Management Discussion and Analysis of

AlliancePharma Inc.

For the six months ended January 31, 2016 and 2015

The following management's discussion and analysis (the "MD&A") objective is to help the reader better understand the activities of ALLIANCEPHARMA Inc. ("Alliance" or the "Company"), formerly Rodocanachi Capital Inc., and the highlights of its consolidated financial situation. It explains the consolidated financial situation and the results for the three-month period (the "Second quarter") and the six-month period ended January 31, 2016 and the comparison of the Company's consolidated statement of financial position as at January 31, 2016 and July 31, 2015.

The MD&A has been prepared in accordance with Regulation 51-102 and should be read in conjunction with the audited consolidated financial statements of the Company for the fiscal year ended July 31, 2015 and the related notes thereto

The unaudited consolidated condensed interim financial statements and this MD&A have been reviewed by the Audit Committee and approved by the Company's Board of Directors on March 29, 2015. Unless otherwise indicated, all the amounts in this MD&A are in Canadian dollars.

The context otherwise required, all references to "AlliancePharma", "Company", "our", "us", "we" refers to AlliancePharma Inc. as consolidated with its subsidiaries. Further information about the Company, its properties, projects, annual and quarterly reports are available for consultation on the website of SEDAR at the following address: www.sedar.com.

FORWARD LOOKING STATEMENTS

Some statements contained in this MD&A, specially the opinions, the projects, the objectives, the strategies, the estimates, the intent and the expectations of the Company that are not historical data, are forward looking statements. Such statements can be recognized by the terms "forecast", "anticipate", "consider", "foresee" and other terms and similar expressions. These statements are based on information available at the time they are made, on assumptions established by the management and on the management expectation, acting in good faith, concerning future events and concerning, by their nature, known and unknown risks and uncertainties mentioned herein (see the section Risks and uncertainties). The real results for the Company could differ in an important way of those which state or that these forward looking statements show the possibility for. Consequently it is recommended not to trust unduly these statements. These statements do not reflect the potential incidence of special events which could be announced or take place after the date of this MD&A. Except if the applicable legislation requires it, the Company does not intend to update these prospective statements to reflect, in particular, new information or future events, and it is by no means committed doing so.

REPORTING ENTITY, NATURE OF OPERATIONS AND SCOPE OF ACTIVITIES

The Company is domiciled in Canada, incorporated under the *Canada Business Corporations Act*. Its shares are listed for trading on the TSX Venture Stock Exchange under the symbol APA.

Alliance is a provider of pharmacy personnel replacement and vocational training services. It has developed a strong and growing base of active clients with the direct involvement of replacement pharmacists and technical assistants, and focuses on delivering a tier-one placement platform making it possible to target and connect the right providers, in the right places, at the right times and for the right price. The Company is currently among the leaders in job placement service in the health industry in the Province of Quebec. The management evaluated that the Company owns approximately 75 % of the recruitment market of this region. The Company has increased its presence in the Montreal area further to the acquisition of Elitis. The Company does not conduct business outside of the Province of Quebec since the legislation is different in each province of Canada, although penetration of those markets is being considered by the Company.

The pharmacy staffing market is in continuous expansion. The Company estimates that around 100 new pharmacies opened in the Province of Quebec in the last few years and this tendency should remain the same for a few more years. Therefore, the market for the recruitment and the needs of pharmacy owners for temporary pharmacists staffing will be in progression. In addition to the increased number of pharmacies, many pharmacies now offer prolonged opening hours. As discussed in the industry section, these prolonged hours create a demand for the services of the Company.

The Company's placement platform was developed in-house by the Company's management through the ongoing availability and direct involvement of approximately 600 pharmacists and 200 technical assistants. These professionals provide the Company with their availabilities for replacement and formation, giving the Company access to their skills and knowledge on an as needed basis. The Company believes that the experience of its management team and their extensive network provide it with a distinct competitive advantage.

Currently, the Company is specialized in recruitment of three different types of employees which are:

- Pharmacists, representing more than 85% of the firm recruitment revenues
- Laboratory technicians, a fast-growing sector
- Professional services and training staff.

In addition to recruitment, the Company also provides trainings for pharmacists and pharmacy owners on various topics. Those specialized trainings are provided to improve efficiencies across every services provided by pharmacists. These activities are all similar in terms of customers, geographical representation, services provided, or required workforce, and since Management oversees these activities as a whole entity, and were all accounted for into one operating segment.

THE INDUSTRY

The market for replacement pharmacists and technical assistants has been in existence for more than twenty years and the demand being limited. Over the last ten years, the combination of an aging population, the availability of various new medications, the increase if the number of prescriptions, and the extension of the opening hours led have contributed to increase the demand for replacement pharmacists.

Since Bill n 41, an act to amend the Pharmacy Act, was approved in June 2015, the Industry now have to react and insure Quebec Pharmacist will remain qualified to perform a number of services that were traditionally reserved to physicians. Under Bill n 41 in its current version, pharmacists with the relevant trainings would be permitted to extend prescriptions, subject to certain limitations, prescribe medications when no diagnosis is required in certain circumstances, and prescribe and interpret certain laboratory tests. Bill n 41 was originally sponsored by Yves Bolduc, the Minister of Health and Social Services at the time it was introduced and was adopted by the National Assembly of Quebec on December 8, 2011. The Bill n 41 and related regulations were to come into force September 3, 2013, but given the ongoing negotiation regarding certain issues, its implementation has been postponed. An order in council was issued on August 22, 2013 to defer the coming into force of the Bill was finally approved in June 2015.

Although Bill n 41 expands the field of contribution of pharmacists, it could give rise to major implementation issues. One of the issues that is still in debate and could greatly affect the company business relates to the remuneration of pharmacists for the new services they would provide. Negotiations between the provincial government and the Quebec Association of Pharmacy Owners are still ongoing on this point. While pharmacists believe that they should be remunerated for the provision of additional services due to the higher operating costs incurred by having to perform additional services, the provincial government has taken the position that only certain new services should be remunerated (namely, the prescription of medications for conditions that have already been diagnosed or that do not require a diagnosis, and the adjustment of prescriptions) and that the other services should be provided for free. Currently, when the same services are performed by physicians, the latter are remunerated by the Régie de l'assurance maladie du Québec.

The industry will also have to manage the consequences of recently announced Bill n 28 which could allow the government of Quebec to unilaterally reduce pharmacists' fees by an estimated $177,000,000. Reducing fees by this amount could make it difficult for pharmacists to provide additional services like the ones provided under Bill n 41 should it come into force. Even existing services may have to be scaled back. The announced cuts may result in reduced pharmacy opening hours and demand for pharmacists and technicians as well as reduced investments by pharmacies.

At this point, management of the Company can't predict nor assess the actual consequences to the industry and the change which could occur as a result of the recently approved Bill n 41 and possibly Bill n 28.

In addition to the general factors above, management of the Company believes that the industry faces several challenges, including:

- Growth in the number of pharmacies
- Establishment of the two-pharmacist work mode
- Extension of the opening hours
- Rapidly changing and highly-fragmented environment
- The increase of the Graduated Pharmacists.

MAJOR EVENT

On December 23, 2015, the Company announced the launching of Elitex, the first virtual schedule manager designed specifically for pharmacies. This initiative will allow Quebec pharmacies to improve the planning of their workforce, while creating a direct link with AlliancePharma and its placement service. Elitex will facilitate the efficient management of pharmacy staff replacements throughout the territory.

HIGHLIGHTS FOR THE SIX MONTHS ENDED JANUARY 31, 2016

FIERCE PRICE COMPETITION

Competition on price from competitors has impacted results in the first six months of the fiscal year. Such reduction in price was required from pharmacy owners who were experiencing financial difficulties further to the decision from the Quebec Government to impose a 4.3% levy on professional fees from the pharmacists. The Company also had to counterbalance the negative effects on the market from the large availability of graduates since the graduating class of 2015 was considered the equivalent of 2 normal class sizes.

Q2 AND SIX-MONTH PERIOD FINANCIAL PERFORMANCE

For the Second quarter ended January 31, 2016, the Company has generated $1,607,998 of sales with a contribution margin of 17%. Revenue increased by $484,486 or 43%, as compared to the same period from the previous year; the increase was mainly driven by the recently completed acquisition partially offset by the temporary reduction for the replacement pharmacist caused by the uncertainty from Bill n 28. The contribution margin decreased $75,381 as compared to the same period from the previous year as a consequence of the fierce price competition in the industry.

For the six-month period ended January 31, 2016, the Company has generated $4,285,549 of sales with a contribution margin of 19%. Revenue increased by $2,070,556 or 93%, as compared to the same period from the previous year; the increase was mainly driven by the recently completed acquisition partially offset by the negative impacts from the price compression initiated by competitors. Revenues were also impacted by a larger availability of graduated pharmacists in spring 2015 following the graduation of two classes this year as compared to none in spring 2014. The contribution margin increased $202,988 as compared to the same period from the previous year but decreased as a percentage as a consequence of the integration costs related with the Elitis acquisition and a more expensive compensation structure at Elitis.

Administrative costs reached $777,127 for the six months ended January 31, 2016, an increase of $386,966 as compared with the same period from the previous fiscal year while the Company was still operating as a private Company with limited overhead costs. Cost of public listing of $643,297were considered during the previous fiscal year and largely impacted the financial performance for the Second quarter and the six month period ended on January 31, 2015. Finance costs increased by $117,266 as compared with $6,707 from the same period from the previous year mainly driven by the interest fees related with the long-term debt contracted at the time of the acquisition.

The net loss and the comprehensive loss for the Second quarter ended on January 31, 2016 was $ 289,343 or $ 0.01 per share, compared to a loss of $754,290 or $ 0.03 per share during the same period from the previous year. The net loss and the comprehensive loss for the six-month period ended on January 31, 2016 was $ 265,792 or $ 0.01 per share, compared to a loss of $693,758 or $ 0.03 per share for the same period from the previous fiscal year.

Selected Financial Information

The following table summarizes the Company's selected key financial data taken from the statements of loss for the periods ended January 31, 2016 and 2015 as well as the consolidated statement of financial position as at January 31, 2016, and July 31, 2015.

(unaudited) *(in $)*	**For the three months ended January 31,**		**For the six months ended January 31**	
	2016	2015	**2016**	2015
Revenues	**1,607,998**	1,123,512	**4,285,549**	2,214,993
Cost of revenue	**1,339,020**	779,153	**3,463,659**	1,596,091
Administrative expenses	**415,996**	196,786	**777,127**	390,161
Cost of public listing	-	643,297	-	643,297
Depreciation of property plant and equipment	**6,170**	910	**9,313**	1,820
Amortization of intangibles assets	**99,614**	1,120	**194,642**	2,157
Share-based compensation	-	219,120	-	219,120
Net finance costs	**67,469**	2,301	**123,973**	6,707
Net loss	**(289,343)**	(754,290)	**(265,792)**	(693,758)
Net loss per share	**(0.01)**	(0.03)	**(0.01)**	(0.03)

(unaudited) *(in $)*	**At January 31, 2016**	At July 31, 2015
Net cash and cash equivalents	**75,900**	16,393
Working capital, excluding net cash	**(1,027,689)**	(319,901)
Total assets	**5,489,289**	6,504,820
Total liabilities	**5,509,600**	6,259,339
Net equity (deficit)	**(20,311)**	245,841

Statement of financial position as at January 31, 2016

As at January 31, 2016, total assets of the Company were at $5,489,289, a decrease of $1,015,531 when compared to July 31, 2015. The decrease in the total assets is mostly related with the reduction of trade receivables further to the sales shortfall during the period. The reduction of total liabilities was mostly related with the decrease of the salaries payable linked with the timing of the payroll calendar.

Management estimates that the working capital deficiency at the end of the Second quarter, combined with a potential additional financing and the improvements from the operating expenses will provide the Company with adequate funding in order to meet its short-term obligations and to continue its ongoing efforts in order to grow the business.

Financing activities for the six months ended January 31, 2016

During the six months ended January 31, 2016, $346,265 was used in the financing activities mainly driven by the repayment of the long-term debt related with the Elitis acquisition.

Investing activities for the six months ended January 31, 2016

During the six months ended January 31, 2016, a net amount of $114,433 was used in the investing activities mainly driven by acquisition of property and equipment and intangibles assets to support activities of the Company.

Selected quarterly data
Operating results for each of the last 8 quarters are presented in the table below. The data related to these quarters were prepared in the same manner as that of the audited financial statements for the fiscal year ended July 31, 2015.

		2016				2015		2014
(in $)	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**
Revenues	**1,607,998**	**2,677,551**	2,129,270	1,172,571	1,123,512	1,091,481	1,105,581	1,046,661
Net Income (loss)	**(289,343)**	**23,551**	(650,933)	75,049	(754,290)	60,532	115,039	216,123
Net Income (loss) per share	**(0.01)**	**0.00**	(0.03)	0.00	(0.03)	571	967	1,024

Related Party Transactions and Commercial Objectives

The Company's related parties include companies under common control as well as key management personnel.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. The transactions are measured at value of the consideration given or received, which has been established and agreed by the parties. Outstanding balances are usually settled in cash.

All balances of advances receivable and due are measured at fair value and occurred in the normal course of business.

Transactions with key management personnel

The Company's key management personal consists of the directors and executives. The key management personal received a total remuneration of $132,872 (January 31, 2015– $nil).

Off Balance sheet agreements

The Company has not concluded any off balance sheet agreements.

Obligations and contractual commitments

The Company entered into operating leases expiring on various dates through December 2019, with respect to rolling stock, real estate and other. The total future minimum lease payments under non-cancellable operating leases are as follows:

Less than 1 year	81,773
Between 1 and 5 years	231,504
More than 5 years	-
	313,277

The Company also rents part of the office which is under operating leases expiring on April 30, 2018 and which represent minimum lease revenues under a non-cancellable operating lease are as follows:

Less than 1 year	4,705
Between 1 and 5 years	8,452
More than 5 years	**-**
	13,157

SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION
Basis of preparation

a) Statement of compliance

The condensed consolidated interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standard Board ("IASB") and with IAS 34 Interim Financial Reporting. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the most recent audited annual consolidated financial statements and the notes thereto for the year ended July 31, 2015.

These consolidated financial statements were approved and authorized for issue by the Board of Directors on March 29, 2016.

b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statements of financial position:

- certain financial instruments and contingent considerations are measured at fair value;
- assets and liabilities acquired in business combinations are measured at fair value at acquisition date.

c) Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars ("$"), which is the Company's functional currency.

d) Use of estimates and judgments

The preparation of the accompanying condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions about future events. These estimates and the underlying assumptions affect the reported amounts of assets and liabilities, the disclosures about contingent assets and liabilities, and the reported amounts of revenues and expenses. These estimates and assumptions are based on management's best estimates and judgments.

Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. Management adjusts such estimates and assumptions when facts and circumstances dictate. Actual results could differ from these estimates. Changes in those estimates and assumptions resulting from changes in the economic environment will be reflected in the financial statements of future periods.

In preparing the condensed consolidated interim financial statements, the significant judgments made by management applying the Company's accounting policies and the key sources of estimation uncertainty are the same as those described in the Company's audited consolidated financial statements for the year ended July 31, 2015.

Significant accounting policies

The accounting policies described in the annual audited consolidated financial statements for the year ended July 31, 2015 have been applied consistently to all periods presented in these condensed consolidated interim financial statements, unless otherwise indicated. The accounting policies have been applied consistently by all the subsidiaries.

New standards and interpretations adopted during the year

The Company has adopted the following new standards, amendments to standards and interpretations, with a date of initial application of August 1, 2015 and have been applied in preparing these consolidated financial statements:

IAS 19 – Employee Benefits

IAS 19, "Employee Benefits" ("IAS 19") was amended by the IASB on November 13, 2013. The amendments provide additional guidance to IAS 19 Employee Benefits on the accounting for contributions from employees or third parties set out in the formal terms of a defined benefit plan. The amendments are effective for annual periods beginning on or after July 1, 2014. The adoption of these amendments is not expected to have a material impact on the Company's results of operations, financial position or disclosures.

IAS 19 was further amended on July 30, 2014. The amendments to IAS 19 clarify the application of the requirements of IAS 19 on determination of the discount rate to a regional market consisting of multiple countries sharing the same currency. The amendments are effective for annual periods beginning on or after January 1, 2016. The adoption of these amendments did not have an impact on the Company's results of operations, financial position or disclosures.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2016 and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early.

IFRS 7, Financial Instruments

IFRS 7, Financial Instruments: Disclosures, clarifies that the additional disclosure required by the amendments to IFRS 7, Disclosure – offsetting financial assets and financial liabilities' is not specifically required for all interim periods, unless required by IAS 34. The amendment is effective January 1, 2016 with early adoption permitted. The Company has not yet adopted this standard and management has not yet determined the impact of this standard.

IFRS 9 - Financial Instruments

In November 2009 the IASB issued IFRS 9, Financial Instruments ("IFRS 9 (2009)"), and in October 2010, the IASB published amendments to IFRS 9 ("IFRS 9 (2010)"). In November 2013, the IASB issued a new general hedge accounting standard, which forms part of IFRS 9, Financial Instruments (2013). The new standard removes the January 1, 2015 effective date of IFRS 9. The new mandatory effective date will be determined once the classification and measurement and impairment phases of IFRS 9 are finalized. The mandatory effective date is not yet determined, however, early adoption of the new standard is still permitted. The Company does not intend to adopt IFRS 9 (2009), IFRS 9 (2010) or IFRS 9 (2013) in its consolidated financial statements for the annual period beginning on August 1, 2014.

IFRS 15, *Revenue from Contracts with Customers*, which will replace IAS 18, *Revenue*, and will become effective for annual periods beginning on or after January 1, 2018 and is available for early adoption. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. The Company intends to adopt IFRS 15 in its consolidated financial statements for the annual period beginning August 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

IAS 1 – Presentation of Financial Statements ("IAS 1")

In December 2014, the IASB issued amendments to IAS 1, clarifying guidance on the concepts of materiality and aggregation of items in the financial statements, the use and presentation of subtotals in the statements of net income or loss and comprehensive income or loss, and providing additional flexibility in the structure and disclosures of the financial statements to enhance understandability. The amendments are effective for annual periods beginning on or after January 1, 2016. Early adoption is permitted. These amendments will not require any significant change to current practice, but should facilitate improved financial statement disclosures. The Company intends to adopt these amendments in its financial statements for the annual period beginning on July 1, 2016. The extent of the impact of adoption of the amendments has not yet been determined.

IAS 16 – Property, plant and equipment and IAS 38 – Intangible assets

Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets' clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generate by an activity that includes the use if an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It also clarifies that revenue is not an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The amendments are effective from January 1, 2016.

FINANCIAL RISK, MANAGEMENT OBJECTIVES AND POLICIES

Risks

In the normal course of its operations and through its financial assets and liabilities, the Company is exposed to the following risks:

- credit risk
- liquidity risk
- market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives and processes for managing risk, and the Company's management of capital. Further quantitative disclosures are

included throughout these consolidated financial statements.

Risk management framework

The Company's management identifies and analyzes the risks faced by the Company, sets appropriate risk limits and controls, and monitors risks and adherence to limits. Risk management is reviewed regularly to reflect changes in market conditions and the Company's activities.

The Board of Directors has overall responsibility of the Company's risk management framework. The Board of Directors monitors the Company's risks through its audit committee. The audit committee reports regularly to the Board of Directors on its activities. The Company's audit committee oversees how management monitors and manages the Company's risks.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation, and arises principally from the Company's trade receivables. The Company grants credit to its customers in the ordinary course of business. Management believes that the credit risk of trade receivables is limited due to the following reasons:

- No single customer accounts for more than 10% of the Company's revenue;
- Approximately 65% (January 31, 2015 – 88%) of the Company's trade receivables are not past due or 30 days or less past due.

Impairment losses

The aging of trade receivables at the reporting date was:

	Total 2015	**Impairment 2015**	Total 2014	Impairment 2014
Not past due	**384,006**	**-**	247,729	-
Past due 1 – 30 days	**92,656**	**-**	-	-
Past due 31 – 60 days	**78,820**	**-**	-	-
Past due more than 60 days	**182,639**	**-**	32,624	-
	738,121	**-**	280,353	-

The impaired trade receivables are mostly due from customers that are experiencing financial difficulties. Based on historic default rates, the Company believes that no impairment allowance is necessary in respect of past due trade receivables.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

Cash inflows and cash outflows requirements from Company's entities are monitored closely and separately to ensure the Company optimizes its cash return on investment. Typically, the Company ensures that it has sufficient cash to meet expected operational expenses; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted. The Company monitors its short and medium-term liquidity needs on an ongoing basis using forecasting tools.

The following are the contractual maturities of the financial liabilities, including estimated interest payment:

	Less than 1 year	**Between 1 and 5 years**	**More than 5 years**
Bank indebtedness	370,994	-	-
Trade and other payables	714,007	-	-
Long-term debt	926,345	2,442,880	546,605
Advances payable and Note payable	95,000	-	140,000
	2,106,346	**2,442,880**	**686,605**

OTHER RISKS AND UNCERTAINTIES

The following are other risk factors facing the Company.

Competition - The pharmacist's replacement industry has grown rapidly over last 10 years and so did number of competitors. Because companies can enter such industry with very little capital or technical expertise, there are a large number of regional and local replacement companies in the industry. The Company faces competition from these businesses in the markets and regions it currently serves.

Legislation - The industry is trying to adapt to recent changes and obligations under Bill n 41 and n 28. These bills do impact day-to-day operations of pharmacists but will also impact significantly their overall compensation.

Operating Environment - The Company is subject to changes in its general operating environment. The Company is exposed to the following elements affecting its operating environment: the availability of pharmacists, sufficient qualified personnel to provide specialized training, and the average compensation offered on the market.

General Economic Conditions - Demand for replacement pharmacists is closely linked to the state of the health industry and overall economy. Consequently, a decline in general economic growth could adversely affect the Company's performance.

Interest Rate Fluctuations - Changes in interest rates may result in fluctuations in the Company's future cash flows related to interest payment of its long-term debt.

Acquisitions and Integration Risks - Historically, acquisitions have been a part of the Company's growth strategy. This year has shown a major acquisition for the Company. Acquisitions involve numerous risks, including potential loss of customers, key employees, and service providers of the acquired company.

Key Personnel - The future success of the Company will be based in large part on the quality of its management and key personnel. The loss of key personnel could have a negative effect on the Company. There can be no assurance that the Company will be able to retain its current personnel or, in the event of their departure, to attract new personnel of equal quality.

Loan Default - The Company's current credit facilities and financing agreements impose certain covenant requirements. There is a risk that such loans may go into default if there is a breach in complying with such covenants and obligations which could result in the Company being unable to pay dividends to shareholders, and in lenders realizing on their security and causing the Company to lose some or all of its assets. As at October 31, 2015, the Company would not have been in compliance with all of its debt covenants and obligations.

Credit Facilities - The Company's credit facilities and financing agreement mature on various dates. There can be no assurance that such credit facilities or financing agreements will be renewed or refinanced, or if renewed or refinanced, that the renewal or refinancing will occur on equally favorable terms to the Company.

Credit Risks - The Company provides services to clients primarily in Quebec. The concentration of credit risk to which the Company is exposed is limited due to the significant number of customers that make up its client base and their distribution across different geographic areas. Furthermore, no client accounted for more than 10% of the Company's total accounts receivable for the period ended on January 31, 2016.

Availability of Capital - The Company's future growth may be dependent on the Company's ability to fund a portion of its capital expenditures and working capital with the current credit facilities and financing agreement. The Company may be required to reduce dividends or sell additional shares in order to accommodate these items. There can be no assurance that sufficient capital will be available on acceptable terms to the Company for necessary or desirable capital expenditures or that the amount required will be the same as currently estimated.

CAPITAL MANAGEMENT

For the purposes of capital management, capital consists of share capital and retained earnings of the Company. The Company's objectives when managing capital are:

- To ensure proper capital investment in order to provide stability and competitiveness to its operations;
- To ensure sufficient liquidity to pursue its growth strategy and undertake selective acquisitions;
- To maintain an appropriate debt level so that there are no financial constraints on the use of capital; and
- To maintain investors, creditors and market confidence.

The Company seeks to maintain a balance between the highest returns that might be possible with higher level of borrowings and the advantages and security by a sound capital position.

The Company's loan agreement requires monitoring two ratios on a quarterly basis. The first is a ratio of total debt to earnings before interest, income taxes, depreciation, amortization and other extraordinary items ("adjusted EBITDA"). The second is a ratio of adjusted EBITDA and capital and interest installments required over the course of a 12-month period. These ratios are measured on a consolidated last twelve-month basis and must be kept below a certain threshold so as not to breach a covenant in the Company's syndicated bank. At July 31, 2015, the Company was not in compliance with its financial covenants and received from its lender a confirmation about its acceptance not to exercise its right to request the reimbursement of the loan and its termination except if an important unfavorable event were to occur.

	Requirement (i)	At January 31, 2016
Debt service coverage ratio [ratio of EBITDA adjusted from acquisitions and extraordinary items to interest and capital payments payable over 12 months]	>1.25:1	0.66
Funded debt-to-equity ratio [ratio of total debt plus letters of credit and some other long-term liabilities to EBITDA, including last twelve months adjusted EBITDA from acquisitions]	< 3.25:1	7.25

(i) Effective as of July 31, 2016.

The Company has sufficient liquidity to continue both its operations but will require additional financing to support its acquisition strategy.

Upon maturity of the Company's long-term debt, the Company's management and its Board of Directors will assess if the long-term debt should be renewed at its original value, increased or decreased based on the then required capital need, credit availability and future interest rates.

There were no changes in the Company's approach to capital management during the year.

ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE

This MD&A was prepared as of the date shown in the header of this document. Additional information relating to the Company can be found on the website www.sedar.com and on our website www.alliancepharmainc.ca.

GENERAL INFORMATION

HEAD OFFICE

www.alliancepharmainc.ca
300, Chemin de Chambly
Suite 300
Longueuil (Québec) J4H 3Z6
CANADA
Tel: (418) 755-0821
Fax: (418) 755-0822

STOCK EXCHANGE

TSX Venture Exchange under the symbol: **APA**

OFFICERS

Marc Lemieux
Isabelle Begin
Bruno Dumais, CPA, CA

BOARD OF DIRECTORS

Marc Lemieux, Chairman of the Board
Isabelle Begin
Sami B. Chaouch
Patrick Fernet
Michael W. Kinley

LEGAL COUNSEL

Thibeault, Joyal
2110, rue Fleury Est,
Montréal (Québec) H2B 1J5,
CANADA

TRANSFER AGENT

Computershare Trust Company of Canada
1500, Robert-Bourassa Boulevard
7th floor
Montréal (Québec) H3A 3S8
CANADA

AUDITORS

Guimond, Lavallee Inc.
7055, Taschereau Blvd.
Suite 500
Brossard (Québec) J4Z 1A7
CANADA

INVESTORS RELATION

Tact Communications
465, McGill St.
Montréal (Québec) H2Y 2H2
CANADA