



ANNUAL REPORT 2012
PHARMAGEST
WELCOOP SOLUTION

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Dear Shareholders,



Responsibility comes with requirements. With regard to others, but also oneself. It is assumed that a responsible individual is one who voluntarily acts to improve their personal conduct and honours their commitments. A responsible company acts in the same way. It has the power to be responsible or not.

The process of social and environmental responsibility of the PHARMAGEST Group leads us to reflect on our actions and their impact on society.

For the PHARMAGEST Group, our responsibility is guided by our determination to fit into society and fully play the role that is ours - that of a company that provides long-term support to those health actors who are retail pharmacists, and that, since the group's inception more than 30 years.

Our group belongs to the WELCOOP GROUP, a Liberal Healthcare Cooperative that makes the involvement of its members - nearly 3,300 licensed retail pharmacists - a priority in its operation, and a priority in its strategic, social, and local policies.

We are a company that is aware of the importance of the expertise and the contribution of each employee to the success of its strategy, one that is attentive to the improvement of working conditions, the development of its employees, and their training.

And, we contribute - thanks to the new technologies we develop - to the "healthcare" objectives of the public authorities, as well as that of individuals.

The social and environmental responsibility of the PHARMAGEST Group is a requirement that is in line with our core values.

You will discover the multiple aspects that transform this ambition into action in this 2012 activity report.



Thierry CHAPUSOT
Chairman of the Board of Directors

Dear Shareholder,



The computerisation of care homes for the elderly, the DO-Pill SecuR™ intelligent electronic pill dispenser, artificial intelligence at the service of patients, the SELLEN® counter robot, are new offerings that serve pharmacist... Finding new growth drivers has been one of PHARMAGEST INTERACTIVE's primary development concerns since its very beginning. These growth drivers are multiple and we make a point of triggering several of them simultaneously. In contrast, finding THE RIGHT growth drivers is the strength that distinguishes us today.

For PHARMAGEST INTERACTIVE, developing an e-Health division today as a complement to our existing service channels is a guarantee of efficiently anticipating the inevitability of the development of information and communication technology in health care, which is a major social challenge.

Fully in line with its strategy, PHARMAGEST INTERACTIVE continues its integrated diversification with information technology put to the service of healthcare at all stages of its use, while remaining focused on its know-how and margins.

As such, the PHARMAGEST Group published its 2012 annual figures showing business growth with continued strong sales, which increased 12.0% to € 108.7 million.

The excellent gross margin from the PHARMAGEST Group's core business of software editing, led to an operating profit of € 20.14 million, up 13% compared to 2011. Net income increased by 15% compared to the same period in 2011, to € 13.90 million.

Recent developments in the field of Healthcare Economics and in legislation relative to Healthcare validates the strategic choices of PHARMAGEST INTERACTIVE. For its activities, this means acknowledgement of the anticipatory character of its offerings both in terms of IT solutions and new services. The current situation perfectly illustrates this point: sales of medication on the internet, pay reform for pharmacists, securing retail pharmacy activities in a difficult economic environment.

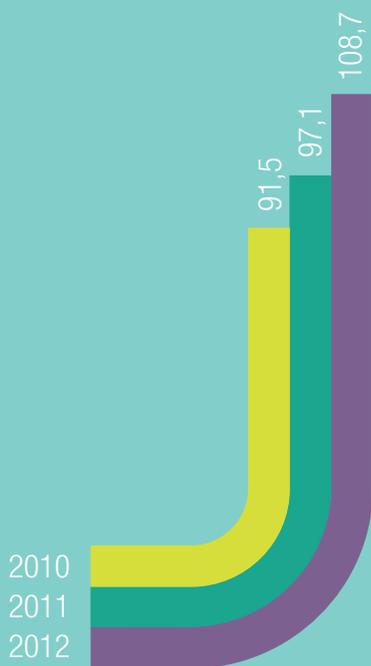
PHARMAGEST INTERACTIVE has long anticipated these developments and offers IT services that can effectively support pharmacists in light of these developments in the practice of their profession.

Similarly, PHARMAGEST INTERACTIVE anticipated the digital revolution that is gradually taking hold in the daily lives of healthcare professionals and patients. It goes without saying that improving patient health and healthcare practice and, as a result, decreasing the related costs have long been incorporated in PHARMAGEST INTERACTIVE's development strategy.



Dominique PAUTRAT
Directeur Général

Key Figures



Growth of annual turnover since 2010 (In M€)



Change in group share net profit since 2010 (In M€)



Growth of basic earnings per share since 2010 (In M€)



Distribution of turnover at 31 December 2012 (In %)

N.B : The new e-Health business, with turnover of €224K at 31/12/2012, has not yet contributed to the PHARMAGEST Group's turnover in any significant way.

Key facts 2012

2 HHD accreditations received

In 2012, PHARMAGEST INTERACTIVE received two accreditations as Hosting Provider in Health Personal Data by the French Minister for Social Affairs and Health.

- Since 4 January 2012, a first accreditation allows PHARMAGEST INTERACTIVE to offer a new outsourced data base back-up management service: OffiSafe intended for pharmacists and CareSafe for use by other health professionals and health institutions.

- Since 8 August 2012, a second accreditation concerns a new service for hosting applications directly managed and administered by the client and containing personal health data collected in the context of telemedicine activities, called "Service TELE100T". With this new accreditation, the PHARMAGEST Group now offers a service for hosting personal health data via its infrastructure platform DATA100T aiming at hosting medical data and applications of its customers: health care institutions, health professionals, health cooperation groups, software publishers, care associations and networks, as well as health industries (pharmaceutical laboratories and manufacturers of medical devices).



Obtaining these 2 accreditations is the result of over a year's work by the PHARMAGEST INTERACTIVE R&D team. Fully customer-oriented, the PHARMAGEST Group's policy regarding IT services with high added value owed itself to supplement its product range with an ambitious program, in practical terms characterized by the creation of an e-Health Pole, and meeting the security requirements of flows and data. This measure is also intended, in terms of organizational and technical development, to guarantee operational service maintenance 24/24, 7/7 in the interests of its customers, pharmacists and health care institutions.

As a reminder, the PHARMAGEST Group's hosting activity is managed by an HHD Service which carries out the support and operation of DATA100T as well as of the Caresafe and Offisafe offers. This pole is attached to the Deputy Technical Director in charge of Internal IT and Network Management and is provided with a large number of highly qualified human resources (ITIL certifications, Safety, Storage).

The counter-robot SELLEN®

has been marketed in France since February 2012. At 31 December 2012, 7 SELLEN® were installed. This promising launch in France has encouraged the PHARMAGEST Group to address the Belgium and Luxembourg markets, launching the robot at the Farma exhibition in Brussels in October 2012. SELLEN® is evolving with the first two "back-office" models sold and with a format for disabled customers.

The WELCOOP Group, the Cooperative of Pharmacists that is already the majority shareholder, has increased its capital in PHARMAGEST INTERACTIVE.

On 4 July 2012, WELCOOP PHARMA, leader in back-office solutions for the pharmacy, carried out a buy-back of all the shares that the company of the COVEA mutual group held in PHARMAGEST INTERACTIVE capital, that is 207,101 shares. Majority shareholder in PHARMAGEST INTERACTIVE, WELCOOP PHARMA, taking the view that the stock market value of its subsidiary did not reflect its financial and extra-financial performance, took advantage of this opportunity to increase its capital, illustrating its full confidence in the current PHARMAGEST Group management and all its teams. Today, WELCOOP PHARMA holds 66.84% of the capital of PHARMAGEST INTERACTIVE.

Creation of an e-Health pole

The recent external growths of PHARMAGEST INTERACTIVE - DIATELIC (a subsidiary specializing in artificial intelligence and expert systems to predict the evolution of the state of health of patients) and DOMEDIC EUROPE ("DO-Pill Secur™" intelligent pill dispenser) were put together in a new e-Health Department. This new activity is managed by an e-Health specialist: Thierry ALLIOTTE.

Thierry ALLIOTTE, 51 years old, a graduate of Polytechnique, Ph.D. in Biology, began his career 1982 in the biomedical activities of the Air Liquide Group, in the Paris Region and then in Belgium. In 1995, in Nancy he founded the AUXILIA MEDICAL Company, specializing in respiratory assistance in the home, then the IPS Group in 2008 offering a complete line of health care services in the home throughout France. It was within this framework that Thierry ALLIOTTE took an interest in the monitoring of chronic pathologies, and the development of telemedicine tools. Attracted by the potential of the pharmacy market for the deployment of innovative solutions, he joined the PHARMAGEST Group in January 2012 as Director of the e-Health Pole and becomes a member of PHARMAGEST INTERACTIVE's executive committee.

A new technology module for the Care Homes business

The TITAN GROUP offer was finalized on 30 June, enabling MALTA INFORMATIQUE to propose a multi-establishment management system in a single data base. This new module strengthens MALTA INFORMATIQUE's position in the sector of groups of Establishments of Accommodation for Dependent Old Persons (E.H.P.A.D) which now benefits from a new solution for managing centralized data and consolidated analysis.

Signature of a national convention in April 2012

between pharmacist unions and the National Health Insurance System on promoting the quality of the pharmaceutical practice and the new patient care management procedures, as well as on enhancing their practice through the introduction of a fee (12% of their remuneration in 2013, up to 25% in 2017). For the PHARMAGEST Group, which anticipated this development by providing pharmacists for many years with products and services enabling them to add value to their profession, this new agreement is an implicit acknowledgement by the public authorities of the PHARMAGEST Group's ability to anticipate and produce today the tools that will meet the requirements of tomorrow.

Transfer of shares to compartment B and admissions to the "long only" deferred settlement service (SRD).

At the end of December 2012, PHARMAGEST INTERACTIVE shares were transferred to Compartment B of the NYSE Euronext Paris™ and may be purchased on the "long only" deferred settlement service (SRD).

It is noted that compartment B of the NYSE Euronext Paris™ groups together listed companies with a total stock market capitalization of between 150 million Euros and 1 billion Euros. At 31 December 2012, market capitalization of PHARMAGEST INTERACTIVE was at 182.08 million Euros. The SRD mechanism allows investors to purchase shares with leverage on shares by means of a regulated market.

At the time, Thierry CHAPUSOT, Chairman of the Board of Directors of PHARMAGEST INTERACTIVE, commented: "The transfer of PHARMAGEST INTERACTIVE shares to Compartment B and their association with the deferred settlement service (SRD) label is excellent news for all our shareholders and we are very proud to be able to bring them the benefits of these changes. In fact, these changes will provide the share with even greater visibility and improved liquidity".

Corporate Governance



The General Management at PHARMAGEST INTERACTIVE focuses on company strategy and monitoring. It is structured around the Executive Committee (Finance and Social Affairs) in charge of overall strategic thinking and in its management relies on the Management Committees for the various activities and on the Steering Committees operating in project mode.

Front row, left to right:

Rodolphe ZIMMER
Human Resources Director

Dominique PAUTRAT
Managing Director

Grégory ROUSSEAU
R&D Technical Director

Second row:

Thierry PONNELLE
Deputy Managing Director / Commercial Strategy Director

Thierry ALLIOTTE
e-Health Business Director

Denis SUPPLISSON
Deputy Managing Director / Director of the Pharmacy France Business

Third row:

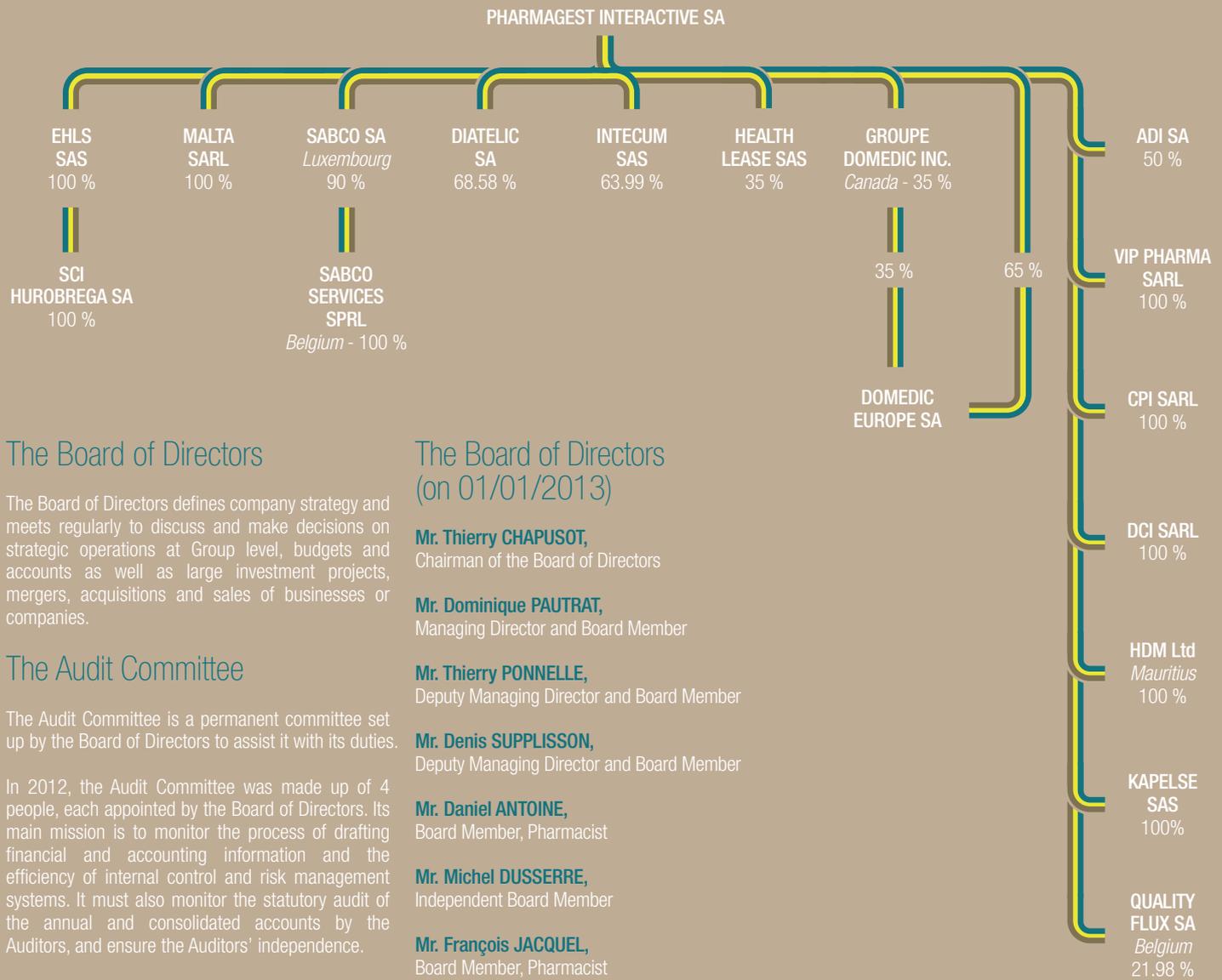
Liza NATAN
Laboratories Business Director

Jean-Yves SAMSON
Administration and Finance Director

Thierry POIVEY
Director of the Belgium and Luxembourg Pharmacy Business



PHARMAGEST Group Organization Chart



The Board of Directors

The Board of Directors defines company strategy and meets regularly to discuss and make decisions on strategic operations at Group level, budgets and accounts as well as large investment projects, mergers, acquisitions and sales of businesses or companies.

The Audit Committee

The Audit Committee is a permanent committee set up by the Board of Directors to assist it with its duties.

In 2012, the Audit Committee was made up of 4 people, each appointed by the Board of Directors. Its main mission is to monitor the process of drafting financial and accounting information and the efficiency of internal control and risk management systems. It must also monitor the statutory audit of the annual and consolidated accounts by the Auditors, and ensure the Auditors' independence.

The Executive Committee in charge of finance and social affairs (see photo page 6)

The Executive Committee in charge of finance and social affairs is made up of 9 people. Its mission is to study the company's general policy and strategy, as well as the financial impact on company results of any decisions taken.

Other Committees

Each business activity (operating business activities: Pharmacy France, Pharmacy Belgium and Luxembourg, Laboratories, e-Health, Care Homes and the R&D Business) of the PHARMAGEST Group has its own Management Committee. It is responsible for implementing the strategy of the PHARMAGEST Group and, in particular, the decisions made regarding each business.

In addition, the company has adopted a transverse working method which gathers together project by project a representative from each of the services who are project players from their conception to their continuation, within the framework of the various Steering Committees.

The Board of Directors (on 01/01/2013)

Mr. Thierry CHAPUSOT,
Chairman of the Board of Directors

Mr. Dominique PAUTRAT,
Managing Director and Board Member

Mr. Thierry PONNELLE,
Deputy Managing Director and Board Member

Mr. Denis SUPPLISSON,
Deputy Managing Director and Board Member

Mr. Daniel ANTOINE,
Board Member, Pharmacist

Mr. Michel DUSSERE,
Independent Board Member

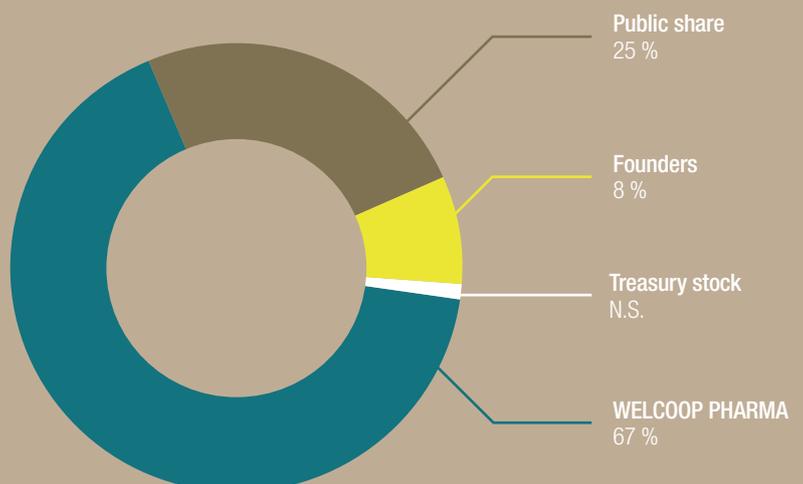
Mr. François JACQUEL,
Board Member, Pharmacist

Ms. Anne LHOTE
Board Member

Ms. Sophie MAYEUX
Independent Board Member

WELCOOP Group, represented by Mr. Hugues MOREAUX,
Board Member, Pharmacist

Distribution of capital at 31/03/2013



At the forefront of high-tech IT solutions for the pharmacy

French leader in computer systems for pharmacies, with a 43.5% market share, 9,800 clients and more than 750 employees. Since September 2007, the PHARMAGEST Group has also been present in Northern Europe with a 12% market share in Belgium and 47% in Luxembourg through its subsidiary SABCO.

In 2012, Pharmacy France, PHARMAGEST INTERACTIVE'S historical business, represented 82% of the PHARMAGEST Group turnover (IFRS). Its leading software, LGPI Global Services[®], is now installed in over 8,200 pharmacies, in other words nearly 40% of dispensing pharmacies in France. This is the No. 1 software package for French pharmacies.

From the start, PHARMAGEST INTERACTIVE has anticipated the issues faced by the pharmaceutical industry. The company clearly identified the need for pharmacies to sell more and to better advise. Seeing the growing trend in France for self-medication and the increasing role of NICTs (New Information and Communication Technologies), the PHARMAGEST Group has put in place innovative responses adapted to the changes in its market.

Belonging to a Cooperative of Pharmacists

The majority shareholding in PHARMAGEST INTERACTIVE is held by a cooperative of Pharmacists (WELCOOP GROUP). This original feature means that the Group's customers can also have holdings in this same Group. This gives the advantage of being very close to the pharmacist's profession and allows a clearer vision, anticipation of developments in the pharmacist's profession and development of the tools required to support it.

An innovative hardware and software offer in line with the evolutions of the pharmacist profession.

Because the pharmacists have many assets to contribute to patient information and education and as their mission perimeter has been expanded within the framework of the HPST Law (Hospital, Patients, Health, and Territories), the PHARMAGEST Group has developed solutions to support them in their role of providing advice and prevention for patients.

- **LGPI Global Services[®]** : in the only 2nd half of the year 2012, 96% of the equipped pharmacists migrated to the SESAM-Vitale 1.40 standards, thus proving PHARMAGEST INTERACTIVE'S ability to support pharmacists in their technical and legislative developments.

- **OFFILEARNING[®]** : Launch of the e-learning offer in November 2012.

- **OFFIZZY[®]**, payment solution which allows the SESAM-Vitale cards to be updated directly at the counter, has been adopted by about 150 pharmacies and has served 870 work stations since its launch in February 2012.



- **New price information terminal**: In conjunction with the Offimédia[®] product, this new, high added value tool optimizes the quality of service the pharmacist provides to their patients. Directly linked to LGPI Global Services[®], the price terminal specifically meets the requirements to display prices and enables pharmacy customers to benefit from price information precisely and immediately.

A new market: the robotization of pharmacies

At the end of 2010, PHARMAGEST INTERACTIVE made an investment in the start-up company INTECUM and now offers a pharmacy and medication dispensing robotization activity at the point of sale. The robot "SELLEN[®]" is revolutionizing the world of pharmacy robots through its benefits: it is a 'counter robot' placed at the heart of the pharmacy and allows a substantial gain of space, benefits from a lower pricing positioning than solutions currently on the market and allows the pharmacy team to give patients advice instead of searching for medication in drawers. Marketing of the product started in the first half of 2012 and 7 robots were installed as of 31 December 2012.



A website for every dispensing pharmacy: a forerunner tool

At a time when the Internet is without question the preferred tool for information and communication for the French, the PHARMAGEST Group offers Pharmattitude[®], the pharmacist's website. Using a personalized space, pharmacies can keep in contact with their patients and send them their opening times, suggest on-line product reservations and give out advice.

Since June 2009, an on-line shop module has enabled equipped pharmacists to extend their actual dispensing pharmacy into a virtual dispensing pharmacy and open up their catalogue of pharmacy-related products and advice to web users. This tool, which is ahead of its time, comes into its own with the publication on 19 December 2012 of a Ministerial Order which, in the framework of the new legislation enacted at European level for safe medicine and rigorously controlled sales of medicine, provides a strict framework for selling medicine on the Internet in France.

Pharmacy Belgium and Luxembourg Business

The Pharmacy Belgium and Luxembourg Business represents 3% of the PHARMAGEST Group's turnover (IFRS).

Breaking new ground in the Belgian market, the offer of the PHARMAGEST Group, through its subsidiary SABCO, comprises a range of 3 software packages suitable for all dispensing pharmacies and available in the country's two main languages, French and Dutch: the SABCO[®] New software, the SABCO[®] Optimum software and the SABCO[®] Ultimate software.

Beyond the replacement market with SABCO customers, the product, structured in this way, has allowed to attract new customers in 2012. SABCO has 6% market share in Flanders (Dutch-speaking area), 19% market share in Wallonia (French-speaking area) and 18% in the Brussels Capital area (bilingual area). Overall, SABCO has 12% market share for the whole of Belgium.

Bringing the pharmacist closer to the pharmaceutical industry for the benefit of the patient

In 2012,
Laboratory business
contributed
11.5% to the
PHARMAGEST
Group turnover
(IFRS).

Thanks to its experience and large market share, the PHARMAGEST Group is the partner of choice for laboratories who are looking to develop customer-oriented marketing. With close to 10,000 dispensing pharmacies (in France, Belgium and Luxembourg) equipped with the PHARMAGEST Group's IT solutions, it addresses over 50,000 health professionals, and through them, 2 million patients every day. It has established itself as a leader in the pharmacy IT market by developing valuable solutions for the different players on the pharmacy circuit.

By creating new bridges between laboratories and dispensing pharmacies and by developing multidimensional links in the patients' interests, the PHARMAGEST Group has asserted itself as a pivotal partner for participants in the pharmaceutical circuit.

A communication, training and information tool

LGPI Global Services® is a vehicle for information, just as any conventional media, through which the advertising laboratories can address a captive and profiled target: the pharmacy team. PHARMAGEST INTERACTIVE has developed this process enabling laboratories to train and educate pharmacy personnel using their everyday working tool, in particular through communication-dedicated spaces.

Laboratories are thus able to put forward information on new "products", medicine specificities, promotions, etc. LGPI Global Services acts as notoriety and point of sale loyalty building tool.

As a contextual medium, the LGPI also enables laboratories to present and offer their products at the appropriate time, especially when products are suggested associated to the initial prescription or as contextual information, in accordance with the pharmacist's duty to provide advice. Such processes stimulate sales and increase the level of advice provided to patients.



A Public Health player

By setting up health monitoring or surveys of health prevention and screening, PHARMAGEST INTERACTIVE demonstrates its expertise in the field and its ability to mobilize pharmacy personnel.

Every year, pharmacists and pharmaceutical industry players unite their skills and expertise, thanks to PHARMAGEST INTERACTIVE, to organize Health Days for the general public.

In partnership with patient associations, PHARMAGEST INTERACTIVE puts in place thematic campaigns. In the same way, in 2012, pharmacists equipped with LGPI Global Services® were offered five screening and prevention operations: non-melanoma skin cancer, asthma, chronic kidney failure, diabetes and influenza in partnership with the Technical Inter Pharmaceutical Union of Continual Training (UTIP Association).

IT for EHPAD and day centers

(Accommodation Establishments for Dependent Elderly Persons)

The PHARMAGEST Group is now a key player in the fast-growing sector of IT for care homes and day centers for the elderly.



Map of the 1,000 institutions equipped by MALTA INFORMATIQUE



By developing this expertise, the PHARMAGEST Group is able to respond effectively to the increased demand from these institutions which are currently still very poorly equipped with effective hardware and software. Demand for these is growing fast. In fact, this expertise signals the PHARMAGEST Group's timely positioning on a fast-growing market. The sector has solid foundations for growth and a favorable regulatory framework (reform of the price system, signing of tripartite agreements, national 'Solidarité Grand Age' (Old Age Solidarity) plan launched in June 2006).

Investment in R&D is a constant strength in MALTA INFORMATIQUE's operations. All modules regularly benefit from professional developments that have led to the perfection of the standard offer.

In 2012, a new version of TITAN was added to the product range, enabling groups of establishments to be managed on a single database. A new offer aimed at private and public groups and groups of associations was therefore launched with the TITAN GROUP module, enabling a structured methodology to be used and business monitoring through consolidated indicators.

The MALTA INFORMATIQUE team is made up of 25 experts in knowledge of Accommodation Establishments for Dependent Elderly Persons, spread over five regions: South-West, South-East, West, East and the Paris region.

In 2012 MALTA INFORMATIQUE has seen its software solutions being used in over 1,000 institutions.

Today, thanks to a strategy with a very strong specialization, MALTA INFORMATIQUE has become a key player in the sector of Accommodation Establishments for Dependent Elderly Persons.



Grégoire DE ROTALIER, manager of MALTA INFORMATIQUE
Care Homes Business of the PHARMAGEST Group

The Care Home business contributed up to 3.4% of the PHARMAGEST Group's turnover in 2012.

Creation of e-Health pole: a new, innovative offer

To preserve its capacity for innovation at the service of pharmacists within the framework of the new tasks that are entrusted to them by the HPST Law, the PHARMAGEST Group is investing in ICTs and e-Health so as to be able to develop tools to allow pharmacists to take on these new tasks in a health coordination context.

The recent external growths of PHARMAGEST INTERACTIVE – DIATELIC (a subsidiary specializing in artificial intelligence and expert systems to predict the evolution of the state of health of patients) and DOMEDIC EUROPE (“DO-Pill SecuR™” intelligent pill dispenser) were brought together in a new e-Health Pole. This new activity is structurally reinforced by PHARMAGEST INTERACTIVE obtaining accreditation by the Ministry of Social Affairs and Health in 2012 for hosting personal health data.



DO-Pill SecuR™: an intelligent electronic pill dispenser

A strategy of growth through innovation

Improving the health of patients, providing care while also reducing the related costs, are all obvious factors that PHARMAGEST INTERACTIVE has long been anticipating in its development strategy.

In the interest of national and European competitiveness, the PHARMAGEST Group is getting ahead of the evolutions in these markets and establishing a policy of growth through innovation.

The objective of the new e-Health Pole is to design and deploy these new services and systems and to measure the savings generated for the National Health Insurance System.

New professions to meet tomorrow's health care needs

For a long time the PHARMAGEST Group has anticipated the digital revolution that has gradually established itself in the daily life of health professionals and patients alike.

This new line of business, which gathers together the DIATELIC and DOMEDIC EUROPE subsidiaries, places the PHARMAGEST Group at the heart of a business sector that is really taking off.

The complementary expertise of PHARMAGEST INTERACTIVE, DIATELIC and DOMEDIC EUROPE is a strong added value. It brings together suppliers of technologies with substantial experience in the field of health who are able to respond to health care professionals seeking services to improve patient care.



Hosting Health Personal Data

In 2012, PHARMAGEST INTERACTIVE received two accreditations as Hosting Provider in Health Personal Data by the French Minister for Social Affairs and Health.

• Outsourcing of back-ups

With this accreditation, today the PHARMAGEST Group provides health professionals, pharmacists or health institutions with a service guaranteeing them a strict level of quality, high security and increased performance for all their IT back-up problems, in complete compliance with legislation. Health professionals, thanks to this product for outsourced back-up of their whole health data base from their professional software but also back-up of any type of file containing health personal data, will be able to guarantee their patients fully secure data handling. Furthermore, coupled with the ISP (Internet Service Provider) product “Offisecure”, the data will not pass through the public Internet network, thus allowing an optimum level of security.

• Hosting applications managed and administered by the customer

This accreditation enables the PHARMAGEST Group to offer a service for hosting health personal data via its infrastructure platform DATA100T, called “TELE100T®”.

This infrastructure aims to receive health data and applications managed and administered directly by its customers: health institutions, health professionals, health cooperation groups, software publishers, care associations and networks, as well as health industries (pharmaceutical laboratories and manufacturers of medical devices).

Corporate and Environmental Responsibility



The PHARMAGEST Group integrates corporate and environmental values as a result of its activity and its strategy, namely:

1. Creation of innovative solutions enabling:

- Its customers to deal with a continually moving environment and to safeguard their profitability in a difficult economic climate;
- The PHARMAGEST Group to benefit from a competitive advantage.

2. Contribution, through new technologies, to the "health" objectives of the public authorities, but also of individuals.

Aware of how important the expertise and contribution of each staff member is to the success of its strategy, the PHARMAGEST Group pays close attention to improving work conditions, to developing staff, but also to training them.



In addition to this, there is a desire to reduce the environmental impact of the PHARMAGEST Group's activities.

The integration of sustainable development in the PHARMAGEST Group's activities should ensure its continued existence, the promotion of innovation, and thus contribute to carry out its strategy.

Non-discrimination and respect for minority groups

In terms of non-discrimination and respect for minority groups, the PHARMAGEST Group reasserts its commitment to fight against any form of discrimination as well as its desire to respect diversity, equal opportunities and equality between men and women, irrespective of their origin (ethnic, national, cultural, religious etc.), or inclusion of workers who are handicapped.

The PHARMAGEST Group is built on a recruitment policy founded on the principle of non-discrimination and does not practice any form of positive or negative discrimination with regard to candidates wishing to join the Group.

In fact, since it started, the PHARMAGEST Group has always taken a supportive position in the fight against all forms of discrimination when hiring which forms the basis of its recruitment practices simply by complying with the law.

Thus, the "PHARMAGEST" ESU (Economic and Social Union), comprising PHARMAGEST INTERACTIVE and its subsidiaries CPI and EHLS, for the year 2012, listed nationals from Morocco (1), Algeria (2), Germany (1), Spain (1), Laos (1), Senegal (1) and finally from Guinea (1), making 7 nationalities other than French; SABCO and SABCO Services include 28 Belgian, 1 Irish, 3 French and 2 Portuguese nationals; the 22 employees of HDM are of Mauritian nationality and finally DIATELIC has listed a Lebanese national.



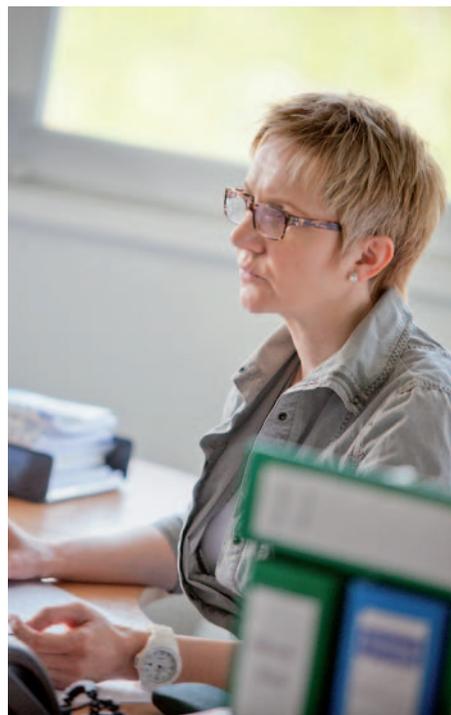
The staff

The number of staff in the PHARMAGEST Group at 31 December 2012 was 767 (751 Full Time Equivalent Employment - FTE).

By their nature, the activities of the PHARMAGEST Group require highly trained staff with in-depth knowledge of the profession, as well as of the professional and legal environment of their customers. These criteria explain the small number of short-term contracts (736 open-ended contracts and only 31 fixed term contracts).

The total percentage of open-ended contracts within the PHARMAGEST Group stands at 95.96%. This rate was almost identical for men (96.67%) and women (94.27%).

At 31 December 2012, the PHARMAGEST Group staff was made up of 227 women, that is 30% of the total number of staff.

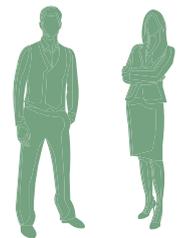


Remuneration and trends

Within the PHARMAGEST Group, only "PHARMAGEST" ESU is subject to a Compulsory Annual Negotiation. The pay policy of the other subsidiaries of the PHARMAGEST Group is similar to that of the ESU, namely, a general increase, individual increase, performance-related pay through variable pay and profit-sharing, special bonuses and ancillary benefits (insurance, restaurant vouchers).

The total payroll cost for 2012 for the PHARMAGEST Group was €25,700,354 in gross salaries and €11,166,341 in employer's social security contributions (Source Annual Declaration of Social Data).

Salary changes* over the last two years according to the categories of executive/non-executive and gender are as follows:



| | | |
|---------------------------|--------|--------|
| Executives 2010-2011 | 2.81 % | 1.05 % |
| Executives 2011-2012 | 5.60 % | 1.54 % |
| Non executives 2010-2011 | 3.27 % | 2.52 % |
| Non executives 2011-2012 | 2.52 % | 6.73 % |
| Overall average 2010-2011 | 2.32 % | |
| Overall average 2011-2012 | 3.89 % | |

* Gross salaries (excluding profit sharing schemes) + target-based bonuses and benefits in kind. The sales force and part time staff are not taken into account.

The evolution of remuneration can be explained due to the fact that male executive staff have variable pay linked to individual and collective quantitative performance in a greater proportion. Therefore the growth results of the company have a greater impact on them. Female executive staff, for their part, work in R&D for the most part, with a less significant proportion of their pay being variable.

Non-executive female staff between 2011 and 2012 benefited from a dual effect: the policy of overall pay based on equality for men and women, and a more significant average experience in roles such as research and development and software assistance, having a favorable impact in terms of change and the "professional" pay scale.

Equal treatment

The PHARMAGEST Group offers equal pay on commencement of employment.

Nevertheless the study of the relationship between average pay for women and average pay for men of the same status per year within the "PHARMAGEST" ESU shows a growing gap between executives of the two genders whereas the trend noted in the non-executive workforce is in the opposite direction.

Aware that equality between men and women has yet to be reached, an action plan has been implemented by the "PHARMAGEST" ESU, including targets for means and results regarding employment (increase in number of women in certain roles with targets of +1% per year), pay, training, professional mobility and the work/life balance.



Territorial, economic and social impact

Due to its wish to be close to its customers, the PHARMAGEST Group has a presence throughout the country. This strategy is mainly built on developing regional networks, connected around about thirty agencies or commercial branches.

The territorial, economic and social impact of the PHARMAGEST Group is therefore twofold:

1. Regarding employment and regional development, the PHARMAGEST Group favors employing local staff for its local branches;
2. Regarding the fight against rural and medical desertification, the activities of the PHARMAGEST Group facilitate work for Health professionals:

The PHARMAGEST Group is a real economic and social player, a driving force for jobs, both directly and indirectly. It places itself as a partner to health professionals, fighting alongside them against the rural and medical desertification of a large number of regions of France.

Training policy

Since the very beginning, the PHARMAGEST Group has been committed to the professional development of its staff. One priority of the Corporate and Environmental Responsibility strategy of the Group is to support advancement within the company for all staff regardless of their level of training.

The "PHARMAGEST" ESU puts forward a training plan every year. For the year 2012, the areas established as priorities covered management, project management, the sales approach, improved use of IT development tools, health/safety at work.

As for the 2012 financial year and the "PHARMAGEST" ESU, payments to bodies for continuous professional training (0.9% of the payroll) amounted to €192,476. In the context of improved professionalism (0.50% for PHARMAGEST INTERACTIVE and EHLS and 0.35% for CPI) a total of €106,165 have been paid and in the context of FONGECIF (Management Fund for Individual Training) (0.20% for PHARMAGEST INTERACTIVE and EHLS, CPI not affected) a total of €41,750 (excluding 1% fixed term contracts).

The overall budget for continuous professional training was €331,935, representing 1.55% of the 2012 payroll (compared to a compulsory amount of 0.90%), divided into:

- External training: €195,793;
- Internal training: €136,142.

Thanks to this budget, 429 ESU employees were able to have 8,275 hours of training, averaging out at nearly 19.5 hours per employee.

Through its commitment to training, the PHARMAGEST Group, illustrates the importance it places on developing the skills of their staff and, as a result, their career development.



Purchasing policy that takes into account environmental and social issues

In its calls for tenders, the PHARMAGEST Group ensures, when choosing its partners, suppliers and sub-contractors, that they are committed to a Corporate Social and Environmental Responsibility policy and that they respect national and international standards in terms of sustainable development.

The entry for sub-contracting for the financial year 2012 represents €1,791,371, excl. tax, of which €1,580,861 was sub-contracted within the group. PHARMAGEST INTERACTIVE is in favor of employing local staff for its local branches.

Furthermore, the PHARMAGEST Group has set up a system to monitor its partners' commitments in terms of corporate social and environmental responsibility and certifications (mainly ISO 14001) for all its areas of activity.

Organization of industrial dialogue

Since the very beginning, the PHARMAGEST Group has been in favor of developing quality industrial relations based on respect for staff representation bodies and constructive industrial dialogue.

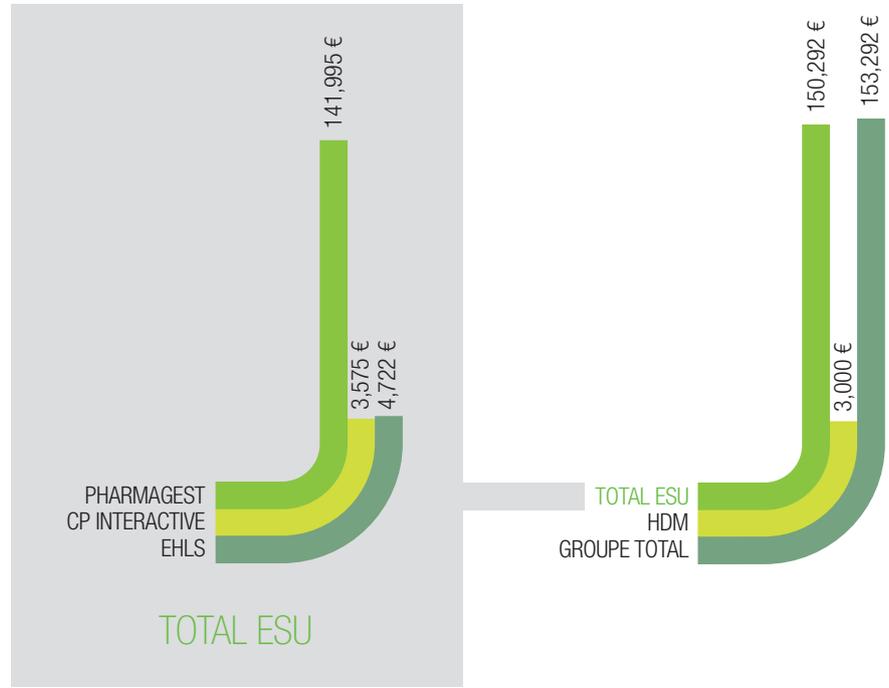
In accordance with regulations, the "PHARMAGEST" ESU has set up staff representative bodies:

- A Staff Committee which meets monthly except for the month of August (therefore 11 meetings a year) at the company's Registered office;
- Monthly meetings with Staff representatives, organized regionally (8 regions in France).

The number of collective agreements (5 in 2012) is testament to the richness of this dialogue.

In countries where legislation does not make it compulsory to have employee representation, the PHARMAGEST Group strives to set up such representation. In this way, the Mauritian subsidiary HDM established staff representatives despite the fact that it was not required by local law. The other companies within the Group do not have the staff numbers provided by Law to make it necessary to set up staff representation.

The Staff Committee budget at "PHARMAGEST" ESU level was as follows:



Actions taken in favor of human rights



The PHARMAGEST Group acknowledges and asserts its commitment to the higher values declared in the Universal Declaration of Human Rights, to the principles set out in fundamental agreements of the International Labour Organization (ILO), as well as its commitment to respecting the laws, principles, standards and regulations at national and international level.

However, as the PHARMAGEST Group is almost exclusively present in France and in Europe, and respects the law in force in these different countries, no specific action in favor of human rights is undertaken for the time being.

With regard to the subsidiary HDM in Mauritius, the International Charter of Human Rights is respected in full. This subsidiary is in the business of publishing software, requiring a high level of training, and excludes all forms of child labor. Furthermore, the operation of this subsidiary has been placed on the same footing as the companies in France with the set up of staff representation and a pension scheme for all staff. These steps have been carried out at the initiative of the PHARMAGEST Group and lie outside any local legal obligation.

Health and Safety

The health and safety policy for staff has been a priority for the PHARMAGEST Group for years and is included in all its activities. It ensures every participant is aware of prevention of occupational risks and the organization of safety measures.

At ESU level, a Hygiene, Safety and Working Conditions Committee meets every three months. It is made up of 6 elected members.

This Committee carried out a series of visits and safety audits for each "PHARMAGEST" ESU site, in conjunction with the Human Resources Management. These visits led to proposals for action plans to improve working conditions.

Commitment of the PHARMAGEST Group to the environment

The main activity of the companies of the PHARMAGEST Group is software editing. Bearing in mind this activity, the PHARMAGEST Group does not operate any equipment that could be classified as a risk and has no significant environmental impact.

However, the PHARMAGEST Group still pays attention to environmental risks, especially fuel consumption and destruction of IT hardware.

Indeed, the main category of waste generated by the PHARMAGEST Group's activity, in addition to ordinary industrial waste, consists of IT hardware. For several years, the PHARMAGEST Group has successfully set up a process to recover the hardware that its 10,000 customers in France, Belgium and Luxembourg return at the end of their contracts. The part which is not recycled in economic terms is given to service providers specializing in category WEEE (Waste Electrical and Electronic Equipment) waste handling in order to be destroyed. Regarding ordinary industrial waste, due to the many service providers (municipalities or private operators depending on the agencies) and the different measuring units used by them, it is impossible for us to provide an exact and consistent figure for waste produced.



Greenhouse gas emissions

The main source of greenhouse gas emissions for the PHARMAGEST Group is its fleet of vehicles.

In 2012, we can see an overall increase in the car fleet and an increase in the number of kilometers covered within the PHARMAGEST Group, in particular due to the increase in business for the year 2012 (+12% turnover compared to the previous financial year) and the commitment to improving customer service by closer contact.

Where the Registered Office of PHARMAGEST INTERACTIVE at VILLERS-LES-NANCY is concerned, the company is a member of the Inter-company Transport Scheme of the Technopole of Nancy-Brabois (PDIE) in order to support car-sharing and improve access to public transport.

Furthermore, the PHARMAGEST Group strives to reduce the carbon content of its car fleet, in particular by selecting models of vehicles with lower emissions and support measures. The question of electric vehicles has been researched but the low level of independence of these vehicles proved incompatible with the Group's business needs.

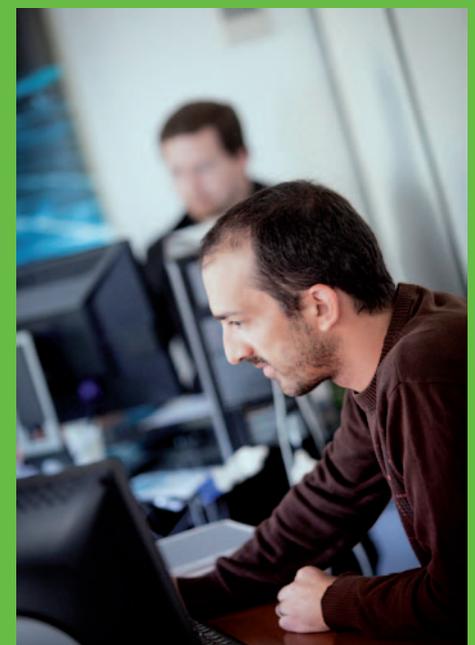
Finally, the PHARMAGEST Group advocates limiting business travel, preferring the train to the plane when distance allows, bearing in mind the environmental impact of air travel.

Energy management

When selecting its premises, the PHARMAGEST Group makes sure they are fully compliant with all standards in force.

The Group's electricity consumption fell by 2% between 2011 and 2012, going from 1,906,757 kWh to 1,862,615 kWh. Sites where consumption is highest are the Registered Office of PHARMAGEST INTERACTIVE in VILLERS-LES-NANCY and the site in QUEVEN, providing a centralized location for not only the highest number of employees, but also IT tools shared by the Group (for example: server rooms).

It is intended that a good practice and awareness charter will be put in place in 2013.



Financial information

Profit and loss account (IFRS Standards) on 31 December 2012 and 2011

| Status of Financial situation - Assets (in €'000) | 31/12/2012 | 31/12/2011 |
|---|----------------|---------------|
| Non-current assets | | |
| Intangible assets | 9,020 | 9,526 |
| Acquisition goodwill | 27,109 | 26,881 |
| Tangible Assets | 4,320 | 3,697 |
| Non-current financial assets | 494 | 444 |
| Securities valued by the equity method | 1,871 | 2,127 |
| Deferred tax assets | 371 | 172 |
| Total non-current assets | 43,185 | 42,847 |
| Current assets | | |
| Stocks and work-in-progress | 1,992 | 2,106 |
| Receivables and Related Accounts | 13,087 | 12,424 |
| Other accounts receivable | 1,938 | 1,854 |
| Securities available for sale | 28,540 | 22,697 |
| Other financial assets | 2,133 | 0 |
| Cash flow and Cash flow Equivalents | 11,030 | 8,936 |
| Total current assets | 58,720 | 48,017 |
| TOTAL | 101,905 | 90,865 |

| Statement of Financial Situation Equity Capital and Liabilities - In €k | 31/12/2012 | 31/12/2011 |
|---|----------------|---------------|
| Equity Capital | | |
| Capital | 3,035 | 3,035 |
| Consolidated Reserves | 49,924 | 42,954 |
| Financial year result | 13,516 | 11,754 |
| Equity capital group share | 66,475 | 57,743 |
| Minority Interest in reserves | 63 | 408 |
| Minority Interest in profit share | 384 | 358 |
| Minority Interests | 447 | 766 |
| Total equity capital (consolidated) | 66,923 | 58,509 |
| Non-current liabilities | | |
| Long-term provisions | 1,934 | 1,456 |
| Long-term liabilities | 1,337 | 3,014 |
| Deferred tax liability | 441 | 692 |
| Total non-current liabilities | 3,712 | 5,162 |
| Current liabilities | | |
| Short-term provisions | 186 | 636 |
| Current portion of borrowings and loans | 2,016 | 1,825 |
| Accounts payable | 7,949 | 6,608 |
| Tax liability | 1,319 | 1,024 |
| Other liabilities | 19,802 | 17,099 |
| Total current liabilities | 31,271 | 27,193 |
| TOTAL | 101,905 | 90,865 |

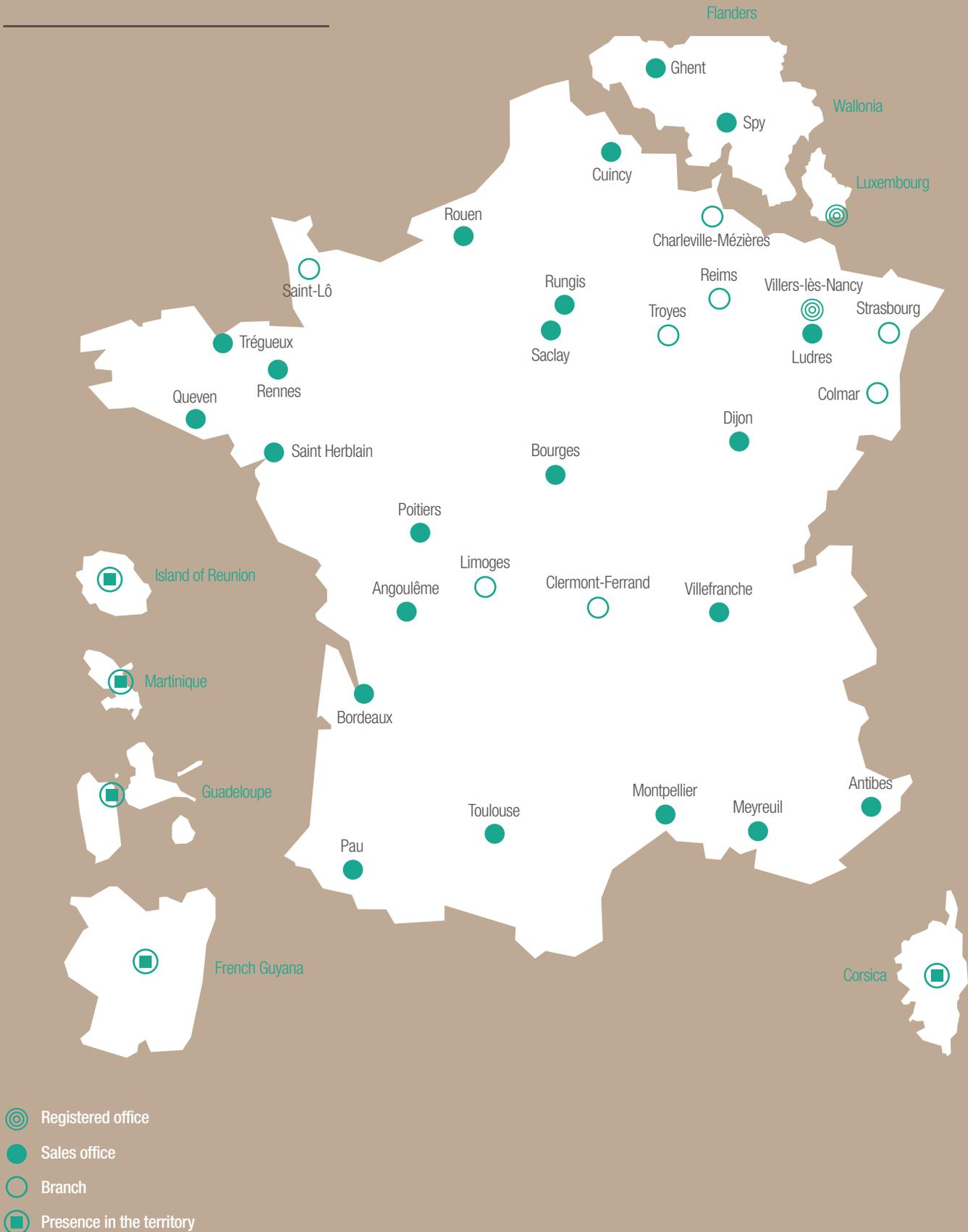
Financial information

Consolidated balance sheet (IFRS Standards) on 31 December 2012 and 2011

| Profit and loss account in €k | 31/12/2012 | 31/12/2011 |
|--|-----------------|----------------|
| Turnover | 108,722 | 97,064 |
| Subtotal operating revenue | 108,722 | 97,064 |
| Purchases consumed | - 30,981 | -27,840 |
| Personnel expenses | - 40,346 | -36,144 |
| Purchases and external expenses | - 13,175 | -11,955 |
| Taxes and duties | - 2,415 | -2,136 |
| Depreciation allowance | - 2,337 | -1,954 |
| Allocation to provisions | - 179 | 154 |
| Other income and expenditure | 854 | 599 |
| Subtotal operating expenses | - 88,580 | -79,275 |
| Operating profit for the period | 20,142 | 17,789 |
| Other operating income and expenditure | - | - |
| Operating profit | 20,142 | 17,789 |
| Cash flow and equivalents income | 1,201 | 914 |
| Cost of gross financial indebtedness | - 77 | -164 |
| Cost of net financial indebtedness | 1,124 | 750 |
| Other financial income and expenditure | - 34 | -64 |
| Profit of businesses consolidated by equity method | 39 | 43 |
| Profit of continuing operations before tax | 21,271 | 18,518 |
| Tax on profits | - 7,370 | - 6,405 |
| Net profit of continuing operations | 13,900 | 12,112 |
| Net profit of discontinued operations | 0 | 0 |
| Net profit for the financial year | 13,900 | 12,112 |
| Net result group share | 13,516 | 11,754 |
| Net result minority interests | 384 | 358 |
| Basic earnings per share (group share) | 4.45 | 3.90 |
| Diluted earnings per share (group share) | 4.45 | 3.87 |

PHARMAGEST INTERACTIVE

Business locations





PHARMAGEST

WELCOOP SOLUTION

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