's meeting			✓
05/27/2016	Resume of new proposed board for 06/14/2016 Shareholder's meeting			✓
05/27/2016	Proxy voting Form for 06/14/2016 Shareholder's meeting			✓
06/03/2016	Disclosure of share capital and voting rights as of 05/31/2016			✓
06/17/2016	Directors' declarations	✓		
06/17/2016	Voting results following 06/14/2016 Shareholder's meeting: Approval of 2015 financial statements and legal appendices			✓
06/30/2016	Directors' declarations	✓		
07/06/2016	Half-Year summary of the Cegedim liquidity contract as of 06/30/2016	✓		✓
07/08/2016	Disclosure of share capital and voting rights as of 06/30/2016			✓
07/25/2016	2015 financial statements and legal appendices for Cegedim Group and Cegedim SA		✓	
07/26/2016	2016 Q2 revenue	✓		✓
07/26/2016	Presentation of 2016 Q2 revenue			✓
08/22/2016	Disclosure of share capital and voting rights as of 07/31/2016			✓
09/03/2016	Disclosure of share capital and voting rights as of 08/31/2016			✓
09/15/2016	2016 Q2 results	✓		✓
09/15/2016	Presentation of 2016 Q2 results			✓
09/15/2016	2016 Q2 Financial Report	✓		✓
09/15/2016	Release of Financial Report – 2 nd Quarter 2016	✓		✓
10/27/2016	Disclosure of share capital and voting rights as of 09/30/2016			✓
11/02/2016	Announcement of the Signature of an Agreement to Acquire Futuramedia Group in France	✓		✓
11/10/2016	Disclosure of share capital and voting rights as of 10/31/2016			✓
11/29/2016	2016 Q3 results	✓		✓
11/29/2016	Presentation of 2016 Q3 results			✓
11/29/2016	2016 Q3 Financial Report	✓		✓
11/29/2016	Release of Financial Report – 3 rd Quarter 2016	✓		✓
12/12/2016	Disclosure of share capital and voting rights as of 11/30/2016			✓
12/13/2016	Press Release of 7 th Annual Investor Summit	✓		✓
12/14/2016	7 th Annual Investor Summit Presentation			✓

⁽¹⁾ From July 1, 2007 onwards, information posted on the AMF Company newsbank (www.amf-france.org) is for AMF internal use only.
(2) Available on www.infogreffe.fr and at the Company's corporate headquarters.
(3) Available on www.cegedim.com (Finance heading) and at the Company's corporate headquarters.



9.3 Declaration by the person responsible for the registration document

9.3.1 Person responsible for the Registration Document

Jean-Claude Labrune, Chairman & CEO, Cegedim SA.

9.3.2 Statement of the person responsible for the registration document

I hereby certify, after having taken all reasonable steps to this end, that to the best of my knowledge, the information contained in this

Registration Document is consistent with reality and does not contain any omissions of such type as to alter its scope.

I hereby certify that, to the best of my knowledge, the financial statements have been established in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and earnings of the Company and of all of the companies included in the consolidation. I hereby certify that, to the best of my knowledge, the Management Report items of this document present an accurate image of the changes in the business, earnings and financial position of the Company and of all of the companies included in the consolidation, as well as a description of the principal risks and uncertainties with which they are faced.

I received from the legal Auditors a letter of completion of their work, in which they indicated that they had audited the information regarding the financial position and the information given in this Registration Document, and that they had read the Registration Document in its entirety.

The Statutory Auditors' Report on the annual financial statements of fiscal year 2016 appears in point 5.4 of this Registration Document.

The Statutory Auditors' Report on the 2016 consolidated financial statements appears in point 4.7 of this Registration Document

The Statutory Auditors' Report on the annual financial statements of fiscal year 2015 which appears in point 5.4 in the Registration Document filed with the Autorité des Marchés Financiers on March 31, 2016 under Number D.16-0246 contains the following commentary "without modifying the opinion expressed above, we draw your attention to note 1 "Assets", 2 "Depreciation and amortization", 3 "Provisions", 14 " Non-recurring expenses and income" and

28 "Period highlights" of the annual financial statements describing the accounting consequence as at December 31, 2015 of the disposal of the "CRM and Strategic Data Division" to IMS Health".

The Statutory Auditors' Report on the 2015 consolidated financial statements which appears in point 4.7 in the Registration Document filed with the Autorité des Marchés Financiers on March 31, 2016 under Number D.16-0246 contains the following commentary "without modifying the conclusion expressed above, we draw your attention to note 1.3 "Reconciliation between the 2014 financial statement as initially published and as presented on a like-for-like basis to 2015, note 3.3 "Group of assets classified as held for sale "of the consolidated financial statements, setting out the accounting consequences to December 31, 2015 of the execution of the definitive purchase agreement for its CRM and strategic data division with IMS Health".

The Statutory Auditors' Report on the annual statements of fiscal year 2014, which appears in the Registration Document filed with the Autorité des Marchés Financiers on March 31, 2015 under Number D.15-0260, contains the following comment: without modifying the opinion expressed above, we draw your attention to note 1 "Characteristics of the 2014 fiscal year – paragraph D) Signing of the definitive sale agreement of the CRM and Strategic Data Division" and note 2 "Accounting rules and methods – paragraph C) Equity investments and other investments" of the annual financial statements describing the conditions that led the company to record an impairment charge on the subsidiaries of "CRM and Strategic Data Division" held for sale to IMS Health".

The Statutory Auditors' Report on the 2014 consolidated financial statements, which appears in the Registration Document filed with the Autorité des Marchés Financiers on March 31, 2015 under Number D.15-0260, contains the following comment: without modifying the conclusion expressed above, we draw your attention to note « Significant events », note 10 « Goodwill on Acquisitions » and note 23 "Assets held for sale, discontinued or sold operations" of the consolidated financial statements, setting out the accounting consequences to December 31, 2014 of the execution of the definitive purchase agreement for its CRM and strategic data division with IMS Health".

Done in Boulogne-Billancourt, on March 28, 2017.

Jean-Claude Labrune

Chairman & CEO

Cegedim SA

9.4 Parties responsible for the audit of the financial statements

9.4.1 Principal statutory auditors

Cabinet Mazars,

Represented by Mr. Jérôme de Pastors, Exaltis, 61, rue Henri-Regnault – 92400 Courbevoie.

Renewal during the 2013 General Meeting approving the 2012 financial statements for a term of six years until the 2019 General Meeting approving the 2018 financial statements.

Cabinet Grant Thornton,

Represented by Ms. Solange Aïache,

29, rue du Pont– 92578 Neuilly-sur-Seine Cedex Renewal during the 2013 General Meeting approving the 2012 financial statements for a term of six years until the 2019 General Meeting approving the 2018 financial statements.

9.5 Related-party transaction

The regulated agreements that were submitted for the prior authorization of the Board of Directors are detailed in the Auditors' Special Report contained in chapter 8 of this Registration Document on page 208 to 209.

9.4.2 Alternate Statutory Auditors

M. Thierry Colin

Exaltis, 61, rue Henri-Regnault – 92400 Courbevoie. Renewal during the 2013 General Meeting approving the 2012 financial statements for a term of six years until the 2019 General Meeting approving the 2018 financial statements

IGEC – Institut de Gestion et d'Expertise Comptable represented by Mr. Victor Amselem

22, rue Garnier - 92200 Neuilly-sur-Seine

Renewal during the 2013 General Meeting approving the 2012 financial statements for a term of six years until the 2019 General Meeting approving the 2018 financial statements

The note 5.3 of the notes to the 2016 consolidated financial statements appearing in chapter 4.6 of this Registration Document also provides detailed figures for operations with related parties.

No new convention has been allowed to date.



9.6 Historical Financial Information

The statutory financial statements drawn up as at December 31, 2016 (and their comparative financial statements) and the consolidated financial statements drawn up as at December 31, 2016 (and their comparative financial statements drawn up in accordance with IFRS) were audited by the Statutory Auditors. The Statutory Auditors' reports concerning fiscal year 2016 are presented respectively in chapter 5.4 and 4.7 in this Registration Document.

The reports for fiscal year 2015 are presented in the Registration Document filed with the Autorité des Marchés Financiers on March 31, 2016, under Number D. 16-0246.

The reports for fiscal year 2014 are presented in the Registration Document filed with the Autorité des Marchés Financiers on March 31, 2015, under Number D. 15-0260.

These reports and the financial statements accompanying them are incorporated by reference in this Registration Document.

9.7 Registration document cross-reference table

	Headings from Appendix 1 of EC Regulation no. 809/2004	
Chapter number	Headings	Page number
1	Persons responsible	214
2	Statutory Auditors	2145
3	Selected financial information	
3.1	Historical financial information	74 to 86 ; 89 to 138 ; 171
3.1	Interim financial information	N/A
4	Risk factors	49 to 63
5	Information about the issuer	
5.1	Company history and development	3 to 4; 72 to 73
5.2	Investments	3 to 6 ; 25 to 29 ; 72
6	Business overview	
6.1	Principal activities	7 to 16 ; 72 to 73
6.2	Principal markets	
6.3	Exceptional events	N/A
6.4	Dependence on patents or licenses or on industrial, commercial or financial agreements, if applicable	N/A
6.5	Basis for any statements made by the issuer regarding its competitive position	21 to 23
7	Organizational structure	
7.1	Brief description of the Group and the issuer's position within the Group	5 to 6
7.2	List of issuer's significant subsidiaries	6; 72 to 73; 98 to 101; 165 to 168
8	Property, plant and equipment	
8.1	Principal existing or planned property, plant and equipment	114
8.2	Environmental issues that may affect the issuer's use of property, plant and equipment by the issuer	181 to 183
9	Operating and financial review	
9.1	Financial position	74to 802 ; 85 to 86
9.2	Operating results	75 to 79 ; 85 to 86



Chapter number	Headings	Page number
10	Capital resources	
10.1	Information on the issuer's capital	81 to 82 ; 94 ; 124 ; 157 ; 162
10.2	Sources and amounts of cash flows	83 to 84 ; 95
10.3	Borrowing requirements and funding structure	81 to 82; 49 to 53; 116 to
10.4	Information regarding any restrictions on the use of capital resources that have materially affected or could materially affect, directly or indirectly, the issuer's operations	124; 162; 196 to 197
10.5	Anticipated sources of funds needed to fulfill commitments	72 ;118 to 119 ; 131 ;155 to 156 ; 164
11	Research and development, patents and licenses	25 to 29
12	Information on trends	88
13	Income forecasts or estimates	n/a
14	Administrative, management and supervisory bodies and senior management	
14.1	Information concerning members of administrative and management bodies	32 to 38 ; 207
14.2	Administrative, Management and Supervisory bodies and Senior Management conflicts of interest	39 to 40
15	Compensation and benefits	
15.1	Compensation and benefits in kind	42 to 47 ; 112 ; 161
15.2	Total amounts set aside or accrued to provide pension, retirement or other similar benefits	42 to 47; 112; 126 to 128; 153; 156; 161
16	Board practices	
16.1	Date of expiration of current terms of office	33 to 38 ; 207
16.2	Information on service agreements between the members of the governing bodies and the issuer or its subsidiaries	40; 112; 161; 208 to 209
16.3	Information on the issuer's Audit and Compensation Committees	40 to 41 ; 65 to 69
16.4	Compliance with corporate governance rules in effect in the country of incorporation of the issuer	40
17	Employees	
17.1	Number of employees and breakdown by principal line of business and geographical location	111 ; 163 ; 175
17.2	Employee share ownership and stock options	46 ; 64;162 ; 200 to 201
17.3	Agreements providing for employee share ownership	64
18	Major shareholders	
18.1	Shareholders with more than 5% of the shares or voting rights	125 ;162 ;198 to 200
18.2	Existence of different voting rights	126 ;162 ;198 to 200
18.3	Control of the issuer	197 to 200
18.4	Arrangements, known to the issuer, operation of which could lead to a change in control of the issuer	200



Chapter number	Headings	Page number
19	Related-party transactions	42 to 48 ; 112 ; 161 ; 208 to 209 ; 215
20	Financial information concerning the assets and liabilities, financial position and income of the issuer	
20.1	Historical financial information	2 to 3 et 171
20.2	Pro forma financial information	2;74;81;83
20.3	Financial statements	89 to 138 et 141 to 164
20.4	Audit of historical annual financial information	139 to 140 ; 169 to 170 ; 212 214
20.5	Date of most recent financial information	31/12/2016
20.6	Interim financial information	N/A
20.7	Dividend policy	87
20.8	Legal and arbitration proceedings	55 to 56 ; 73 ; 131 ; 164
20.9	Significant change in the financial or trading position	72 ; 130 ; 163 to 164
21	Additional information	
21.1	Share capital	171 ; 197
21.2	Incorporating document and Bylaws	195 to 196
22	Material contracts	23 ; 200 to 201
23	Third party information and statements by experts and declarations of any interest	189 to 191
24	Documents available to the public	212 to 213
25	Information on investments	5 to 6; 7 to 29; 72 to 73; 74 to 80; 98 to 101; 130; 132 160; 163 to 164; 165 to 168



9.8 Annual financial report cross-reference table

In order to facilitate the reading of the Cegedim Group's 2016 Registration Document, the cross-reference index below shows the page numbers in this document for the information comprising the Annual Corporate Management Report, the preparation of which is the responsibility of the Board of Directors of Cegedim SA is responsible for preparing, as defined in articles L. 225-100 et seq. of the Code of Commerce:

Cegedim SA Annual financial report	2016 Registration document	Page number
Presentation of the annual financial statements of Cegedim SA	3.5	85
Cegedim SA operations	1.4	7
Key highlights	4.6 note: 12.2	130
Changes in activity during the year	3.5	85
Accounts payable	3.5	85
Activities of subsidiaries	1.3.3 and 3.1.2	6 and 72
Financial structure and debt	3.4.4	81
Investments	1.2.1	3
Acquisition of direct and indirect equity investments	1.2.1	3
Sales of equity interests	1.2.2	5
Research and development activity	1.5	25
Analysis of business developments	3.4	74
Risk factors	2.4	49
Significant events that have occurred since the end of the fiscal year	4.6 note: 12.2	130
Outlook and future prospects	3.7	88
Non-tax-deductible expenses	5.3.3 note: 19	161
Earnings allocation	5.3.3 note: 8	157
Overview of dividends distributed	3.6	87
Information on the holding of capital by certain shareholders	7.4	198
Aspects that may have an impact in the case of a public offering	7.7	201
Employee equity participation	2.5 and 7.6.2	64 et 201
Comments from the Work Council	6.2.2.3	177
Auditors' control	2.7; 4.7;5.4;8.2 and 6.7	70 ;139 ;169 ;208 and 189
Directors' fees	2.2.1.3	42
Information concerning corporate officers	2.1	32
Compensation of corporate officers	2.2	42
Transactions on shares	2.3	48



Cegedim Group Annual financial report	2016 Registration Document	Page number
Presentation of the consolidated financial statements	3.1 and 4	72 and 89
Group activities	1.4	7
Key highlights	4.6 note: 12.2	130
Changes in activity during the year	3.5	85
Financial structure and debt	3.4.3	81
Investments	1.2.1	3
Research and development activity	1.5	25
Analysis of business developments	3.4	74
Risk factors	2.4	49
Significant events that have occurred since the end of the fiscal year	4.6 note: 12.3	131
Outlook and future prospects	3.7	88
Employment and environmental information	6	173

Appendices to the Annual financial report	2016 Registration Document	Page number
Results for the last five fiscal years	5.5	171
Inventory of securities	5.3.4	165
List of Directors in office, positions, and compensation	2.1 and 2.2	32 et 42
Employment information	6; 4.6 note 5.2	173 ; 111
Details of the activity of subsidiaries whose revenue exceeds €30 million	3.1.2	72
Chairman's Report on internal control	2.6	65
Auditors' Report	2.7; 4.7;5.4;8.2 and 6.7	70 ;139 ;169 ;208 and 189



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