2019

INTERIM FINANCIAL REPORT

JANUARY - JUNE 2019

cegedim

2019

2019

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2019

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1.1 Key figures

General information

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.

IFRS 16

Cegedim has applied IFRS 16 – Leases for the first time in its condensed consolidated interim financial statements for the six months ended June 30, 2019. Applying this new standard – which supersedes IAS 17 – Leases – had a material impact on Cegedim's consolidated financial statements given the importance of leases to the Group's activities. For a detailed explanation of the IFRS 16 impact, please see Note 10 on page 66.

Alternative performance indicators

To monitor and analyze the financial performance of the Group and its activities, Group management uses alternative performance indicators. These financial indicators are not defined by IFRS norms. The note 2.5.3 on page 19 presents a reconciliation of these indicators and the aggregates from the consolidated financial statements under IFRS.

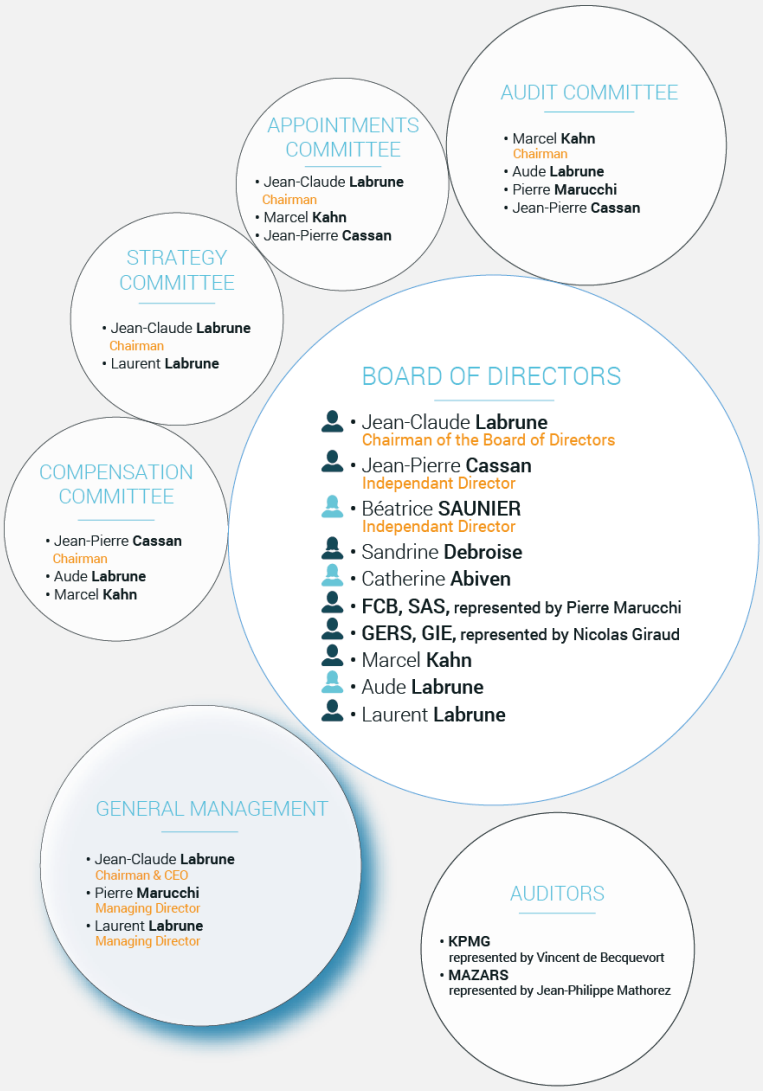
Key figures

Revenues	EBITDA[1]	EBITDA margin[1]
€245.8m +8.0% reported +6.4% L-f-l	€45.5m in June 2019 €33.3m in June 2018	18.5% in June 2019 14.6% in June 2018
Recurring operating income[1]	**Recurring operating income margin[1]**	**Recurring EPS**
€12.6m in June 2019 €11.9m in June 2018	5.1% in June 2019 5.2% in June 2018	€(0.4) in June 2019 €0.2 in June 2018
EPS	**Net cash from operating activities**	**Capital expenditures**
€(0.7) in June 2019 0.0€ in June 2018	€(4.9)m in June 2019 €39.1m in June 2018	€30.9m in June 2019 €27.8m in June 2018
Net debt	**Goodwill**	**Equity**
€232.6.0m in June 2019 €108.0m in Dec. 2018	€180.5m in June 2019 €173.0m in Dec. 2018	€189.2m in June 2019 €199.0m in Dec. 2018

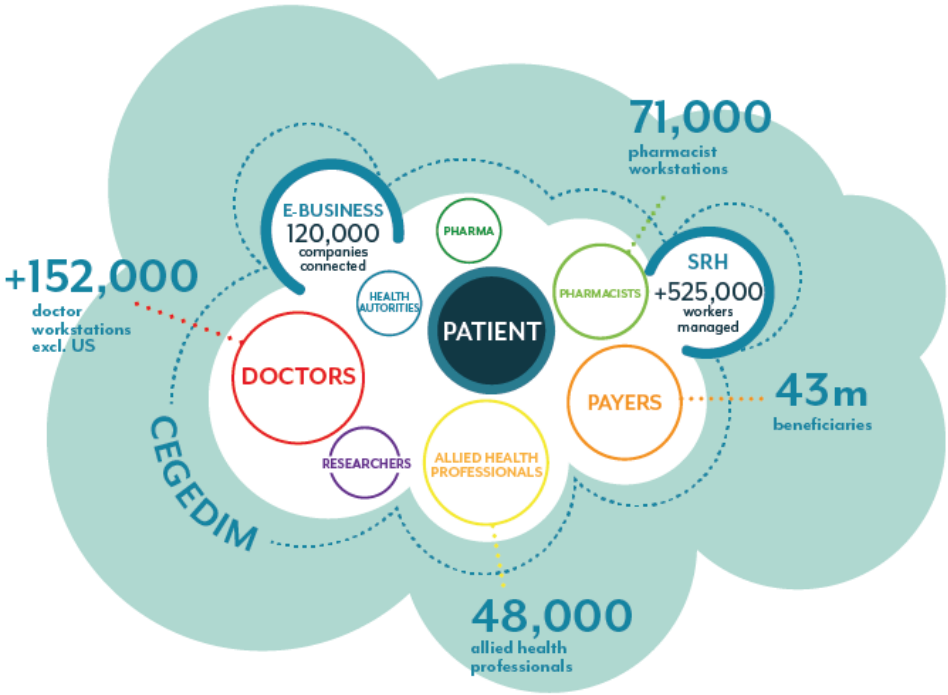
(1) See section 2.5.3 – Alternative performance indicators.

1.2 Corporate Governance

Executives and supervisory bodies, statuary auditors
as of 09.19.2019



1.3 Activities

About Cegedim	Cegedim: data, digital, and network technology experts. Cegedim is specialized in healthcare sector and B2B digital data flow management, and in business software for healthcare and insurance professionals. The Group is also active in human resources management and digitization services for all types of industries. Cegedim generated revenue of €467.7 million in 2018 and has over 4,500 employees in more than 11 countries.
Cegedim ecosystem	
Cegedim's business group	Cegedim's businesses are grouped into divisions based on the type of customer and the service offered: - Health insurance, HR and e-services, - Healthcare professionals, - Corporate and others

Cegedim's business group description as of the date of publication of this document

HEALTH INSURANCE, HR & E-SERVICES

CEGEDIM INSURANCE SOLUTIONS
- **IT for Healthcare Insurance**
  - Cegedim Activ
  - Activus
- **Flow, electronic payment & Management services**
  - Cetip

DIGITAL
- **e-promotion**
  - MedExact
- **Digital Healthcare displays in Pharmacies**
  - Cegedim-MEDIA
  - Futuramedia

CEGEDIM HEALTH DATA
- **Data**
  - THIN
- **Sales statistics for healthcare products**
  - GERS Data
  - Cegedim Customer Information

HR
- **Outsourced Payroll & Human Resources**
  - Cegedim SRH
  - Rue de la Paye
  - Cosytec

CEGEDIM E-BUSINESS
- **Digitalization**
  - SY by Cegedim
  - SY Pharma
  - Hospitalis
  - Qualitrans-Telepharma
  - Ximantix
  - BSV
  - NetEDI

OTHER SERVICES
- **Healthcare critical applications and data hosting**
  - Cegedim.cloud
- **Integration & services**
  - Cegedim Outsourcing
  - Cegedim Service Center

HEALTHCARE PROFESSIONALS

CEGEDIM HEALTHCARE SOFTWARE

- **Software for pharmacists**
  - Smart Rx
  - Cegedim Rx (UK)
  - Cegedim Rx (Romania)
- **Software for doctors**
  - Cegedim Logiciels Médicaux
  - INPS
  - HDMP
  - Millennium
  - Stacks
  - Pulse Systems
- **Telemedicine and appointments booking**
  - Docavenue
  - RDV Médicaux
- **Software for allied health professionals**
  - RM Ingénierie
- **Medication database**
  - RESIP (BCB)

CORPORATE & OTHERS

- **Corporate Support**
- **Medical sample management**
  - Pharmastock

1.4 Shareholding structure

Shareholders as of August 30, 2019

There was no significant change in the ownership structure between August 30, 2019, and the date of publication of this Interim Financial Report.

Shareholders	Number of shares held	% held	Number of single votes	Number of double votes		Total vtesix	% of voting rights
				Shares	Votes		
FCB	7,430,368	53.08%	44,779	7,385,589	14,771,178	14,815,957	67.78%
Bpifrance participations	419,915	3.00%	0	419,915	839,830	839,830	3.84%
Public(1)	6,014,683	42.97%	5,957,717	56,966	113,932	6,071,649	27.78%
Cegedim(2)	132,207	0.94%	0	0	0	0	0.60%
Total	**13,997,173**	**100.00%**	**6,002,496**	**7,862,470**	**15,724,940**	21,727,436	**100.00%**

(1) The Free-Float includes the shares hold by Corporate Officers and Board Directors.
(2) Including the liquidity contract.

To the best of the company's knowledge:

On September 6, 2019, Caisse des dépôts (CDC)—via its subsidiary, CDC Croissance (formerly CDC EVM) and indirectly via Bpifrance Participations*—exceeded the threshold of 5% of voting rights and holds 4.85% of share capital.

On September 12, 2019, Caisse des dépôts (CDC) —via its subsidiary, CDC Croissance (formerly CDC EVM) and indirectly via Bpifrance Participations*—exceeded the threshold of 5% of voting rights and shares and holds 5.01% of share capital and 5.12% of voting rights.

**Bpifrance Participations is controlled by Bpifrance SA, which is controlled 50/50 by CDC and EPIC Bpifrance.*

Shareholders as of June 30, 2019

Shareholders	Number of shares held	% held	Number of single votes	Number of double votes		Total vtesix	% of voting rights
				Shares	Votes		
FCB	7,410,441	52.94%	39,699	7,370,742	14,741,483	14,781,183	67.66%
Bpifrance participations	419,915	3.00%	0	419,915	839,830	839,830	3.84%
Public(1)	6,028,920	43.07%	5,971,704	57,216	114,432	6,086,136	27.86%
Cegedim(2)	137,897	0.99%	0	0	0	0	0.63%
Total	**13,997,173**	**100.00%**	**6,011,403**	**7,847,873**	**15,695,746**	21,707,149	**100.00%**

(1) The Free-Float includes the shares hold by Corporate Officers and Board Directors.
(2) Including the liquidity contract

1.5 Contats and Stock market indicators

Person responsible for financial information

Jan Eryk Umiastowski, Chief Investment Officer & Head of Investor Relations

For copies of documents published by the Group and any other financial information, please contact:

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Documents available to the public

Cegedim SA and its subsidiaries' bylaws, articles of incorporation, reports, correspondence and other documents, and historical financial information for the two financial years preceding the publication of this Registration Document may be consulted, where necessary, at the Company's registered office.

This Registration Document and the Company's financial press releases, as well as other documents, are available on the Company's website (www.cegedim.com/finance).

Stock market indicators

Cegedim shares

Cegedim is listed on Euronext Paris, compartment B.

ISIN code: FR0000053506

Reuters ticker: CGDM.PA

Bloomberg ticker: CGM

Cegedim's share price is available on the Company's website: Cegedim.com, subject to a short time delay.

Stock market performance as of June 30, 2019

Cegedim shares performed positively during the first half of 2019. The closing price at the end of June 2019 was €26.90, up 36.2% over the period. During the first half of 2019, the price reached a period low of €19.05€ on January 3, 2019 and a period high of €28.00 on February 7, 2019.

Stock market performance over the past five years

January - June	2015	2016	2017	2018	2019
Closing price (€)	37.86	27.47	30.40	33.60	**26.90**
Average for the period (€)	33,33	25.44	27.15	37.63	**25.04**
High for the period (€)	39.04	33.35	31.44	44.50	**28.00**
Low for the period (€)	29.00	21.02	23.90	33.00	**19.05**
Market capitalization (€m)	529.9	384.5	425.5	470.3	**376.5**
Outstanding shares (m)	14.0	14.0	14.0	14.0	**14.0**

Shareholder relations	Cegedim's financial communication policy is to deliver rapid, relevant and timely information on the company's performance to investors and the market. One key element of communication with the market is the publication of financial results, for example the annual and quarterly reports. Cegedim organizes conference calls to coincide with its financial press releases. Cegedim has regular contact with institutional investors through meetings and roadshows in Europe and the United States. **Financial reporting policy** Straightforward, transparent, and clear.
Provisional financial calendar 2019	**October 24, 2019:** Q3 2019 revenue
Shareholder contacts	**Jan Eryk Umiastowski** Chief Investment Officer Head of Investor Relations Tel: +33 (0) 1 49 09 33 36 Janeryk.umiastowski@cegedim.com

02 Overview on the interim period

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2.1 Interim 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.

Acquisition of XimantiX in Germany	**On January 21, 2019, Cegedim acquired German company XimantiX.** Building on its presence in the digitalization markets in Belgium, France, the UK, and Morocco, Cegedim now has a solid base for this activity in Germany, Europe's leading economy. By acquiring a German leader positioned on the midmarket segment, Cegedim e-business will be able to develop its offer for SMEs. XimantiX customers will gain access to a wider range of services, thanks to Cegedim's international scope. XimantiX's 2018 revenues came to €2.2 million, and it earned a profit. It began contributing to the Group's consolidation scope in January 2019.
Acquisition of RDV Médicaux in France	**On February 20, 2019, Cegedim acquired French company RDV Médicaux,** an online appointment scheduling site whose close collaboration with hotlines gives it a unique positioning. This deal clearly reaffirms Docavenue's ambition to help healthcare professionals focus on patient care by offering innovative services that are 100% designed to improve the French healthcare system. RDV Médicaux's 2018 revenues came to €0.6 million. It began contributing to the Group's consolidation scope in March 2019.
Acquisition of BSV in France	**On January 31, 2019, Cegedim acquired BSV Electronic Publishing,** the leading provider of invoice digitization solutions to French municipalities and widely respected for its successful Electronic Document Management System (EDMS). BSV's ZeDOC software suite includes electronic document management—a dynamic data capture tool that sets it apart from a conventional EDMS based on document indexing—Optical Character Recognition (OCR) and Automatic Document Recognition (ADR). BSV Electronic Publishing generated revenue of €1.2 million in 2018. It began contributing to the Group's consolidation scope in February 2019.
Euris litigation	**Cegedim, jointly with IQVIA (formerly IMS Health), is being sued by Euris** for unfair competition. Cegedim asked the court to dismiss the case against the Group. On December 17, 2018, the Paris Commercial Court granted Cegedim's request. IQVIA has appealed that decision. Euris is claiming €150 million in damages. After consulting its external legal counsel, the Group has decided not to set aside any provisions.

2.2 Events after June 30, 2019

Apart from the items cited below, 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.

Acquisition of Cosytec in France	**In July 2019 Cegedim acquired French company Cosytec,** which was founded in 1990 and sells HR and equipment planning software that uses constraint programming technology. Cosytec's offerings will augment *Cegedim SRH's* product range. The company's client base is made up of SMEs and large corporations in the media, transportation, and services sectors. Cosytec generated revenues of €1.3 million in 2018 and earned a profit. It began contributing to the Group's consolidation scope in August 2019.
Acquisition of NetEDI	**In August 2019 Cegedim acquired UK company NetEDI,** a major provider of e-procurement (using the PEPPOL EDI system) and e-invoicing for the UK National Health System. Building on the BSV and Ximantix acquisitions, the addition of NetEDI strengthens Cegedim e-business' ability to work with its clients internationally. NetEDI generated revenues of €2.8 million in 2018 and earned a profit. It began contributing to the Group's consolidation scope in August 2019.
Business activities of Pulse Inc sold	**In August 2019, Cegedim sold virtually all the business activities of its wholly owned subsidiary, Pulse Systems Inc.,** to CareTracker Inc., an affiliate of N. Harris. Under the terms of the sale, Pulse's software solutions and services, RCM services, all customer contracts, a portion of supplier contracts, and much of its personnel were transferred to the buyer. As part of a group with a solid foundation in North America, Pulse will have all the resources it needs to successfully pursue its development. The deal will allow Cegedim to focus its efforts on Europe and the UK, and to improve its financial position. The divestment resulted in asset impairment of €16.3 million. Pulse contributed €11.3 million to the Group's consolidated 2018 revenues and €5.6 million to H1 2019 revenues. In H1 2019, Pulse's contribution to group EBITDA was insignificant and its contribution to operating income was negative €18.2 million. Pulse Systems Inc. will be wound up in the coming months.
Director appointed to Cegedim SA's board	**At the annual general meeting on August 30, 2019,** shareholders appointed Ms. Catherine Abiven to a six-year term as a director. Her term will expire following the AGM held to approve the financial statements for the year 2024.
Tax	**On February 21, 2018, Cegedim S.A. received notice that French tax authorities would perform an audit of its accounts** covering the period January 1, 2015, to December 31, 2016. The Group received the statement of tax adjustment on April 16, 2019. Cegedim replied on June 14, 2019, and based on its reply, the tax authorities rescinded the first proposal and made a second proposal on September 9, 2019. Cegedim is working with its lawyers to prepare its response. Based on ample precedent, the Group believes that the adjustment is unwarranted. As a result, Cegedim believes that there is little risk posed to the amount of deferred tax assets recorded on its balance sheet and has decided not to make any revisions.

2.3 Risk factors and related party transactions

Risk factors	A description of the Group's main risks is available in the 2018 Registration Document filed with the Autorité des Marchés Financiers (French Financial Market Authority – AMF) on March 29, 2019 under number D.19-0230, in Chapter 4.2, "Risk monitoring, risk management, and insurance", from page 64 to page 80. During the first six months of 2019, Cegedim identified no other significant changes.
Related party transactions	A description of transactions with related parties is available in Chapter 4, point 4.6, note 15 page 155, and page 260, in Chapter 8 point 8.6 of the 2018 Registration Document filled with the Autorité des Marchés Financiers (French Financial Markets Authority - AMF) on March 29, 2019. Under number D.19-0230. During the first six months of 2019, Cegedim identified no other significant related party transactions.

2.4 Employees

Employees

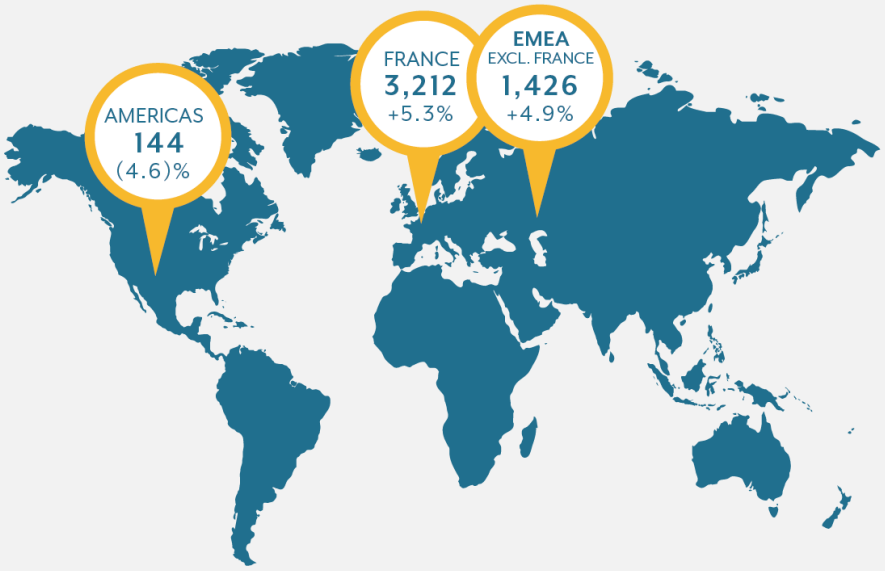
On June 30, 2019, the Cegedim Group employed 4,782 people worldwide. Thus, the total number of employees increased by 220 people, or 4,8%, compared to the end of December 2018 (4,562 people) and increased by 475 people, or 11,0%, compared to June 30, 2018 (4,307 employees).

Employees by division

4,782
Employees
+4.8% vs Dec. 2018

Employees by region

4,782
Employees
+4.8% vs Dec. 2018



The decline in North American headcount is attributable to a reduction in the US workforce resulting from the business restructuring designed to adjust the company's cost structure to its revenue level. In August 2019, Cegedim announced that it had sold nearly all of the business activities of Pulse Systems Inc. Under the terms of the sale, many of Pulse's personnel were transferred to the buyer.

2.5 Analysis of the financial position of the Cegedim Group

2.5.1 2019 Half year Financial Performance

Operational performance

Revenue from continuing activities	EBITDA[1]	EPS
€245.8m **+8.0%** reported **+6.4%** L-f-l	**€45.5m** **+36.5%** compared to June 2018	**€(0.7)** **n.m.** compared to June 2018

Financial resources

Cash flow generated from operating activities after tax paid and change in working capital	Capex	Net debt[1] excluding IFRS 16 debt
€(4.9)m **n.m.** compared to June 2018	**€30.9m** **+11.2%** compared to June 2018	**€165.1m** **+52.9%** compared to Dec. 2018

Financial ratio

EBITDA margin[1] EBITDA on revenue from continuing activities	Leverage ratio Net debt on EBITDA	Gearing Net debt on equity
18.5% in June 2019	**x2.6** in June 2019	**123%** in June 2019
14.6% in June 2018	**x1.4** in Dec. 2018	**54%** in Dec. 2018

(1) See section 2.5.3 – Alternative performance indicators.

2.5.2 First-time application of IFRS 16 – Leases

First-time application of IFRS 16 – Leases

Cegedim has applied IFRS 16 Leases for the first time in its condensed consolidated interim financial statements for the six months ended June 30, 2019. Applying this new standard—which supersedes IAS 17 Leases—had a material impact on Cegedim's consolidated financial statements given the importance of leases to the Group's activities.

The Group elected to use the "modified retrospective" approach for its transition to IFRS 16, under which entities are not authorized to restate prior-period comparative financial information. Consequently, the first-half 2019 income statement is presented differently than the Group's prior-period income statements.

In order to assist users of the Group's financial statements to understand the impact of its transition to IFRS 16, and to help provide meaningful comparisons between the financial data for 2019 and 2018 presented below, the Group has chosen to present two types of data in this activity report, for which reconciliations have been performed:

- → IAS 17-adjusted financial data for 2019: the data for first-half 2019 has been adjusted for the impact of IFRS 16 on that period in order to provide meaningful comparisons with the first-half 2018 data, to which IAS 17 has been applied.
- → IAS 17-adjusted non-IFRS financial indicators for 2019: key indicators such as recurring operating income, EBITDA and free cash flow from operations have been presented on an adjusted basis as if IAS 17 had been applied instead of IFRS 16.

Definitions of these non-IFRS financial indicators are presented in the Interim Financial Report in section 2.5.3, page 19.

Impact of IFRS 16 in the first half of 2019

IAS 17 adjusted financial data for 2019
Balance sheet

In € million	**06/30/2019** IFRS 16 Reported	**06/30/2019** IAS 17 Restated	**12/31/2018** IAS 17 Reported	**Change** IAS 17 %
Assets				
Right-of-use assets	66.9	0.0	0.0	n.m.
Other non-current assets	427.2	427.1	424.0	+0.7%
Non-current assets	**494.1**	**427.1**	**424.0**	**+0.7**
Current assets	**251.5**	**251.5**	**224.1**	**+12.2%**
Total assets	**745.6**	**678.6**	**648.1**	**+4.7%**
Liabilities				
Long-term financial debt	239.0	185.7	185.8	(0.1)%
Other non-current liabilities	35.4	35.4	34.0	+4.2%
Total non-current liabilities	**274.4**	**221.1**	**219.8**	**+0.6%**
Short-term financial debt	19.7	5.5	3.2	+71.0%
Other current liabilities	262.3	262.3	226.1	+16.0%
Total current liabilities	**282.0**	**267.8**	**229.3**	**+16.8%**
Total liabilities	**556.4**	**488.9**	**449.2**	**+8.9%**
Shareholders' equity	189.2	189.7	199.9	(4.7)%
Total liabilities and shareholders' equity	**745.6**	**678.6**	**648.1**	**+4.7%**

Impact of IFRS 16 in the first half of 2019

Consolidated Income statements

In € million	**06/30/2019** IFRS 16 Reported	**06/30/2019** IAS 17 Restated	**06/30/2018** IAS 17 Reported	**Change** IAS 17 %
Revenue	**245.8**	**245.9**	**227.6**	**+8.0%**
Purchases used	(15.3)	(15.3)	(15.4)	(0.7)%
External expenses	(55.7)	(63.5)	(58.5)	+8.6%
Payroll costs	(124.5)	(124.5)	(114.6)	+8.7%
Other operating income and charges	(4.9)	(4.9)	(5.9)	(17.1)%
Depreciation and amortization expenses	(32.8)	(25.1)	(21.4)	+17.4%
Other non-recurring operating income and expenses	(16.3)	(16.3)	(9.6)	+69.0%
Operating income	**(3.6)**	**(3.7)**	**2.3**	**n.m.**
as % of revenue	*(1.5)%*	*(1.5)%*	*1.0%*	-
Cost of net financial debts	(4.5)	(3.7)	(2.2)	+67.4%
Total taxes	(2.1)	(2.3)	(0.8)	+200.2%
Consolidated profit (loss)	**(10.2)**	**(9.7)**	**0.7**	**n.m.**
Group share	**(10.2)**	**(9.7)**	**0.7**	**n.m.**

IAS 17-adjusted non-IFRS financial indicators for 2019

In € million	**06/30/2019** IFRS 16	**06/30/2019** IAS 17	**06/30/2018** Reported	**Change** %
Recurring operating income	12.6	12.5	11.9	+5.0%
as % of revenue	5.1%	5.1%	5.2%	-
EBITDA	45.5	37.6	33.3	+12.9%
as % of revenue	18.5%	15.3%	14.6%	-

The impact of applying IFRS 16 to operating income, recurring operating income, and net profit is not significant.

2.5.3 Alternative performance indicators

To monitor and analyze the financial performance of the Group and its activities, Group management uses alternative performance indicators. These financial indicators are not defined by IFRS norms. This note presents a reconciliation of these indicators and the aggregates from the consolidated financial statements under IFRS.

Reported and like-for-like revenue Definition

The Group's reported revenue corresponds to its actual revenue. The Group also uses like-for-like data. The following adjustments are made:

- neutralize the portion of revenue corresponding to entities divested in 2018;
- include the portion of revenue corresponding to entities acquired in 2019;
- recalculate 2018 revenue at 2019 exchange rates.

These adjustments give rise to comparative data at constant scope and exchange rates, which serve to measure organic growth.

Reported and like-for-like revenue Reconciliation table

In € thousands	D1	D2	D3	Group
2018 Revenue (a)	149,537	76,162	1,936	227,634
Impact of disposals	0	0	0	0
2018 Revenue before impact of disposals	149,537	76,162	1,936	227,634
Currency impact	3	525	0	528
2018 revenue at 2019 exchange rate (b)	149,540	76,687	1,936	228,162
2019 Revenue before impact of acquisitions (c)	159,892	81,208	1,724	242,824
Revenue from acquisitions	2,606	365	0	2,971
2019 Revenue	162,498	81,572	1,724	245,795
Like-for-like growth ([c-b]/a)	+6.9%	+5.9%	(10.9)%	+6,4%

D1: "Health insurance, HR and e-services" Division;
D2: "Healthcare professionals" Division;
D3: "Corporate and others" Division"

Recurring operating income (REBIT) Definition

The Group's operating income includes all revenues and expenses directly related to Group activities, whether these revenues and expenses are recurring or arise from non-recurring decisions or transactions.

"Other non-recurring operating income and expenses" consists of unusual items, notably as concerns the nature or frequency, that could distort the assessment of Group entities' financial performance. Other non-recurring operating income and expenses may include impairment of tangible assets, goodwill, and other intangible assets, gains or losses on disposals of non-current assets, restructuring costs, and costs relating to workforce adaptation measures.

Consequently, Cegedim monitors its operating performance using "Recurring operating income"(REBIT), defined as the difference between total operating income and other non-recurring operating income and expenses.

Recurring operating income (REBIT) is an intermediate line item intended to facilitate the understanding of the Group's operating performance and as a way to estimate recurring performance. This indicator is presented in a manner that is consistent and stable over the long term in order to ensure the continuity and relevance of financial information.

EBITDA Definition

The Group uses EBITDA to monitor its operating performance. This financial indicator corresponds to recurring operating income plus depreciation and amortization expenses.

Recurring operating income (REBIT) and EBITDA Reconciliation table

In € million	H1 2019	H1 2018
Operating income (a)	(3.6)	2.3
Other non-recurring operating income and expenses (b)	(13.8)	(9.6)
Amortization of goodwill (c)	(2.5)	0.0
Recurring operating income (REBIT) (c=a-b-c)	12.6	11.9
Depreciation and amortization expenses (d)	(32.8)	(21.4)
EBITDA (e=c-d)	45.5	33.3

Effective tax rate on recurring income

The effective tax rate on recurring income corresponds to the effective tax rate excluding tax effects relating to "Other non-recurring operating income and expenses".

Free cash flow from operation Definition

The Group also uses an intermediate line item, Free cash flow from operations, to monitor its financial performance. This financial indicator measures net operating cash flow less net operating investments (defined as acquisitions and disposals of tangible and intangible assets).

Free cash flow from operation Reconciliation table

In € million	H1 2019	H1 2018
Cash flow generated from operating activities after tax paid and change in working capital requirements (a)	(4.9)	39.1
Acquisition of intangible assets (b)	(26.1)	(22.2)
Acquisition of tangible assets (c)	(4.9)	(5.7)
Disposal of tangible and intangible assets (d)	+0.1	+0.1
Free cash flow from operations (e=a+b+c+d)	(35.8)	+11.4

Net financial debt Definition

Net financial debt comprises gross borrowings, including accrued interest and debt restatement at amortized cost less cash and cash equivalents.

Net financial debt Reconciliation table

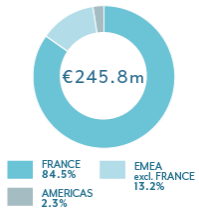
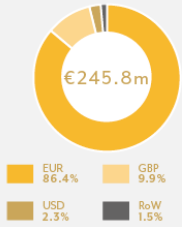
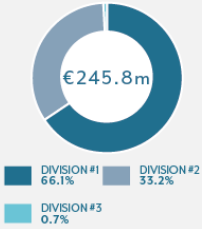
In € million	06/30/2019	12/31/2018
Long-term financial liabilities (a)	239.0	185.8
Short-term financial liabilities (b)	19.7	3.2
Total financial liabilities (c=a+b)	**258.7**	**189.1**
Cash and cash equivalents (d)	26.2	81.1
Net financial debt (e=c-d)	**232.6**	**108.0**
Non-current IFRS 16 debt (f)	14.2	-
Current IFRS 16 debt (g)	53.3	-
Net financial debt excluding IFRS 16 debt (h=e-f-g)	**165.1**	**108.0**

2.5.4 Consolidated P&L

In € million	06/30/2019	06/30/2018	Change %	Change €m
Revenue	**245.8**	**227.6**	**+8.0%**	**+18.2**
Purchases used	(15.3)	(15.4)	(0.7)%	(0.1)
External expenses	(55.7)	(58.5)	(4.8)%	*(2.8)*
Payroll costs	(124.5)	(114.6)	+8.7%	+9.9
EBITDA[1]	**45.5**	**33.3**	**+36.5%**	**+12.2**
EBITDA margin[1]	*18.5%*	*14.6%*	*+386 bps*	-
Amortization and depreciation	*(32.8)*	(21.4)	*+53.6%*	+11.5
Recurring operating income[1]	**12.6**	**11.9**	**+5.8%**	**+0.7**
Recurring operating margin[1]	*5.1%*	*5.2%*	*(10)bps*	-
Other non-recurring operating income and expenses[1]	*(16.3)*	(9.6)	*+69.0%*	*+6.7*
Operating income	**(3.6)**	**2.3**	**n.m.**	
Operating income margin	*(1.5)%*	*1.0%*	*(250)bps*	-
Cost of net financial debt	*(4.5)*	(2.2)	*+100.7%*	+2.2
Total taxes	(2.1)	(0.8)	+176.7%	*+1.3*
Profit (loss)	**(10.2)**	**0.7**	**n.m.**	***(10.9)***
Net profit attributable to owners of the parent	(10.2)	0.7	n.m.	*(10.8)*

(1) See section 2.5.3 – Alternative performance indicators.

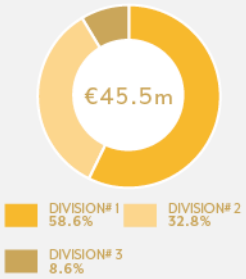
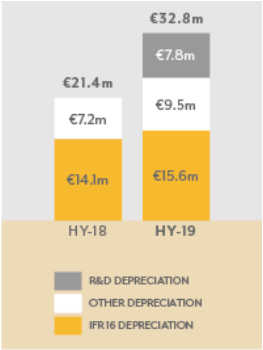
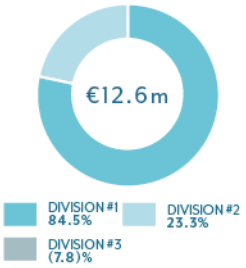
REVENUES

Revenue **€245.8m**	**+8.0%** reported **6.4%** L-f-l	**Revenue** increased by €18.2 million, or 8.0%, to €245.8 million in the first half of 2019, compared to €227.6 million in the first half of 2018. Excluding a favorable currency translation effect of 0.2% and a 1.3% boost from acquisitions, revenue rose 6.4%. In like-for-like terms, all of the divisions improved. The *Health insurance, HR and e-services* division gained 6.9% and the *Healthcare professionals* division, 5.9%. See section 2.5.2 *Analysis of the financial position by division.*
Currency impact **0.5M€**	**+0.2%**	The favorable currency translation impact of €0.5 million, or 2%, was mainly attributable to appreciation of the US dollar, which represents 2.3% of Group revenues, and virtually no movement in the pound sterling, which represents 9.9%, against the euro.
Scope impact **€3.0m**	**+1.3%**	The €3.0 million boost from scope effects, or 1.3%, was chiefly due to the acquisitions of *BSV* and *Ximantix*.
Breakdown of revenue by geographic region		By geographic region, the relative contribution of France fell by 0.7 points to 84.5%, whereas EMEA (excluding France) climbed by 1 point to 13.2% and the Americas remained relatively stable at 2.3%.
Breakdown of revenue by currency		The breakdown of revenue by currency changed only marginally compared with the previous year: the euro and the pound sterling remained relatively stable at 86.4% and 9.9% respectively whereas the dollar us fell by 0.3 point to 2.3% and the other currencies climbed by 0.3 point to 1.5%.
Breakdown of revenue by division		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 0.4 point to 66.1%, whereas that of the *Healthcare professionals* division decreased by 0.3 point to 33.2%. The contribution of the *Corporate and others* division remained relatively stable at 0.7%. See section 2.5.2 *Analysis of the financial position by division.* *Division 1: Health insurance, HR and e-services;* *Division 2: Healthcare professionals;* *Division 3: Corporate and others.*

OPERATIONAL CHARGES

Purchases used **€15.3m**	as % of revenues **6.2%** in June 2019 **6.7%** in June 2018	**Purchases used** decreased by €0.1 million, or 0.7%, to €15.3 million in the first half of 2019, compared to €15.4 million in the first half of 2018. Purchases used represented 6.2% of consolidated revenue in the first half of 2019, compared with 6.7% in the first half of 2018. Purchases used are flat since the increase resulting from the first-time consolidation of companies acquired in H1 2019—notably *Ximantix* in Germany—was almost completely offset by a decline in purchases consumed in the United Kingdom because of a different business mix.
External expenses **€55.7m**	as % of revenues **22.7%** in June 2019 **25.7%** in June 2018	**External expenses** decreased by 2.8 million, or 4.8%, to €55.7 million in the first half of 2019, compared with €58.5 million in the first half of 2018. External expenses represented 22.7% of consolidated revenue in the first half of 2019, compared with 25.7% in the first half of 2018. External expenses, restated to reflect the positive €7.9 million impact of the first-time application of IFRS 16, grew by €5 million, or 8.6%. This increase is mostly due to greater use of temporary workers to implement BPO contracts in health insurance. External expenses represented 25.9% of H1 2019 revenue compared with 25.7% in H1 2018.
Payroll costs **€124.5m**	as % of revenues **50.6%** in June 2019 **50.3%** in June 2018	**Payroll costs** increased by €9.9 million, or 8.7%, to €124.5 million in the first half of 2019, compared with €114.6 million in the first half of 2018. Payroll costs represented 50.6% of consolidated revenue in the first half of 2019, compared with 50.3% in the first half of 2018. The increase in payroll costs is mostly due to recruitment in France, Morocco, and Romania to meet the needs of the expanding BPO and *Docavenue* businesses.
EBITDA[1] **€45.5m**	as % of revenues **18.5%** in June 2019 **14.6%** in June 2018	**EBITDA[1]** increased by €12.2 million, or 36.5%, to €45.5 million in the first half of 2019, compared with €33.3 million in the first half of 2018. EBITDA represented 18.5% of consolidated revenue in the first half of 2019, compared with 14.6% in the first half of 2018. Restated for the positive €7.9 million impact of the initial application of IFRS 16, the increase amounted to €4.3 million, or 12.9%. The increase reflected trends in revenue, purchases used, external expenses, and payroll costs (for more details, see above). The H1 2019 figure represented 15.3% of revenue, compared with 14.6% in H1 2018.

(1) See section 2.5.3 – Alternative performance indicators.

EBITDA[1] breakdown by division		The *Health insurance, HR and e-services* and the division contributed to 58.6% of consolidated EBITDA, compared with 32.8% for the *Healthcare professionals* division, whereas the *Corporate and others* division contributed 8.6%. See section 2.5.2 *Analysis of the financial position by division*. *Division 1 : Health insurance, HR and e-services;* *Division 2: Healthcare professionals;* *Division 3: Corporate and others.*
Depreciation and amortization expenses **€32.8m**		**Depreciation and amortization expenses** increased by €11.5 million, or 53.6% to €32.8 million in H1 2019, compared with €21.4 million in H1 2018. Restated for the negative €7.8 million impact of the initial application of IFRS 16, the increase amounted to €3.7 million, or 17.4%. The increase was also attributable to the €1.4 million increase in the amortization of capitalized R&D expenses over the period, which amounted to €15.6 million in the first half of 2019 compared with €14.1 million in the first half of 2018.
Recurring operating income[1] **€12.6m**	as % of revenues **5.1%** in June 2019 **5.2%** in June 2018	**Recurring operating income**[1] increased by €0.7 million, or 5.8%, to €12.6 million in H1 2019, compared with €11.9 million in H1 2018. The H1 2019 figure represented 5.1% of revenue, compared with 5.2% in H1 2018. Applying IFRS 16 to recurring operating income had no material impact. The increase was due to increase of €12.2 million in EBITDA[1], partly offset by a €11.5million increase in depreciation and amortization expenses.
Recurring operating income[1] breakdown by division		The *Health insurance, HR and e-services* division generated 84.5% of consolidated EBIT before special items, against 23.3% for the *Healthcare professionals* division. The *Corporate and others* division made a negative contribution equivalent to 7.8%. *Division 1 : Health insurance, HR and e-services;* *Division 2: Healthcare professionals;* *Division 3: Corporate and others.*

(1) See section 2.5.3 – Alternative performance indicators.

Other non-recurring operating income and expenses[1]

€15.8m

Other non-recurring operating income and expenses[1] amounted to a net charge of €16.3 million in H1 2019 compared with a net charge of €9.6 million in H1 2018. The H1 2019 figure arose mainly from the disposal of virtually all the business activities of Pulse System Inc, which led to a €2.5 million impairment of goodwill and a €12.3 million impairment of capitalized R&D. In addition, Group reorganization efforts under its business model transformation plan gave rise to an exceptional charge of €1.2 million during the first half 2019.

Breakdown of Other non-recurring operating income and expenses[1] by nature and division

Breakdown of special items by nature

In € million	06/30/2019	06/30/2018
Restructuring costs	(1.2)	(5.8)
Amortization charge for intangible mature assets	(14.8)	(2.7)
Other non-recurring income and expenses	(0.2)	(1.2)
Other non-recurring operating income and expenses[1]	(16.3)	(9.6)

In € million	06/30/2019	06/30/2018
Health insurance, HR and e-services	(1.0)	(0.7)
Healthcare professionals	(15.1)	(4.4)
Corporate and others	(0.2)	(4.5)
Other non-recurring operating income and expenses[1]	**(16.3)**	**(9.6)**

Operating income

€(3.6)m

as % of revenues

(1.5)% in June 2019

+1.0% in June 2018

Operating income decreased by €6.0 million to a loss of €3.6 million in H1 2019, compared with €2.3 million profit in H1 2018.

Applying IFRS 16 to recurring operating income had no material impact.

This decrease was due to the €6.7 million increase in *other non-recurring operating income and expenses* partly offset by the €0.7 million increase in *recurring operating income*.

FINANCIAL CHARGES

Cost of net financial debt

€4.5m

Cost of net financial debt increased by €2.2 million, or 100.7% to €4.5 million in H1 2019, compared with €2.2 million in H1 2018. The H1 2019 figure represented 1.5% of revenue, compared with 1.0% in H1 2018. This increase reflects the impact of refinancing transactions carried out in H2 2018, resulting in an increase in interest rates paid in return for an increase in maturity. (See Interest Rates on page 36).

(1) See section 2.5.3 – Alternative performance indicators.

Tax expense **€2.1m**	**Tax** amounted to a charge of €2.1 million in H1 2019 compared with a charge of €0.8 million in H1 2018, an increase of €1.3 million, or 176.7%. The main factors were an increase in corporate income tax on foreign subsidiaries and a decrease in deferred tax asset on French subsidiaries.

NET RESULTS

Consolidated net profit **€(10.2)m**	**Consolidated net profit** came to €10.2 million loss in H1 2019 compared with a profit of €0.7 million in H1 2018. This €10.9 million decrease in consolidated net profit reflected trends in revenue, operating income, other non-recurring operating income and expenses, cost of net financial debt and tax expense (for more details, see above).
Consolidated net profit attributable to the Group **€(10.2)m**	After taking into account minority interests, the c**onsolidated net profit attributable to the Group** amounted to a loss of €10.2 million at June 30, 2019, compared with a €0.7 million profit at June 30, 2018.

EARNINGS PER SHARE

Earnings per share before special items[1] **€(0.4)**	**Recurring net profit per share** came to a loss of €0.4 in H1 2019 compared to a profit of €0.2 in H1 2018
Earnings per share **€(0.7)**	**Earnings per share** were a loss of €0.7 in H1 2019 compared with a profit of €0.0 a year earlier.

(1) See section 2.5.3 – Alternative performance indicators.

2.5.2 Analysis of the financial position by division

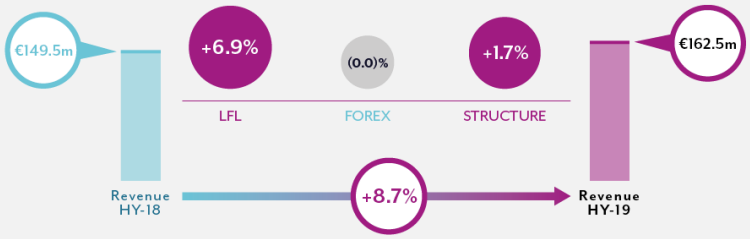
2.5.2.1 Health insurance, HR and e-services division

Health insurance, HR and e-services division	as % of revenues	Employees
	66.1% | **65.7%** In June 2018	**2 773** | **2 410** In June 2018

OPERATIONAL PERFORMANCE

Revenue	EBITDA[1]	EBITDA margin[1]
€162.5m | **+8.7%** reported | **6.9%** l-f-l	**€26.7m** | **+10.1%** compared to June 2018	**16.4%** | **16.2%** in June 2018

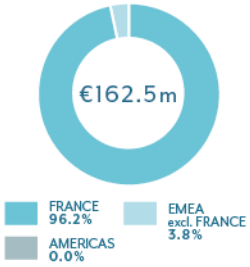
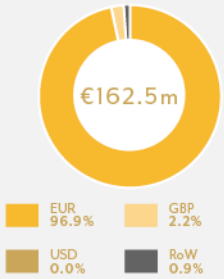
Revenue change



In € million	06/30/2019	06/30/2018	Change %	Change €m
Revenue	162.5	149.5	+8.7%	+13.0
EBITDA[1]	26.7	24.2	+10.1%	+2.4
EBITDA margin[1]	*16.4%*	*16.2%*	*+21bps*	-
Depreciation	(16.0)	(10.8)	+47.7%	+5.2
Recurring operating income[1]	10.7	13.4	(20.3)%	(2.7)
Recurring operating income margin[1]	6.6%	9.0%	(239)bps	-
Other non-recurring operating income and expenses[1]	(1.0)	(0.7)	+35.4%	+0.3
Operating income	9.7	12.7	(23.5)%	(3.0)
Operating income margin	6.0%	8.5%	(215)bps	-

(1) See section 2.5.3 – Alternative performance indicators.

COMMENTS ON REVENUE

Revenue **€162.5m**	**+8.7%** reported **+6.9%** Lfl	Revenue for the *Health insurance, HR and e-services* division increased by €13.0 million, or 8.7%, to €162.5million in H1 2019, compared with €149.5 million in H1 2018. Currencies had virtually no impact. Acquisitions accounted for 1.7 percentage points. The main contributions came from *BSV* and *Ximantix*. Like-for-like revenues rose 6.9% over the period. The businesses that made the biggest contributions to this growth in H1 were—in the health insurance sector—BPO and third-party payment flow processing activities, *Cegedim Health Data* (data and analytics for the healthcare market), *Cegedim e-business* (document and process digitization), and *Cegedim SRH* (HR management solutions).
Currency impact **€0.0m**	**0.0%**	Currencies had virtually no impact.
Scope impact **€2.6m**	**+1.7%**	Acquisitions added €2.6 million, 1.7%, the main contributions came from *BSV* and *Ximantix*.
Breakdown of revenue by geographic region		By geographic region, France contribution fell by 0.7 point to 96.2% whereas the EMEA (excluding France) climbed by 0.7 point to 3.8%.
Breakdown of revenue by currency		The breakdown of revenue by currency has changed only marginally since the previous year: the euro, the pound sterling and other currencies were relatively stable at respectively 96.9%, 2.2% and 0.9%.

COMMENTS ON PROFITABILITY

EBITDA[1] **€26.7m**	Margin **16.4%** in June 2019 **16.2%** in June 2018	**EBITDA[1]** increased by €2.4 million, or 10.1%, to €26.7 million over H1 2019, compared with €24.2 million in H1 2018. The H1 2019 figure represented 16.4% of revenue, compared with 16.2% in H1 2018. Restated for the positive €3.4 million impact of the initial application of IFRS 16, EBITDA decreased by €1.0 million, or 4.1%. This decline reflects the strong growth in BPO activities, particularly following the start of the BCAC contract at the beginning of the year and the development of *Cegedim e-business* partially offset by the good performance *of Cegedim SRH* (HR management solutions) and from the international Health Insurance activities.
Depreciation and amortization expenses **€16.0m**	**+47.7%**	**Depreciation and amortization expenses** increased by €5.2 million, or 47.7% to €16.0 million in H1 2019, compared with €10.8 million in H1 2018. Restated for the negative €3.3 million impact of the initial application of IFRS 16, the increase amounted to €1.8 million, or 16.9%. The increase was mainly attributable to the €1.4 million increase in the amortization of capitalized R&D expenses over the period, which amounted to €9.4 million in the first half of 2019 compared with €8.1 million in the first half of 2018.
Recurring operating income[1] **€10.7m**	Margin **6.6%** in June 2019 **9.0%** in 2018	**Recurring operating income[1]** decreased by €2.7 million, or 20.3%, to €10.7 million in H1 2019, compared with €13.4 million in H1 2018. It represented 6.6% of consolidated revenue in the first half of 2019, compared with 9.0% in the first half of 2018. Applying IFRS 16 to recurring operating income had no material impact. This decrease in recurring operating income was due to the €5.2 million increase in in amortization and depreciation expense partly offset by a €2.4 million increase in EBITDA.

(1) See section 2.5.3 – Alternative performance indicators.

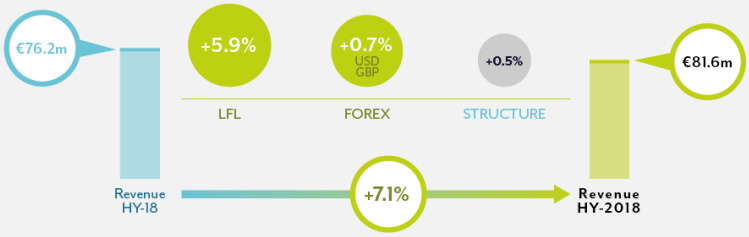
2.5.2.2 Healthcare professionals division

Healthcare professionals division	as % of revenues	Employees
	33.2% in June 2019 | **33.5%** in June 2018	**1 700** in June 2019 | **1 588** in June 2018

OPERATIONAL PERFORMANCE

Revenue	EBITDA[1]	EBITDA margin[1]
€81.6m | **7.1%** reported | **5.9%** L-f-l	**€14.9m** | **116.1%** compared to June 2018	**18.3%** | **9.1%** in June 2018

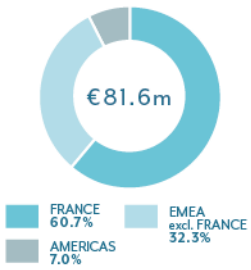
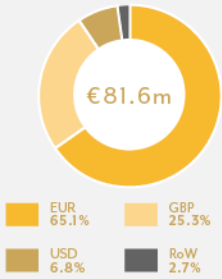
Revenue change



In € million	06/30/2019	06/30/2018	Change %	Change €m
Revenue	**81.6**	**76.2**	**+7.1%**	+5.4
EBITDA[1]	**14.9**	**6.9**	**+116.1%**	+8.0
EBITDA margin[1]	*18.3%*	*9.1%*	*+921bps*	-
Depreciation	(11.9)	(7.8)	+53.4%	+4.2
Recurring operating income[1]	**2.9**	**(0.9)**	**n.m.**	+3.8
Recurring operating income margin[1]	*3.6%*	*(1.2)%*	*479bps*	-
Other non-recurring operating income and expenses[1]	(15.1)	(4.4)	+241.3%	+10.7
Operating income	(12.2)	(5.3)	(128.8)%	(6.4)
Operating income margin	*(14.4)%*	*(7.0)%*	*+794 bps*	-

(1) See section 2.5.3 – Alternative performance indicators.

COMMENTS ON REVENUES

Revenue **€81.6m**	**7.1%** reported **5.9%** L-f-l	**Revenue** for the Healthcare professionals division increased by €5.4 million, or 7.1%, to €81.6 million in H1 2019, compared with €76.2 million in H1 2019. Currency effects made a positive contribution of 0.7%. Acquisitions accounted for 0.5 percentage points. Like-for-like revenue decrease by 5.9% over the period. The businesses that made the biggest positive contributions in H1 were computerization solutions for doctors and allied health professionals in France and for doctors in the UK, and for doctors and pharmacists in Romania.
Currency impact **+€0.5m**	**0.7%**	Currencies had a positive impact of 0.7%.
Scope impact **+€0.4m**	**+0.5%**	Acquisitions added €0.5 million, 0.5%, the main contributions came from *RDV Médicaux*.
Breakdown of revenue by geographic region		By geographic region, the relative contribution of France fell by 1 point to +60.7%, whereas EMEA (excluding France) climbed by 1.8 point to 32.3% and Americas remained relatively stable at 7.0%.
Breakdown of revenue by currency		The breakdown of revenue by currency has marginally changed since the previous year: the euro and US dollar saw their share fell respectively by 0.4 and 0.7 points to 65.1% and 6.8% respectively, whereas that of pound sterling remains relatively stable at 25.3% and the other currencies climb by 1.2 points to 2.7%.

COMMENTS ON PROFITABILITY

EBITDA[1] **€14.9m**	Margin **18.3%** in June 2019 **9.1%** in June 2018	**EBITDA[1]** increased by €8.0 million, or 116.1% to €14.9 million in H1 2019, compared with €6.9 million in H1 2018. It represented 18.3% of consolidated revenue in H1 2019, compared with 9.1% in H1 2018. Restated for the positive €2.3 million impact of the initial application of IFRS 16, the increase amounted to €5.7 million, or 82.1%. This increase in EBITDA was mainly due to the positive performances of doctor computerization activities in the UK, France, Spain, and the US, of pharmacist computerization activities in France, and of the medication database business (*BCB*), partly offset by the start-up of the *Docavenue* business.
Depreciation and amortization expenses **€11.9m**	**+53.4%**	**Depreciation and amortization expenses** increased by €4.2 million, or 53.4% to €11.9 million in H1 2019, compared with €7.8 million in H1 2018. Restated for the negative €2.3 million impact of the initial application of IFRS 16, the increase amounted to €1.9 million, or 24.1%. The amortization of capitalized R&D expenses remains relatively stable over the period and amounted to €5.8 million in the first half of 2019 compared with €5.9 million in the first half of 2018.
Recurring operating income[1] **€2.9m**	Margin **3.6%** in June 2019 **(1.2)%** in June 2018	**Recurring operating income[1]** increased by €3.8 million to a profit of €2.9 million in the first half of 2019, compared with a €0.9 million loss in the first half of 2018. It represented 3.6% of consolidated revenue over 2019, compared with 1.2% over 2018. Applying IFRS 16 to recurring operating income had no material impact. This increase in recurring operating income was primarily due to the €8.0 million increase in EBITDA, partly offset by the €4.2 million increase in depreciation and amortization expenses.
Other non-recurring operating income and expenses[1] **€15.1m**	Growth rate **+241.3%**	**Other non-recurring operating income and expenses[1]** increased by €10.7 million to €15.1 million in H1 2019, compared with €4.4 million in H1 2018. The H1 2019 figure arose mainly from the disposal of virtually all the business activities of Pulse System Inc, which led to a €2.5 million impairment of goodwill and a €12.3 impairment of capitalized R&D.

(1) See section 2.5.3 – Alternative performance indicators.

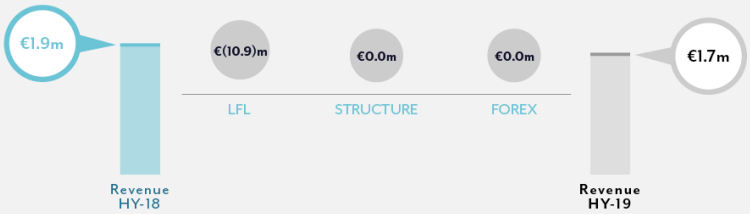
2.5.2.3 Corporate and others division

Corporate and others division	as % of revenues	Employees
	0.7% in June 2019 | **0.9%** in June2018	**309** in June 2019 | **309** in June 2018

OPERATIONAL PERFORMANCE

Revenue	EBITDA	EBITDA margin
€1.7m | **(10.9)%** reported | **(10.9)%** L-f-l	**€3.9m** | **+77.8%** compared to June 2018	**n.s.** in 2019 | **+n.s** in June 2018

Revenue change



In € million	06/30/2019	06/30/2018	Change %	Change m€
Revenue	**1.7**	**1.9**	**(10.9)%**	**(0.2)**
EBITDA[1]	**3.9**	**2.2**	**+77.8%**	**+1.7**
EBITDA margin[1]	*n.m.*	*n.m.*	-	-
Depreciation	(4.9)	(2.8)	+77.2%	+2.1
Recurring operating income[1]	**(1.0)**	**(0.6)**	**+75.0%**	**(0.4)**
Recurring operating income margin[1]	*n.m.*	*n.m.*	*n.m.*	-
Other non-recurring operating income and expenses[1]	(0.2)	(4.5)	(96.2)%	(4.3)
Operating income	(1.2)	(5.0)	(77.1)%	+3.9
Operating income margin	*n.m.*	*n.m.*		-

(1) See section 2.5.3 – Alternative performance indicators.

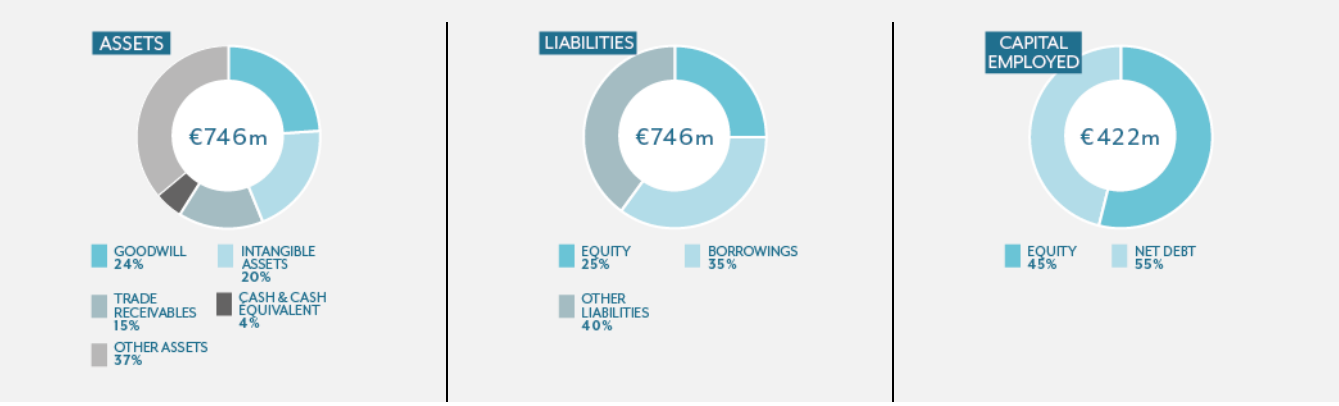
COMMENTS ON REVENUE AND PROFITABILTY

Revenues **€1.7m**	**(10.9)%** reported **(10.9)%** L-f-l	**Revenue** for the *Corporate and others* division decreased by €0.2 million, or 10.9%, to €1.7 million in H1 2019, compared with €1.9 million in H1 2018. There were no divestments or acquisitions and there was no impact from foreign currency translation.
EBITDA[1] **€3.9m**	Marge **n.m.** in June 2019 **n.m.** in June 2018	**EBITDA[1]** increased by €1.7 million to €3.9 million in the first half of 2019, compared with €2.2 million in the first half of 2018. Restated for the positive €2.1 million impact of the initial application of IFRS 16, the EBIDTA decrease by €0.4 million, or 16.9%.
Depreciation and amortization expenses **€4.9m**	**+77.2%**	**Depreciation and amortization expenses** increased by €2.1 million, or 77.2% to €4.9 million in H1 2019, compared with €2.8 million in H1 2018. Restated for the negative €2.1 million impact of the initial application of IFRS 16, the depreciation and amortization expenses remains relatively stable.
Recurring operating income[1] **€(1.0)m**	Margin **n.m.** in June 2019 **n.m.** in June 2018	**Recurring operating income[1]** worsen by €0.4 million, or 75.0%, to a loss of €1.0 million in the first half of 2019, compare with a €0.6 million loss in the first half of 2018. Applying IFRS 16 to recurring operating income had no material impact. This negative trend mainly reflects the trend in EBTIDA restated from the impact of the initial application of IFRS 16.
Other non-recurring operating income and expenses[1] **€0.2m**	Growth rate **(96.2)%**	**Other non-recurring operating income and expenses[1]** decreased by €4.3 million to €0.2 million in the first half of 2019, compared with €4.5 million in the first half of 2018, mainly due a €4.1million charge related to the sale of *Cegelease* and *Eurofarmat* in H1 2018.

(1) See section 2.5.3 – Alternative performance indicators.

2.5.3 Financial structure as of June 30, 2019

2.5.2.1 Simplified Consolidated Balance Sheet



In € million	Note	06/30/2019	12/31/2018	Change %
Assets				
Goodwill		180,5	173,0	+4,3%
Intangible fixed assets		151,3	156,7	-3,4%
Tangible assets	a	100,2	33,4	+199,9%
Financial assets	b	21,4	21,0	+2,0%
Other non-current assets	c	40,7	39,9	+2,1%
Total non-current assets		**494,1**	**424,0**	**+16,5%**
Trade receivables – short-term portion		113,1	97,3	+16,3%
Cash & cash equivalents		26,2	81,1	-67,7%
Other current assets		112,2	45,8	+145,2%
Total current assets		**251,5**	**224,1**	**+12,2%**
Total assets		**745,6**	**648,1**	**+15,0%**
Liabilities	d			
Long-term financial debt		239,0	185,8	+28,6%
Other non-current liabilities		35,4	34,0	+4,2%
Total non-current liabilities	d	**274,4**	**219,8**	**+24,8%**
Short-term financial debt	e	19,7	3,2	+513,7%
Other current liabilities		262,3	226,1	+16,0%
Total current liabilities		**282,0**	**229,3**	**+23,0%**
Total liabilities excluding shareholders' equity	f	**556,4**	**449,2**	**+23,9%**
Shareholders' equity		**189,2**	**198,8**	**(4,9)%**
Total liabilities and shareholders' equity		**745,6**	**648,1**	**+15,0%**

a) Including €66.9 million of right-of-use assets at June 30, 2019, stemming from the initial application of IFRS 16 (i.e. an amount of zero at December 31, 2018).

b) Excluding equity shares in equity method companies.

c) Including deferred tax assets of €28.6 million at June 30, 2019, and €28.2 million at December 31, 2018.

d) Long-term and short-term liabilities include liabilities under our employee profit-sharing plans in the total amount of €6.7 million at June 30, 2019, and €6.7 million at December 31, 2018. This also includes IFRS 16 liabilities of €53.3 million (non current) and €14.2 million (current) at June 30, 2019.

e) Including "tax and social liabilities" of €83.5 million at June 30, 2019, and €89.1 million at December 31, 2018. 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.

f) Including minority interests of €0.2 million at June 30, 2019, and €0.2 million at December 31, 2018.

NET FINANCIAL DEBT

in €m	Note	06/30/2019	12/31/2018	Change %
Long-term financial debt		239.0	185.8	+28.6%
Short-term financial debt		19.7	3.2	+513.7%
Gross debt		**258.7**	**189.1**	**+36.9%**
Cash and cash equivalents		26.2	81.1	(67.7)
Net financial debt(1)		**232.6**	**108.0**	**+115.4%**
IFRS 16 debt		67.5	0.0	n.m.
Net financial debt excluding the IFRS 16 debt(1)	**f**	**165.1**	**108.0**	**+52.9%**
Equity	g	189.2	199.0	(4.9)
Gearing	**h=f/g**	**1.2**	**0.5**	**n.m.**
EBIDTA(1) LTM	i	88.9	76.8	+15.8%
Leverage ratio	**f/i**	**2.6**	**1.4**	**-**

(h) Net financial debt to total equity ratio.
(1) See section 2.5.3 – Alternative performance indicators.

Structure of debt

€135.0 million **Euro PP** maturing on October 8, 2025;

€65 million **revolving credit**, fully undrawn; maturing on October 9, 2023;

€45.1 million **FCB Loan** maturing on November 20, 2025;

€24.0 million **overdraft facility**, of which €0.0 million was drawn

The Group also uses a non-recourse factoring agreement, of which €24.1 million was drawn as of June 30, 2019 compared with €39.0 million as of December 31, 2018.€135

Cegedim's principal financing arrangements *In € million*	Total	Less than 1 year	Between 1 and 5 years	More than 5 years
Euro PP	135.0	-	-	135.0
Revolving credit facility	65.0	-	65.0	-
FCB loan	45.1	-	-	45.1
Overdraft facility	24.0	24.0	-	-
Total	**269.1**	**24.0**	**65.0**	**180.1**

Interest rate

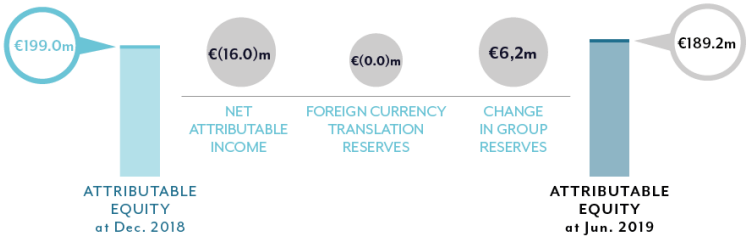
The interest payable on the **Euro PP** is charged at a fixed rate of 3.50%.

In the first half of 2019, the revolving credit facility was undrawn.

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

COMMENTS ON THE CONSOLIDATED BALANCE SHEET

Consolidated total balance sheet **€745.6m**	**The consolidated total balance sheet** amounted to €745.6 million at June 30, 2019, a €97.5 million, or 15.0%, increase over December 31, 2018. This increase included €67.0 million related to the application of IFRS 16 as of January 1, 2019, with right-of-use assets relating to leases with fixed lease payments recognized as assets in the balance sheet, offset against lease liabilities which were recognized as liabilities in the balance sheet. *For a detailed explanation of the IFRS 16 impact, please see Note 10 on page 66.*
Acquisition goodwill **€180.5m**	**Acquisition goodwill** represented €180.5 million at June 30, 2019, compared with €173.0 million at end-2018. The €7.5 million increase, or 4.3%, was chiefly attributable to the €10.7 million impact of the acquisition of *BSV* and *RDV médicaux* in France and *Ximantix* in Germany, and was partly offset by the €2.5 million of impairment related to the disposal of virtually all of *Pulse Systems Inc's* assets. Acquisition goodwill represented 24.2% of the total balance sheet at June 30, 2019, compared with 26.7% on December 31, 2018.
Intangible assets **€151.3m**	**Intangible assets** decreased by €5.4 million, or 3.4%, to €151.3 million at June 30, 2019, compared with €156.7 million at June 2018. This decrease mainly reflects the €14.5 impairment of capitalized R&D on Pulse System Inc. following the disposal of virtually all the business activities partly offset by the increase in capitalized R&D net depreciation and amortization expenses. Intangible assets represented 20.3% of total assets at the end of June 30, 2019 compared with 24.2% at the end of December 30, 2018.
Tangible assets **€100.2m**	**Tangible assets** increased by €66.8 million, or 199.9% to €100.2 million at June 30, 2019, compared with €33.4 million at December 31, 2018. The right-of-use assets amounted to €66.9 million as of June 30, 2019 following the initial application of IFRS 16 on January 1, 2019. Tangible assets represented 13.4% of total assets at the end of June 30, 2019 compared with 5.2% at December 31, 2018.
Trade receivables **€113.2m**	**Trade receivables** increased by €15.8 million, or 16.2%, to €113.2 million at the end of June 30, 2019, compared with €97.4 million at the end of December 31, 2018. Virtualluy al the trade receivables are short-term portion. Trade receivables represented 15.2% of total assets at June 30, 2019, compared with 15.0% at December 31, 2018. **The short-term portion** increased by €15.9 million, or 16.3%, to €113.1 million, compared with €97.3 million at December 31, 2018. This increase was mainly attributable to the decrease of the non-recourse factoring in H1 2019.
Cash and equivalents **€26.2m**	**Cash and equivalents** decreased by €54.9 million compared with December 31, 2018, to €26.2 million at June 30, 2019. The decrease was chiefly attributable to a requirement of €47.6 million in working capital and to €40.8 million of investments. Of the increase in working capital requirement, €14.9 million was due to the cancellation of factoring arrangements and €31.3 million was due to the negative trend in advances paid by clients at the health insurance BPO business, of which €15.8 million were classified as current client receivables to reflect the specific clauses of a significant contract. The outflow related to investment activities included €24.6 million of R&D capitalization and a €10.9 million of impact from changes in consolidation scope. It worth noting that the liquid assets presented on the balance sheet include €17.3 million of commitments related to the BPO activity in health insurance (delegated management of payment of health benefits). Cash and cash equivalents represented 3.9% of total assets at June 30, 2019, compared with 12.5% at December 31, 2018. *See section 2.5.3.2 on page 39.*

Long-term financial liabilities **€239.0m**	**Long-term financial liabilities** increased by €53.2 million, or 28.6%, to 239.0 million at June 30, 2019, compared with €185.8 million at December 31, 2018. This increase stemmed mainly from the application of IFRS 16 resulting in the recognition of lease liabilities for €53.3 million, offset against right-of-use assets. Long-term liabilities include liabilities under Cegedim's employee profit-sharing plans in the total amount of €5.3 million at the end of June 30, 2019, compared with €5.3 million at December 31, 2018.
Short-term debts **€19.7m**	**Short-term debts** increased by €16.5 million, i.e. 513.7%, to €19.7 million at June 30, 2019, compared with €3.2 million at December 31, 2018. This increase stemmed mainly from the application of IFRS 16 resulting in the recognition of lease liabilities for €14.2 million, offset against right-of-use assets. Short-term liabilities include €1.4 million for an employee profit-sharing plan at June 30, 2019 compared with €1.4 million at December 31, 2018.
Total financial liabilities **€258.7m**	**Total financial liabilities** increased by €69.7 million, or 36.9%, to €258.7 million at June 30, 2019. **Total net financial liabilities** amounted to €232.6 million, up €124.6 million compared with six months ago. They represented 123% of shareholders' equity at June 30, 2019, and 87% restated for the IFRS 16 liabilities compared with 54% at December 31, 2018. Long- and short-term liabilities include €6.7 million for an employee profit-sharing plan, long- and short-term lease liabilities for a total of €67.5 million and €1.1 million of other debt at June 30, 2019.
Shareholders' equity **€189.2m**	**Equity** fell by €9.8 million, or 4.9%, to €189.2 million at June 30, 2019, compared with €199.0 million at December 31, 2018. The change mainly reflects the decrease of €16.0 million in Group earnings partly offset by an increase of €6.2 million of translation reserves. Equity represented 27.9% of total assets at June 30, 2019, compared with 30.7% at December 31, 2018.
Change in shareholder's equity	
Off-balance sheet commitments	Cegedim SA provides guarantees and securities covering the operational or financing obligations its subsidiaries incur in the ordinary course of business. Existing guarantees at December 31, 2018, did not change significantly during the first six months of 2019 expect: • a €10 million guarantee Cegedim made to its Gers subsidiary on behalf of Sanofi (Board of Directors meeting of January 29, 2019) • a €3 million guarantee benefiting Arval Service Lease for a 12-month period ending June 18, 2020 See note 13.1 of the Interim Consolidated Financial Statement.

2.5.3.2 Consolidated cash flow sources and amounts

SUMMARIZED CONSOLIDATED CASH FLOW STATEMENT

In € million	06/30/2019	06/30/2018
Gross cash flow	**43.1**	**28.3**
Tax paid	(0.5)	(0.7)
Change in working capital	(47.6)	+11.5
Net cash from (used in) operating activities	**(4.9)**	**39.1**
Of which net cash from (used in) operating activities held for sale	*0.0*	*(5.1)*
Net cash from (used in) investing activities	**(40.8)**	**36.4**
Of which net cash from (used in) investing activities held for sale	*0.0*	*13.9*
Net cash from (used in) financing activities	**(9.3)**	**(85.1)**
Of which net cash from (used in) financing activities	*0.0*	*(13.1)*
Total cash flows excluding currency impact	**(55.0)**	**(9.5)**
Change due to exchange rate movements	0.1	0.1
Change in cash	**(54.9)**	**(9.4)**
Net cash at the beginning of the period	*81.1*	*23.0*
Net cash at the end of the period	*26.2*	*13.6*

NET CASH FROM OPERATING ACTIVITIES

In € million	06/30/2019	06/30/2018
Cash flow from operating activities before tax and interest	43.1	28.3
Change in working capital requirement	(47.6)	+11.5
Corporate tax paid	(0.5)	(0.7)
Net cash from operating activities	**(4.9)**	**39.1**
Acquisitions of intangible assets	(26.1)	(22.2)
Acquisitions of tangible assets	(4.9)	(5.7)
Disposal of intangible assets and tangible assets	+0.1	**+0.1**
Free cash flow from operations	**(35.8)**	**+11.4**

TOTAL CAPITAL EXPENDITURES

In € million	06/30/2019	06/30/2018
Capitalized R&D	(24.6)	(21.2)
Maintenance capex	(6.3)	(6.6)
Total capital expenditures excluding acquisition/ Disposal and investment in discontinuing activities	**(30.9)**	**(27.8)**
Acquisition / Disposal	(10.9)	+64.6
Total capital expenditures	**(41.8)**	**+36.8**
Consolidated Group Revenue	245.8	227.6
Total capital expenditures excluding acquisition/ Disposal and investment in discontinuing activities on Revenue ratio	**12.6%**	**12.2%**

COMMENTS ON THE CASH FLOW STATEMENT

Net cash flow from operating activities **€(4.9)m**	**Cash flow generated from operating activities after tax paid and change in working capital requirements** decreased by €44.1 million to an outflow of €4.9 million at the end of June 30, 2019, compared with an inflow of €39.1 million at the end of June 30, 2018. The decline is mostly due to the €64.4 million increase in working capital requirement, which was partly offset by a €21.6 million rise in depreciation, amortization and provisions, itself mostly linked to the €7.8 million impact of the first-time application of IFRS 16 and a €1.4 million increase in amortization of capitalized R&D.
Change in working capital **€(47.6)m**	**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. **Working capital requirement** amounted to €47.6 million at June 30, 2019, compared with a working capital release of €11.5 million a year earlier. That's an increase of €64.4 million. This increase in WCR is mostly due to the termination of factoring agreements (€14.9 million), and to the downward adjustment in client advances in the health insurance BPO business (€31.3 million, including €15.8 million classified as "other current receivables" to reflect the specific terms of a large contract). Payments for investment transactions include €24.6 million for the capitalization of development costs and €10.9 million for the impact of changes in the consolidation scope..
Free cash flow from operations **€(35.8)m**	**Free cash flow from operations** amounted to a requirement of €35.8 million, compared with a releases of €11.4 million a year ago. This €47.2 million decline came mainly from a significant increase in WRC and from an increase in acquisition of intangible assets, partly offset by an increase in gross cash flow.
Net cash flow used in investing activities **€(40.8)m**	**Net cash flow used in investing activities** increased by €77.2 million, to an outflow of €40.8 million at end of June 30, 2019, compared with an inflow of €36.4 million at the end of December, 2018. The change in cash flow from investing activities is mostly due to the acquisition of *BSV* and *RDV médicaux* in France, and *Ximantix* in Germany for €10.9 million in H1 2019, compared with the receipt of over €70 million in H1 2018 from the sale of Cegelease and Eurofarmat. Acquisitions of intangible fixed assets also grew €3.9 million due to an increase in the capitalization of development costs.
Capital expenditures **€30.9m**	At June 30, 2019, capital expenditures increased by €3.1 million, to €30.9 million. The capital expenditures breakdown was as follows: €24.6 million of capitalized R&D and €6.3 million in maintenance capex. The capital expenditures represented 12.6% of H1 2019 consolidated revenue. The outflow related to acquisition and disposal came to €10.9 million in H1 2019.
Payroll expenses for the R&D workforce as a percentage of consolidated revenue **12.5%**	Payroll expenses for the R&D workforce represent around 12.5% of the last 12 months of Group revenue. Although this percentage is not a targeted figure, it has increased compared with 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.

Capitalization of R&D costs **€24.6m**	At the end of June 30, 2019, €24.6 million of R&D costs were capitalized, an increase of €3.4 million compared with June 30, 2018. The remaining R&D costs are recorded as expenses for the period in which they were incurred
Impact of changes in consolidation scope **€10.9m**	The impact of **changes in consolidation scope** was an outflow of €10.9 million at the end of June 30, 2019, compared with an inflow of €64.4 million at June 30, 2018. This increase is mostly due to the acquisition of *BSV* and *RDV médicaux* in France, and *Ximantix* in Germany for €10.9 million in H1 2019, compared with the receipt of over €70 million in H1 2018 from the sale of *Cegelease* and *Eurofarmat*.
Net cash flow used in financing activities **€(9.3)m**	**Net cash flow used in financing activities** decreased by €75.8 million, resulting in an outflow of €9.3 million at June 30, 2019, compared with an outflow of €85.1 million at June 30, 2018. This trend reflects mainly the impact of €7.0 million from the initial application of IFRS 16 compared with the down payment of the revolving facility on H1 2018.
Change in net cash **€(54.9)m**	The change in net cash from operations, investment operations and financing operations was an decrease of €54.9 million at the end of June 30, 2019, including a €0.1 million positive contribution from exchange rate movements.

2.6 Outlook

H1 2019 performance	H1 2019 revenues of €245.8 million, up 6.4% like for like compared with the same period in 2018. First-half EBITDA[1] came to €45.5 million, up 36.5% year on year. Restated of the initial application of IFRS 16, EBITDA[1] came to €37.6 million, up 12.9%.
2019 outlook disclosed on March 27, 2019	The Group has set a target of around 5% growth in both like-for-like revenues and EBITDA. In 2019, the Group does not expect any significant acquisitions and is not issuing any earnings estimates or forecasts.
2019 outlook revised on September 19, 2019	Based on its H1 2019 performances, the Group is upgrading its outlook for 2019 and now expects like-for-like revenue and EBITDA growth to be higher than 5%. In H2 2019, the Group does not expect any significant acquisitions and is not issuing any earnings estimates or forecasts
Potential impact of Brexit	In 2018, the UK accounted for 10.0% of consolidated Group revenues from continuing activities and 9.9% of consolidated Group EBIT. 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 Group EBIT. With regard to healthcare policy, the Group has not identified any major European programs at work in the UK, and no contracts with entities in the UK contain clauses dealing with Brexit.
Notice	*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 press release is issued and naturally entails risks and uncertainty. For more information on the risks facing Cegedim, please refer to Chapter 2, points 2.5, "Risk factors and insurance", and 2.7, "Outlook", of the 2018 Registration Document filled with the AMF on March 29, 2019, under number D.19-0230.*

03 Consolidated condensed financial statement

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3.1 Consolidated balance sheet

3.1.1 Assets

In thousands of euros	Note	06/30//2019 Net	12/31/2018 Net
Goodwill on acquisition	8.1	**180,478**	**173,024**
Development costs		36,794	13,103
Other intangible fixed assets		114,541	143,606
Intangible fixed assets		**151,335**	**156,709**
Property		544	544
Buildings		3,259	3,554
Other tangible fixed assets		29,440	29,306
Construction work in progress		90	11
Right-of-use assets	10	66,883	
Tangible fixed assets		**100,216**	**33,416**
Equity investments		1,214	1,214
Loans		13,425	13,425
Other long-term investments		6,747	6,318
Long-term investments – excluding equity shares in equity method companies		**21,386**	**20,957**
Equity shares in equity method companies	7.1	10,848	10,486
Government – Deferred tax		28,645	28,196
Accounts receivable: long-term portion	5.3	45	87
Other receivables: long-term portion		698	562
Prepaid expenses: long-term portion		460	530
Non-current assets		**494,111**	**423,966**
Services in progress		3,479	-
Goods		1,070	2,670
Advances and deposits received on orders	5.3	**113,141**	268
Accounts receivables: short-term portion		94,375	97,278
Other receivables: short-term portion		3	33,318
Cash equivalents		0	152
Cash		26,157	80,939
Prepaid expenses		13,303	9,516
Current Assets		**251,529**	**224,142**
Total Assets		**745,640**	**648,108**

The Group applied IFRS 16 for the first time on January 1, 2019, under the modified retrospective approach, which does not require restatement of the comparative figures for 2018.

3.1.2 Equility and liabilities

In thousands of euros	Note	06/30/2019	12/31/2018
Share capital		13,337	13,337
Group reserves		191,466	185,287
Group exchange gains/losses		(5,587)	(5,613)
Group earnings		(10,180)	5,771
Shareholders' equity, Group share		**189,036**	**198,781**
Minority interests		164	175
Shareholders' equity		**189,200**	**198,957**
Long-term financial liabilities	9.1	185,729	185,845
Non-current lease liabilities	9.1	53,299	
Long-term financial instruments		1,040	961
Deferred tax liabilities		7,430	6,605
Non-current provisions		26,913	26,389
Other non-current liabilities		0	15
Non-current liabilities		**274,409**	**219,814**
Short-term financial liabilities	9.1	5,491	3,211
Current lease liabilities	9.1	14,219	
Short-term financial instruments		4	1
Accounts payable and related accounts		44,266	41,774
Tax and social liabilities		83,523	89,074
Provisions		3,125	2,945
Other current liabilities		131,403	92,332
Current liabilities		**282,030**	**229,337**
Total Liabilities		**745,640**	**648,108**

The Group applied IFRS 16 for the first time on January 1, 2019, under the modified retrospective approach, which does not require restatement of the comparative figures for 2018.

3.2 Consolidated income statement

In thousands of euros	Note	06/30/2019	06/30/2018	Change
Revenue		**245,795**	**227,633**	**8.0%**
Purchased used		(15,260)	(15,365)	(0.7)%
External expenses		(55,693)	(58,501)	(4.8%
Taxes		(4,425)	(4,640)	(4.6)%
Payroll costs	6.1	(124,493)	(114,566)	8.7%
Allocations to and reversals of provisions		(1,517)	(2,327)	(34.8)%
Change in inventories of products in progress and finished products		(79)	(6)	n.m
Other operating income and expenses		(282)	(229)	23.0%
Income of equity-accounted affiliates	7.1	1,426	1,315	8.4%
EBITDA		**45,472**	**33,316**	**36.5%**
Depreciation expenses		(32,828)	(21,369)	53.6%
Recurring operating income		**12,643**	**11,947**	**5.8%**
Depreciation of goodwill		(2,500)	-	n.m
Other non-recurring operating income and expenses		(13,784)	(9,633)	43.1%
Other non-recurring operating income and expenses	**5.1**	**(16,284)**	**(9,633)**	**69.0%**
Operating income		**(3,640)**	**2,314**	**(257.3)%**
Income from cash and cash equivalents		52	1,077	(95.1)%
Gross cost of financial debt		(4,387)	(4,048)	8.1%
Other financial income and expenses		(125)	748	(118.2)%
Cost of net financial debt	**9.2**	**(4,460)**	**(2,222)**	**100.7%**
Income taxes		(1,914)	(1,546)	23.9%
Deferred taxes	11.1	(168)	793	(121.1)%
Total taxes		**(2,082)**	**(752)**	**176.7%**
Share of profit (loss) for the period of equity method companies	7.1	(8)	-	n.m.
Profit (loss) for the period from continuing activities		(10,190)	(661)	n.m.
Profit (loss) for the period from discontinued activities	4	-	1,345	n.m.
Consolidated profit (loss) for the period		(10,190)	684	n.m.
Consolidated net income (loss) attributable to owners of the parent	**A**	**(10,180)**	**655**	**n.m.**
Minority interests		10	29	n.m.
Average number of shares excluding treasury stock	B	13,853,244	13,941,543	-
Current Earnings Per Share (in euros)		**(0.4)**	**0.2**	**n.m.**
Earnings Per Share (in euros)	**A/B**	**(0.7)**	**0.0**	**n.m.**
Dilutive instruments		None	None	**n.m.**
Earning for recurring operation per share (in euros)		**(0.7)**	**0.0**	**n.m.**

The Group applied IFRS 16 for the first time on January 1, 2019, under the modified retrospective approach, which does not require restatement of the comparative figures for 2018.

3.3 Consolidated statement of other comprehensive income

In thousands of euros	Note	06/30/2019	06/30/2018	Change
Consolidated net profit (loss) for the period		**(10,190)**	**684**	**n.m.**
Unrealized exchange gains / losses		27	(707)	(103.8)%
Hedging of financial instruments				
Gross unrealized gains and losses		*(18)*	*(598)*	*n.m*
Tax impact		*5*	*173*	*n.m*
Other items recognized in equity, transferable to income statement		13	(1,133)	(101.3)%
Actuarial differences relating to provisions for pensions				n.m
Gross gains and losses			*435*	*n.m*
Tax impact			*(112)*	*n.m*
Other items recognized in equity, not transferable to income statement		**0**	**323**	**n.m**
Comprehensive income		**(10,176)**	**(126)**	**n.m**
Minority interest		(10)	(23)	(57.4)%
Comprehensive income, Group share		**(10,166)**	**(102)**	**n.m**

In thousands of euros	06/30/2018
Restatement	
Reported comprehensive income	**(346)**
Free shares	221
Restated comprehensive income	**(126)**

3.4 Consolidated statement of change in equity

In thousands of euros	Equity	Reserves tied to capital	Conso. Reserves and earning	Unrealized exchange gains/losses	Total group share	Minority interests	Total
Balance as at 01.01.2018	**13,337**	**0**	**189,027**	**(5,008)**	**197,357**	**(11)**	**197,346**
Earnings for the fiscal year			5,771		5,771	56	5,827
Earnings recorded directly as shareholders' equity							0
• Hedging of financial instruments			(177)		(177)		(177)
• Hedging of net investments					0		0
• Unrealizeed exchange gains/losses				(605)	(605)		(605)
• Actuarial differences relating to provisions for pensions			190		190		190
Total comprensive income for the fiscal year			**5,784**	**(605)**	**5,179**	**56**	**5,235**
Transactions with shareholders							
• Equity transactions							0
• Transactions on share			(268)		(268)		(268)
• Distribution of dividends(1)						(57)	(57)
• Treasury shares			(3,628)		(3,628)		(3,628)
Total transaction with shareholders			**(3,896)**	**0**	**(3,896)**	**(57)**	**(3,953)**
Other changes			141		141		141
Change in consolidated scope					0	188	187
Balance as at 12.31.2018	**13,337**	**0**	**191,057**	**(5,613)**	**198,781**	**176**	**198,956**
Earnings for the fiscal year			(10,180)		(10,180)	(10)	(10,190)
Earnings recorded directly as shareholders' equity							
• Hedging on shares			(13)		(13)		(13)
• Hedging on net investments				27	27		27
• Unrealized exchange gain/losses							
• Actuarial differences relating to provisions for pensons							
Total comprensive income for the fiscal year			**(10,193)**	**27**	**(10,166)**	**(10)**	**(10,176)**
Transactions with shareholders							
• Equity transactions							
• Transactions on share			29		29		29
• Distribution of dividends (1)						(1)	(1)
• Treasury shares			391		391		391
Total transactions with shareholders			**421**		**421**	**(1)**	**419**
Other changes							
Change in consolidated scope							
Balance as at 06/30/2019	**13,337**	**0**	**181,285**	**(5,587)**	**189,036**	**164**	**189,200**

(1)The total amout of dividends is distributed in respect of commons shares. There are no other classes of shares. There were no issues, repurchases or redemptions of equity securities between 2018 and 2019, expect for the shares acquired the free share award plan.

3.5 Consolidated statement of cash flow

In thousands of euros	Note	06/30/2019	12/31/2018	06/30/2018
Consolidated profit (loss) for the period		**(10,190)**	**5,826**	**684**
Share of earnings from equity method companies		(1,417)	(2,082)	(1,315)
Depreciation and provisions		48,220	50,808	26,609
Capital gains or losses on disposals		(25)	(1,694)	-
Cash flow after cost of net financial debt and taxes		**36,588**	**52,858**	**25,978**
Cost of net financial debt		4,460	6,019	2,276
Tax expenses		2,082	3,212	39
Operating cash flow before cost of net financial debt and taxes		**43,130**	**62,089**	**28,293**
Tax paid		(473)	(2,943)	(697)
Change in working capital requirements for operations: requirement		(47,584)	-	-
Change in working capital requirements for operations: surplus		-	64,436	11,549
Cash flow generated from operating activities after tax paid and change in working capital requirements (A)	A	**(4,927)**	**123,582**	**39,145**
Of which net cash flows from operating activities of held for sale		-	(5,145)	(5,145)
Acquisitions of intangible assets		(26,066)	(47,907)	(22,208)
Acquisitions of tangible assets		(4,880)	(10,976)	(5,662)
Acquisitions of long-term investments		391	(3,929)	(2,437)
Disposals of tangible and intangible assets		51	104	88
Change in loans made and cash advances		555	(1,214)	106
Impact of changes in consolidation scope		(10,922)	64,553	64,550
Dividends received		97	2,704	1,969
Net cash flows generated by investment operations (B)	B	**(40,773)**	**3,335**	**36,405**
Of which net cash flows connected to investment operations of activities held for sale		-	13,892	13,892
Dividends paid to the minority interests of consolidated companies		-	(57)	(55)
Loans issued		-	135,000	-
Loans repaid		(354)	(202,125)	(82,038)
Repayment of lease liabilities		(7,017)	-	-
Interest paid on loans		(245)	(2,360)	(1,628)
Other financial income and expenses paid or received and interest expense on lease liabilities		(1,714)	641	(1,362)
Net cash flows generated by financing operations (C)	C	**(9,330)**	**(68,899)**	**(85,083)**
Of which net cash flows related to financing operations of activities held for sale		-	*(13,073)*	*(13,073)*
Change in cash before impact of change in foreign currency exchange rates (A + B + C)	A+B+C	**(55,030)**	**58,017**	**(9,533)**
Impact of changes in foreign currency exchange rates		96	72	112
Change in cash		**(54,934)**	**58,089**	**(9,421)**
Opening cash		81,088	22,998	22,998
Closing cash		26,154	81,088	13,577

The Group applied IFRS 16 for the first time on January 1, 2019, under the modified retrospective approach, which does not require restatement of the comparative figures for 2018.

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Note 1 General principles

The Group's consolidated financial statements as of June 30, 2019, have been prepared in accordance with standard IAS 34 - Interim Financial Reporting. They correspond to condensed interim financial statements and do not include all of the information required for annual financial statements. The consolidated financial statements as of June 30, 2019, should therefore be read in conjunction with the Group's consolidated financial statements reported on December 31, 2018.

The accounting principles applied by the Group for the preparation of the interim consolidated financial statements at June 30, 2019, comply with international accounting standards IFRS (International Financial Reporting Standards) as endorsed by the European Union. The Group do not apply by anticipation the standards, amendments and interpretations that usage is not mandaptry on June 30, 2019.

The consolidated condensed financial statements were approved by the Board of Directors of Cegedim SA at their meeting of September 18, 2019, were reviewed by the Audit Committee on September 17, 2019.

1.1 Valuation methods used for the consolidated financial statements

The financial statements mainly use the historical cost principal, except for derivative instruments and financial assets, which are measured at fair value. Assets and liabilities related to business combinations are also measured at fair value.

NEW IFRS STANDARDS AND INTERPRETATIONS

The basis of accounting used for the consolidated interim financial statements at June 30, 2019, is comparable to that used at December 31, 2018. The only exceptions are the new IFRS standards, amendments, and interpretations that became mandatory as of January 1, 2019.

The adoption of IFRS 16 “Leases”, applicable to fiscal years beginning on or after January 1, 2019, has impacted the Group’s accounting rules and methods.

The other IFRS standards and amendments that took effect in the first half of 2019 had no impact on the Group’s financial statements at June 30, 2019.

- Amendments to IAS 19 “Employee Benefits”: Plan amendment, curtailment or settlement;
- Annual improvements (2015-2017 cycle) applicable to fiscal years beginning no later than January 1, 2019;
- Amendments to IAS 28 “Investments in associates and joint ventures”: Long-term interests in associates and joint ventures, applicable to fiscal years beginning no later than January 1, 2019;
- Amendments to IFRS 9 “Financial Instruments”: Early redemption clause stipulating negative compensation, applicable to fiscal years beginning on or after January 1, 2019.

Initial application of IFRS 16 “Leases”

For a detailed explanation of the IFRS 16 impact, please see Note 10.

- **Recognition of leases under IFRS 16**

Starting January 1, 2019, application of IFRS 16 “Leases” to the Group’s lease commitments has the following impacts:

- Balance sheet: Recognition of a right-of-use asset and an associated liability.
- Income statement: The rent expense is replaced by a depreciation of the right-of-use asset recorded under “Depreciation and amortization” and an interest charge recorded under “Cost of net financial debt”.
- Cash flow statement: The rent expense, which was previously recorded in the line “cash flow from operating activities”, is being replaced by a repayment of financial debt in the line “cash flow from financing activities” and by an interest charge in the line “cash flow from operating activities”.

The Group is applying this standard using the modified retrospective approach. In addition, the Group has chosen to make use of the two recognition exemptions allowed under the standard, i.e. for contracts with a duration of less than 12 months and leases covering assets whose unit value when new is less than US$5,000.

The right-of-use asset is recorded for an amount corresponding to the initial liability adjusted for any payments made before or after the start of the lease. The right of use asset is depreciated using the straight-line method over the term of the lease.

The lease term corresponds to the noncancellable period. The Group adheres to French Accounting Standards Authority (ANC) recommendations regarding property leases in France, applying the longest possible term of nine years for the maximum term.

The lease liability at January 1, 2019, is calculated using IFRS 16 by applying the discount rate on that date to the remaining term of the lease.

The discount rates applied on the effective date are based on the marginal rate for each lease. A different discount rate is calculated for each currency and for each maturity (credit spread). The premium / discount is adjusted to reflect the type of asset in question.

Risk-free rates for each maturity in euros are noted with the aim of covering the full range of lease contracts. The rate used for this is the average of the mid-swap rates.

- **Deferred tax assets related to leases accounted for using IFRS 16**

As of January 1, 2019, there are no deferred tax assets or liabilities arising from the initial application of IFRS 16. The use of the modified retrospective transition method does not affect shareholders' equity in this respect.

On the other hand, future movements in lease liabilities and right-of-use assets, which are depreciated in different manners (respectively financial and straight-line depreciation), and the possibility of accelerated depreciation will lead to tax positions that are deferred to subsequent periods. These deferred taxes will be recognized as a net asset or liability, lease by lease.

Application of IFRIC 23 "Uncertainty over income tax treatments"

The Group applies interpretation IFRIC 23 dealing with uncertain tax positions as of January 1, 2019. This interpretation had no impact on the Group's financial statements.

Note 2 Consolidation scope

2.1 Change in consolidation scope

2.1.1 COMPANIES ENTERING THE CONSOLIDATED SCOPE

Company	% owned at the end of the period	% owned during the period	% owned during the previous period	Consolidation method during the period	Consolidation method during the previous period	Comments
RDV Médicaux	100.00%	100.00%	-	FC	-	Acquisition
BSV	100.00%	100.00%	-	FC	-	Acquisition
Cegedim Assurances Conseil	100.00%	100.00%	-	FC	-	Creation
Cegedim Europe Holdings Limited	100.00%	100.00%	-	FC	-	Creation
Cegedim Internal Services Limited	100.00%	100.00%	-	FC	-	Creation
Cegedim Italia S.r.l	100.00%	100.00%	-	FC	-	Creation
DDL Gmbh	100.00%	100.00%	-	FC	-	Acquisition
Ximantix Software Gmbh	100.00%	100.00%	-	FC	-	Acquisition

2.1.2 COMPANIES LEAVING THE CONSOLIDATED SCOPE

Company	% owned at the end of the period	% owned during the period	% owned during the previous period	Consolidation method during the period	Consolidation method during the previous period	Comments
Cegedim Healthcare Software R&D Limited	-	-	100.00%	-	FC	Liquidation
Cegedim Software	-	-	100.00%	-	FC	TUP(1) in Cegedim SRH

(1) TUP: Universal Transfert of Asset

Note 3 Segment reporting

3.1 Segment reporting as of 2019

Cegedim's business is structured around two operating divisions.

The **Health insurance, HR and e-servi**ces is dedicated to large customer accounts. This divison:

- Incorporates all the products and services dedicated to health insurers and mutual insurers, provident institutions and brokers. Its offerings cover the full range of interactions between these entities and healthcare professionals.
- It also targets companies in all business sectors looking for hosting and outsourcing solutions (for example, in HR and payroll) or electronic data exchange (Cegedim e-business).

The **Healthcare professional** division serves doctors, allied health professionals, pharmacists and health clinics. It supplies the software, databases and solutions these clients use daily to run their practices.

Corporate and others is the third division that provides support to the operational divisions.

3.1.1 INCOME STATEMENT ITEMS AS AT JUNE 30, 2019

In thousand of euros		Health Insurance, HR & e-services	Healthcare professionals	Corporate and others	Total 06/30/2019	Total France	Total rest of the world
Segment revenue							
A	**Revenue outside Group**	**162,498**	**81,572**	**1,724**	**245,795**	**207,606**	**38,189**
B	Intercompany revenue	5,247	7,765	24,059	37,071	35,534	1,537
A+B	**Revenue**	**167,745**	**89,337**	**25,784**	**282,866**	**243,140**	**39,726**
Segment earnings							
C	**Recurring operating income**	**10,678**	**2,949**	**(983)**	**12,643**		
D	**EBITDA**	**26,664**	**14,894**	**3,913**	**45,472**		
C/A	Recurring operating income margin	6.6%	3.6%	(57.0)%	5.1%		
D/A	EBITDA margin	16.4%	18.3%	226.9%	18.5%		
	Depreciation and amortization	15,986	11,946	4,896	32,828		

3.1.2 GEOGRAPHICAL REVENUE BREAKDOWN AS AT JUNE 30, 2018

In thousands of euros	France	Euro zone excluding France	Pound sterling zone	Rest of the world	06/30/2019
Geographical breakdown	207,606	4,664	24,223	9,302	**245,795**
%	84 %	2 %	10 %	4 %	**100 %**

3.1.3 BALANCE SHEET ITEMS AS AT JUNE 30, 2019

In thousands of euros	Health Insurance, HR & e-services	Healthcare professionals	Corporate and others	Total 06/30/2019	Total France	Total rest of the world
Segment assets						
Goodwill *(Note 8.1)*	85,726	94,752	-	180,478	114,441	66,036
Intangible assets	75,603	68,814	6,918	151,335	96,904	54,432
Tangible assets	50,915	19,836	29,466	100,216	84,888	15,328
Equity shares accounted for using the equity method *(Note 7.2)*	51	10,797	-	10,848	51	10,797
Net total	**212,295**	**194,198**	**36,384**	**442,877**	**296,285**	**146,593**
Investments during the year (gross values)						
Goodwill *(Note 8.1)*	9,077	1,656	-	10,733	3,168	7,565
Intangible assets	12,247	12,429	1,390	26,066	17,524	8,542
Tangible assets	5,337	1,521	4,553	11,411	8,192	3,219
Equity shares accounted for using the equity method (note 7.2)	-	-	-	-	-	-
Gross total	**26,661**	**15,605**	**5,944**	**48,210**	**28,885**	**19,326**
Segment liabilities [1]						
Non-current liabilities						
Provisions	16,084	9,709	1,119	26,913	25,493	1,419
Other liabilities	-	-	-	-	-	-
Current liabilities						
Accounts payable and related accounts	27,020	13,920	3,325	44,266	34,124	10,142
Tax and social liabilities	60,068	20,125	3,330	83,523	77,153	6,370
Provisions	1,412	1,713	-	3,125	2,636	489
Other liabilities	102,240	29,169	(6)	131,403	121,990	9,412

(1) Cegedim SA's 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 at 2018

3.2.1 INCOME STATEMENT ITEMS AS AT JUNE 30, 2018

In thousand of euros		Health Insurance, HR & e-services	Healthcare professionals	Corporate and others	Continuing activities 06/30/2018	Activities sold	IFRS 5 restatement	Total 06/30/2018	Total France	Total rest of the world
Segment revenue										
Revenue excluding revenue with activtives sold		149,537	76,161	1,935	227,632	2,031	-	229,664	195,956	33,707
Revenue with activities sold		0	-	1	1	-	(1)	-	-	-
Revenue with conitnuing activities		-	-	-	-	35	(35)	-	-	-
A	**Revenue,outside,Group**	**149,537**	**76,161**	**1,936**	**227,633**	**2,066**	**(36)**	**229,664**	**195,956**	**33,707**
B	Intercomany,revenue	2,381	3,992	21,794	28,166	-	-	28,166	27,046	1,120
A+B	**Revenue**	**151,918**	**80,153**	**23,729**	**255,800**	**2,066**	**-**	**257,830**	**223,002**	**34,827**
Segment earnings										
C	**Recurring operating income**	**13,400**	**(892)**	**(562)**	**11,947**	**686**	**-**	**12,633**		
D	**EBITDA**	**24,221**	**6,893**	**2,201**	**33,316**	**686**	**-**	**34,002**		
C/A	Recurring operating income margin	9.0%	(1.2)%	(29.0)%	5.2%	33.2%	-	5.5%		
D/A	EBITDA margin	16.2%	9.1%	113.7%	14.6%	33.2%	-	14.8%		
Segment depreciation										
	Depreciation and amortization	10,821	7,785	2,763	21,369	0	-	21,369		

3.2.2 GEOGRAPHICAL REVNUE BREAKDOWN AS AT JUNE 30, 2018

In thousands of euros		France	Euro zone excluding France	Pound sterling zone	Rest of the world	06/30/2018
Continuing activities	Geographical breakdown	193,927	2,974	22,272	8,462	227,633
	%	85%	1%	10%	4%	100%
Activities held for sale	Geographical breakdown	2,030	-	-	-	2,030
	%	100%	0%	0%	0%	100%
Total	Geographical breakdown	**195,956**	**2,974**	**22,272**	**8,462**	**229,664**
	%	**85%**	**1%**	**10%**	**4%**	**100%**

3.2.3 BALANCE SHEET ITEMS AS AT DECEMBER 31, 2018

In thousands of euros	Health Insurance, HR & e-services	Healthcare professionals	Corporate and others	Total 12/31/2018	Total France	Total rest of the world
Segment assets						
Goodwill *(Note 8.1)*	77,382	95,642	-	173,024	112,010	61,014
Intangibles assets	73,202	77,185	6,322	156,709	92,285	64,424
Tangible assets	16,881	7,155	9,380	33,416	27,034	6,381
Equity shares accounted for using the equity method *(Note 7.2)*	110	10,376	-	10,486	110	10,376
Net total	**167,575**	**190,357**	**15,702**	**373,634**	**231,439**	**142,195**
Investments during the year (gross values)						
Goodwill *(Note 8.1)*	6,470	-	-	6,470	6,470	-
Intangible assets	23,779	21,840	2,286	47,905	29,319	18,586
Tangible assets	5,852	1,997	3,127	10,976	8,022	2,955
Equity shares accounted for using the equity method *(Note 7.2)*	-	-	-	-	-	-
Gross total	**36,101**	**23,837**	**5,414**	**65,351**	**43,810**	**21,541**
Segment liabilities [1]						
Non-current liabilities						
Provisions	15,883	9,441	1,065	26,389	24,978	1,411
Other liabilities	-	15	-	15	-	15
Current liabilities						
Accounts payable and related accounts	23,856	15,417	2,500	41,774	30,022	11,751
Tax and social liabilities	63,538	22,066	3,470	89,074	82,803	6,271
Provisions	1,302	1,643	-	2,945	2,357	588
Other liabilities	67,281	25,024	27	92,332	85,017	7,315

(1) Cegedim SA's contribution to liabilities is still allocated by default to the Health Insurance, HR & e-services segment, with no segment breakdown.

Note 4 Assets sold

Cegelease and Eurofarmat were sold on February 28, 2018, for a total amount of €57.5 million plus reimbursement of the shareholder's loan account, which amounted to €13 million.

In the consolidated income statement presented for comparison, the results of divested operations or held for sale have been reclassified line by line on the item "Net profit (loss) from activities sold."

The main indicators of the consolidated income statement as of June 30, 2018 are:

In thousands of euros	**06/30/2018**
Revenue	**2,066**
Purchased used	2
External expenses	(685)
Taxes	(231)
Payroll costs	(417)
Allocation and reversals of provisions	(43)
Change in inventories of products in progress and finished products	-
Other operating income and expenses	(6)
EBITDA	**686**
Depreciation and amortization	0
Recurring operating income	**686**
Depreciation of goodwill	-
Other non-recurring operating income and expenses	-
Other non-recurring operating income and expenses	**-**
Operating income	**686**
Cost of net financial debt	52
Gain on disposal	(106)
Income taxes	-
Deferred income taxes	713
Share of net profit (loss) for the period of equity method companies	-
Net profit (loss) from activities sold	**1,345**

4.3 CASH FLOW FROM DISCONTINUED OPERATIONS

In thousands of euros	**06/30/2018**
Net cash flow from operating activities	(5,145)
Net cash flow from investing activities	13,892
Net cash flow from financing activities	(13,073)

Note 5 Operating data

5.1 Other non-recurring operating income and expenses

Other non-recurring operating income and expenses comprise the following:

In thousands of euros	06/30/2019	06/30/2018
Recurring operating income	12,643	11,947
Allowance and depreciation	(14,843) (3)	(2,653) (1)
Restructuring costs	(1,239)	(5,825) (2)
Other non-recurring operating income and expenses	(202)	(1,156)
Operating income	**(3,640)**	**2,314**

(1) *Of which €4.5m of accelerated amortization of intangible assets in the US*

(2) *Of which €4m in fees related to the divestment*

(3) *Of which €2.5m impairment of goodwill and a €12.3m impairment of capitalized R&D related to the disposal of virtually all the business activities of Pulse System Inc.*

5.2 Capitalized production

Capitalized production has been reclassified to payroll costs and external expenses as shown in the table below.

In thousands of euros	06/30/2019	06/30/2018
Payroll costs	19,699	16,982
External erxpenses	4,925	4,245
Capitalized production	**24,624**	**21,227**

5.3 Trade receivables

In thousands of euros	Current trade receivables		Non-Current trade receivables		Total trade recievables	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018	06/30/2019	12/31/2018
French companies	103,082	88,401	-	-	103,082	88,401
Foreign companies	17,943	17,123	45	87	17,988	17,210
Total gross value	**121,025**	**105,524**	**45**	**87**	**121,070**	**105,611**
Provisions	7,884	8,246	-	-	7,884	8,246
Total net value	**113,141**	**97,278**	**45**	**87**	**113,186**	**97,365**

A provision for impairment is recognized if the fair value, based on the probability of collection, is less than the book value. Thus, customers in receivership or liquidation proceedings are routinely impaired at 100%, and receivables more than six months past due are monitored on a case-by-case basis and, if necessary, impaired in the amount of the estimated risk of non-collection.

The Group began applying the new IFRS 9 impairment model on January 1, 2018, meaning that it immediately records expected losses for all its receivables. Given the types of clients the Group deals with, the new model has had no material impacts.

On May 22, 2017, the Group signed a factoring agreement on a non-recourse base with a French bank. The factoring agreement is open-ended, but either party may terminate it at any time, subject to a three-month notice period. It applies to trade receivables denominated in euros payable by clients located in France. The amount of trade receivables sold under the agreement came to €24.0 million at June 30, 2019.

The share of past-due receivables (gross amount) was €21 million at June 30, 2019.

AGING BALANCE

In thousands of euros	Total past 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	13,383	4,803	312	(208)	487	7,989
Foreign companies	7,592	2,514	1,975	515	316	2,272
Total	**20,975**	**7,317**	**2,287**	**308**	**803**	**10,261**

5.4 Other liabilities

In thousands of euros	Current		Non- current		Total	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Advances and payment on account	**519**	**297**		**-**	**519**	**297**
Clients – Credits to be established	-	-		-	-	-
Expenses payable	-	-		-	-	-
Miscellaneous payables	92,177	61,799		-	92,177	61,799
Other liabilities	**92,177**	**61,799**	**0**	**-**	**92,177**	**61,799**
Debts on acquisition of assets	**4**	**4**		**15**	**4**	**19**
Dividends payable	**1**	**-**		**-**	**1**	**-**
Deferred income	**38,702**	**30,232**		**-**	**38,702**	**30,232**
Total other liabilities	**131,403**	**92,332**	**0**	**15**	**131,403**	**92,347**

The item "Miscellaneous payables " includes the amounts managed on behalf of mutuals and insurers in the context of delegated management contracts entered into with the Group.

Note 6 Employees' benefits expense and liabilities

6.1 Employees' benefits expense

In thousands of euros	06/30/2019	06/30/2018
Wages	(122,054)	(112,439)
Profit-sharing	(2,410)	(2,375)
Free shares award plan	(29)	249
Payroll costs	**(124,493)**	**(114,566)**

6.2 Number of employees

In thousands of euros	06/30/2019	06/30/2018
France	3,212	2,905
International	1,570	1,402
Number of employees	**4,782**	**4,307**

Note 7 Equity method investm

7.1 Value of shares in companies accounted for the by the equity method

Company	% owned as at 12/31/2018	Profit (loss) as at 12/31/2018	Portion of profit (loss) as at 12/31/2018	shareholders' equity as at 12/31/2018	Portion of total net shareholders' equity as at 12/31/2018	Goodwill	Provision for risks	Leaving the scope	Net value of shares in companies accounted for the equity method as at 12/31/2018
Edipharm	20.00%	369	74	425	85	-	-	-	85
Isiakle	50.00%	-	-	50	25	-	-	-	25
Millennium	49.22%	2,764	1,360	15,005	7,385	2,859	-	-	10,244
Tech Care Solutions	0.00%	(3)	(2)	1	0	-	-	(0)	-
Healthcare Gateway	50.00%	1,391	695	264	132	-	-	-	132
Income from companies accounted for the equity method incorporated to the Operating results		**4,520**	**2,128**	**15,745**	**7,628**	**2,859**	**-**	**(0)**	**10,486**
Infodisk	34.00%	(135)	(46)	(677)	(230)	-	230	-	-
Total au 31.12.2018		**4,384**	**2,082**	**15,068**	**7,398**	**2,859**	**230**	**(0)**	**10,486**

Company	% owned as at 06/30/2019	Profit (loss) as at 06/30/2019	Portion of profit (loss) as at 06/30/2019	shareholders' equity as at 06/30/2019	Portion of total net shareholders' equity as at 06/30/2019	Goodwill	Provision for risks	Leaving the scope	Net value of shares in companies accounted for the equity method as at 06/30/2019
Edipharm	20.00%	45	10	114	26				26
Isiakle	50.00%	-	-	50	25				25
Millennium	49.22%	2,047	1,008	15,052	7,409	2,859			10,267
Healthcare Gateway	50.00%	816	408	1,059	529				529
Income from companies accounted for the equity method incorporated to the Operating results		**2,908**	**1,426**	**16,275**	**7,989**	**2,859**	**-**	**-**	**10,848**
Infodisk	34.00%	(80)	(8)	(701)	(238)		238		-
Total au 06/30/2019		**2,828**	**1,417**	**15,574**	**7,751**	**2,859**	**238**	**-**	**10,848**

7.2 Change in the value of shares in companies accounted for the by the equity

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 01.01.2018	10,486
Distribution of dividend	(1,053)
Portion of profit (loss) as at 06/30/2019	1,417
Provision for risk	8
Currency translation	(11)
Total	**10,848**

The group share of income from equity-accounted affiliates contributed to the consolidated operating income as follows:

Health Insurance, HR and e-services division: Edipharm and Isiaklé;

Healthcare professionals division: Millennium and Healthcare Gateway.

Note 8 Intangible assets

8.1 Goodwill

As of June 30, 2019, the net value of acquisition goodwill was €180 million, compared with €173 million at December 31, 2018. The €7 million net increase was chiefly attributable to (1) acquisitions of companies carried out during the half-year by the e-business division (Ximantix in Germany and BSV in France) and in the online appointment scheduling segment (RDV médicaux) for a total of €10.7 million, which were partly offset by (2) €2.5 million of goodwill impairment corresponding to Pulse's share of the Healthcare professionals CGU following its divestment, and (3) the allocation of goodwill stemming from acquisitions in the previous period.

The acquisition goodwill for companies acquired during the past half-year has not yet been allocated.

CGU groups	12/31/2018	Reclassification	Allocation of goodwill on acquistions	Deferred tax on allocation	Scope	Impairment	Translation gains or losses and other changes	06/30/2019
Health Insurance, HR & e-services	77,382	-	(586)	-	9,077	(150)	4	85,726
Healthcare professionals	95,642	-	-	-	1,656	(2,500)	(46)	94,752
Corporate and others	-	-	-	-		-	-	-
Total goodwill	**173,024**	**0**	**(586)**	**0**	**10,733**	**(2,650)**	**(42)**	**180,478**

IAS 36, section 90, says that CGUs (cash generating units) to which goodwill has been assigned must be tested at least annually or whenever there is an indication of impairment. This impairment is defined as the difference between the CGU's recoverable value and its book value. IAS 36.18 defines recoverable value as the higher of the asset's fair value less costs to sell and its value in use (the present value of the stream of income the company expects the asset to generate).

The impairment tests aim to ensure that the book value of the assets needed for business operations and assigned to each CGU (including acquisition goodwill) does not exceed their recoverable value.

When the 2018 accounts were closed, the Group performed impairment tests on both of its operating CGUs as they were constituted at the previous close.

The tests did not reveal any impairment.

The first-half performances of the CGUs are in line with their business plans and do not indicate any value impairment that would require new tests.

Note 9 Financing and financial instruments

9.1 Net Debt

In thousands of euros	06/30/2019			12/31/2018		
	Financial	Miscellaneous[1]	Total	Financial	Miscellaneous[1]	Total
Long-term borrowings and financial liabilities (> 5 years)	179,298	-	179,298	179,283	-	179,283
Medium-term borrowings and financial liabilities (> 1 year, < 5 years)	268	6,163	6,431	425	6,137	6,562
Non-current financial debt excluding IFRS 16 debt	**179,566**	**6,163**	**185,729**	**179,708**	**6,137**	**185,845**
Short-term borrowings and financial liabilities (< 1 year)	3,831	1,660	5,491	1,519	1,692	3,211
Current bank loans	-	-	-	-	-	-
Current financial debt excluding IFRS 16 debt	**3,831**	**1,660**	**5,491**	**1,519**	**1,692**	**3,211**
Total financial liabilities	**183,397**	**7,822**	**191,220**	**181,227**	**7,829**	**189,056**
Positive cash	26,157	-	26,157	81,091	-	81,091
Net financial debt excluding IFRS 16	**157,240**	**7,822**	**165,062**	**100,136**	**7,829**	**107,965**
Non current IFRS 16 debt	53,299	-	53,299	-	-	-
Current IFRS 16 debt	14,219	-	14,219	-	-	-
Net financial debt	**224,757**	**7,822,**	**232,580**	**100,136**	**7,829**	**107,965**

(1) The miscellaneous item includes employee profit sharing plans in the amount of €6,667 thousands as of June 2019 and € 6,420 thousands as of December 31, 2018.

NET CASH

In thousands of euros	06/30/2019	12/31/2018
Current bank loans	-	-
Positive cash	26,157	81,091
Net cash	**26,157**	**81,091**

The IFRS 16 debt amounted to €68 million as of June 30, 2019:

In thousands of euros	< 1 year	> 1 year < 5 years	> 5 years
IFRS 16 debt	14,219	40,845	12,454
Total	**14,219**	**40,845**	**12,454**

STATEMENT OF CHANGES IN NET DEBT

In thousands of euros		06/30/2019	12/31/2018
Net debt at the beginning of the financial year	A	**107,965**	**236,151**
Operating cash flow before cost of net debt and taxes		(43,130)	(62,089)
Tax paid		473	2,943
Change in working capital requirement		47,584	(64,436)
Net cash flow from operating activities		**4,927**	**(123,582)**
Change from investing activities		29,949	63,922
Impact of changes in consolidation scope		10,922	(64,553)
Dividends		(97)	(2,647)
Capital increase in cash		-	-
Impact of changes in foreign currency exchange rates		(96)	(72)
Interest paid on loans		245	2,360
Other financial income and expenses paid or received and interest on leases obligation		1,714	(641)
IFRS 16 (of which new contracts and excluding reimbursement)		74,534	-
Other changes		1,702	1,130
Total net change for the period	B	**123,800**	**(124,083)**
Impact of companies consolidated for the first time	C	815	222
Impact of companies sold	D	-	(4,325)
Impact of companies held for sale		-	-
Net debt at the end of the period	A-B+C+D	**232,580**	**107,965**

The banks loans have the following terms:

In thousands of euros	< 1month	> 1 month < 6 months	> months < 1 year	> 1 year < 5 years	> 5 years
Euribor 1 month rate	3,521	154	157	268	179,298
Total	**3,521**	**154**	**157**	**268**	**179,298**

FINANCING

In May 2007, Cegedim borrowed €50.0 million, the FCB Loan, from its largest shareholder, FCB. During the December 2009 capital increase, FCB subscribed for €4.9 million equivalent in shares as a redemption of a portion of the debt, which decreased the balance of the FCB Loan to €45.1 million. On October 9, 2018, the FCB Loan was amended in order to subordinate it to the €135 million Euro PP bond and to the €65 million new bank revolving credit and to extend the maturity date and modify the applicable interest rate.

On October 8, 2018, Cegedim issued a private placement Euro PP, maturing on October 8, 2025, for an amount of €135 million.

On October 9, 2018, the Group arranged a bank revolving credit facility (RCF) of €65 million maturing on October 9, 2023 with a one-year extension option.

The entire €200 million RCF was redeemed early on October 9, 2018, i.e. €115 million.

At June 30, 2019, the debt was structured in the following manner:

- €135 million Euro PP maturing on October 8, 2025;
- €65 million revolving credit, fully undrawn; maturing on October 9, 2023;
- €45.1 million FCB Loan maturing on November 20, 2025;
- €24.0 million overdraft facility, of which €0.0 million was drawn.

Group debt increased by €68 million owing to the initial application of IFRS 16. As of June 30, 2019, the Group's cash position was negatively affected by a €31.3 million downward adjustment to client advances at the health insurance BPO business, of which €15.8 million was classified

as "Other current receivables" to reflect the specific terms of a significant contract.

It worth noting that liquid assets include €17.3 million of commitments related to the health insurance BPO activity (outsourced management of health benefit payments).

Exposure of the debt to fluctuations in euro interest rates has been partially hedged by a euro rate hedge.

On February 17, 2017, and May 11, 2017, the Group carried out two interest rate swaps. Under the zero-premium swap agreements, Cegedim receives the one-month Euribor rate if it exceeds 0%, receives nothing otherwise, and pays fixed rates of:

- 0.2680% for a notional amount of €50 million, starting on February 28, 2017, and maturing February 26, 2021.
- 0.2750% for a notional amount of €30 million, starting on May 31, 2017, and maturing December 31, 2020.

As of June 30, 2019, the Group's hedging against euro interest rate movements consists of two zero-premium swaps in which it receives the one-month Euribor rate if it exceeds 0%, receives nothing otherwise, and pays fixed rates of:

- 0.2680% for a notional amount of €50 million, maturing February 28, 2021.
- 0.2750% for a notional amount of €30 million, maturing December 31, 2020.

The notional amount hedged at June 30, 2019, is €80.0 million.

Interest expense on bank loans, bonds, charges, and commissions totaled €0.2 million at June 30, 2019.

Interest on the shareholder loan at June 30, 2019, amounted to €0.6 million.

The change in the fair value of these derivatives was recognized in equity in respect of the effective portion of those eligible as cash flow hedges (€0.01 million) and in profit or loss in respect of the ineffective portion and the related counterparty risk taken into account in accordance with IFRS 13 (€(0.1) million). The fair value of hedging instruments at the closing date amounts to €0.3 million.

LIQUIDITY RISK

Contractual cash flows are not discounted.

When there is a fixed rate, the rate is used to calculate future interest payments.

The lenders (banks and bondholders) must approve transaction worth over €50 million on fiscal year. If the leverage ratio exceed 2 times, the lenders (banks and bondholders) must approve the contemplated transaction.

9.2 Net financial expenses

In thousands of euros	06/30/2019	06/30/2018
Income or cash equivalent	**52**	**1,077**
Interest paid on borrowings	(245)	(1,628)
Accrued interest on borrowings	(2,362)	-
Interest on financial liabilities	**(2,607)**	**(1,628)**
Other interest and financial expenses[1]	(1,042)	(2,420)
Interest paid on lease liabilities	(738)	-
Cost of gross financial debt	**(4,387)**	**(4,048)**
Net foreign exchange gains and losses	(124)	83
Valuation of financial instruments	74	508
Other	(75)	157
Other financial income and expenses	**(125)**	**748**
Cost of net financial debt	**(4,460)**	**(2,222)**

In thousands of euros	06/30/2019	06/30/2018
(1) Including FCB interest	(648)	(767)
Interest of sharesolding	(186)	(197)
Total	**(834)**	**(964)**

Note 10 IFRS16 impact as of June 30, 2019

As of January 1, 2019, Cegedim applies IFRS 16 "Leases". The new standard's impacts on the Group's key H1 2019 figures are described below. We did not restate 2018 figures.

10.1 Balance sheet

In thousands of euros	**06/30/2019 IFRS 16**	IFRS 16 Impact	06/30/2019 (IAS 17)
Goodwill on acquisition	**180,478**		**180,478**
Intangible fixed assets	**151,335**		**151,335**
Property, Building, other tangible assets and construction work in progress	33,333		33,333
Right-of-use assets	66,883	66,883	0
Tangible fixed assets	**100,216**	**66,883**	**33,333**
Long-term investments – excluding equity shares in equity method companies	21,386		21,386
Equity shares in equity method companies	10,848		10,848
Government - Deferred tax assets	28,645	165	28,480
Trade receivables: long-term portion	45		45
Financial instruments	698		698
Prepaid expenses: long-term portion	460		460
Non-current assets	**494,111**	**67,049**	**427,062**
Current assets	**251,529**	**(1)**	**251,530**
Total assets	**745,640**	**67,048**	**678,592**

In thousands of euros	**06/30/2019 IFRS 16**	IFRS 16 Impact	06/30/2019 (IAS 17)
Shareholders' equity	**189,200**	**(459)**	**189,659**
Long-term financial liabilities	185,728		185,728
Non-current lease liabilities	53,299	53,299	-
Long-term financial instruments	1,040		1,040
Deferred tax liabilities	7,430	(11)	7,441
Other non-current liabilities	26,913		26,913
Non-current liabilities	**274,409**	**53,288**	**221,122**
Short-term financial liabilities	5,491		5,491
Current lease liabilities	14,219	14,219	-
Short-term financial instruments	4		4
Accounts payable and related accounts	44,266		44,266
Tax and social liabilities	88,523		88,523
Provisions and other current liabilities	134,528		134,528
Current liabilities	**282,030**	**14,219**	**267,811**
Total Liabilities	**745,640**	**67,048**	**678,592**

10.2 Income statement as of June 30, 2019

In thousands of euros	**06/30/2019 IFRS 16**	IFRS 16 Impact	06/30/2019 (IAS 17)
EBITDA	45,472	7,854	37,618
Depreciation and amortization expenses	(32,828)	(7,750)	(25,078)
Recurring operating income	**12,643**	**104**	**12,540**
Other non-recurring operating income and expenses	(16,284)	0	(16,284)
Operating income	**(3,640)**	**104**	**(3,744)**
Cost of net financial debt	(4,460)	(738)	(3,721)
Total taxes	(2,082)	177	(2,259)
Consolidated net income (loss) attributable to owners of the parent	**(10,180)**	**(458)**	**(9,722)**

In keeping with the simplification measures allowed under IFRS 16, some leases have not been restated and did not give rise to a right-of-use asset or a lease liability. The leases in question have variable lease payments, a term of less than 12 months, or an underlying asset with a low value. The corresponding rent charges amounted to €1 million at June 30, 2019, and remain as external expenses.

10.3 Cash flow statement

In thousands of euros	**06/30/2019 IFRS 16**	IFRS 16 Impact	06/30/2019 (IAS 17)
Cash flow generated from operating activities	(4,927)	7,738	(12,665)
Net cash flows generated by investment operations	(40,773)	17	(40,790)
Net cash flows generated by financing operations	(9,330)	(7,755)	(1,574)

10.4 Reconciliation between Off-balance sheet commitments from operating leases at December 31, 2018, and Lease liabilities at January 1, 2019.

In thousands of euros	**06/30/2019**
Off-balance sheet commitments from simple operating leases simple as of December 31, 2018 (reported) – leases still to be paid	19,006
Contracts <12 months and/or of low rental value	(55)
Contracts renewal effects	31,589
Effect of discount	8,663
Lease effective after January 1, 2019 (not included in off-balance sheet commitments)	5,420
Other effects	2,917
Liabilities on leases as of January 1, 2019	**67,540**

Note 11 Income Tax

11.1 Deferred tax

11.1.1 INCOME TAX BREAKDOWN

The tax expense recognized in income was €2,082 thousand at June 30, 2019, compared with an expense of €752 thousand in June 2018. This comprised:

In thousands of euros	06/30/2019	06/30/2018
Tax paid		
France	(1,762)	(1,832)
Abroad	(152)	287
Total tax paid	**(1,914)**	**(1,546)**
Deferred tax		
France	124	1,249
Abroad	(292)	(456)
Total deferred taxes	**(168)**	**793**
Total tax income recognized in the income statement	**(2,082)**	**(752)**

11.1.2 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	12/31/2018	Restatement	Profit (loss)	Change in scope	Others change* Equity	Change in currency rate	06/30/2019
Tax loss carryforwards	20,000	-	-	-	-	-	20,000
Retirement benefit commitments	5,449	-	99	-	-	-	5,548
Non-deductible provisions	2,761	-	(396)	-	-	-	2,365
Fair value adjustment to financial instruments	119	-	(34)	-	5	-	90
Elimination of internal capital gain	169	-	(2)	-	-	-	167
Restatement of R&D margin	560	-	88	-	-	-	648
Other	284	-	18	-	-	-	301
Total deferred tax assets	**29,342**	**-**	**(228)**	**-**	**5**	**-**	**29,119**
Unrealized exchange gains/losses	0	-	(23)	-	-	23	-
Elimination of accelerated depreciation	(98)	-	68	-	-	-	(30)
Leasing and IFRS 16 leases contracts	(368)	-	177	-	-	-	(190)
R&D capitalization	(6,289)	-	(365)	-	-	-	(6,654)
Restatement of the allowance for the R&D margin	(145)	-	(44)	-	-	-	(189)
Intangible assets	(757)	(239)	225	-	-	-	(771)
Others	(91)	-	21	-	-	-	(71)
Total deferred tax liabilities	**(7,749)**	**(239)**	**60**	**-**	**-**	**23**	**(7,904)**
Net deferred tax	**21,593**	**(239)**	**(168)**	**-**	**5**	**23**	**21,216**

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
At December 31, 2018	(228)	60	(168)
Impact on profit (loss) for the period	5	23	28
Impact of shareholders' equity	671	(669)	2
Impact of net reporting by fiscal entity	-	(239)	(239)
Reclassification	**28,645**	**(7,430)**	**21,216**
At June 30, 2019	(228)	60	(168)

Tax corresponding to tax loss carryforwards not recognized from continuing activities at June 30, 2019, amounts to €47,239 thousands for French companies and €16,843 thousands for foreign companies.

Note 12 Equity

12.1 Equity

At June 30, 2019, share capital was made up of 13,997,173 shares (including 137,897 treasury shares), each with a nominal value of €0.9528, i.e. total share capital of €13,336,506.

12.2 ALLOCATION OF FREE SHARES

The Board of Directors' meeting of June 21, 2017, 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 the senior management and employees of the Cegedim Group.

The Board of Directors' meeting of June 28, 2018, was authorized by the Extraordinary General Shareholders' Meeting of June 19, 2018, to award free shares in a total number not exceeding 10% of the total number of shares comprising the share capital to the senior management and employees of the Cegedim Group.

The Board of Directors' meeting of January 29, 2019, was authorized by the Extraordinary General Shareholders' Meeting of June 19, 2018, to award free shares in a total number not exceeding 10% of the total number of shares comprising the share capital to the senior management and employees of the Cegedim Group.

The main characteristics of the plans are as follows:

- The free shares awarded confer the right to dividends voted on or after the award date.
- The plan dated June 21, 2017, authorized a maximum allocation of 19,540 free shares.
- The plan dated June 28, 2018, authorized a maximum allocation of 21,790 free shares,
- The plan dated January 29, 2019, authorized a maximum allocation of 22,190 free shares,
- For the 2017, 2018 and 2019 plans, the award of shares to their beneficiaries will become final after a two-year vesting period for beneficiaries whose residence for tax purposes is in France and after a three-year period for beneficiaries whose residence for tax purposes is not in France as of the award date.
- The shares will be fully allotted 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 shares for a term of one year starting from the final award date.

In application of IFRS 2, the expense measuring "the benefit" offered to employees is spread out on a linear basis over the beneficiaries' vesting period.

	Plan of 06/21/2017	Plan of 06/28/2018	Plan of 01/29/2019
Date of the General Shareholders' Meeting	11/16/2015	06/19/2018	06/19/2018
Date of the Board of Directors meeting	06/21/2017	06/28/2018	01/29/2019
Date of plan opening	06/21/2017	06/28/2018	01/29/2019
Total number of shares than can be awarded	19,540 shares	21,790 shares	22,190 shares
Initial subscription price	€29.02	€34.20	€23.50
Vesting date France	06/21/2019	06/28/2020	01/29/2021
Vesting date Foreign	06/21/2020	06/28/2021	01/29/2022

POSITION OF PLANS AS AT JUNE 30, 2019

	Plan of 06/21/2017	Plan of 06/28/2018	Plan of 01/29/2019
Total number of shares awarded	2 897 shares	17 615 shares	22 190 shares
Total number of shares left to be acquired	0	0	0
Adjusted acquisition price of free share awards			
France	€28.17	€33.20	€22.81
Foreign	€24.67	€29.07	€19.98

Note 13 Others disclosures

The business activities of the Group are somewhat seasonal due to its software publishing activity.

Over the year, the Group generates slightly more revenue in the second half than in the first half.

The proportion of EBITDA generated in the second half of the year is generally much higher than the EBITDA generated during the first half of the year.

This is largely due to the seasonal nature of Cegedim clients' decision-making processes. In particular, the Health insurance, HR & e-services and Healthcare professionals divisions are characterized by a certain seasonality effect, as some customers buy the Group's products and services at the end of the year to ensure that they fully spend their annual budgets.

13.1 Off-balance sheet commitments

Existing guarantees at December 31, 2018, did not change significantly during the first six months of 2019 expect:

- a €10 million guarantee Cegedim made to its Gers subsidiary on behalf of Sanofi (Board of Directors meeting of January 29, 2019)
- a €3 million guarantee benefiting Arval Service Lease for a 12-month period ending June 18, 2020

Note 14 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.

ACQUISITION OF XIMANTIX IN GERMAN

***On January 21, 2019, Cegedim acquired German company XimantiX**. Building on its presence in the digitalization markets in Belgium, France, the UK, and Morocco, Cegedim now has a solid base for this activity in Germany, Europe's leading economy. By acquiring a German leader positioned on the midmarket segment, Cegedim e-business will be able to develop its offer for SMEs. XimantiX customers will gain access to a wider range of services, thanks to Cegedim's international scope.*

XimantiX's 2018 revenues came to €2.2 million, and it earned a profit. It began contributing to the Group's consolidation scope in January 2019.

ACQUISITION OF RDV MEDICAUX IN FRANCE

On February 20, 2019, Cegedim acquired French company RDV Médicaux, an online appointment scheduling site whose close collaboration with hotlines gives it a unique positioning. This deal clearly reaffirms Docavenue's ambition to help healthcare professionals focus on patient care by offering innovative services that are 100% designed to improve the French healthcare system.

RDV Médicaux's 2018 revenues came to €0.6 million. It began contributing to the Group's consolidation scope in March 2019.

ACQUISITION OF BSV IN FRANCE

On January 31, 2019, Cegedim acquired BSV Electronic Publishing, the leading provider of invoice digitization solutions to French municipalities and widely respected for its successful Electronic Document Management System (EDMS). BSV's ZeDOC software suite includes electronic document management—a dynamic data capture tool that sets it apart from a conventional EDMS based on document indexing—Optical Character Recognition (OCR) and Automatic Document Recognition (ADR).

BSV Electronic Publishing generated revenue of €1.2 million in 2018. It began contributing to the Group's consolidation scope in February 2019.

EURIS LITIGATION

Cegedim, jointly with IQVIA (formerly IMS Health), is being sued by Euris for unfair competition. Cegedim asked the court to dismiss the case against the Group. On December 17, 2018, the Paris Commercial Court granted Cegedim's request. IQVIA has appealed that decision. Euris is claiming €150 million in damages. After consulting its external legal counsel, the Group has decided not to set aside any provisions.

Note 15 Significant post-closing transactions and events

To the best of the company's knowledge, apart from the items cited below, there were no events or changes after the accounts were closed that would materially alter the Group's financial situation.

ACQUISITION OF COSYTEC IN FRANCE

In July 2019 Cegedim acquired French company Cosytec, which was founded in 1990 and sells HR and equipment planning software that uses constraint programming technology. Cosytec's offerings will augment Cegedim SRH's product range.

The company's client base is made up of SMEs and large corporations in the media, transportation, and services sectors.
Cosytec generated revenues of €1.3 million in 2018 and earned a profit. It began contributing to the Group's consolidation scope in August 2019.

ACQUISITION OF NETEDI

In August 2019 Cegedim acquired UK company NetEDI, a major provider of e-procurement (using the PEPPOL EDI system) and e-invoicing for the UK National Health System. Building on the BSV and Ximantix acquisitions, the addition of NetEDI strengthens Cegedim e-business' ability to work with its clients internationally.

NetEDI generated revenues of €2.8 million in 2018 and earned a profit. It began contributing to the Group's consolidation scope in August 2019.

BUSINESS ACTIVITIES OF PULSE INC SOLD

In August 2019, Cegedim sold virtually all the business activities of its wholly owned subsidiary, Pulse Systems Inc., to CareTracker Inc., an affiliate of N. Harris. Under the terms of the sale, Pulse's software solutions and services, RCM services, all customer contracts, a portion of supplier contracts, and much of its personnel were transferred to the buyer.

As part of a group with a solid foundation in North America, Pulse will have all the resources it needs to successfully pursue its development. The deal will allow Cegedim to focus its efforts on Europe and the UK, and to improve its financial position.

The divestment resulted in asset impairment of €16.3 million. Pulse contributed €11.3 million to the Group's consolidated 2018 revenues and €5.6 million to H1 2019 revenues. In H1 2019, Pulse's contribution to group EBITDA was insignificant and its contribution to operating income was negative €18.2 million. Pulse Systems Inc. will be wound up in the coming months.

DIRECTOR APPOINTED TO CEGEDIM SA'S BOARD

At the annual general meeting on August 30, 2019, shareholders appointed Ms. Catherine Abiven to a six-year term as a director. Her term will expire following the AGM held to approve the financial statements for the year 2024.

TAX

On February 21, 2018, Cegedim S.A. received notice that French tax authorities would perform an audit of its accounts covering the period January 1, 2015, to December 31, 2016. The Group received the statement of tax adjustment on April 16, 2019. Cegedim replied on June 14, 2019, and based on its reply, the tax authorities rescinded the first proposal and made a second proposal on September 9, 2019. Cegedim is working with its lawyers to prepare its response. Based on ample precedent, the Group believes that the adjustment is unwarranted. As a result, Cegedim believes that there is little risk posed to the amount of deferred tax assets recorded on its balance sheet and has decided not to make any revisions.

3.7 Statutory auditors' review report on the interim financia information

This is a free translation into English of the Statutory Auditors' review 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 auditing standards applicable in France.

To the shareholders,

In compliance with the assignment entrusted to us by your General Meeting of Shareholders and under the terms of article L.451-1-2 III of the French Monetary and Financial Code, we have:

- performed a limited review of the condensed interim consolidated financial statements of CEGEDIM S.A. for the period from January 1 to June 30, 2019, as attached to this report;
- verified the data provided in the interim activity report.

These condensed interim consolidated financial statements have been prepared under the responsibility of the Board of Directors. Our role is to express a conclusion based on our review of these financial statements.

I - Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A limited review consists of discussions with the senior executives responsible for accounting and finances, and applying analytical procedures. As the scope of a review is less than that of an audit conducted in accordance with professional standards applicable in France, we provide moderate assurance that the financial statements, in their totality, are free of material misstatement. This level of assurance is lower than that provided in a full audit.

In our limited review, we found no material misstatement that would cast doubt on the condensed interim consolidated financial statements' compliance with IAS 34—the IFRS standard adopted by the EU for interim financial information.

Without qualifying the conclusion expressed above, we would like to draw your attention to Note 1 "Accounting standards" in the Annex, which discloses the impacts of the first-time application of IFRS 16 "Leases" and interpretation IFRIC 23 "Uncertainty over income tax treatments".

II – Specific verification

We also verified the information provided in the interim activity report that accompanies the condensed interim consolidated financial statements we reviewed.

We have no remarks to make regarding the sincerity and consistency of this information with the condensed interim consolidated financial statements.

Paris La Défense, Septembre 18, 2019
KPMG S.A.

Vincent de Becquevort
Partner

Paris La Défense, Septembre 18, 2019
Mazars

Jean-Philippe Mathorez
Partner

04 Additional information

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4.1 Statement by the company officer responsible for the interim financial report

Statement	I hereby certify that, to the best of my knowledge, the condensed interim consolidated statements for the six first months ended June 30, 2019 have been prepared in accordance with applicable accounting standards and provide a true and fair view of the assets, financial position and profit or loss of the parent company and of all consolidated companies, and that the Interim Management Report gives a true and fair picture of the significant events during the first six months of the fiscal year and their impact on the financial statements, of the main related party transactions, as well as a description of the main risks and uncertainties for the remaining six months of the fiscal year. Boulogne-Billancourt, September 19, 2019. Jean-Claude Labrune, President and CEO, Cegedim SA.

4.2 Contacts

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