INTERIM FINANCIAL REPORT

2

2016

April - June

cegedim

Summary

Interim Financial Report

Please note that the half-year consolidated financial statements are subject to a limited review by our auditors and not the consolidated financial statement for the second quarter.

1 Presentation of the Group

1.1 Key figures

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

Disclaimer: Pursuant to IAS 17 as it applies to Cegelease's activities, leases are now classified as financial leases, resulting in an adjustment to the 2015 figures published. Readers should refer to the point 1.1 in chapter 3.6 of the consolidated financial statements of this document. All of the figures in this document reflect the adjustments.

In millions of euros (except for per share data)	**06.30.2016**	06.30.2015
Revenue	215.5	206.7
EBITDA	25.7	35.1
Operating income before special items	9.2	20.3
Profit (loss) for the period	(19.0)	(8.3)
Profit (loss) for the period attributable to the owners of the parent	(19.8)	24.2
Number of shares outstanding	13,997,173	13,997,173
Average number of shares excluding treasury shares	13,953,978	13,964,653
Net earnings per share	(1.4)	1.7
Net current earnings per share	(1.1)	(0.3)

In millions of euros	**06.30.2016**	06.30.2015
Total balance sheet	666.3	864.3
Goodwill on acquisition	189.5	188.5
Net financial debt	216.6	167.6
Shareholders’ equity, Group share	198.4	228.1
Cash flow after cost of net financial debt and taxes	3.6	7.4

1.2 Corporate governance

1.2.1 Executives and supervisory bodies, statuary auditors

A description of the Group corporate governance is available in the 2015 Registration Document filed with the Autorité des marchés Financiers (French Financial Market Authority – AMF) on March 31, 2016, in Chapter 2, from page 27 to page 62.

Board of Directors

Jean-Claude Labrune
Chairman of the Board of Directors

Bpifrance
Represented by Anne-Sophie Hérelle

Jean-Pierre Cassan
Independent Board Director

Sandrine Debroise

FCB
Represented by Pierre Marucchi

GERS GIE
Represented by Philippe Tcheng

Marcel Kahn

Aude Labrune

Laurent Labrune

Valérie Raoul-Desprez
Appointed by Bifrance

Statutory Auditors

Grant Thornton
Represented by Solange Aïache

Mazars
Represented by Jérôme de Pastors

Audit Committee

Valérie Raoul-Desprez
Chairman

Jean-Pierre Cassan
Independent Board Director

Aude Labrune

Pierre Marucchi

Nomination Committee

Jean-Claude Labrune
Chairman

Jean-Pierre Cassan
Independent Board Director

Valérie Raoul-Desprez

Compensation Committee

Jean-Pierre Cassan
Chairman, Independent Board Director

Aude Labrune

Strategy Committee

Jean-Claude Labrune
Chairman

Anne-Sophie Hérelle

Laurent Labrune

General Management

Jean-Claude Labrune
Chairman & Chief Executive Officer

Laurent Labrune
Managing Director

Pierre Marucchi
Managing Director

1.2.2 Resume of new proposed board members

Ms Sandrine Debroise

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

M. Marcel KAHN

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

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

1.3 Activities

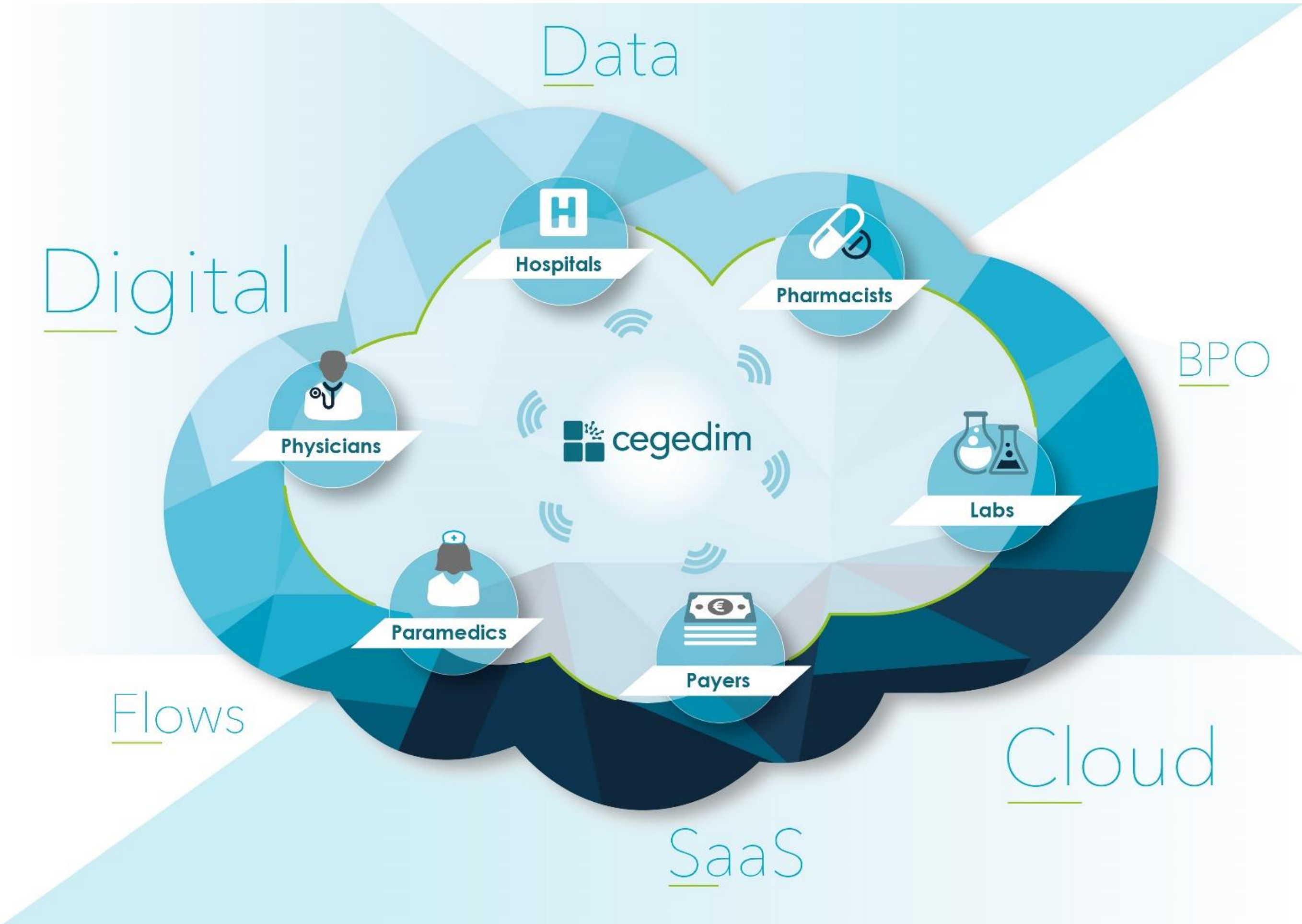
Cegedim is an innovative technology and services company specializing in the digital flows of the healthcare ecosystem and in B2B marketing, as well as in the design of enterprise software for healthcare and insurance professionals.

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

Cegedim generated revenues of 426.2 million euros in 2015 and has over 3,600 employees in 11 countries.

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

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



1.4.1 Main business activities

Health insurance, HR and e-services

CEGEDIM INSURANCE SOLUTIONS

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

CEGEDIM E-BUSINESS

Specialized in electronic data since 1989, *Cegedim* designs, develops and markets invoice digitization, probative value file storage and EDI through *its Cegedim e-business* business unit.

CEGEDIM SRH

Cegedim SRH offers Human Resources Departments *TEAMS*^{RH}, a complete, modular HRIS platform via SaaS.

DIGITAL

e-promotion

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

RNP, Réseau National de Promotion or National Promotional Network, offers its customer a set of services to increase the penetration and visibility of their products in pharmacy and drugstore chains: point-of-sale media campaigns (store windows, jumbo screens), shelf dispays, promotions to strategic groups and POS surveys..

DATA

Sales Statistics for Healthcare products and real-time patient data.

Healthcare Professionals

CEGEDIM HEALTHCARE SOFTWARE (CHS)

This division contains all of the Group's computerization activities for healthcare professionals. Its solutions are used on over 237,000 physician and paramedical workstations and 83,000 pharmaceutical workstations in nine countries (Belgium, Chile, Spain, the United States, France, Italy, Romania, the United Kingdom and Tunisia). In 2015, *CHS* grew stronger in Web software and in the development of the Patient Ecosystem, a true platform of exchanges between patients and healthcare professionals.

CHS operates in the following areas:

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

CEGELEASE

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

1.4 Shareholding structure as of June 30, 2016

Shareholders	Number of shares held	% held	Number of single votes	Number of double votes		Total votes	% of voting rights
				Shares	Votes		
FCB	7,375,891	52.70%	14,847	7,361,044	14,722,088	14,736,935	62.79%
Bpifrance Participations	2,102,061	15.02%	0	2,102,061	4,204,122	4,204,122	17.91%
Free Float	4,475,960	31.98%	4,423,516	52,444	104,888	4,528,404	19.29%
Cegedim(1)	43,261	0.31%	0	0	0	0	0,00%
Total	**13,997,173**	**100.00%**	**4,438,363**	**9,515,549**	**19,031,098**	**23,469,461**	**100.00%**

(1) Including the liquidity contract

1.5 Stock market indicators

1.5.1 Cegedim share

Cegedim is listed on Euronext Paris, compartment B.

ISIN code: FR0000053506

Reuters ticker: CGDM.PA

Bloomberg ticker: CGM

The Cegedim share price is posted with a short delay on Cegedim's website: Cegedim.com.

1.5.2 Stock market performance as of June 30, 2016

Cegedim share performed positively during the second quarter 2016. The closing price at the end of June 2016 was up 7.7% at €27.47. The price reached its high of €27.47 on June 30, 2016.

Cegedim share performed negatively during the first half of 2016. The closing price at the end of June 2016 was down 14.2% at €27.47. The price reached its high of €32.73 on January 18, 2016.

	Jan. – Jun.		Apr. – Jun.	
	2016	2015	2016	2015
Share price at closing	27.47	37.86	27.47	37.88
Average for the period	25.44	33.33	25.20	34.56
High for the period	32.73	38.99	27.47	38.99
Low for the period	21.02	29.45	23.35	30.61
Market capitalization	384.5	529.9	384.5	530.2
Outstanding shares	14.0M	14.0M	14.0M	14.0M

1.6 Shareholders relations

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

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

Following the publication of financial media statements, Cegedim organizes a conference call. Cegedim has regular contact with institutional investors through meetings and road shows in Europe and the United States.

Financial disclosure policy

Simplicity, transparency, clarity.

Provisional financial calendar for 2016

November 29, 2016: 2016 third quarter earnings

December 14, 2016: Cegedim 7th Investor Summit

Shareholder contacts

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Chief Investment Officer

Head of Investor Relations

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Janeryk.umiastowski@cegedim.com

2 Overview of the interim period

2.1 Interim period highlights

New credit facility

In January 2016, the Group took out a new five-year revolving credit facility (RCF) of €200 million. The applicable interest rate for this credit facility is Euribor plus a margin. The Euribor rate can be the 1-, 3- or 6- month rate; if Euribor is below zero, it will be deemed to be equal to zero. The margin can range from 0.70% to 1.40% depending on the leverage ratio calculated semi-annually in June and December (Refer to point 2.4.1.1 on page 13 of the Q2-2016 Quarterly Financial Report).

Exercise of the call option on the entire 2020 bond

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

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

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

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

2.2 Employees

On June 30, 2016, the Cegedim Group employed 3,893 people worldwide. Thus, the total number of employees increased by 167 people, or 4,5%, compared to the end of December 2015 (3,726 people) and increased by 454 people, or 13.2%, compared to June 30, 2015 (3,439 employees*).* It should be noted that these figures include the employees from the acquisitions of *Activus* in July 2015 and of *Nightingale* in October 2015. It should also be noted that 69% of new hiring done in the first half of 2016 have happened in the first quarter of 2016.

2.2.1 Employees by region

	06.30.2016	06.30.2015
France	2,658	2,479
EMEA excl. France	993	815
Americas	242	138
Cegedim Group	**3,893**	**3,432**

2.2.2 Employees by division

	06.30.2016	06.30.2015
Health Insurance, HR and e-services	1,877	1,621
Healthcare Professionals	1,701	1,622
Activities not allocated	315	189
Cegedim Group	**3,893**	**3,432**

2.3 Events after June 30, 2016

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

2.4 Risk factors and related party transactions

2.4.1 Risk factors

A description of the Group's main risks is available in the 2015 Registration Document filed with the Autorité des Marchés Financiers (French Financial Market Authority – AMF) on March 31, 2016, in Chapter 2.4, Risk and insurance, from page 40 to page 55. During the first six months of 2016, Cegedim identified no other significant changes.

However, following the implementation of a new credit facility on January 2016 and the exercise of the call option on the entire 2020 bond on April 2016, the risks cited in sections 2.4.1.1 and 2.4.1.3, respectively on pages 40 to 42 and 42 to 45 of the 2015 Registration Document filed with the Autorité des Marchés Financiers on March 31, 2016, have been updated below.

2.4.1.1 Cegedim's indebtedness could adversely affect its financial situation and prevent it from fulfilling its obligations under the notes and with respect to its other indebtedness (*section 2.4.1.1 of the 2015 Registration Document*)

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

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

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

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

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

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

THE STRUCTURE OF DEBT AT JUNE 30, 2016 WAS AS FOLLOWS:

- €200 million revolving credit, of which €169 million was drawn as of June 30, 2016; maturing January 14, 2021;
- €45.1 million FCB Loan maturing in January 2021;
- €24.0 million overdraft facility; of which €0.1 million was drawn as of June 30, 2016.

INTEREST RATE

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

The table below provides the schedule of applicable margins for the Revolving Credit Facility.

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

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

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.

REPAYMENT OF BORROWINGS

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

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

- Limiting the Group's ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions or other general corporate requirements;
- Requiring a substantial portion of its cash flows to be dedicated to making debt service (principal and interest) payments instead of other purposes, thereby reducing the amount of cash flows available for working capital, capital expenditures, acquisitions and other general corporate purposes;
- Making it more difficult for the Group to satisfy its obligations with respect to its debt;
- Increasing the Group's vulnerability to general adverse economic and industry conditions;
- Exposing the Group to the risk of increased interest rates, as certain of its borrowings are at variable rates of interest;
- Limiting the Group's flexibility in planning for and reacting to changes in the industry in which it competes;
- Negatively impacting credit terms with its creditors;
- Placing the Group at a disadvantage relative to competitors that have lower leverage or greater financial resources;
- Increasing the Group's cost of borrowing.

In addition, Cegedim has restrictive covenants that limit its ability to engage in activities that may be in its long-term best interest. The Group's failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of a significant portion of its debt. Any of these or other consequences or events could have a material adverse effect on its ability to satisfy its debt obligations. The Group's ability to make payments on and refinance its indebtedness, to fund future working capital, capital expenditures, acquisitions and other general corporate requirements will depend on its future operating performance and ability to generate cash from operations. Cegedim's ability to generate cash from operations is subject, in large part, to general economic, competitive, legislative and regulatory factors and other factors that are beyond its control. The Group may not be able to generate sufficient cash flow from operations or obtain enough capital to service its debt, or to fund its future acquisitions or other working capital expenditures. If new debt is added to its current debt levels, the risks that the Group now faces could intensify. For a discussion of its cash flows and liquidity, see section 2.5.3 of this Interim Financial Report.

2.4.1.2 Restrictions imposed on Cegedim's existing debt agreements may limit its ability to finance its capital needs or its external growth (*section 2.4.1.3 of the 2015 Registration Document*)

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

- Incur additional indebtedness;
- Pay dividends;
- Make loans and investments;
- Sell assets;

Make adjustments to Group businesses.

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

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

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

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

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

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

Net Financial Debt	In millions of euros
06.30.2015	157.6
30.09.2015	168.7
12.31.2015	159.3
03.31.2016	201.0
06.30.2016	202.1

REVOLVING CREDIT FACILITY

Structure

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

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

Repayment

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

Financial covenants

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

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

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

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

Non-financial covenants and other provisions

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

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

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

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

Governing law

The Revolving Credit Facility Agreement is governed by French law.

FCB LOAN

Structure

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

Non-financial covenants and other provisions

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

Governing law

The FCB Loan Agreement is governed by French law.

OVERDRAFT FACILITIES

The Group has in place certain overdraft facilities with various banks in France for an amount of up to €24.0 million. These facilities have indefinite terms and are terminable at will by either party. The interest rates under these overdraft facilities are variable rates indexed to Euribor. As of June 30, 2016, the Group had €0.1 million outstanding under these overdraft facilities.

PRINCIPAL FINANCING ARRANGEMENTS

The table below sets out Cegedim's principal financing arrangements as of June 30, 2016.

In millions of euros	Total	Less than 1 year	Between 1 and 5 years	More than 5 years
Revolving credit facility	169.0		169.0	
FCB Loan	45.1	-	45.1	
Overdraft facility	1.9	0.1	-	-
Total	214.2	0.1	214.1	-

As of June 30, 2016, the Group's confirmed credit lines amounted to €200.0 million, of which €31.0 million is undrawn.

2.4.2 Related party transactions

A description of transactions with related parties is available in Chapter 9.5, page 214, and in the note 5.3, page 113, of the 2015 Registration Document filled with the Autorité des Marchés Financiers (French Financial Markets Authority - AMF) on March 31, 2016. During the first six months of 2016, Cegedim identified no other significant related party transactions.

2.5 Analysis of the financial position of the Cegedim Group

2.5.1 Restatement of the accounting treatment of the financial lease business in the group consolidated financial statement

Cegelease is a wholly owned subsidiary of *Cegedim*, which since 2001 has offered financing options through a variety of contracts dedicated to pharmacies and healthcare professionals in France. Initially, these solutions were aimed at serving pharmacists who preferred to lease the pharmacy management software they bought from the *Cegedim* group rather than pay up front. Over time, *Cegelease* has diversified its activities. Having started as the exclusive financial lease provider for *Cegedim* group products, *Cegelease* is now a broker proposing a variety of leasing solutions (for group products as well as products developed by third parties) to a variety of clients (including clients who are not already in business with other group entities). Thus, the Q1, Q2 and HY 2015 accounts from the *Healthcare Professionals* division has been restated.

After the sale of its CRM and strategic data business to IMS Health, Cegedim investigated these activities in depth and found that they had to be reclassified pursuant to IAS 17 on March 23, 2016, when the 2015 accounts were published.

Cegelease now represents less than 10% of Group revenues and consolidated EBITDA; it has been transferred back to the *Healthcare Professionals* division since March 23, 2016, when the 2015 annual accounts were released.

Finally, in March 2015, *Cegedim Kadrige* was classified as an activity held for sale. Thus, the Q1 2015 accounts from the *Health Insurance, HR and e-services* division has been restated.

Impacts on numbers as formerly published within the Q2 2015 consolidated financial statements are described hereafter:

Q2 2015 Income statement impact

In millions of euros	Q2 2015 reported	Restatement of lease contract	Q2 2015 restated
Revenue	**124.3**	**(18.1)**	**106.2**
Purchases used	(22.8)	11.7	(11.1)
External expenses	(29.4)	3.6	(25.7)
EBITDA	**23.2**	**(2.8)**	**20.4**
Depreciation expenses	**(10.2)**	**2.7**	**(7.5)**
Operating income before special items	**13.0**	**0.0**	**12.9**

Q2 2015 revenue by division

In millions of euros	Q2 2015 reported	Q2 2015 restated
Health Insurance, HR and e-services	57.5	57.0
Healthcare Professionals	39.3	48.1
Cegelease	26.8	-
Activities not allocated	1.1	1.1
Cegedim Group	**124.8**	**106.2**

Impacts on numbers as formerly published within the first half of 2015 consolidated financial statements are described hereafter:

Income statement impact as of June 30, 2015

In millions of euros	06.30.2015 reported	Restatement of lease contract	06.30.2015 restated
Revenue	**245.3**	**(38.7)**	**206.7**
Purchases used	(45.3)	25.3	(20.0)
External expenses	(59.7)	7.0	(52.7)
EBITDA	**41.5**	**(6.4)**	**35.1**
Depreciation expenses	**(21.2)**	**6.3**	**(14.8)**
Operating income before special items	**20.3**	**0.0**	**20.3**

Revenue by division as of June 30, 2015

In millions of euros	06.30.2015 reported	06.30.2015 restated
Health Insurance. HR and e(services	111.5	110.7
Healthcare Professionals	76.5	94.0
Cegelease	56.1	-
Activities not allocated	1.9	1.9
Cegedim Group	**246.1**	**206.7**

2.5.2 Second quarter 2016 Consolidated P&L

In € million		Q2 2016	Q2 2015	Variation
Revenue	**€M**	**109.3**	**106.2**	**+2.9%**
Purchases used	€M	(7.8)	(11.1)	(30.2)%
External expenses	€M	(32.4)	(25.7)	+25.8%
Payroll costs	€M	(52.2)	(46.1)	+13.3%
EBITDA	**€M**	**14.6**	**20.4**	**(28.4)%**
EBITDA margin	%	13.4%	19.2%	(586)bps
Depreciation	€M	(8.4)	(7.5)	+10.9%
EBIT before special items	**€M**	**6.2**	**12.9**	**(51.5)%**
EBIT margin before special items	%	5.7%	12.1%	(641)bps
Special items	€M	(2.6)	(1.3)	+103.4%
EBIT	**€M**	**3.6**	**11.6**	**(68.9)%**
EBIT margin	%	3.3%	10.9%	(760)bps
Cost of net financial debt	**€M**	**(0.7)**	**(16.4)**	**(95.9)%**
Total taxes	**€M**	**(1.4)**	**(1.4)**	**+2.3%**
Profit (loss) for the period	**€M**	**2.1**	**(5.7)**	**n.m.**
Net profit (loss) for the period from activities sold	€M	(0.4)	31.3	n.m.
Group share	**€M**	**1.7**	**25.6**	**(93.5)%.**

Revenue from continuing activities increased by €3.1 million, or 2.9%, from €106.2 million for the quarter ended June 30, 2015, to €109.3 million for the quarter ended June 30, 2016. Currencies had a negative impact of 1.3% and acquisitions, a positive impact of 1.9%. Like-for-like revenue grew by 2.4%.

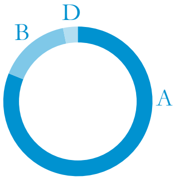
The negative impact of foreign currency translation was €1.4 million, or 1.3%, coming mainly from the negative impact of the pound sterling (13.9% of revenue) for €1.3 million.

The positive impact from acquisition was €2.0 million, or 1.9%, coming mainly from the acquisition of *Activus* in UK in July 2015.

During the second quarter of 2016, in like-for-like terms, the *Health Insurance, HR and e-services* division's revenue rose by 10.3%, whereas the *Healthcare professionals* and *Activities not allocated* divisions' revenues fell respectively by 6.3% and 29.2%.

By geographic region, the relative contribution of France climbed by 2.6 points to 81.1%, whereas EMEA (excluding France) and the Americas fell respectively by 2.3 and 0.4 points to respectively 15.7% and 3.2%.

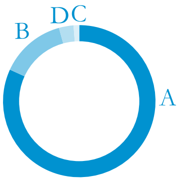
Q2 2016 revenue breakdown by geography



A: France 81.1%
B: EMEA excl. France 15.7%
C: Americas 3.2%

The breakdown of revenue by currency has marginally changed since the same period last year: the euro climbed by 1.9 point to 81.8% and the pound sterling and the US dollar fell respectively by 1.4 and 0.4 point to respectively 13.9% and 3.1%%, whereas other currencies remained relatively stable at 1.2%.

Q2 2016 revenue breakdown by currency



A: EUR	81.8%
B: GBP	13.9%
C: USD	3.1%
D: Others	1.2%

By division, the breakdown of Group revenue remains relatively stable. The contribution of the *Health Insurance, HR and e-services* division increased by 5.7 points to 59.3%, whereas that of the *Healthcare Professionals* division decreased by 5.3 points to 40.0%. The contribution of the *Activities not allocated* division remained relatively stable at 0.7%.

Operational Charges

Purchases used decreased by €3.4 million, or 30.2%, from €11.1 million for the quarter ended June 30, 2015, to €7.8 million for the quarter ended June 30, 2016. Expressed as a percentage of revenue, purchases used represented 10.5% for the quarter ended June 30, 2015, compared to 7.1% for the quarter ended June 30, 2016. This decrease in purchases used was primarily due to the trend at the computerization of UK physicians.

External expenses increased by €6.6 million, or 25.8%, from €25.7 million for the quarter ended June 30, 2015, to €32.4 million for the quarter ended June 30, 2016. Expressed as a percentage of revenue, external expenses represented 24.2% for the quarter ended June 30, 2015, compared to 29.6% for the quarter ended June 30, 2016. This increase in external expenses was primarily due higher use of temporary employees as part of the migration and development of Cegedim's offering.

Payroll costs increased by €6.1 million, or 13.3%, from €46.1 million for the quarter ended June 30, 2015, to €52.2 million for the quarter ended June 30, 2016. Expressed as a percentage of revenue, payroll costs represented 43.4% for the quarter ended June 30, 2015, compared to 47.8% for the quarter ended June 30, 2016. The increase in payroll costs mainly reflects an increase in number of employees mainly between June 2015 and March 2016 following the launch of the RCM activity in the USA, the acquisition of *Activus* in July 2015 and *Nightingale* at end of 2015, the development of Cegedim SRH activities and the strengthening of the R&D team in order to ensure the transition to SaaS. Of all the hiring done over the past 12 months, 89% of new contracts started between June 2015 and March 2016.

The introduction of the CICE ("Crédit d'impôt pour la compétitivité et l'emploi" -Tax credit for competitiveness and employment) in France in 2013 reduced the payroll cost in the P&L. For the quarter ended June 30, 2016, the impact on payroll cost is a reduction of €0.6 million, compared to reduction of €0.5 million for the quarter ended June 30, 2015.

EBITDA decreased by €5.8 million, or 28.4%, from €20.4 million for the quarter ended June 30, 2015, to €14.6 million for the quarter ended June 30, 2016. Expressed as a percentage of revenue, EBITDA represented 19.2% for the quarter ended June 30, 2015, compared to 13.4% for the quarter ended June 30, 2016. This decrease in EBITDA reflected the trends in revenue, purchases used, external expenses and payroll costs based on the factors set out above.

EBIT before special items (*Operating income before special items*) decreased by €6.6 million or 51.5% from €12.9 million for the quarter ended June 30, 2015, to €6.2 million for the quarter ended June 30, 2016. Expressed as a percentage of revenue, EBIT represented 12.1% for the quarter ended June 30, 2015, compared to 5.7% for the quarter ended June 30, 2016. This decrease was due to a decrease of €5.8 million in EBITDA and an increase of €0.8 million in depreciation expenses, from €7.5 million for the quarter ended June 30, 2015, to €8.4 million for the quarter ended June 30, 2016.

Special items amounted to a charge of €2.6 million for the quarter ended June 30, 2016, compared to a charge of €1.3 million for the quarter ended June 30, 2015. This decrease mainly reflects the accounting in 2015 of fees related to the disposal of the C*RM and strategic data* division to IMS Health.

Breakdown of special items by nature

In € million	Q2 2016	Q2 2015
Capital gains or losses on disposals	-	-
Restructuring costs	(1.9)	(0.9)
Impairment of goodwill	-	-
Other non-recurring income and expenses	(0.7)	(0.4)
Special items	**(2.6)**	**(1.3)**

Breakdown of special items by division

In € million	Q2 2016	Q2 2015
Health Insurance, HR, e-services	0.0	(0.1)
Healthcare professionals	(2.5)	(0.8)
Activities not allocated	(0.2	(0.4
Special items	**(2.6)**	**(1.3**

EBIT decreased by €8.0 million, from €11.6 million for the quarter ended June 30, 2015, to €3.6 million for the quarter ended June 30, 2016. Expressed as a percentage of revenue, EBIT represented 10.9% for the quarter ended June 30, 2015, compared to 3.3% for the quarter ended June 30, 2016. This decrease was due to the €6.6 million decrease in EBIT before special items, and from the €1.3 million increase in special items.

Financial Charges

Total cost of net financial debt decreased by €15.7 million, or 95.9%, from €16.4 million for the quarter ended June 30, 2015, to €0.7 million for the quarter ended June 30, 2016. This decrease reflects the positive impact on the interest expenses of the early redemption of the 2020 bond in Q1 2016 following the setting in January 2016 of a new €200 million RCF.

Tax expense amounted to a charge of €1.4 million for the quarter ended June 30, 2015, compared to a charge of €1.4 million for the quarter ended June 30, 2016. This reflects mainly the deferred tax assets.

Net results

Consolidated net profit from continuing activities amounted to a €2.1 million profit for the quarter ended June 30, 2016, compared to a €5.7 million loss for the quarter ended June 30, 2015. This increase in consolidated net loss from continuing activities reflected the trends in revenue, EBIT, special items, cost of net financial debt and tax expense based on the factors set out above.

Net profit from discontinued activities amounted to a €0.4 million loss for the quarter ended June 30, 2016, compared to a €31.3 million profit for the quarter ended June 30, 2015. After taking into account minority interests, the **consolidated net profit attributable to the Group** amounted to a €1.7 million profit for the quarter ended June 30, 2016, compared to a €25.6 million profit for the quarter ended June 30, 2015.

Earnings per share before special items amounted to a €0.3 profit for the quarter ended June 30, 2016, compared with €0.3 loss for the same period one year before. **Earnings per share** amounted to a €0.1 profit for the quarter ended June 30, 2016, compared to a €1.8 profit one year before.

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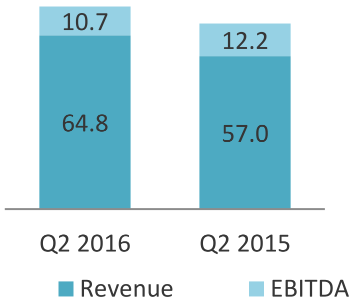
2.5.3 Analysis of the financial position by division for the second quarter of 2016

2.5.3.1 Health Insurance, HR and e-services

In € million	Q2 2016	Q2 2015	Change
Revenue	**64.8**	**57.0**	**+13.8%**
EBIT before special items	**7.1**	**8.2**	**(14.1)%**
EBIT margin	*10.9%*	*14.4%*	*(353)bps*
Special items	0.0	0.1	n.s.
EBIT	7.1	8.1	(13.2)%
EBITDA	**10.7**	**12.2**	**(12.2)%**
EBITDA margin	*16.5%*	*21.4%*	*(488)bps*
Depreciation	**(3.7)**	**(4.0)**	**(8.2)%**



Revenue for the *Health Insurance, HR and e-services* division increased by €7.8 million, or 13.8%, from €57.0 million for the quarter ended June 30, 2015, to €64.8 million for the quarter ended June 30, 2016. The acquisition of *Activus* in July 2015 in the UK made a positive contribution of 3.5%. Currencies had virtually no impact. Like-for-like revenues grew 10.3% over the period

Expressed as a percentage of total revenue, revenue for the *Health Insurance, HR and e-services* division represented 53.7% for the quarter ended June 30, 2015, compared to 59.3% for the quarter ended June 30, 2016.

By geographic region, the relative contribution of France fell by 2.6 points at 95.7%, and EMEA (excluding France) climbed by 2.6 points to 4.3%.

The breakdown of revenue by currency has marginally changed since the same period last year: the euro fell by 2.6 points to 95.7% and the pound sterling climbed by 3.0 points to 3.0%, whereas other currencies remained relatively stable at 1.3%.

This significant Q2 2016 revenue growth was chiefly attributable to the acceleration of trends seen in the first quarter.

EBITDA decreased by €1.5 million, or 12.2%, from €12.2 million for the quarter ended June 30, 2015, to €10.7 million for the quarter ended June 30, 2016. Expressed as a percentage of revenue, EBITDA represented 21.4% for the quarter ended June 30, 2015, compared to 16.5% for the quarter ended June 30, 2016.

The drop in EBITDA was mainly due to:

- A temporary decrease in the profitability of the *iGestion* and *Cegedim e-business* activities due to the start of operations with numerous BPO clients;
- *Cegedim Insurance Solutions* offerings, due to switching the core products over to SaaS format, the start of operations with numerous new clients, and the start of new projects for existing clients;
- *RNP*, the specialist in traditional and digital displays for pharmacy windows in France, which suffered from a change in the timing of promotional campaigns between 2015 and 2016;

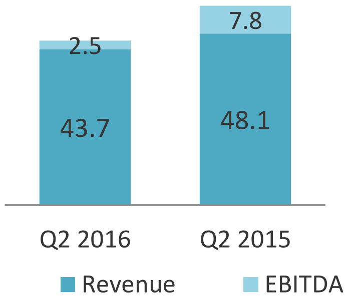
This was partly offset by the good performances of:

- The business of managing third-party payment flows;
- *Cegedim SRH*, despite the start of business with numerous BPO clients.

EBIT before special items (*Operating income from recurring operations*) decreased by €1.2 million, or 14.1%, from €8.2 million for the quarter ended June 30, 2015, to €7.1 million for the quarter ended June 30, 2016. Expressed as a percentage of revenue, EBIT represented 14.4% for the quarter ended June 30, 2015, compared to 10.9% for the quarter ended June 30, 2016. This decrease in EBIT was primarily due to the €1.5 million decrease in EBITDA, partially offset by a €0.3 million decrease in depreciation.

2.5.3.2 Healthcare Professionals

In € million	Q2 2016	Q2 2015	Change
Revenue	**43.7**	**48.1**	**(9.2)%**
EBIT before special items	**(0.8)**	**5.0**	**n.m.**
EBIT margin	*(1.9)%.*	*10.5%*	*(1,242)bps*
Special items	(2.5)	(0.8)	+191.0%
EBIT	(3.3)	4.2	(178.7)%
EBITDA	**2.5**	**7.8**	**(68.3)%**
EBITDA margin	*5.7%*	*16.2%*	*(1,057)bps*
Depreciation	**(3.3)**	**(2.8)**	**+19.9%**



Revenue for the *Healthcare Professionals* division decreased by €4.4 million, or 9.2%, from €48.1 million for the quarter ended June 30, 2015, to €43.7 million for the quarter ended June 30, 2016. There were no disposals or acquisitions. Excluding the negative impact foreign currency translations of 2.9%, revenue decreased by 6.3%.

Expressed as a percentage of total revenue, revenue for the *Healthcare Professionals* division represented 45.3% for the quarter ended June 30, 2015, compared to 40.0% for the quarter ended June 30, 2016.

By geographic region, the relative contributions of France climbed by 4.6 points to 59.1% ant the EMEA (excluding France) fell by 4.7 points to 33.0%, whereas the Americas remained relatively stable at 7.9%.

The breakdown of revenue by currency has marginally changed since the same period last year: the euro climbed by 3.2 points to 60.8% and the pound sterling fell by 3.5 points to 30.3%, whereas other currencies remained relatively stable at 1.2%.

This decline in revenue in the second quarter of 2016 was mainly attributable to:

- Double-digit growth at *Pulse* in the first half, despite a contraction in June owing to the postponement of certain projects, mainly related to the unit's RCM offerings. The Group also set up a new, more nimble organization in response to a growing and rapidly changing market, particularly in BPO. For example, some changes were made to the local management team, and cloud offerings from Nightingale, acquired in late 2015, are currently being integrated and first modules should be available in a few months and the complete offer in September 2017. These investments efforts will weigh on profitability in the short term, but they will ensure profitable growth over the long run.
- Brisk growth in offerings for physical therapists and nurses in the second quarter, which more than made up for the shortfall in the first quarter.

These performances were mainly offset by:

- Weaker activity in the computerization of UK doctors, as the market is now moving predominantly to cloud-based offerings. The investments now being made in *Cegedim's* own cloud offering are expected to result in renewed sales growth starting in 2017.
- The short-term negative impact of switching Belgian doctors over to an SaaS model.
- The second-quarter impact of the low level of order intake in the pharmacy segment in France in late 2015. The order book weakness has since been reversed, starting in May with the release of the new Smart Rx offering – a comprehensive pharmacy management solution built around a hybrid architecture that combines local and cloud-based computing. The new solution will allow networks amongst individual pharmacies and links with healthcare professionals. Thus, revenues are likely to resume their growth in the next few months.

EBITDA decreased by €5.3 million, or 68.3%, from €7.8 million for the quarter ended June 30, 2015, to €2.5 million for the quarter ended June 30, 2016. Expressed as a percentage of revenue, EBITDA represented 16.2% for the quarter ended June 30, 2015, compared to 5.7% for the quarter ended June 30, 2016.

The decline in EBITDA was chiefly attributable to investments made to ensure future growth. The Group was penalized by the investments it made in:

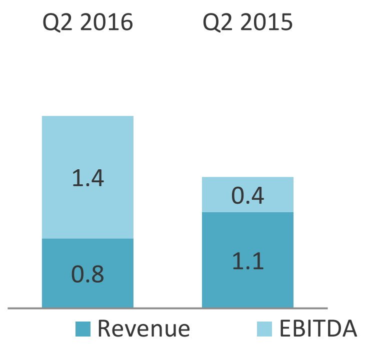
- France, to develop the new hybrid offering for pharmacies, which it launched in May 2016;
- The US, focusing on Revenue Cycle Management (RCM) activities and SaaS electronic health records (EHR);
- The UK, where it aims to have a cloud-based offering for UK doctors in 2017;

EBITDA felt a pinch in the short term from efforts in the second quarter to switch Belgian doctors over to SaaS format and investments done in the US.

EBIT before special items (*Operating income before special items*) decreased by €5.9 million, from €5.0 million for the quarter ended June 30, 2015, to €0.8 million loss for the quarter ended June 30, 2016. Expressed as a percentage of revenue, EBIT represented 10.5% the quarter ended June 30, 2015, compared to (1.9)% for the quarter ended June 30, 2016. This decrease in EBIT reflects the €5.3 million decrease in EBITDA and the €0.6 million increase in depreciation.

2.5.3.3 Activities not allocated

In € million	Q2 2016	Q2 2015	Change
Revenue	**0.8**	**1.1**	**(29.2)%**
EBIT before special items	**(0.0)**	**(0.4)**	**n.s.**
EBIT margin	*4.3%*	*(35.0)%*	*+3 924bps*
Special items	(0.2)	(0.4)	(48.7)%
EBIT	(0.2)	(0.8	(79.1)%
EBITDA	**1.4**	**0.4**	**+256.9%**
EBITDA margin	*180.9%*	*35.9%*	*+14,506bps*
Depreciation	**(1.4)**	**0.8**	**+76.4%**



Revenue for *Activities not allocated* decreased by €0.3 million, or 29.2%, from €1.1 million for the quarter ended June 30, 2015, to €0.8 million for the quarter ended June 30, 2016. There were no disposals or acquisitions and there was no impact from foreign currency translations.

Expressed as a percentage of revenue from continuing activities, revenue for *Activities not allocated* represented 1.0% for the quarter ended June 30, 2015, compared to 0.7% for the quarter ended June 30, 2016.

This trend reflects the return to a normal level of billing.

The EBITDA trend was positive by €1.0 million, from a €0.4 million for the quarter ended June 30, 2015, to a €1.4 million for the quarter ended June 30, 2016. Expressed as a percentage of revenue, EBITDA represented 35.9% for the quarter ended June 30, 2015, compared to 180.9% for the quarter ended June 30, 2016. This favorable EBITDA trend reflects the return to a normal level of margin.

The EBIT before special items (*Operating income from recurring operations*) trend was positive by €0.4 million from a €0.4 million loss for the quarter ended June 30, 2015, to a €0.0 million profit for the quarter ended June 30, 2016. Expressed as a percentage of revenue, the EBIT loss represented 35.0% for the quarter ended June 30, 2015, compared to 4.3% for the quarter ended June 30, 2016. This positive trend in EBIT before special items was primarily due to the €1.0 million positive trend in EBITDA and the €0.6 million increase in depreciation.

2.5.4 Consolidated P&L for the First Half of 2016

In € million		06.30.2016	06.30.2015	Variation
Revenue	**€M**	**215.5**	**206.7**	**+4.3%**
Purchases used	€M	(17.0)	(20.0)	(15.2)%
External expenses	€M	(63.3)	(52.7)	+20.1%
Payroll costs	€M	(103.7)	(92.1)	+12.5%
EBITDA	**€M**	**25.7**	**35.1**	**(26.9)%**
EBITDA margin	%	11.9%	17.0%	(507)bps
Depreciation	€M	(16.4)	(14.8)	+10.8%
EBIT before special items	**€M**	**9.2**	**20.3**	**(54.4)%**
EBIT margin before special items	%	4.3%	9.8%	(552)bps
Special items	€M	(3.7)	(4.2)	(10.1)%
EBIT	**€M**	**5.5**	**16.1**	**(65.8)%**
EBIT margin	%	2.6%	7.8%	(524)bps
Cost of net financial debt	**€M**	**(23.9)**	**(23.2)**	**+2.6%**
Total taxes	**€M**	**(1.7)**	**(2.1)**	**(18.9)%**
Profit (loss) for the period	**€M**	**(19.0)**	**(8.3)**	**+128.7%**
Net profit (loss) for the period from activities sold	€M	(0.8)	32.5	n.m.
Group share	**€M**	**(19.8)**	**24.2**	**n.m.**

Revenue from continuing activities increased by €8.8 million, or 4.3%, from €206.7 million at June 30, 2015, to €215.5 million at June 30, 2016. Currencies had a negative impact of 0.9% and acquisitions, a positive impact of 1.6%. Like-for-like revenue grew by 3.6%.

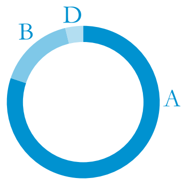
The negative impact of foreign currency translation was €1.9 million, or 0.9%, coming mainly from the negative impact of the pound sterling (13.9% of revenue) for €1.8 million.

The positive impact from acquisition was €3.3 million, or 1.6%, coming mainly from the acquisition of *Activus* in UK in July 2015.

During the first half of 2016, in like-for-like terms, the *Health Insurance, HR and e-servi*ces division's revenue rose by 9.6%, whereas the *Healthcare professionals* and *Activities not allocated* divisions' revenues fell respectively by 3.0% and 18.4%.

By geographic region, the relative contribution of France and the Americas climbed respectively by 1.1 and 0.6 point to respectively 80.1% and 3.6%, whereas EMEA (excluding France) fell by 1.7 point to 16.1%.

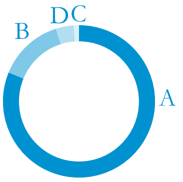
Revenue breakdown as of June 30, 2016 by geography



A: France 80.1%
B: EMEA excl. France 16.1%
C: Americas 3.8%

The breakdown of revenue by currency has marginally changed since the same period last year: the euro and the US dollar climbed by respectively 0.8 and 0.6 point to 81.2% and 3.8% respectively, whereas the pound sterling and other currencies fell by respectively 1.3 and 0.2 point to 13.9% and 1.1% respectively.

Revenue breakdown as of June 30, 2016 by currency



A: EUR	81.2%
B: GBP	13.9%
C: USD	3.8%
D: Others	1.1%

By division, the breakdown of Group revenue remains relatively stable. The contribution of the *Health Insurance, HR and e-services* division increased by 4.2 points to 57.8%, whereas that of the *Healthcare Professionals* division decreased by 4.0 points to 41.5%. The contribution of the *Activities not allocated* division remained relatively stable at 0.7%.

Operational Charges

Purchases used decreased by €3.0 million, or 15.2%, from €20.0 million at June 30, 2015, to €17.0 million at June 30, 2016. Expressed as a percentage of revenue, purchases used represented 9.7% at June 30, 2015, compared to 7.9% at June 30, 2016. This decrease in purchases used was primarily due to the trend in computerization of UK physicians.

External expenses increased by €10.6 million, or 20.1%, from €52.7 million at June 30, 2015, to €63.3 million at June 30, 2016. Expressed as a percentage of revenue, external expenses represented 25.5% at June 30, 2015, compared to 29.4% at June 30, 2016. This increase in external expenses was primarily due higher use of temporary employees as part of the migration and development of Cegedim's offering.

Payroll costs increased by €11.5 million, or 12.5%, from €92.1 million at June 30, 2015, to €103.7 million at June 30, 2016. Expressed as a percentage of revenue, payroll costs represented 44.6% for the quarter ended June 30, 2015, compared to 48.1% for the quarter ended June 30, 2016. The increase in payroll costs mainly reflects an increase in number of employees mainly between June 2015 and March 2016 following the launch of the RCM activity in the USA, the acquisition of *Activus* in July 2015 and *Nightingale* at end of 2015, the development of Cegedim SRH activities and the strengthening of the R&D team in order to ensure the transition to SaaS. Of all the hiring done over the past 12 months, 89% of new contracts started between June 2015 and March 2016.

The introduction of the CICE ("Crédit d'impôt pour la compétitivité et l'emploi" -Tax credit for competitiveness and employment) in France in 2013 reduced the payroll cost in the P&L. At June 30, 2016, the impact on payroll cost is a reduction of €1.3 million, compared to reduction of €1.4 million at June 30, 2015.

EBITDA decreased by €9.4 million, or 26.9%, from €35.1 million at June 30, 2015, to €25.7 million at June 30, 2016. Expressed as a percentage of revenue, EBITDA represented 17.0% at June 30, 2015, compared to 11.9% at June 30, 2016. This decrease in EBITDA reflected the trends in revenue, purchases used, external expenses and payroll costs based on the factors set out above.

EBIT before special items (*Operating income before special items*) decreased by €11.0 million or 54.4% from €20.3 million at June 30, 2015, to €9.2 million at June 30, 2016. Expressed as a percentage of revenue, EBIT represented 9.8% at June 30, 2015, compared to 4.3% at June 30, 2016. This decrease was due to a decrease of €9.4 million in EBITDA and an increase of €1.6 million in depreciation expenses, from €14.8 million at June 30, 2015, to €16.4 million at June 30, 2016.

Special items amounted to a charge of €3.7 million at June 30, 2016, compared to a charge of €4.2 million at June 30, 2015. This decrease mainly reflects the accounting in 2015 of fees related to the disposal of the C*RM and strategic data* division to IMS Health.

Breakdown of special items by nature

In € million	06.30.2016	06.30.2015
Capital gains or losses on disposals	-	-
Restructuring costs	(2.5)	(2.4)
Impairment of goodwill	-	-
Other non-recurring income and expenses	(1.2)	(1.8)
Special items	**(3.7)**	**(4.2)**

Breakdown of special items by division

In € million	06.30.2016	06.30.2015
Health Insurance, HR, e-services	(0.3)	(0.2)
Healthcare professionals	(3.0)	(2.3)
Activities not allocated	(0.5)	(1.7)
Special items	**(3.7)**	**(4.2)**

EBIT decreased by €10.6 million, from €16.1 million at June 30, 2015, to €5.5 million at June 30, 2016. Expressed as a percentage of revenue, EBIT represented 7.8% at June 30, 2015, compared to 2.6% at June 30, 2016. This decrease was due to the €11.0 million decrease in EBIT before special items, partly offset by the €0.4 million decrease in special items.

Financial Charges

Total cost of net financial debt increased by €0.6 million, or 2.6%, from €23.2 million at June 30, 2015, to €23.9 million at June 30, 2016. This increase reflects payment of the €15.9 million premium for the early redemption of the 2020 bond, almost offset by a decrease in interest paid in the second quarter of 2016 following the restructuring of debt in 2015.

Tax expense amounted to a charge of €2.1 million at June 30, 2015, compared to a charge of €1.7 million at June 30, 2016. This increase reflects mainly the deferred tax assets.

Net results

Consolidated net profit from continuing activities amounted to a €19.0 million loss at June 30, 2016, compared to a €8.3 million loss at June 30, 2016. This degradation of €10.7 million in consolidated net loss from continuing activities reflected the trends in revenue, EBIT, special items, cost of net financial debt and tax expense based on the factors set out above.

Net profit from discontinued activities amounted to a €0.8 million loss at June 30, 2016, compared to a €32.5 million profit at June 30, 2016. After taking into account minority interests, the **consolidated net profit attributable to the Group** amounted to a €19.8 million loss at June 30, 2016, compared to a €24.2 million profit at June 30, 2015.

Earnings per share before special items amounted to a €1.1 loss at June 30, 2016, compared with €0.3 loss for the same period one year before. **Earnings per share** amounted to a €1.4 loss at June 30, 2016, compared to a €1.7 profit one year before.

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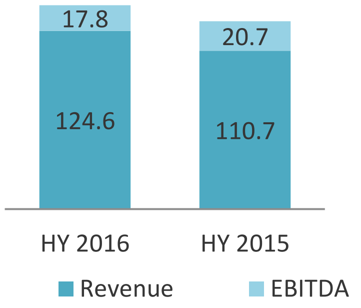
2.5.5 Analysis of the financial position by division for the first half of 2016

2.5.5.1 Health Insurance, HR and e-services

In € million	06.30.2016	06.30.2015	Change
Revenue	**124.6**	**110.7**	**+12.5%**
EBIT before special items	**10.5**	**12.8**	**(17.8)%**
EBIT margin	*8.4%*	*11.6%*	*(312)bps*
Special items	(0.3)	(0.2)	+68.5%
EBIT	10.3	12.6	(18.9)%
EBITDA	**17.8**	**20.7**	**(14.0)%**
EBITDA margin	*14.3%*	*18.7%*	*(441)bps*
Depreciation	**(7.3)**	**(7.9)**	**(7.9)%**



Revenue for the *Health Insurance, HR and e-services* division increased by €13.9 million, or 12.5%, from €110.7 million at June 30, 2015, to €124.6 million at June 30, 2016. The acquisition of *Activus* in July 2015 in the UK made a positive contribution of 3.0%. Currencies had virtually no impact. Like-for-like revenues grew 9.6% over the period

Expressed as a percentage of total revenue, revenue for the *Health Insurance, HR and e-services* division represented 53.6% at June 30, 2015, compared to 57.8% at June 30, 2016.

By geographic region, the relative contribution of France fell by 2.4 points at 96.1%, and EMEA (excluding France) climbed by 2.4 points to 3.9%.

The breakdown of revenue by currency has marginally changed since the same period last year: the euro fell by 2.4 points to 96.1% and the pound sterling climbed by 2.7 points to 2.7%, whereas other currencies remained relatively stable at 1.2%.

This significant half year 2016 revenue growth was chiefly attributable to:

- *Cegedim Insurance Solutions*, boosted by robust growth in the business of managing third-party payment flows and in software and services for the personal insurance segment. The start of operations with new clients in the software and services segment more than offset the effects of switching over to a cloud-based offering. The *iGestion* BPO solution for health insurers posted double-digit growth. And the division benefited from the July 2015 acquisition of *Activus*.
- Double-digit growth in revenue from operating *Cegedim e-business'* Global Invoice Services, the SaaS platform for electronic data exchanges, including payment platforms, following the start of operations with new clients.
- The start of operations with several clients on the SaaS platform for human resources management at *Cegedim SRH*, resulting in double-digit revenue growth.

EBITDA decreased by €2.9 million, or 14.0%, from €20.7 million at June 30, 2015, to €17.8 million at June 30, 2016. Expressed as a percentage of revenue, EBITDA represented 18.7% at June 30, 2015, compared to 14.3% at June 30, 2016.

The drop in EBITDA was mainly due to:

- A temporary decrease in the profitability of the *iGestion* and *Cegedim e-business* activities due to the start of operations with numerous BPO clients;
- *Cegedim Insurance Solutions* offerings, due to switching the core products over to SaaS format, the start of operations with numerous new clients, and the start of new projects for existing clients;
- *RNP*, the specialist in traditional and digital displays for pharmacy windows in France, which suffered from a change in the timing of promotional campaigns between 2015 and 2016;

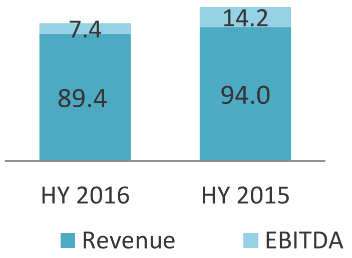
This was partly offset by the good performances of:

- The business of managing third-party payment flows;
- *Cegedim SRH*, despite the start of business with numerous BPO clients.

EBIT before special items (*Operating income from recurring operations*) decreased by €2.3 million, or 17.8%, from €12.8 million at June 30, 2015, to €10.5 million at June 30, 2016. Expressed as a percentage of revenue, EBIT represented 11.6% at June 30, 2015, compared to 8.4% at June 30, 2016. This decrease in EBIT was primarily due to the €2.9 million decrease in EBITDA, partially offset by a €0.6 million decrease in depreciation.

2.5.5.2 Healthcare Professionals

In € million	06.30.2016	06.30.2015	Change
Revenue	**89.4**	94.0	(5.0)%
EBIT before special items	**1.0**	8.5	(88.9)%
EBIT margin	*1.1%*	*9.1%*	*(802)bps*
Special items	(3.0)	(2.3)	(32.2)%
EBIT	(2.0)	6.3	n.m.
EBITDA	**7.4**	14.2	(47.5)%
EBITDA margin	*8.3%*	*15.1%*	*(675)bps*
Depreciation	**(6.5)**	(5.6)	+15.2%



Revenue for the *Healthcare Professionals* division decreased by €4.7 million, or 5.0%, from €94.0 million at June 30, 2015, to €89.4 million at June 30, 2016. There were no disposals or acquisitions. Excluding the negative impact foreign currency translations of 2.0%, revenue decreased by 3.0%.

Expressed as a percentage of total revenue, revenue for the *Healthcare Professionals* division represented 45.5% at June 30, 2015, compared to 41.5% at June 30, 2016.

By geographic region, the relative contributions of France and Americas climbed by respectively 1.7 and 2.2 points to 57.4% and 9.2% respectively, whereas EMEA (excluding France) fell by 3.9 points to 33.3%.

The breakdown of revenue by currency has marginally changed since the same period last year: the euro and the US dollar climbed by respectively 1.3 and 2.2 points to 60.1% and 29.7% respectively and the pound sterling fell by 3.5 points to 29.7%, whereas other currencies remained relatively stable at 1.0%.

This decline in revenue in the first half of 2016 was mainly attributable to:

– Double-digit growth in *Pulse* revenues in the first half that, however, revenue declined in June due to the postponement of certain projects, chiefly ones related to RCM products. The Group also set up a new, more responsive organization to keep pace with a growing and rapidly changing market, particularly in BPO. For example, some changes were made to the local management team, and cloud offerings from Nightingale, acquired in late 2015, are currently being integrated and first modules should be available in a few months and the complete offer in September 2017. These investments efforts will weigh on profitability in the short term, but they will ensure profitable growth over the long run.

– Brisk growth in offerings for physical therapists and nurses in the second quarter, which more than made up for the shortfall in the first quarter.

These performances were mainly offset by:

– Weaker activity in the computerization of UK doctors, as the market is now moving predominantly to cloud-based offerings. The investments now being made in *Cegedim's* own cloud offering are expected to result in renewed sales growth starting in 2017.

– The short-term negative impact of switching Belgian doctors over to an SaaS model.

– The second-quarter impact of the low level of order intake in the pharmacy segment in France in late 2015. The order book weakness has since been reversed, starting in May with the release of the new *Smart Rx* offering – a comprehensive pharmacy management solution built around a hybrid architecture that combines local and cloud-based computing. The new solution will allow networks amongst individual pharmacies and links with healthcare professionals. Thus, revenues are likely to resume their growth in the next few months.

EBITDA decreased by €6.7 million, or 47.5%, from €14.2 million at June 30, 2015, to €7.4 million at June 30, 2016. Expressed as a percentage of revenue, EBITDA represented 15.1% at June 30, 2015, compared to 8.3% at June 30, 2016.

The decline in EBITDA was chiefly attributable to investments made to ensure future growth. The Group was penalized by the investments it made in:

– France, to develop the new hybrid offering for pharmacies, which it launched in May 2016;

– The US, focusing on Revenue Cycle Management (RCM) activities and SaaS electronic health records (EHR);

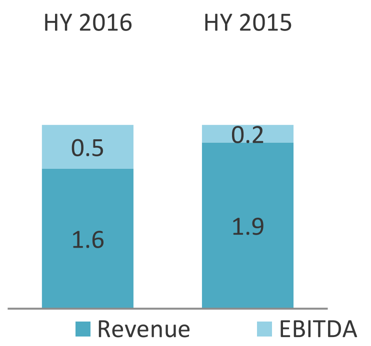
– The UK, where it aims to have a cloud-based offering for UK doctors in 2017;

EBITDA felt a pinch in the short term from efforts in the second quarter to switch Belgian doctors over to SaaS format and investments done in the US.

EBIT before special items (*Operating income before special items*) decreased by €7.6 million, from €8.5 million at June 30, 2015, to €1.0 million at June 30, 2016. Expressed as a percentage of revenue, EBIT represented 9.1% at June 30, 2015, compared to 1.1% at June 30, 2016. This decrease in EBIT reflects the €6.7 million EBITDA decrease and the €0.9 million increase in depreciation.

2.5.5.3 Activities not allocated

In € million	06.30.2016	06.30.2015	Change
Revenue	**1.6**	**1.9**	**(18.4)%**
EBIT before special items	**(2.2)**	**(1.1)**	**+109.3%**
EBIT margin	*(141.0)%*	*(55.0)%*	*n.m.*
Special items	(0.5)	(1.7)	(71.5)%
EBIT	(2.7)	(2.8)	(3.3)%
EBITDA	**0.5**	**0.2**	**+86.5%**
EBITDA margin	*28.8%*	*12.6%*	*+1,617bps*
Depreciation	**(2.7)**	**(1.3)**	**+105.0%**



Revenue for *Activities not allocated* decreased by €0.4 million, or 18.4%, from €1.9 million at June 30, 2015 to €1.6 million at June 30, 2016. There were no disposals or acquisitions and there was no impact from foreign currency translations.

Expressed as a percentage of revenue from continuing activities, revenue for *Activities not allocated* represented 0.9% at June 30, 2015, compared to 0.7% at June 30, 2016.

This trend reflects the return to a normal level of billing.

The EBITDA trend was positive by €0.2 million, or 86.5%, from a €0.2 million at June 30, 2015, to a €0.5 million at June 30, 2016. Expressed as a percentage of revenue, EBITDA represented 12.6% at June 30, 2015, compared to 28.8% at June 30, 2016. This favorable EBITDA trend reflects the return to a normal level of margin.

The EBIT before special items (*Operating income from recurring operations*) trend was negative by €1.2 million, or 109.3%, from a €1.1 million loss at June 30, 2015, to a €2.2 million loss at June 30, 2016. Expressed as a percentage of revenue, the EBIT loss represented 55.0% at June 30, 2015, compared to 141.0% at June 30, 2016. This negative trend in EBIT before special items was primarily due to the €1.4 million increase in depreciation partly offset by the €0.2 million positive trend in EBITDA.

2.5.6 Financial structure

2.5.6.1 Consolidated Balance Sheet

In € million	Note	06.30.2016	12.31.2015	Change
Assets				
Goodwill		**189.5**	**188.5**	**+0.5%**
Tangible, Intangible assets		154.4	147.2	+4.9%
Long-term Investments	a	11.8	10.0	+18.5%
Other non-current assets	b	64.1	66.5	(3.6)%
Accounts receivable current portion		162.4	161.9	+0.3%
Cash & Cash equivalent		10.8	231.3	(95.3)%
Other current assets		71.8	58.1	+23.6%
Assets of activities held for sale		*1.6*	*0.8*	*+103.6%*
Total assets		666.3	864.3	(22.9)%
Liabilities				
Long-term financial liabilities	c	223.0	51.7	+331.1%
Other non-current liabilities		43.4	44.3	(2.0)%
Short-term liabilities	c	4.3	347.2	(98.8)%
Other current liabilities	d	196.5	189.1	+3.9%
Total Liabilities (excluding Shareholders' equity)		**467.9**	**636.1**	**(26.5)%**
Shareholders' equity	**e**	**198.4**	**228.1**	**(13.0)%**
Liabilities associated with assets held for sale		*0.6*	*3.8*	*(84.4)%*
Total Liabilities & Shareholders' equity		666.3	864.3	(22.9)%

a) Excluding equity shares in equity method companies
b) Including deferred tax of €27.3 million for June 30, 2016, and €28.7 million for December 31, 2015
c) Long-term and short-term liabilities include liabilities under our employee profit sharing plans in the total amount of €7.5 million for June 30, 2016, and €8.0 million for December 31, 2015
d) Including "tax and social liabilities" of €66.8 million for June 30, 2016, and €70.6 million for December 31, 2015. This includes VAT, French and US profit-sharing schemes, provisions for leave days, social security contributions in France, French health coverage and wage bonuses.
e) Including minority interests of €0.0 million for June 30, 2016, and €0.1 million for end-December 2015

Net financial debt

In € million	Note	06.30.2016	03.31.2016	12.31.2015
Long-term debt		223.0	227.8	51.7
Short-term debt		4.3	1.8	347.2
Gross debt	f	227.3	229.6	398.9
Cash & cash equivalent		10.8	20.2	231.3
Net financial debt	**f**	**216.6**	**209.4**	**167.6**
Equity		198.4	199.6	228.1
Gearing	**g**	**1.1**	**1.0**	**0.7**

f) Gross financial debt equal total debt minus profit sharing of €7.5 million and €0.3 million of other items as of June 30, 2016
g) Net financial debt to Total equity ratio

COMMENTS ON THE CONSOLIDATED BALANCE SHEET

Consolidated total balance sheet amounted to €666.3 million at June 30, 2016, a 22.9% decrease over December 31, 2015.

Acquisition goodwill represented €189.5 million at June 30, 2016, compared with €188.5 million at end-2015. The €0.9 million increase, equal to 0.5%, was mainly attributable to the restatement of expected future earn-out payments on the *Activus* and Nightingale acquisitions, totaling €4.7 million; these were partly offset by the euro's appreciation against certain foreign currencies, chiefly the British pound, for a total of €3.7 million. Acquisition goodwill represented 28.4% of the total balance sheet at June 30, 2016, compared with 21.8% on December 31, 2015.

Tangible and intangible assets amounted to €154.4 million at the end of June 2016, compared to €147.2 million at the end of December 2015, a €7.2 million increase, or 4.9%.

- Tangible assets increased by €2.0 million, or 9.2%, from €22.1 million at the end of December 2015 to €24.1 million at the end of June 2016.
- Intangible assets increased by €5.1 million, or 4.1%, from 125.1 million at the end of December 2015 to €130.2 million at the end of June 2016, reflecting the increase of capitalized development costs.

Tangible and intangible assets represented 23.2% of total assets at the end of June 2016 compared to 17.0% at December 31, 2015.

Accounts receivable, short-term portion, slightly increased by €0.5 million, or 0.3%, from €161.9 million at the end of December 2015 to €162.4million at the end of June 2016..

Cash and equivalents came to €10.8 million at June 30, 2016, a decrease of €220.5 million compared with December 31, 2015. The drop was principally due to the early redemption of the 2020 bond for a nominal value of €340.1 million, payment of €15.9 million in early redemption premium, and an €10.6 million deterioration in WCR, partly offset by drawing €169.0 million from the €200 million revolving credit facility. Cash and cash equivalents came to 1.6% of total assets at the end of Juneh 2016 compared to 26.8% at the end of December 2015.

Long-term financial liabilities increased by €171.3 million or 331.1%, to €223.0 million at June 30, 2016, from €51.7 million at December 31, 2015. This increase reflects mainly the drawing, on June 30, 2016, of the €200 million revolving credit facility taken out on January 14, 2016, for an amount of €169.0 million and the expected future earn-out payments on the *Activus* acquisition for €4.0 million. Long-term liabilities include liabilities under Cegedim employee profit sharing plans in the total amount of €6.0 million at the end of June 2016, roughly stable compared to December 31, 2015.

Short-term debts decreased by €342.9 million, or 98.8%, to €4.3 million at June 30, 2016, compared to €347.2 million at December 31, 2015. This decrease reflects primarily the early redemption of the 6.75% 2020 bond for a nominal value of €340.1 million in Q1 201 and the expected future earn-out payments on the *Activus, Nightingale* and *Webstar* acquisition for €2.6 million. Short-term liabilities include liabilities under Cegedim employee profit sharing plans in the total amount of €1.6 million at the end of June 2016.

Total financial liabilities amounted to €227.3 million at June 30, 2016, a decrease of €171.6 million or 43.0%. Total net financial debt amounts to €216.6 million, an increase of €48.9 million compared to six months earlier. This represents 73.5% of equity as of December 31, 2015, compared to 109.1% as of June 30, 2016. Long-term and short-term liabilities include liabilities under Cegedim employee profit sharing plans in the total amount of €7.5 million, and €0.3 million of other liabilities at the end of June 2016.

Shareholders' equity fell by €29.7 million, i.e. 13.0%, to €198.4 million at June 30, 2016, compared with €228.1 million at December 31, 2015. The drop was mostly the result of a deterioration in Group earnings and exchange rate gains/losses, by respectively €86.7 million and €8.9 million. Those items were partly offset by a €66.0 million increase in Group reserves. Shareholders' equity represented 29.8% of the total balance sheet at end-June 2016, compared with 26.4% at end-December 2015.

Off-balance sheet commitments

Cegedim S.A. provides guarantees and securities on the operational or financing obligations of its subsidiaries in the ordinary course of business. See note 10.4 of the Interim Consolidated Financial Statement.

2.5.6.2 Cegedim cash flow sources and amounts

SUMMARIZED CONSOLIDATED CASH FLOW STATEMENT

In € million	Note	06.30.2016	06.30.2015
Gross cash flow		**29.2**	**35.3**
Tax paid		(2.3)	(8.7)
Changes in working capital		(10.6)	(25.2)
Net cash provided by (used in) operating activities		**16.3**	**1.4**
Of which net cash provided by (used in) operating activities held for sale	*f*	*(0. 2)*	*4.8*
Net cash provided by (used in) investing activities		**(29.9)**	**+298.2**
Of which net cash provided by (used in) investing activities held for sale		*0.0*	*(7.5)*
Net cash provided by (used in) financing activities		**(202.3)**	**(86.3)**
Of which net cash provided by (used in) financing activities		*0.0*	*(0.8)*
Total cash flows excluding currency impact	f	**(215.9)**	**213.3**
Change due to exchange rate movements		(0.8)	+2.9
Net cash at the beginning of the period	g	**228.1**	**99.7**
Net cash at the end of the period		**11.3**	**316.0**

COMMENTS ON THE CASH FLOW STATEMENT

Net cash flow from operating activities increased by €14.9 million, from €1.4 million at June 30, 2015, to €16.3 million at June 30, 2016. This improvement mainly reflects a lower level of capital requirement during the first half of 2016. Most of the increase in the requirement of working capital happened in the Q1 2016 following the cancellation of factoring arrangements.

Net cash flow used in investing activities decreased by €328.1 million, from an inflow of €298.2 million at June 30, 2015, to an outflow of €29.9 million at June 2016. This trend mainly reflects the recognition in April 2015 of the selling price of the *CRM and Strategic Data* business to IMS Health.

Net cash flow used in financing activities decreased by €116.1 million, from an outflow of €86.3 million at June 30, 2015, to an outflow of €202.3 million at June 30, 2016. This decrease was mainly due to the early redemption of the 2020 bond and from the payment of the related premium, offset by the €169 million drawn from the €200 million revolver credit facility.

Working capital levels vary as a result of several factors, including seasonality and the efficiency of the receivables collection process. Historically, Cegedim has financed its working capital requirements with cash on hand and amounts available under the Revolving Credit Facility and overdraft facilities.

Change in Working Capital amounted to a requirement of €10.6 million at the end of June 2016 compared to a requirement of €25.2 million twelve months earlier. Most of the increase in the requirement of working capital happened in the Q1 2016 following the cancellation of factoring arrangements.

CAPITAL EXPENDITURES

In € million	06.30.2016	06.30.2015
Capitalized R&D	(18.7)	(12.7)
Maintenance capex	(9.8)	(8.3)
Impact from the acquisition of US assets of Nightingale	(1.4)	324.0
Acquisition / Disposal	0.0	(4.8)
Investment in discontinued activities	**(29.9)**	**298.2**
Total capital expenditures		

Capital expenditures were relatively stable from year to year. Historically, they have primarily related to R&D, maintenance costs and to acquisition/disposal. There are no material capital expenditure commitments. Flexibility and discretion are maintained in order to adjust, from time to time, the level of capital expenditures to the needs of Cegedim's business.

At June 30, 2016, capital expenditures came to €29.9 million. The capital expenditures breakdown was as follows: €18.7 million of capitalized R&D, €1.4 million in earn-out payment and €9.8 million in maintenance capex. There were acquisitions or divestments. As a percentage of revenue from continuing activities, capital expenditures amounted to 13.9% in the first half of 2016.

Payroll expenses for the R&D workforce represent the majority of the total R&D cost and around 8.1% of the last twelve months Group revenue. Although this percentage is not a targeted figure, it has increased compared to the past several years. Of this R&D expenditure, approximately half is capitalized annually in accordance with IAS 38, which requires that (i) the project is clearly identified and the related costs are separable and tracked reliably; (ii) the technical feasibility of the project has been demonstrated, and the Group has the intention and the financial capacity to complete the project and use or sell the products resulting from this project; and (iii) it is probable that the developed project will generate future economic benefits that will flow to the Group.

At the end of June 2016, €18.7 million of R&D costs were capitalized, an increase of €6.0 million compared to June 30, 2015. This figure came from a reduction of payroll costs and external expenses. The remaining R&D costs are recorded as expenses for the period in which they were incurred.

The change in net cash from operations, from investment operations and from financing operations was a decrease of €216.8 million at the end of June 2016, including a €0.8 million negative contribution from exchange rate movements.

2.5.7 Activities held for sale

Cegedim Kadrige was classified as asset held for sale in 2016. In 2015, the *CRM and Strategic Data* division was classified as asset held for sale.

Revenue amounted to €1.1 million at June 30, 2016. EBIT before special items amounted to a €0.8 million loss at June 30, 2016.

Net earnings of activities held for sale amounted to a €0.8 million loss at June 30, 2016.

2.6 Outlook

Despite economic uncertainty and a challenging geopolitical environment, *Cegedim* is revising its target for 2016 revenues upward. As it indicated in July, the Group is lowering its EBITDA outlook. For the full year 2016, Cegedim expects:

- Like-for-like revenue growth of at least 3% from continuing activities.
- A €10 million decrease in EBITDA compared with 2015. The vast majority of this year-on-year decline occurred in the first half of 2016.

Cegedim expects to begin seeing the initial positive impact of its investments, reorganizations and transformations in 2017, with a full impact in 2018.

The Group does not expect any significant acquisitions in 2016 and does not disclose profit projections or estimates.

Potential Brexit impact

In 2015, the UK accounted for 15.1% of consolidated Group revenues and 19.2% 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

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 points 2.4, "Risk factors and insurance", and 3.7, "Outlook", of the 2015 Registration Document filed with the AMF on March 31, 2016, as well as point 2.4, "Risk factors", of the Interim Financial Report of Q1 2016.

3 Consolidated condensed financial statement

3.1 Consolidated balance sheet

3.1.1 Assets

In thousands of euros	Note	06.30.2016 Net	12.31.2015 Net [1]
Goodwill on acquisition	**6.1**	**189,473**	**188,548**
Development costs		28,101	16,923
Other intangible fixed assets		102,106	108,166
Intangible fixed assets		**130,208**	**125,089**
Property		459	459
Buildings		4,907	5,021
Other tangible fixed assets		17,634	16,574
Construction work in progress		1,149	51
Tangible fixed assets		**24,149**	**22,107**
Equity investments		1,098	1,098
Loans		3,138	3,146
Other long-term investments		7,584	5,730
Financial assets excluding shares from equity method companies		**11,820**	**9,973**
Equity shares in equity method companies	2.2	9,258	10,105
Government - Deferred tax	8.1	27,274	28,722
Accounts receivable: Long-term portion	4.3	26,945	26,544
Other receivables: Long-term portion		609	1,132
Non-current assets		**419,736**	**412,219**
Services in progress		0	0
Goods		9,484	8,978
Advances and deposits received on orders		620	218
Accounts receivable: Short-term portion	4.5	162,431	161,923
Other receivables: Short-term portion		45,179	32,209
Cash equivalents		8,000	153,001
Cash		2,765	78,298
Prepaid expenses		16,500	16,666
Current assets		**244,980**	**451,293**
Assets of activities held for sale		1,563	768
Total assets		**666,280**	**864,280**

(1) Restated see note 1.1

3.1.2 Equity and liabilities

In thousands of euros	Note	06.30.2016	12.31.2015[1]
Share capital		13,337	13,337
Group reserves		205,317	139,287
Group exchange gains/losses		(433)	8,469
Group earnings		(19,775)	66,957
Shareholders' equity, Group share		**198,445**	**228,051**
Minority interests (reserves)		9	39
Minority interests (earnings)		(26)	41
Minority interests		(17)	79
Shareholders' equity		**198,429**	**228,130**
Long-term financial liabilities	7.1	223,000	51,723
Long-term financial instruments		3,052	3,877
Deferred tax liabilities	8.1	6,322	6,731
Non-current provisions		20,451	19,307
Other non-current liabilities	4.4	13,595	14,376
Non-current liabilities		**266,422**	**96,014**
Short-term financial liabilities	7.1	4,335	347,213
Short-term financial instruments		5	5
Accounts payable and related accounts		54,295	54,470
Tax and social liabilities		66,823	70,632
Provisions		2,953	2,333
Other current liabilities	4.4	72,422	61,657
Current liabilities		**200,832**	**536,311**
Liabilities of activities held for sale		597	3,823
Total Liabilities		**666,280**	**864,280**

(1) Restated see note 1.1

3.2 Consolidated income statement

In thousands of euros	Note	06.30.2016	06.30.2015[(1)(2)]	Change
Revenue		**215,509**	**206,661**	**+4.3%**
Other operating activities revenue		-	-	-
Purchases used		(16,966)	(20,009)	(15.2)%
External expenses		(63,290)	(52,718)	+20.1%
Taxes		(3,684)	(5,728)	(35.7)%
Payroll costs	5.1	(103,670)	(92,148)	+12.5%
Allocations to and reversals of provisions		(2,454)	(1,529)	+60.5%
Change in inventories of products in progress and finished products		-	-	-
Other operating income and expenses		240	585	(58.9)%
EBITDA		**25,685**	**35,115**	**(26.9)%**
Depreciation expenses		(16,443)	(14,845)	+10.8%
Operating income before special items		**9,243**	**20,270**	**(54.4)%**
Depreciation of goodwill		-	-	-
Special items		(3,731)	(4,152)	(10.1)%
Other special items	4.1	**(3,731)**	**(4,152)**	(10.1)%
Operating income		**5,511**	**16,118**	**(65.8)%**
Income from cash and cash equivalents		974	1,063	(8.4)%
Gross cost of financial debt		(25,458)	(24,984)	+1.9%
Other financial income and expenses		634	674	(5.9)%
Cost of net financial debt	7.2	**(23,851)**	**(23,247)**	**+2.6%**
Income taxes		(530)	(1,635)	(67.6)%
Deferred taxes		(1,187)	(483)	+145.7%
Total taxes	8.1	**(1,717)**	**(2,119)**	**(18.9)%**
Share of profit (loss) for the period of equity method companies		1,082	952	+13.6%
Profit (loss) for the period from continuing activities		(18,974)	(8,295)	(128.7)%
Profit (loss) for the period discontinued activities	3.3	(826)	32,450	n.m.
Consolidated profit (loss) for the period		(19,801)	24,155	n.m.
Group Share	**A**	**(19,775)**	**24,164**	**n.m.**
Minority interests		(26)	(9)	n.m.
Average number of shares excluding treasury stock	B	13,953,978	13,954,653	-
Current Earnings Per Share (in euros)		**(1.1)**	**(0.3)**	**n.m.**
Earnings Per Share (in euros)	**A/B**	**(1.4)**	**1.7**	**n.m.**
Dilutive instruments		None	None	**n.m.**
Earning for recurring operation per share (in euros)		**(1.4)**	**1.7**	**n.m.**

(1) Restated, see note 1.1

3.3 Consolidated statement of other comprehensive income

In thousands of euros	Note	06.30.2016	06.30.2015(1) (2)	Change
Consolidated net profit (loss) for the period		**(19,801)**	**24,155**	**n.m.**
Other items included in total earnings				
Unrealized exchange gains / losses		(8,886)	(53,478)	n.m.
Free shares award plan		149	(1,021)	n.m.
Hedging of financial instruments (net of tax)		80	239	n.m.
Hedging of net investments		-	-	-
Actuarial differences relating to provisions for pensions		(441)	(386)	n.m.
Items recognized as shareholders' equity net of taxes		(9,097)	(54,646)	**n.m.**
Total earnings		**(28,897)**	**(30,491)**	**n.m.**
Minority interests' share		(9)	(13)	**n.m.**
Group share		**(28,888)**	**(30,477)**	**n.m.**

(1) Restated, see note 1.1

3.4 Consolidated statement of change in equity

In thousands of euros	Equity	Reserves tied to capital	Conso. reserves and earnings	Unrealized exchange gains/losses	Total group share	Minority interests	Total
Balance as at 01.01.2014, restated	**13,337**	**185,561**	**154,533**	**(9,234)**	**344,198**	**376**	**(344,574)**
Earnings for the fiscal year			(199,724)		(199,724)	24	(199,700)
Earnings recorded directly as shareholders' equity					0		0
• Transactions on shares			(389)		(389)		(389)
• Hedging of financial instruments			(587)		(587)		(587)
• Hedging of net investments					0		0
• Unrealized exchange gains/losses				72,760	72,760		72,760
• Actuarial differences relating to provisions for pensions			(24)		(24)		(24)
Total earnings for the fiscal year			**(200,724)**	**72,760**	**(127,964)**	**24**	**(127,940)**
Transactions with shareholders							
• Equity transactions						(53)	(53)
• Distribution of dividends [1]						(74)	(74)
• Treasury shares			650		650		650
Total transactions with shareholders			**650**	**(**	**650**	**(127)**	**523**
Other changes		(2,606)	2,380		(226)		(226)
Change in consolidated scope			(5)	51	46	(131)	(85)
Balance as at 12.31.2014	**13,337**	**182,955**	**(43,166)**	**63,578**	**216,704**	**142**	**216,846**
Earnings for the fiscal year			66,957		66,957	41	66,998
Earnings recorded directly as shareholders' equity					0		0
• Transactions on shares			(904)		(904)		(904)
• Hedging of financial instruments			754		754		754
• Hedging of net investments					0		0
• Unrealized exchange gains/losses				(55,108)	(55,108)		(55,108)
• Actuarial differences relating to provisions for pensions			438		438		438
Total earnings for the fiscal year			**67,246**	**(55,108)**	**12,138**	**41**	**12,179**
Transactions with shareholders							
• Equity transactions						(33)	(33)
• Distribution of dividends [1]						(70)	(70)
• Treasury shares			(707)		(707)		(707)
Total transactions with shareholders	**0**	**0**	**(707)**	**0**	**(707)**	**(103)**	**(810)**
Other changes		(182,955)	182,871		(84)		(84)
Change in consolidated scope					0		0
Balance as at 12.31.2015	**13,337**	**0**	**206,244**	**8,469**	**228,051**	**80**	**228,131**
Earnings for the fiscal year			(19,775)		(19,775)	(26)	(19,801)
Earnings recorded directly as shareholders' equity							
• Transactions on shares			149		149		149
• Hedging of financial instruments			80		80		80
• Hedging of net investments					0		0
• Unrealized exchange gains/losses				(8,902)	(8,902)	17	(8,886)
• Actuarial differences relating to provisions for pensions	0	0	(441)		(441)		(441)
Total earnings for the fiscal year			(19,986)	(8,902)	(28,888)	(9)	(28,897)
Transactions with shareholders							
• Equity transactions					**0**		**0**
• Distribution of dividends [1]					0	(87)	(87)
• Treasury shares	0	0			0		0
Total transactions with shareholders			0	0	0	(87)	(87)
Other changes			(717)		(717)		(717)
Change in consolidated scope					**0**		**0**
Balance as at 06.30.2016	**13,337**	**0**	**185,542**	**(433)**	**198,445**	**(16)**	**198,429**

(1) The total amount of dividends is distributed in respect of common shares. There are no other classes of shares. There were no issues, repurchases or redemptions of equity securities between 2014 and 2016, except for the shares acquired under the free share award plan.

3.5 Consolidated statement of cash flow

In thousands of euros	Note	06.30.2016	12.31.2015	06.30.2015[(1) (2)]
Consolidated profit (loss) for the period		(19,801)	66,998	24,155
Share of earnings from equity method companies		(1,082)	(1,348)	(995)
Depreciation and provisions		24,511	31,546	14,987
Capital gains or losses on disposals		(38)	(46,857)	(30,792)
Cash flow after cost of net financial debt and taxes		**3,591**	**50,339**	**7,354**
Cost of net financial debt		23,854	40,120	22,585
Tax expenses		1,722	(14,431)	5,323
Operating cash flow before cost of net financial debt and taxes		**29,167**	**76,028**	**35,262**
Tax paid		(2,251)	(12,127)	(8,682)
Change in working capital requirements for operations: requirement		(10,638)	(24,072)	(25,188)
Cash flow generated from operating activities after tax paid and change in working capital requirements	A	**16,278**	**39,829**	**1,392**
Of which net cash flow from operating activities of discontinued operations		*(224)*	*6,419*	*4,830*
Acquisitions of intangible assets		(20,976)	(51,229)	(22,749)
Acquisitions of tangible assets		(7,811)	(10,231)	(6,139)
Acquisitions of long-term investments		-	-	-
Disposals of tangible and intangible assets		492	1,416	1,389
Disposals of long-term investments		(130)	927	1,717
Impact of changes in consolidation scope (1)		(1,448)	336,347	323,982
Dividends received from equity method companies		-	81	12
Net cash flows generated by investment operations	B	**(29,872)**	**277,311**	**298,212**
Of which net cash flow from investment operations of discontinued operations		*(9)*	*(7,482)*	*(7,482)*
Dividends paid to parent company shareholders		-	-	-
Dividends paid to the minority interests of consolidated companies		(17)	(69)	-
Capital increase through cash contribution		-	-	-
Loans issued		169,000	-	-
Loans repaid		(340,262)	(147,563)	(60,848)
Interest paid on loans		(30,491)	(42,681)	(24,951)
Other financial income and expenses paid or received		(566)	(1,130)	(467)
Net cash flows generated by financing operations	C	**(202,337)**	**(191,443)**	**(86,266)**
Of which net cash flow from financing operations of discontinued operations		*(2)*	*(852)*	*(850)*
Change In Cash without impact of change in foreign currency exchange rates	**A+B+C**	**(215,930)**	**125,698**	**213,338**
Impact of changes in foreign currency exchange rates		(845)	2,707	2,947
Change in cash		**(216,775)**	**128,405**	**216,285**
Opening cash		228,120	99,715	99,715
Closing cash		11,345	228,120	316,000

(1) Restated, see note 1.1
(2) Change in WCR was impacted by the cancellation of a factoring arrangement and by the disposal of the CRM and Strategic Data division to IMS Health on April 1, 2015.

3.6 Notes to the consolidated financial statement

Note 1 General principles

The Group's consolidated financial statements as of June 30, 2016, 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, 2016, should therefore be read in conjunction with the Group's consolidated financial statements reported on December 31, 2015.

The accounting principles applied by the Group for the preparation of the interim consolidated financial statements at June 30, 2016, are the same as those applied by the Group at December 31, 2015, and comply with international accounting standards IFRS (International Financial Reporting Standards) as endorsed by the European Union. These accounting principles are described in the section entitled "Accounting Principles" applicable to the consolidated financial statements in the 2015 Registration Document.

The consolidated condensed financial statements were approved by the Board of Directors of Cegedim SA at their meeting of September 15, 2016, were reviewed by the Audit Committee on September 13, 2016.

1.1 Reconciliation between the 2015 financial statements as initially published and as presented on a like-for-like basis

CORRECTION OF THE ACCOUNTING TREATMENT OF THE LEASE BUSINESS IN THE GROUP CONSOLIDATED FINANCIAL STATEMENT

Cegelease is a wholly owned subsidiary of Cegedim which since 2001 has offered financing options through a variety of contracts dedicated to pharmacies and healthcare professionals in France.

Initially, these solutions were aimed at serving the pharmacists, who preferred to lease the pharmacy management system software they bought from the Cegedim group rather than pay up-front.

As time passed, Cegelease diversified its activities. After starting as the exclusive finance lease provider for Cegedim group products, Cegelease converted to a broker proposing a variety of leasing solutions (for group products as well as products developed by third parties) to a variety of clients (including clients who are not already in business with other group entities).

This restatement implied accounting corrections related to the leasing business in the Cegedim consolidated financial statement following the release of 2015 financial statement on March 23, 2016.

This correction is described in Note 1, “General Principles”, in the 2015 Registration Document filed with the AMF in March 31, 2016; Chapter 4.6, pages 89 to 94.

H1 2015 revenues by division

In millions of euros	06.30.2015 reported	IFRS 5 impact from Cegedim Kadrige	Correction of leases	Division aggregation	06.30.2015 restated
		(1)	(2)	(3)	
Health Insurance, HR & e-services	111.5	(0.8)	-	-	110.7
Healthcare professionals	76.5	-	-	17.5	94.0
Cegelease	56.1	-	(38.6)	(17.5)	-
Activities not allocated	1.9	-	-	-	1.9
Cegedim Group	**246.1**	**(0.8)**	**(38.6)**	**0**	**206.7**

(1) The Cegedim Group decided to sell the Kadrige activities. These activities are thus isolated in separate lines of the profit and loss statement and balance sheet, according to the IFRS 5 accounting standard.

(2) The correct accounting treatment of the Cegelease finance lease business, for all types of contracts (self-financed, sold except process management, or asset-backed) requires a downward restatement of the consolidated revenue of €38.6m.

(3) The finance lease business accounts for less than 10% of consolidated revenue and EBITDA, and as such is not isolated anymore within the Group’s internal reporting. These activities are reported in the “Healthcare professionals” division, where they were previously housed until the 2014 annual closing.

H1 2015 Income statement

In thousands of euros	06.30.2015 (1)	Correction of leases	06.30.2015 restated
Revenue	**245,311**	**(38,650)**	**206,661**
Other operating activities revenue	-	-	-
Purchases used	(45,302)	25,293	(20,009)
External expenses	(59,701)	6,983	(52,718)
Taxes	(5,728)		(5,728)
Payroll costs	(92,148)		(92,148)
Allocations to and reversals of provisions	(1,529)		(1,529)
Change in inventories of products in progress and finished products	-		-
Other operating income and expenses	585		585
EBITDA	**41,489**	**(6,374)**	**35,115**
Depreciation expenses	(21,175)	6,330	(14,845)
Operating income before special items	**20,314**	**(44)**	**20,270**
Depreciation of goodwill	-		-
Special items	(4,152)		(4,152)
Other special items	**(4,152)**		**(4,152)**
Operating income	**16,162**	**(44)**	**16,118**
Income from cash and cash equivalents	1,063		1,063
Gross cost of financial debt	(24,984)		(24,984)
Other financial income and expenses	674		674
Cost of net financial debt	**(23,247)**		**(23,247)**
Income taxes	(1,635)		(1,635)
Deferred taxes	(500)	17	(483)
Total taxes	**(2,135)**	**17**	**(2,119)**
Share of profit (loss) for the period of equity method companies	952		952
Profit (loss) for the period from continuing activities	(8,268)	(27)	(8,295)
Profit (loss) for the period discontinued activities	32,450		32,450
Consolidated profit (loss) for the period	24,182	(27)	24,155
Group Share	**24,191**	**(27)**	**24,164**
Minority interests	(9)		(9)

(1) Restated for the IFRS 5 impact related Cegedim Kadrige

H1 2015 Cash flow statement

In thousands of euros	06.30.2015 [1]	Correction of leases	06.30.2015 restated
Consolidated profit (loss) for the period	**24,181**	**(27)**	**24,155**
Share of earnings from equity method companies	(995)		(995)
Depreciation and provisions	21,317	(6,330)	14,987
Capital gains or losses on disposals	(30,792)		(30,792)
Cash flow after cost of net financial debt and taxes	**13,711,**	**(6,357)**	**7,354**
Cost of net financial debt	22,585		22,585
Tax expenses	5,340	(17)	5,323
Operating cash flow before cost of net financial debt and taxes	**41,636**	**(6,374)**	**35,262**
Tax paid	(8,682,)		(8,682)
Change in working capital requirements for operations: requirement	(23,073)	(2,115)	(25,188)
Change in working capital requirements for operations: surplus	-	-	-
Cash flow generated from operating activities after tax paid and change in working capital requirements	**9,881**	**(8,489)**	**1,392**
Of which net cash flow from operating activities of discontinued operations	*4,830*		*4,830*
Acquisitions of intangible assets	(22,925)	176	(22,749)
Acquisitions of tangible assets	(14,452)	8,313	(6,139)
Acquisitions of long-term investments	-		-
Disposals of tangible and intangible assets	1,389		1,389
Disposals of long-term investments	1,717		1,717
Impact of changes in consolidation scope (1)	323,982		323,982
Dividends received from equity method companies	12		12
Net cash flows generated by investment operations	**289,723**	**8,488**	**298,212**
Of which net cash flow from investment operations of discontinued operations	*(7,482)*		*(7,482)*
Dividends paid to parent company shareholders	-		-
Dividends paid to the minority interests of consolidated companies	-		-
Capital increase through cash contribution	-		-
Loans issued	-		-
Loans repaid	(60,848)		(60,848)
Interest paid on loans	(24,951)		(24,951)
Other financial income and expenses paid or received	(467)		(467)
Net cash flows generated by financing operations	**(86,266)**	**0**	**(86,266)**
Of which net cash flow from financing operations of discontinued operations	*(850)*	*0*	(850)
Change In Cash without impact of change in foreign currency exchange rates	**213,338**	**0**	213,338
Impact of changes in foreign currency exchange rates	2,947		2,947
Change in cash	**216,285**		216,285
Opening net cash	99,715		99,715
Closing net cash	316,000	0	316,000

(1) Restated for the IFRS 5 impact related Cegedim Kadrige

Note 2 Consolidation scope

2.1 Change in consolidation scope

2.1.1 COMPANIES ENTERING THE CONSLIDATED SCOPE

Company	% owned at the end of the FY	% owned during the FY	% owned during the previous FY	Consolidation method during the FY	Consolidation method during the previous FY	Comments
CHS Russia	100.00%	100.00%	-	FC	-	Creation
CHS Ukraine	100.00%	100.00%	-	FC	-	Creation

2.1.2 COMPANIES LEAVING THE CONSLIDATED SCOPE

Company	% owned at the end of the FY	% owned during the FY	% owned during the previous FY	Consolidation method during the FY	Consolidation method during the previous FY	Comments
PGI	-	-	100.00%	-	FC	TUP[1] of PGI in Alliadis

(1) TUP: Universal transfer of assets

2.2 Equity method investments

2.2.1 VALUE OF SHARES IN COMPANIES ACCOUNTED FOR THE BY THE EQUITY METHOD

Company	% owned as at 12.31.2015	Profit (loss) as at 12.31.2015	Group share of profit (loss) as at 12.31.2015	Group share of total net shareholders' equity as at 12.31.2015	Group share of total net shareholders' equity as at 12.31.2015	Goodwill	Provision for risks	Net value of shares in companies accounted for the equity method as at 12.31.2015
Edipharm	20.00%	284	57	354	71	-	-	71
Infodisk	34.00%	(8)	(3)	(63)	(22)	-	-	(22)
Millennium	49.22%	2,663	1,311	14,643	7,207	2,859	-	10,066
Tech Care Solutions	50.00%	(117)	(58)	(35)	(17)	-	-	(17)
Galaxy Santé	49.00%	(1)	0	16	8	-	-	8
Total		**2,822**	**1,306**	**286**	**47**	**2,859**	**0**	**10,105**

Company	% owned as at 06.30.2016	Profit (loss) as at 06.30.2016	Group share of profit (loss) as at 06.30.2016	Group share of total net shareholders' equity as at 06.30.2016	Group share of total net shareholders' equity as at 06.30.2016	Goodwill	Provision for risks	Net value of shares in companies accounted for the equity method as at 06.30.2016
Edipharm	20.00%	155	31	224	45	-	-	45
Infodisk	34.00%	(222)	(75)	(285)	(97)	-	97	0
Millennium	49.22%	2,199	1,082	12,843	6,321	2,859	-	9,180
Tech Care Solutions	50.00%	89	44	54	27	-	-	27
Galaxy Santé	49.00%	(1)	(1)	14	7	-	-	7
Total		**2,219**	**1,082**	**12,851**	**6,303**	**2,859**	**97**	**9,258**

2.2.2 CHANGE IN THE VALUE OF SHARES IN COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD

The change in equity shares accounted for using equity method can be analyzed as follows:

In thousands of euros	
Shares accounted for using the equity method as at 01.01. 2016	10,105
Distribution of dividend	(2,025)
Capital increase	
Share of profit (loss) as at 06.30.2016	1,082
Provision for risk	97
Newly consolidated companies	
Total	**9,258**

Note 3 Segment reporting

3.1 Segment reporting as of 2016

Cegedim Group's business is structured around two operational divisions whose composition changed slightly following the disposal of the CRM and Strategic Data division to IMS Health on April 1, 2015. From Q1 2015, published segment reporting follows this new division breakdown, which reflects the internal reporting.

During 2015, the Group temporarily presented the Cegelease activities within a separate division. This breakdown is no longer valid and the presentation adopted for the 2015 closure is identical to that prevailing at December 31, 2014, with Cegelease activities included in the division "Healthcare professionals".

3.1.1 INCOME STATEMENT ITEMS AS AT JUNE 30, 2016

	In thousands of euros	Health Insurance, HR & e-services	Healthcare professionals	Activities not allocated	Continuing activities as of 06.30.2016	Activity sold	IFRS 5 restatement	Total 06.30.2016	Total France	Total rest of the world
	Segment revenue									
A	**Revenue HG**	**124,575**	**89,363**	**1,572**	**215,509**	**1,100**	**-**	**216,609**	**173,738**	**42,870**
B	Inter-company revenue	1,598	1,811	17,300	20,709	-	-	20,709	19,771	938
A+B	**Revenue**	**126,172**	**91,174**	**18,871**	**236,218**	**1,100**	**-**	**237,318**	**193,509**	**43,808**
	Segment earnings									
C	**Operating income before special items**	**10,509**	**951**	**(2,217)**	**9,243**	**(818)**	**-**	**8,424**		
D	**EBITDA before special items**	**17,796**	**7,437**	**452**	**25,685**	**(818)**	**-**	**24,868**		
C/A	Operating margin	8.4%	1.1%	(141.0)%	4.2%	(74.4)%	-	3.8%		
D/A	EBIDTA margin	14.3%	8.3%	28.8%	11.9%	(74.4)%	-	11.4%		
	Segment depreciation									
	Depreciation and amortization	7,287	6,487	2,669	16,443	-	-	16,443		

3.1.2 GEOGRAPHICAL REVENUE BREAKDOWN AS AT JUNE 30, 2016

In thousands of euros		France	Euro zone excluding France	Pound sterling zone	Rest of the world	06.30.2016
Continuing activities	Geographical breakdown	172,638	2,415	29,876	10,580	215,509
	%	80%	1%	14%	5%	100%
Activities held for sale	Geographical breakdown	1,100	0	0	0	1,100
	%	100%	0%	0%	0%	100%
Total	**Geographical breakdown**	173,738	2,415	29,876	10,580	216,609
	%	80%	1%	14%	5%	100%

3.1.3 BALANCE SHEET ITEMS AS AT JUNE 30, 2016

In thousands of euros	CRM and strategic data not sold	Health Insurance, HR & e-services	Healthcare professionals	Activities not allocated	Continuing activities 06.30.2016	Activities held for sale	Total 06.30.2016	Total France
Segment assets								
Goodwill *(Note 6.1)*	61,432	128,041	-	189,473	-	189,473	102,965	86,508
Intangible assets	49,821	75,493	4,894	130,208	-	130,208	69,374	60,834
Tangible assets	5,865	7,868	10,417	24,149	9	24,158	18,966	5,193
Equity shares accounted for using the equity method *(Note 2.4)*	71	9,187	-	9,258	-	9,258	51	9,207
Net total	**117,189**	**220,589**	**15,311**	**353,089**	**9**	**353,097**	**191,356**	**161,741**
Investments during the year (gross values)								
Goodwill *(Note 6.1)*	-	-	-	-	-	-	-	-
Intangible assets	8,400	11,101	1,475	20,976	-	20,976	12,148	8,828
Tangible assets	2,488	2,047	3,276	7,811	-	7,811	5,834	1,977
Equity shares accounted for using the equity method	-	-	-	-	-	-	-	-
Gross total	**10,888**	**13,148**	**4,751**	**28,787**	**-**	**28,787**	**17,982**	**10,805**
Segment liabilities (1)								
Non-current liabilities								
Provisions	11,912	7,880	659	20,451	208	20,659	20,633	26
Other liabilities	-	13,595	-	13,595	-	13,595	13,595	-
Current liabilities								
Accounts payable and related accounts	25,548	24,776	3,971	54,295	134	54,429	39,250	15,179
Tax and social liabilities	47,095	17,912	1,815	66,823	243	67,066	60,638	6,428
Provisions	1,415	1,538	-	2,953	-	2,953	2,953	-
Other liabilities	33,967	38,165	289	72,422	9	72,431	62,897	9,535

(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 2015

Changes have been carried out regarding the IFRS financial statements as at June 30, 2015, initially published on September 27, 2015, following the reorganization of divisions in order to align with the internal reporting and the restatement for the accounting treatment of the lease business in the Group consolidated financial statement. These restatements were applied to each line for each division as at June 30, 2015, as presented below:

3.2.1 1 INCOME STATEMENT ITEMS AS AT JUNE 30, 2015

	In thousands of euros	Health Insurance, HR & e-services	Healthcare professionals	Activities not allocated	Continuing activities as of 06.30.2015	Activity sold	IFRS 5 restatement	Total 06.30.2015	Total France	Total rest of the world
	Sector revenue									
	Total revenue (excluding revenue with activities held for sale)	110,555	92,633	1,435	204,623	104,526	-	309,148	190,760	118,388
	Revenue with activities held for sale	157	1,391	490,	2,038	-	(2,038)	-	-	-
	Revenue with continuing activities	-	-	,-	-	453	(453)	-	-	-
A	**Revenue HG**	**110,712**	**94,024**	**1,925**	**206,661**	**104,978**	**(2,491)**	**309,148**	**190,760**	**118,388**
B	Inter-company revenue from continuing activities	1,199	1,508	10,469	13,176	-	-	13,176	12,177	999
A+B	**Revenue**	**111,912**	**95,532**	**12,394**	**219,837**	**104,978,**	**(2,491)**	**322,324**	**202,937**	**119,387**
	Segment earnings									
C	**Operating income before special items**	**12,789**	**8,540**	**(1,059)**	**20,270**	**5,660**	**-**	**25,930**		
D	**EBITDA before special items**	**20,702**	**14,171**	**242**	**35,115**	**5,660**	**-**	**40,775**		
C / A	Operating margin	11.6%	9.1%	(55.0)%	9.8%	5.4%	-	8.4%		
D / A	EBIDTA margin	18.7%	15.1%	12.6%	17.0%	5.4%	-	13.2%		
	Segment depreciation									
	Depreciation and amortization	7,913	5,631	1,302	14,845	-	-	14,845		

3.2.2 GEOGRAPHICAL REVNUE BREAKDOWN AS AT JUNE 30, 2015

In thousands of euros		France	Euro zone excluding France	Pound sterling zone	Rest of the world	06.30.2015
Continuing activities	Geographical breakdown	163,328	2,914	31,247	9,172	206,661
	%	79%	1%	15%	4%	100%
Activities held for sale	Geographical breakdown	27,432	19,204	5,354	50,497	102,487
	%	26%	19%	5%	50%	100%
Total	**Geographical breakdown**	190,760	22,118	36,601	59,669	309,148
	%	62%	7%	12%	19%	100%

3.2.3 BALANCE SHEET ITEMS AS AT DECEMBER 31, 2015

In thousands of euros	CRM and strategic data not sold	Health Insurance, HR & e-services	Healthcare professionals	Activities not allocated	Continuing activities as of 12.31.2015	Activity sold	IFRS 5 restatement	Total 12.31.2015	Total France
Segment assets									
Goodwill *(Note 6.1)*	-	57,926	130,622	0	188,548	-	188,548	102,965	85,583
Intangibles assets	-	49,410	72,345	3,333	125,089	-	125,089	66,818	58,271
Tangible assets	-	5,588	9,039	7480	22,107	-	22,107	15,704	6,403
Equity shares accounted for using the equity method *(Note 2.4)*	-	53	10,052	-	10,105	-	10,105	56	10,049
Net total	**-**	**112,977**	**222,058**	**10,814**	**345,849**	**-**	**345,849**	**185,543**	**160,306**
Investments during the year (gross values)									
Goodwill *(Note 6.1)*	-	7,670	4,038	-	11,709	-	11,709	-	11,709
Intangible assets	-	15,117	22,085	1,741	38,943	-	38,943	22,434	16,509
Tangible assets	-	3,023	3,651	3,117	9,791	-	9,791	6,301	3,490
Equity shares accounted for using the equity method *(Note 2.4)*	-	-	-	-	-	-	-	-	-
Gross total	**-**	**25,811**	**29,774**	**4,858**	**60,443**	**-**	**60,443**	**28,735**	**31,708**
Segment liabilities (1)									
Non-current liabilities									
Provisions	-	11,612	7,290	405	19,307	193	19,500	19,474	27
Other liabilities	-	1,466	12,910	-	14,376	-	14,376	14,376	-
Current liabilities									
Accounts payable and related accounts	-	27,439	23,893	3,139	54,470	132	54,603	40,426	14,176
Tax and social liabilities	-	49,232	19,560	1,840	70,633	318	70,950	63,150	7,801
Provisions	-	1,261	1,073	-	2,333	-	2,333	2,333	-
Other liabilities	-	23,297	37,971	390	61,658	2	61,660	50,650	11,009

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

Changes have been carried out regarding the IFRS financial statements as at June 30, 2015, initially published on September 27, 2015, following the reorganization of divisions in order to align with the internal reporting and the restatement for the accounting treatment of the lease business in the Group consolidated financial statement. These restatements were applied to each line for each division as at June 30, 2015, as presented below:

In thousands of euros	**Health Insurance, HR & e-services**	**Healthcare professional**	**Cegelease**	**Activities not allocated**	**Continuing activities as of 06.30.2015**	**Activity held for sell**	**IFRS 5 restatement 5**	**Total 06.30.2015**
Segment revenue								
Total revenue (excluding revenue with activities held for sale) Reported	111,392	75,491	55,791	1,435	244,110	103,688	-	347,798
Division aggregation	-	55,791	(55,791)	-	-	-	-	-
IFRS 5 impact from Cegedim Kadrige	(837)	-	-	-	(837)	837	-	-
Correction of leases		(38,649)	-		(38,649)	-	-	(38,649)
Total revenue (excluding revenue with activities held for sale) 06.30.2015	110,555	92,633	-	1,435	204,623	104,525	-	309,148
Revenue with activities held for sale	157	1,048	343	490	2,038	-	(2,038)	-
Division aggregation	-	343	(343)	-	-	-	-	-
Revenue with activities held for sale 06.30.2015	**157**	**1,391**	**-**	**490**	**2,038**	**-**	**(2,038)**	**-**
Revenue with continuing activities	-	-	-	-	-	457	(457)	-
IFRS 5 impact from Cegedim Kadrige	-	-	-	-	-	(4)	4	-
Revenue with continuing activities 06.30.2015	**-**	**-**	**-**	**-**	**-**	**453**	**(453)**	**-**
Revenue	**110,712**	**94,024**	**-**	**1,925**	**206,661**	**104,978**	**(2,491)**	**309,148**
Inter-company revenue from continuing activities	1,199	12,857	1,134	10,469	25,659	-	-	25,659
Division aggregation	-	1,134	(1,134)	-	-	-	-	-
Correction of leases		(12,483)	-		(12,483)	-	-	(12,483)
Inter-company revenue from continuing activities 06.30.2015	**1,199**	**1,508**	**-**	**10,469**	**13,176**	**-**	**-**	**13,176**
Total division revenue as of 06.30.2015	**111,911**	**95,532**	**-**	**12,394**	**219,837**	**104,978**	**(2,491)**	**322,324**

In thousands of euros	Health Insurance, HR & e-services	Healthcare professional	Cegelease	Activities not allocated	Continuing activities as of 06.30.2015	Activity held for sell	IFRS 5 restatement	Total 06.30.2015
Segment earnings								
Operating income before special items, reported	11,640	6,888	1,697	(1,059)	19,165	6,809	-	25,974
Division aggregation	-	1,697	(1,697)	-	-	-		-
IFRS 5 impact from Cegedim Kadrige	1,149	-	-		1,149	(1,149	-	-
Correction of leases		(44)	-		(44)	-	-	(44)
Operating income before special items 06.30.2015	12,789	8,540	-	(1,059)	20,270	5,660	-	25,930

In thousands of euros	Health Insurance, HR & e-services	Healthcare professional	Cegelease	Activities not allocated	Continuing activities as of 06.30.2015	Activity held for sell	IFRS 5 restatement	Total 06.30.2015
Segment depreciation								
Depreciation and amortization, reported	7,913	5,572	6,388	1,302	21,175	-	-	21,175
Division aggregation	-	6,388	(6,388)	-	-	-	-	-
Correction of leases		(6,330)	-		(6,330)	-	-	(6,330)
Depreciation and amortization as at 06.30.2015	**7,913**	**5,631**	**-**	**1,302**	**14,845**	**-**	**-**	**14,845**

3.3 Assets held for sale and discontinued or divested operations

Cegedim sold it CRM and Strategic Data division to IMS Health on April 1st, 2015. In March 2016, Cegedim decided to sell the Cegedim Kadrige activity.

DISCONTINUED OPERATIONS

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 held for sale.” for December 2014 and on “Net profit (loss) from activities sold” for December 2015

The main indicators of the consolidated income statement as at June 30, 2016, and June 30, 2015, in respect of discontinued operations are:

In thousands of euros	06.30.2016	06.30.2015
Revenue	**1,100**	**104,978**
Purchased used	(8)	(3,707)
External expenses (1)	(322)	(29,687)
Taxes	(29)	(1,029)
Payroll costs (1)	(1,542)	(61,782)
Allocation and reversals of provisions	(14)	(2,327)
Change in inventories of products in progress and finished products	-	(1)
Other operating income and expenses	(3)	(786)
EBITDA	**(818)**	**5,660**
Depreciation and amortization	(1)	-
Operating income before special items	**(818)**	**5,660**
Depreciation of goodwill	-	-
Special items	-	(1,666)
Other special items	**-**	**(1,666)**
Operating income	**(818)**	**3,994**
Cost of net financial debt	(4)	663
Gain on disposal	-	30,955
Income taxes	-	(3,801)
Deferred income taxes	(4)	596
Share of net profit (loss) for the period of equity method companies	-	43
Net profit (loss) from activities held for sale	**(826)**	**(1,272)**
Net profit (loss) from activities sold	**-**	**33,722**

(1) *Capitalized production has been reclassified in external expenses and payroll costs, as explained in the below table:*

In thousands of euros	06.30.2016	06.30.2015
Payroll costs	-	5,344
External expenses	-	1,336
Capitalized production	**-**	**6,681**

Cash flow from discontinued operations

In thousands of euros	06.30.2016	06.30.2015
Net cash flow from operating activities	(224)	4,830
Net cash flow from investing activities	(9)	(7,482)
Net cash flow from financing activities	(2)	(850)

Note 4 Operating data

4.1 Other special items

Special items comprise the following:

In thousands of euros	06.30.2016	06.30.2015
Operating income before special items	**9,243**	**20,270**
Impairment on tangible and intangible assets (including goodwill)		
Restructuring costs	(2,499)	(2,373)
Capital gains or losses on disposals		
Other special items (including IMS Health transaction)	(1,232)	(1,779)
Operating income	**5,511**	**16,118**

4.2 Capitalized production

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

In thousands of euros	06.30.2016	06.30.2015
Payroll costs	14,934	10,148
External expenses	3,734	2,537
Capitalized production	**18,668**	**12,685**

4.3 Trade receivables

In thousands of euros	Current customers	Non-current customers	06.30.2016	12.31.2015
French companies (1)	138,245	26,945	165,190	164,953
Foreign companies	33,859	-	33,859	31,924
Total gross value	**172,104**	**26,945**	**199,049**	**196,877**
Provisions	(9,672)	-	(9,672)	(8,410)
Total net value	**162,431**	**26,945**	**189,376**	**188,468**

(1) including the fair value of collected leases related to the Cegelease restatement.

A provision for impairment is recognized if the inventory value, based on the probability of collection, is less than the recorded value. Thus, customers undergoing reassessment or judicial liquidation are routinely impaired at 100%, and receivables outstanding for more than six months are monitored on a case-by-case basis and, if necessary, impaired in the amount of the estimated risk of non-collection.

The share of past-due receivables (gross amount), excluding provisions, was €34.7 million as at June 30, 2016.

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	17,815	2,840	4,286	3,189	528	6,973
Foreign companies	16,861	1,336	2,463	955	952	11,156
Total	**34,677**	**4,177**	**6,748**	**4,144**	**1,479**	**18,129**

On foreign companies, receivables outstanding for more than four months correspond in particular some clearly identified disputes which are carefully monitored.

4.7 Other liabilities

In thousands of euros	Current		Non-current		Total	
	06.30.2016	12.31.2015	06.30.2016	12.31.2015	06.30.2016	12.31.2015
Advances and payment on account	**3,269**	**3,327**	**-**	**-**	**3,269**	**3,327**
Clients – Credits to be established	-	-	-	-	-	-
Expenses payable	-	-	-	-	-	-
Miscellaneous payables (1)	35,230	27,242	13,595	12,910	48,825	40,152
Other liabilities	**35,230**	**27,242**	**13,595**	**12,910**	**48,825**	**40,152**
Debts on acquisition of assets	**6**	**2,865**	**-**	**1,466**	**6**	**4,331**
Dividends payable	**70**	**-**	**-**	**-**	**70**	**-**
Deferred income	**33,846**	**28,223**	**-**	**-**	**33,846**	**28,223**
Total other liabilities	**72,422**	**61,657**	**13,595**	**14,376**	**86,016**	**76,033**

(1) which the fair value of collected leases, Cegelease' restatement

Note 5 Employees' benefits expense and liabilities

5.1 Employees' benefits expense

In thousands of euros	06.30.2016	06.30.2015
Wages	(102,222)	(91,858)
Profit-sharing	(1,299)	(1,295)
Free shares award plan	(149)	1,005
Payroll costs	**(103,670)**	**(92,148)**

5.2 Number of employees

In thousands of euros	06.30.2016	06.30.2015
France	2,651	2,479
International	1,235	953
Number of employees	**3,886**	**3,432**

Note 6 Intangible assets

6.1 Goodwill

At June 30, 2016, goodwill amounted to €189 million compared to €188 million as at December 31, 2015. The €1 million increase is mainly due (1) the restatement of expected future earn-out payments on the Activus and Nightingale acquisitions and (2) to foreign currency effects on Goodwill valued in pound sterling.

Segment	12.31.2015	Reclassification	Scope	Impairment	Translation gains or losses and other changes	Assets held for sale	06.30.2016
Health Insurance, HR & e-services	**57,926**		3,506				**61,432**
Healthcare professionals	**130,622**		1,144		(3,725)		**128,041**
Activities not allocated	**0**						**0**
Assets held for sale	**0**						**0**
Total goodwill	**188,548**	**0**	**4,650**	**0**	**(3,725)**	**0**	**189,473**

Paragraph 90 of IAS 36 indicates that CGUs where goodwill has been allocated should be tested at least annually and every time an impairment charge could occur. This impairment charge is defined as the difference between the CGU's recoverable value and its book value. The recoverable value is defined by IAS 36.18 as the higher of the asset's fair value - less costs of sales - and its value in use (sum of capitalized flows expected by the company for this asset).

The performance in the first half of 2016, in the *Health Insurance, HR & e-services* division, is in line with the business plan used for the impairment test done at the end of end of FY 2015. No impairment is to be recorded in this division.

The performance of the first half of 2016 in the Health Insurance, HR &e-services division are on line with the business plan used for the impairment test done at end of FY 2015. No impairment charges have been recognized for this division.

However, the performance of the first half of 2016 in the Healthcare professionals division, below expectations, constitute an indication of impairment loss requiring the partial update of the last impairment tests (12.31.2015).

The group made more pessimistic assumptions for this division in the business plan, notably to consider a lower level of activity in software for doctors in the UK and the United States. The Business plan also take into account the temporary negative impacts from the reorganization of the sales team at the French pharmacy activity.

The inclusion of these new assumptions and the use of the same parameters used for the previous tests (discount rate, growth rate to infinity and 5 year horizon), have not led to the recognition of an impairment charge. Goodwill allocated to the Healthcare professionals division has a recoverable value exceeding net book value but several tens of millions of euros

Note 7 Financing and financial instruments

7.1 Net debt

In thousands of euros	30.06.2016			31.12.2015
	Financial	Miscellaneous[(1)]	Total	
Long-term financial borrowing and liabilities (> 5 years)	-	-	-	-
Medium-term financial borrowing and liabilities (> 1 year, < 5 years)	212,746	10,256	223,001	51,723
Short-term financial borrowing and liabilities (> 6 months, < 1 year)	-	4,217	4,217	1
Short-term financial borrowing and liabilities (> 1 month, < 6 months)	1	-	1	347,211
Short-term financial borrowing and liabilities (< 1 month)	2	-	2	-
Current bank loans	115	-	115	2
Total financial liabilities	**212,864**	**14,473**	**227,336**	**398,937**
Positive cash	10,766	-	10,766	231,299
Net financial debt	**202,098**	**14,473**	**216,571**	**167,638**

(1) The miscellaneous item includes employee profit sharing plans in the amount of €7,464 thousand.

NET CASH

In thousands of euros	Financial	06.30.2016	12.31.2015
Current bank loans	115	115	2
Positive cash	10,766	10,766	231,299
Net cash	**10,651**	**10,651**	**231,297**

STATEMENT OF CHANGES IN NET DEBT

In thousands of euros		06.30.2016	12.31.2015
Net debt at the beginning of the fiscal year	A	**167,638**	**504,180**
Operating cash flow before cost of net debt and taxes		29,167	76,028
Tax paid		(2,251)	(12,127)
Change in working capital requirement		(10,638)	(24,072)
Net cash flow from operating activities		**16,278**	**39,829**
Change from investment operations		(28,424)	(59,036)
Impact of changes in consolidation scope		(1,448)	336,347
Dividends		-	-
Increase in cash capital		-	-
Impact of changes in foreign currency exchange rates		(845)	2,707
Interest paid on loans		(30,491)	(42,681)
Other financial income and expenses paid or received		(566)	(1,130)
Other changes		333	(3,986)
Total net change for the fiscal year	B	**(45,163)**	**272,050**
Impact of assets sold	C	-	(61,314)
Impact of assets held for sale	D	3,770	(3,177)
Net debt at the end of the fiscal year	A-B+C+D	**216,571**	**167,638**

The bank loans have the following terms:

In thousands of euros	< 1 month	> 1 month < 6 months	> 6 months < 1 year	> 1 year < 5 years	> 5 years
Fixed rate	-	-	-	-	-
Euribor rate	115	-	-	214,094	-
Total	**115**	**-**	**-**	**214,094**	**-**

The main loans have conditions concerning the consolidated financial statements. For example, the revolving loan facility includes, in particular, a ratio of the level of net indebtedness to consolidated gross operating income (or EBITDA) and a ratio of the level of gross operating income to the level of financing costs.

FINANCING

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

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

On April 7, 2014, Cegedim issued 125 million euros in bonds in addition to its issue of 300 million euros at 6.75%, maturing in 2020. The issue price was 105.75%, plus interest accrued since April 1, 2014. Apart from the issue date and price, these new bonds are identical to those issued on March 20, 2013, under the 300 million euro bond issue with a coupon of 6.75% maturing in 2020. Between May 6, 2015, and February 25, 2016, Cegedim redeemed on the market its 6.75% bond, maturing April 1, 2020, ISIN code XS0906984272, for a total principal amount of 110.2 million euros. The company cancelled these bonds. As a result, a total principal amount of 314.8 million euros remains in circulation.

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

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

As at June 30, 2016, the debt was structured in the following manner:

- 200 million euro revolving credit, of which 169 million euros was drawn as of June 30, 2016; maturing on January 14, 2021;
- 45.1 million euro FCB Loan maturing in January 2021;
- 24.0 million euro overdraft facility, of which 0.1 million euros was drawn as of June 30, 2016.

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

The Group sold a swap in June 2015 with a pre-set Euribor receiver rate and a fixed payer rate of 4.565% on a notional amount of 20 million euros maturing December 29, 2017, against cash payment.

As at June 30, 2016, the hedge of the debt against fluctuations in the euro rate consisted of two no-premium, one-month, amortizing swaps, with a pre-set Euribor receiver rate and a fixed payer rate defined as follows:

- 4.57% rate on a notional hedged amount of 20 million euros, until maturity on December 29, 2017;
- 4.58% rate on a notional hedged amount of 20 million euros, until maturity on December 29, 2017.

The total notional hedged amount was 40 million euros as at December 31, 2015.

Interest expense on bank loans, bonds, charges and commissions totaled 30.5 million euros as at June 30, 2016.

The interest related to the shareholder loan as at June 30, 2016, amounted to 0.8 million euros.

The change in fair value of these derivatives was recorded in shareholders' equity for the efficient part of those qualified as cash flow hedges (0.2 million euros) and in profit or loss for their inefficient part and for the related counterparty risk taken into account in accordance with IFRS 13 (0.6 million euros). The fair value at the closing date of hedging instruments amounts to 3.0 million euros.

LIQUIDITY RISK

Contractual cash flows are not discounted.

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

7.2 Net financial expenses

In thousands of euros	06.30.2016	06.30.2015
Income or cash equivalent	**974**	**1,063**
Interest paid on loans (1)	(12,494)	(24,950)
Interest resulting from the bond buyback	(17,997)	-
Accrued interest on loans	5,900	387
Interest on financial liabilities	**(24,591)**	**(24,563)**
Other financial interest and expenses(2)	(867)	(421)
Cost of gross financial debt	**(25,458)**	**(24,984)**
Net currency exchange differences	(243)	(335)
Valuation of financial instruments	(243)	756
Other financial income and expenses, non cash(2)	1,121	253
Other financial income and expenses	**634**	**674**
Cost of net financial debt	**(23,851)**	**(23,247)**

In thousands of euros	06.30.2016	06.30.2015
(2) Including FCB interest	(806)	(1,184)
Interest on shareholding	(220)	(492)
Total	**(1,026)**	**(1,676)**

Note 8 Income tax

8.1 Deferred tax

8.1.1 TAX BREAKDOWN

The tax expense recognized in fiscal year income was €1,256 thousand, compared with an expense of €2,237 thousand in June 2015. This comprised:

In thousands of euros	06.30.2016	06.30.2015 restated	Cegelease restatement	Cegedim Kadrige	06.30.2015 reported
Tax paid					
France	0	(569)		113	(682)
Abroad	(530)	(1,066)			(1,066)
Total tax paid	**(530)**	**(1,635)**	**0**	**113**	(1,748)
Deferred taxes					
France	(835)	(189)	17	(10)	(195)
Abroad	(352)	(294)		-	(294)
Total deferred taxes	**(1,187)**	**(483)**	**17**	**(10)**	**(489)**
Total tax income recognized in the income statement	**(1,717)**	**(2,119)**	**17**	**102**	**(2,237)**

8.1.2 THERETICAL TAX EXPENSE AND RECOGNIZED TAX EXPENSE

The reconciliation between the theoretical tax expense for the Group and the tax expense effectively recognized is presented in the following table:

In thousands of euros		**06.30.2016**	**06.30.2015 restated**	**Cegelease restatement**	**Cegedim Kadrige**	**06.30.2015 reported**
Net profit (loss) from continuing activities		(18,974)	(8,296)	(27)	1,272	(9,541)
Group share of companies accounted by equity method		(1,082)	(952)			(952)
Income taxes		1,717	2,118	(17)	(102)	2,237
Earnings before tax for consolidated companies	(a)	**(18,339)**	**(7,130)**	**(44)**	**1,170**	**(8,256)**
Of which French consolidated companies		*(12,296)*	*(9,112)*	*(44)*	*1,170*	*(10,238)*
Of which foreign consolidated companies		*(6,043)*	*1,982*			*1,982*
Standard tax rate in France	(b)	34.43%	38,00%	38,00%	38,00%	38,00%
Theoretical tax expense	(c) = (a) x (b)	**6,314**	**2,709**	**17**	**(445)**	**3,137**
Impact of permanent differences		(789)	(3,371)		10	(3,381)
Impact of differences in tax rates on profits		2,167	2,042			2,042
Activation of tax losses		(662)				
Uncapitalized tax on losses		(9,318)	(4,536)		538	(5,074)
Impact of tax credit		571	1,038			1,038
Tax expenses recognized in the income account		**(1,717)**	**(2,119)**	**17**	**103**	**(2,238)**
Effective tax rate		**0,00%**	**0,00%**	**0,00%**	**0,00%**	**0,00%**

Standard tax rate in France: 34.43%

The main countries contributing to the impact of differences in tax rates on profits are:

In thousands of euros	**06.30.2016**
UK	1,491
Irland	478
Others	198
Total	**2,167**

8.1.3 DEFERRED TAX ASSETS AND LIABILITIES

Analysis by category of the temporal difference for the net deferred tax position recognized in the balance sheet (before compensation by fiscal entities for deferred tax assets and liabilities).

In thousands of euros	12.31.2015	Reclassification	Earnings	Change in consolidations scope	Other change in equity	Change in exchange rate	Assets/Liabilities held for sale	06.30.2016
Tax loss carryforwards and tax credits	20,000	-	-	-	-	-	-	20,000
Pension plan commitments	5,622	-	(16)	-	(437)	-	-	5,169
Non-deductible provisions	2,773	-	(821)	-	-	-	-	1,952
Updating to fair value of financial instruments	1,475	-	(318)	-	(138)	-	-	1,019
Cancellation of margin on inventory	139	-	3	-	-	-	-	142
Restatement of R& margin	190	-	37	-	-	-	-	227
Other	379	-,	(119)	-	1	-	-	261
Total deferred tax assets	**30,578**	**-**	**(1,233)**	**-**	**(575)**	**-**	**-**	**28,771**
Unrealized exchange gains/losses	0	-	(721)	-	-	720	-	(1)
Cancellation of accelerated depreciation	(540)	-	201	-	-	-	-	(340)
Cegelease restatement	(562)	-	171	-	-	-	-	(391)
Cancellation of depreciation on business goodwill	(48)	-	5	-	-	-	-	(43)
Updating to fair value of financial instruments	(90)	-	90	-	-	-	-	0
Finance lease	(98)	-	18	-	-	-	-	(80)
R&D capitalization	(6,553)	-	422	-	-	-	-	(6,131)
Restatement of the allowance for the R&D margin	(14)	-	(1)	-	-	-	-	(15)
Others	(679)	-	(139)	-	-	-	-	(818)
Total deferred tax liabilities	**(8,587)**	**-**	**46**	**-**	**-**	**720**	**-**	**(7,818)**
Net deferred tax	**21,992**	**0**	**(1,187)**	**0**	**(575)**	**720**	**0**	**20,952**

The change in deferred taxes recognized in the consolidated balance sheet after compensation by fiscal entities for deferred tax assets and liabilities can be verified in the following way:

In thousands of euros	Assets	Liabilities	Net
As at December 31, 2015	**28,721**	**(6,731)**	**21,990**
Impact of earnings for the period	(1,233)	46	(1,187)
Impact shareholders' equity	(575)	720	146
Impact of net presentation by fiscal entity	361	(358)	3
Reclassification of assets/liabilities held for sale	-	-	-
As at June 30, 2016	**27,274**	**(6,322)**	**20,952**

Tax corresponding to deferred taxes not activated from continuing activities as at June 30, 2016, amounts to €71,511 thousand for French companies and €15,178 thousand for foreign companies.

Note 9 Equity

9.1 Equity

As at June 30, 2016, the share capital was made up of 13,997,173 shares (including 43,261 treasury shares), each with a nominal value of 0.9528 euros, i.e. total share capital of 13,336,506 euros.

9.2 2 Treasury shares

ALLOCATION OF FREE SHARESES

Following a resolution of the Extraordinary General Shareholders' Meeting of June 8, 2011, the Board of Directors, at its meetings of September 19, 2012, and June 4, 2013, was authorized to award free shares in a total number not exceeding 10% of the total number of shares comprising the share capital to corporate officers and employees of the Cegedim Group.

Following a resolution of the Extraordinary General Shareholders' Meeting of June 10, 2014, the Board of Directors, at its meeting of September 18, 2014, was authorized to award free shares in a total number not exceeding 10% of the total number of shares comprising the share capital to corporate officers and employees of the Cegedim Group.

Following a resolution of the Extraordinary General Shareholders' Meeting of November 16, 2015, the Board of Directors, at its meeting of January 28, 2016, was authorized to award free shares in a total number not exceeding 10% of the total number of shares comprising the share capital to corporate officers and employees of the Cegedim Group..

The main characteristics of the plans are the following:

- The free shares awarded will confer the right to dividends, the distribution of which will be determined as of the award date.
- The plan dated September 19, 2012, authorized a maximum allocation of 31,670 free shares.
- The plan dated June 4, 2013, authorized a maximum allocation of 48,870 free shares.
- The plan dated September 18, 2014, authorized a maximum allocation of 19,280 free shares.
- The plan dated January 28, 2016, authorized a maximum allocation of 28,038 free shares.
-
- For the 2012, 2013 and 2014 the allocation of such shares to their beneficiaries will become final after a two-year vesting period for beneficiaries whose residence for tax purposes is in France as of the allocation date and four years for beneficiaries whose residence for tax purposes is not in France as of the allocation date.
- For the 2016 the allocation of such shares to their beneficiaries will become final after a two-year vesting period for beneficiaries whose residence for tax purposes is in France as of the allocation date and three years for beneficiaries whose residence for tax purposes is not in France as of the allocation date
- The shares will be fully allocated to the beneficiaries on one condition: no resignation, dismissal or termination;
- Starting from the final award date, beneficiaries whose residence for tax purposes is in France as of the award date must keep said shares for a term of two years starting from the final award date.

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

THE MAIN CHARACTERISTICS OF THE PLANS ARE THE FOLLOWING:

	Plan of 09.19.2012	Plan of 06.04.2013	Plan of 09.18.2014	Plan of 01.28.2016
Date of the General Meeting	06.08.2011	06.08.2011	06.10.2014	11.16.2015
Date of the Board of Directors meeting	09.19.2012	06.04.2013	09.18.2014	01.28.2016
Date of plan opening	09.19.2012	06.04.2013	09.18.2014	01.28.2016
Total number of shares than can be allocated	31 670 shares	48 870 shares	19 280 shares	28,038 shares
Initial subscription price	€15.70	€24.46	€27.11	€30.50
Date of availability of free shares				
France	09.18.2014	06.03.2015	09.17.2016	01.28.2018
Foreign	09.18.2016	06.03.2017	09.17.2018	01.28.2019

POSITION OF PLANS AS AT JUNE 30, 2016

	Plan of 09.19.2012	Plan of 06.04.2013	Plan of 09.18.2014	Plan of 01.28.2016
Total number of shares allocated	6,520 shares	3,750 shares	18,030 shares	22,615 shares
Total number of shares left to be acquired after recorded exercising of options and canceled options	0	0	0	21,079 shares
Adjusted acquisition price of free share allotments				
France	€15.24	€23.74	€26.31	29,61€
Forgien	€13.35	€20.79	€23.04	25,93€

Note 10 Other disclosures

10.1 Seasonality

The business activities of the Group are marked by certain seasonality effects due to its Software Publishing activity.

The operating profit of the Second and Fourth Quarters is generally better than that of the other two quarters and, on the whole, the operating profit of the second half is better than the first. This is largely due to the seasonal nature of the decision-making processes of Cegedim's customers. In particular, the Health Insurance, HR & e-services and Health Professionals divisions are characterized by a certain seasonality effect, as some customers invest in the Group's end-of-year offers in order to spend their annual budgets.

10.2 Period highlights

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

NEW CREDIT FACILITY

In January 2016, the Group took out a new five-year revolving credit facility (RCF) of €200 million. The applicable interest rate for this credit facility is Euribor plus a margin. The Euribor rate can be the 1-, 3- or 6- month rate; if Euribor is below zero, it will be deemed to be equal to zero. The margin can range from 0.70% to 1.40% depending on the leverage ratio calculated semi-annually in June and December (Refer to point 2.4.1.1 on page 13 of the Q2-2016 Quarterly Financial Report).

EXERCISE OF THE CALL OPTION ON THE ENTIRE 2020 BOND

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

S&P HAS RAISED CEGEDIM'S RATING TO BB WITH POSITIVE OUTLOOK

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

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

10.3 Significant post-closing transactions and events

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

10.4 Off-balance sheet commitments

Existing guarantees at December 31, 2015, did not change significantly during the first six months of 2016.

Note 11 Accounting principles and methods

11.1 Consolidated methods

Subsidiaries and equity investments are included in the consolidation scope on the date on which control is effectively transferred to the Group, while subsidiaries and equity investments sold are excluded from the consolidation scope on the date on which control is lost.

Subsidiaries over which the Group exercises exclusive control are consolidated using the full consolidation method, even if the percentage held is less than 50%. Exclusive control is deemed to exist if the parent company directly or indirectly has the power to dictate the financial and operational policies of a company so as to benefit from its activities.

- The full consolidation method used is the method by which the assets, liabilities, income and expenses are fully consolidated. The share in net assets and net earnings attributable to the minority shareholders is presented separately as minority interests in the consolidated balance sheet and the consolidated income statement.
- Equity investments over which the Group exercises joint control with a limited number of other shareholders, such as joint ventures, are consolidated using the proportional consolidation method.
- Equity investments over which the Group exercises significant influence are consolidated using the equity method. Significant influence is presumed if the Group holds a percentage of voting rights greater than or equal to 20%. According to this method, the Group records the "share of the net profit (loss) of companies consolidated using the equity method" on a specific line of the consolidated net income statement.

The list of consolidated companies is set out in note 2. Some companies, insignificant from the Group's perspective, are not consolidated.

11.2 Business combinations (IFRS 3)

Business combinations are accounted for using the acquisition method in accordance with the provisions of the IFRS 3 – "Business Combinations" standard.

The identifiable assets, liabilities and contingent liabilities of the entity acquired are accounted for at their fair value.

The difference between the acquisition price and the Group's interest in the net fair value of assets, liabilities and contingent liabilities of the acquired entity at the acquisition date is recorded as goodwill. In general, the acquisitions made by the Group correspond to acquisitions of market shares leading to limited allocations of acquisition goodwill. If the acquisition price is less than the fair value of the identified assets, liabilities and contingent liabilities acquired, the difference is immediately recognized as negative goodwill in the income statement.

Goodwill on acquisition is recorded in the functional currency of the entity acquired. Standard IAS 21 (§ 47) requires that goodwill on acquisition in foreign currencies be recognized at the closing rate on each accounting closing date and not at the historical cost.

Goodwill on acquisition is not depreciated and is subject, in accordance with revised standard IAS 36, to impairment testing when an impairment indicator is identified and at least once a year (see § "Impairment of Assets"). If necessary, impairments are recorded as "Other non-recurring income and expenses from operations."

If the recoverable value of goodwill is less than the net book value, the difference in value is recorded on the income statement.

The recoverable amount is defined as the higher of fair value of assets less costs of sell and value in use of the assets (the sum of discounted cash flows expected by the company for this asset estimated based on the present and future profitability of the division concerned.

11.3 Intangible assets (IAS 38)

INTANGIBLE ASSETS ACQUIRED SEPARATELY OR IN CONNECTION WITH A BUSINESS COMBINATION

The intangible assets acquired separately (primarily software) are recorded initially at their historical cost. They are recognized at asset when (i) it is probable that future economic benefits attributable to them will go to the Group and (ii) their cost can be measured reliably.

Intangible assets acquired in connection with business combinations are recorded at their fair value on the acquisition date.

Intangible assets of which the useful life is over are then assessed and recognized according to the cost model.

Intangible assets, with the exception of business assets, are depreciated using the straight-line method over their useful life (excluding goods with an indefinite life span). The value of depreciated intangible assets is tested if an impairment indicator is identified. If applicable, impairments are recorded as "Other non-recurring income and expenses from operations."

The useful life of intangible assets is reviewed periodically. If necessary, resulting changes are recognized.

RESEARCH AND DEVELOPMENT/INTERNALLY DEVELOPED SOFTWARE

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

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

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

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

Once in use, an asset whose development is complete is removed from the development costs item and recognized under the corresponding asset item (generally software).

Depreciation is calculated as of the moment the fixed asset is in use and is calculated over its foreseeable useful life. Project typology depends on life cycle and is as follows:

Project type	Duration	Mode	Number of projects
Structuring projects	15 years	Straight-line	Very limited number of projects
Strategic projects	8-10 years	Straight-line	Limited number
Current developments	5 years	Straight-line	Core of the Group's projects
Targeted projects	2-4 years	Straight-line	Limited number

11.4 Tangible assets (IAS 16)

Tangible assets consist primarily of computer hardware and industrial equipment and are recorded at their acquisition cost, less accumulated depreciation and impairment losses.

Tangible assets are depreciated straight-line over their economically useful life, the depreciable basis used being the acquisition cost less any estimated residual value, if applicable

The useful lives of the fixed assets are revised periodically. If necessary, resulting changes are recognized.

Tangible assets are subject to impairment testing if an impairment indicator is identified.

If necessary, additional impairment is recorded in the income statement as "Other non-recurring income and expenses from operations".

The following depreciation modalities (period and method) are used:

Project type	Duration	Mode
Computer hardware		
Microcomputers for office use	3-4 years	Straight-line
Server systems	5 years	Straight-line
Industrial equipment		
Printing equipment	8-10 years	Straight-line
Industrial equipment and machinery	5-8 years	Straight-line
Fixtures and facilities	8 years	Straight-line
Transportation equipment	4 years	Straight-line
Office equipment	4 years	Straight-line
Moveable property	8 years	Straight-line

Additionally, IAS 16 prescribes the separate component approach for assets that can be broken down into elements that each have different uses or offer economic benefits at a different rate. In the Cegedim Group, this involves buildings consisting of administrative offices and industrial facilities (workshops, warehouses, storage areas, etc.) for which separate depreciation plans have been established based on the useful life of the various components (structure, facades and waterproofing, general and technical facilities, fixtures, layout).

11.5 Finance leases (IAS 17)

A finance lease is a lease agreement that transfers almost all risks and benefits of ownership of an asset to the lessee.

Assets used for lease agreements are capitalized at their fair value and offset against a financial debt if such lease agreements effectively transfer virtually all the risks and benefits inherent in ownership of this property to the Group. Lease payments are broken down into financial expense (recorded as "Cost of net financial debt") and debt retirement.

Assets that are the object of financial leases are depreciated over the same periods as owned property of the same category..

11.6 Impairment of assets (IAS 36)

The Group evaluates the recoverability of its long-term assets as follows::

- amortized intangible assets (software, databases);
- although these intangible assets are amortized, they are individually monitored. This monitoring is done using indicators that will let any loss of value be identified, including the anticipated productivity of the asset or business opportunities. If a loss of value has occurred, the Group carries out an impairment test that may result in the recognition of additional impairment;
- unamortized intangible assets (trademarks, goodwill on acquisition).

Once a year, the Group performs impairment tests to assess the possible loss of value for these assets.

Impairment tests are performed on the Cash Generating Units (CGUs) to which these assets may be allocated.

The recoverable amount of a CGU is the higher of its fair value less costs to sell and value in use.

An impairment loss is recognized if the recoverable value of an asset or of a CGU is less than its book value. If the CGU tested includes goodwill on acquisition, the impairment is first allocated to this goodwill.

Impairment is recognized under "Other non-recurring income and expenses from operations" and is clearly explained in the notes to the consolidated financial statements.

Sensitivity tests are conducted on various parameters, namely by varying the assumptions used for the discount rate, the perpetuity growth rate, the performance in term of EBITDA margin and Free Cash Flow growth.

CASH GENERATING UNITS (CGU)

The CGU is the smallest identifiable group of assets that generates cash flows which are largely independent of the cash inflows generated by other assets or groups of assets. CGUs generally correspond to a set of entities contributing to the same sector of activity (type of services) and using the same tools.

CGUs follow the divisions of the Group's main sectors of activity, which are further divided themselves into separate industry components if they are relevant to the definition of the cash flows. Business activities were first separated into CGUs in 2007 with the assistance of an independent consulting firm. The separation was reviewed in the first half of 2013 and at end of 2015, with the same firm. At end of 2015, the Group re-examined the levels at which it had combined those cash generating units to which goodwill had been allocated from the Healthcare Professionals division. The activities of software for doctors and for pharmacists to which it was no longer possible to directly allocate cash flows of their own were recombined in one single Cash Generating Unit (healthcare Professionals), making from this sector a single Cash Generating Unit.

Since this reorganization, the Cegedim Group has 2 CGUs, corresponding to the first two sector of activities plus a «Activities not allocated» division that was not intended to include operating activities.

The sectors of activity and CGUs are as follows:

- Health Insurance, HR and e-services: this sector is a CGU in itself. It brings together the know-how needed to develop services for insurance companies, mutuals and other organizations involved in the processing chain of healthcare flows as well as clients from the pharmaceutical industry or from multi-industry.
- Healthcare Professionals: this sector is a CGU in itself and includes all services provided to medical professionals: physicians, pharmacists and paramedics.

For impairment testing purposes, as of the acquisition date, goodwill acquired within a business combination is allocated to the CGU that is likely to benefit from the synergies of the combination. Such allocation is also consistent with the manner in which the Group's management monitors the performance of operations.

VALUE IN USE

The value in use of a CGU is determined using the discounted cash flows (DCF) method. Business plans are constructed by making five-year forecasts under the assumptions used by the Group's different operating managers in their strategic plans. These are reviewed by the Audit Committee and approved by the Board of Directors. The expected cash flows beyond the fifth year of the plan are represented by a terminal value, which is determined using a margin projected from the average margin appearing in the business plans and in the near historical years.

DISCOUNT RATE

The Group uses a single discount rate for all CGUs. The skills center, the R&D developments or the databases used to support to Group services are centralized and the distribution is local.

To comply with the requirements of paragraphs 55 and 56 of IAS 36, the discount rate used is calculated from a business segment's weighted average cost of capital before taxes. The rate is applied to operating cash flows before income taxes. The Group engages an independent firm of experts to calculate this discount rate. The calculations make use of sample comparable stocks and of benchmark indexes to determine Cegedim's specific risk premium and beta coefficient, as well as a target debt ratio applicable to the industry in which the Group competes. The formula is updated as market conditions require and at least once per year.

PERPETUAL GROWTH RATE

The perpetual growth rate chosen is based on economic data that is weighted so as to reflect the specificities of the Cegedim Group.

11.7 Financial assets (IAS 32/IAS 39)

Equity investments in non-consolidated companies are classified as securities available for sale. They are initially recorded at the acquisition cost, and then subsequently valued at their fair value, if this fair value can be determined reliably.

Changes in fair value are accounted for in a separate item of shareholders' equity until the securities are effectively sold, at which time the transaction is recognized in the income statement.

Furthermore, where an identifiable loss of value is considered to be durable with regard to the circumstances, it is recognized in financial earnings.

Loans granted are accounted for at their amortized cost and are recorded as impaired if there is an objective indication they may be impaired. Long-term financial receivables are discounted if the effect of discounting is deemed significant.

11.8 Deferred taxes (IAS 12)

Deferred taxes are calculated using the variable tax rate method for all temporal differences between the book value entered in the consolidated financial statements and the tax basis of the Group's assets and liabilities. Deferred tax assets and liabilities are valued at the tax rate expected to be applied for the fiscal year during which the asset will be realized or the liability paid, based on the tax rates approved on the closing date.

Deferred tax assets on deductible temporal differences and on unused tax losses carried forward are recognized to the extent that it is likely that future taxable profits will be offset by as yet unused tax losses.

Deferred tax assets and liabilities are not discounted. They are offset when (1) the entity has a legally enforceable right to offset tax assets and liabilities, (2) they relate to income taxes levied by the same taxation authority on the same taxable entity.

11.9 Inventories of goods and services in progress (IAS 2)

INVENTORIES OF GOODS

Inventories of goods are valued using the weighted average cost method. The gross value of goods and supplies includes the purchase price and ancillary expenses.

Impairment is recorded if the book value is less than the inventory value (net realizable value).

SERVICES IN PROGRESS

The inventory value consists solely of the direct costs recorded on contracts in progress. An impairment is recorded when future billings for work in progress will not cover the corresponding direct costs.

11.10 Accounts receivable and other operating receivables

ACCOUNTS RECEIVABLE

Accounts receivable are initially valued at fair value then at amortized cost and are individually monitored. An impairment is established when the inventory value is less than the recorded value based on the probability of recovery.

OTHER RECEIVABLES

Receivables are accounted for at their discounted amount if they are payable in more than one year and if the effects of discounting are significant..

11.11 Cash and cash equivalents

Cash equivalents are valued at their market value on the closing date. Differences in value are recorded as financial earnings.

11.12 Treasury shares (IAS 32)

In accordance with IAS 32, treasury shares are accounted for at their purchase cost and are recorded against consolidated shareholders' equity.

Gains (losses) arising from sales of treasury shares are added to (deducted from) consolidated reserves at their amount net of tax effects.

Sales of treasury shares are accounted for using the FIFO method.

11.13 Provisions and contingent liabilities (IAS 37)

A provision is recorded if the Group has an obligation resulting from past events, whose settlement should correspond to an outflow with an economic benefit and whose amount can be reasonably measured. The provision ranking is maintained as long as the due date and the amount of the outflow of resources have not been precisely determined.

Provisions are estimated on a case by case basis or based on statistics when they include a lot of items. They are discounted when they are due in more than one year. Cegedim Group's main commitments (excluding retirement compensation) are intended to cover employee, client and supplier litigation.

11.14 Retirement benefits (IAS 19)

DEFINED-CONTRIBUTION PLANS

Defined-contribution plans are post-employment benefit plans under which an entity makes defined contributions to a separate entity (a fund) and shall have no legal or implied obligation to pay additional contributions if the fund has insufficient assets to provide all the benefits corresponding to the services rendered by employees during current and prior periods. These contributions are recorded as expenses for the period in which they are due with no liability recognized in the balance sheet.

DEFINED-BENEFIT PLANS

The defined-benefit plans designate post-employment benefits other than defined-contribution plans.

They primarily involve retirement obligations. If these obligations are assumed directly by the Group's companies, the corresponding actuarial liabilities are covered by a provision in the balance sheet.

Since 2011, the Group has applied the IAS 19, as amended, allowing the recognition directly in equity of actuarial gains and losses arising from changes in the assumptions in the calculation of such liabilities.

Cegedim SA applies the measures of ANC recommendation No. 2013-02 dated November 7, 2013, which regulates the valuation of retirement obligations and similar benefits.

In accordance with this recommendation, the unrecognized prior service cost unamortized as at December 31, 2012 has been amortized by shareholders' equity as at January 1, 2014.

Actuarial liabilities are calculated using the projected credit units method and are based on valuations specific to each country and to each company of the Group; these valuations include, in particular, assumptions concerning wage increases, inflation, life expectancy and employee turnover. The discount rate applied to retirement obligations is determined using the closing benchmark market rate based on first-class bonds. In countries where this type of market is not active, the Group uses the closing rate of government bonds.

Additionally, the impact of changes to the collective bargaining agreements on the valuation of the provision for retirement is spread over the residual length of the employees' working life.

Finally, if this obligation is partially or completely covered by funds paid by the companies of the Group to financial agencies, the amounts of these dedicated investments are deducted from the liability on the balance sheet.

11.15 Financial liabilities (IAS 32/IAS 39)

Share premiums and issue costs impact the value (fair value) at the recognition of financial liabilities, and are included in the calculation of the EIR (Effective Interest Rate) in compliance with IAS standards 32 and 39. Loans and other financial liabilities which carry interest are valued according to the depreciated cost method using the effective interest rate for the loan. The costs are thus spread out over the loan's life cycle via the EIR.

In the event of financial liabilities arising from finance leases, the financial liability recorded to offset the tangible asset is initially recorded at the fair value of the leased asset or, if latter value should be lower, at the present value of the minimum lease payments.

11.16 Derivatives and hedging instruments

Financial instruments are recognized at fair value and subsequent changes in the fair value of the instrument are recognized according to whether or not the instrument is a hedging instrument and, if so, the nature of the item hedged.

The Group's use of derivatives such as interest rate swaps, caps or other equivalent term contracts, is intended to hedge risks associated with fluctuations in interest rates.

These derivative instruments are recorded in the balance sheet at market value. Changes in market value are recognized in the income statement excluding transactions that qualify as cash flow hedges (flows related to a variable interest rate debt) for which changes in value are recorded under equity.

From the outset of the transaction, the Group documents the relationship between the hedging instrument and the hedged item, as well as its risk management objectives and hedging policy.

The financial elements covered by derivatives follow hedging accounting principles which are of two types:

- fair value hedges;
- cash flow hedges.

For fair value hedges, the underlying financial liability of the derivative is revalued in the balance sheet under the hedged risk (risk relating to interest rate fluctuations). Changes in value are recorded in the income statement (as financial expenses) and offset changes in the value of the derivative allocated to the underlying for the hedged portion.

For cash flow hedges, the financial liability is recorded in the balance sheet at the amortized cost. Changes in the value of the derivative are recorded in shareholders' equity. As the financial expenses or income of the hedged element impact on the income statement for a given period, the financial expenses or income recorded under shareholders' equity in relation to the derivative for the same period are transferred to the income statement.

When a derivative does not meet the criteria for hedge accounting principles, changes in fair value are recognized in the income statement (other operating profit/losse).

11.17 Revenue recognition (IAS 18

Cegedim Group's revenues consist primarily of services, software sales and, to a lesser extent, hardware sales.

SERVICE REVENUE

The main categories of services and the methods of revenue recognition are as follows:

- access to the Group's databases is generally realized by subscription with periodic billing (monthly or yearly); sales revenues are then recognized on a prorated basis according to elapsed time;
- standard and specific studies supplied by the Group are recorded when they are delivered to clients;
- data processing performed for clients is recorded when the service is provided;
- support services (assistance, maintenance, etc.) are covered by a contract (generally annual) calculated on a lump sum basis in relation to the costs and resources committed by Cegedim to provide these services. Income from these contracts is recorded on a prorated basis over the duration of the contract and results, in this case, in the recognition of deferred income.

SOFTWARE AND HARDWARE SALES

These sales are recorded upon delivery, concurrent with installation at the professional's site. Any discounts and rebates are recorded as a subtraction from sales.

Revenue from new software licenses with fixed or open-ended terms is entered into the accounts (under the condition that the Group does not have any other obligations to fulfill) if there is an agreement with the client, if delivery and acceptance are completed, if the amount of revenue and the related costs can be measured reliably, and if the economic benefit connected to the transaction will come back to the Group.

If one of these four criteria is not fulfilled, the recognition of sales arising from the software license is deferred until all of these criteria are fulfilled.

11.18 Methods for translating items into foreign currencies (IAS 21)

TRANSACTIONS IN FOREIGN CURRENCIES

Transactions in foreign currencies are recorded using the exchange rate applicable on the date the transactions are recorded. On the closing date, accounts payable or receivable denominated in foreign currencies are converted into euros at the closing exchange rate.

Translation differences for transactions in foreign currencies are recorded as financial earnings. Such transactions are very limited in number. Therefore, there is no specific management of the exchange risk. The Group is also not covered for amortization of liabilities in dollars, given the Group's revenues in that currency.

FINANCIAL STATEMENTS OF FOREIGN ENTITIES

The currency used to prepare consolidated financial statements is the euro.

The financial statements of foreign entities using a different functional currency are converted into euro using:

- the official closing rate for assets and liabilities;
- the average rate for the fiscal year ended for items of the income statement and the cash flow statement;
- the historic cost for shareholders' equity.

Translation gains or losses resulting from this treatment and those resulting from the translation of the shareholders' equity of subsidiaries at the beginning of the fiscal year based on the closing rates are included as "Group translation gains and losses" under consolidated shareholders' equity.

Translation gains or losses on intra-Group loans are neutralized via the Group translation gains or losses (in reserves) in order to smooth out fluctuations in exchange rates because these loans are long term (their settlement is neither planned nor likely in the foreseeable future) and may be, if applicable, transformed into capital increases.

11.19 Cash flow statement (IAS 7)

In accordance with the option offered by the IAS 7 "Statement of cash flows" standard, the consolidated cash flow statement is prepared by using the indirect method.

This shows the reconciliation of the net profit (loss) with the net cash generated by the transactions of the fiscal year. The opening and closing cash positions include cash and cash equivalents which are made up of investment instruments less overdrafts.

11.20 Segment reporting (IFRS 8)

Segment reporting is prepared according to the accounting methods used for the preparation and presentation of consolidated financial statements.

In application of the provisions in IFRS 8, the segment reporting presents operating segments that are comparable to the activity sectors previously identified according to IAS 14.

The segment reporting corresponds to the organization of the Group's internal reporting, which leads to the development of the management tools used by the Group's management. This is also the main line used for financial communication.

The Group's activities are divided into two operating sectors and one "Activities not allocated" non-operational sector:

- Health Insurance, HR and e-Services. which brings together the know-how needed to develop services for insurance companies, mutuals and other organizations involved in the processing chain of healthcare flows as well as clients from the pharmaceutical industry or from multi-industry;
- Healthcare Professionals, which includes activities for medical professionals: physicians, pharmacists and paramedics;
- Activities not allocated, combining activities inherent in the headquarters of a publicly traded corporation and support functions for the Group's two operating segments,.

The Group continues to publish information by geographic area, which shows the France/outside France dichotomy. This analysis is refined for consolidated revenue in order to show the Group's exposure to the different currencies, to the extent this information is significant.

Intra-Group transfer prices are relative to standard agreements signed under normal terms.

3.7 Statutory auditors' review report on half-year financial statements for the period ended 30 June 2016

To the Shareholders,

In compliance with the assignment entrusted to us by your general shareholders' meeting and in accordance with the requirements of article L.451-1-2 III of the French monetary and financial code, we hereby report to you on:

- the limited review of the accompanying condensed half-yearly consolidated financial statements of CEGEDIM, for the period from January 1 to June 30, 2016, and
- the verification of the information contained in the interim management report.

These condensed half-yearly consolidated financial statements were drawn up under the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our limited review.

1. Conclusion on the financial statements

We conducted our limited review in accordance with professional standards applicable in France. A limited review mainly consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our limited review, nothing has come to our attention that causes us to believe that the condensed half-yearly consolidated financial statements are not prepared in all material respects in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying the above conclusion expressed, we draw your attention on the condensed consolidated financial statements note 1.1 "Reconciliation between the 2015 financial statements as initially published and as presented on a like-for-like basis" of the appendix which exposes the corrections of the accounting treatment of the rent activities of the group.

2. Specific verification

We have also verified the information presented in the interim management report in respect of the condensed half-yearly financial statements subject to our limited review.

We have no matters to report as to its fair presentation and its consistency with the condensed half-yearly financial statements.

French original signed at Paris and Courbevoie on September 15, 2016

Grant Thornton	Mazars
French Member of Grant Thornton International	
Solange Aïache	Jérôme de Pastors
Partner	Partner

4 Additional information

4.1 Statement by the company officer responsible for the first six months 2016 financial report

I hereby certify that, to the best of my knowledge, the condensed interim consolidated statements 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, Septembre 15, 2016

Jean-Claude Labrune

Chairman & CEO

Cegedim S.A.

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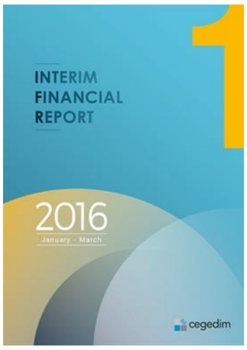

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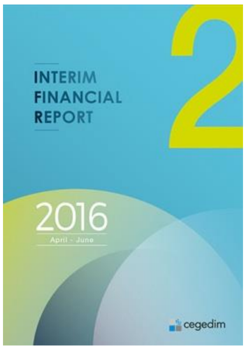

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