



ANNUAL REPORT 2013
PHARMAGEST
WELCOOP SOLUTION

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Dear Shareholders,

The French healthcare system is at a crucial juncture with major changes occurring in the past few years: the inevitable rise in demand for care as the population ages, stagnation in the numbers of physicians, in turn lending strength to the position of **dispensing pharmacists who will see their role shift increasingly to a healthcare coordination role.**



The pharmacist's main strength in this challenging environment lies in the exceptional density of the network of pharmacies in France and their access to the population.

Moreover, this new healthcare coordinator role is not limited to sporadic contact at the pharmacy counter. These developments in the healthcare ecosystem throw into sharp relief the necessity for regular follow-up of patients by people, outside the pharmacy.

As the leading player in the sector, supplying IT solutions to in excess of 43% of pharmacies in the French market and 12% in the Belgian market, PHARMAGEST is positioned to offer essential core pharmacy systems to successfully guide pharmacists in the longitudinal monitoring of patients, extending beyond interactions in the pharmacy to the home.

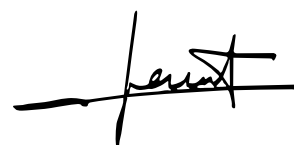
Building on its investments in e-Health (DO-Pill SecuR™ to enhance treatment compliance, the Satebox medical terminal, and the use of artificial intelligence to analyse health data, amongst others), **the Group has an advanced range of solutions for patient monitoring in the home.**

The PHARMAGEST Group has long anticipated these far-reaching changes and designs highly

effective solutions and added-value services based on its recognised expertise in the pharmacy sector and the latest e-Health technologies. The technologies developed by the Group's e-Health teams will help to improve patient health and the efficiency of our healthcare systems.

PHARMAGEST has always positioned itself as an innovative IT company with the ability to address the **major and complex changes taking place in the health sector**, such as the demands of e-Health. Keeping the patient's interests front and centre, it has the capability to anticipate the tools and services of tomorrow.

e-Health therefore constitutes a fantastic growth lever for our company. To make the most of the full range of industrial and technological opportunities in this area, the Group can rely on the solid foundations of its network of client pharmacies.



Thierry CHAPUSOT
Chairman of the Board of Directors

Dear Shareholders,

Innovation for the PHARMAGEST Group means thinking differently and creating innovative services that anticipate the needs of our customers. This focus on innovation has been a hallmark of the Group since its inception, demonstrated through the development of LGPI Global Services® and its diverse range of related products and services, the development in Europe of the DO-Pill SecuR™ smart electronic pill dispenser, our avant-garde approach to the challenges facing the pharmaceutical industry and the need for longitudinal monitoring of patients in pharmacies, computer systems for elderly residential care homes and day centres, and more.



Crucial to the historical growth of our pharmacy business, this capacity for innovation is part of PHARMAGEST's DNA and underpins our approach to patients and other segments of the health sector. Indeed, we create more products and services than any other software and computing services company in our sector. Backed by a diversified business portfolio, PHARMAGEST delivers reliable and consistent growth. The Group has honed a set of core skills informed by its understanding of the challenges inherent in developments in the health sector and the changing role of pharmacists. Our investments in new ITCs applied to the healthcare sector reflect our commitment to continued innovation.

Oversight of the Group's business ensures strict strategic, financial and operational discipline. Our teams in operations, engineering, R&D, marketing and sales are the most diverse and experienced in the industry.

This strategy has generated solid and long-term growth, meeting or exceeding our growth targets, year after year.

2013 was yet another year of growth with consolidated sales growing 4.3% year-on-year to €113.41 million. The PHARMAGEST Group's long-established activities have all progressed compared with the previous year: the Pharmacy France and BeLux (SABCO) businesses grew 1.8% and 17.7%, respectively; the Pharmaceutical Companies business added 15.9%; and MALTA INFORMATIQUE (Care Homes business) rose 14.9%. Operating income amounted to €23.12 million, up 15% compared with 2012, while net income came to €15.83 million, a 14% increase over the same period in 2012. Basic earnings per share rose 17% to €5.22.

Our balance sheet is a distinct strength: at €44.80, net cash (including securities available for sale and other investments) rose 7.8% in the year; and equity capital was €76.07 million at 31 December 2013, up from €66.92 million at the end of 2012.

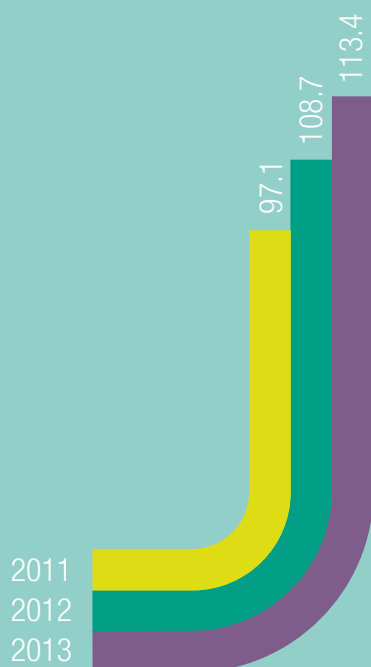
Our performance has been excellent, but the challenge of sustaining these results in the long term is more important than it has ever been in our 30-year history in a changing environment, marked by the decline in the number of pharmacies and in their sales, delisting of medicines, growth in on-line sales of medicines, reform of the payment system for pharmacists, enhanced security of dispensing pharmacies in a challenging economic environment, and recent developments in healthcare economics and legislation.

This shift in our environment presents an unparalleled opportunity for our Group to continue to innovate across all our businesses. This constant focus is the key to ensuring we continue to deliver customer satisfaction, create value and formulate new models to achieve sustained and consistent growth to meet or exceed our targets.



Dominique PAUTRAT
Managing Director

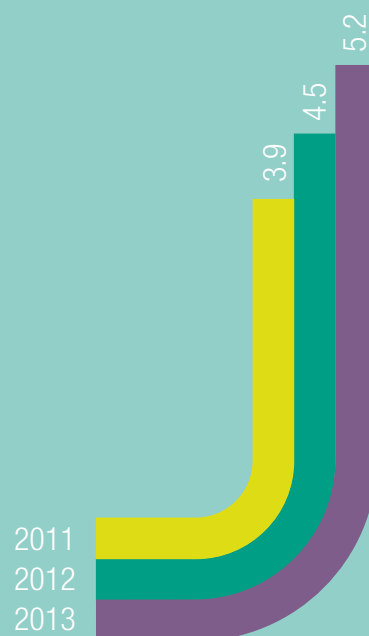
Key figures



Annual sales since 2011 (in M€)



Net profit - Group share since 2011 (in M€)



Basic earnings per share since 2011 (in €)

Pharmacy France
80.0 %



Pharmaceutical companies
12.8 %

Care Homes
3.7 %

Pharmacy Belux
3.3 %

Breakdown of sales as at 31 December 2013 (%)

Key events in 2013

April 2013

PHARMAGEST confirmed its growth strategy, based on innovation and the creation of its e-Health business in 2013, as in 2012. Indeed, the PHARMAGEST Group was selected in two major calls for projects:

- On a national level in France, for the **E-CHRONIC / E-NEPHRO project** under the second call for e-Health projects in the framework of the "Investing for the future" (investissements d'avenir) programme (dedicated to treating chronic renal failure by telemedicine);
- On a regional level under the « **SATELOR** » call for projects concerning telemedicine or telehealth for homecare services.



June 2013

The PHARMAGEST Group inaugurated its **Datacenter for health data**, a strategic tool that guarantees fully secure data processing for the benefit of its clients - health professionals, pharmacists and healthcare facilities.



Visit by Minister Michèle DELAUNAY marking the inauguration of the PHARMAGEST Datacenter

From left to right:

Mr. Jean-Yves LE DEAUT - Deputy for Meurthe-et-Moselle

Mr. Sébastien DEON - Deputy Technical Director - PHARMAGEST INTERACTIVE

Michèle DELAUNAY - Deputy Minister for Social Affairs and Health with responsibility for the Elderly and Autonomy

Mr. Thierry CHAPUSOT - Chairman of the Executive Committee of WELCOOP GROUP and Chairman of the Board of Directors of PHARMAGEST INTERACTIVE

November 2013

The Group received an award during the **fourth year of the Technology Fast 50 Est organised by Deloitte In Extenso**. The Bpifrance award went to PHARMAGEST during the fourth Technology Fast 50 Est programme organised by Deloitte In Extenso in Metz on 19 November 2013.

Technology Fast 50 rewards and encourages the most successful technology companies spearheading economic growth in their regions and demonstrating the ability to combine innovation and growth in high technologies.

Each year, the Bpifrance award honours the company whose policy of innovation is considered the best from the list of contenders in France.

The PHARMAGEST Group won recognition for its committed policy of innovation.

Moreover, the Group was singled out by the judges for its very robust growth in the past few years and exemplary success with its systems installed in half of all pharmacies in France.

Through **this immediately accretive acquisition**, the PHARMAGEST Group now seeks to appeal to a wider audience of healthcare actors (retirement homes or other care facilities) by proposing suitable financing solutions.



Consolidation of expertise in pharmacy financing.

PHARMAGEST finalised its full equity stake in HEALTHLEASE, which is now a wholly owned subsidiary of the PHARMAGEST Group.



HEALTHLEASE specialises in the financing of medical equipment and benefits from unique know-how in this field. In 2012, HEALTHLEASE recorded a net income of €0.92 million.

Since 2010, the PHARMAGEST Group has entrusted HEALTHLEASE with all operations for the financing of its customers.

This transaction allows the PHARMAGEST Group to be fully self-sufficient in terms of the financing of its customers and their security.

This latest commitment to pharmacists for the financing of their dispensaries is in keeping with the PHARMAGEST Group's strategy to provide pharmacists with efficient support, thereby allowing them to fully focus on their new missions for accompanying and advising patients.

December 2013

PHARMAGEST INTERACTIVE obtained its **third approval** as a Personal Health Data Host capable of hosting applications managed and administered by its health professional clients and directly accessible by patients.

Corporate Governance



PHARMAGEST INTERACTIVE's general management concentrates on company strategy and oversight. Management is organised around a Finance and Personnel Management Committee with responsibility for overall strategy, and is assisted by the Management Committees for the various businesses and the Steering Committee working in project mode.

From left to right:

Jean-Yves SAMSON
Administration and Finance Director

Rodolphe ZIMMER
Human Resources Director

Grégory ROUSSEAU
R&D Technical Director

Dominique PAUTRAT
Managing Director

Denis SUPPLISSON
Deputy Managing Director and Pharmacy France
Business Director

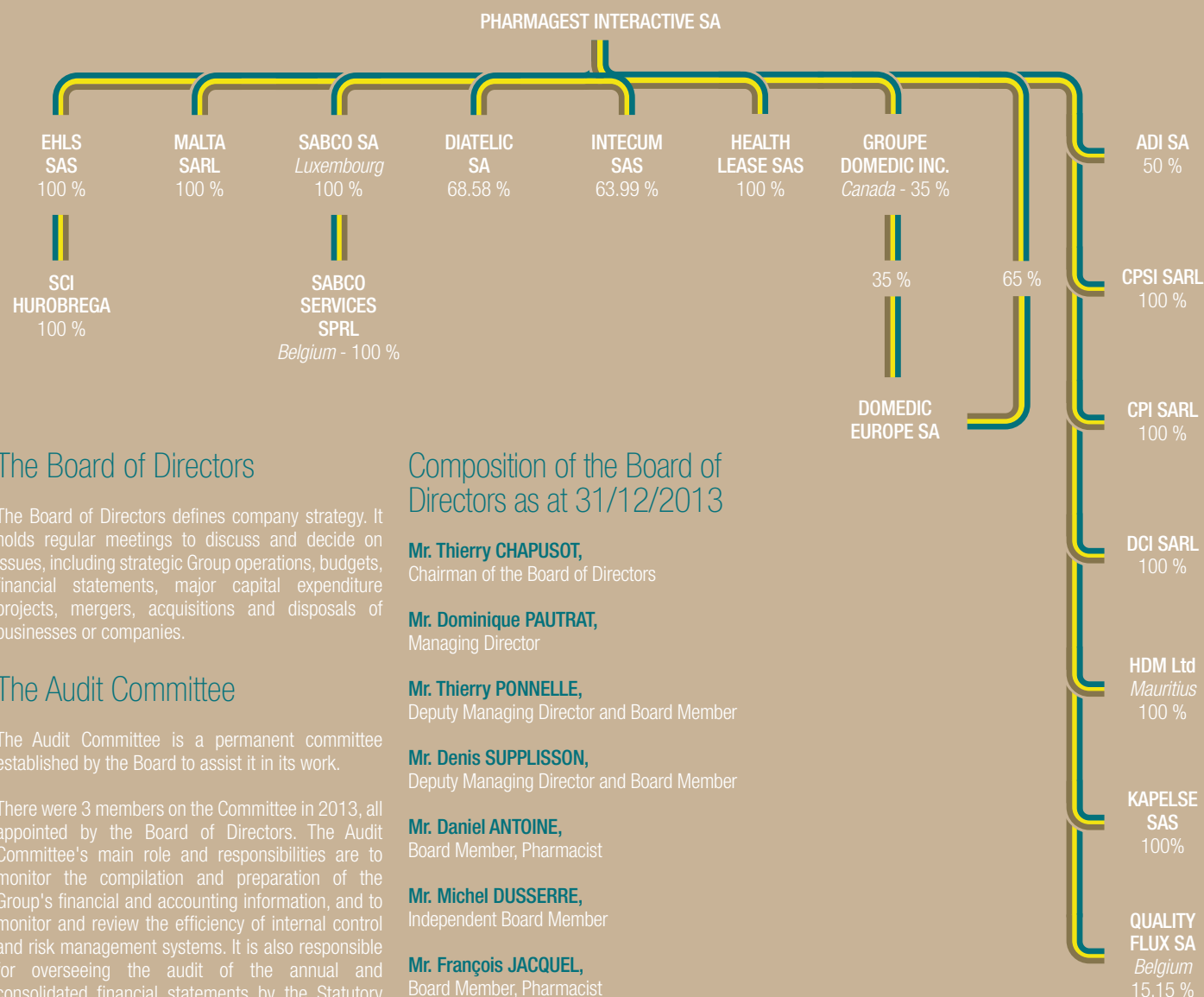
Liza NATAN
Pharmaceutical Companies Business Director

Thierry POIVEY
Belgium and Luxembourg Pharmacy Business
Director

Thierry PONNELLE
Deputy Managing Director and Sales and Marketing
Strategy Director



PHARMAGEST Group Organisation Chart at 31/03/2014



The Board of Directors

The Board of Directors defines company strategy. It holds regular meetings to discuss and decide on issues, including strategic Group operations, budgets, financial statements, major capital expenditure projects, mergers, acquisitions and disposals of businesses or companies.

The Audit Committee

The Audit Committee is a permanent committee established by the Board to assist it in its work.

There were 3 members on the Committee in 2013, all appointed by the Board of Directors. The Audit Committee's main role and responsibilities are to monitor the compilation and preparation of the Group's financial and accounting information, and to monitor and review the efficiency of internal control and risk management systems. It is also responsible for overseeing the audit of the annual and consolidated financial statements by the Statutory Auditors and for reviewing the Auditors' independence.

Finance and Personnel Management Committee (photo page 6)

The Finance and Personnel Management Committee has eight members. It is tasked with examining the company's general policy and strategy, as well as the financial impact of decisions on the company's results.

Other committees

Each business (operating activities: Pharmacy France, Pharmacy Belgium and Luxembourg, Pharmaceutical Companies, e-Health, Care Homes and R&D) in 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 the business.

In addition, the company has adopted a cross-functional working method involving a representative from each of the participating departments on a project-by-project basis, from design through to end-of-life, working in various steering committees.

Composition of the Board of Directors as at 31/12/2013

Mr. Thierry CHAPUSOT,
Chairman of the Board of Directors

Mr. Dominique PAUTRAT,
Managing Director

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 DUSSERRE,
Independent Board Member

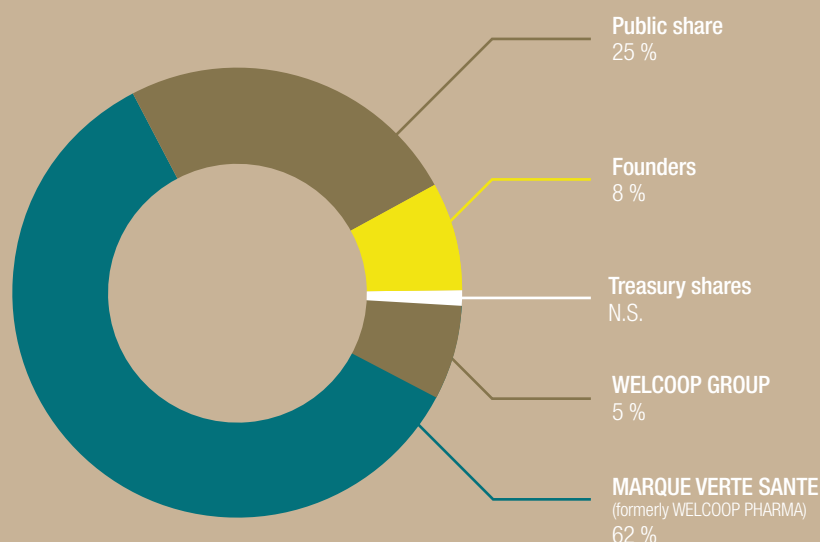
Mr. François JACQUEL,
Board Member, Pharmacist

Ms. Anne LHOTE
Board Member

Ms. Sophie MAYEUX
Independent Board Member

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

Distribution of capital on 31/03/2014



Pioneer in the development of high-technology IT solutions for pharmacies

French leader in computer systems for pharmacies, with a 43.5% share of the market, 9,800 customers and more than 750 employees. The PHARMAGEST Group's presence in northern Europe dates back to 2007. It has a 12% market share in Belgium and 49% in Luxembourg through its subsidiary SABCO.

In 2013, PHARMAGEST INTERACTIVE's historical business, Pharmacy France, accounted for 80% of the Group's sales (under IFRS). Its flagship LGPI Global Services® software suite runs in 8,700 or more pharmacies or almost 40% of pharmacies in France. LGPI Global Services® is the number one pharmacy management software in France.

From its earliest beginnings, PHARMAGEST INTERACTIVE has anticipated the challenges of the pharmaceutical industry. The Company clearly identified the need for pharmacies to sell more and provide better advice. Based on the evidence of a growing trend to self-medicate and the greater role played by new ICTs (information and communication technologies) in France, PHARMAGEST develops innovative solutions to meet the needs of a constantly changing market.

Membership of a Pharmacists' Cooperative

A pharmacists' cooperative, the WELCOOP GROUP, is the majority shareholder in PHARMAGEST INTERACTIVE. As a result of this unique structure, the Group's customers may also be shareholders in the Group. The advantage of this arrangement is the strong connection with the pharmacy profession, providing PHARMAGEST with the vision and foresight it needs to develop the tools to support its customers.



A comprehensive and innovative range of hardware and software in line with changes in the profession of pharmacists

The PHARMAGEST Group tailors its solutions to provide support for pharmacists' vital information and advisory role with patients, particularly since the HPST reform act is set to expand this advisory and prevention function.

• LGPI Global Services® : the PHARMAGEST Group's flagship software suite. The aim is to develop high value-added smart services around this integrated portal management software, focusing on advice, communication and pharmacy management. As at 31 December 2013, the customers for this solution form a very homogeneous group:

- 100% of the pharmacists have SESAM Vitale 1.40 installed;
- 50% have SCOR installed (for scanning prescriptions). By the end of 2014, 100% of the Group's customers will have SCOR up and running.



• **Ma Pharmacie Mobile® V2** : The July 2009 HPST (Hospitals, Patients, Health and Territory) Act recognises the many key roles played by dispensing pharmacists in the French health system, and offers new options for them, including in prevention, screening, and the provision of personalised advice, amongst others. Mobile solutions will support pharmacists in these new areas, giving them the means to develop specialised relations with their patients.

PHARMAGEST INTERACTIVE launched its Ma Pharmacie Mobile® application on 15 February 2011.

Capitalising on the success of the free app (85,000 + downloads) and keeping pace with the speed of change in technologies, PHARMAGEST INTERACTIVE developed a completely new version of Ma Pharmacie Mobile® with a graphic interface, improved ergonomics and new functions. The application now features a new design, and is simpler and more effective.

For patients, Ma Pharmacie Mobile® is the ideal way to establish ongoing contact with their pharmacist and take advantage of practical services, both in and outside the pharmacy. Ma Pharmacie Mobile® is a core element of the pharmacist/patient relationship, helping to forge closer contact, facilitate pharmacists in their advisory role and build trust.

Functions of the new version of Ma Pharmacie Mobile® :

- **Geolocation:** find the nearest open pharmacy, check opening hours, services, specialisations, route-finder.
- **Send prescription scans** so that prescriptions can be prepared in advance and be ready for pick-up when the patient arrives. Patients save time while pharmacists are freed up to spend more time providing advice face to face.
- **Treatment reminders**, configured by the pharmacist to remind patients to take their drugs as prescribed and to provide prescriptions, medicines and dosage regimens in their app.
- **Ask the pharmacist for advice.**
- **Look up advice sheets** relevant to their treatment.

Pharmacy Belgium and Luxembourg

The Pharmacy BeLux business line accounts for 3.3% of the Group's sales (IFRS).

Breaking new ground in the Belgian market, the PHARMAGEST Group's line-up offered through its SABCO subsidiary comprises a range of three software packages suited for all types of pharmacies and available in the country's two main languages, French and Dutch. They are SABCO® New, SABCO® Optimum and SABCO® Ultimate.

In addition to repeat business from SABCO customers, this layered structure attracted new customers in 2013. SABCO has a 6% market share in Flanders (the Dutch-speaking region), a 19% market share in Wallonia (the French-speaking region) and 18% of the market in the Brussels area (bilingual), giving it a total Belgian market share of 12%.

Continued development of new functionalities and new complementary modules in line with skills that are now essential to the pharmacist profession in Belgium and Luxembourg:

- In Belgium, the DPP (Dossier Pharmaceutique Partagé - Shared Pharmaceutical Record) was successfully installed in a first pilot pharmacy. The goal is to extend this functionality to all customers who seek to adopt it in 2014. A new submissions module, ideal for affiliated pharmacies, was created; orders are sent and received via the IBOTP protocol. Similarly, another compound preparation module was designed, enabling pharmacists to fully comply with the recommendations of Professional Institutions in the framework of "best pharmacy practices", ensuring extensive and secure follow-up, increased traceability of compound preparations - which are very popular in Belgium - and compatibility with electronic measurement devices.



Thierry POIVEY, Deputy Managing Director, SABCO

- In 2013, SABCO consolidated its leadership in the Grand Duchy of Luxembourg, its historical headquarters, with **49% of the market** (source : SABCO) for the pharmacy IT market through its flagship Officine II product. Clearly differentiated from competing systems, Officine II is designed for efficient management of compound preparations, direct orders and billing of veterinary customers. Officine II also offers a robot interface option, an interface with electronic labelling, use of the Pharmalink order protocol, financial order functions enabling pharmacists to calculate margins, as well as a statistical module to increase their purchasing negotiating power.

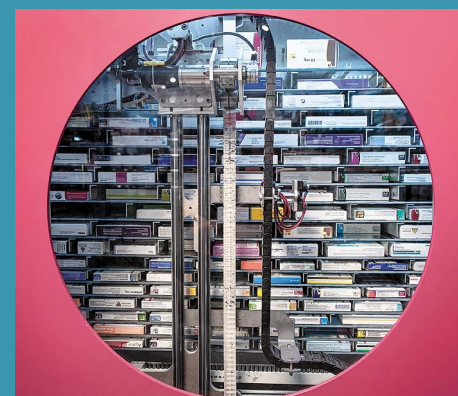
A new market: pharmacy automation

December 2010 saw PHARMAGEST INTERACTIVE take an equity stake in the start-up, INTECUM and branch into pharmacy automation and robotic dispensing at the point of sale. SELLEN® is a revolutionary pharmacy robot:

- The SELLEN "robot-counter" delivers significant space optimisation benefits, since it is placed at the centre of the pharmacy.
- Competitively priced at less than current solutions on the market;
- Modular and mechanical standardisation;
- It frees up pharmacy staff to advise patients, instead of searching through drawers for medicines.

A behind-the-counter variation of SELLEN was added to the range in 2013.

The product was first marketed in first-half 2012 and the total number of robotic systems installed as at 31 December 2013 was 19.



Information systems for elderly residential care homes and day centres

The Group's MALTA INFORMATIQUE subsidiary is a key player in the fast-growing sector of IT solutions for elderly residential care homes and day centres for the elderly.

By developing its expertise in this area, MALTA INFORMATIQUE provides effective solutions to meet the increasing demand from these facilities, which are currently characterised by under-equipment in high-performance hardware and software. Demand is rising steadily in the sector and Malta Informatique ensures the Group's positioning in the right place at the right time in this fast-growing market. The sector has solid foundations for growth and a favourable regulatory framework (reform of the price system, signature of tripartite agreements, and the national "Solidarité Grand Age" (Old Age Solidarity) plan, launched in June 2006).

A commitment to investment in R&D is written into MALTA INFORMATIQUE's DNA. All software modules are upgraded on a regular basis ensuring a mature standard offering aligned with the requirements of the business.

In 2013, the billing and subsidiary accounting module, TITAN FACTURATION was completely revamped to improve the invoice calculation functionality with automatic invoice updates and more detailed accounts tables. Together with the launch of the new TITAN Group offering, these developments position MALTA INFORMATIQUE as the go-to expert for both single and affiliated facilities, in the private, voluntary and public sectors.

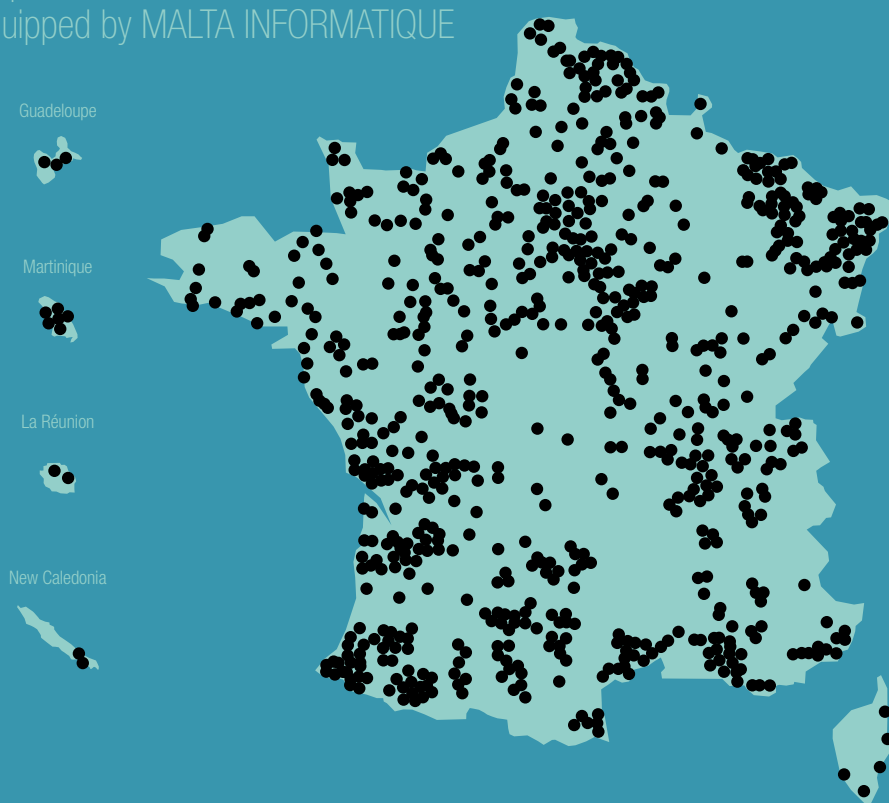
MALTA INFORMATIQUE has a team of 33 staff specialising in elderly residential care homes, spread over six regions: South-West, South-East, West, East, Rhône-Alpes and Ile-de-France.

This geographical coverage meant that MALTA INFORMATIQUE topped the milestone of 1,000 facilities equipped with its solutions since 2012.

MALTA INFORMATIQUE's strategy is one of concentrated specialisation and positions it as a key player in the elderly residential care homes sector.



Map of the 1,000 establishments equipped by MALTA INFORMATIQUE



Mr. Grégoire DE ROTALIER - Manager of MALTA INFORMATIQUE
PHARMAGEST Group's Care Homes business

The Care Homes business contributed 3.7% of PHARMAGEST Group sales in 2013 (IFRS).

Closer links between pharmacists and the pharmaceutical industry to advance patients' interests

The Pharmaceutical Companies business contributed 12.8% of PHARMAGEST Group sales in 2013 (IFRS).



Backed by its exemplary track record and significant market share, the PHARMAGEST Group is the operator of choice for pharmaceutical companies keen to establish a customer-focused marketing approach. More than 10,000 pharmacies (in France, Belgium and Luxembourg) have PHARMAGEST IT solutions installed. This presence provides it with a market of 50,000 or more health professional users of its solutions, and through them, access to 2 million patients per day. It is the leading provider in the pharmacy IT market, developing added-value solutions for all participants in the pharmaceutical chain.

Information,
Prevention

Screening

Monitoring

Public health role

PHARMAGEST INTERACTIVE demonstrates its public health expertise and its ability to mobilise pharmacy teams by setting up health observatories or prevention and screening surveys.

Thanks to PHARMAGEST INTERACTIVE, pharmacists and the pharmaceutical industry join forces and combine their skills and expertise every year in special Health Awareness Days for the general public.

Working in partnership with patient groups, PHARMAGEST INTERACTIVE also organises themed campaigns. In 2013, pharmacies with LGPI Global Services® installed had the opportunity to participate in a number of screening and prevention campaigns, including non-melanoma skin cancer, colorectal cancer, breast cancer, chronic kidney failure, diabetes and psoriasis.

The Pharmaceutical Companies Department enjoyed the trust of 30 partners in 2013

- 15 cross-selling campaigns
- 18 contextual pop-up campaigns
- 31 Pharmamixmedia campaigns
- 4 surveys and observatory

RESULT

- More than 3,745 pharmacies look part in one of these campaigns
- More than 19,760 patients / Customers were monitored in the pharmacy

The e-Health business line: an innovative range

To preserve its capacity for innovation dedicated to serving pharmacists as they undertake their new roles under the HPST Act, PHARMAGEST is investing in new ICTs and e-Health to develop the tools to support the sector to fulfil their new responsibilities based on a health coordination framework.

Launched in Q1 2012, the e-Health business line has yet to make any significant contribution to the PHARMAGEST Group's sales

PHARMAGEST INTERACTIVE'S recent acquisitions, namely DIATELIC (a subsidiary specialising in artificial intelligence and expert systems to predict the evolution of patients' health), and DOMEDIC EUROPE (DO-Pill SecuR™ smart electronic pill dispenser) are now combined in the new e-Health Department. The structure of this new business line is also boosted by three Personal Health Data Host accreditations, granted to PHARMAGEST INTERACTIVE in 2012 and 2013 by the French Ministry of Social Affairs and Health.



DO-Pill SecuR™: smart electronic pill dispenser

New businesses to meet emerging healthcare needs

The PHARMAGEST Group has long anticipated the digital revolution that would transform the daily lives of healthcare professionals and patients alike. Operating through DIATELIC and DOMEDIC EUROPE, this new business positions the Group as a central player in a sector that is currently generating huge growth opportunities. The potential for value added, which draws on the combined expertise of PHARMAGEST INTERACTIVE, DIATELIC and DOMEDIC EUROPE, lies in the ability to complement other aspects of the Group's portfolio. e-Health brings together technology suppliers with substantial experience in health with the ability to deliver services to meet the demand from healthcare professionals for improved care for patients.

A strategy for growth through innovation

Improving and reducing the costs of patient health and care practices are self-evident truths which have been an integral part of PHARMAGEST INTERACTIVE'S development strategy for many years. The Group has consistently looked ahead, anticipated the major shifts in these markets and concentrated on growth through innovation with a view to sharpening its competitive edge in France and the rest of Europe. The objective of the new e-Health Business Line is to design and roll out these new services and systems and to assess the savings generated for the National Health Insurance System.

Personal Health Data Hosting

PHARMAGEST INTERACTIVE obtained three Personal Health Data Host accreditations in 2012 and 2013, granted by the French Ministry of Social Affairs and Health:

• Outsourcing of back-ups

Under this accreditation, the PHARMAGEST Group delivers a powerful, strictly quality controlled and highly secure service to health professionals, pharmacists and healthcare facilities to meet all data back-up needs, and guaranteeing full compliance with applicable laws and regulations. Healthcare professionals can provide patients with the assurance that their health-related data, contained in their business applications and files that feature personal health data, are totally secure using

this outsourced back-up solution. Moreover, when combined with our Offisecure® ISP (Internet Services Provider) offer, security levels are optimised further, since data does not transit through the public network.

• Hosting applications managed and administered by the customer

Under this accreditation, the PHARMAGEST Group offers private health data hosting services on its DATA100T infrastructure platform, known as TELE100T®.

The infrastructure hosts health data and applications managed and administered directly by its customers, namely healthcare facilities, health professionals, health cooperation organisations (GCS), software publishers, care associations and networks, as well as health industries (pharmaceutical companies and medical device manufacturers).

• Hosting applications with direct access by patients to their information

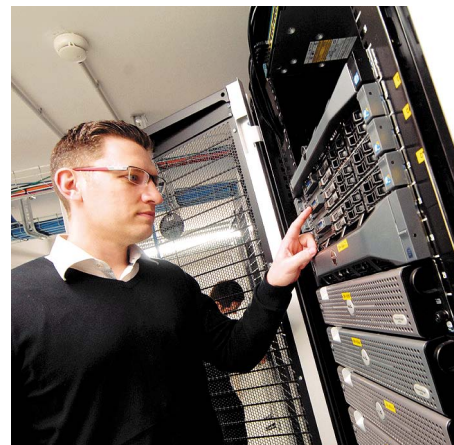
The new TELE100T®- APS (Accès Patient Sécurisé - Secure Patient Access) service offered by the Group hosts applications that are managed and administered by its professional clients in the healthcare sector, notably its pharmacy clients, for the purpose of establishing a website for on-line medicines sales, in compliance with the latest regulatory requirements. These applications containing private health data intended for medical follow-up purposes will be directly accessible by the patient, under this new accreditation.

Datacenter: a strategic tool to guarantee secure data processing

The digitisation of medical records, exchanges and health data has major implications for the safeguard and security of patients' rights. Outsourcing of health data storage, processing and communication to expert partners is seen as a vital recourse for healthcare organisations.

In 2012, the PHARMAGEST Group opted to create a Datacenter guaranteeing robust quality and data security to offer high value-added services to its customers in the healthcare and pharmacy sectors.

The Datacenter was built to the most exacting standards, in terms of security, area (100 sq. m), capacity (30 bays, 42 U, with units 44.45 mm in height, giving approximately 10,000 virtual machines), robust architecture and applications to ensure continuity of service on our platform to meet current and future requirements.



Corporate Social Responsibility



The PHARMAGEST Group holds dear the values of social and environmental responsibility, which are key to its business and strategy, namely:

1. Creation of innovative solutions:

- Enabling its customers to address the challenges of a constantly changing environment and to protect their earnings capability in difficult economic conditions;
- Allowing the PHARMAGEST Group to retain its competitive edge.

2. Using new technologies to contribute to the 'health' objectives of government and individuals.

Keenly aware of the importance of the expertise and contribution made by all our employees for the success of this strategy, the PHARMAGEST Group pays close attention to improving working conditions, staff training and their personal and career development.

The Group is also determined to reduce the environmental impact of its activities.

Integrating sustainable development into the Group's business will establish its long-term durability, encourage innovation and ensure the success of its strategy.



The complete Corporate Social Responsibility report is included in the 2013 PHARMAGEST INTERACTIVE Registration Document, which is available on line at www.pharmagest.com



Combating all forms of discrimination and ensuring respect for diversity

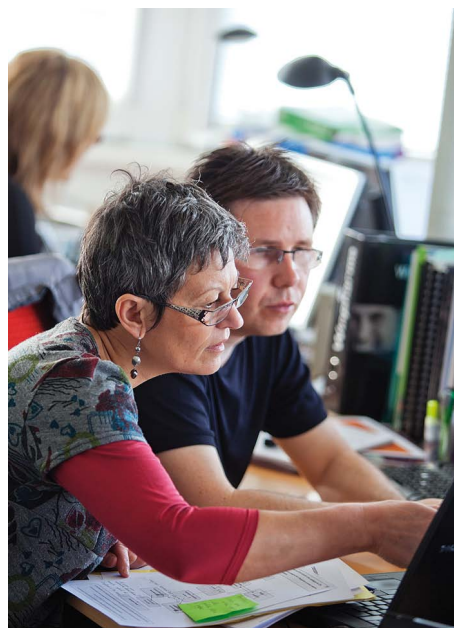
The PHARMAGEST Group reasserts its firm commitment to combating all forms of discrimination (ethnic, national, cultural, religious or other), ensuring respect for diversity, fostering equal opportunities for men and women and promoting the employment of the disabled.

The hiring policies applied in the PHARMAGEST Group are informed by the guiding principle of non-discrimination according to which candidates are assured of the absence of either positive or negative discrimination in the recruitment process.

Since its inception, the Group has consistently taken a strong position in combating all forms of discrimination when hiring. Indeed, this forms one of the underlying principles of its hiring practices - simply by complying with the Law.

In the PHARMAGEST ESU, our staff includes nationals from Morocco (1), Algeria (2), Germany (1), Spain (1), the UK (1), Belgium (1) and Madagascar (1), a total of seven nationalities in addition to French;

- SABCO and SABCO Services: Belgium (26), Ireland (1), Italy (1), Luxembourg (1) and France (3);
- DIATELIC: one Lebanese national;
- KAPELSE: one Spanish national;
- HDM: all 23 employees are Mauritian nationals.

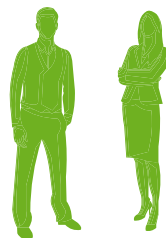


Compensation

In the PHARMAGEST Group, only the PHARMAGEST ESU is subject to compulsory annual pay negotiations (NAO). The Group's other subsidiaries apply a similar compensation policy to the PHARMAGEST ESU's, namely, an annual across-the-board increase, individual increase, bonus and discretionary profit-sharing incentives to reward performance, merit bonuses and ancillary benefits (mutual insurance, restaurant vouchers, etc.).

The PHARMAGEST Group's total payroll came to €25,769,600 for gross salaries and €11,809,054 in employer's social charges in 2013 (source: DADS excl. ADI and HEALTHLEASE).

Salaries* in the past two years, broken down by management/non-management and gender:



Managers 2010-2011	3.17 %	2.15 %
Managers 2011-2012	4.95 %	5.12 %
Managers 2012-2013	0.90 %	-2.30 %
Non-managers 2010-2011	2.99 %	0.97 %
Non-managers 2011-2012	2.15 %	3.13 %
Non-managers 2012-2013	1.16 %	2.21 %
Overall average 2010-2011	2.47 %	
Overall average 2011-2012	4.23 %	
Overall average 2012-2013	0.18 %	

* Gross salaries (excluding profit-sharing and incentive schemes) + performance bonuses and benefits in kind. Sales personnel and part-time employees are not included.

The explanation for the changes in salaries lies in the higher proportion of bonuses pegged to individual and collective quantitative performance criteria paid to male managers. Therefore, the impact of the company's growth is greater for them. The majority of female managers work in R&D and bonuses constitute a lower proportion of pay.

Women in non-management positions continued to benefit in two ways: first, from the overall compensation policy based on equal pay for men and women, and second from their longer average experience in R&D and software assistance positions, reflected in the upward trend in the professional pay scale.

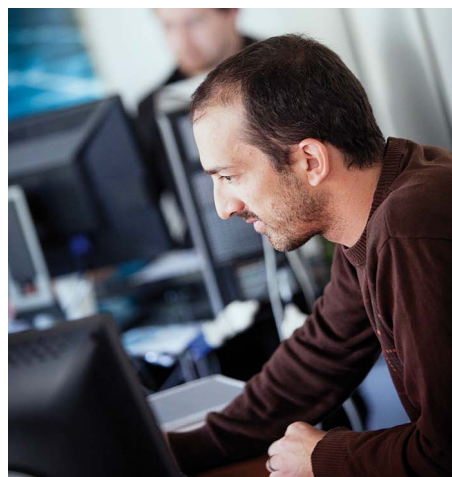


Workforce

As the nature of the PHARMAGEST Group's business requires highly trained staff with in-depth knowledge of the business and our customers' professional and legal environment, the ratio of fixed-term contracts is very low (22, compared with 721 on permanent contracts).

97.23% of the Group's workforce are permanent employees, with practically no difference in this percentage between men (97.72%) and women (95.96%).

At 31 December 2013, PHARMAGEST Group employed 49 part-time staff (practically unchanged from the 50 part-time staff at year-end 2012). The gender breakdown is 223 women (or 28% of the total), which is 2% lower than the previous year.



Organisation of social dialogue

Since its inception, the PHARMAGEST Group has maintained first-rate employee relations founded on respect for personnel representative bodies and constructive social dialogue.

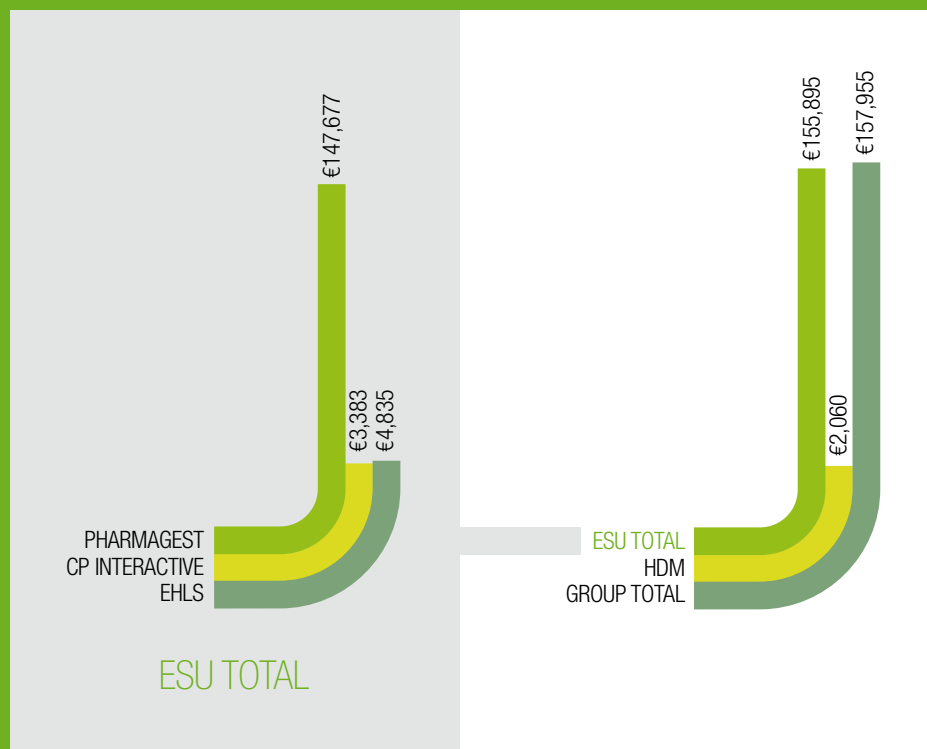
In accordance with applicable regulations, personnel consulting bodies have been established:

- A Works Council meets monthly, except in August (11 meetings per year) at the company's head office;
- Monthly meetings of personnel representatives are organised in the regions (eight regions in France).

The number of agreements (with two new agreements in 2013, giving a total of 21) is testimony to the Group's commitment to social dialogue.

In countries where such representation is not compulsory, the PHARMAGEST Group endeavours to establish representative structures. The Mauritian subsidiary HDM has personnel representatives, although it is not required by local law. The workforce in the other Group companies does not fall within the scope of the Law requiring personnel representation.

The PHARMAGEST ESU works council budget in 2013 broke down as follows:



Health and safety

The PHARMAGEST Group has consistently prioritised the health and safety of its employees in all its activities. It ensures that all are aware of the importance of prevention and safety measures.

The ESU's Health, Safety and Working Conditions Committee meets every quarter. With six members, the Committee's work included a series of safety inspections and audits at each site in the PHARMAGEST ESU, conducted jointly with the Human Resources Department. Based on its findings, it issued recommendations for measures to improve working conditions.



Equal treatment

The PHARMAGEST Group is committed to equal pay on hiring.

Nevertheless the study of the relationship between average annual pay for women and men for the same status within the PHARMAGEST ESU reveals a growing gap between male and female managers, whereas the trend is reversed for non-managerial employees.

Aware that it has not fully met its gender equality target, a programme of measures was rolled out in the PHARMAGEST ESU including targets and resources, covering employment (increasing the number of women in certain positions by 1% per year), compensation, training, professional mobility and work-life balance.

Politique de formation

The PHARMAGEST Group is committed to the professional development of its men and women. Advancement within the company for all employees, regardless of their level of training, is one of the Group's CSR priorities.

The PHARMAGEST ESU prepares an annual training plan. In 2013, the priorities were management, project management, sales techniques, support for transition to a more advisory role for sales personnel, technical and IT skills, and health and safety in the workplace.

Payments to continuing professional development bodies in 2013 for the PHARMAGEST ESU (0.90% of payroll) totalled €199,658. €110,196 was paid for raising professional standards (0.50% for PHARMAGEST INTERACTIVE and EHLS and 0.35% for CPI). The total paid into the FONGECIF training fund (0.20% for PHARMAGEST INTERACTIVE and EHLS, not applicable to CPI) was €43,402 (excluding the 1% fixed-term contracts).

The total continuing professional development budget amounted to €349,692, which was 1.58% of payroll in 2013 (in excess of the mandatory 0.90%), and breaks down into:

- Off-the-job training: €255,853;
- In-house training: €93,839.

498 ESU employees received a total of 8,929 training hours, giving an average of 17.9 hours per employee.

Through its commitment to training, the Group demonstrates the emphasis it places on updating and refining the skills of its staff and on career development.

Commitment to the environment

The Group's main activity is software publication. Hence no classified environmental facilities are operated by the Group that could have a significant impact on the environment.

However, minimising environmental risks is a constant concern, particularly in relation to fuel consumption and the destruction of end-of-life computer hardware.

The main category of waste generated by the PHARMAGEST Group's activity, besides ordinary industrial waste, consists of IT hardware. Dating back several years, a process was established to recover computer hardware from its 10,000 customers in France, Belgium and Luxembourg at the end of their contracts. The portion that is not fed into the recycling sector is earmarked for destruction by service providers specialising in the disposal of waste electronic and electronic equipment (WEEE). In view of the large number of service providers (local authorities or private companies in some instances) for ordinary industrial waste and the different units of measure in use, it is not possible for us to provide accurate and consistent data on the waste produced.

Energy management

The PHARMAGEST Group ensures full compliance with all standards in force when selecting its premises.

Electricity consumption rose 8% from 2012 to 2013, from 1,899,197 KWh to 2,062,788 KWh, but the per-person increase was contained at 5%. The sites with the highest consumption are the PHARMAGEST INTERACTIVE head office at Villers-Les-Nancy, and the Queven site, which houses not only the largest number of employees, but also Group IT tools. This significant increase in electrical power consumption by the PHARMAGEST INTERACTIVE head office was due to the building extension (completed at the end of 2012) and the creation of a Datacenter in 2013.

Greenhouse gas emissions

The main source of GHG emissions is the Group's fleet of vehicles.

2013 saw a slight increase in the number of vehicles, but a reduction in the total kilometres on the clock. PHARMAGEST INTERACTIVE accounts for almost 86% of the Group's total vehicle fleet.

The PHARMAGEST INTERACTIVE head office at Villers-Les-Nancy is a member of the Inter-company Transport Scheme of the Technopole of Nancy-Bra-bois (PDIE). The aims of the scheme are to increase car-pooling and improve public transport.

The PHARMAGEST Group is also committed to reducing the carbon footprint of its vehicle fleet by selecting clean vehicles and putting support measures in place.

The Group advocates minimising business travel and using rail over air travel whenever feasible to counter the environmental impact of air travel.



Community, economic and social impact

Determined to build close relations with its customers, the PHARMAGEST Group's presence extends throughout France. Essentially, this strategy involves developing regional networks with some 30 offices or sales agencies as the focal points.

Therefore, the Group's regional economic and social impact is two-fold:

1. The PHARMAGEST Group produces positive impacts by employing local staff for its secondary offices;
2. Its activities help to counter the flight of people and medical facilities from rural areas by facilitating the work of healthcare professionals.

PHARMAGEST actively contributes to the economic and social ecosystem, helping to create direct and indirect employment. The Group partners healthcare professionals, working side by side with them to counter the flight from rural areas and the paucity of medical facilities in a large number of regions in France.

Purchasing policy predicated on respect for the environment and society

In its invitations to tender, the PHARMAGEST Group ensures that it selects partners, suppliers and sub-contractors committed to a CSR policy and that are compliant with national and international sustainable development standards.

The sub-contracting line amounted to €383,520 (excl. tax) in fiscal 2013, while intra-Group sub-contracting amounted to €1,612,526.

PHARMAGEST INTERACTIVE focuses on local employment for its secondary sites.

Moreover, the PHARMAGEST Group has a system of monitoring its partners' CSR commitments and certifications (ISO 14001 mainly) for all sectors of activity.

Measures taken in favour of human rights

PHARMAGEST acknowledges and reaffirms its firm commitment to the values of the Universal Declaration of Human Rights, the principles of the International Labour Organization's (ILO) core conventions, as well as its commitment to respecting national and international laws, principles, standards and regulations.

As the Group is almost exclusively based in France and Europe and is compliant with the laws in its host countries, no specific measures have been undertaken in the area of human rights.

The International Charter of Human Rights is fully adhered to by the Mauritius-based HDM subsidiary. The subsidiary's software publishing business requires highly trained personnel and excludes all forms of child labour. In addition, HDM's operating procedures have been brought into line with those in the French companies, including the introduction of personnel representation and a pension plan for all staff. These steps were taken on the Group's initiative outside of any local legal obligation.



Financial information

Consolidated balance sheet (IFRS) on 31 December 2013 and 2012

Statement of Financial Situation - Assets - In €K	31/12/2013	31/12/2012
Non-current assets		
Intangible assets	10,512	9,020
Goodwill	27,744	27,109
Tangible assets	4,384	4,320
Non-current financial assets	290	494
Securities valued by the equity method	817	1,871
Deferred tax on assets	394	371
Total non-current assets	44,140	43,185
Current assets		
Stocks and work-in-progress	1,906	1,992
Trade receivables	14,522	13,087
Other receivables	3,343	1,938
Securities available for sale	29,410	28,540
Other financial assets	0	2,133
Cash flow and cash flow equivalents	16,085	11,030
Total current assets	65,266	58,720
TOTAL	109,406	101,905

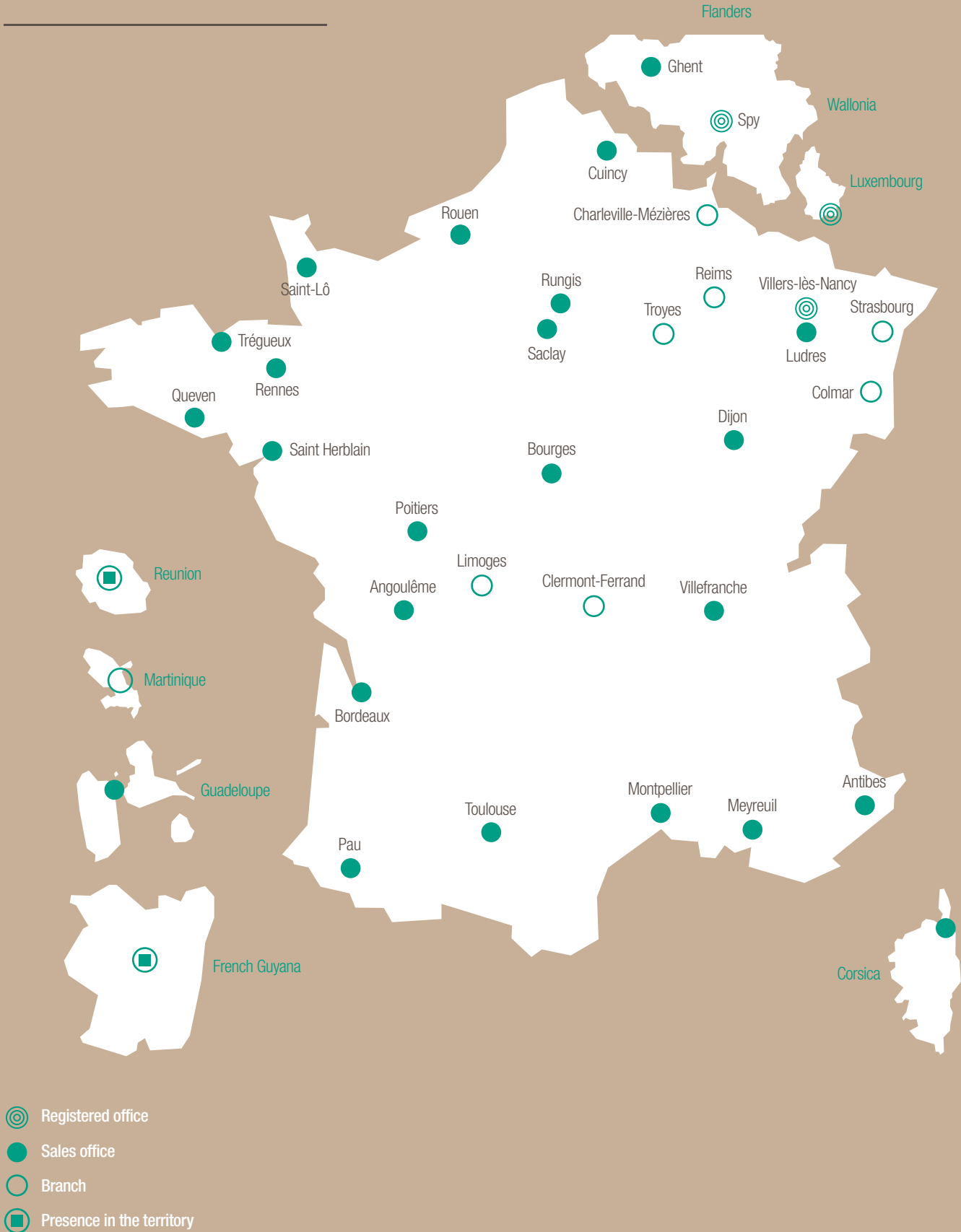
Statement of Financial Situation Equity capital and Liability - In €K	31/12/2013	31/12/2012
Equity capital		
Capital	3,035	3,035
Consolidated reserves	56,780	49,924
Profit for the year	15,825	13,516
Equity capital - Group share	75,640	66,475
Reserves - Minority interests	425	63
Earnings - Minority interests	6	384
Minority interests	431	447
Total equity capital (consolidated)	76,071	66,923
Non-current liabilities		
Long-term provisions	2,177	1,934
Long-term liabilities	1,090	1,337
Deferred tax liability	227	441
Total des passifs non courants	3,494	3,712
Current liabilities		
Short-term provisions	196	186
Financial liabilities owed within a year	1,388	2,016
Trade creditors	7,883	7,949
Tax liability	842	1,319
Other payables	19,531	19,802
Total current liabilities	29,840	31,271
TOTAL	109,406	101,905

Financial information

Profit and loss account (IFRS) on 31 December 2013 and 2012

Profit and loss account - In €K	31/12/2013	31/12/2012
Sales	113,407	108,722
Other business income		0
Subtotal Operating revenue	113,407	108,722
Purchases consumed	- 33,606	- 30,981
Personnel expenses	- 38,941	- 40,346
Purchases and external expenses	- 13,156	- 13,175
Taxes and duties	- 2,535	- 2,415
Depreciation allowance	- 2,823	- 2,337
Allocation to provisions	- 7	- 179
Other income and expenditure	781	854
Subtotal Operating expenses	-90,288	- 88,580
Current operating profit	23,119	20,142
Other operating income	0	0
Other operating expenses	0	0
Operating profit	23,119	20,142
Income from cash flow and equivalents	1,214	1,201
Cost of gross financial debt	- 152	- 77
Cost of net financial debt	1,062	1,124
Other financial income and expenditure	- 19	- 34
Tax expense	-8,506	- 7,370
Share of net profit/(loss) from equity-accounted entities	174	39
Net profit/(loss) from continuing operations	15,832	13,900
Net profit/(loss) from discontinued operations	0	0
Net profit/(loss) for the year	15,832	13,900
Profit/(loss) attributable to equity holders of the parent	15,825	13,516
Net profit/(loss) Minority share	6	384
Basic earnings per share (group share)	5.22	4.45
Diluted earnings per share (group share)	5.22	4.45

PHARMAGEST INTERACTIVE: Locations





PHARMAGEST

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