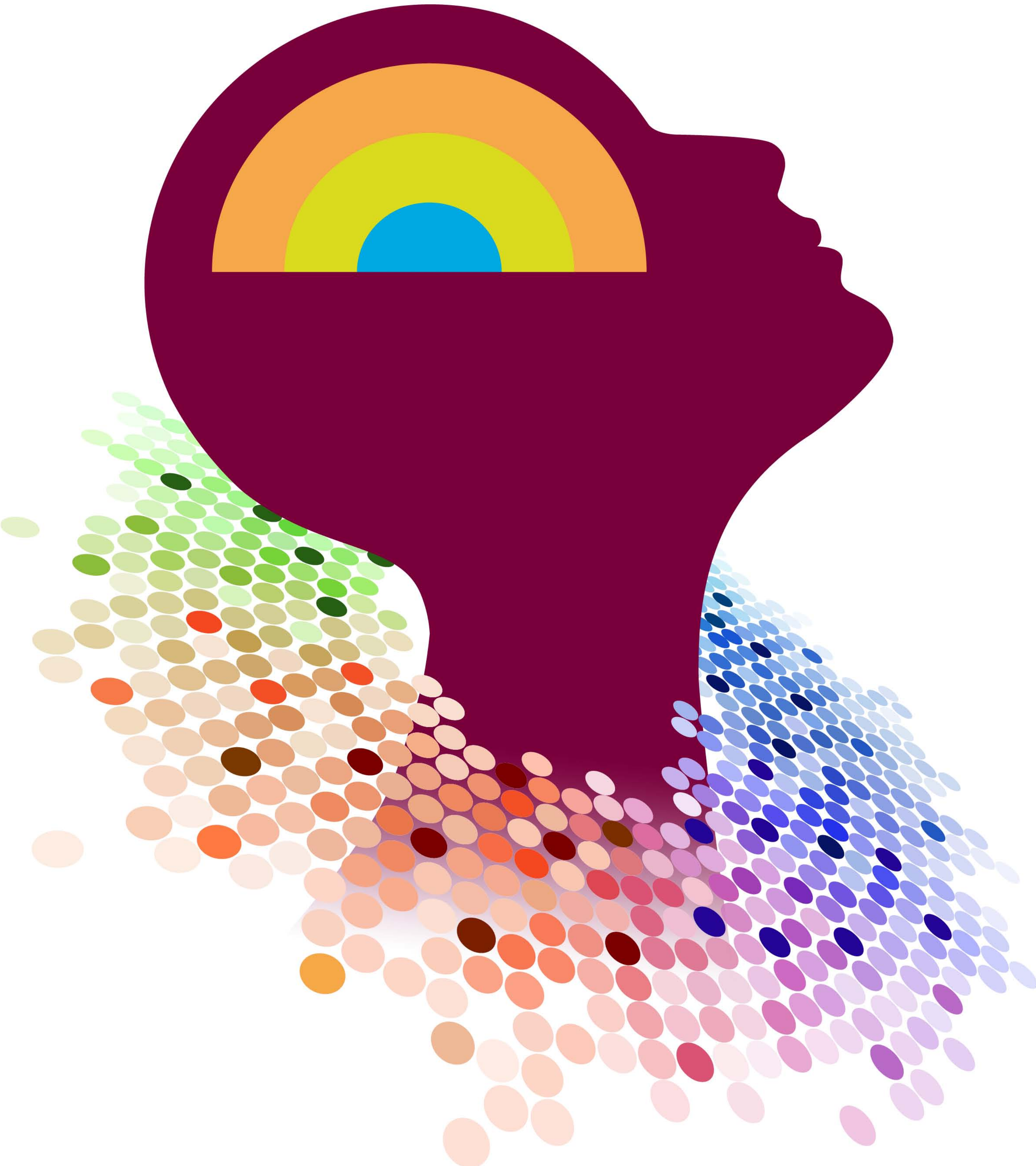


REFERENCE DOCUMENT 2012

PHARMAGEST

WELCOOP SOLUTION

AMF | AUTORITÉ DES MARCHÉS FINANCIERS

PHARMAGEST INTERACTIVE

French Société anonyme (Public Limited Company) with share capital of 3,034,825 Euros
Registered office:
5 allée de Saint Cloud,
54 600 Villers-les-Nancy

This Reference Document was filed with the Financial Markets Authority on April 26 2013, in compliance with article 212-13 of its General Regulations.

This Reference Document was prepared by the issuer and commits its signatories. It can be used in support of a financial transaction if it is accompanied by an issue note validated by the Financial Markets Authority.

The consolidated accounts, management reports and audit reports for financial years ending 31 December 2010 and 31 December 2011 are included by reference in this Reference Document and these documents can be found respectively in the 2010 Reference Document filed under No. D.11-0381 on 28 April 2011 and in the 2011 Reference Document filed with the Financial Markets Authority under No. D.12-0425 on 26 April 2012.

REFERENCE DOCUMENT 2012

PHARMAGEST

WELCOOP SOLUTION

CONTENTS

1 RESPONSIBLE PARTIES

1.1 Party responsible for information contained in the Reference Document

Mr. Dominique PAUTRAT
Managing Director and Member of the Board of Directors of PHARMAGEST INTERACTIVE
5 allée de Saint Cloud,
54 600 VILLERS LES NANCY
Tel: 03 83 15 95 95
Fax: 03 83 25 64 10

This document is also our 2012 annual report, it contains the annual financial report as required by article L.222-3 of the General Regulations of the Financial Markets Authority.

1.2 Declaration of the Party Responsible for the Reference Document

I attest that, after having taken all reasonable care to ensure that such is the case, the information contained in this Reference Document is, to the best of my knowledge, consistent with reality and contains no omission that would alter its scope.

I attest that, to the best of my knowledge, the accounts were prepared in accordance with the applicable accounting standards and that they truly reflect the patrimony, the financial position and income of the company and all the companies included in the consolidation and that the management report included under heading 24.1 of the 2012 Reference Document presents a faithful representation of the business development, the income and financial position of the company and all the companies included in the consolidation, as well as a description of the principal risks and uncertainties that they face.

I received a closing letter from the statutory auditors, in which they indicated that they had verified the information concerning the financial position and statements provided in this document and also that they had read this entire report.

The historic financial information relating to financial year ending 31 December 2012 presented in this document has been the subject of reports by the statutory auditors, included under heading 20.4 and here below included by reference, for financial years ending 31 December 2011 and 31 December 2010.

The Statutory Auditors' report on consolidated accounts for the 2010 financial year contains an observation on the "Accountancy principles, Applied Texts" note of the appendix relating to new IFRS standards that must be applied.

The Statutory Auditors' report on consolidated accounts for the 2011 financial year contains an observation on the "Accountancy principles, Applied Texts" note of the appendix relating to new IFRS standards that must be applied.

The Statutory Auditors' report on consolidated accounts for the 2012 financial year contains an observation on the "Accountancy principles, Applied Texts" note of the appendix relating to new IFRS standards that must be applied.

Mr. Dominique PAUTRAT, Managing Director of PHARMAGEST INTERACTIVE

2 STATUTORY AUDITORS

2.1 Name, address and qualification of statutory auditors

Statutory Auditors

BATT AUDIT SA
25, rue du Bois de la Champelle
54 500 VANDOEUVRE-LÈS-NANCY
Appointed on 19 June 2008 until the Annual General Meeting ruling on the accounts for year ending 31 December 2013,
Since 2008 represented by Mrs. Isabelle SAGOT.

MAZARS
61, rue Henri Regnault
92 400 COURBEVOIE
Appointed on 23 June 2005 and renewed on 16 June 2011 until the Annual General Meeting ruling on the accounts for year ending 31 December 2016,
Since 2009 represented by Mr. Jean-Brice de TURCKHEIM.

Deputy Statutory Auditors

The Company SOVEC - Vosges Company of Chartered Accountants
661, avenue de la Division Leclerc
88 304 NEUFCHATEAU
Appointed on 19 June 2008 until the Annual General Meeting ruling on the accounts for year ending 31 December 2013.

Mr. Antoine MERCIER
22, boulevard des Iles
56 000 VANNES
Appointed on 23 June 2005 and renewed on 16 June 2011 until the Annual General Meeting ruling on the accounts for year ending 31 December 2016.

2.2 Statutory auditors that have resigned or been dismissed

None.

3 FINANCIAL REPORT HIGHLIGHTS

3.1 Historic Consolidated Financial Information

En M€*	2012	2011	2010
Net turnover	108.7	97.06	91.55
Operating profit for the period	20.14	17.79	16.81
Operating profit	20.14	17.79	16.81
Group share net profit	13.52	11.75	10.72
Equity capital group share	66.48	57.74	50.33
Net cash flow	41.70	31.63	26.66
Capital Assets Net of Depreciation /Provisions	42.81	42.68	41.60
Total Assets	**101.90**	**90.87**	**84.94**
GEARING (net debt / equity capital)	-57.39%	- 45.79%	- 38.31%
R.O.E (net profit/shareholder equity)	21%	21%	22%
Number of employees in Group	767	734	709
Dividend (1)	2.10	1.80	1.50
Base Earnings per Share	**4.45**	**3.90**	**3.56**

** apart from the dividend and net profit per share (in Euros)*
(1) The dividend per share given for the financial year 2012 corresponds to the one to be proposed at the Annual General Meeting on 21 June 2013

3.2 Historic Company Financial Information

The main historic data on PHARMAGEST INTERACTIVE company accounts are presented in the financial table provided as an appendix to the management report under heading 24.1 of this Reference Document.

4 RISK FACTORS

The PHARMAGEST Group has carried out a risk assessment and considers that there are no significant risks other than those listed and shown in the management report of this Reference Document under heading 24.1.

5 ISSUER INFORMATION

5.1 History and evolution of PHARMAGEST INTERACTIVE

5.1.1 Business name and trading name

Corporate name of the company is: PHARMAGEST INTERACTIVE

5.1.2 Place of registration and registration number

PHARMAGEST INTERACTIVE is listed on the Nancy Register of Trade and Companies under number B 403 561 137 and its NAF code is 62.02B.

5.1.3 Date of incorporation and duration

PHARMAGEST INTERCATIVE was set up by private agreement on 25 January 1996, under the name "Rousseau CPI", and this for a period of 99 years starting from the date of registration on the Nancy Register of Trade and Companies, until 24 January 2095, apart from prorogation or early dissolution, decided upon by the Extraordinary General Meeting.

The company's financial year starts on 1 January and ends on 31 December.

5.1.4 Registered office, legal form and legislation

The head office is located at 5 allée de Saint-Cloud at VILLERS-LES-NANCY (54600).

The following legal documents are available for consultation at this address and/or on the website www.pharmagest.com: annual accounts and consolidated accounts, the Board of Directors' management report, the report on information regarding Corporate and Environmental Responsibility, which is part of the management report and annexed to this report, the Chairman's report, the Auditors' report on annual accounts, the Auditors' report on the Chairman's report, the Auditors' special report, the Auditors' report on the consolidated accounts, the texts of the resolutions, the list of Directors and the table of mandates, list of registered shareholders.

PHARMAGEST INTERACTIVE is a public limited company subject to French law. As such, the main texts that apply to it are the provisions of the Business Code related to commercial companies and the subsequent texts.

5.1.5 Important events in the development of the business

PHARMAGEST INTERACTIVE is a publisher of IT solutions offering specific services adapted to the dispensing pharmacy market and the pharmaceutical industry.

PHARMAGEST INTERACTIVE's main business involves the development of new IT solutions for pharmacists and laboratories, based on research and provision of new features and methods of working. PHARMAGEST INTERACTIVE supports its pharmacy and laboratory customers by providing overall control of the IT plan: traditional management, user training, assistance with software and hardware, development of secure solutions for the Internet, and also setting up new communication and convergence tools to add value to the occupations within the pharmaceutical industry.

Pharmacy Pole for France, Belgium and Luxembourg
Centered mainly on its leading product, LGPI Global Services® (Integrated Portal Management Software) PHARMAGEST INTERACTIVE is recognized as a fore-runner in its area of business and is still the only player to offer an innovative tool that presents itself as the new IT standard in the pharmaceutical market.

On the strength of its success in France, a similar integrated portal management tool was developed for the Belgian market, including the specific legal and professional requirements and the bilingualism of this country. And so, after starting up its business in Wallonia, the PHARMAGEST Group opened an agency in Flanders in 2010, to be able to address this market.

The PHARMAGEST Group's Dispensing Pharmacy Management Software product is complemented by a suite of satellite solutions enabling, for example, certain amounts of information to be centralized on behalf of pharmacy groups or enabling point of sale advertising to be carried out. As these solutions can operate independently of the management software, they can, as a result, create synergies between the countries.

Through its subsidiary INTECUM, specializing in automated dispensing, the PHARMAGEST Group offers a robotic counter, SELLEN®, aimed in particular at small and medium sized pharmacies, helping to save space within the dispensing pharmacy and saving the pharmacy team time that can be used to provide patients with advice. This robot is marketed in France, Belgium and Luxembourg.

Finally, the PHARMAGEST Group, through its company HEALTHLEASE, offers finance for pharmacy equipment.

Laboratories Pole
The Laboratories business benefits from the promulgation of the HPST Law (Hospital, Patients, Health and Territories) and from having widely anticipated the new role it gives to pharmacists in terms of support and advice dispensed to patients.

Retirement Homes Pole
Through its subsidiary, MALTA INFORMATIQUE, the PHARMAGEST Group reaches Care Homes (EHPAD - retirement homes for dependent elderly people) and day centres for the elderly. TITAN, the software developed by MALTA INFORMATIQUE is the benchmark solution for EHPADs in a market showing high levels of growth and benefiting from a favorable regulatory framework.

e-Health Pole
PHARMAGEST INTERACTIVE created an e-Health Pole helping it to reach other health professionals from now on or even the patients directly, but above all enabling dispensing pharmacists, its historic customers to take part in tele-health, in accordance with the HPST Law, by providing them with a series of solutions to strengthen the support and advice provided to the patient.

This Pole brings together the following subsidiaries:

- DOMEDIC Europe, which through its intelligent electronic pill dispenser, the DO-Pill SecuR™, provides a solution to the major issues of the patient care process, adherence and making safe the medication circuit.
- DIATELIC which, by developing expert systems based on artificial intelligence, provides tele-medicine and e-Health solutions to improve medical care of chronic patients.

The business of this Pole has structural support in the form of two approvals as Hosts for Health Data of a personal nature received in 2012.

- For a hosting service for outsourced health data back-ups;
- For a service for hosting applications managed and administered by the customer and containing health data of a personal nature collected in the context of tele-medicine activities.

Security of health data is a priority for the PHARMAGEST Group which since 2004 has been offering its VPN (Virtual Private Network) "Offisecure" guaranteeing pharmacists optimum protection for their electronic exchanges. In 2011, PHARMAGEST INTERACTIVE complemented its devices by setting up additional technical and organizational structures (ITIL Certification - Information Technology Infrastructure Library)

Through its different poles of business, the PHARMAGEST Group has the following objectives to help the pharmacist:

- To position himself as health coordinator between patients and other health professionals;
- To achieve his new missions through development of new, innovative technologies;

and therefore be present in the growing markets of home health care, dependency and support for chronic illnesses.

5.2 Investments

5.2.1 Investment history

After more than 10 years of shared experience in dispensing pharmacy IT acquired at CP Informatique and Rousseau Informatique, in 1996, Thierry CHAPUSOT, Thierry PONNELLE and Vincent PONNELLE created the company ROUSSEAU C.P.I. They developed the PHARMAGEST® software and set up a distribution network in the Grand-Est region of France. Rousseau CPI then became PHARMAGEST INTERACTIVE.

To strengthen its local commercial and technical presence and to reach the position of market leader, in 1998 PHARMAGEST INTERACTIVE decided to provide financial backing to the pharmaceutical distributor CERP Lorraine, with closer operational cooperation with the IT subsidiary MIRABEL.

On 20 October 2000, PHARMAGEST INTERACTIVE is introduced on the New Market of the Paris Stock Exchange in order to increase its reputation, to pursue a policy of external growth and develop new services and ways of working for the pharmaceutical industry.

After a succession of external growth opportunities in France, of which the largest is CIP, the PHARMAGEST Group became the leader in computer systems for dispensing pharmacies with 43.5% market share in France (Source: PHARMAGEST INTERACTIVE). Pursuing a European development strategy, in September 2007, PHARMAGEST INTERACTIVE bought the company SABCO in Luxembourg and its subsidiary ATS (in 2009 it became SABCO Services) in Belgium. These companies have 12% market share in Belgium and 47% in Luxembourg (Source: SABCO).

Following the acquisition of MALTA INFORMATIQUE in 2008, the PHARMAGEST Group significantly extended the existing product range and opened up its expertise to nursing homes for the elderly. Following this initial acquisition, the PHARMAGEST Group strengthened its presence in the Care Homes sector, by acquiring the business of the company AZUR Software in April 2009, a company that designs and publishes a range of management software solutions for care homes.

On 30 October 2009, PHARMAGEST INTERACTIVE played a part in the creation of the Belgian company, QUALITY FLUX, specializing in the purchase and re-sale of statistical data, owning 40% of share capital. This holding was increased to 42.27% after two increases in capital during the 2011 financial year. 2012 saw the dilution of the holding in QUALITY FLUX to 21.98% following a reduction in capital followed by an increase in capital that enabled a new shareholder to come in, an increase not favored by PHARMAGEST INTERACTIVE.

In March 2010 the company HEALTHLEASE was created in which PHARMAGEST INTERACTIVE has a 35% shareholding. The purpose of this company is to carry out long-term leasing of equipment for those involved in the pharmaceutical industry, and in particular pharmacists.

By private agreement dated 20 September 2010, PHARMAGEST INTERACTIVE acquired a 41.6% shareholding in the company DIATELIC, thus gaining access to an area of expertise complementary to its own, which is tele-medicine, and expert systems for monitoring patients at home. Following an increase in capital and a purchase of the company's shares, the holding in DIATELIC increased to 68.58%, on 27 February 2012.

Another holding was taken in December 2010, in the company INTECUM, for 49% of the share capital, a holding which enables PHARMAGEST INTERACTIVE to supplement its product range for pharmacists through an automated dispensing system.

In May 2011, PHARMAGEST INTERACTIVE took a 35% holding in the Canadian company GROUPE DOMEDIC Inc. which develops and markets an intelligent electronic pill dispenser for which it granted distribution rights and a trademark licence to the French company DOMEDIC EUROPE in which PHARMAGEST INTERACTIVE has a 65% shareholding.

These investments enable the PHARMAGEST Group, either directly or indirectly, to offer new services to its pharmacy customers, but also to those equipped with some competitor IT solutions, that is at least 90% of the targeted French market. These services may also be exported to Belgium and Luxembourg and to other European markets.

On 18 December 2012, PHARMAGEST INTERACTIVE created the company KAPELSE with a 100% shareholding, the main business being the design of health products.

The overall value of investments carried out in 2012 is less than 20% of the balance sheet assets and as such the values remain insignificant.

5.2.2 Description of main investments carried out since 31 December 2012

The Board of Directors authorized PHARMAGEST INTERACTIVE to carry out a share buy-back followed by a subscription to an increase in capital of its subsidiary INTECUM, bringing its shareholding in this company to 63.99% as of 29 January 2013.

5.2.3 Description of main investments of the PHARMAGEST Group in the future

None.

Nevertheless, the PHARMAGEST Group maintains its external growth approach by studying international leads, as well as French ones, prioritizing innovative services and technological areas linked to Health.

5.3 Financial Communications

Information Policy

Mr. Dominique PAUTRAT,
Managing Director and Member of the Board of Directors of PHARMAGEST INTERACTIVE is responsible for information
Head Office: 5, Allée de Saint Cloud - 54 600 VILLERS-LES-NANCY
Tel.: 03 83 15 95 95
Fax: 03 83 25 64 10

Every year PHARMAGEST INTERACTIVE organizes two information meetings for analysts, investors and journalists.

Significant events may be the subject of a press release.

In addition, whilst this document remains valid, the articles of incorporation, the auditors' reports and historic financial information about the issuer and its subsidiaries for each of the two financial years prior to publication of this document, are available at the head office of the issuer.

Financial information is also available on the website www.pharmagest.com

The company Gilbert Dupont (market maker establishment) carries out financial studies on PHARMAGEST INTERACTIVE periodically.

For this year PHARMAGEST INTERACTIVE has continued the market making contract to handle its stock price, signed on 20 October 2003 with Gilbert Dupont.

6 OVERVIEW OF OPERATIONS

6.1 Principal Operations

6.1.1 IT for dispensing pharmacies

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.

Mastering skills in-house
For the pharmacy, the PHARMAGEST Group provides expertise in all aspects of computerization of a dispensing pharmacy as it publishes its own solutions. In this context, its operations are built around:

- Software publishing: design, development, maintenance and evolutions;
- Product distribution: direct marketing through its own network of skill centers;
- Integration and training: integration of hardware, software, data recovery and management, training and assistance for dispensing pharmacy users;
- Maintenance: monitoring and maintenance of the IT environment of the pharmaceutical dispensing pharmacy.

The services include:

- Study of the existing IT system;
- Integration of different software and hardware components;
- Validation tests;
- Installation of hardware on site and of software throughout the whole installed system (on average 6 work stations per pharmacy out of the 9,800 of the PHARMAGEST INTERACTIVE system);
- User training;
- Helpline support and maintenance.

Development: the core business of the PHARMAGEST Group
The skills of the PHARMAGEST Group, both in terms of research and development and in terms of knowledge of the needs and expectations of their clientele, are translated by:

- Continuous adaptation of the tool and user support in their capacity as advisor, salesperson, customer placing an order and manager.
- Consideration of the complexity of invoice-linked functions (direct payment, third party payment, health insurance companies).

The software must meet basic needs such as invoice management, SESAM-Vitale remote transmission, management of stock and stock optimization, management of the Dossier Pharmaceutique (electronic medication record smart card), the tasks entrusted to pharmacists under the HPST Law in France, or the New Payment System in Belgium. These basic functions meet the specifications imposed by the authority of the SESAM-Vitale Economic Interest Group (GIE) and the Council of the National Order of Pharmacists on all those participating in computerization of the French market or by Royal Decree and the Order of Pharmacists in Belgium.

For their customers, the Computer Engineering Service Companies (SSII) must also undertake development of new functions exceeding this simple framework of compulsory developments and offer new, enhancing functions. The PHARMAGEST Group therefore develops innovative and unique tools which meet its customers' needs and anticipate opportunities for the profession.

In an economic environment that is increasingly difficult for the dispensing pharmacist, the PHARMAGEST Group is committed to providing concrete answers to the profession's two fold issue of:

- The pharmacist's new tasks;
- Research into new ways to generate profitability.

It offers highly efficient statistical analysis tools to support dispensing pharmacists in their management and economic policy; it provides campaigns for monitoring adherence to strengthen the pharmacist's advisory role in the care chain and to lead to new loyalty from the customer towards his dispensing pharmacist (including automatic text messages, voice messages or e-mails from the software as well as a Smartphone app); it develops a point of sale communications tool and a website for the pharmacy, with links to the pharmacy website and an on-line shop.

The PHARMAGEST Group has also reconsidered the pharmacies' direct supplies by offering a new management system for direct orders including access within the application to main suppliers' catalogues, monitoring annual contracts by supplier, by product range, pricing and promotions policies, purchase monitoring utilities, warnings of possible shortages or better conditions from another supplier.

During 2009, in collaboration with the National Health Insurance Fund (CNAM) and pharmacist unions, PHARMAGEST INTERACTIVE was the first publisher of Software for Management of Dispensing Pharmacies to take part in a national trial of complete dematerialization of prescriptions.

At the start of 2011, PHARMAGEST INTERACTIVE obtained approval from the National Center of Registrations and Approvals for developments (CNDA) carried out in the context of the GIE SESAM-Vitale 1.40 regarding two major functions: common classification of medical procedures and standardization of electronic exchanges with additional health insurance bodies.

6.1.2 Pharmacy Europe

On 31 December 2012, the Pharmacy operation is the core activity of the PHARMAGEST Group and is responsible for 85% of the Group's turnover (IFRS).

6.1.2.1 Pharmacy France

The Pharmacy France business represents 82% of the PHARMAGEST Group’s 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 makes it the No 1 software package for pharmacies in France.

A number of work stations per pharmacy that is higher than the national average
The national average for the number of work stations per pharmacy is 5 whereas with PHARMAGEST INTERACTIVE customers it is 6.2:

- IT services are invoiced according to the number of work stations;
- With the population in France remaining the same, even if in the current economic climate some pharmacies, especially the small ones, are closing or merging, other pharmacies are increasing their number of work stations still further. This change has a positive impact on PHARMAGEST INTERACTIVE's operations bearing in mind its strong propensity to equip large pharmacies.

Highly efficient and effective statistical and management tools for all types of dispensing pharmacy
The PHARMAGEST Group offers a new, intuitive and highly efficient statistical tool, Oracle™ Business Intelligence integrated into the Decision Making module of LGPI Global Services®, to support dispensing pharmacists in steering their pharmacy through performance indicators and clear and interactive graphics. Since September 2009, these statistics may be accessed from an iPhone™ for pharmacists connected to the Internet via OffiSecure®.

Secure Internet access
In the digital era, when the flow of information in the dispensing pharmacy is continuously increasing and must, as a result, be as secure as possible, the PHARMAGEST Group offers Offisecure®, professional and secure Internet access researched especially for pharmacies. Since 2008, pharmacies have also been able to benefit from a professional service of unlimited telephone calls.
With 4,100 subscribers, PHARMAGEST INTERACTIVE has installations with more than 40% of its customers.

A group purchase solution
In an environment where pharmacists are strategically grouping together and multiplying, in particular in the form of chains, of Group Purchasing Structures (SRA) or Incorporated Professional Practices (SEL), PHARMAGEST INTERACTIVE has created OffiCentral®: an ideal tool for pharmacies seeking new sources of profitability, in order to optimize their group orders and harmonize their sales policies.

Today over 200 chains and 800 dispensing pharmacies use OffiCentral®.

A raft of solutions to reinforce patient support and advice

Due to the fact that pharmacists have many assets to contribute towards 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 providing advice and prevention for patients. In 2007, PHARMAGEST INTERACTIVE signed up to the Dossier Pharmaceutique (DP) (electronic medication record smart card), recommended by the National Council of the Order of Pharmacists (CNOP) and set up with the main aim of countering iatrogenic risks. In this way, PHARMAGEST INTERACTIVE was the first to publish software that connects a French dispensing pharmacy to this national computerized network. At the end of 2010, the LGPI Global Services® software was awarded first place for software equipping pharmacies connected to the DP and nearly 97.5% (Source: CNOP) of dispensing pharmacies equipped with this software are connected.

With the same aim of bringing pharmacists closer to their patients, PHARMAGEST INTERACTIVE has developed appropriate IT tools to meet the needs of the profession such as, for example, the smartphone app **MaPharmacieMobile®**, free of charge, available on iPhone™ and Android™. It enables the pharmacist to provide the patient with local services, particularly useful on a daily basis, and to provide them with support at any time, especially in an environment that is increasingly mobile. In fact, patients may not only locate the nearest open pharmacy, but also send a photo of their prescription as soon as they leave the doctor's surgery or benefit from treatment monitoring (the patient can record that they have taken their medication each time they receive a reminder and the pharmacist, receiving the information on his software, can monitor adherence and make the patient aware). Over 85,000 individuals have already downloaded the app (Source: PHARMAGEST INTERACTIVE)

A dynamic communications tool at point of sale

Since 2007, the PHARMAGEST Group has offered OffiMédia®, a communications system enabling pharmacists to liven up their point of sale and inform their customers. This solution encourages requests for advice and impulse purchases by showing messages on screens positioned in prominent places in the sales area. Over and above traditional communication distributed in the sales area, OffiMédia® allows targeted messages to be broadcast, at the sales counter, according to the patient being dealt with and dispensing pharmacy stocks, and this is thanks to its link with the pharmacist's management software (LGPI Global Services®). This tool analyses patient data and delivery of medication to propose tailored messages. In this way, the relevance and coherence of the advice is ensured.

Displaying "Total payable" on the OffiMédia® screens at the counter means the pharmacists are meeting their legal obligations regarding price display.

With the OffiMediaPrint function pharmacists can use the visual reminder by printing the product files shown on the screen.

Today, over 1,500 pharmacies are equipped with an on-screen communications tool from the PHARMAGEST Group.

A website for every dispensing pharmacy

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. Pharmattitude® helps place the pharmacist as the first point of contact for health 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 an Order which, in the framework of the new legislation put in place at European level for safe medicine and rigorously controlled sales of medicine, provides a strict framework for selling medicine on the Internet in France.

A finance solution for equipment

Since May 2010, by taking a 35% shareholding in the company HEALTHLEASE France, the PHARMAGEST Group has offered pharmacists a range of financial services for their IT systems and/or other professional goods.

A new market: the robotization of pharmacies

In December 2010, PHARMAGEST INTERACTIVE made an investment in the start-up company INTECUM and now offers a dispensing pharmacy and medication dispensing robotization activity at the point of sale. The robot “SELLEN®" is revolutionizing the world of pharmacy robots through the benefits it provides:

- It involves a "robot-counter," saving a lot of space, given that it is placed in the center of the pharmacy;
- Lower price positioning than solutions currently on the market;
- Mechanical and flexible standardization;
- It allows the pharmacy team to dispense advice to the patient instead of searching for medicines in drawers.

Marketing of the product started in the first half of 2012 and 7 robots were installed as of 31 December 2012.

Hosting of Health Data of a personal nature
Since PHARMAGEST INTERACTIVE obtained approval as Health Data Host from the Ministry of Social Affairs and Health in January 2012, the company has offered dispensing pharmacists the "Offisafe®" solution for data back-up.

6.1.2.2 Pharmacy Belgium and Luxembourg

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

A product perfectly suited to the needs of the Belgian pharmacist
Breaking new ground in the Belgian market, the SABCO product comes in a range of 3 software packages suitable for all dispensing pharmacies and available in the country's two main languages, French and Dutch;

- The **New SABCO®** Software: a tool that brings both efficiency and speed to the daily practice of the pharmacist's profession;
- The **SABCO® Optimum** Software: a range of complementary solutions to improve advice to patients and support them in monitoring their treatment;
- The **SABCO® Ultimate** Software: a complete and high-performing ally for managing the dispensing pharmacy, and in particular dynamic stock management, help in decision making, facilitated group orders, along with support for the pharmacist's role as health professional and a communications tool to reach the patient.

Over and above repeat business from SABCO customers, the product, structured in this way, has meant new customers have been won 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 [Sources: SABCO and the Belgian Pharmaceutical Association (APB)].

Through its leading software package, SABCO® Ultimate which has been taken on by 99 pharmacies including 50 new customers in 2012 (+55% in 1 year), the company is counting on a solution perfectly suited to the needs of the Belgian pharmacist, who is both a health expert and a business manager. This wearing of "two hats" is the route the profession has selected for its recovery in the face of the current health market trends: increase in fixed and variable costs, lower margins, lower footfall in dispensing pharmacies in favor of outlets selling pharmacy-related products, fall in the average spend, etc.

To counter these obstacles, SABCO® Ultimate is a key, effective tool allowing, in an ergonomic environment, better patient support and optimum management of the dispensing pharmacy to be brought together. Also counting on exclusive use of the Oracle™ Business Intelligence technology to produce outstanding statistics and intelligent charts for all the pharmacy's key data, SABCO® Ultimate confirms how far ahead it is of other management software packages: a solution that allows pharmacists to enhance their decision making and negotiating power whilst at the same time building on their role as the benchmark health professional for their patients.

The SABCO teams are continually developing SABCO® Ultimate in order to continue to anticipate market changes by adapting to the new legislative restrictions, in particular in the dispensing pharmacy sector, and to the increasing and ever more extensive needs of Belgian pharmacists. Several developments merit highlighting for the year 2012, such as the parametering of labels, or indeed the integration of the IBOTP protocol (order method that every pharmaceutical software package uses to deal with wholesalers and laboratories) in the order module of SABCO® Ultimate. New functions have just been added in 2013, such as a new module for preparing magistral formula enabling pharmacists to separate physical preparation from invoicing, or the availability of a digitization module that is even more effective.

Furthermore, the development teams in France and Belgium are working closely together on adapting satellite solutions (OffiCentral®, OffiMedia etc.) developed by the PHARMAGEST Group to the SABCO software so as to be able to offer a complete product to pharmacists in Belgium and Luxembourg. OffiCentral®, the module for centralized management of pharmacy chains saw many improvements in 2012, such as the possibility of reserving the products of one pharmacy at another, with remote acceptance. The SABCO teams have also made "OffiSynchro" available to pharmacists, a new module allowing perfect synchronization of the same pharmacy network, for example in order to coordinate joint campaigns.
Use of a centralized discount card server, currently being developed, has just been added to the functions of the SABCO product in 2013.
These new elements that are already available and future developments are one step closer to matching SABCO solutions to the management needs of pharmacy chains and groups in Belgium.

In Luxembourg
In the Grand Duchy of Luxembourg, the historic headquarters of the company, SABCO confirms its place as leader in 2012 with 47% market share (source: SABCO) in the dispensing pharmacy computer systems sector thanks to its leading software package Officine II. Much imitated by its competitors, Officine II allows pharmacists in Luxembourg to effectively manage their magistral preparations, their direct orders and invoicing of veterinary customers. Officine II also offers exclusive access to an information portal and to the

Delphi Care data base, the possibility of interfacing with a robot, scanning documents, sending text messages or even interfacing with electronic labels.

During 2012, the R&D (Research and Development) teams from the Grand Duchy have been integrating many new features such as a new task management module, integration of the Federal Agency for Medicines and Health Products (AFMPS) notices in the product file or even financial receipt of orders enabling the pharmacist to quantify his margins.

With the next integration of a set of new functions focused mainly on statistics, improving the negotiating power of pharmacists when making purchases, and also thanks to a move over to an advanced data base engine, Officine II should enable SABCO to win new market shares in 2013 in the Luxembourg area.

6.1.3 The PHARMAGEST Group, the pharmaceutical industry's partner

Laboratory business contributed 11.5% of the PHARMAGEST Group turnover (IFRS).

As a pharmacy expert for over thirty years, developing enhancement-providing solutions for the various participants in the dispensing pharmacy market, the PHARMAGEST Group is the preferred partner for laboratories wishing to develop a customer-focused marketing approach. With over 10,000 dispensing pharmacies (in France, Belgium and Luxembourg) equipped with the PHARMAGEST Group’s IT solutions, it addresses over 50,000 health professionals who use its solutions and through them, 2 million patients every day (Source: INSEE) and asserts its position as leader in the dispensing pharmacy information technology market. By creating new bridges between laboratories and dispensing pharmacies and by developing multidimensional links in their common interests, the PHARMAGEST Group has asserted itself as a pivotal partner for participants in the pharmaceutical circuit.

A communications, 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. The PHARMAGEST Group has been involved in exploiting the value of dispensing pharmacies in laboratories’ strategies by focusing their message and center of interest towards the sales point, and away from the traditional channel of doctors.

The PHARMAGEST Group has developed processes enabling laboratories to train and inform 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. In this way the laboratory enhances its image with pharmacists by providing them with "professional" information required to carry out their business successfully. LGPI® Global Services acts as a reputation-enhancing tool and a tool to build customer loyalty at the point of sale.

As a contextual medium, LGPI® Global Services also enables laboratories to present and offer their products at the right time, especially when associated products are suggested as a complement to the initial prescription or as contextual information. Such processes stimulate sales and increase the level of advice provided to patients.

Patient support mechanisms
Consequences of failure to monitor adherence result in health risks for the patient. By taking action to inform and train the patient, it was observed that treatment was followed more carefully and the patient's commitment with regard to their illness was stronger. The PHARMAGEST Group is developing its services for laboratories and pharmacists, aiming to work on a measure that will educate the patient by means of information sheets and profiled and on-going advice. The results of adherence campaigns highlight an increase in the number of packs sold per patient, patient loyalty towards their dispensing pharmacy and as a result, an increase in turnover for each economic player.

General public advertising campaigns
The display screen advertising at the point of sale, which acts as a complement to other promotional channels, provides an essential means of capturing customer attention at the ideal moment to trigger a purchase. The dispensing pharmacies are able to exploit the strong potential of these display screens in order to modernize their image, to enhance the sales area and encourage purchasing. The PHARMAGEST Group, by means of its new advertising division, is offering pharmacists the opportunity to lease their audiovisual areas for the benefit of pharmaceutical laboratories and dermo-cosmetic laboratories. This advertising division allows the advertising partners to broadcast contextual and targeted informational or promotional messages, to promote the sale of their products in the sales area and to capture the attention of dispensing pharmacy customers.

Patient CRM (Customer Relationship Management)
Laboratories have gone from product marketing to patient marketing. Surveys distributed within the pharmacist's own information system provide a foundation for understanding patient attitudes and practices. Being aware of the prescription context of one or a number of its products, and collecting behavioral data allows them to adopt new promotional strategies and adjust the information to be distributed.

A Public Health player

By setting up health monitoring or research into prevention and screening, the PHARMAGEST Group demonstrates its expertise in the field and its ability to mobilize dispensing pharmacy personnel. 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) Over the period of a week from Monday 22 October to Saturday 27 October 2012, in **1,894** pharmacies that use LGPI Global Services software, the dispensing pharmacy personnel put 2 questions to **18,820** customers, who are either insulin-dependent diabetics or aged 65 or over, to find out if they had received a voucher entitling them to a free flu vaccination from the Social Security and if they knew that their doctor could provide a similar voucher.

Management of sales flows

The computerized direct order offered by the PHARMAGEST Group comes in addition to the work of the laboratory sales teams and strengthens relations between laboratory and dispensing pharmacy. The pharmacist accesses the laboratory's catalogue of products, regularly updated in his work tool, and can place direct orders with the laboratories via the Internet.

The direct order, which wholly or partially replaces orders placed by fax or by telephone, is subject to compliance checks which make for greater efficiency in management for pharmacists and laboratories. The direct order means a reduction in logistical and administrative costs whilst at the same time increasing margins. This model is an additional process in the win/win strategy between the pharmacist and the laboratory.

6.1.4 IT for EHPADs (care homes for the elderly) and day centers

Care Home business contributes 3.4% of the PHARMAGEST Group’s turnover (IFRA).

MALTA INFORMATIQUE, publisher of specialized software in the field of EHPADS (Care homes for the elderly) and Day Centers, is distinguished by its very high level expertise in therapeutic monitoring and care for residents by offering a suite of integrated and modular software packages for this core business that provides an effective and differentiating answer in the context of the evolution of the medical-legal sector.

Using its TITAN application, which is in fact the only solution on the market capable of offering a complete medication circuit for care homes, different modules are offered allowing:

- Management of admissions and resident administration;
- Invoicing, monitoring payments and financial posting;
- Monitoring care;
- Monitoring activities;
- Management of stewardship;
- Personnel schedules;
- Bar code traceability;
- Quality management;
- Management with town pharmacies and in-house pharmacies (PUI).

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

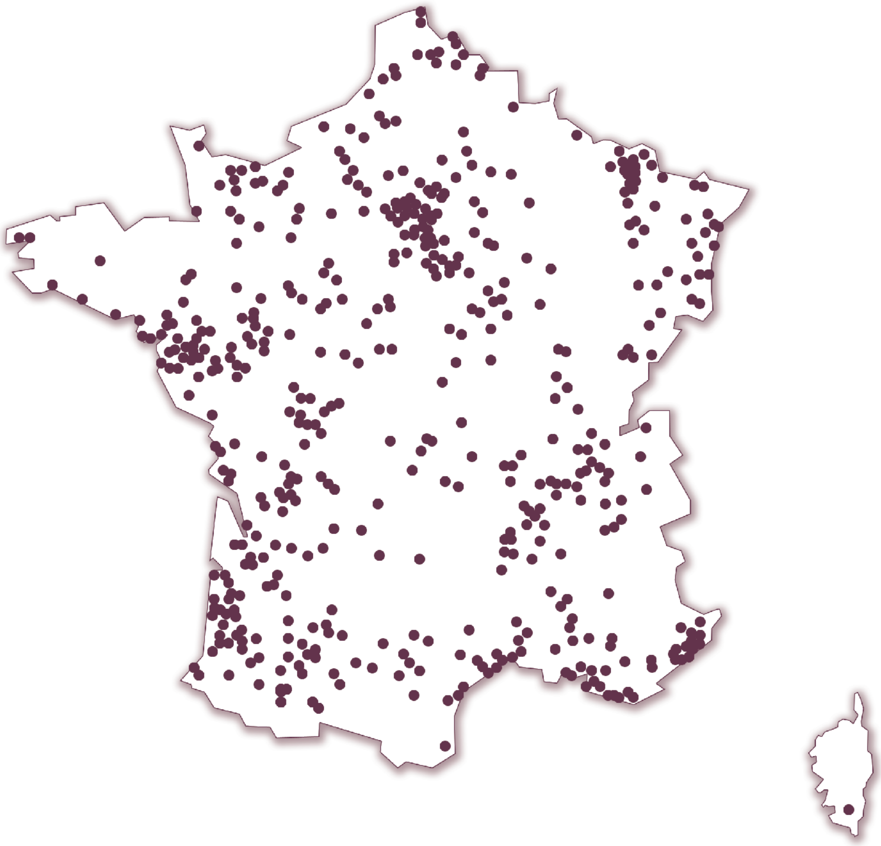
And so, in 2011, the product range was enhanced by the TITAN PHARMA module making the medication circuit in care homes completely secure, by integrating traceability into exchanges with the pharmacist.

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 product 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.

As a reminder, through sustained organic growth and the acquisition of the business of the AZUR software company in 2009, MALTA INFORMATIQUE is now installed in over 1,000 establishments throughout the French territory and once again asserts its position as leader in EHPAD software solutions (Source: MALTA INFORMATIQUE).

Today, thanks to a strategy with a very strong specialization, MALTA INFORMATIQUE has become a key player in the EHPAD sector.

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



6.1.5 Creation of e-Health pole: an innovative new product

The new e-Health pole, created during Q1 2012, has not yet contributed to the PHARMAGEST Group's turnover in any significant way.

The recent external growth 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 in addition structurally reinforced by PHARMAGEST INTERACTIVE obtaining approval in 2012 for hosting health data of a personal nature awarded by the Ministry of Social Affairs and Health.

The strategy of the PHARMAGEST Group is to offer, with these new competences, the services that pharmacists will definitely need for the application of the HPST Law (Hospital, Patients, Health, Territories) and their future per act remuneration.

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.

The added value of this new activity, bringing together the excellence of the know-how of PHARMAGEST INTERACTIVE, DIATELIC and DOMEDIC Group Inc., is its complementary nature. It brings together suppliers of technologies with substantial experience in the field of health who able to respond to health care professionals seeking services to improve patient care.

A strategy of growth through innovation

Improving the health of patients, providing care while also reducing the related costs, are all obvious factors that the PHARMAGEST Group 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.

A major innovation to improve patient adherence: the DO-Pill SecuR™

In 2011, PHARMAGEST INTERACTIVE took a 35% holding in the Canadian company DOMEDIC GROUP Inc. together with a majority shareholding of 65% in the company DOMEDIC EUROPE. The latter holds exclusive distribution rights for products developed by DOMEDIC GROUP Inc. for Europe and has signed a distribution rights transfer agreement with PHARMAGEST INTERACTIVE for France, Belgium and Luxembourg with a view to marketing the DO-Pill SecuR™ intelligent pill dispenser.

Taking these shareholdings in innovative services and technological areas linked to health is in keeping with the PHARMAGEST Group's strategy and will mean support is provided to pharmacists in their advisory and preventive role with patients. In fact, the DO-Pill SecuR™ pill dispenser will enable the PHARMAGEST Group to complete its range of services aimed at helping the pharmacist to support patients suffering from chronic illnesses or elderly people and to overcome risks linked to iatrogenic accidents and/or adherence failures, in the context of an ageing population (according to an estimate from the National Institute of Demographic Studies (INED), the population aged 75 and over was 5.6 million in 2010 and should exceed 12 million in 2050) and an increasing number of people suffering from chronic illnesses (nearly 20% according to a study from the Ministry of Social Affairs and Health).

DIATELIC: effective and operational tele-medicine

Following the equity investment in December 2010 in the innovative French company DIATELIC as a minority shareholder, the PHARMAGEST Group went on to finalize a majority shareholding in DIATELIC in March 2012 and now holds 68.58% of the equity of this innovative company.

DIATELIC specializes in artificial intelligence applied to electronic monitoring and monitoring patient adherence. Resulting from work by specialists researching expert systems, this new product is extremely innovative, and it allows automated alarms and sophisticated diagnostic aids to be generated through artificial intelligence, for health professionals, in the framework of monitoring patient treatment.

This innovation thereby responds to the main problem posed by electronic monitoring, which is the amount of information generated by the acquisition of data in medical files, systems of tele-medicine or e-Health.

Today the range of software packages covers a growing number of illnesses: kidney failure (medical electronic monitoring of home dialysis), cardiology, diabetes, respiratory failure.

Hosting Health Data of a personal nature

In 2012, PHARMAGEST INTERACTIVE received two approvals as Host of Health Data of a personal nature by the Minister for Social Affairs and Health.

- **Outsourcing of back-ups:**

With this approval, today the PHARMAGEST Group provides health professionals, pharmacists or health establishments with a service guaranteeing them a strict level of quality, high security and increased performance for all their IT back-up problems, and this is 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 data of a personal nature, 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, allowing an optimum level of security.

- **Hosting applications managed and administered by the customer**

This approval enables the PHARMAGEST Group to offer a service for hosting health data of a personal nature via its infrastructure platform DATA100T, called “TELE100T®”.
This infrastructure aims to receive health data and applications managed and administered directly by its customers: health establishments, health professionals, health cooperation groups (GCS), software publishers, care associations and networks, as well as health industries (pharmaceutical laboratories and manufacturers of medical devices).

6.2 Principal Markets

6.2.1 The market in France

General presentation of dispensing pharmacies

At 31 December 2012, 22,706 dispensing pharmacies in France can be listed, including 626 in French Overseas Departments, that is a slight fall compared to the previous year (-0.5%). On the whole, they are well equipped with IT hardware: on average 5 work stations per dispensing pharmacy*.

** Source: Order of Pharmacists*

Balance sheet for 2012 business - In €k**	2012	2011	Change
Average turnover excl. tax	1,624.5	1,621.7	+ 0.2%
Average margin excl. tax in value	480.5	474.2	+ 1.3%
Personnel expenses	168.9	166.2	+ 1.7%
Profitability	233.3	230.8	+ 1.1%

The year 2012 was marked by a turnaround in dispensing pharmacy performance. In fact, in 2011 despite a difficult environment, the rises in margin (+2.6%) and profitability (+3.8%) were significant. In 2012, these indicators, in a context of stagnation in turnover are lackluster.

*** Source: KPMG*

Payment to dispensing pharmacies for refundable medicines (excluding generics not subject to Reference Pricing (TFR) is fixed by decree and is broken down into two regulatory parts: sliding margin and discounts. The decree of 3 March 2008 amends wholesalers' distribution margins

The dispensing pharmacists' margin is equal to *:**

- 26.1% of the manufacturer's price before tax up to 22.90 €,
- 10% between €22.90 and €150 and
- 6% beyond thereafter,
- to which a fixed fee of €0.53 per pack is added.

Discounts granted to pharmacists by wholesale distributors or laboratories have an **upper limit of 2.5%** of the sales price to pharmacists for non-generic refundable medicines and **of 17%** of the manufacturer's price before tax for generic medicines and originator medicines subject to reference prices. The **VAT rate** applied on refundable medicines is **2.1%**. ***

Breakdown of the price of refundable medicine:

	2011	2010
For the industry	67.7%	67.6%
For the dispensing pharmacy	24.7%	24.8%
For wholesale distributors	1.6%	1.8%
For the State	6.0%	5.8%

**** Source: Drug companies.*

The Pharmacy sector is based on solid growth factors:

- Increase in the population in France: 65.35 million people, that is + 6.4% in ten years (Source: INSEE);
- Increase in life expectancy: One in three will be aged over 60 in 2050 (Source: INSEE);
- Pharmaceutical innovations;
- Development of self-medication;
- Dramatic increase in chronic illnesses; 15 million people will be affected in France (Source: Health Insurance);

which constitute so many sources of increases in expenses that the public authorities have to control.

The government's main measure to limit the Social Security deficit was, in 2012, a drop in prices and a restriction on some previously refundable medicines, making an 80% saving on dispensing pharmacy.

- The 2012 Law on Social Security Finance: Over 1 billion Euros of savings to be made on brand medicines and especially on generics.

For 2013, the Draft Law on Social Security Financing adopted in December 2012 does not call for any further changes in refundable medicines, but does call for price reductions for originators and medical devices totaling €876M, which will have an impact on dispensing pharmacy margins.

The public authorities have realized that the pharmacy constitutes an indispensable link in the French health network:

- Thanks to its availability and the simplicity of access;
- Thanks to its excellent links in the country.

In April 2012, consideration of the new roles and new payment, initiated by the HPST Law of July 2009 (Hospitals, Patients, Health and Territory) led to the signing of an agreement by unions representing pharmacists and health insurance, which opens the way for a new payment system for new tasks, separated from the price of the medicine:

- Dispensing fees;
- Fixed rate for patient support;
- Performance-related pay for generic substitution, etc.

Negotiations between health insurance and the unions on solid means of payment reform resulting from this new agreement (Order of 4 May 2012, published in the Official Journal of 6 May 2012 and downloadable at http://www.ameli.fr/professionnels-de-sante/pharmaciens/votre-convention/convention-nationale-titulaires-d-officine.php) are only beginning:

- Dispensing fee targets:
  - 12.5% of payment to pharmacists from 2014;
  - 25% of payment between now and 2017.

- Fixed rate for patient support: at the moment, it is forecast that €40 per year per monitored patient will be paid in the framework of:
  - Treatment by oral anticoagulants (AVK- anti-vitamin K);
  - Certain cases of asthma.

6.2.2 The market in Belgium and Luxembourg

6.2.2.1 In Belgium

At 31 December 2012, there were 5,017 pharmacies open to the public in Belgium, a fall of 0.8% compared to 2011, that is an average of one pharmacy for 2,215 inhabitants, with the following geographic distribution:

- Flanders: 53%;
- Wallonia: 35%;
- Brussels: 12%.

(Source : Belgian Pharmaceutical Association APB)

The country has one of the most dense networks of pharmacies in Europe.
Taking into account "an over-abundance of product," a moratorium on opening new pharmacies was imposed in 1999. Since then, thanks to mergers and closures, the number of pharmacies open to the public in Belgium has fallen from 5,277 to 5, 017.

In a difficult economic climate, associations representing pharmacists in Belgium, the APB and the OPHACO have negotiated a New Payment System with the government, brought into force 1 April 2010 in order to counter:

- A fall in margins on refundable medicines and large packages;
- Stagnation of the overall amount of margins taking into account falls in prices and sales volumes;
- And to take responsibility for the patient advice/support function by the pharmacist.

The new payment made to the pharmacist is made up of a fee for activities linked to pharmaceutical care of 79.6% of the pharmacist's income (72.5% of basic fees and 4.4% of additional fees) and of an economic margin on the pharmaceutical product (20.4%). This margin, which is combined with the ex-factory price of the medicine, must be used to cover the pharmacy's operating costs. Between 1 August 2010 and 31 July 2011, Belgian pharmacists earned an extra €27.6M compared to the previous payment system, an average of €5,400 per pharmacy. (Source: APB)

Unlike France, it is forbidden to set up dispensing pharmacies in shopping centers in Belgium. Also, Belgium does not require the owner of a dispensing pharmacy to be a pharmacist. A registered pharmacist who is considered as an individual may be the owner of several pharmacies. However it is compulsory that a pharmacy manager should be qualified in this instance.

Around 13% of Belgian pharmacies belong to a chain of pharmacies such as LLOYDS or MULTIPHARMA.

Belgian pharmacies produce turnover that is around one third lower than the French average.

The breakdown of turnover in a Belgian pharmacy is generally:

- 75% refundable medicines;
- 15% OTC (Over the Counter) medicines;
- 10% non-refundable medicines by medical prescription.
  (Source : APB).

6.2.2.2 In Luxembourg

In 2012, the number of pharmacies open to the public was 93, of which 23 were private concessions and 70 State concessions (Source: Ministry of Health).

The pharmacy market is restricted by significant barriers to entry, thus limiting competition. The number of pharmacies is strictly controlled, being limited to 1 pharmacy for 5,000 inhabitants (Source: OCDE).
A dispensing pharmacy is managed by a registered pharmacist who practices as a liberal professional. There are two possible ways to obtain a pharmacy concession:

- Either the pharmacist applies for a State concession. This is the case for 2/3 of pharmacies in Luxembourg. the application is placed on a list according to years of work carried out, age of the qualification and number of years of study;
- Or he buys a private concession, which requires substantial funding.

The Ministry of Health in Luxembourg, in its Governmental Program of 29 July 2009, anticipates strengthening the advisory role of the pharmacist and enabling them to carry out substitutions. The pharmacy network will be strengthened and the pharmacy concession allocation procedure is to be reviewed in order to improve territorial coverage in the interests of public health.

Also, the Government will pursue the setting up of a national "e-health" plan together with an electronic patient file.

6.2.3 The EHPAD and Day Center market in France.

The market is made up of over 10,000 care homes for the elderly in France* of which 75% are retirement homes, EHPAD or Long Term Care Facilities (USLD), and 25% are retirement homes for non-dependent people.
**(Source : MALTA INFORMATIQUE).*

The market is continually growing bearing in mind the need for residential places linked to the ageing of the French population. Within 20 years, the number of facilities could double.

Residential facilities have seen various significant reforms since 2002-2003 with the appearance of the first three-party agreements (EHPAD/DASS then ARS/GENERAL COUNCIL), then the reintegration of medical systems in 2008, in their operating budget, not to mention the integration of medicine forecast for the start of 2013.

All these changes mean the market has to equip itself with specialized and effective software. We can consider that at the moment, 70% of the facilities are equipped with complete solutions*.
** (Source : MALTA INFORMATIQUE).*

6.3 Exceptional events that have influenced operations

None.

6.4 Dependence with regard to patents, licences, contracts or manufacturing processes

The PHARMAGEST Group carried out a review of these risks that are listed and presented in the management report included under Heading 24.1 of this Reference Document.

6.5 Competition

6.5.1 On the French Pharmacy Market

Two main players share the market:

- The Pharmagest Group with 43.5% of the market;
- The CEGEDIM Group with its subsidiary ALLIADIS with 31% market share following the acquisition from ASP Line of its PERIPHAR business dedicated to management of pharmaceutical dispensing pharmacies in June 2012.

LGPI Global Services® is the first and indeed the only software package to have carried out a complete review of its technological foundations.

"It really is the product that meets the demands of the pharmacist who expects a solution tailored to his profession whilst at the same time integrating and facilitating access to new technologies and their benefits. This wealth of functions that goes to the core of the profession enables him to bring greater added value to his customers and improve their loyalty". *

** Etude Capgemini disponible au siège de PHARMAGEST INTERACTIVE.*

Groupe	Company	Software	User customers		Total group users		Market share	
			2012	2011	2012	2011	2012	2011
PHARMAGEST	PHARMAGEST INTERACTIVE	LGPI Global Services® Other solutions	8,000 1,800	7,300 2,500	9,800	9,800	43.5%	43.5%
CEGEDIM	ALLIADIS/DATA CONSEIL/SERVILOG*	Alliance Plus / Premium	7,000	7,100	7,000	7,100	31%	32%
ASTERA INDEPENDANT EURALLIANCE	ISIPHARM EVERYS ASP Line*	Winpresto / LEO Winpharma Périphar	1,000 3,000 1,100	1,000 2,000 1,100	1,000 3,000 1,100	1,000 2,000 1,100	4.5% 13% 5%	4.5% 9% 5%
VARIOUS			806	1,990	806	1,990	3%	6%

**Following the CEGEDIM Group's acquisition of the ASP Line software in July 2012, the CEGEDIM Group's market share therefore stands at 36% (Source: PHARMAGEST INTERACTIVE estimate).*

6.5.2 On the pharmacy markets of Belgium and Luxembourg

IN BELGIUM

Company	Software	User customers		Market share	
		2012	2011	2012	2011
CORILUS	4 different software packages	2,050	2,050	41 %	41 %
PHARMAD	Pharmad	1,280	1,280	25 %	25 %
SABCO	SABCO® Ultimate, New and Optimum	585	525	12 %	11 %
OFFICINAL	Officinal	267	270	5 %	5 %
OTHERS		835	935	17 %	18 %

(Source : SABCO estimate).

IN LUXEMBOURG

Company	Software	User customers		Market share	
		2012	2011	2012	2011
SABCO	OFFICINE I / OFFICINE II	44	38	47 %	42 %
PROPHALUX	PHARMASOFT	34	31	37 %	34 %
MULTIDATA	PHARMA2000	2	11	2 %	12 %
NEXTPHARM		12	0	13 %	0 %
OTHERS		1	11	1 %	12 %

(Source : SABCO estimate).

6.5.3 In the EHPAD and day centers market

Historic suppliers of this market originate from:

- Either IT management of medical-social associations, which means the product, when it exists, is lacking in expertise in the field of care management and has minimal integration.
- Or modules specializing in care or invoicing that are too monolithic and have undergone successive developments that have little integration between each other.

	2012	2011
ASC2I	33.9 %	37.0 %
MAGNUS PROGOR	14.4 %	14.4 %
MALTA INFORMATIQUE	10.3 %	8.9 %
CORWIN	8.9 %	8.1 %
TERRANGA	5.5 %	2.8 %
EPSILOG	3.2 %	2.6 %
SOLWARE	2.9 %	1.9 %
Non-computerized	**21.1 %**	**24.4 %**

(Source : MALTA INFORMATIQUE estimate).

6.5.4 In the e-Health market

One of the major challenges for the State in years to come is how to improve care for a greater number of people for the same, even less cost, in a context where every expenditure must be assessed.

A reminder of the problem:

- Life expectancy rising by a quarter/year and people suffering from several pathologies in later life;
- A high increase in number of people suffering from chronic pathologies;
- Health expenditure currently stands at 11% of GDP and is going to continue increasing in a context where savings are required.

Tele-medicine is a potential lever enabling this challenge to be answered.

In fact, it forms an essential element in the reorganization of the health system. In particular, it means an improvement in accessibility to quality care for everyone throughout the country, as well as better coordination between health and medical and social sectors which is indispensable to the smooth running of the care pathway.

Tele-medicine is also consideration of the needs and expectations of the person, a full stakeholder in his health by facilitating home care for those who are losing their independence or suffering from chronic illnesses. It also enables controlled recourse to the care system by reducing visits to emergency departments and limiting recourse to permanent care facilities, unsuitable stays in hospital and health transport.

Currently, in France 256 projects are at the research or experimental stage *(Source: Ministry of Social Affairs and Health, General Committee for care provision)*, 76% of which are involved in the national priorities which are:

- Care for chronic illnesses;
- Imaging in Continuous Care;
- Care for cerebro-vascular accident (stroke);
- Prisoner health;
- Medical and social care organizations or home-based hospital care

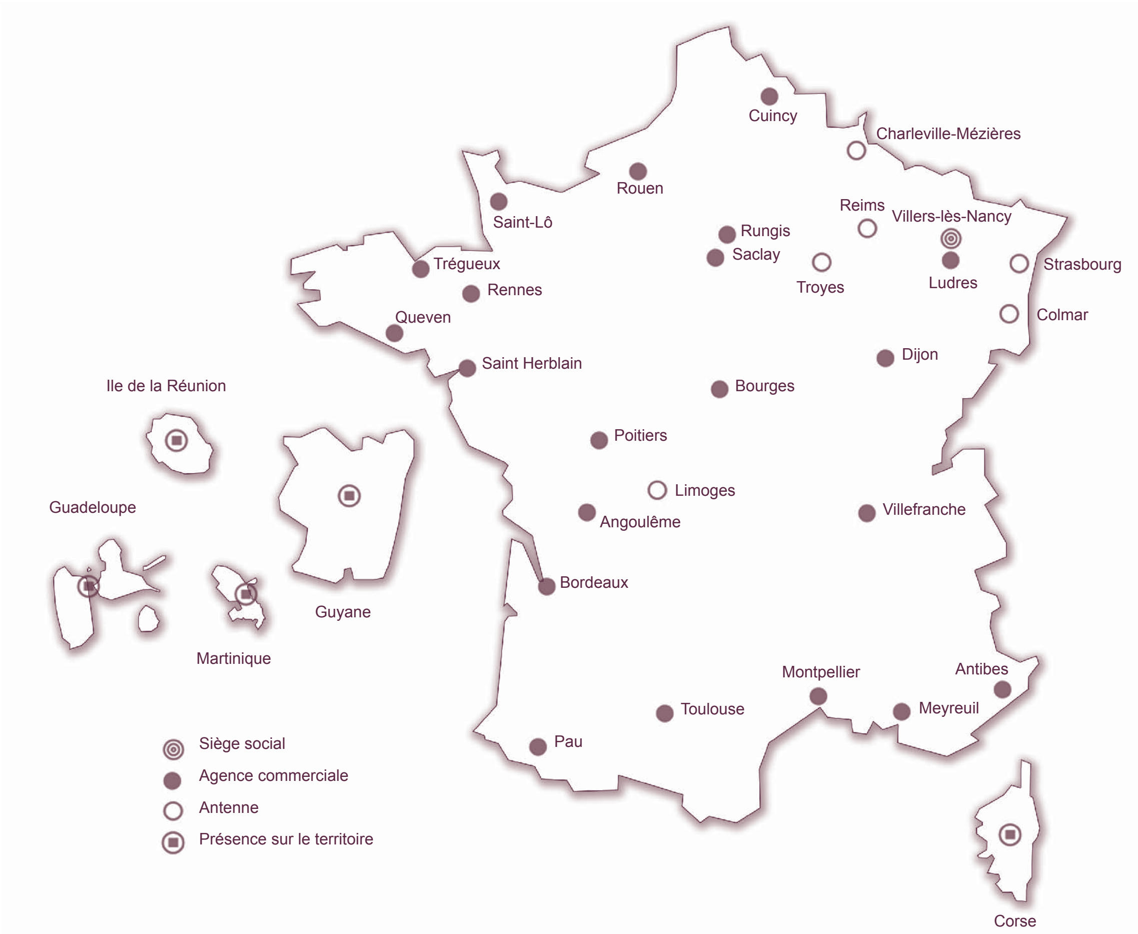
But few projects reach a successful conclusion as their efficiency from a medical and economic point of view must be proven before their registration on the List of Refundable Products and Services (LPPR) or their adoption by a State body can be hoped for. Only companies with access to the market and a sufficiently robust financial situation can succeed in being one of the major players in this sector which has high growth potential, estimated to be 15.6 billion Euros for Europe from 2012 *(Source : CapGemini Consulting).*

6.6 Sales and marketing organization

6.6.1 In the market of the Pharmacy France business

The distribution and sales of PHARMAGEST Group products is carried out by 27 skills centers in metropolitan France and 4 in the Overseas Departments, made up of a total of 79 sales representatives.

The skills centers are spread across 8 major regions plus the Overseas Departments. Each center enjoys sales and technical autonomy by means of a team led by a Regional Director. The Regional Director oversees production of budgets, application of technical procedures and customer satisfaction. The skill center in the region is responsible for duplicating the commercial policy set up by the PHARMAGEST INTERACTIVE Sales Department.



The sales team, led by a Sales Director and 8 Regional Directors, who are in turn supported by the Agency Sales Managers, is responsible for passing on national communication through field activities (canvassing, direct mailing, sales calls, visits etc.).

These activities are supplemented by technological developments in PHARMAGEST INTERACTIVE products, through LGPI Global Services®, by distributing direct and daily information on the pharmacist's IT tool, making it a solution for communication and building loyalty.

Finally, the sales organization of PHARMAGEST INTERACTIVE has the benefit of access at national level to a close network of agencies and its field forces represented by technicians, training staff and sales people.

The Marketing Department builds promotional tools and communications messages for national distribution through various media. It also organizes PHARMAGEST INTERACTIVE's presence at the following events: the PHARMAGORA trade fair (over 20,000 visitors and 300 exhibitors)*, PHARMAGEST INTERACTIVE regional universities, customer seminars, and carries out various regional activities to present and promote the products and services that make up its overall product range.
* *(Source : PHARMAGORA).*

In addition it provides close support to the R&D Department in developing specifications and in studies of new functions or product improvements. It is in close and regular contact with user customers and the Customer Department with a view to constantly improving the range of products and services.

The Customer Service Department implements, deploys and controls the installation, maintenance and training processes for all technical and training staff throughout the region as well as the Centralized Call Center teams. At regional level, its implementation is continued by the Regional Customer Service Managers, who report to the Regional Director.

6.6.2 In the market of the Pharmacy Belgium and Luxembourg business

In its operation, SABCO applies the tested processes of the PHARMAGEST Group with regard to the reporting tool, helpdesk and organization of sales services and customer services.

These processes guarantee a vision of the Belgium and Luxembourg business within the PHARMAGEST Group following the same models as for the agencies and large regions of France, whilst at the same time respecting the specific features and autonomy required for sustained installation in these 2 neighboring countries.

Belgium and Luxembourg R&D, in cooperation with France R&D has carried out an adaptation of software options that stem from LGPI Global Services® and are compatible with the Belgian and Luxembourg markets. In this way, SABCO has highlighted the development of a complete, high-tech product, in line with the needs of all Belgian and Luxembourg pharmacists, and in accordance with the current standards and legislation of the pharmaceutical sector.

Bringing innovation to the Belgian market, the SABCO product comes in a range of 3 software packages suited to all dispensing pharmacies and available in the country's two main languages:

- The New SABCO® software package: a tool combining efficiency and speed for practicing the pharmacist's profession on a daily basis;
- The Optimum SABCO® software package: a range of additional solutions to advise patients as well as possible and support them in monitoring their treatment;
- The SABCO® Ultimate software package: an effective and complete ally for managing a dispensing pharmacy, and in particular for dynamic stock management, help in decision making, facilitated group orders as well as a support in the pharmacist's role as health professional and a communication tool directed towards the patient.

In 2012 SABCO pursued its aim of setting up in Flanders by taking on several additional Dutch speaking staff for its sales team and training department.

Institutional marketing and communications activities aimed at strengthening the reputation of SABCO and its products, the presence at trade fairs such as FARMA in Brussels in 2012 (over 100 exhibitors), together with the offensive of the sales teams and a strategy to win market share, should enable SABCO to win new customers during the coming year.

In the Grand Duchy of Luxembourg, the historic headquarters of the company, SABCO confirmed its place as leader in 2012 with 47% market share in the sector of computerized systems for dispensing pharmacies. In a specific geographical context where no national pharmaceutical industry has ever been set up, SABCO has managed to play its hand well, thanks to its leading software package Officine II.

The Belgian sales teams also cover the area of the Grand Duchy.

6.6.3 In the market of Laboratory business

The sales organization of this business includes a team of 10 people, reporting to the Laboratory Business Director, which is broken down into, specifically, a Content and Editorial Department led by a pharmacist, a Sales Department with three Major Account managers, a Marketing Department with an operational marketing manager and a head of communications, a pharmacists hotline with an advertising business manager, a head of customer advertising and a head of OffiDirect customers.

6.6.4 In the market of IT systems for Care Homes

The MALTA INFORMATIQUE team is made up of 30 expert staff familiar with EHPADs, spread over five regions: Sud-Ouest, Sud-Est, Grand-Ouest, Grand-Est and the Ile de France. At the end of 2012, MALTA INFORMATIQUE took on a huge new sales area, Rhône Alpes, bringing it closer to its customers.

This geographical spread makes it possible to be close to the 1,000 customers so as to ensure personalized follow-up, in the local vicinity.

MALTA INFORMATIQUE took on 4 extra staff in 2012, with a particular strength in customer services:

- It took on an additional software support technician, making a team to 4 office-based staff;
- Sustained business growth has also allowed the team of 3 mobile training consultants to be increased, bringing this team to a total of 8 staff.

The year 2012 has been marked by the signing up of 137 new customers who have taken on the TITAN software package, including several significant groups and especially the Center for Social Action of the City of Paris with over 2,000 beds in care homes.

6.7 Description of the customers

The first 5 customers represent 11.1% of consolidated turnover, the first 10 customers represent 12.7%.

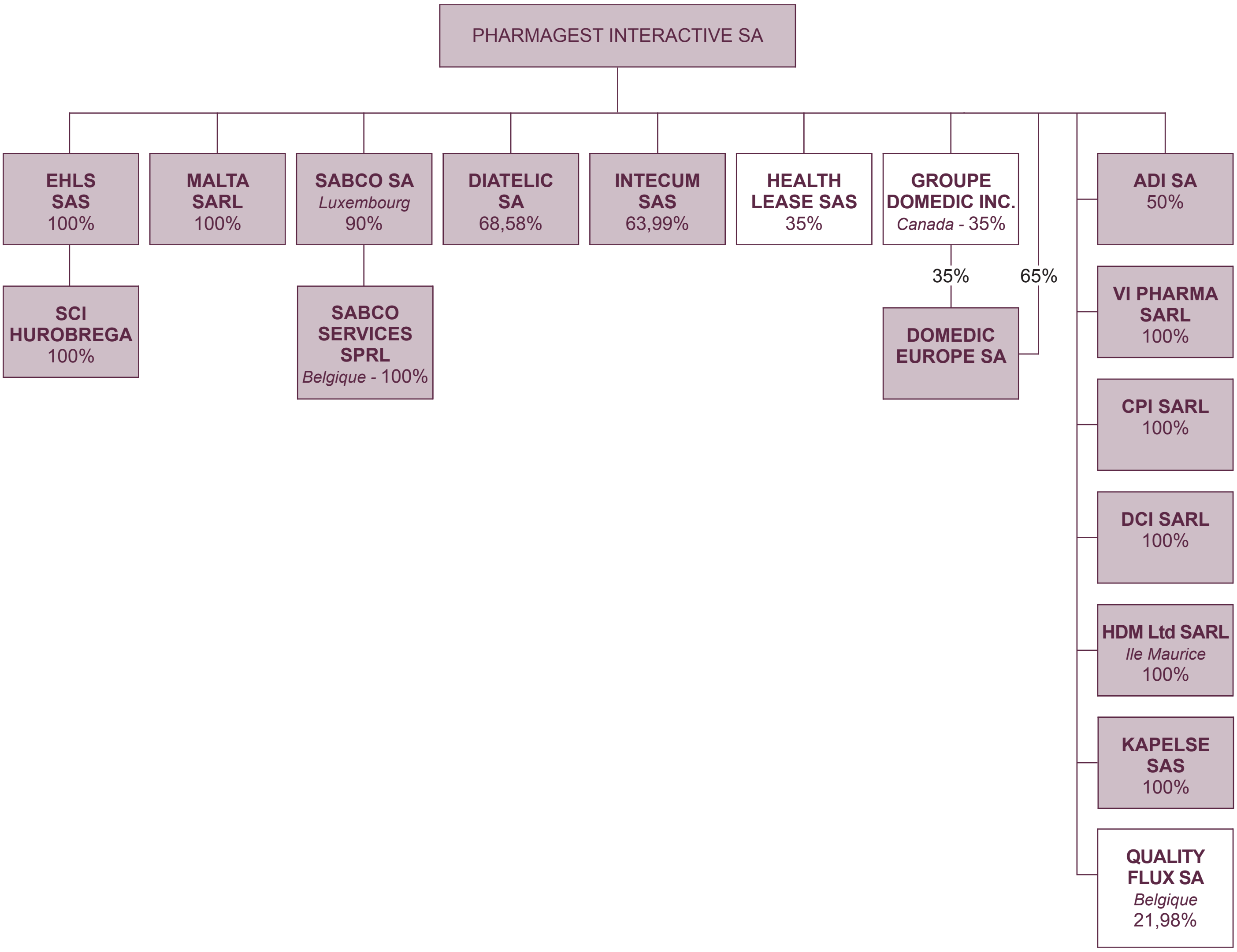
The main debtors of the PHARMAGEST Group are the finance organizations ("leasers") HEALTHLEASE and CIT France representing 36.2% of consolidated turnover.

Consolidated turnover at 31 December 2012 is made up of recurring revenues: maintenance and databases represent 27.8%, sales of hardware configurations under renewal RENTPHARM 31.8%, and license sales 6.2%. This strong stability (70 to 75% each year) allows the PHARMAGEST Group to have a clear vision of its prospective turnover.

There is no dependence on any customer whatsoever, as the company equips over 10,000 pharmacists (France, Belgium and Luxembourg).

7 ORGANIZATION CHART

7.1 PHARMAGEST Group Organization Chart at 31 March 2013*



** Pink background: fully-consolidated subsidiaries*
White background: equity-accounted subsidiaries
The percentage of voting rights held by PHARMAGEST INTERACTIVE in each of its subsidiaries is equal to the percentage of shareholdings in the capital of these subsidiaries.

Variations in scope since 31 December 2012:

- PHARMAGEST INTERACTIVE's shareholding in INTECUM has gone from 48.99% to 63.99% following an increase in equity and a share buyback decided upon on 29 January 2013.

7.2 Description of the WELCOOP Group and PHARMAGEST INTERACTIVE's place in it

WELCOOP PHARMA, majority shareholder with a 66.84% holding in the capital of PHARMAGEST INTERACTIVE, following a contribution in kind governed by article L.225-147 and thereafter of the Business Code by the WELCOOP Group of the whole of its shareholding in PHARMAGEST INTERACTIVE, is the operational arm and 97.58% subsidiary of the WELCOOP GROUP Cooperative.

WELCOOP PHARMA has developed a group of diversified activities to provide effective answers for pharmacists in dispensing pharmacies, care organizations and pharmaceutical industries. WELCOOP PHARMA offers the most extensive back office system that exists in France which helps place the pharmacist at the heart of the health system by involving him in three focal areas:

- An economic focus with generics, OTC (Over The Counter), medical devices and pharmacy-related products, access to European medicines;
- A service focus with a Home Care product and sales support solutions (merchandising, referencing etc.);
- A technological focus enabling the pharmacist to play his role as health coordinator by means of efficient information systems.

The Group is present in France and in Europe.

The WELCOOP PHARMA head office is located at 54 500 VANDOEUVRE-LES-NANCY - Technopole de Nancy Brabois - 7 allée de Vincennes.

With consolidated equity capital of €122M at 31 December 2012, WELCOOP PHARMA's consolidated turnover for 2012 is €898M (French standards).

In the PHARMAGEST Group, in 2012, 14 companies were consolidated by overall integration, including PHARMAGEST INTERACTIVE:

ADI, a 50% owned subsidiary of PHARMAGEST INTERACTIVE, is a Public Limited Company with capital of €48,000, with its head office located at 4 rue Rene Razel in SACLAY (91 400), listed on the EVRY Register of Trade and Companies under number 387 882 038. The company distributes exclusively PHARMAGEST INTERACTIVE products in the Ile de France area.

CPI, a wholly owned subsidiary of PHARMAGEST INTERACTIVE, is a Limited Liability Company with capital of €7,623, with its head office located at 27 Boulevard des Champs aux Métiers in QUETIGNY (21 800), listed on the DIJON Register of Trade and Companies under number 341 984 508. The company is in the business of distributing "turnkey" IT solutions from various publishers to SMEs.

DCI, a wholly owned subsidiary of PHARMAGEST INTERACTIVE, is a Limited Liability Company with capital of €38,250, with its head office located at Avenue Becquerel in MERIGNAC (33 700), listed on the BORDEAUX Register of Trade and Companies under number 395 381 817. The company has rented its business to PHARMAGEST INTERACTIVE since 2001.

DIATELIC, a 68.58% owned subsidiary of PHARMAGEST INTERACTIVE since February 2012, is a Public Limited Company with capital of €58,900, with its head office located at 2 allée Joachim du Bellay in VILLERS-LES-NANCY (54 600), listed on the NANCY Register of Trade and Companies under number 443 656 350. The company's business is the provision and sales of tele-monitoring services and diagnostic aids.

DOMEDIC EUROPE, a 65% owned subsidiary of PHARMAGEST INTERACTIVE, is a Public Limited Company with capital of €120,000, with its head office located at 5 allée de Saint Cloud in VILLERS-LES-NANCY (54 600), listed on the NANCY Register of Trade and Companies under number 533 081 360. The company is the sole European distributor of the intelligent pill dispenser "DO-Pill Secure™" and its accessories.

EHLS, a wholly owned subsidiary of PHARMAGEST INTERACTIVE following a complete transfer of assets and liabilities by CIP to PHARMAGEST INTERACTIVE on 1 July 2011, is a Simplified Joint Stock Company with capital of €144,000, with its head office located at ZAC du Mourillon in QUEVEN (56 530), listed on the LORIENT Register of Trade and Companies under number 333 434 157. The company is a central buying service for IT hardware.

HDM LIMITED, a wholly owned subsidiary of PHARMAGEST INTERACTIVE, is a "Private Company limited by shares" under Mauritian law with capital of €30,000, with its head office located at c/o Multiconsult Limited, Rogers House, 5 President John Kennedy Street PORT LOUIS (Mauritius). The company produces IT services.

HUROBREGA, a wholly owned subsidiary of EHLS, is a real estate company with capital of €152, with its head office located at ZAC du Mourillon in QUEVEN (56 530), listed on the LORIENT Register of Trade and Companies under number 330 201 575. The company is the owner of the premises located at ZAC du Mourillon in QUEVEN.

KAPELSE, a wholly owned subsidiary of PHARMAGEST INTERACTIVE, is a Simplified Joint Stock Company with capital of €1,000,000, with its head office located at 5 allée de Saint Cloud in VILLERS-LES-NANCY (54 600), listed on the NANCY Register of Trade and Companies under number 790 359 079. The company is involved in designing innovative health products.

MALTA INFORMATIQUE, a wholly owned subsidiary of PHARMAGEST INTERACTIVE is a Limited liability Company with capital of €200,000, with its head office located at 9 rue Montgolfier in MERIGNAC (33 700), listed on the BORDEAUX Register of Trade and Companies under number 444 587 356. The company is involved in the study, design and sales of all IT software as well as all related products.

SABCO, a 90% owned subsidiary of PHARMAGEST INTERACTIVE, is a Public Limited Company under Luxembourg law, with capital of €38,671.39, with its head office located at 2 Rue d'Arlon in WINDHOF (8399) (Koerich-Luxembourg), listed on the LUXEMBOURG Register of Trade and Companies under number B 15.220. The company is involved in selling IT systems and various services provided to customers in the field of IT.

SABCO SERVICES, a wholly owned subsidiary of SABCO, is a Private Limited Liability Company under Belgian law with capital of €18,600, with its head office located at Route du Saussin 45, in SPY (5190), listed on the BRUSSELS, (Belgium), Register of Trade and Companies under number 0476 626 524. Among other activities, the company is involved in the marketing and sales of IT hardware and software.

VIP PHARMA, a wholly owned subsidiary of PHARMAGEST INTERACTIVE, is a Limited Liability Company with capital of €50,000, with its head office located at 2 rue Jean Mace in SAINT SYMPHORIEN D'OZON (69 360), listed on the LYON Register of Trade and Companies under number 511 930 844. The company is involved in marketing loyalty programs.

and 4 companies valued by the equity method.

DOMEDIC Group Inc., a 35% owned subsidiary of PHARMAGEST INTERACTIVE, is a Joint Stock Company under Canadian law with capital of Canadian $ I2, 977, 774, with its head office located at 2500 rue Jean Perrin, room 190, QUEBEC, G2K 1X1, listed on the QUEBEC Register of Trade and Companies under number 659696-7. The company is involved in developing and marketing medical devices and especially the intelligent pill dispenser "DO-Pill Secure™" and its accessories.

HEALTHLEASE, a 35% owned subsidiary of PHARMAGEST INTERACTIVE, is a Simplified Joint Stock Company with capital of €1,000,000, with its head office located at 4 rue Louise Michel in LEVALLOIS PERRET (92 300), listed on the NANTERRE Register of Trade and Companies under number 522 381 441. The company is mainly involved in long-term leasing of hardware and other moveable assets.

INTECUM, a 49% owned subsidiary of PHARMAGEST INTERACTIVE is a Simplified Joint Stock Company with capital of €333,300, with its head office located at Logis de Montesoro, BT C 23 in BASTIA (20 200), listed on the BASTIA Register of Trade and Companies under number 507 906 329. The company is involved in the design, manufacture and marketing of automated systems. Following a share purchase followed by an increase in the company's capital on 29 January 2013, PHARMAGEST INTERACTIVE increased its shareholding to 63.99% and capital was increased to €463,800.

QUALITY FLUX, a 21.98% owned subsidiary of PHARMAGEST INTERACTIVE, is a Public Limited Company under Belgian law with capital of €125,000, with its head office located at 29 Bte D Rue de la Terre a Briques in TOURNAI (7522) (Belgium), listed on the MOUSCRON (Belgium) Register of Trade and Companies under number 0820 212 501. The main activity of the company is the trade of statistical data.

7.3 Relations between the parent company and its subsidiaries

PHARMAGEST INTERACTIVE, the parent company of the PHARMAGEST Group provides strategic management.

Support functions such as research and development, marketing and sales activities are delivered by the parent company. Regional Departments and Customer Services apply decisions taken by the Management Committee of PHARMAGEST INTERACTIVE. Accountancy and financial control operate in a centralized manner.

Payment for these services rendered is based on invoicing of personnel costs and actual general costs (proof provided on invoice) increased by a margin.

EHLS is the central buying service. Payment for services rendered is made on invoice of equipment plus a margin.

A more elaborate presentation of the different flows between PHARMAGEST INTERACTIVE and its subsidiaries is shown under Heading 20.3.2.3.5 (elements concerning connected businesses) in the appendix to the company accounts.

7.4 Significant subsidiaries

In M€	EHLS	ADI	SABCO	MALTA INFORMATIQUE
Turnover	20.9	6.5	3.1	3.7
Operating profit	0.9	1.2	- 0.1	1.1
Net profit before tax	0.9	1.2	- 0.1	1.1
Net profit	0.5	0.8	- 0.1	0.7

8 REAL ESTATE, FACTORIES AND EQUIPMENT

8.1 Property assets

The main Property Assets are based around the head offices and sales agencies.

IN FRANCE

HEAD OFFICES:
Grand Est : - VILLERS-LES-NANCY (Head office of PHARMAGEST INTERACTIVE - owner; Head office of DIATELIC and of KAPELSE - rented)
- DIJON (Head office of CPI - rented)
Grand Ouest : QUEVEN (Head office of EHLS - rented from its wholly owned subsidiary, the HUROBREGA Real Estate Company, which is itself the owner)
Ile de France : SACLAY (Head office of ADI - rented)
Rhône Alpes : SAINT SYMPHORIEN (Head office of VIP Pharma - rented)
Sud Ouest : MERIGNAC (Head office of MALTA INFORMATIQUE - rented; Head office of DCI - owner)

AGENCIES:
Grand Ouest : - QUEVEN (HUROBREGA Real Estate Company - owner)
- NANTES, RENNES, SAINT LO et SAINT BRIEUC (rented)
Nord : ROUEN et CUINCY (rented)
Grand Est : LUDRES, DIJON, REIMS, TROYES, STRASBOURG, COLMAR et CHARLEVILLE MAIZIERES (rented)
Rhône Alpes : VILLEFRANCHE (rented)
Sud Est : MEYREUIL (AIX), ANTIBES et MONTPELLIER (rented)
Sud Ouest : - TOULOUSE, ANGOULEME et PAU (rented)
- MERIGNAC (DCI - owner)
Centre : BOURGES, POITIERS and LIMOGES (rented)
Ile de France : RUNGIS (rented)

IN BELGIUM - PREMISES OF SABCO SERVICES:

Wallonie : SPY (Head office, rented)
Flandre : GAND (Agency - rented)

IN LUXEMBOURG - PREMISES OF SABCO:

Windhof : Head office - rented

MAURITIUS:

Port Louis : Head office of HDM Limited (rented)

The fully owned premises represent 38% of the area of premises used by the PHARMAGEST Group. Rented premises are covered by simple rental contracts and (like all simple rental contracts) are not entered again in the intangible assets (cf. heading 20.3.1.5.2.7).

8.2 Environmental question

The various sites of the PHARMAGEST Group are not subject to any environmental issues (cf. Report on Corporateand Environmental Responsibility included under heading 24.2).

9 EXAMINATION OF FINANCIAL POSITION AND RESULTS

The various data and explanations are included in the management report included under heading 24.1 of this Reference Document.

10 CASHFLOW AND EQUITY

The various data and explanations are included in the presentation of consolidated accounts of the PHARMAGEST Group under heading 20.3 of this Reference Document.

11 RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES

The organization is structured around: a Technical Department, made up of 5 poles, each led by a Deputy Director:

- **A Pole for Study and Software Quality Assurance**, responsible for regulatory supervision of the drafting of specifications, as well as directing tests and quality assurance for the whole product range. This pole is made up of 8 staff;

- **A Pharmacy Publishing Pole for France, Belgium and Luxembourg**, responsible for software packages for the management of dispensing pharmacies: LGPI Global Services®, EVOLUTION®, PRIMORIS® and PHARMAGEST®; SABCO® New, Optimum and Ultimate for Belgium, OFFICINAL II for Luxembourg. This pole is made up of 42 employees: 38 people in France, 4 of whom work on developing Belgium and Luxembourg and 4 developers from Belgium and Luxembourg;

- **An Internet Pole**, responsible for satellite products OffiCentral®, OffiMédia®, Pharmattitude®, Information Services, Communications Service Provision and other products involving the Internet and mobility. This pole is made up of 34 employees including 10 in France and 24 at HDM Ltd, the Mauritian subsidiary of PHARMAGEST INTERACTIVE;

- **A Pole for In-house IT, Networks and Operations**, in charge of the company's in-house information system, in other words management of customer relations and sales management, but also the architecture of infrastructures and data security, in particular by the provision of secure Internet access and the health data hosting platform. This pole is made up of 15 people;

- **An e-Health pole**, responsible for patient monitoring software and development of expert systems. This pole is made up of 7 staff.

Each project is led by a project manager who leads the teams of software engineers, development analysts and testers responsible for making sure the developed modules work correctly.

The total costs for Research and Development shown in the IFRS consolidated accounts are presented under heading 20.3.1.5.4.1.

12 INFORMATION ON TRENDS

12.1 Key points for 2012

ECONOMIC CONTEXT

Modification of the pharmacy network in France is in line with the economic context and statutory change:

- From an economic point of view, French pharmacies are facing stagnation in their turnover taking into account the drop in prices of medicines and a wave of products no longer being eligible for refund in 2012. According to a study by KPMG in March 2013, whilst up until 2011 the change in margins meant dispensing pharmacies could achieve improved profitability, in 2012 these two latest indicators (average operating margin: + 1.3%; profitability: + 1.1%) are not enough to compensate for the loss in turnover. In addition, this study emphasizes that even if turnover is rising by 0.17% overall, the majority of dispensing pharmacies are seeing a drop in turnover (for a quarter of them, the fall is of at least 3.7%). This is connected to an economy of scale: the greater the turnover for dispensing pharmacies, the more favorable this development is;

- From a regulatory point of view, the State, aware of the important role the pharmacist plays as a health professional, has, in extending the HPST Law of July 2009, signed an agreement with pharmacists (order of 4 May 2012) which, among others, covers the increase in value of pharmaceutical practice and has introduced a dispensing fee as well as target-related payment to separate the sale of medicines and a part of the payment.

In order to succeed in this context and adapt their business model, the pharmacist must take a position as health coordinator between patients and other health professionals. The PHARMAGEST Group anticipated this development and through its various areas of business activity, it enables the pharmacist to take this direction, to achieve their new tasks thanks to the development of innovative, new technologies and therefore be present in the growing markets of home care, dependency and support for chronic illnesses.

PHARMACY BUSINESS IN FRANCE

In this uncertain environment, more than ever pharmacists need effective support from an IT tool, enabling them to exchange with other health professionals in order to offer personalized patient monitoring and to become a real health coordinator.

PHARMAGEST INTERACTIVE, aware of the change taking place in the profession and the need to create a real proximity between pharmacist and patient, is offering tools that enable pharmacists to improve management of their dispensing pharmacies and therefore their margins, to meet their new tasks of advice and patient care in their pathology and this is thanks to its teams' ability to innovate and the on-going research into changes in the profession and the market.

These changes have a positive impact on the level of orders made by pharmacies to PHARMAGEST INTERACTIVE as is shown in the development of levels of turnover produced over the last 3 years by the Pharmacy France business:

Pharmacy France	2012 / 2011	2011 / 2010	2010 / 2009
Overall turnover	10.7 %	3.6 %	7.8 %
Configuration Sales	13.7 %	4.4 %	6.8 %
Recurring turnover	7.5 %	3.8 %	13.9 %
Developed products (licences and satellite products)	5.8 %	- 0.8 %	- 1.1 %

At 31 December 2012, **LGPI Global Services®** is installed in nearly 8,000 pharmacies; that makes it the number one software system installed in France. This software provides a series of functions required for the operation and management of pharmacies, enabling them to control purchases, optimize price policy and effectively direct the business by means of a decision making tool, benefiting from Oracle® Business Intelligence (OBI) technology, as well as enabling personalized charts to be created. The software also improves over the counter advice through its complete and interactive information portal, to improve therapeutic monitoring by relying on progressive advice or information and screening campaigns, to support patients in their treatment with texts, e-mails or voice mails sent automatically to remind them of dates to renew a treatment or prescription.

The year 2012 was highlighted by the migration of 96% of pharmacies in keeping with SESAM-Vitale 1.40 standards in **a single** 6 month period, thus proving PHARMAGEST INTERACTIVE's ability to support pharmacists in their technical and legislative developments.

Since February 2012, PHARMAGEST INTERACTIVE has been offering a payment solution using an **Offizzy** payment card, making it possible to update the SESAM-Vitale card immediately at the counter. This solution is directly connected to LGPI Global Services®; it allows the pharmacist to save time and money: automatic sending of the amount to pay on the terminal, IP terminals, speed in handling transactions at the counter, real time reports of all transactions or even reprinting of retailer's receipts on request. This product has already attracted 150 pharmacies, thus serving 870 work stations.

An e-learning product, **Offilearning** was launched in November 2012. This involves an on-line training area directly accessible from LGPI Global Services® which, by releasing them from the inherent limitations of training, provides any team with access to over 40 training routes on serious illnesses, illness advice and generally speaking any subject that has an impact on delivery quality, but also so-called "management" training routes focused on products and solutions offered by the PHARMAGEST Group.

With **SELLEN®**, the PHARMAGEST Group offers pharmacists a robot placed in the center of the dispensing pharmacy. In fact, where a fully flexible counter-robot is concerned, it not only leads to a saving in space but also frees up time for the dispensing team, time that can be better spent providing advice to patients. **SELLEN®** is developing with the first "back to the wall" models sold and with a format for handicapped customers.

PHARMACY BUSINESS IN BELGIUM AND LUXEMBOURG

As in France, the Belgian network of dispensing pharmacies has suffered a reduction in its economy and a political and regulatory overhaul with the setting up of the Dossier Pharmaceutique, a New Payment System together with a vision of the pharmacist's task undergoing fundamental change centered on service and quality.

The software package SABCO® Ultimate (equivalent of LGPI Global Services®) is installed in 263 pharmacies, which is an increase of 55% in the number of equipped customers. It provides all the functions required to carry out the management of Belgian pharmacies. It is interfaced with satellite products developed by the PHARMAGEST Group, in particular OffiCentral® and OffiMedia®, also available in a Dutch-speaking version.

The New SABCO® Software package and the most recent version of **SABCO® Optimum**, are installed in 322 pharmacies in Belgium including 16% of additional user customers for the Optimum version, and they continue to be developed using requests made by the pharmacies using them.

In Luxembourg, **the Officinal II software package** is installed in 44 pharmacies out of a total of 93, **giving a 4% market** share. Development of new functions suited to changes in the market and in pharmacists' needs as well as interfacing with satellite products from the PHARMAGEST Group make this software package an effective tool that is popular with its audience.

LABORATORY BUSINESS

The OTC (Over The Counter) and pharmacy-related laboratories confirm their interest in services that **dynamize sales and communication systems** for the general public.

The provision of a **direct order** service has brought real success.

Information systems during the sales process for ethical products for individual use or those which are no longer only available in hospital are gaining power.

Laboratories for **ethical products or for those that have been brought about through biotechnology** are keen to get involved in patient care and ask PHARMAGEST INTERACTIVE at breakfast meetings organized in their establishments to enlighten them on developments in the pharmacists' tasks and to support them in setting up projects for the dispensing pharmacy.

Supply services for **supplier catalogues** and **direct order** lead to real success.

By placing themselves in a dynamic position PHARMAGEST INTERACTIVE aims to make the Laboratories business a stepping stone between all the dispensing pharmacy's partners wishing to communicate with patients (patient associations, training bodies, groups, service providers, unions, Regional Health Associations, etc.) by offering services moving towards prevention, screening, adherence as well as an advertising product.

CARE HOMES BUSINESS IN FRANCE

The Care Homes market benefits from an extremely favorable economic and regulatory context.

TITAN, the software developed by MALTA INFORMATIQUE is the benchmark solution for EHPADs (Residential Establishments for Dependent Elderly People) and Day Centers. The integrated and modular solutions on offer enable Care Homes, among others, to ensure traceability of care provided by care staff thanks to the ZAPETTE module, by creating an entry for care, for treatment distribution, and actions using an autonomous bar code reader.

In 2012, the solution adopted the **TITAN GROUP** module, intended for EHPAD groups, enabling them to manage all the establishments, work procedures and consolidated business indicators in a single database. The launch of this major development is backed up by a revision of the architecture which becomes monobase and multi-establishment.

This new module strengthens MALTA INFORMATIQUE in its development strategy in the EHPAD Groups market.

E-HEALTH POLE

Faced with the current challenges of the Health sector (dependency, dramatic increase in chronic illnesses, increasing expenses), tele-medicine, tele-health and more generally ICT (Information and Communication Technology) provide a relevant answer enabling an interactivity to be set up between health professionals and patients through use of information systems.

Taking shareholdings recently in DIATELIC and DOMEDIC EUROPE translates the PHARMAGEST Group's ability to anticipate, ahead of changes in the ICT market applied to the Health sector, an opening towards patients and other Health professionals, care networks and also the wish of the PHARMAGEST Group to ensure that the pharmacist finds his place in organizations linked to e-Health and offers the services the pharmacist will need to set up their new tasks and new payment.

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 through innovation.
Also during Q1 2012, PHARMAGEST INTERACTIVE brought together its subsidiaries DIATELIC and DOMEDIC EUROPE within an e-Health Pole.
The objective of the e-Health Pole of PHARMAGEST INTERACTIVE is to design and deploy these new services and systems and to measure the savings generated by them for the National Health Insurance System.

To do this, the PHARMAGEST Group is working to set up pilot schemes and is pursuing several projects:

• E-CHRONIC / E-NEPHRO

The PHARMAGEST Group has created this project within the framework of the No. 2 call for e-Health projects for investments of the future. Under the heading "Development of digital services for health and autonomy", this call for projects is dedicated to support for experimental deployment of digital technologies and services in the field of health.

The E-CHRONIC/E-NEPHRO project aims to set up a multi-regional pilot facility in order to validate use of an expert and collaborative information system for all stages of chronic kidney failure, for the prevention of transplant at clinical and medical-economic levels.

Expected results:

- To delay moving on to replacement (dialysis or transplant): to improve screening and prevention;
- To promote alternatives to center-based dialysis (peritoneal dialysis, haemodialysis in medically-supervised dialysis unit or in self-dialysis, transplant with a living donor);
- To promote tele-medicine for monitoring of dialysis outside of the center (peritoneal dialysis, haemodialysis or self-dialysis);
- To improve post-transplant care for patients.

This project allows the PHARMAGEST Group to show the usefulness of the expert predictive system developed by its subsidiary DIATELIC as well as the effectiveness of the DO-Pill Secure™ pill dispenser in the context of monitoring adherence.

At 31 December 2012, the project was in its final phase of acceptance by the General Investment Commission. The Ministry of Social Affairs and Health officially published the list of projects taken on, including the E-CHRONIC/E-NEPHRO project on 26 March 2013.

• **Demonstration facility within a medical-social care organization such as SSIAD (Home-based nursing care services), HAD (Home-based Hospital Care)**

Expected results:

- To make the medication circuit secure;
- To improve working conditions for carers and enable them to concentrate on tasks with higher added value for the patient.

• **Complex anti-cancer treatment instructions**

Cancer becomes a chronic illness, particularly as a result of new biotherapies. Treatment is moving towards the home and the patient's pharmacy rather than being hospital-based, and is in oral form (by mouth) rather than by injection, with complex treatment instructions for alternated cures.

The PHARMAGEST Group is taking part in a project, on the principle of software for good practice of chemotherapy, shared with the dispensing pharmacist, for monitoring adherence and undesirable side effects.
The aim being to have a more secure medication circuit and adherence monitoring through use of the DO-Pill SecuR™.

Obtaining two approvals as hosts of health data of a personal nature, from the Ministry of Social Affairs and Health, forms indispensable structural support for projects within the e-Health Pole (cf. heading 6.1.5):

• First Half 2012: Approval for a hosting service for outsourced health data back-ups, "CARESAFE®";
• Second Half 2012: Approval regarding a new service for hosting applications managed and administered by the customer and containing health data of a personal nature collected in the context of tele-medicine activities "TELE100T".

12.2 Recent developments

For the PHARMAGEST Group, the year 2012 was highlighted by an excellent level of growth in turnover, up 12% compared to 2011, growth which was sustained in particular during Q4 of the financial year.

The Pharmacy business in France saw a 10.7% increase in turnover compared to the financial year 2012 and a 12.3% increase in Q4 2012 alone. Growth has been brought about mainly from configuration sales (+13.7%), but sales of developed products and licenses are also continuing to increase (+5.8%) despite the customer base already having a high level of equipment (8,000th LGPI Global Services® installed at 31 December 2012).

After reviving growth during Q3 of 2012, **Pharmacy business in Belgium and Luxembourg** continues to demonstrate the success of its reorganization and the adaptation of its product to the market: 2012 turnover stands at €3.21M, a rise of 10% compared to 2011 and growth during Q4 of 2012 alone stands at 20.5% (compared to the same period in 2011).

The Laboratories business, in an environment that is unfavorable in regulatory terms and is subject to budgetary constraints in the Pharmaceutical Industry, has performed well: turnover is up by 14.8% (compared to 2011) at €12.48M at 31 December 2012. This healthy increase is mainly generated by communication services, whilst the classic business (information and prevention campaigns, surveys etc.), which has been more significantly impacted, posts a growth level of 2.6%.

MALTA INFORMATIQUE (Care Homes business): turnover stands at €3.68M, a rise of 31.4% at the end of 2012, compared to the same period in 2011, and a rise of 36.9% over Q4 2012 alone. The 42.3% increase in license sales over the 2012 financial year clearly illustrates the quality of the product that fully meets demand, but also the quality of the teams that have brought about the subsidiary’s strong growth.

The e-Health business, still at the investment stage at the end of 2012, does not make a significant contribution to the PHARMAGEST Group’s turnover.

12.3 Prospects for the future

Whilst the environment of the Pharmacy sector and more generally the health sector is undergoing great change, the PHARMAGEST Group continues to:

- Consolidate all its activities on the French market and on the market of Belgium and Luxembourg
- Innovate to provide pharmacists with the benefits of services that enable them to optimize and improve their productivity and therefore their profitability.

The Pharmacy business in France should maintain a good performance level by means of organic growth linked to its tested business models as well as the dynamic approach of its teams.

The business's product range will be complemented by new products and innovative services:

- **Offidose :**
  - To serve the market in preparations of Administered Doses:
  - PHARMAGEST INTERACTIVE prepares the first software solution on the market;
  - Aims: to make the dispensation chain secure and reduce production and labor costs for pharmacists;

- **Health Monitoring Service for Patients:**
  - New PHARMAGEST INTERACTIVE innovation;
  - Service offered in SaaS mode (Software as a Service) hosted by its HDS servers;
  - Enables pharmacists to detect the physiopathological state of their patients and suggest they enter into a process to monitor and improve their state of health;

- **On-line sales**, in the context of the decree relating to sales of medicines on the Internet, PHARMAGEST INTERACTIVE anticipates the publication of the Law and is adapting its "Pharmattitude®" service, which already exists in 150 pharmacies to provide a better response to this new challenge facing the profession.

In addition, the Pharmacy business in France will go further in strengthening its network of sales agencies in France with the creation of new agencies in Strasbourg and in Corsica in order to bring it closer to its customers in these regions.

The Pharmacy business in Belgium and Luxembourg intends to continue its growth throughout the whole of Belgium and forecasts an increase in its collection of new pharmacies equipped with SABCO® Ultimate, through targeted canvassing and adapted sales products, supported by a forceful communications strategy in order to establish the reputation of SABCO.
2013 will see the launch of sales of the SELLEN® robot in the markets of Belgium and Luxembourg.

The Laboratories business is counting on:

- Increasing its sales team to dynamize canvassing for new Business Units: oncology, haematology, biotechnology;

- Expansion of the e-Business product:
  - Regional training;
  - Patient/pharmacist focus groups;
  - Themed OTC/pharmacy-related campaigns;
  - Advice sheets for MaPharmacie Mobile;

- With the creation of the e-Health Pole, opportunities to offer the industry new services, providing services enabling after-sales monitoring and supervision of products through DO-Pill Secure™ or patient inclusion programs in the networks.

The subsidiary MALTA INFORMATIQUE (Care Homes business) calmly anticipates maintaining a good level of organic growth and recurring revenues.

- The year 2013 should see confirmation of roll out of TITAN solutions in EHPAD Groups that have chosen MALTA INFORMATIQUE.

- A new sales sector is created, the RHONE ALPES, making a division of 6 sectors, all provided with their own sales force and training consultants.

- A new organization of improved customer service in project teams and training consultants allowing for growth to be sustained whilst at the same time maintaining the ability to carry out complex projects.

- Ambitions in terms of developing new modules are significant:
  - The HDS Approval obtained by PHARMAGEST INTERACTIVE will enable MALTA INFORMATIQUE customers to benefit from the hosted back-up service, TITAN CARE SAFE;
  - Extensions to the ZAPETTE application (ticking off actions and traceability using bar codes) are forecast for the software package;
  - The launch of a WEB module aimed at doctors will provide a simple, technical and secure answer through approved health hosting.

As for the **e-Health Pole**, there are various projects under way as well as experiments being carried out that should mean conclusive results can be obtained from several hundred patients to prove the effectiveness of systems set up by the PHARMAGEST Group.

- Expert systems predicting the development of the pathology of chronic patients;
- Monitoring adherence and making the medication circuit secure with DO-Pill Secure™;

enabling the PHARMAGEST Group to be recognized as a player in e-Health.

In addition, the management team of the e-Health Pole carried out studies on export opportunities for DO-Pill Secure™ at European level.

As well, the PHARMAGEST Group maintains its approach in favor of external growth by studying leads in France, but also at international level by focusing its priorities on innovative services and technological fields linked to Health.

13 FORECASTS OR PROFIT ESTIMATES

As in previous financial years, the company does not include any forecasts or profit estimates in its Reference Document.

14 ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND GENERAL MANAGEMENT

14.1 Make up and operation of the administrative, management and supervisory bodies

14.1.1 Make up of the Board of Directors on 31 December 2012

Name and forename or Company Name of the member and their roles	Expiry date of mandate (1)
Mr. Thierry CHAPUSOT *Chairman of the Board of Directors*	31 December 2013
Mr. Dominique PAUTRAT *Managing Director and Board Member*	31 December 2013 (MD) 31 December 2014 (BM)
Mr. Thierry PONNELLE *Deputy Managing Director and Board Member*	31 December 2013 (DMD) 31 December 2013 (BM)
Mr. Denis SUPPLISSON (2), *Deputy Managing Director and non-Board Member*	31 December 2013
Mr. Daniel ANTOINE *Board Member*	31 December 2013
Mr. Michel DUSSERRE *Independent Board Member*	31 December 2014
Mr. François JACQUEL, *Board Member*	31 December 2013
Mr. William LE BELLEGO(2), *Board Member*	31 December 2014
Ms. Anne LHOTE *Board Member*	31 December 2016
Ms. Sophie MAYEUX *Independent Board Member*	31 December 2017
GROUPE WELCOOP, represented by Mr. Hugues *MOREAUX, Board Member*	31 December 2013

(1) The mandate finishes at the end of the Annual General Meeting ruling on the accounts of the financial year for the year shown.
(2) The Board of Directors of 14 December 2012 co-opted Denis SUPPLISSON as a new Board Member replacing William LE BELLEGO, who resigned, on 31 December 2012. Thus with effect from 1 January 2013, Denis SUPPLISSON will be Deputy Managing Director and Board member, subject to ratification by the Annual General Meeting of 21 June 2013. His mandate as Board Member will continue until the end of the Annual General Meeting ruling on the accounts for the financial year ending 31/12/2014.

14.1.2 Personal information regarding the administrative, management and supervisory bodies and general management

BOARD MEMBERS

Mr. Thierry CHAPUSOT : Born on April 29, 1959 in NANCY (54)
Engineer by training (ESSTIN) and with a Master's Degree in Biomedical Engineering obtained in 1982.
Thierry CHAPUSOT, began his career in 1983 as a micro-electronics design engineer with TEXET Corporation in DALLAS, USA.
After returning to France, in 1986, he set up CP Informatique in DIJON, specializing in computerization for pharmacists.
In 1996, he gives a new impetus to his career in the same business by creating the company PHARMAGEST INTERACTIVE, along with Thierry PONNELLLE and Vincent PONNELLE where he held the position of Managing Director until 31 December 2009.
In 1998, PHARMAGEST INTERACTIVE merged with the WELCOOP Group and since 2006, Thierry CHAPUSOT is also a member of the Board of the WELCOOP GROUP and since 2008 of the Board of WELCOOP PHARMA.
On 1 January 2010, appointed Chairman of the Board of the WELCOOP GROUP and WELCOOP PHARMA and Chairman of the Board of Directors of PHARMAGEST INTERACTIVE.

Mr. Dominique PAUTRAT : Born on March 2, 1965 IN NEVERS (58).
BTS in Information Technology.
1987: sales representative at CP Informatique, DIJON (now integrated in PHARMAGEST INTERACTIVE).
1990 - 1999: Creates and directs CP Informatique Center (now integrated in PHARMAGEST INTERACTIVE)
2000 – 2007: Creates and directs the Laboratories business of PHARMAGEST INTERACTIVE
From 2008 to 2009: Deputy Managing Director and non-Board Member in charge of the Pharmacy France business of PHARMAGEST INTERACTIVE.
2009: Deputy Managing Director and Board Member of PHARMAGEST INTERACTIVE.
Appointed on 1 January 2010, Managing Director and Board Member of PHARMAGEST INTERACTIVE
Since 1 January 2013: Member of the Board of Directors of the WELCOOP GROUP and of WELCOOP PHARMA.

Mr. Thierry PONNELLE : Born on May 22, 1960 NANCY (54).
Starts off at ROUSSEAU INFORMATIQUE, publisher and creator of Pharmagest® software package in 1982.
Thierry PONNELLE develops sales of the software in the East of France and sets up and leads a network of distributors of the Pharmagest® software throughout France.
In 1996, along with Thierry CHAPUSOT, and Vincent PONNELLE, he is founder of the company PHARMAGEST INTERACTIVE.
In 1998, PHARMAGEST INTERACTIVE merges with the WELCOOP GROUP and Thierry PONNELLE holds the position of Sales and Marketing Director of PHARMAGEST INTERACTIVE.
Today he is Deputy Managing Director and Board Member of PHARMAGEST INTERACTIVE and Director of Commercial Strategy.

Mr. Denis SUPPLISSON : Born on March 19, 1969 at LUCON (85).
Started at PHARMAGEST INTERACTIVE as Technical Manager in 1991.
Continued his career as Head of Customer Services for the Central Region.
2002: National Director of Customer Services.
2010: Director of the Pharmacy Business for France.
Since 9 November 2010: Deputy Managing Director non-Board Member of PHARMAGEST INTERACTIVE
Since 1 January 2013: Deputy Managing Director and Board Member of PHARMAGEST INTERACTIVE.

Mr. Daniel ANTOINE : Born on 26 March 1952 in BLAMONT (54).
Qualified as pharmacist, from the University of NANCY in 1977, Set up as a dispensing pharmacist in CHARMES (88) since 1978.
Vice-chairman of the Supervisory Board of the WELCOOP GROUP.
Member of the Supervisory Board of WELCOOP PHARMA from 2008 to 2010, then with effect from 1 January 2011 permanent representative of the WELCOOP GROUP, member of the Supervisory Board of WELCOOP PHARMA.
Member of the Board of Directors of PHARMAGEST INTERACTIVE.
Member of the Audit Committee of PHARMAGEST INTERACTIVE.
Chairman of the Pharmacists' Union of Vosges (member FSPF), since 1996.
Member of the Board of Directors of the FSPF since 2001.

Mr. Hugues MOREAUX : Born on June 10, 1953 in CANDERAN (33)
Doctor of Pharmacy, Dispensing Pharmacist, graduated from BORDEAUX University, settled in CAPBRETON (40) since 1987.
Vice Chairman of the Supervisory Board of the WELCOOP GROUP, appointed Chairman of the Supervisory Board on 1 January 2011.
Member of the Supervisory Board of WELCOOP PHARMA, appointed Chairman of the Supervisory Board on 1 January 2011.
Member of the Board of Directors of PHARMAGEST INTERACTIVE, then with effect from 1 January 2011, permanent representative of the WELCOOP GROUP, Board Member of PHARMAGEST INTERACTIVE.
Secretary General of the Regional Council of the Order of Pharmacists (CROP) of Aquitaine.

Mr. Michel DUSSERRE : Born on September 12, 1943 in LUNEVILLE (54).
Retired since 2003.
Activity previously carried out:
- Chartered Accountant - listed on the Register of Council of the Order of Chartered Accountants (CROEC) Lorraine Region from 1972 to 2003;
  - Member of the IT Committee from 1978 to 1985;
  - Elected: Member of the CROEC from 1994 to 2003.
  - Member of the Committee for Duties and Professional Interests (DIP) in 2003 and 2004;
  - Full member of the Regional Chamber of Discipline in 2003.
- Auditor - Registered with the Compagnie Regionale des Commissaires aux Comptes (CRCC) (National Audit Body) in NANCY and at the Court of Appeal of NANCY from 1975 to 2003:
  - Elected: Member of the CRCC of NANCY from 1992 to 1999.
  - Member of the Article 66 Committee (Quality Control) from 1992 to 1999.

Since June 2009, Member of the Board of Directors of PHARMAGEST INTERACTIVE.
Member of the Audit Committee of PHARMAGEST INTERACTIVE, of which he has been Chairman since July 2010.

Mr. William LE BELLEGO : Born on 24 July 1969 in SAINT BRIEUC (22).
Obtained a Masters Degree in Applied Information Technology for Business Management (MIAGE) in 1991.
William LE BELLEGO started his career in the insurance sector, followed by product manufacturing in own label distribution for mass marketing.
In 1993, he joined PHARMAGEST INTERACTIVE as Project Manager for IT to develop a management software package for dispensing pharmacies, he then held various regional positions, in particular Regional Director of the Grand-Ouest before returning to the Technical Department of PHARMAGEST INTERACTIVE in 2001.
In 2005, he was appointed to the Information Systems Department of the WELCOOP GROUP, a position he held at the same time as his previous position at PHARMAGEST INTERACTIVE until 2009.
Chairman of the Board of Directors and Managing Director of D. MEDICA until 31/12/2012.
Chairman of the Board of Directors of SEMES until 31/12/2012
Board Member of PHARMAGEST INTERACTIVE until 31 December 2012.
Member of the Board of Directors of the WELCOOP GROUP until 31 December 2012.
Member of the Board of Directors of WELCOOP PHARMA until 31 December 2012.

Mr. François JACQUEL : Born on December 26, 1958 in PERPIGNAN (66).
Pharmacist graduated from the University of NANCY in 1985.
Degree in veterinary pharmacy in 1998 at LYON University.
From 1987 to 1988: Pharmaceutical Sales Representative at CERP NANCY.
From 1989 to 1991: Agency Director CERP, TROYES.
From 1992 to 1994: Director of Liège Pharma, subsidiary of the CERP Group, LORRAINE in Belgium.
From 1995 to 2001: Agency Director, CERP, TROYES.
Since 2001: Practicing pharmacist at MUSSY-SUR-SEINE (10).
Board member of PHARMAGEST INTERACTIVE since 1 January 2011.
Member of the Audit Committee of PHARMAGEST INTERACTIVE since 1 January 2011.
Member of the Supervisory Board of the WELCOOP GROUP.

Ms. Anne LHOTE : Born on August 12, 1968 in LAXOU (54).
Master's Degree in Technical Sciences, Accountancy and Finance.
From 1991 to 1996: Employed in a regional Chartered Accountancy practice.
In 1997: obtained Chartered Accountancy diploma.
From 1997 to 2003: Chartered Accountant, co-managing partner in regional practice,with specific responsibility for the WELCOOP GROUP client file (previously called CERP LORRAINE).
In 2003: joins the WELCOOP GROUP as Director of Administration and Finance.
Member of the Board of Directors of WELCOOP GROUP since 1 January 2010.
Member of Board of Directors of WELCOOP PHARMA since September 2005.
Board member of PHARMAGEST INTERACTIVE since 16 June 2011.

Mrs Sophie MAYEUX : Born on June 28, 1957 in REIMS (51).
Holder of a Degree (DESS), "CAAE", (Certificate of Aptitude in Business Administration) from the Institute of Business Administration (NANCY) obtained in 1983.
In 1981, created the business communications consultancy, SDIC CONSEIL in NANCY, as a private practice. This business is still in operation.
Since 1988: Design, organization and leadership of "breakfast meetings at the Excelsior" in NANCY, then "breakfast meetings at Flo" in Metz.
From October 1995 to October 2000: Managing director of the publication Est Eco, subsidiary of the Est Republican Group.
From November 2000 to April 2001: Account director for the Est Republicain Group account.
Deputy Mayor of NANCY since March 2001.
Departmental Councilor of Meurthe et Moselle (Canton of Nancy-Ouest) since October 2011.
Since 2002: Member of the "Women, debate and society" (FDS) association.
Board member of PHARMAGEST INTERACTIVE since 22 June 2012.

14.1.3 List of mandates carried out during last 5 years:

Mr. Thierry CHAPUSOT

Companies	Mandates
PHARMAGEST INTERACTIVE	Managing Director and Board Member until 31/12/2009. With effect from 01/01/2010: Chairman of the Board of Directors
GROUPE WELCOOP	Member of the Executive Board from April 2006. With effect from 01/01/2010: Chairman of Executive Board
WELCOOP PHARMA	Member of the Executive Board from 28/07/2008. With effect from 01/01/2010: Chairman of Executive Board
ADI - APPLICATIONS ET DEVELOPPEMENTS INFORMATIQUES	Representing Board member OF CP INTERACTIVE until 31/12/2009.
DC INFORMATIQUE	Manager until 31/12/2009.
CP INTERACTIVE	Manager until 31/12/2009.
CIP	Board Member - Chairman of the Board of Directors, Managing Director, then from September 2006, acting Chairman of PHARMAGEST INTERACTIVE until 31/12/2009.
SOCIETE CIVILE DE L'ERMITAGE SAINT JOSEPH	Manager
EUROPEAN HEALTH LOGISTIC SOURCING - EHLS (formerly MICRO MAINTENANCE - France - MMF)	Chairman of the Board of Directors, then acting Chairman of PHARMAGEST INTERACTIVE from 21/06/2007 until 31/12/2009
DDI	Chairman from 2004 until 31/12/2009
SCI HUROBREGA	Manager from 2004 until 31/12/2009
D,MEDICA	Acting Board Member of WELCOOP GROUP from June 2007 to May 2009, then Board Member from 13/05/2009 to 31/12/2012, the Chairman of the Board of Directors from 01/01/2013.
SABCO (Luxembourg company)	Chairman and Board Member from 2007 until 24/12/2009
HDM (Mauritius)	Director until 02/01/2010
OBJECTIF PHARMA (formerly PHARMA MOSELLE)	Member of the Supervisory Board from 25/06/2009 to 05/10/2010 then Chairman of the Board of Directors from 05/10/2010
QUALITYFLUX (Belgian company)	Board Member from 30/10/2009 to 15/06/2011
SEMES	Acting Board Member of WELCOOP GROUP from 01/01/2010
SCI CERP IMMO 2	Representative of WELCOOP GROUP, Manager, from 01/01/2010
WELMO	Manager from August 2010
DIATELIC	Board Member from 08/09/2010
SARL DUVAL DE VITRIMONT	Manager from March 2011
GROUPE DOMEDIC Inc. (Canadian company)	Board Member from 05/05/2011
DOMEDIC EUROPE	Chairman of the Board of Directors until 23/05/2012, then Board Member

Mr. Dominique PAUTRAT

Companies	Mandates
PHARMAGEST INTERACTIVE	Deputy Managing Director, Non-Board Member from 07/03/2008 to 18/06/2008 Deputy Managing Director, Board Member from 19/06/2008 to 31/12/2009 Managing Director, Board Member from 01/01/2010
ADI - APPLICATIONS ET DEVELOPPEMENTS INFORMATIQUES	Acting Board Member CP INTERACTIVE from 01/01/2010
DC INFORMATIQUE	Manager from 01/01/2010
CP INTERACTIVE (formerly AF INFORMATIQUE)	Manager from 01/01/2010
CIP (company dissolved by complete transfer of assets and liabilities on 30/06/2011)	Acting Chairman PHARMAGEST INTERACTIVE from 01/01/2010 to 30/06/2011
EUROPEAN HEALTH LOGISTIC SOURCING - EHLS (formerly MICRO MAINTENANCE France - MMF)	Acting Chairman, PHARMAGEST INTERACTIVE from 01/01/2010
DDI (company dissolved by complete transfer of assets and liabilities on 30/06/2010)	Chairman from 01/01/2010 to 30/06/2010
SCI HUROBREGA	Manager from 01/01/2010
HDM (Mauritius)	Director from 02/01/2010
SABCO (Luxembourg company)	Chairman and Board Member from 24/12/2009
SABCO SERVICES (Belgian company)	Manager from 09/09/2009
SCI MESSIRE JACQUES	Manager
DIATELIC	Board member until 30/01/2012, then Chairman of the Board of Directors
QUALITYFLUX (société belge)	Board Member from 15/06/2011
GROUPE DOMEDIC Inc. (Belgian company)	Board Member from 05/05/2011
DOMEDIC EUROPE	Managing Director and Board Member until 23/05/2012, then Chairman of the Board of Directors
GROUPE WELCOOP	Member of Board of Directors from 01/01/2013
WELCOOP PHARMA	Member of Board of Directors from 01/01/2013
SEMES	Chairman of the Board of Directors from 01/01/2013

Mr. Thierry PONNELLE

Companies	Mandates
PHARMAGEST INTERACTIVE	Deputy Managing Director and Board Member
ADI - APPLICATIONS ET DEVELOPPEMENTS INFORMATIQUES	Acting Board Member of PHARMAGEST INTERACTIVE
SABCO - (Luxembourg company)	Chief Executive Director from 2007 to 01/09/2009
SABCO SERVICES - formerly ATS (Belgian company)	Manager from 2007 until 09/09/2009

Mr. Denis SUPPLISSON

Companies	Mandates
PHARMAGEST INTERACTIVE	Deputy Managing Director and Non-Board Member from 09/11/2010 to 31/12/2012 then Deputy Managing Director and Board Member from 01/01/2013
DOMEDIC EUROPE	Board Member from 10/06/2011
SABCO (Luxembourg company)	Board Member from 11/06/2012
INTECUM	Chairman from 01/01/2013

Mr. Daniel ANTOINE

Companies	Mandates
PHARMAGEST INTERACTIVE	Board Member
GROUPE WELCOOP (formerly CERP Lorraine)	Vice-chairman of the Supervisory Board
WELCOOP PHARMA	Supervisory Board Member from 28/07/2008 to 31/12/2010 Acting Member of the Supervisory Board, WELCOOP GROUP from 01/01/2011
OBJECTIF PHARMA	Supervisory Board Member from 5/10/2010
INVESTIPHARM FRANCE	Board Member
SCI JADD	Manager

Mr. Michel DUSSERRE

Companies	Mandates
PHARMAGEST INTERACTIVE	Board Member from 19/06/2009

Monsieur François JACQUEL

Companies	Mandates
PHARMAGEST INTERACTIVE	Board Member from 01/01/2011
GROUPE WELCOOP	Supervisory Board Member
SELARL FRANCOIS JACQUEL	Manager
SA PHARMA 10	Supervisory Board Member
SCI CRAPAUDINE	Co-manager

Mr. William LE BELLEGO

Companies	Mandates
PHARMAGEST INTERACTIVE	Board Member until 31/12/2012
GROUPE WELCOOP (formerly CERP Lorraine)	Member of the Executive Board until 31/12/2012
WELCOOP PHARMA	Member of the Executive Board until 31/12/2012
SABCO (Luxembourg company)	Board Member until 11/06/2012
HDM (Mauritius)	Director until April 2012
D,MEDICA (formerly D,MEDICA HOLDING)	Acting Board Member the WELCOOP GROUP from 13/05/2009 to 26/06/2009 Managing Director and Board Member from 26/06/2009 to 31/12/2009 Chairman of the Board of Directors and Managing Director until 31/12/2012
AMS PARAPHARM 37	Manager from 30/06/2009 to 31/12/2012
DMS-DIFFUSION MEDICALE SEDANAISE	Manager from 30/06/2009 to 31/12/2012
SCI LEBMER	Manager from 01/07/2009
SEMES	Board Member from 02/06/2009 Chairman of the Board of Directors until 31/12/2012
OBJECTIF PHARMA (formerly PHARMA MOSELLE)	Member of Executive Board from 25/06/2009 to 31/12/2009
DOMEDIC EUROPE	Board Member from 10/06/2011 to 23/05/2012

Ms. Anne LHOTE

Companies	Mandates
PHARMAGEST INTERACTIVE	Board Member from 16/06/2011
GROUPE WELCOOP (formerly CERP Lorraine)	Member of the Executive Board from 01/01/2010
WELCOOP PHARMA	Member of the Executive Board since September 2005
INVESTIPHARM FRANCE	Board Member from 28/05/2009 then Chairman of the Board of Directors from 01/01/2010
D,MEDICA (formerly D,MEDICA HOLDING)	Managing Director and Board Member until 29/06/2007 then Board Member
UK PHARMA (English company)	Board Member
ESPAFARMED (Spanish company)	Board Member
ITAPHARM (Italian company)	Board Member
INVESTIPHARM BELGIUM (Belgian company)	Chief Executive Officer
ALPHA FINANCE REPARTITION (Belgian company)	Chief Executive Officer
BELGIUM INVESTMENT DISTRIBUTION (Belgian company)	Acting Board Member STALLION MANAGEMENT
STALLION MANAGEMENT (Luxembourg company)	Board Member
OBJECTIF PHARMA (formerly PHARMA MOSELLE)	Member of Executive Board from 25/06/2009

Ms. Sophie MAYEUX

Companies	Mandates
PHARMAGEST INTERACTIVE	Board Member from 22/06/2012

Monsieur Hugues MOREAUX

Sociétés	Mandats
PHARMAGEST INTERACTIVE	Board Member until 31/12/2010 Acting Board Member the WELCOOP GROUP from 01/01/2011
GROUPE WELCOOP (formerly CERP Lorraine)	Vice-chairman of Supervisory Board until 31/12/2010 Chairman of Supervisory Board from 01/01/2011
WELCOOP PHARMA	Supervisory Board Member from 12/12/2008 to 31/12/2009 Acting Member of Supervisory Board WELCOOP GROUP from 01/01/2010 to 31/12/2010 Chairman of Supervisory Board from 01/01/2011
D,MEDICA formerly D,MEDICA HOLDING)	Acting Board Member WELCOOP GROUP from 26/06/2009
OBJECTIF PHARMA (formerly PHARMA MOSELLE)	Supervisory Board Member from 25/06/2009 Vice-chairman of Supervisory Board from 01/01/2011
SEMES	Board Member from 01/01/2011
INVESTIPHARM	Acting Board Member of WELCOOP GROUP from 01/01/2011
SNC MOREAUX DUCASSOU	Manager
SCI DU FRONTON	Manager

14.2 Absence of convictions and conflicts of interest for members of administrative and managerial bodies and general management

Absence of convictions for fraud in Board members

As far as PHARMAGEST INTERACTIVE is aware, none of the company representatives or managing directors has been the subject of:

- A conviction for fraud delivered during at least the last five years;
- A bankruptcy, sequestration or liquidation during at least the last five years;
- A public official incrimination and/or sanction declared by the statutory or regulatory authorities during at least the last five years.

Conflicts of interest within the administrative and managerial bodies or general management

As far as PHARMAGEST INTERACTIVE is aware and at the date of this Reference Document, no potential conflict of interest exists with regard to PHARMAGEST INTERACTIVE between the duties of the company representatives and managing directors and their private interests or other duties.

Whilst the strict application of the criteria shown in the **Medef/Afep** report and the **Middlenext** Corporate Governance Code could mean that some are considered to be non-independent, PHARMAGEST INTERACTIVE considers each of its Board members to have both the skills and professional experience required by PHARMAGEST INTERACTIVE and also complete freedom and independence of judgment.

As far as PHARMAGEST INTERACTIVE is aware, there is no arrangement or agreement drawn up with shareholders, customers, suppliers or others under which a Board member was appointed to this role or was appointed as Managing Director.

No awarding of advantages at the end of their contracts is anticipated.

The issuer complies with the corporate governance system in force in France.

15 PAYMENTS AND BENEFITS

Payments made by PHARMAGEST INTERACTIVE are shown in the annual management report shown under heading 24.1 of the Reference Document.
The methods for determining these payments are detailed in the report on internal control shown under heading 24.2 of the Reference Document.

Payments made by WELCOOP PHARMA and the WELCOOP GROUP are shown in the annual management report under heading 24.1 of the Reference Document.

16 THE FUNCTIONING OF THE MANAGERIAL AND DIRECTING BODIES

This information is provided in the management report and/or the report on internal control and risk management presented under heading 24.

Nevertheless the following information is made clear:

Minimum number of shares per Board member

Each Board Member must own one share in accordance with the statutes.

The Board of Directors

The way the Board of Directors works is detailed in the report on internal control and risk management shown under heading 24.4.

Independent Board Members

At the Annual and Extraordinary General Meeting of 22 June 2006 Mr. Philippe VIVIER was appointed as an Independent Board Member for six years. Due to the age limit, Mr. VIVIER's appointment was not renewed and ended on 22 June 2012.

At the Annual and Extraordinary General Meeting of 19 June 2009, Mr. Michel DUSSERRE was appointed as an Independent Board Member for six years.

At the Annual and Extraordinary General Meeting of 22 June 2012, Ms. Sophie MAYEUX was appointed as an Independent Board Member for six years.

The definition of Independent Board Member is provided in the report on internal control and risk management under heading 24.2.

The Audit Committee

In 2012, the Audit Committee was made up as follows:

- Mr. Daniel ANTOINE, Board Member;
- Mr. Michel DUSSERRE, Independent Board Member;
- Mr. François JACQUEL, Board Member;
- Mr. Philippe VIVIER, Independent Board Member. His mandate ended on 22 June 2012. No replacement has been provided, as the number of Independent Board Members makes up a third of the members of the Audit Committee, as provided for by internal regulation.

In his role as Chairman of the Audit Committee, Mr. Philippe VIVIER, appointed on 3 February 2006 concluded his mandate on 30 June 2010. He was replaced by Mr. Michel DUSSERRE from 1 July 2010.

The way the Audit Committee works is detailed in the report on internal control and risk management shown under heading 24.2.

Remuneration committee

There is no Remuneration Committee

Operational Committees

The make up and actions of the various Management Committees are described in the report on internal control and risk management shown under heading 24.4.

17 EMPLOYEES

17.1 Description of Human Resources and Company Environment

The PHARMAGEST Group employs 767 staff at 31 December 2012, 751 Full Time Equivalent (FTE).

The majority of employees are hired on open-ended contracts and the average age is 40 with an average length of service of 10 years.

Over half the workforce is operational staff, mainly working for dispensing pharmacists, including: 81 sales representatives and sales managers, 92 technical and software assistants, 93 trainers and 161 technicians.

Several agreements were signed in 2012, listed in the report on corporate and environmental responsibility under heading 24.2.

17.2 Shareholdings and stock options

Capital shareholdings

No more than 3% of the company capital is owned by the employees in the context of the company savings scheme.

Stock options

Information on stock options granted to company representatives is detailed under heading 20.3.1.5.6.

As company representatives, Mr. Thierry CHAPUSOT, Mr. Dominique PAUTRAT, Mr. Thierry PONNELLE, Mr. William LE BELLEGO and Mr. Denis SUPPLISSON had 1,000 options, each granted within the context of the stock option program. The stock option program expired on 9/09/2012. All options have been exercised.

17.3 Contracts and agreements

Incentive Agreement

A renewal amendment to the incentive agreement of 30 June 2008 in the sphere of "PHARMAGEST" Economic and Social Union (UES) was signed on 22 June 2011.
For the 2012 financial year the PHARMAGEST Group posted a charge of €1,537,468.

Shareholding contract

In accordance with articles L 442-1 and thereafter of the Employment Code regarding companies usually employing at least fifty staff, PHARMAGEST INTERACTIVE is required to share the company's profits with the staff.

In a legal context, a shareholding agreement was signed on 29 June 2009 (without additional funds being paid by the company) for the "PHARMAGEST" Economic and Social Union, as well as an agreement regarding an amendment of the Corporate Savings Plan (PEE).

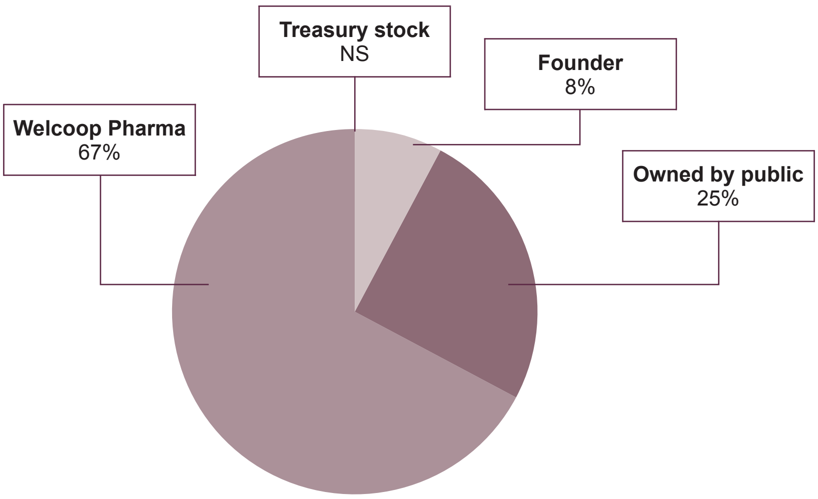
The sums making up the profit-sharing fund are paid into the Corporate Savings Plan (FCPE). "Monetary Prospect A," "Obligations Prospect MT A", "Confidence Prospects 90-A", "Temperate Future", "Balance Future", "Europe Shares Prospect A", "Social Active Solidarity," managed in accordance with the Internal Regulation of the Fund and the legal and regulatory conditions in force, by the company INTERSEM, 12 rue Gaillon 75002 PARIS, the assets of which are deposited with the Credit Industriel et Commercial and the Banque Promotrice CIC-EST.

Total contribution paid during April 2013 by the PHARMAGEST Group for the 2012 financial year: €1,942,224.

18 PRINCIPLE SHAREHOLDERS

18.1 Current allocation of company capital

The capital allocation at 31 March 2013 is as follows:



Name	Number of Shares			Number of Voting Rights			Capital en %			Voting rights in %		
	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010
SC Ermitage Saint Joseph (Thierry CHAPUSOT)	153,040	152,040	152,040	153,040	152,040	152,040	5.04	5.01	5.01	5.04	5.05	5.05
Thierry PONNELLE	91,240	90,240	145,240	91,240	90,240	145,240	3.01	2.97	4.79	3.01	3	4.82
Subtotal founding directors	**244,280**	**242,280**	**297,280**	**244,280**	**242,280**	**297,280**	**8.05**	**7.98**	**9.8**	**8.05**	**8.04**	**9.87**
WELCOOP PHARMA	2,028,558	1,860,519	1,860,519	2,028,558	1,860,519	1,860,519	66.84	61.31	61.31	66.86	61.71	61.81
SGAM Covéa	0	207,101	207,101	0	207,101	207,101	0	6.82	6.82	0	6.87	6.88
Treasury stock	915	20,245	24,522	0	0	0	0.03	0.67	0.8	0	0	0
Public share	761,072	704,680	645,403	761,072	704,680	645,403	25.07	23.22	21.27	25.09	23.38	21.44
TOTAL	**3,034,825**			**3,033,910**	**3,014,580**	**3,010,303**	**100.00**			**100.00**		

The shareholding directors are Mr. Thierry CHAPUSOT and Mr. Thierry PONNELLE who undertook to retain for one year 80% of the shares they held at the time of listing when the company was initially listed on the Stock Market (20 October 2000).

Mr. Thierry CHAPUSOT is Chairman of the Board of Directors and former Managing Director.
Mr. Thierry PONNELLE is a Board Member and Deputy Managing Director.

PHARMAGEST INTERACTIVE is not aware of any other shareholder who holds either directly or indirectly, alone or in unison, more than 5% of the capital or voting rights.

Over the last 3 years, PHARMAGEST INTERACTIVE has been aware of the following significant movements:

- Disposal of 55,000 shares by Mr. Thierry PONNELLE on the market, in July 2011;
- PHARMAGEST INTERACTIVE's majority shareholder, WELCOOP PHARMA increased its holding in the company on 4 July 2012 by acquiring 207,101 shares from SGAM COVEA . Its holding was increased to 68.13%;
- In November 2012, WELCOOP PHARMA carried out an off-market transfer of 39, 062 shares, bringing its holding in PHARMAGEST INTERACTIVE to 66.84%.

All of these transfers were subject to regular declarations to the Financial Markets Authority.

PHARMAGEST INTERACTIVE has no knowledge of any significant movement between 31 December 2012 and the date of issue of this Reference Document.

18.2 Control

66.84% of the capital of PHARMAGEST INTERACTIVE is held by WELCOOP PHARMA which is in turn 97.58% owned by the Cooperative Company the WELCOOP GROUP (formerly CERP Lorraine).

The WELCOOP GROUP representative on the PHARMAGEST INTERACTIVE Board of Directors shall exercise all due diligence and care in order that the different economic and legal guidelines of PHARMAGEST INTERACTIVE are respected, in keeping with the Group's general policy.

The presence of Independent Board Members and the separation of the functions of the Chairman of the Board of Directors and the Managing Director ensure that control is not exercised in an abusive manner.

The principle shareholders do not have different voting rights.

18.3 Shareholder agreement

No shareholder agreements exist in which PHARMAGEST INTERACTIVE would be a stakeholder and could have a significant impact on the course of action. No shareholder agreement exists.

Nor is there any voting agreement between the shareholders.

18.4 Agreement which if implemented at a later stage could lead to a change in control

None.

19 TRANSACTIONS WITH RELATED PARTIES

Details of financial operations between PHARMAGEST INTERACTIVE and its subsidiaries are presented under heading 20.3.2.3.5 (elements concerning connected businesses) of the appendices to the company accounts.

Financial operations between the PHARMAGEST Group and connected parties are presented under heading 20.3.1.5.17 of the appendices to the consolidated accounts.

20 FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSET BASE, FINANCIAL POSITION AND PERFORMANCE

20.1 Historic financial information

The consolidated accounts, management reports and audit reports for the years ending 31 December 2010 and 31 December 2011 are included by reference in this Reference Document, and may be found in the 2010 Reference Document filed under No. D.11-0381 on 28 April 2011 and in the 2011 Reference Document filed under No. D.12-0425 on 26 April 2012 respectively.

20.2 Pro Forma financial information

Bearing in mind the small impact of changes in group structure, no pro forma statements have been drawn up.

20.3 Financial Statements

20.3.1 Consolidated accounts of the PHARMAGEST Group

20.3.1.1 Statement of Consolidated Financial Situation IFRS STANDARDS

Status of Financial situation - Assets (in €'000)	Notes	31/12/2012	31/12/2011
Non-current assets			
Intangible assets	1.5.4.1 /4	9,020	9,526
Acquisition goodwill	1.5.4.1 /4	27,109	26,881
Tangible Assets	1.5.4.2 /4	4,320	3,697
Non-current financial assets	1.5.4.3 /4	494	444
Securities valued by the equity method		1,871	2,127
Deferred tax assets	1.5.13	371	172
Total non-current assets		**43,185**	**42,847**
Current assets			
Stocks and work-in-progress	1.5.4.5	1,992	2,106
Receivables and Related Accounts	1.5.4.6	13,087	12,424
Other accounts receivable	1.5.4.6	1,938	1,854
Securities available for sale	1.5.4.7	28,540	22,697
Other financial assets	1.5.4.7	2,133	0
Cash flow and Cash flow Equivalents	1.5.4.8	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	Notes	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)	**1.5.5.1**	**66,923**	**58,509**
Non-current liabilities			
Long-term provisions	1.5.7	1,934	1,456
Long-term liabilities	1.5.8	1,337	3,014
Deferred tax liability	1.5.13	441	692
Total non-current liabilities		**3,712**	**5,162**
Current liabilities			
Short-term provisions	1.5.7	186	636
Current portion of borrowings and loans	1.5.8	2,016	1,825
Accounts payable	1.5.8	7,949	6,608
Tax liability	1.5.8	1,319	1,024
Other liabilities	1.5.8	19,802	17,099
Total current liabilities		**31,271**	**27,193**
TOTAL		**101,905**	**90,865**

20.3.1.2 Consolidated Income Statement IFRS STANDARDS

Profit and loss account in €k	Notes	31/12/2012	31/12/2011
Turnover	**1.5.9 /10**	**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	1.5.11	- 2,337	- 1,954
Allocation to provisions	1.5.11	- 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	1.5.12	1,201	914
Cost of gross financial indebtedness	1.5.12	- 77	- 164
Cost of net financial indebtedness		**1,124**	**750**
Other financial income and expenditure	1.5.12	- 34	- 64
Profit of businesses consolidated by equity method		39	43
Profit of continuing operations before tax		**21,271**	**18,518**
Tax on profits	1.5.13	- 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)	1.5.5.4	4.45	3.90
Diluted earnings per share (group share)	1.5.5.4	4.45	3.87

Statement of net earnings and gains and losses entered directly in equity capital In €k	31/12/2012	31/12/2011
Net profit for the financial year	**13,900**	**12,112**
Conversion difference	2	12
Revaluation of coverage derivatives	- 7	
Revaluation of financial assets available for sale		
Actuarial differences / stock option expenses for the period	- 354	- 66
Asset Revaluation		
Proportion of gains and losses entered directly as equity capital for companies using equity method		
Taxes	120	22
Total gains and losses entered directly in equity capital	**- 239**	**- 32**
Net income and gains and losses entered directly in equity capital	**13,661**	**12,080**
Net income and gains and losses entered directly in equity capital - Group share	**13,277**	**11,722**
Net income and gains and losses entered directly in equity capital - Minority share	**384**	**358**
Net income and gains and losses entered directly in equity capital (Group share) base per share	4.38	3.89
Net income and gains and losses entered directly in equity capital (Group share) - diluted per share	4.38	3.86

20.3.1.3 Consolidated Cash Flow Statement IFRS STANDARDS

Cash-flow statement (in €k)	31/12/2012	31/12/2011
I. Operations and operational investments		
Operating profit	**20,142**	**17,789**
Net allowances for depreciation and provisions, excluding tax and financial elements	2,382	1,757
Other calculated expenses, excluding financial elements	0	0
Gain or loss on sales of capital assets	- 30	- 14
Other withdrawals	0	0
Internal financing ability generated by the business	**22,494**	**19,532**
Cost of gross financial debt, interest paid	- 84	- 169
Taxes paid	- 7,501	- 6,754
Internal financing ability after interest and tax	**14,909**	**12,609**
Stock variation	114	- 87
Variation in trade receivables	- 596	- 211
Variation in suppliers	1,327	18
Variation in other receivables and payables	2,299	1,681
Variation in working capital requirements	**3,144**	**1,401**
Variation in cash flow from operating transactions	**18,053**	**14,010**
Acquisition of intangible and tangible assets	- 2,524	- 1,688
Sales of intangible and tangible assets	95	40
Guarantee deposits and other operational investment transactions	- 11	- 221
Operational Investment	**- 2,440**	**- 1,869**
Variation in cash flow from operations and operational investments	**15,613**	**12,141**
II. Financial investments		
Acquisitions of financial investments	- 40	0
Sales of financial investments	0	0
Impact of acquisitions and sales of consolidated securities	- 124	- 1,116
Variation in cash flow from financial investments	**- 164**	**- 1,116**
III. Capital transactions		
Increase in PHARMAGEST INTERACTIVE capital	0	0
Increase in capital of subsidiaries by minority interests	0	42
Purchase and sale of shares in PHARMAGEST INTERACTIVE (Treasury shares)	900	205
Dividends received from businesses consolidated by equity method	263	0
Dividends paid by PHARMAGEST INTERACTIVE	- 5,445	- 4,516
Dividends paid by consolidated subsidiaries to minority interests	- 766	- 345
Purchases and sales of minority interests	0	0
Variation in cash flow from capital operations	**- 5,048**	**- 4,614**
IV. Financial operations		
Issue or taking out of loans and debts	600	0
Repayment of loans and debts	- 2,105	- 2,286
Purchase and sale of financial investments (securities available for sale/other financial assets)	- 7,975	- 735
Cash flow and equivalents income, interest received	1,201	914
Variation in cash flow from financial operations	**- 8,279**	**- 2,106**
V. Impact of conversion differences/financial instruments and other financial income/expenses	**- 34**	**- 64**
Net variation in cash flow	**2,088**	**4,238**
Cash	2,088	4,237
Bank overdrafts	0	1
Net variation in cash flow	**2,088**	**4,238**

Statement of net reconciliation in cash flow	31/12/2012	31/12/2011	Variations in scope	Variation
Cash Bank overdrafts	11,030 0	8,936 0	5 0	2,088 0
Net variation in cash-flow	**11,030**	**8,936**	**5**	**2,088**

20.3.1.4 Table Showing Variation in Equity Capital IFRS STANDARDS

Table Showing Variation in Equity Capital in €k	Group Share					Equity capital - Minority share	Total share - holders' equity
	Capital	Treasury shares	Reserves and consolidated income	Gains and losses entered directly in capital	Total		
Equity capital at 01/01/2011	**3,035**	**- 1,158**	**48,531**	**- 76**	**50,333**	**711**	**51,044**
Change in accounting methods **Equity capital at 01/01/2011 corrected**	**3,035**	**- 1,158**	**48,531**	**- 76**	**50,333**	**711**	**51,044**
Net profit for the financial year Gains and losses entered directly in equity capital			11,754	 - 32	*11,754* *- 32*	358	*12,112* *- 32*
Net profit and gains and losses entered directly in equity capital			11,754	- 32	*11,722*	358	*12,080*
Dividends/capital transaction *Changes in Goodwill* *Capital transactions*			*- 4,516*		*- 4,516*	*- 345*	*- 4,861*
Variations in scope *Others* *Change in treasury shares held*		 *205*			 *205*	*42*	*42* *205*
Equity capital at 31/12/2011	**3,035**	**- 954**	**55,769**	**- 108**	**57,743**	**766**	**58,509**
Change in accounting methods **Equity capital at 31/12/2011 corrected**	**3,035**	**- 954**	**55,769**	**- 108**	**57,743**	**766**	**58,509**
Net profit for the financial year Gains and losses entered directly in equity capital			13,516	 - 239	13,516 - 239	*384*	*13,900* *- 239*
Net profit and gains and losses entered directly in equity capital			13,516	- 239	13,277	*384*	*13,661*
Dividends/capital transaction *Changes in Goodwill* *Capital transactions*			*- 5,445*		*- 5 445*	*- 766*	*- 6,211*
Variations in scope *Others* *Change in treasury shares held*		 *900*			 *900*	*64*	*64* *900*
Equity capital at 31/12/2012	**3,035**	**- 54**	**63,840**	**- 347**	**66,475**	**447**	**66,923**

20.3.1.5 Notes in appendix to consolidated accounts

The accounts show a financial situation representative of a total of €101,905,000 and an overall net profit of €13,661,000.

The PHARMAGEST Group's main activity consists of designing specialized management software for pharmacies, as well as the turnkey distribution of its IT solutions.

20.3.1.5.1 Highlights

- Takeover of DIATELIC through a buy-back from minority interests and a capital increase;
- Complete Transfer of Assets and Liabilities of DRS EXPANSION to PHARMAGEST INTERACTIVE with accounting effect on 1 January 2012.
- Creation of KAPELSE, a company involved in design of innovative health products.

20.3.1.5.2 Accountancy principles

20.3.1.5.2.1 Applicable texts

A/ DEVELOPMENTS IN ACCOUNTANCY STANDARDS IN 2012

The annual consolidated accounts of the PHARMAGEST Group at 31 December 2012 are drawn up in accordance with international accounting standards (IFRS) and the interpretations of the IFRIC as published by the IASB and approved by the European Union (OJEU publication Official Journal of the European Union).

The accountancy principles followed by the PHARMAGEST Group are identical to those applied for the preparation of the financial statements of the PHARMAGEST Group on 31 December 2011 with the exception of the following standards, amendments and interpretations applicable from 1 January 2012:

- **IFRS 7 :** Information to be provided in transfers of financial assets.

The application of these texts has had no significant impact on the consolidated accounts of 2012.

The new standards, amendments and interpretations that may have an impact on the accounts of the PHARMAGEST Group and which must be applied with effect from 1 January 2013 or thereafter, did not give rise to early application on 31 December 2012 when that was permitted by the texts.

It concerns:

- **IFRS 12 :** Information to be provided on interests held in other entities;
- **IFRS Amendment 1:** Severe hyperinflation and removal of set dates for those adopting the standards for the first time;
- **IAS Amendment 1:** Presentation of other elements of overall profit;
- **IAS Amendment 19:** Employee benefits;
- **IFRS Amendment 1:** Public subsidies;
- **IFRS Amendment 7:** Information in appendix -compensation of financial assets and liabilities;
- **Annual improvements (cycle 2009-2011):** Annual improvements made to different standards (text published by IASB 17 May 2012).

The application of these texts to the 2013 financial year should not have a significant impact on the overall profit.

The PHARMAGEST Group considers that the application of IFRS standards 10, 11 and 12 should not have a significant impact.

B/ FIRST ADOPTION OF IFRS

Hereafter we show the main options for first application of the IFRS:

Grouping businesses together

The PHARMAGEST Group has decided to retain the option offered by IFRS standard 1 which consists of not withdrawing, in accordance with IFRS 3, acquisitions made prior to 1 January 2004.

This exception allows for:

- Maintaining the previous accounting treatment (acquisition method or pooling of interests);
- Not asking about the direction of the operation.

Assessment of tangible and intangible assets, investment properties

The PHARMAGEST Group decided not to use the option offered by IFRS standard 1 according to which all or part of the tangible or intangible assets and investment properties may be entered at their fair value in the opening balance sheet at 1 January 2004.

Pension liabilities

As in the past the PHARMAGEST Group recorded all of its actuarial losses and gains on pension liabilities in the profit, the option offered by IFRS 1 on this subject has not been used.

Stock options

The PHARMAGEST Group has only set up one stock option plan. Since it was set up after 7 November 2002, it is subject to a withdrawal in accordance with IFRS 2.

20.3.1.5.2.2 Basis for assessment, judgment and use of estimations

The financial statements have been prepared according to the agreement on historic costs, with the exception of some financial instruments that are entered according to the fair value agreement.

Preparing financial statements requires use of estimations and assumptions to determine the value of assets and liabilities, assessment of positive and negative elements unknown on the date of closure, as well as income and expenses of the financial year.

Significant estimations produced by the PHARMAGEST Group to draw up financial statements cover the recoverable value of intangible assets and goodwill as shown under heading 20.3.1.5.2.6.

Due to the inherent uncertainties in any valuation process, the PHARMAGEST Group revises its estimations based on regularly updated information.

As well as using estimations, the Management of the PHARMAGEST Group uses appreciation to define the appropriate accounting treatment of some activities and transactions when the IFRS standards and interpretations in force do not deal specifically with the accounting issues in question. In particular, the Management carried out its appreciation to determine methods to recognize products and categorize rental contracts.

20.3.1.5.2.3 Consolidation Methods

The consolidation methods used by the PHARMAGEST Group are full consolidation and the equity method:

- The subsidiaries (companies in which the PHARMAGEST Group has the power to direct financial and operational policies in order to gain economic advantages) are consolidated by full consolidation;
- The equity method applies to associated businesses in which the PHARMAGEST Group has considerable influence, which is presumed to be the case when the percentage of voting rights is above or equal to 20%. According to this method, the PHARMAGEST Group records on a specific line of the consolidated profit account the "share in profit from companies by the equity method".

All transactions and inter-company positions of the PHARMAGEST Group are eliminated in full consolidation for companies consolidated by full consolidation.

The list of companies consolidated by full consolidation or by the equity method is presented under heading 20.3.1.5.3.

The company financial year of all the companies under consolidation coincides with the calendar year except for companies created or acquired during the financial year. The balance sheets and profit accounts of companies within the PHARMAGEST Group used for consolidation of the year 2012, are those up to 31 December 2012.

20.3.1.5.2.4 Intangible Assets

A/ GOODWILL

When a business is taken over, the assets, liabilities and contingent liabilities of the acquired business are valued at their fair value on the date of takeover.

The difference between the takeover cost and the PHARMAGEST Group's proportion of the fair value of these assets, liabilities and contingent liabilities is listed under goodwill.

The takeover cost is the price paid by the PHARMAGEST Group in the context of an acquisition, or the estimation of this price if the transaction is made without a financial payment, excluding costs linked to the acquisition which are presented as operational expenses.

The revised IFRS standard 3 introduces the requirement to include in the cost of the price paid the fair value of contingent payments.

The takeover of a company by successive acquisitions brings about the revaluation at fair value of shares held before the takeover and the registration of the change in value as profit.

From 1 January 2010, under the revised IAS 27, (significant) transactions with minority interests, after takeover, only affect equity capital.

Goodwill is not subject to depreciation but is subject to tests for loss of value at the end of the financial year, or more frequently, if identified indications of value loss exist. Methods for carrying out depreciation tests are presented under heading 20.3.1.5.2.6.

B/ RESEARCH AND DEVELOPMENT COSTS

In accordance with IAS standard 38, "Intangible assets", research and development expenses are recorded as a cost for the financial year during which they are incurred, with the exception of development costs when all the following conditions are met:

- The project is clearly identified and related costs are broken down and monitored in a reliable way;
- The project is shown to be technically feasible;
- The PHARMAGEST Group intends to complete the project and use it or sell it;
- A potential market exists for developments emerging from this project or its internal use is demonstrated. And So, when a new module is developed on an existing software product, its development costs are carried over to the asset as long as it allows access to a customer base not currently covered or it meets a new need;
- The resources required to carry the project through to fruition are available.

Development costs are written off over the estimated useful period of the projects in question.

C/ OTHER INTANGIBLE ASSETS

An intangible asset is a non-monetary element without physical substance that must be both identifiable and controlled by the business as a result of past events and must bear future economic advantages. An intangible asset is identifiable if it can be separated from the acquired entity or if it results from legal or contractual rights.

Intangible assets with a useful period that can be determined are written off according to the straight line method.

Intangible assets	Useful period	Method of writing off
Customer relations Purchased software	Depending on features of contracts 1 to 3 years	Straight Line Straight Line

20.3.1.5.2.5 Tangible Assets

A/ TANGIBLE ASSETS - INITIAL VALUATION AND SUBSEQUENT VALUATION

LTangible assets are entered at their historic price of purchase, production or entry into the PHARMAGEST Group, after deduction of accumulated depreciation and noted value losses.

The accounting value of tangible assets is not subject to any revaluation, as the PHARMAGEST Group did not choose the alternative method, enabling regular revaluation of one or several categories of tangible assets.

Borrowing costs relating to financing the purchase and construction of installations incurred during the construction period are shown as expenses for the period.

B/ DEPRECIATION

In applying the component-based approach, the PHARMAGEST Group uses differentiated periods of depreciation for each significant component of a fixed asset as long as one of these components has a different useful period from the main fixed asset to which it relates. The principle methods and durations of depreciation used are as follows:

Tangible Assets	Useful period	Depreciation method
Buildings	15 to 30 years	Straight Line
Equipment	8 to 30 years	Straight Line
General fittings	5 to 10 years	Straight Line
Office and computer equipment	3 to 5 years	Straight Line
Transport equipment	1 to 5 years	Straight Line
Furniture	5 to 10 years	Straight Line

20.3.1.5.2.6 Methods of carrying out asset depreciation tests

The IAS 36 standard requires tests on goodwill and intangible assets with unspecified lifespan at least once a year and on the other long-term assets when an indication exists showing that their value could diminish.

A loss of value index could be:

- A significant reduction in the market value of the asset;
- A change in the technological, economic or legal environment.

Depreciation of the asset is entered when the recoverable amount is lower than the net book value. The recoverable value of an asset corresponds to the highest fair value between the fair value (minus sale costs) and the useful value. The fair value is defined as the amount that may be obtained from the sale of an asset (or a group of assets) during a transaction under normal conditions of competition between well-informed and consenting parties. The useful value corresponds to the updated value of future cash flow expected from the asset or group of assets being tested. The future cash flow method was used where it was not possible to compare market information.

These assets are tested individually or grouped together with other assets when they do not generate cash flow independent of other assets.

Losses in value related to intangible and tangible assets can be recovered later if the recoverable value returns to a value higher than the net book value

Losses in value related to goodwill are not reversible.

Possible losses in value are entered under "Other operational income and expenses".

To carry out depreciation tests, goodwill has been allocated to units generating cash flow corresponding, in accordance with IFRS standard 8, to the business sectors identified in the internal organization of the PHARMAGEST Group.

In this way, all the non-depreciable intangible assets and goodwill/businesses are allocated to each business sector (headings 20.3.1.5.2.20 and 20.3.1.5.4.1).

The valuation method is based on valuation by Discount Cash Flow with flows for the years from 2013 to 2016 emerging from projections by the PHARMAGEST Group Management. The discount rate used in all business sectors is 10.5% with an open-ended growth rate of 2%.

Depreciations tests on goodwill are carried out every year during the last quarter.

The discount and open-ended growth rate taken into account are those used by financial analysts with knowledge of the business sector. The assumptions used by the PHARMAGEST Group to calculate the recoverable value of its assets are based on assumed future growth.

The PHARMAGEST Group used the budgets and business plan of each entity, basing cash flow estimates for the following 4 years on these elements to determine the future rate of growth in income and operational cash flow.
No loss in value for these assets was shown in depreciation tests carried out in 2012 by the PHARMAGEST Group.
Comparison between the book value and the recoverable value for each Cash flow Generating Unit is shown under heading 20.3.1.5.4.1.

20.3.1.5.2.7 Rental contracts

In the context of its different businesses, the PHARMAGEST Group uses assets provided under rental contracts.

These rental contracts are analyzed with regard to the situations described and indicators provided in IAS standard 17 in order to establish if they are simple rental contracts or financial lease agreements.

After analysis, it emerges that the PHARMAGEST Group uses only simple rental contracts: payments made under simple rental contracts (other than service costs such as insurance and maintenance) are entered as expenses in the profit account using a straight line basis for the term of the rental contract.

20.3.1.5.2.8 Securities available for sale

The assets available for sale are financial assets deemed to be available for sale by the business and which do not come under "loans and receivables", "investment securities held until maturity" and "financial assets at fair value through income statement".

At the time of purchase, the securities are valued at fair value, net of transaction costs. These securities are then entered at their fair value at each year end. For shares in listed companies, the fair value is established on the basis of the stock market price on the date of the year end in question. For non-listed companies the fair value is taken from recognized technical valuations (referring to recent transactions, future cash flow realizations). Some securities, which have no quoted price on an asset market and for which the fair value cannot be reliably assessed, are valued at depreciated cost.

The unrealized gains and losses in relation to the purchase price are automatically entered in equity capital until the date of sale. However when a value loss test shows an unrealized depreciation in relation to the purchase cost and where this is assimilated to a significant or lasting loss in value, the loss in value is entered in the profit statement. It cannot be taken back later in the profit statement for shares and other variable income securities.

20.3.1.5.2.9 Other financial assets

Other financial assets are mainly made up of loans and receivables entered at amortized cost.
In accordance with IAS standard 39, investments in debt instruments (bonds, debt securities) not listed on an asset market can be placed in this category.

20.3.1.5.2.10 Stocks

Stocks and work in progress are entered at their purchase cost. At each year end, they are valued at whichever is the lowest, either their production cost or the net production value (FIFO method).

The net production value represents the estimated sales price in the normal business market, minus expected costs to complete production or carry out the sale.

20.3.1.5.2.11 Customer Receivables

Customer receivables are entered at depreciated cost. Depreciation is noted where the accounting debt is higher than the recoverable amount.

20.3.1.5.2.12 Cash flow and Cash flow Equivalents

Cash flow is held in order to meet short term cash flow requirements and includes liquid cash in current bank accounts and deposits. Cash flow equivalents are made up of investments with maturity of less than 3 months or which are easily convertible into a known cash flow amount and are subject to a negligible risk of change in value, held in order to meet short term cash flow requirements.

20.3.1.5.2.13 Provisions

A provision is entered when the PHARMAGEST Group has a probable obligation, resulting from past events, which would mean that the PHARMAGEST Group has to pay out resources without at least equivalent value in exchange and the amount of which can be reliably estimated. When the completion date for this obligation is beyond one year, the amount of the provision is updated by a calculation, the results of which are recorded in the financial results.

20.3.1.5.2.14 Employee benefits

Pension plans, similar payments and other company benefits, analyzed as defined benefit plans (plans in which the PHARMAGEST Group undertakes to guarantee an amount or defined level of service), are entered on the balance sheet based on an actuarial assessment of the commitments at the year end, minus the fair value of the plan's related assets which are allocated to it. Contributions paid under such plans, which are analyzed as fixed plans, i.e. the PHARMAGEST Group's only obligation is to pay the contributions, are entered as expenses for the financial year.

The provision shown in the consolidated accounts is calculated according to the Projected Credit Unit method and includes related social security expenses.

The discount rate is determined based on the average of the last known half year periods for the TMO (Average bond rate).

Actuarial differences result from discrepancies between the assumptions made and reality or the amendment of assumptions for calculating commitments and assets allocated to covering them. Actuarial differences are entered in the results during the financial year in which they are noted.

20.3.1.5.2.15 Financial liabilities

Loans and other financial assets that incur interest are valued according to the depreciated cost method by using the effective interest rate of the loan. Costs and possible issue premiums are depreciated in this way according to a financial method over the term of the loans.

20.3.1.5.2.16 Tax

Tax liability

The PHARMAGEST Group calculates its tax on profit according to tax legislation in force in the countries where the profits are subject to taxation.

Deferred tax

In accordance with IAS standard 12, deferred tax is shown on timing differences between book values of assets and liabilities and their fiscal values, according to the liability method. They are valued based on the expected tax rate for the financial year during which the asset will be realized or the liability will be paid. The effects of changes in tax rates from one financial year to another are shown in the results for the financial year during which the change occurs.

Deferred tax relating to elements entered directly into the equity capital is also entered in equity capital.

Deferred tax assets resulting from timing differences, from fiscal deficits and from carried forward tax credits are limited to the estimated amount of recoverable tax. This is assessed at the end of the financial year, according to profit forecasts for the fiscal entities in question.

20.3.1.5.2.17 Turnover

The turnover of the PHARMAGEST Group is mainly made up of income connected to the following businesses:

- Computer hardware sales;
- Computer software sales;
- Provision of maintenance services;
- Sales of communication services.

The proceeds from the sale of hardware are recorded when the risks and benefits linked to ownership of the goods are transferred to the purchaser. A provision is made to include costs linked to the guarantee granted when the hardware is sold, where applicable.

Sales of software are recorded when user rights are granted to the user.

Maintenance services are recorded in a straight line over the term of the contracts.

Communication services are recorded in a straight line over the term of the contracts.

20.3.1.5.2.18 Earnings per share

The base earnings per share is the PHARMAGEST Group net profit per share from the financial year allocated to ordinary shares related to the weighted average number of shares in circulation during the financial year. The average number of shares in circulation during the financial year is the number of ordinary shares in circulation at the start of the financial year, adjusted by the number of ordinary shares bought back or issued during the financial year.

To calculate the diluted profit per share, the average number of shares in circulation is adjusted to take into account the dilutive effect of equity capital instruments issued by the business and likely to increase the number of shares in circulation.

20.3.1.5.2.19 Stock-options

As a result of applying IFRS standard 2, a charge corresponding to the benefits awarded to employees in the form of payment in shares is noted.

The options are valued by the PHARMAGEST Group on the date they are awarded using a mathematical model. The model allows the characteristics of the plan (strike price, strike period), market data at time of allocation (risk-free rate, share price, volatility, expected dividends) and assumed behavior of the beneficiaries to be taken into account.

This value is recorded under employee expenses over the period of rights being acquired with a direct exchange in equity capital. Regarding payments with delivery of the entity's equity capital instruments, the costs linked to the take up of stock options are directly included in equity capital, net of tax.

20.3.1.5.2.20 Sector Information

Following an internal organization, the PHARMAGEST Group has access to several business sectors, as follows:

- **PHARMACY FRANCE, BELGIUM AND LUXEMBOURG:** Corresponds to the dispensing pharmacy IT sector;
- **CARE HOMES:** Corresponds to the IT sector for care homes mainly linked to MALTA INFORMATIQUE;
- **CPI:** Corresponds to the SME sector of CPI;
- **LABORATORIES BUSINESS:** Corresponds to the sector providing services to pharmaceutical industries;
- **E-HEALTH BUSINESS:** Corresponds to applications linked to medical tele-monitoring;

These businesses correspond to groups of services, departments, agencies and legal entities with a common business.

20.3.1.5.2.21 Seasonal nature of the business

There is no seasonal or cyclical aspect to the business.

20.3.1.5.3 Consolidation Scope

20.3.1.5.3.1 Variations in scope during the 2012 financial year

- Takeover of DIATELIC through a buy-back from minority interests for €37,000 and an increase in capital of €209,000. After these operations, the partial goodwill is €228,000;
- Complete Transfer of Assets and Liabilities of DRS EXPANSION to PHARMAGEST INTERACTIVE with effect in accounting terms from 1 January 2012;
- Creation of KAPELSE, the purpose of the company being the design of innovative health products.

These groups have been entered on a permanent basis.

Bearing in mind the small impact of these variations in presentation of scope, no pro forma statements have been drawn up.

20.3.1.5.3.2 Variations in scope during the previous year

- 35% shareholding in capital of DOMEDIC GROUP Inc.
- Creation of DOMEDIC EUROPE in shareholdings with the DOMEDIC GROUP Inc.

These groups have been entered on a permanent basis.

Bearing in mind the small impact of these variations in presentation of scope, no pro forma statements have been drawn up.

20.3.1.5.3.3 Fully-consolidated subsidiaries

Companies	Adresse	% ownership	% interest
PHARMAGEST INTERACTIVE	Villers-les-Nancy (54)	Consolidating entity	Consolidating entity
ADI (1)	Saclay (91)	50.00	50.00
CPI	Dijon (21)	100.00	100.00
DCI	Merignac (33)	100.00	100.00
DIATELIC	Villers-les-Nancy (54)	68.58	68.58
DOMEDIC EUROPE	Villers-les-Nancy (54)	65.00	65.00
EHLS	Queven (56)	100.00	100.00
HDM LIMITED	Mauritius	100.00	100.00
KAPELSE	Villers-les-Nancy (54)	100.00	100.00
SCI HUROBREGA	Queven (56)	100.00	100.00
MALTA INFORMATIQUE	Merignac (33)	100.00	100.00
SABCO	Luxembourg	90.00	90.00
SABCO SERVICES	Belgium	100.00	90.00
VIP PHARMA	St Symphorien d'Ozon (69)	100.00	100.00

(1) Bearing in mind the economic and contractual relations existing between the companies PHARMAGEST INTERACTIVE and ADI (distributor of LGPI Global Services® products), and the ownership of this company (equal share of the members of the Board of Directors, appointment of the Chairman subject to specific consent of the PHARMAGEST Group), the company ADI is fully consolidated despite being held at 50%.

PHARMAGEST INTERACTIVE has a shareholding within the company SFLD (€5,000) which is not consolidated given the insignificant aspect and the low percentage of the holding.

There are no special purpose entities.

20.3.1.5.3.4 Equity-accounted entities

Companies	Adresse	% ownership	% interest
GROUPE DOMEDIC Inc.	Quebec (Canada)	35.00	35.00
HEALTHLEASE	Levallois Perret (92)	35.00	35.00
INTECUM	Bastia (20)	49.00	49.00
QUALITY FLUX	Tournai (Belgium)	21.98	21.98

GROUPE DOMEDIC Inc. aims to improve the quality of life for people struggling with health problems requiring regular medical treatment. And so, the DOMEDIC Group Inc. is developing products to support those aware of the important role that rigorous adherence to their medical treatment plays in their good health.
Its head office is at 2500 rue Jean-Perrin, room 190 in QUEBEC QC G2C-1X1 (Canada)

At 31/12/2012 the financial position shows a loss of CAD443,000, a net position of CAD730,000 and a balance sheet total of CAD1,412,000.

The PHARMAGEST Group considers that it has only significant influence.

HEALTHLEASE was registered on 11 May 2010 and its main business is long-term rental of hardware and other moveable assets marketed by partners to their customers of all kinds and for all related businesses. Its head office is at 4 rue Louise Michel in LEVALLOIS-PERRET (92 300).

At 31/12/2012 the financial position shows a profit of €839,000, a net position of €1,879,000 and a balance sheet total of €5,784,000.

The PHARMAGEST Group considers that the presence of a majority shareholder only grants the PHARMAGEST Group significant influence over the company.

INTECUM was registered in September 2008 and its main business is the design, manufacture and sales of automated systems.
Its head office is at Logis de Montesoro-BT C 24 in BASTIA (20 600).

At 31/12/2012 the financial position shows a loss of €272,000, a net position of €394,000 and a balance sheet total of €1,276,000.

The PHARMAGEST Group considers that it has only significant influence.

QUALITY FLUX, consolidated by the equity method, was created in October 2009. Its head office is in TOURNAI (Belgium).

The PHARMAGEST Group was unable to access its financial position for the financial year 2012. Over and above the increase in capital (not supported by PHARMAGEST INTERACTIVE as it generated a fall in percentage holdings) and an "accordion effect" on the capital at €314,000, the position taken into account at 31 December 2012 does not show any change compared to that of 2011. The impact on the profit at 31 December 2012 should not be significant.

The PHARMAGEST Group considers that the presence of several shareholders dilutes the control and does not provide the PHARMAGEST Group with significant influence over the company.

20.3.1.5.4 Information headings on the statement of the financial position

20.3.1.5.4.1 Intangible assets and goodwill

Balance sheet entries in €k	Gross value at 31/12/2011	Increase	Decrease	Reclassification	Variations in scope	Gross value at 31/12/2012
Acquired software and brands	4,099	101	61		12	4,153
Internally-developed software	1,057	132				1,189
R&D costs	9,849	882				10,731
Customer relations (1)	1,493					1,493
Acquisition goodwill (2)	26,881			124	104	27,109
TOTAL	**43,379**	**1 115**	**61**	**124**	**116**	**44,675**

(1) Declaration of a customer relationship following purchase of SABCO.
(2) Detail of goodwill/business at 31 December 2012 in €k:

PHARMACY FRANCE:

CIP	13,136
MIRABEL	1,071
EHLS	3,816
TECHNILOG	179
OSIS	214
DCI	415
CPI	32
ADI	87
DDI	886
VIP PHARMA	35
CSSI	366
FICHORGA	3,666
ROUSSEAU	243
S / TOTAL	**24,146**

PHARMACY BELGIUM / LUXEMBOURG:

SABCO / SABCO SERVICES	2,164
S / TOTAL	**2,164**

CARE HOMES:

DRS	215
MALTA INFORMATIQUE	40
AZUR SOFTWARE	300
S / TOTAL	**555**

SME

CPI	15
S / TOTAL	**15**

E-HEALTH

DIATELIC	228
S / TOTAL	**228**

Analysis of recoverable value of goodwill:

Goodwill	UGT	Book value	Recoverable value	Loss in value	Net Value
Pharmacy France (1)	Pharmacy France business	24,146	206,265	0	24,146
Pharmacy BeLux (2)	Pharmacy BeLux business	2,164	5,723	0	2,164
Care Homes (3)	Care Homes business	555	23,928	0	555
CPI	CPI business (SME)	15	1,495	0	15
E-Health (4)	E-Health business	228	5,986	0	228

Principle key assumptions used:
(1) Pharmacy France: Increase in market share linked to proposal of new products;
(2) Pharmacy Belgium and Luxembourg: Reorganization of sales team enabling market share to be secured and return to profit from 2014.
(3) Care Homes: New, even more complete product range with stronger sales team to secure market share;
(4) E-Health Product development in field of home care assistance for patients.

Analysis of sensitivity of tests on goodwill linked to the Pharmacy Belgium and Luxembourg business:

Sensitivity	Assumption	Recoverable value
Sensitivity to growth rate	Open-ended growth rate of 3% (2% being considered as minimum)	6,443
Sensitivity to discount rate	20% increase in discount rate 20% decrease in discount rate	4,387 7,951
Sensitivity to business growth	Growth 10% lower than forecasts Growth 30% lower than forecasts The break even point will be where growth is 28.7% lower than forecasts.	4,339 1,793

20.3.1.5.4.2 Tangible Assets

Balance sheet entries in €k	Gross value at 31/12/2011	Increase	Decrease	Reclassification	Variations in scope	Gross value at 31/12/2012
Land	631					631
Buildings	4,806	750	12	4		5,548
Equipment	40	5	1			45
Other Tangible Assets	3,878	656	338	- 4	38	4,230
TOTAL	**9,355**	**1,411**	**351**	**0**	**38**	**10,454**

20.3.1.5.4.3 Non-current financial assets

Balance sheet entries in €k	Gross value at 31/12/2011	Increase	Decrease	Reclassification	Variations in scope	Gross value at 31/12/2012
Deposits, guarantees and loans (1)	444	49	1		1	494
Securities valued by the equity method (2)	2,127	30	164	- 124	3	1,871
Other investments	5					5
TOTAL	**2,576**	**79**	**165**	**- 124**	**4**	**2,370**

(1) A bond, convertible into shares, for an amount of €200,000 was issued in 2011 by INTECUM in favor of PHARMAGEST INTERACTIVE. In 2012, the DOMEDIC GROUP Inc. issued a Convertible Debenture to which PHARMAGEST INTERACTIVE contributed €40,000.
(2) Securities valued by the equity method are calculated on the basis of the equity capital withdrawn and also include goodwill.

In €k	Equity Capital	Withdrawn equity capital	Group share	Net goodwill	Equity accounted
QUALITY FLUX	125	125	27	3	30
HEALTHLEASE	1,879	1,900	665	0	665
GROUPE DOMEDIC Inc.	556	761	267	603	870
INTECUM	394	394	193	113	306
TOTAL			**1,152**	**719**	**1,871**

20.3.1.5.4.4 Non-current amortization and depreciation charges

In €k	Value at 31/12/2011	Allowances for the financial year	Reductions of the financial year	Reclassification	Variations in scope	Value at 31/12/2012
Software/Other intangibles*	1,986	169	61		9	2,103
Research & Development	4,343	1,307				5,651
Customer relations	647	149				796
Tangible Assets	5,658	731	286		31	6,134
Financial Assets	5					5
TOTAL	**12,636**	**2,356**	**347**	**0**	**40**	**14,684**

Depreciation tests carried out in accordance with principles described in Heading 20.3.1.5.2.6 and 20.3.1.5.4.1 did not reveal any loss in value, goodwill, or other intangible assets.

** Including a charge for provision of €18,000 on business.*

20.3.1.5.4.5 Stocks

In €k	12/2012			12/2011
	Gross amount	Depreciation	Net amount	Net amount
Equipment Supplies ASS parts	2,026 141 329	408 25 72	1,618 116 257	1,814 92 200
TOTAL	**2,497**	**505**	**1,992**	**2,106**

20.3.1.5.4.6 Accounts Receivable

In €k	12/2012			12/2011
	Net amount	- 1 year	+ 1 year	Net amount
Trade receivables (1) Other accounts receivable	13,087 1,938	13,087 1,938	0 0	12,424 1,854

(1) All of the receivables, making up the consolidated aged balance below, have been individually analyzed; they are booked in accordance with the assessment of a risk of non-recovery justified according to the following rules:
- *Receivables at < 180 days: 0% Provision*
- *Receivables between 180 and 360 days: 50% Provision*
- *Receivables at > 360 days: 100% Provision*

It is made clear that any receivable item subject to collective proceedings and/or substantive proceedings is subject to 100% depreciation.

Thus the provision stated at the end of 2012 is €383,000 compared to €356,000 at the end of 2011.

As all receivables are short-term receivables, and in the absence of any particular change in the quality of counterparts, the fair value of the receivables approximates their book value.

In €k	12/2011	Charges	Used reversal	Unused reversal	12/2012
Customer Depreciation Provision	356	158	108	23	383

The amount of €13,786,000 is broken down as follows:

Net amount	Unexpired	< 60 days	60 < X < 180 days	> 180 days
13,087	4,328	8,337	523	- 100

20.3.1.5.4.7 Current securities available for sale & Other current financial assets

Net values (in €k)	31/12/2012	31/12/2011
Capitalization contract Other financial assets	28,540 2,133	22,697 0
TOTAL	**30,673**	**22,697**

Capitalization contract

This is an investment contract with Euros Funds taken out with AXA, with an investment profile similar to French Treasury Bonds and accompanied by guaranteed net invested capital and accrued interest. This investment contract is deemed as Securities that are available for sale. The fair value of the contract corresponds to the net asset value at any time, in other words the book value. The yield has been confirmed on the basis of guaranteed remuneration.

20.3.1.5.4.8 Cash flow and cash flow equivalents

Gross values (in €k)	31/12/2012	31/12/2011
SICAV/Term accounts	4,848	2,910
Cash	6,182	6,026
TOTAL	**11,030**	**8,936**

20.3.1.5.5 Equity capital

20.3.1.5.5.1 Share capital and reserves

PHARMAGEST INTERACTIVE share capital is made up of 3,034,825 shares with a par value of 1 Euro each. There is only one category of shares. The number of issued shares has not changed over the financial year.

The PHARMAGEST Group’s reserves amount to €49,924,000, of which €13,207,000 constitutes a share premium, €14,000 exchange loss, €309,000 the legal reserve, and €36,394,000 other reserves.

20.3.1.5.5.2 Treasury shares held by PHARMAGEST INTERACTIVE

Treasury shares

This line item includes 915 PHARMAGEST INTERACTIVE shares, 100% held by the company.
The stock exchange value of the PHARMAGEST INTERACTIVE share on 31 December 2012 stands at €60.

Liquidity contract

The current liquidity contract is 100% held by PHARMAGEST INTERACTIVE and Gilbert Dupont is responsible for its management.

Features of the contract:

- The market maker's sole purpose is to favor transaction liquidity and regular listings of Securities and also avoid delays in prices unjustified by market trends;
- The contract does not provide securities or cash reserved for fulfilling the contract. Nevertheless, when the cash or securities balance credited to the liquidity contract appears insufficient to enable it to continue its contracted operations, the market maker consults with the issuer to establish ways to put it right.
- The contract is drawn up for 12 months and is renewable by tacit agreement and may be cancelled by the Issuer without notice (or with a notice period of 30 days if it is at the instigation of the market maker).
- Purchases made are covered by annual authorization at the Annual General Meeting of the buy-back program.

For the year 2012, the movement in the liquidity contract was as follows:

- Purchases: 42,619 shares at an average price of €50.23;
- Sales: 43,036 shares at an average price of €50.01.

Other transactions not covered by the liquidity contract:

- Transfers (exercise of stock options): 20,500 shares at an average price of €28.79.

The valuation used the average weighted price.

At 31 December 2012, averages shown in the liquidity account were 915 shares and the cash balance in the liquidity account was €78,805.

20.3.1.5.5.3 Dividends

The dividend paid in 2012 on 2011 profits stands at €5,445,000 that is €1.80 per share.
The dividend to be proposed at the next Annual General Meeting is: €2.10 per share.
The 50% owned company, ADI, paid dividends to shareholders outside the PHARMAGEST Group amounting to €766,000 (including €400,000 interim dividends).

20.3.1.5.5.4 Earnings per share - Group share

	31/12/2012	31/12/2011
Net profit for the financial year (in €) **Number of shares** Number of treasury shares Weighted average number of shares used in calculating the basic earnings per share	**13,515,974** **3,034,825** 915 3,033,910	**11,753,984** **3,034,825** 21,832 3,012,993
Base earnings per share (in €) Remaining number of stock options Weighted average number of shares used in calculating the diluted earnings per share **Diluted earnings per share (in €)**	**4.45** 0 3,033,910 **4.45**	**3.90** 20,500 3,033,493 **3.87**

20.3.1.5.6 Stock-option plan

Information on options to subscribe for or purchase stock	
Date of Board Meeting	10/09/2004
Total number of shares to be subscribed or purchased (at 01/01/2012) *The number of which can be subscribed or purchased by:* *- Company representatives/Board Members* *- First ten employed beneficiaries on residual balance*	20,500 *5,000* *3,850*
Starting point for exercising options Expiry date Subscription price	10/09/2008 09/09/2012 28.79 €
Number of subscribed shares at 31/12/12	20,500
Options to subscribe for or purchase remaining shares	0

Employees concerned: paid staff and directors of the companies PHARMAGEST INTERACTIVE, EHLS and CPI named by the Board of Directors and those who are on the staff payroll on 30 June 2004 and working under a permanent contract and with two years of service on this date.

Information on share-based payments

The options have been valued according to the Black & Scholes method. The following assumptions have been made in valuing the options:

- Risk-free rate: 3.66%;
- Volatility: 40.00%;
- Expected dividends: 3.14%;
- Expected duration of the exercise: 6 years;
- Fair value of options: €10.86.

During the 2012 financial year, all remaining options were exercised generating a capital loss of €354,000 which was entered net of tax directly into the equity capital.

20.3.1.5.7 Provisions for liabilities and charges

In €k	Value at 31/12/2011	Charges	Reversal (Provision used)	Reversal (Provision not required)	Variations in scope	Value at 31/12/2012
Provisions for disputes [1]	**536**	95	33	492		**107**
Provisions for risks [2]	**386**	316	299	0		**402**
Provisions for expenses [3]	**10**	6		10		**6**
Provisions for retirement benefits [4]	**1,160**	444				**1,604**
Provisions for risks of securities valued by equity method	**0**					**0**
TOTAL	**2,092**	**861**	**337**	**497**	**0**	**2,120**

[1] Provisions for litigations: €107,000
- *Provisions for on-going trade disputes: €15,000;*
- *Provisions for on-going supplier disputes: €12,000*
- *Provisions for on-going tax disputes: €80,000.*

[2] Provisions for risks: €402,000
- *This concerns the provision for guarantees of technical follow-up after the sale of Rentpharm contracts (equipment maintenance)*

[3] Provisions for expenses (provision for major repairs): €6,000.

[4] Provisions for retirement benefits (Retirement Severance Pay): €1,604,000.

End of 2011 commitment	*1,657*
Cost of services rendered in 2012 *Financial expenses for 2012* *Past service costs and change in method* *Actuarial gains (+) / Actuarial losses (-) generated in 2012 financial year*	*100* *85* *0* *379*
Actual commitment end of 2012	*2,221*
Fair value of assets 2011	*496*
Expected yield from assets *Contributions* *Services provided* *Actuarial gains (+) / Actuarial losses: (-)*	*7* *120* *- 7*
Fair value of assets 2012	*616*
2011 provision	*1,160*
2012 provision	*1,604*

Invested funds carry a capital guarantee with a minimum guaranteed profitability corresponding to 60% of the Average Government Bond Rate (TME).

Provision for retirement severance pay is established according to the retrospective projected credit units method with final salary and takes into account the following assumptions:
- *Voluntary departure of the employee (application of employer's contributions);*
- *Retirement age: 67 years for all staff without exception;*
- *Discount rate: 3.85%* ,*
- *Turnover: according to age groups;*
- *Salary rises: 1.50%.*
- *Taking into account lifetime risk*

** The discount rate is based on the average of the last 10 known half year periods the Average Bond Market Rate TMO.*

20.3.1.5.8 Debts

In €k	31/12/2012				31/12/2011
	Gross amount	at -1 year	From 1 to 5 years	at + 5 years	Gross amount
Bank overdrafts	0	0			0
Loans from credit institutions	3,348	2,010	1,201	137	4,828
Loans and financial liabilities	5	5		0	12
Total financial liabilities	**3,353**	**2,015**	**1,201**	**137**	**4,839**
Accounts payable	7,949	7,949	0	0	6,608
Other liabilities	21,121	21,121	0	0	18,123
TOTAL	**32,423**	**31,085**	**1,201**	**137**	**29,570**

In May 2006, PHARMAGEST INTERACTIVE took out a Swiss franc loan (CHF) in order to finance the purchase of shares held by minority shareholders in CIP SA. The original amount of 9.86 million Swiss francs was borrowed over a period of 7 years at the 3-month Libor rate (CHF).

Bearing in mind the uncertain economic context in the Eurozone and a risk of the Swiss franc strengthening, PHARMAGEST INTERACTIVE took up the contractual possibility which allowed conversion into Euros. The transaction was carried out at the beginning of June 2012 on a balance of €2.1M and interest was calculated based on the EURIBOR 3-month rate.
In order to cover the rate risk, a vanilla swap was set up enabling a Euribor 3-month rate to be exchanged for a fixed rate of 0.8% (this swap was documented as an instrument to cover the risk of the rate on the converted loan).

Company	Loans	Type of rate	Remaining capital (in €k)	Maturity	Cover rate	Covenant
PHARMAGEST	05/05/2006	Fixed	379	05/05/2013	No	No
PHARMAGEST	05/05/2006	Variable	1,534	05/02/2014	Yes	No
PHARMAGEST	28/01/2008	Variable	160	01/01/2013	No	(1)
PHARMAGEST	04/12/2012	Fixed	600	05/12/2017	No	No
EHLS	20/09/2007	Fixed	494	20/08/2019	No	No
MALTA INFORMATIQUE	15/04/2009	Fixed	152	01/04/2016	No	No
ADI	22/03/2010	Fixed	13	15/03/2014	No	No
DIATELIC	05/06/2009	Fixed	15	05/05/2014	No	No

(1) On the basis of the corporate financial statements:
PHARMAGEST INTERACTIVE Net financial debt/equity < or = 1; Net financial debt/Turnover < 3.

On 31st December 2012, all of these financial ratios were respected.

20.3.1.5.9 Segmental analysis of corporate results

In €k	Activities		Ret. IFRS	Total
	Pharmacies	Other*		
Turnover	90,506 84%	17,851 16%	365	108,722
Operating results	20,023 90%	2,230 10%	- 2,111	20,142
Results for the period	21,093 90%	2,250 10%	- 2,111	21,232
Net profit	10,634 90%	1,170 10%	2,096	13,900

Data per activity is taken from internal reports drawn up according to the standard for consolidated accounts within French standards.
* *The heading "Other"" corresponds to the Care Homes business, CPI, Laboratories Business and the E-Health Pole.*

20.3.1.5.10 Net turnover

In €k	31/12/2012	31/12/2011
Maintenance and sales of databases	30,230	27,823
Other services including e-Advertising	12,480	10,873
Sales of pharmacy configurations	53,074	46,900
Training services and new products	12,938	11,469
TOTAL	**108,722**	**97,064**

20.3.1.5.11 Net amortization, depreciation and operating provisions

En K€	31/12/2012	31/12/2011
Depreciation allowance	2,337	1,954
Fixed assets provision charges	18	47
Current assets provision charges	134	
Provisions for liabilities and charges	27	- 200
TOTAL	**2,516**	**1,800**

20.3.1.5.12 Financial Results

In €k	31/12/2012	31/12/2011
Financial revenue	**1 201**	**914**
Increase in value from marketable securities disposal	6	12
Revenues from marketable securities disposal/financial investments.	1 133	870
Other financial products	63	31
Reversals of financial provisions	0	0
Cost of gross indebtedness	**77**	**164**
Expenses on marketable securities disposal	6	47
Financial interest and discounts obtained	71	117
Other financial expenses	0	1
Other financial income and expenditure	**- 34**	**- 38**
Gains on exchange rate differences/currency hedging	10	244
Foreign exchange gain coverage	0	0
Losses on exchange rate differences/currency hedging	- 45	- 281
Foreign exchange loss coverage	- 3	0
Other financial income and expenditure	4	0

20.3.1.5.13 Tax on profits

Fiscal integration:

The Fiscal Integration Group was permanently dissolved following the non-renewal of the option.

Local Economic Contribution (CET):

This new tax, introduced by the Finance Act for 2010 takes the place of the professional tax (TP) for financial years under way from 1 January 2010.

The PHARMAGEST Group considers that the CVAE (corporate value added contribution), equal to 1.5% of the added value produced, presents the same features as the calculation of minimum professional tax contribution, which also has an upper limit on this basis (added value). In this way, the CVAE is entered on the profit statement according to the same allocation to the former professional tax and as such does not generate deferred tax liabilities (see: press release from the Authority on Accounting Standards dated 14 January 2010).

The taxes are analyzed as follows:

In €k	31/12/2012
Current tax Deferred tax	7,795 - 425
Total taxes	**7,370**

The reconciliation elements are as follows:

In €k	31/12/2012
Net Income for all Companies Tax on profits	13,900 7,370
Profit before tax of consolidated companies	**21,269**
Theoretical tax expense at legal income tax rate (33.33%) Permanent differences Differences in taxation rates Past deficit activation Equity accounted company Additional contribution Tax adjustment	**7,089** 161 - 2 - 46 - 13 181 0
Effective tax charge	**7,370**
Effective taxation rate	34.65%

Analysis of variations in deferred tax assets and liabilities is presented in the table below:

In €k	Deferred tax assets	Deferred tax liabilities	Total, net deferred tax
On 1 January 2011	**731**	**1,385**	**- 654**
Variations with impact on 2011 profits **At 31 December 2011**	- 559 **172**	- 693 **692**	134 **- 520**
Variations with impact on the year 2012 **At 31 December 2012**	199 **371**	- 251 **441**	447 **- 73**

Deferred tax is entered in the net position by company.

The main deferred tax assets and liabilities are as follows:

In €k	31/12/2011	Variation	Variations in scope	31/12/2012
Effect of deficits carried forward*	**31**	**166**	**20**	**217**
Fiscal impact of temporary differences connected to:		-	-	
Provisions for retirement payments Social security debts Fiscal debts Pre-consolidation adjustment Other temporary differences Retirement revaluation Retirement income R&D activation Other reallocations	387 728 61 15 60 - 20 258 - 1,939 - 102	147 - 80 7 8 - 18 12 - 60 134 114		534 648 68 23 42 - 8 198 - 1,805 12
Total temporary differences	**- 551**	**263**	**0**	**- 288**
Gross deferred tax assets (liabilities) Provision **Net deferred tax assets (liabilities)**	**- 520** **- 520**	**429** **429**	**20** **20**	**- 73** **- 73**

** The activated fiscal deficits mainly concern residual fiscal losses from the companies SABCO, CPI and DIATELIC.*

20.3.1.5.14 Other Information

Number of employees (in Full Time Equivalents - FTE):

- Executives: 221;
- Non-executives: 530.

Staff costs are made up mainly of gross salaries, social security contributions of €38,402,000 and shareholdings of €1,945,000.

20.3.1.5.15 Off-balance sheet commitments:

Off-balance sheet commitments linked to scope of the consolidated PHARMAGEST Group

The PHARMAGEST Group does not have any off-balance sheet commitments that could have a significant financial impact in connection with the scope of the PHARMAGEST Group.

Off-balance sheet commitments linked to financing of the PHARMAGEST Group

In €k	31/12/2012	31/12/2011
Pledges, mortgages and sureties* Unexpired receivables sold Other financial commitments	1,109	557
TOTAL	**1,109**	**557**

** These were all given upon taking out bank loans.*
The amount shown corresponds to the balance of the loans in question at 31/12/2012.

The PHARMAGEST Group does not have any off-balance sheet commitments that could have a significant financial impact on financing the PHARMAGEST Group.

Off-balance sheet commitments linked to the operational activities of the PHARMAGEST Group

In €k	31/12/2012	31/12/2011
Contractual obligation regarding lease finance Contractual obligation of simple rental Irrecoverable purchase obligations Other contractual obligations Business development commitments Fiscal commitments	 1,672	 1,648
TOTAL	**1,672**	**1,648**

The PHARMAGEST Group does not have any off-balance sheet commitments that could have a significant financial impact on the operational activities of the Group.

As far as the PHARMAGEST Group is aware, on the date when the accounts were drawn up on 31 December 2012, no significant off-balance sheet commitments existed other than those described above.

20.3.1.5.16 Management and control of financial risks

A/ LIQUIDITY RISK

At 31 December 2012, the PHARMAGEST Group shows an available net cash flow of €11M.

Beyond this short-term available cash flow, the PHARMAGEST Group has access to unused overdraft facilities of €7.5M but also a balance of securities available for sale of €29M (the penalty for early exit only involves the interest incurred).

Thus, the available net liquidity position of the PHARMAGEST Group is of €47.5M, which means at any time, sufficient financial resources are available to finance not only current business and the investment required for its future development, but also to deal with any exceptional event.

The various banking covenants are met at 31 December 2012 and the various installments of financial loans are presented under Heading 20.3.1.5.8.

The different sources of finance used by the PHARMAGEST Group are bank overdraft facilities, medium and long-term loans and finance from part of the customer entry through leasing companies.

The PHARMAGEST Group has already ensured access to credit in case of significant investment.

In order to optimize management of financial operations, a centralized cash flow has been set up with the two main banks of the PHARMAGEST Group and with the main companies of the PHARMAGEST Group.

In addition, management of the liquidity risk within the PHARMAGEST Group aims to research resources at the best possible price and to ensure they can be obtained at any moment.

In this way, the analysis carried out by the PHARMAGEST Group of its liquidity risk enables it to meet its future installments.

Liquidity schedule

In €k	Book value	6 months or less	6-12 months	1-2 years	2-5 years	Over 5 years
Non-derivative financial liabilities						
Secured bank loans	1,109	94	96	191	590	137
Non-secured bank loans	2,238	1,177	641	356	63	
Overdrafts						
Other financial liabilities	5	5				
Accounts payable	7,949	7,949				
Other liabilities						
TOTAL	**11,300**	**9,225**	**737**	**547**	**653**	**137**
Derivative financial liabilities						
Interest rate swaps*	7	4	2	0.5		
Exchange rate swaps						
TOTAL	**7**	**4**	**2**	**0.5**	**0**	**0**

* Calculation based on Euribor 3-month rate at 31/12/2012

B/ MARKET RISK

1) Interest rate risk

The PHARMAGEST Group's exposure to the interest rate risk involves variable rate loans (sensitive to rise in rates).

Analysis of gross financial debt by deadline and by rate type.

In €k	Gross financial debt			
	Fixed rate	Variable rate Euribor 3-month	Variable rate EONIA	Total
Deadline:				
2013	624	1,226		2,010
2014	239	308	160	547
2015	238			238
2016	212			212
2017	203			203
Thereafter	137			137
TOTAL	**1,653**	**1,534**	**160**	**3,347**

The variable rate debt represents 51% of overall debt at 31/12/2012.

Analysis of risk of sensitivity (upward or downward variation in Euribor 3-month rate and of the EONIA based on -0.25%/+0.10%) does not present a significant risk.

2) Foreign exchange risk

In its business, the PHARMAGEST Group has very little exposure to risk from exchange rates in so far as the very large majority of its purchases and sales are carried out in Euros.

3) Risks on shares and other financial instruments

No exposure.

Nevertheless, the PHARMAGEST Group pays very close attention to the financial position of the company AXA, manager of the capitalization contract (securities available for sale).

C/ BORROWER COUNTERPARTY RISK

- Based on a regularly updated analysis of counter party risk the debts from our main debtor, HEALTHLEASE are not subject to depreciation (the very large majority of delays are under 6 months). The share of invoicing financed by leasing companies represents 37% (of which 34% comes through HEALTHLEASE) of the consolidated turnover for 2012.
- Customer receivables that are not depreciated at 31/12/2012 have been analyzed on an individual basis; a payment has been received after the year end for the majority of them (Heading 20.3.1.5.4.6).

20.3.1.5.17 Transactions with related parties

Type of relations with companies by the equity method

Transactions and balances at 31/12/2012 are as follows:

In €k	31/12/2012	31/12/2011
Accounts payable	0	0
Operating expenses for the period	0	29
Trade receivables	4,129	5,420
Operating income for the period	37,256	35,515

No guarantee was granted or received in relation to transactions with related parties.

Operating income takes into consideration the increase in importance of transactions with HEALTHLEASE.

A convertible bond was issued in 2011 for €200,000 by PHARMAGEST INTERACTIVE in favor of INTECUM.
In 2012, the DOMEDIC GROUP Inc issued a Convertible Debenture to which PHARMAGEST INTERACTIVE contributed €40,000.

Type of relations with other companies within the WELCOOP GROUP:

The PHARMAGEST Group is consolidated by the full integration method in the consolidated accounts of WELCOOP PHARMA (54 510 Vandoeuvre), the parent company,, but also of the WELCOOP GROUP (54 510 Vandoeuvre), the parent company of WELCOOP PHARMA.

The type of relations with the companies WELCOOP PHARMA and the WELCOOP GROUP are mainly the invoicing of:

- Management fees;
- Proportion of the Group's insurance policies;
- Proportion of network contracts;
- Shared personnel;
- Provision of sales, marketing and administrative services.

Transactions and balances at 31/12/2012 are as follows:

In €k	31/12/2012	31/12/2011
Accounts payable	153	108
Operating expenses for the period	871	699
Trade receivables	820	207
Operating income for the period	4,949	3,903

No guarantee was granted or received in relation to transactions with related parties.

20.3.1.5.18 Directors' remuneration

The gross remuneration received by the directing bodies during the year 2012 stands at €524,843. The sums received include PHARMAGEST INTERACTIVE and companies under its control. There is no commitment regarding pensions except for that which has been entered in the accounts. The amount paid under article 83 for directors stands at €41,817. No advance payment or credit has been granted to members of the directing bodies by PHARMAGEST INTERACTIVE and the companies under its control.

Furthermore, provision for payments on retirement include an amount of €111,329 for members of the directing bodies.

20.3.1.5.19 Table of Auditors' fees (Decree No 2008-1487 of 30 December 2008)

In €k (2011)	Legal assignment	Operations included in due diligence directly related to the assignment
PHARMAGEST INTERACTIVE	74	
EHLS	12	
SABCO	3	
SABCO SERVICES	4	
HDM	3	
DCI	0	
SCI HUROBREGA	0	
KAPELSE	0	
ADI	9	
MALTA INFORMATIQUE	0	
DOMEDIC EUROPE	1	
QUALITY FLUX	0	
HEALTHLEASE	5	
DIATELIC	3	
INTECUM	0	
GROUPE DOMEDIC Inc.	9	
TOTAL	**122**	**0**

20.3.1.5.20 Contingent liabilities

The PHARMAGEST Group is not aware of any ongoing dispute or exceptional events susceptible to having, or having had in the recent past, a significant impact on the PHARMAGEST Group's operations, results, financial position or intellectual property.

20.3.1.5.21 Subsequent events

Takeover of INTECUM by a buy-back from minority interests and a capital increase on 29 January 2013.

20.3.2 PHARMAGEST INTERACTIVE compagny accounts

20.3.2.1 Balance Sheet

Balance sheet Assets in €	31/12/2012			31/12/2011
	Gross	Amortizations and provision charges	Net	Net
Long-term assets				
Intangible assets	18,025,880	1,169,840	16,856,040	16,657,990
Tangible Assets	7,345,099	4,367,312	2,977,788	2,240,591
Financial Assets	13,468,402	853,773	12,614,628	11,391,518
Total	**38,839,381**	**6,390,925**	**32,448,456**	**30,290,099**
Circulating assets				
Stocks and work-in-progress	962,819	152,104	810,715	769,443
Receivables and Related Accounts	12,143,295		11,863,586	11,259,658
Other debts and adjustment accounts	1,398,677	279,708	1,398,677	1,115,090
Short-term investments	33,727,691		33,727,691	25,691,253
Cash	2,181,903		2,181,903	2,230,881
Total	**50,414,384**	**431,812**	**49,982,572**	**41,066,326**
Unrealized Losses	1,027		1,027	472,575
TOTAL ASSETS	**89,254,792**	**6,822,737**	**82,432,054**	**71,829,000**

Balance sheet Liabilities in €	31/12/2012	31/12/2011
Equity Capital		
Capital	3,034,825	3,034,825
Reserves and balances carried forward	33,195,694	30,275,274
Profit of financial year	12,949,922	8,365,303
Total	**49,180,441**	**41,675,402**
Provisions for liabilities and charges	**2,497,156**	**3,227,455**
Liabilities		
Loans and Debts	6,709,736	6,627,327
Suppliers and related accounts	8,598,742	6,955,191
Other liabilities	15,445,980	13,335,792
Total	**30,754,458**	**26,918,310**
Unrealized Gains		7,833
TOTAL LIABILITIES	**82,432,054**	**71,829,000**

20.3.2.2 Income Statement

In €	2012		2011		2011 PHARMAGEST/CIP Pro forma	
	Euros	%	Euros	%	Euros	%
Operating Revenue						
Net turnover	94,818,067	100.0	85,117,542	100.0	85,001,096	100.0
Transfer of charges	941,465	1.0	1,190,786	1.4	1,037,339	1.2
Other Operating Revenues	905,810	1.0	756,345	0.9	748,234	0.9
Write-backs of provisions and depreciation	1,342,064	1.4	1,054,034	1.2	1,770,085	2.1
Total	**98,007,406**	**103.4**	**88,118,707**	**103.5**	**88,556,755**	**104.2**
Operating Expenses						
Purchases consumed	30,014,083	31.7	26,911,801	31.6	26,868,982	31.6
Purchases and external expenses	12,592,321	13.3	13,272,821	15.6	12,199,932	14.4
Taxes and duties	2,094,844	2.2	1,813,131	2.1	1,864,008	2.2
Personnel expenses	32,092,528	33.8	28,736,455	33.8	28,728,189	33.8
Depreciation allowance	573,904	0.6	481,358	0.6	518,153	0.6
Allocation to provisions	1,306,271	1.4	1,390,620	1.6	1,489,630	1.8
Other Operating Expenses	54,064	0.1	70,523	0.1	88,023	0.1
Total	**78,728,016**	**83.0**	**72,676,710**	**85.4**	**71,756,917**	**84.4**
Operating results	**19,279,390**	**20.3**	**15,441,996**	**18.1**	**16,799,838**	**19.8**
Current financial income	2,713,280	2.9	1,437,230	1.7	1,448,547	1.7
Current financial expenses	614,715	0.6	1,260,465	1.5	1,234,433	1.5
Financial results	**2,098,566**	**2.2**	**176,765**	**0.2**	**214,114**	**0.3**
Results for the period	**21,377,956**	**22.5**	**15,618,761**	**18.3**	**17,013,952**	**20.0**
Exceptional income						
Write-backs on provisions	305,117	0.3	103,349	0.1	103,349	0.1
Other exceptional income	66,707	0.1	30,732	0.0	30,941	0.0
Total	**371,824**	**0.4**	**134,081**	**0.2**	**134,290**	**0.2**
Exceptional Charges						
Allocation to provisions	140,624	0.1	44,260	0.1	44,260	0.1
Other exceptional expenses	401,512	0.4	89,494	0.1	89,494	0.1
Total	**542,136**	**0.6**	**133,754**	**0.2**	**133,754**	**0.2**
Exceptional income	**- 170,312**	**- 0.2**	**327**	**0.0**	**536**	**0.0**
Income tax	**6,417,341**	**6.8**	**5,280,298**	**6.2**	**5,336,111**	**6.3**
Employees shareholdings	**1,840,381**	**1.9**	**1,973,487**	**2.3**	**1,973,487**	**2.3**
Net profit	**12,949,922**	**13.7**	**8,365,303**	**9.8**	**9,704,890**	**11.4**

The 2011 pro forma profit statement takes into account neutralization of reciprocal operations carried out during the financial year: between 1 January 2011 and the date when the merger of assets and liabilities took place on 30 June 2011.
The difference between the purchases and external expenses of the 2011 accounts of PHARMAGEST INTERACTIVE alone (€13, 272, 821) and the purchases and external expenses of the PHARMAGEST/CIP pro forma accounts for 2011 (€12,199,932) basically corresponds to the business leasing of CIP to PHARMAGEST INTERACTIVE for a total of €1,080,000.

20.3.2.3 Notes in appendix to the company accounts

Balance sheet total before distribution: €82,432,054. Net profit: €12,949,922

Notes shown hereafter are an integral part of the annual accounts drawn up by the Board of Directors on 22 March 2013.

20.3.2.3.1 Accounting rules and methods

Accountancy principles have been applied in line with the principle of caution, in accordance with basic assumptions:

- Continuity of the operation;
- Continuity of accounting methods from one financial year to the next;
- Independence of the financial years;

and this is in keeping with the general rules for drawing up and presenting annual accounts.

The basic method used to value items entered in accounts is the historic cost method.

The main methods used are the following:

Depreciations

They are calculated according to the straight line or sliding scale method and depend upon the expected life span.

- Purchased software: 1 to 3 years;
- Buildings: 15 to 30 years;
- General equipping and fitting out of buildings: 8 to 30 years;
- Plant, machinery and equipment:5 years;
- General fittings: 5 to 10 years;
- Transport equipment: 1 to 5 years;
- Equipment, office furniture and IT hardware: 3 to 10 years.

Inventories

At the end of each period, a physical inventory of goods in stock is carried out and checked against the permanent inventory. The serialized equipment inventory is valued by following the FIFO (First In First Out) method, according to the principle of individual cost and the non-serialized low value inventory of repairable equipment is valued at average weighted unit cost. Depreciation is taken into account according to stock rotation periods. These periods are defined on the basis of the equipment's obsolescence: depreciation is entered as soon as the equipment shows on the inventory for over six months, the allowance is equal to a third of the purchase value for every year it is kept after the first year.

Research and development costs

In its company accounts, PHARMAGEST INTERACTIVE does not activate the research and development costs according to the option provided under article R 123-186 of the Business Code and article 311-2.2 of the General Accounting Standards (PCG). Therefore it has opted to enter these costs as expenses.

The total research and development costs including tests, maintenance and in particular training are €3,053,178.

20.3.2.3.2 Notes on the asset balance sheet

Preliminary expenses	**Néant**
Research costs	**Néant**
Goodwill (excluding lease rights) *It includes* *- Purchased items* *- Revalued items* *- Items received as an asset contribution* *- Loss from CIP merger* *- Loss from DRS EXPANSION merger*	**13,961,130 €** *5,464,230 €* *0 €* *1,669,454 €* *6,682,626 €* 144,820 €
Value of goodwill received as an asset contribution is broken down as follows: *- Rousseau Informatique* *- CPI Dijon* *- CPI Center*	 *1,010,417 €* *144,979 €* *514,058 €*

Goodwill is the basis of the Pharmacy business at PHARMAGEST INTERACTIVE. Valuation tests are carried out based on future Discount Cash Flows (DCF) on the Pharmacy business. The results of these tests did not lead to depreciation in goodwill.

Long-term assets

The movements for this financial year are as follows:

Gross values - In €	At start of financial year	Complete Transfer of Assets and Liabilities DRS	Increase	Decrease	At the year end
Intangible assets	**17,745,209**		**116,187**	**12,441**	**17,994,992**
including loss from merger	*6,827,446*				*6,972,266*
Land	422,872	**146,037**			422,872
Fittings of buildings	2,511,706	*144,820*	751,762	12,003	3,251,465
Equipment and tools	31,198		924	574	31,548
General fittings	1,013,057		12,729	44,786	981,000
Transport equipment	292,761		144,508	118,293	318,976
Office furniture and equipment	2,085,363		358,690	110,503	2,333,550
Assets in Process	4,500		26,388	0	30,888
Other Tangible Assets	5,688				5,688
Tangible Assets	**6,367,145**		**1,295,001**	**286,159**	**7,375,987**
Financial assets (1)	**12,185,291**	**- 97,600**	**1,380,710**		**13,468,401**
including cancellation of CIP/DRS securities	*- 17,637,494*	*- 193,188*			*- 17,830,682*
TOTAL	**36,297,645**	**48,437**	**2,791,898**	**298,600**	**38,839,380**

(1) Récapitulatif des immobilisations financières :

In €	
Shareholding securities (detailed hereafter)	12,984,154
Bond loan	240,025
Deposits and guarantees	244,222
TOTAL	**13,468,401**

Amortization, depreciation and provision charges	At start of financial year	Complete Transfer of Assets and Liabilities DRS	Increase	Decrease	At the year end
Amortizations					
Intangible assets	**1,084,170**	**1,032**	**94,029**	**12,440**	**1,166,791**
Fittings of buildings	1,477,931		115,415	12,003	1,581,343
Material and tooling	29,476		579	574	29,481
General fittings	803,569		65,349	36,821	832,097
Transport equipment	141,830		59,649	80,187	121,292
Office furniture and equipment	1,673,749		238,885	109,534	1,803,100
Tangible Assets	**4,126,554**	**0**	**479,877**	**239,119**	**4,367,312**
Financial Assets					
Total depreciation	**5,210,724**	**1,032**	**573,906**	**251,559**	**5,534,103**
Provisions					
Intangible assets	3,049				3,049
Financial assets (1)	793,773		60,000		853,773
Total provisions	**796,822**	**0**	**60,000**	**0**	**856,822**
Total amortization, depreciation and provision charges	**6,007,546**	**1,032**	**633,906**	**251,559**	**6,390,925**

(1) Financial assets include the following equity securities

Companies	Shareholding amount	Percentage holding	Total equity capital at 31 December 2012	Profit of financial year ending 31 December 2012
DRS EXPANSION (*)	Complete Transfer of Assets and Liabilities			
EHLS	4,689,808	100%	4,828,245	524,806
MALTA (*)	185,588	100%	1,728,352	751,744
DOMEDIC EUROPE	77,600	65%	99,422	- 6,779
GROUPE DOMEDIC Inc. (**)	1,083,091	35%	555,829	- 337,525
QUALITY FLUX (***)	160,200	22%	64,833	- 172,470
SFLD (****)	4,573	0.13%	1,164,479	- 44,105
ADI	351,547	50%	478,358	841,816
CIP	Complete Transfer of Assets and Liabilities			
CPI	137,204	100%	585,095	- 51,112
DCI	815,602	100%	815,169	60,799
DIATELIC	403,940	68.5%	33,370	- 168,391
HDM	30,000	100%	161,214	54,473
HEALTHLEASE	350,000	35%	1,879,168	838,950
INTECUM	450,000	49%	393,681	- 271,950
KAPELSE	1,000,000	100%	1,000,000	
SABCO	3,195,000	90%	278,066	- 145,030
VIP PHARMA	50,000	100%	54,744	1,932
TOTAL	**12,984,154**			

The valuation of equity securities is close to that shown for goodwill.

The SABCO securities are depreciated by a total of €639,000 being the share related to customer relations.
The VIP PHARMA securities are depreciated by a total of €50,000.
The QUALITY FLUX securities have been depreciated by a total of €160,200 of which €60,000 are allocated at 31/12/2012.
SFLD securities have been depreciated by a total of €4,573.

(*) 50% of MALTA securities belonged to DRS.

(**) On 25 June 2012, PHARMAGEST INTERACTIVE took part in a capital increase in the DOMEDIC GROUP Inc - 2500 rue Jean Perrin, room 190 QUEBEC, QC G2K1X1 (Canada).
PHARMAGEST INTERACTIVE holds 35% of the equity of this company.

(***) PHARMAGEST INTERACTIVE did not take part in capital increases of QUALITY FLUX in 2012: its shareholding went from 42% to 22%.
Balance sheet at 31 December 2011.

(****) Balance sheet at 31 March 2012.

Bond loan:

A bond convertible into shares was issued by INTECUM for €200,061 on 6 December 2011, in favor of PHARMAGEST INTERACTIVE for a period of ten years.

A bond convertible into shares for 52,500 Canadian dollars (that is €39,963 at 31/12/2012) was issued by the DOMEDIC GROUP Inc., on 21 November 2012 in favor of PHARMAGEST INTERACTIVE for a period of one year.

Deposits and guarantees:

€244,223

Merchandise stocks

In €	12/2012			12/2011
	Gross total	Depreciation	Net total	Net total
Equipment	788,400	88,269	700,131	456,039
Items	154,370	63,835	90,535	61,680
Software	20,049		20,049	251,724
TOTAL	**962,819**	**152,104**	**810,715**	**769,443**

Statement of receivables

Trade receivables are valued at their nominal value. A provision for depreciation is made when the inventory value is lower than the nominal value.

In €	12/2012			12/2011
	Gross total	-1 year	+ 1 year	Gross total
Long-term assets	484,247	139,994	344,254	437,011
Circulating assets and pre-paid expenses	13,534,998	13,256,976	278,021	12,626,373

Statement of provisions on circulating assets

In €	At start of financial year	Increase	Decrease	At the year end
Provisions on stocks	121,723	36,607	6,226	152,104
Provisions on receivables (1)	251,625	115,509	87,425	279,709
Provisions on investment securities	0			0

(1) Provisions for depreciation of receivables: invoices where payment dates have passed, have written reminders sent. After the third reminder is unproductive, proceedings are brought against the customer. At the end of the period, provision for a total amount of debt is entered according to the age of the debt.
Reversals of customer provisions correspond to provisions that have become irrelevant due to customer payments or adjustments made during the year 2012.

Receivable income included in balance sheet entries

Financial Assets	0 €
Receivables and Related Accounts	963,428 €
Other accounts receivable	449,476 €
Cash	0 €

Short-term investments and cash

In addition to a capitalization contract (principally bond fund) this entry includes 915 PHARMAGEST INTERACTIVE treasury shares held in the context of the liquidity contract managed by the company Gilbert Dupont.

For the year 2012, movements regarding the liquidity contract, 100% held by PHARMAGEST INTERACTIVE, were as follows:

- Purchases: 42,619 shares at an average price of €50.23;
- Sales: 43,036 shares at an average price of €50.01.

For the period 1 January 2012 to 9 September 2012, movements regarding the stock option plan were as follows:

- Transfers: 20,500 shares at an average price of €28.79.

This plan was closed on 9 September 2012.

The valuation used the average weighted price.

Gross values (in €)	12/2012	12/2011
Treasury shares Sicav and FCP Kolb Capitalization contracts (*)	53,913 5,134,186 28,539,592	953,485 2,040,400 22,697,368
TOTAUX	**33,727,691**	**25,691,253**

** This is an investment agreement with AXA, with an investment profile similar to the French Treasury Bonds and accompanied by guaranteed net invested capital and accrued interest. The yield has been confirmed on the basis of the guaranteed remuneration.*

At 31/12/2012 our cash stands at €2,181,903.

Fees Paid in Advance

This heading contains ordinary fees connected to the normal operation of PHARMAGEST INTERACTIVE.

Deferred charges

None.

Unrealized Losses

It states the unrealized loss between the closing price and the original price relating to the bond in Canadian dollars granted to the DOMEDIC GROUP Inc. by PHARMAGEST INTERACTIVE, that is €1,027

This unrealized loss is subject to a provision for an exchange loss.

20.3.2.3.3 Notes on the liabilities balance sheet

Share capital: Shares

In €	Number	Nominal value
Securities at start of financial year Securities issued Securities refunded or cancelled Securities at end of financial year	3,034,825 3,034,825	1.00 1.00

Stock option plan

PHARMAGEST INTERACTIVE set up an option plan for stock purchase on 10 September 2004, which works as follows:

- Plan duration: 8 years;
- Option can be exercised from 11 September 2008 except in particular cases and until 9 September 2012;
- Total number of shares issued: 43,300;
- Strike price: €28.79

Personnel involved: employees and directors of PHARMAGEST INTERACTIVE, EHLS and CPI nominated by the Board of Directors and those on the staff payroll on 30 June 2004 and employed under a permanent contract and having served for two years on this date.

- Exercise of options granted between 1 January 2012 and 9 September 2012: 20,500 representing an exceptional charge of €354,230.

It is not necessary to allow for any possible dilution in earnings per share as no new shares will be issued. Treasury shares held by PHARMAGEST INTERACTIVE are used to supply the liquidity contract managed by Gilbert Dupont.

Provisions

In €	Value at 31/12/2011	Charges	Provision used	Provision not required	Change in method	Variations in scope / Other	Value at 31/12/2012
Provisions for litigation (1)	529,704	155,624	31,227	486,824			167,277
Provision for risks (2)	910,127	724,629	719,800				914,955
Provision for retirement benefits: (3)	999,370	408,080					1,407,450
Provision for stock option difference (4)	305,117		305,117				
Provisions for exchange rate loss (5)	472,575	1,027	472,575				1,027
Provision for major repairs	10,562	6,447	6,419	4,143			6,447
Total	**3,227,454**	**1,295,807**	**1,535,138**	**490,967**	**0**	**0**	**2,497,156**
Operating Profit	2,449,763	1,154,156	757,446	490,967			2,355,505
Financial results	472,575	1,027	472,575				1,027
Exceptional profit	305,117	140,624	305,117				140,624

(1) Provision for litigation: €167,277
- Provision for ongoing customer dispute of €15,000.
(Inherent risk of appeal and further submissions from lawyers relating to the appropriate jurisprudence and their estimation of incurred risk).
- Provision for ongoing supplier dispute of €11,653.
(Inherent risk of appeal and further submissions from lawyers relating to the appropriate jurisprudence and their estimation of incurred risk).
- Provision for ongoing administrative dispute of €140,624.

(2) Provision for risks: €914,955
- Provision connected to contracts of specific maintenance of equipment for pharmacy business for €377,897.
- Provision connected to sales of e-Business licenses and LGPI Global Services® for which first 30 months' software maintenance is free of charge. It corresponds to the cost of the hotline for this period, that is €519,652.
- Provision connected to the LGPI® OS for €17,406 under the e-Business licenses mentioned above, corresponding to a technical visit to each customer.

(3) Provision for retirement pay: €1,407,450
Provision for retirement pay is established according to the retrospective projected credit unit method with final salary and takes into account the following assumptions:
- Voluntary departure by the employee (application of employer's social security contributions).
- Retirement age: 67 years for all staff.
- Discount rate: 3.85%.(*).
- Turnover: according to age of employees.
- Salary increases: 1.5%.
- Taking into account lifetime risk

(*)The discount rate is based on the average of the 10 last known half year periods of the average bond rate (TMO).

In 2003, PHARMAGEST INTERACTIVE decided to outsource its risk regarding retirement pay. A payment of €120,000 was made in 2012. The total provision represents the balance of the risk (gross commitment minus covering assets).

(4) Provision for risk of stock option difference: €0
The provision covered the difference between the average price of treasury shares held on the day of the option being taken up and the option price set by the plan. This plan was closed on 9 September 2012.

(5) Provision for exchange rate loss: €1,027
In November 2012, PHARMAGEST INTERACTIVE granted a bond loan convertible into shares to the DOMEDIC GROUP Inc. in order to finance its growth.
The amount loaned stands at CAD52,500 for a period of one year, to be paid back at the end at a rate of 10% with an exchange rate of 1.2808 Canadian dollars to 1 Euro.

The unrealized exchange loss of this transaction is subject to a provision for risk of €1,027.

(6) Provision for major repairs: €6,447
The provision regards air conditioning work at the head office in Villers-les-Nancy.

Statement of debts

In €	12/2012				12/2011
	Gross total	At -1 year	At + 1 year	At + 5 years	Gross amount
Credit establishments (1)	2,676,629	1,883,619	793,010		4,045,548
Various Debts					
Advances and payments	324,819	324,819			224,208
Accounts payable	8,598,742	8,598,742			6,955,191
Fiscal and Social Security Debt	13,847,321	13,847,321			12,239,881
Group and partners	4,033,107	4,033,107			2,581,779
Other liabilities	5,825	5,825			43,116
Deferred revenue	1,268,014	1,268,014			828,586
TOTAL	**30,754,458**	**29,961,448**	**793,010**	**0**	**26,918,310**

(1) A loan of €600,000 was taken out on 4 December 2012.

A loan, taken out on 28/01/2008, at a variable rate (remaining balance €160,000), is subject to covenants according to the ratios Net financial debt/equity capital < or = 1 and Net financial debt /turnover <3.
On 31 December 2012 all of these financial ratios were respected.

Total loans repaid during the financial year: €1,961,959

There was no overdraft on 31/12/2012.

In May 2006, PHARMAGEST INTERACTIVE took out a Swiss franc denominated loan in order to finance the purchase of shares held by minority shareholders in CIP SA. The original amount of 9.86 million Swiss francs was borrowed over a period of 7 years at the 3-month Libor (CHF) rate.
Bearing in mind the uncertain economic situation in the Eurozone and a risk that the Swiss Franc will strengthen, PHARMAGEST INTERACTIVE ensured the possibility of converting the contract to Euros. The transaction was carried out at the start of June 2012 on a balance of €2.1M and interest was calculated based on the Euribor 3-month rate.

In order to cover the rate risk, a vanilla Swap was set up enabling the Euribor 3-month rate to be exchanged for a fixed rate of 0.8.

Accounts Receivable and Payable Represented by Commercial Papers

None.

Expenses to pay included in balance sheet entries

Loans and debts with credit institutions	3,821 €
Loans and various financial debts	0 €
Suppliers (including €259,967 concerning free data updates from e-Business licenses and LGPI Global Services® that have been sold.	3,173,311 €
Tax and social security debts	10,343,168 €
Other debts	78,768 €

Deferred Revenue

This heading only involves deferred revenue connected to the normal operation of the business. It covers maintenance of hardware and software and updates of databases invoiced to customers up to 31 December 2012, but not yet due for payment on this date.

Unrealized Gains

None.

20.3.2.3.4 Notes on the income statement

Break down of turnover in €k	2012	2011
Maintenance and service provision Other services including E-advertising Configurations Training services and new products	25,158 12,393 46,880 10,387	22,970 10,873 41,356 9,918
Total	**94,818**	**85,118**
Turnover generated in France Exports and intra-community deliveries	93,995 823	84,793 325

Maintenance turnover includes what is due pro rata temporis at 31 December 2012.

The different totals are broken down according to invoicing that distinguishes between various activities.

Transfers of charges

The transfers of charges concern:

- Re-invoicing of staff costs to other companies in the PHARMAGEST Group of €301,000.
- Re-invoicing of service provision to other companies in the PHARMAGEST Group of €395,000.
- Repayment of daily social security payments and continuous professional training of €114,000.
- Refund from insurance following claims of €92,000.
- Employees' contributions to vehicle costs of €39,000.

Exceptional income and expenses

In €	12/2012	12/2011
Exceptional Income	**371,824**	**134,081**
On management operations Income from disposal Depreciation Recovery and Provisions	27,000 39,707 305,117	2 30,730 103,349
Exceptional Charges	**542,136**	**133,754**
On management operations Net value of disposals Allocations of provisions Other exceptional expenses	241 47,042 140,624 354,230	148 23,724 44,260 65,622

Break down of tax on PHARMAGEST INTERACTIVE companies

In €	Profit before tax	Tax	Net profit after tax
Results for the period	21,377,956	7,111,103	14,266,853
Exceptional profit	- 170,312	- 56,771	- 113,541
Employee shareholdings	- 1,840,381	- 613,460	- 1,226,920
Tax Credit		- 23,531	23,531
Social security contributions		0	0
Accounting results	19,367,263	6,417,341	12,949,922

Impact of alternative tax valuations

Profit for financial year Income tax Pre-tax profit Change in regulated provisions Pre-tax profit, excluding alternative tax valuations	12,949,922 € - 6,417,341 € 19,367,263 € 0 € 19,367,263 €

Increases and decreases in future tax debt

Type in €k	12/2011		Variations		12/2012	
	Asset	Liability	Asset	Liability	Asset	Liability
Temporarily non-deductible expenses						
To deduct from following year						
Employees shareholdings		1,973		- 133		1,840
Employer's fixed contribution		89		- 89		0
Organic		137		16		152
To be deducted later on		**65**		**- 31**		**34**
Unrealized Gains		8		- 8		0
Provision for tax exemption litigation		0		0		0
Retirement provision		999		408		1,407

In €k	Amount	Tax
Increases: Regulated Provisions Subsidies to be included in profit		
Reliefs: Non-deductible provisions from the accounting year	2,027	676
Total operating deficits to be carried forward Total deferred depreciation Total long-term losses		

20.3.2.3.5 Other information

Directors' remuneration

Gross remuneration received by the directing bodies during the year 2012 stands at €525,000 and contracted retirement contributions for their pensions stand at €111,000.

In addition, the total amount paid under article 83 to the same directing bodies stood at €42,000. No advance payment or credit has been paid to them during the financial year.

Employees

12/2012	Paid staff	Available staff
Executives	179	
First-line supervisors/technicians	351	
Other employees	71	
TOTAL	**601**	**0**

Individual entitlement to training

Individual entitlement to training, allowing each employee to gain a credit in training hours to be used as the employee wishes, with the employer's agreement on training choice, must be shown in appendix where some training entitlement has not been taken up.

The PHARMAGEST INTERACTIVE collective agreement granted 20 hours of training for 2012 to all staff with at least one year's service at 31/12/2012 (this entitlement is awarded pro rata to part time staff).

The cumulative amount of hours of training corresponding to the rights of PHARMAGEST INTERACTIVE staff and not yet redeemed at 31/2/2012 stands at 60,191 hours.

Long service awards

No provision is made in the PHARMAGEST INTERACTIVE company accounts since the collective agreement on which the company relies does not provide employees with this recognition.

Identity of parent company consolidating the PHARMAGEST INTERACTIVE accounts

WELCOOP PHARMA - 7 allée de Vincennes - 54 500 VANDOEUVRE-LES-NANCY.
WELCOOP PHARMA is the subsidiary of the **GROUPE WELCOOP**.

Items concerning related parties

Balance sheet entries - in €	Companies in the WELCOOP Group	Fully consolidated subsidiaries	Fully consolidated lower tier subsidiaries
Gross shareholdings		10,936,290	
Customers	811,248	819,916	4,937
Suppliers	147,797	3,777,053	13,820
Other liabilities			
Other current account liabilities		2,662,589	1,370,518
Other accounts receivable		562,683	5
Financial result - in €			
Financial Expenses		3,835	2,387
Investment Income		861,925	5
Total Financial Results	**0**	**858,090**	**- 2,382**

PHARMAGEST INTERACTIVE and its subsidiaries do not practice discounting on their sales receivables.

Off-balance sheet commitments

In €k	12/2012	12/2011
Counter guarantee deposits on contracts		
Unexpired receivables sold		
Mortgages and sureties	600	
Sureties, deposits and guarantees given		
Other commitments given		
TOTAL	**600**	**0**

(*) Mortgages and sureties include loans. The total shown corresponds to the balance of loans to be repaid.

Contractual obligations - In €	Total (incl. VAT)	Payments due per period		
		Within 1 year	From 1 to 5 years	More than 5 years
Long-term liabilities	2,672,716	1,879,706	793,010	
Leasing				
Operating lease commitments	1,505,870	869,943	635,927	
Irrecoverable purchase obligations				
Other long-term obligations				
TOTAL	**4,178,586**	**2,749,649**	**1,428,937**	**0**

Other sales commitments	Total	Total commitments by period		
		Within 1 year	From 1 to 5 years	More than 5 years
Credit lines	None			
Credit notes	None			
Guarantees	None			
buy-back obligations	None			
Other sales commitments	None			
TOTAL	**None**	**0**	**0**	**0**

As far as PHARMAGEST INTERACTIVE is aware, on the date the accounts were drawn up, on 31/12/2012, no significant off-balance sheet commitments exist other than those described above.

Contingent liabilities

PHARMAGEST INTERACTIVE is not aware of any ongoing litigation or exceptional events likely to have, or having had in the recent past, a significant impact on the operations, results, financial position or intellectual property.

Subsequent events

- Takeover of INTECUM via a buy-back of minority shareholdings and a capital increase on 29 January 2013.

Table showing Subsidiaries and Shareholdings

LIST OF SUBSIDIARIES AND SHAREHOLDINGS									
Companies In €k	Capital	Equity capital (other than capital)	Capital share in percentage	Gross value of securities held (net value)	Loans and advances granted by the company and not paid back	Amount of guarantees and avals provided by the company	Turnover of last financial year	Net profit or loss of the last financial year	Dividends cashed by the company during the financial year
1° Detailed information regarding shareholdings where the list value exceeds 1% of the company capital for which publication is compulsory.									
A. Subsidiaries (at least 50% of the capital is held by the company)									
ADI 4 rue René Chazel 91 400 Saclay	48	430	50.00%	352			6,507	842	761
CPI 25 Bd Champ aux Métiers 21 800 Quetigny	8	577	100.00%	137			1,469	- 51	
DCI Avenue Henri Becquerel 33 700 Merignac	38	777	100.00%	816			91	61	
DOMEDIC EUROPE 5 allée de Saint Cloud - 54 600 Villers-lès-Nancy	120	- 21	65.00%	78				- 7	
DRS EXPANSION 9 rue Montgolfier 33 700 Merignac	Complete transfer of Assets and Liabilities to PHARMAGEST INTERACTIVE on 01/01/2012								
EHLS Rue Jules Verne 56 530 Quéven	144	4,684	100.00%	4,690			20,902	-525	
HDM (1) 5 President John Kennedy Street Port Louis (Mauritius)	30	131	100.00%	30			449	54	100
MALTA 9 rue Montgolfier 33 700 Mérignac	200	1,528	100.00%	186			3,680	752	
SABCO Rue d'Arlon 2 8399 Windhof (Luxembourg)	39	239	90.00%	3,195	165		3,147	-145	
DIATELIC 2 allée Joachim de Bellay 54 600 Villers-lès-Nancy	59	- 26	68.45%	404			223	-168	
VIP PHARMA 2 rue Jean Macé 69 360 St. Symphorien d'Ozon	50	5	100.00%	50			-10	2	
KAPELSE 5 allée de Saint Cloud 54 600 Villers-lès-Nancy	1,000		100.00%	1,000					

Companies In €k	Capital	Equity capital (other than capital)	Capital share in percentage	Gross value of securities held (net value)	Loans and advances granted by the company and not paid back	Amount of guarantees and avals provided by the company	Turnover of last financial year	Net profit or loss of the last financial year	Dividends cashed by the company during the financial year
1° Detailed information regarding shareholdings where the list value exceeds 1% of the company capital for which publication is compulsory.									
B. Shareholdings (10 to 50% held by the company)									
GROUPE DOMEDIC Inc 2500 rue Jean Perrin, local 190 QUEBEC QC G2K1X1 (Canada)	2,267	- 1711	35.00%	1083			13	- 338	
HEALTHLEASE 4 rue Louise Michel - 92 300 Levallois Perret	1,000	879	35.00%	350			39,887	839	263
INTECUM Logis de Montesoro - C24 20 600 Bastia	333	61	49.00%	450	200		524	- 271	
QUALITY FLUX (2) Rue de la Terre à Briques - 75 22 Tournai (Belgium)	125	- 314	21.98%	160			40	- 172	
2° Overall information regarding other subsidiaries or shareholdings									
A. Subsidiaries not included in paragraph 1: a) French subsidiaries (all) b) Foreign subsidiaries (all)									
B. Shareholdings not included in paragraph 1: a) In French companies (all)									
SFLD (3) 12 av. de la Perrière - 56 324 Lorient Cedex	1,207	- 43	0.13%	5			5	- 44	
b) In foreign companies (all)									
TOTAL	**6,922**	**7,199**		**12,984**	**365**	**0**	**76,929**	**1,878**	**1,124**

(1) operating Income
(2) accounts at 31/12/2011
(3) accounts at 31/03/2012

20.4 Verification of Financial Information

20.4.1 Auditors' Report on Consolidated Accounts (Financial year ending 31st December 2012)

Dear Shareholders,

To carry out the assignment entrusted to us by the members of your General Meeting, we present you with our report for financial year ending December 31 2012 in regard to the following:

- examination of PHARMAGEST INTERACTIVE's consolidated accounts, as attached to this report;
- justification of our assessments;
- specific checks and information provided for by law.

The consolidated accounts were closed by the Board of Directors. It is up to us, based on our audit, to express an opinion on these accounts.

1. Opinion on the Consolidated Accounts

We have conducted our audit in accordance with the professional standards applicable in France; these standards require implementation of due diligence permitting us to obtain reasonable assurance that the consolidated accounts do not contain any significant anomalies. An audit consists of examining, by audit testing or other selection methods, the elements justifying the amounts and data contained in these consolidated accounts. It also consists of assessing the accounting principles followed and the significant estimates retained as well as assessing the accounts presentation as a whole. We consider that the elements we collected are sufficient and suitable to base our opinion on.

We certify that the financial year's consolidated accounts are, with regard to the authoritative accounting pronouncements, the IFRS, as adopted in the European Union, regular and truthful and provide a faithful image of the patrimony and the financial position as well as the income of the ensemble constituted by the persons and entities included in the consolidation. Without questioning the conclusion expressed above, we draw your attention to the note "Accounting principles - Applied texts" of the appendix relating to new IFRS standards that must be applied.

2. Justification of assessments

In application of the provisions of article L.823-9 of the Code of Commerce relative to the justification of our assessments, we bring the following to your attention:

Significant estimations

• Goodwill
Goodwill, of which the total shown on the balance sheet at 31 December 2012 stands at €27.1M, is subject to tests for loss of value according to the means described in the note "Accounting principles - Means of carrying out tests on asset depreciation" of the appendix.

We have examined the means of implementing these tests as well as assumptions used to establish forecasts for cash flow and sensitivity tests and have verified that the appendix of the consolidated accounts provides appropriate information.

• Provisions for liabilities and charges
Your company notes provisions for liabilities and charges according to the means described in the note "Accounting principles - Provisions". We have carried out an assessment of the approaches taken by the company, described in appendix, based on elements available to date, and implemented tests to verify the application of these approaches by audit testing.

• Retirement commitments
The notes "Provisions - Employee benefits" and "Headings of information on the statement of the financial position - Provisions for liabilities and charges" of the appendix to the consolidated accounts specify the means for assessing retirement commitments and other similar commitments.

Our work has consisted of examining the data used, to assess the assumptions made, to review the calculations carried out, and to check that the appendix to the consolidated accounts provides appropriate information.

In the context of our assessments, we are assured of the reasonable nature of these estimations.
The assessments thus applied are in line with our approach to auditing the consolidated accounts, taken as a whole, and therefore have contributed to our opinion, expressed in the first part of this report.

3. Specific verification

In conformity with the professional standards applicable in France, we have also carried out the specific verification required by law on the information relative to the Group, provided in the management report.
We have no observation to make regarding their truthfulness and their consistency with the consolidated accounts.

Drawn up at Vandoeuvre-les-Nancy and in Courbevoie, 17 April 2013

The Auditors

BATT AUDIT
Auditors

Isabelle SAGOT

MAZARS
Auditors

Jean-Brice de TURCKHEIM

20.4.2 Auditors' Report on Annual Accounts (Financial year ending 31 December 2012)

Dear Shareholders,

To carry out the assignment entrusted to us by the members of your General Meeting, we present you with our report for financial year ending December 31, 2012 in regard to the following:

- examination of PHARMAGEST INTERACTIVE's accounts, as attached to this report;
- justification of our assessments;
- specific verifications and information provided for by law.

The annual accounts have been closed by the Board of Directors. It is up to us, based on our audit, to express an opinion on these accounts.

1. Opinion on the Annual Accounts

We have conducted our audit in accordance with the professional standards applicable in France; these standards require implementation of due diligence permitting us to obtain reasonable assurance that the annual accounts do not contain any significant anomalies. An audit consists of examining, by audit testing or other selection methods, the elements justifying the amounts and data contained in these annual accounts. It also consists of assessing the accounting principles followed and the significant estimates retained as well as assessing the accounts presentation as a whole. We consider that the elements we collected are sufficient and suitable to base our opinion on.

We certify that the annual accounts are, with regard to the French accounting rules and principles, regular and truthful and provide a faithful image of the operational income in the previous financial year as well as the company's financial position and patrimony at the end of this financial year.

2. Justification of assessments

In application of the provisions of article L.823-9 of the Code of Commerce relative to the justification of our assessments, we bring the following to your attention:

Significant estimations:

• Business goodwill
Once a year, the company carries out a depreciation test on business goodwill, according to the means described in the paragraph "Notes on balance sheet asset - Commercial goodwill" of the appendix to the company accounts. We have examined the means of implementing this depreciation test as well as forecasts for cash flow and the assumptions made and have verified that the appendix to the annual accounts provides appropriate information.

• Shareholding securities
The paragraph "Notes on balance sheet assets - Long term assets" of the appendix refers to the detail of shareholding securities and shows the way in which they are valued

Our work consisted of assessing the data and assumptions on which these estimations are based, especially the cash flow forecasts drawn up by the operational directors.

• Provisions for liabilities and charges:
We have carried out an assessment of the approaches taken by the company, described in the appendix, based on the elements available to date, and implemented tests to verify the application of these approaches by audit testing.

• Retirement commitments:
The note "Provisions - Provisions for retiring employees" in the appendix details the assessments methods for retirement and other similar commitments.

Our work consisted of examining data used, to assess the assumptions made, to review calculations carried out, and to verify that the appendix provides appropriate information.

In the context of our assessments, we are assured that these estimations are of a reasonable nature.

The assessments thus applied are in line with our approach to auditing the annual accounts, taken as a whole, and therefore have contributed to our opinion, expressed in the first part of this report.

3. Specific verifications and information

In compliance with the professional standards applicable in France, we have also conducted specific verifications provided for by law. We have no observation to make regarding the truthfulness and consistency with the annual financial accounts of the information provided in the Board of Directors' management report and in the documents addressed to stockholders regarding the company's financial position and the annual accounts.

Regarding the information provided pursuant to provisions of Article L.225-102-1 of the Commercial Code on wages and benefits paid to corporate officers as well as commitments made in their favor, we have verified their consistency with the accounts or data used in the preparation of these accounts and, where appropriate, with the items collected by your company from the companies controlling your company or controlled by it. Based on this work, we confirm the accuracy and truthfulness of this information.

In application of the law, we are sure that the various information relating to the investments and takeovers and to the identity of the capital holders have been communicated to you in the management report.

Drawn up at Vandoeuvre-les-Nancy and at Courbevoie, 18 April 2013

The Auditors

BATT AUDIT
Auditors

Isabelle SAGOT

MAZARS
Auditors

Jean-Brice de TURCKHEIM

20.4.3 Special auditors report on regulated agreements and commitments

Dear Shareholders,

In our capacity as auditors of your company, we present our report on regulated agreements and commitments.

On the basis of information given to us, it is our responsibility to report the essential characteristics and terms of agreements and commitments of which we were informed or which we would have discovered during our mission without having to decide on their usefulness and relevance, nor determining the existence of other agreements and commitments. It is up to you, according to the terms of article R.225-31 of the Commercial Code, to assess the stakes involved in entering into these agreements and commitments in view of their approval.

Moreover, it is our responsibility, if need be, to give you information provided in Article R. 225-31 of the French Commercial Code relating to the implementation during the past financial year, of agreements and commitments already approved by the general meeting.

We implemented the due diligence that we considered necessary in light of the professional policy of the National Company of Statutory Auditors pertaining to this mission. This due diligence consists of verifying the consistency of information that was given to us with the basic documents from which it was taken.

• Agreements and commitments submitted for approval to the General Meeting

In accordance with article L.225-40 of the Commercial Code, we have been informed of the following agreements and commitments which have been subject to prior authorization by your Board of Directors.

With the company DIATELIC

People concerned: Mr. Thierry CHAPUSOT and Mr. Dominique PAUTRAT, respectively Chairman of the Board of Directors and Managing Director of your company, are also Board Members of the company DIATELIC.

Agreement for provision of premises free of charge

Nature and purpose: Your company has provided free of charge to the company DIATELIC, a public limited company with capital of €38,000, in which your company has a 68.45% capital shareholding, premises located at Villers-les-Nancy, 5 allée de Saint Cloud, since 6 November 2012.

Reason of the interest of this agreement by the Board of Directors: The aim of this agreement is to avoid slowing down the recovery of the DIATELIC company by its having to cover two lots of rental costs. Your Board of Directors has decided to accommodate this company free of charge for a year until 31 October 2013 since it has to continue paying the previous lessor rent equivalent to one year's rental for premises it occupied previously at 2 allée Joachim du Bellay at Villers-les-Nancy.

Financial terms and conditions: At the end of the period during which the premises are provided free of charge, that is from 1 November 2013, the rent will be €110 excl. tax per m2 per year, plus service charges.

The service charges will be invoiced from 6 November 2012 for the actual area of 83m2, occupied by the company DIATELIC.

During the financial year ending 31 December 2012, no service charge has been invoiced to the company DIATELIC.

• Agreements and commitments already approved by the General Meeting

In compliance with article R. 225-30 of the Commercial Code, we have been informed that the execution of the following agreements and commitments, approved in previous financial years, continued during the last financial year.

With the company EHLS

Purchasing center

Nature and purpose: The company EHLS carries out its role as purchasing center for the Group.

Terms: EHLS invoices your company for the purchases of equipment and IT supplies at cost price plus a margin of 11%.
For the 2012 financial year these purchases represented a charge of €18,685,330 excl. tax.

Repair service

Nature and purpose: EHLS invoiced your company for sub-contracted call outs to carry out repairs on equipment under maintenance contract.

Terms: The invoicing of these call outs is determined according to quotations that are presented.
For this last financial year these call out services stand at €137,000 excl. tax.

With the company DIATELIC

Financial advance to the company DIATELIC

Nature and purpose: On 26 August 2011, your company granted a financial advance of €35,000 to the company DIATELIC.

Terms: This advance was to be refunded when the company DIATELIC was able to do so. Repayment of this advance corresponds to the usual rate applied within the PHARMAGEST Group, that is Euribor 3-month rate increased by 0.5%.

This advance was repaid in full on 29 February 2012. The financial income resulting from this transaction for the period from 1 January to 31 December 2012 stands at €52.75.

Drawn up at Vandoeuvre-les-Nancy and at Courbevoie, 18 April 2013

The Auditors

BATT AUDIT
Auditors
Isabelle SAGOT

MAZARS
Auditors
Jean-Brice de TURCKHEIM

20.5 Date of latest financial information

The last financial year for which the financial information has been verified corresponds to the 2012 financial year ending on 31/12/2012.

20.6 Mid-term and other financial information

The PHARMAGEST Group has not published any quarterly or half yearly financial information since the date when these latest financial statements were verified.

20.7 Dividend Payment Policy

20.7.1 Dividend Payment Policy

At PHARMAGEST INTERACTIVE's Ordinary General Meeting of 21 June 2013, it will be suggested that a dividend of €2.10 per share should be paid.
The same payment policy will be applied for financial years to come as long as the criteria mentioned earlier are met.

20.7.2 Total overall dividend per share for the last three financial years

Financial years	Dividend per share	Dividend eligible for the 40% reduction (paid to individuals)	Dividend not eligible for 40% reduction (paid to legal entities)
31/12/2009	1.40 €	1.40 €	1.40 €
31/12/2010	1.50 €	1.50 €	1.50 €
31/12/2011	1.80 €	1.80 €	1.80 €

20.7.3 Limitation period

Dividends unclaimed within 5 years of their being awarded are deemed to have lapsed. They will be paid back to the Areas according to article R-48 of the State Code.

20.7.4 Tax system

The dividends mentioned above give individuals the right to a reduction of 40% on their total amount. It is made clear that under rules currently in force, dividends paid to individuals who are residents in France, in tax terms, will have the following deduction(s) carried out by the company at source:

- A compulsory social security deduction: the rate of deduction is currently 15.50%;
- A compulsory non-definitive deduction of 21% (article 117 new quater of General Tax Code). To calculate this deduction, income is taken at gross value. However, individuals belonging to a tax household where the reference tax income of the year before last, as defined in 1 of IV of article 1417, is lower than €50,000 for single, divorced or widowed taxpayers and lower then €75,000 for taxpayers subject to joint taxation, can ask to be exempt from this deduction under the conditions provided in article 242 section. This deduction is allocated to income tax due for the year during which it was carried out. If it exceeds the tax due, the difference is refunded.

20.8 Judicial and Arbitration Proceedings

There are no other governmental, legal or arbitration procedures, including any procedure that PHARMAGEST INTERACTIVE and the PHARMAGEST Group has knowledge of, which is pending or threatened, and likely to have or have had significant effects on the financial position or profitability during the last 12 months of PHARMAGEST INTERACTIVE or of the PHARMAGEST Group.

At 31 December 2012 the total provision for liabilities and expenses stands at: Including:	€2,120,000
a) Provision for payment on retirement	€1,604,000
b) Provisions for disputes including mainly: • *Provisions for customer disputes* • *Provisions for supplier disputes* • *Provisions for on-going administrative disputes*	€107,000 €15,000 €12,000 €80,000
c) Provision for liabilities*	€402,000
d) Provision for expenses	€6,000

** This mainly concerns the provision for guarantees of technical follow-up after the sale of Rentpharm® contracts (equipment maintenance).*

20.9 Significant changes in the financial or business position

The PHARMAGEST Group has not noted any significant change in its financial or business position since the end of the last financial year for which the verified financial statements were published.

21 ADDITIONAL INFORMATION

21.1 Share capital

At 31 December 2012, the share capital stands at the sum of €3,034,825 and has not changed over the period covered by the historic financial information.

It is divided into 3,034,825 fully paid up shares of €1 each, all in the same category.

The statutes do not provide any specific conditions relating to changes in capital or voting rights attached to the shares that make it up.

There has been no change in share capital since the introduction to the Stock Exchange.

At 31 December 2012, no commitment to increasing capital is under way.

The stock option plan voted in on 24 June 2004 expired on 9 September 2012. All options have been taken up.

The statutes do not impose conditions that are any more restrictive than the legal conditions on changes in capital.

The balance of Treasury shares at 31 December 2012 is presented under heading 20.3.1.5.5.2 of the appendices to the consolidated accounts.

PHARMAGEST INTERACTIVE shares are traded on the Eurolist of the NYSE Euronext Paris ™. The ISIN code is FR0000077687.

Since 24 December 2012, PHARMAGEST INTERACTIVE securities are admitted to the "long-only" SRD. This is a mechanism allowing shares to be purchased with leverage on shares by means of a regulated market. The "long-only" concept means that the share will only be eligible for purchase with leverage.

Furthermore, PHARMAGEST INTERACTIVE securities have been transferred to compartment B of NYSE Euronext Paris™ with effect from 17 January 2013 due to a rise in stock market capitalization of €182,08M. It is noted that compartment B groups together listed companies with a total stock market capitalization of between 150 million Euros and 1 billion Euros.

Development in share price since May 2012 *(source : FININFO)*

Month	Lowest share price	Highest share price	Volume	Amount in €k
May 2012	44.01	46.06	12,970	581,892
June 2012	44.41	46.62	221,188	10,374,529
July 2012	44.35	47.00	15,504	720,764
August 2012	46.00	54.00	43,335	2,191,506
September 2012	52.98	54.60	15,824	851,519
October 2012	52.45	55.60	26,101	1,410,558
November 2012	54.50	62.14	56,800	3,046,459
December 2012	57.51	60.00	37,323	2,179,144
January 2013	60.00	66.95	38,973	2,437,313
February 2013	65.00	74.20	21,635	1,474,461
March 2013	68.45	73.79	9,417	668,243

21.2 Articles of Incorporation and Statutes

21.2.1 Company purpose (Article 2 of statutes)

The company purpose of PHARMAGEST INTERACTIVE is as follows:

- Purchase, sales and representation of all office and IT equipment; consultancy in all technical organizations with a view to applying this equipment to industrial, commercial, administrative companies, whether public or private;
- Help and training in management, mainly in the context of office automation and IT techniques, research into development of concepts and software development;
- Investment by contribution, subscription, purchase of securities, shares, obligations and any company rights and any other legal terms in companies or businesses particularly close to industrial, commercial and tertiary areas;
- The management, control, administration and enhancement of these holdings, with a view to controlling the business of the companies, to ensure financial management and maintenance of control of the group of companies, and to do so by creating or taking over new companies, by merging, and by other legal means covered by company law;
- The provision of financial, administrative, managerial control and consultancy services;
- And, generally speaking, all industrial, commercial and financial operations that could be linked either directly or indirectly to the above or similar purposes likely to favor its growth or development.

21.2.2 Board Members (article 21 of the statutes)

There are no specific conditions regarding the appointment or mission of Board Members and the Board of Directors.

The statutes refer strictly to the legal texts applicable to this subject.

21.2.3 Category of shares

There is only one category of shares (Article 7 of the statutes).

- There are no multiple voting rights;
- Existence and breach of legal thresholds (article 12.3 of the statutes)

Any individual or legal entity who holds or exceeds in any way whatsoever, in the sense of article L 233-13 of the Business Code, a percentage of holdings provided in this article must respect the legal and regulatory conditions.

Civil sanctions are provided under article L 233-14 para 1 and thereafter together with criminal sanctions under article L 233-7 para 1 of the Business Code.

21.2.4 Shares required to change shareholders' rights

Changing shareholders' rights requires an Extraordinary General Meeting of Shareholders.

21.2.5 General Meetings

Article 20 of the statutes - General Meetings
General Meetings are called and deliberate under the conditions set by law.
Collective decisions by shareholders are taken at Ordinary, Extraordinary or Special General Meetings according to the type of decisions they are called to take.
Special General Meetings call together the holders of shares in a single determined category to deliberate on a modification of share rights in that category. These Meetings are called and deliberate under the same conditions as Extraordinary General Meetings.
All shareholders are bound by the decisions of General Meetings.

Article 20-1 - Notification of and meeting place for the General Meeting

General Meetings are called either by the Board of Directors, or by the Auditors, or by a legally appointed representative under the conditions provided by law.
Meetings take place at the head office or at any other place shown on the notification.
Notification takes place fifteen days before the date of the Meeting by placing a notice in a legal notices journal of the department where the head office is located and by placing a notice in the compulsory legal notice bulletin. However if all shares are registered, these insertions may be replaced by notification carried out at the company's expense by a simple letter or by registered mail sent to each shareholder.
Shareholders who have held registered shares for at least a month on the date the notice is inserted are advised of any Meeting by ordinary letter. They can request to be notified by registered mail.
All owners of jointly owned shares are notified in the same way when their rights are noted within the time frame provided in the previous paragraph for a registered shareholding.
Before the meeting of all shareholders, the company publishes the notice provided in article R-225-73 of the Business Code, in the compulsory legal notice bulletin, at least thirty days before the date of the Meeting.
When the Meeting is unable to make a decision as the required quorum is not met, the second Meeting and, if necessary, the second deferred Meeting are called at least six days in advance in the same way as the initial Meeting. The notice or letters of notification of this second Meeting show the date and agenda of the first one. Where the Meeting is adjourned as a result of a legal decision, the judge may set a different deadline.
Notices and notification letters must include the information required by law.

Article 20-2 - Agenda

The agenda of the Meetings is drawn up by the party calling the Meeting.
One or more shareholders may request draft resolutions to be included on the agenda of the Meetings under the legal and regulatory conditions.
The assembly can only decide on a question that is entered on the agenda. It can, however, under any circumstances, recall one or several Board Members and proceed to replace them.

Article 20-3 - Access to Meetings - powers

Any shareholder may take part in Meetings, either personally or by means of a representative, regardless of the number of shares they own, by providing proof of identity and share ownership, in the form of either a registration entered in his name or a certificate from a duly authorized, account holding financial intermediary declaring the unavailability of the shares registered in the account until the meeting date.
These formalities must be fulfilled at least five days before the meeting.
Any shareholder can only be represented by their spouse or by another shareholder, for this reason, the representative must provide proof of his mandate.
Legal representatives of legally incompetent shareholders and individuals representing legal entity shareholders take part in the Meetings whether they are shareholders or not.
Any shareholder can vote by post using a form produced and sent to the company according to the conditions set by law and regulations; this form must reach the company three days prior to the Meeting in order to be taken into account.

Article 20-4 - Shareholders' communication rights

Every shareholder has the right to obtain the documents necessary to enable him to make decisions in full knowledge of the matter regarding the management and running of the company.
The nature of these documents and the conditions under which they are dispatched or made available are determined by law and regulations.

Article 20-5 - Attendance sheet - bureau - minutes

An attendance sheet, duly signed by the shareholders present and representatives and to which are joined the authorities given to each representative and where applicable the postal votes, is certified as correct by the bureau of the Meeting.
Meetings are chaired by the Chairman of the Board of Directors or, in his absence, by a Board Member specially appointed for this purpose by the Board. Failing that, the Meeting may appoint its own Chairman.
The duties of scrutineers are carried out by the two shareholders who are present and consenting and who by themselves or as representatives have the largest number of votes.
The bureau, made up in this way, appoints a secretary who cannot be a shareholder.
Minutes are prepared and copies or extracts of the proceedings are delivered and certified in accordance with the law.

Article 20-6 - Ordinary General Meeting

The Ordinary General Meeting takes all decisions that do not alter the statutes.
It meets at least once a year, within the legal and regulatory time frame in force, to give a ruling on the last accounts of the last financial year.

Its deliberations are only valid if the shareholders, who are present, represented or who have voted by post, own at least a quarter of the shares with voting rights, on the first convocation. On the second convocation, no quorum is required.
It adjudicates on the majority of votes available to the shareholders who are present or represented, including shareholders who have submitted a postal vote.

Article 20-7 - Extraordinary General Meeting
Only the Extraordinary General Meeting is authorized to change the statutes in all their conditions, however it cannot increase shareholders' commitments, except for transactions resulting from a grouping of shares, properly carried out.
Its deliberations are only valid if the shareholders who are present, represented or who have submitted a postal vote own at least, on first convocation, a third and, on second convocation, a quarter of voting rights; where this last quorum is not met the second Meeting can be adjourned to a date no more than two months after the original date.
It adjudicates with a two-thirds majority of the votes of shareholders who are present or represented, including shareholders who have submitted a postal vote.

21.2.6 Condition on statutes that can delay, defer or prevent a change of control.

1. (…) The Shareholders have, in proportion to the number of shares they hold, a preferential right to subscribe to shares for cash issued to produce an increase in capital, a right which they may waive on an individual basis. Furthermore, they have a right to subscribe to excess shares if the General Meeting specifically decides so (...).

2. The Extraordinary General Meeting of the shareholders can also, subject to creditors rights, authorize or decide on a reduction in company capital for whatever reason and in whatever manner but, in no instance can the reduction in capital undermine the equality of the shareholders.

The reduction in company capital to an amount lower than the legal minimum can only ever be decided upon under the suspensive condition of an increase in capital meant to bring the latter to an amount at least equal to the legal minimum, unless the company is being altered to create a company in another form.

Failing that, any interested party can legally demand the company be dissolved; this cannot be declared where, on the day when the court rules on this basis, the correction has taken place. (...).

21.2.7 Condition of the statutes setting the threshold above which any shareholding must be revealed.

Article 12-3 - Transfer of shares - legal thresholds
Any individual or legal entity who holds or exceeds in any way whatsoever, in the sense of article 233-7 of the Business Code, a percentage holding provided by this article must comply with the legal and regulatory conditions.

21.2.8 Conditions of the statutes governing changes in capital, when these conditions are stricter than those provided by law

Article 9 of the statutes - Increase, reduction, depreciation of capital

1. (...) Shareholders have, in proportion to the number of shares they hold, a preferential right to subscribe to shares for cash issued to produce an increase in capital, a right which they may waive on an individual basis. Furthermore, they have a right to subscribe to excess shares if the General Meeting specifically decides so (...).
2. The Extraordinary General Meeting of the shareholders can also, subject to creditors rights, authorize or decide on a reduction in company capital for whatever reason and in whatever manner but, in no instance can the reduction in capital undermine the equality of the shareholders.

The reduction in company capital to an amount lower than the legal minimum can only ever be decided upon under the suspensive condition of an increase in capital meant to bring the latter to an amount at least equal to the legal minimum, unless the company is being altered to create a company in another form.

Failing that, any interested party can legally demand the company be dissolved; this cannot be declared where, on the day when the court rules on this basis, the correction has taken place. (...).

21.2.9 Allocation, distribution of profits and payment of dividends

The allocation and distribution of profits takes place as follows:

Article 23 of the statutes:
The profit account which summarizes income and expenses for the financial year illustrates by the difference between the two, the profit for the financial year after deduction of depreciation and provisions. In order to make up a legal reserve fund, at least five per cent is deducted from the profit for the financial year, which is reduced where necessary by previous losses. This deduction is no longer compulsory when the reserve fund reaches one tenth of the company capital.
Distributable profit is made up of the profit for the financial year minus previous losses and sums to be set aside in reserve, according to the law and statutes, and increased by any profit brought forward.
From this profit, the General Meeting may deduct any sums it sees fit to allocate to other optional, ordinary and extraordinary reserve funds or carry them forward again.
The balance, if one exists, is distributed between the shareholders in proportion to the number of shares belonging to each of them.
Furthermore, the General Meeting can decide to make available for distribution the sums deducted from reserve funds available to it by specifically showing the reserve accounts from which the deductions are being made. However, dividends are deducted first and foremost from the profits of the financial year.
Except for the case of capital reduction, no distribution can be made to shareholders when the equity capital is, or will become as a result of that distribution, lower than the sum of the capital and reserves which may not legally be distributed. The revaluation reserve is not distributable. It may be incorporated in all or part of the capital.
Where losses exist, after approval by the General Meeting, they are carried forward to be allocated to profits of later financial years until they are reduced to zero.

Article 24 of the By-Laws:
When a balance sheet drawn up during or at the end of the financial year and certified by the Auditors shows that the company has made a profit, since the previous year end, after establishing depreciation and provisions required and deducted where applicable earlier losses, as well as sums to be carried over to reserve funds, in accordance with the law and statutes, an advance on dividends may be paid prior to the accounts for the financial year being approved. The total of these advance payments cannot exceed the total profit defined in this way.
The General Meeting can grant shareholders, for all or part of the distributed dividend or advances on dividends, an option of being paid the dividend either in cash or in shares under the legal conditions applicable.
The terms for paying dividends in cash are set by the General Meeting or failing that by the Board of Directors.
Payment of dividends in cash must take place no later than 9 months after the financial year end, unless this period is extended by a legal authorization.
No dividends can be claimed back from shareholders unless the distribution was carried out in breach of legal conditions and the company states that the beneficiaries were aware of the incorrect nature of this distribution when it took place or could not be unaware of it given the circumstances. Where applicable, paying back dividends has a time limit of three years after payment of such dividends. Dividends that are unclaimed five years after payment are deemed to have lapsed.

21.2.10 Buy-back of shares

The General Meeting of shareholders, held on 22 June 2012, authorized the Board of Directors to trade in its own shares, in accordance with the conditions of article L 225-209 to L 225-214 of the Business Code and regulations of the Financial Markets Authority. This authorization was granted for a maximum period of 18 months, from 22 June 2012.

At 31 March 2013, the balance sheet of this program is:

- Purchases: 36,528 shares at an average price of €52.64;
- Sales: 38,063 shares at an average price of €52.72.

Other transactions outside the liquidity contract:

- Transfers (take up of stock options): 15,900 shares at an average price of €28.79;

At the next Ordinary General Meeting on 21 June 2013, a new program will be submitted for a new period of 18 months.

The features of this program are shown in the sixth resolution presented to the Ordinary General Meeting of 21 June 2013.

21.2.11 Pledges of securities from the issuer and pledges of assets

No such pledges exist.

22 MAJOR CONTRACTS

PHARMAGEST INTERACTIVE does not have any major contracts that place a significant obligation or commitment on any member of the PHARMAGEST Group for the whole of the Group, on the date the Reference Document is registered, beyond bank loans with pledges or covenants detailed under Heading 20.3.1.5.8.

Furthermore, in the context of sales of IT solutions for dispensing pharmacies, PHARMAGEST INTERACTIVE offers them the "RENTPHARM" solution in partnership with leasing companies. In the same way, with the product LGPI Global Service ®, pharmacists can benefit from finance arrangements through a leasing company.

In May 2010, PHARMAGEST INTERACTIVE merged with HEALTHLEASE in order to provide better cover of liquidity risks. This subsidiary offers finance solutions for all the equipment required to run a dispensing pharmacy.

23 INFORMATION FROM THIRD PARTIES, EXPERT STATEMENTS AND DECLARATIONS OF INTEREST

No report or declaration attributed to a person acting in the capacity of expert with a significant interest has been produced.

24 DOCUMENTS AVAILABLE TO THE PUBLIC

24.1 The annual management report

PHARMAGEST INTERACTIVE
FRENCH SOCIETE ANONYME (PUBLIC LIMITED COMPANY) WITH SHARE CAPITAL OF 3,034,825 EUROS
REGISTERED OFFICE: TECHNOPOLE DE NANCY BRABOIS
05 ALLEE DE SAINT CLOUD 54600 VILLERS LES NANCY
COMPANY REGISTRATION NUMBER 403 561 137 NANCY TRADE & BUSINESS REGISTER

MANAGEMENT REPORT
AT THE ORDINARY AND EXTRAORDINARY ANNUAL GENERAL MEETING
OF 21 JUNE 2013

Dear Shareholders,

We are pleased to present you with:

- The management report illustrating the position of PHARMAGEST INTERACTIVE during the last financial year, drawn up by the Board of Directors in accordance with the provisions of article L. 232-1 of the Code of Commerce, together with the management report of the PHARMAGEST Group provided under the provisions of article L. 233-26 of the Code of Commerce, stating the position of all the businesses included in the group;
- The report on information regarding Corporate and Environmental Responsibility, in particular following the decree of 24 April 2012, the report being included in the management report and joined in appendix to that report;
- The special report from the Chairman provided under article L. 225-37 of the Code of Commerce;
- The special report from the Board of Directors on stock option plans.

The General Meeting was called on this day, in accordance with legal and regulatory provisions, in order to ask you to kindly approve the company and annual consolidated accounts and to present you with the allocation of profits from the financial year ending 31 December 2012, the company and consolidated annual accounts that were finalized by the Board of Directors at the meeting of 22 March 2013.

Reports from the Auditors, the Board of Directors and the accounts for the financial year and, in more general terms, all the documents and information listed by articles L 225.-115 and R. 225-83 of the Code of Commerce, have been made available to you within the legal time frame.

The required notifications have been carried out correctly.

1 - REPORT TO THE ORDINARY ANNUAL GENERAL MEETING

Method used to present the accounts

The rules for presenting and the assessment methods used to draw up the documents presented to you for analysis comply with the regulations in force: the consolidated accounts were drawn up according to IFRS standards and the company accounts in accordance with French standards.

Fully-consolidated subsidiaries

Companies	Address	% ownership	% interest
PHARMAGEST INTERACTIVE	Villers-les-Nancy (54)	consolidating entity	consolidating entity
ADI (1)	Saclay (91)	50.00	50.00
CPI	Dijon (21)	100.00	100.00
DCI	Merignac (33)	100.00	100.00
DIATELIC	Villers-les-Nancy (54)	68.58	68.58
DOMEDIC EUROPE	Villers-les-Nancy (54)	65.00	65.00
EHLS	Queven (56)	100.00	100.00
HDM LIMITED	Mauritius	100.00	100.00
SCI HUROBREGA	Queven (56)	100.00	100.00
KAPELSE	Villers-les-Nancy (54)	100.00	100.00
MALTA INFORMATIQUE	Merignac (33)	100.00	100.00
SABCO	Luxembourg	90.00	90.00
SABCO SERVICES	Belgium	100.00	90.00
VIP PHARMA	St. Symphorien d'Ozon (69)	100.00	100.00

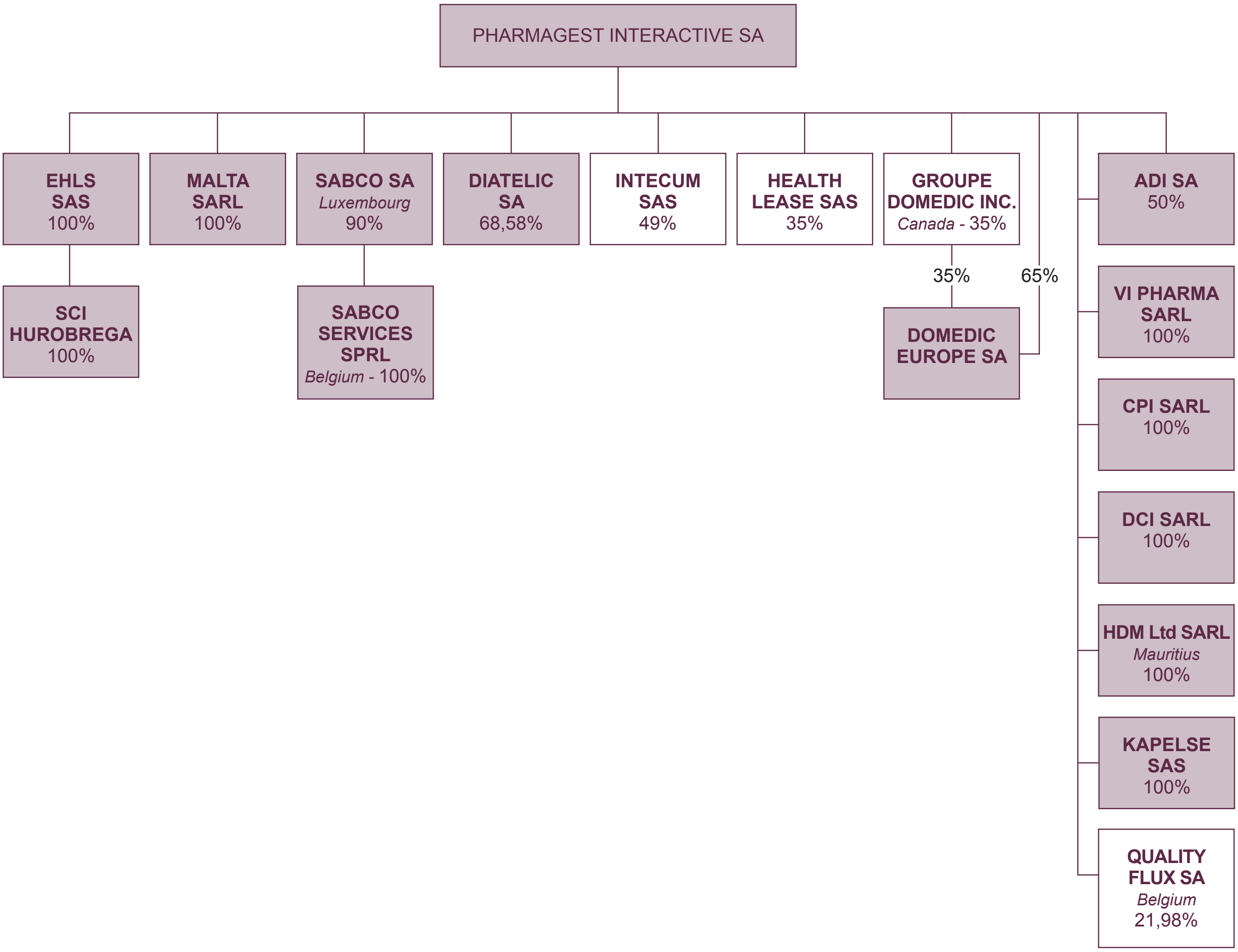
(1) Bearing in mind the economic and contractual relations that exist between PHARMAGEST INTERACTIVE and ADI (distributor of LGPI Global Services® products), and the ownership of this company (equal share of the members of the Board of Directors, appointment of the Chairman subject to specific consent of the PHARMAGEST Group), the company ADI is fully consolidated despite holdings being of 50%.

Equity-accounted entities

Companies	Address	% ownership	% interest
GROUPE DOMEDIC Inc.	Quebec (Canada)	35.00	35.00
HEALTHLEASE	Levallois Perret (92)	35.00	35.00
INTECUM	Bastia (20)	49.00	49.00
QUALITY FLUX	Tournai (Belgium)	21.98	21.98

PHARMAGEST Group Organization Chart

On the closing date of the company's financial year, the organization chart of the PHARMAGEST Group is presented as follows:



Purple background: Fully-consolidated subsidiaries
White background: Equity-accounted entities

The percentage of voting rights held by PHARMAGEST INTERACTIVE in each of its subsidiaries is equal to the percentage of the capital held in each of these subsidiaries.

Variations in scope

- Merger by takeover of DRS EXPANSION by PHARMAGEST INTERACTIVE through Complete Transfer of Assets and Liabilities with effect on 1 January 2012;
- Creation with a 100% shareholding, on 18 December 2012, of KAPELSE, whose main activity is designing health products;
- Increased shareholding in DIATELIC, going from 41.6% to 68.58% in the context of an increase in company capital;
- Dilution of shareholding in QUALITY FLUX, going from 42.27% to 21.98% following a reduction in capital followed by an increase in capital that enabled a new shareholder to be brought in, an increase in which PHARMAGEST INTERACTIVE did not wish to participate.

This grouping was entered into the accounts based on its final position.

Bearing in mind the limited impact of these changes in group structure, no pro forma statements have been drawn up concerning the consolidated accounts.

The activity of the PHARMAGEST Group

The PHARMAGEST Group's main activity consists of designing specialized management software for dispensing pharmacies, as well as "turnkey" distribution of these IT solutions.

In France, the PHARMAGEST Group provides

• Its "Pharmacist" customers with the following product range:

- Distribution of IT equipment, "turnkey" installation and training;
- Distribution of new generation management software, including LGPI Global Services®, for PHARMAGEST INTERACTIVE customers;
- After-sales service: hotline and maintenance;
- Data back-up services;

In France:
ADI carries out distribution of "turnkey" IT solutions exclusively from PHARMAGEST INTERACTIVE in and around Paris.
DCI provides its business on a lease management basis to PHARMAGEST INTERACTIVE in the Bordeaux region and owns the Merignac building.
EHLS is the purchasing center for the PHARMAGEST Group.
HDM LIMITED provides software development services.
HEALTHLEASE offers pharmacists finance for their equipment (IT and others).
SCI HUROBEGA is the owner of the Queven building.
INTECUM specializes in automation and dispensation at point of sale.
KAPELSE specializes in designing health products.
QUALITY FLUX carries out purchase and re-sale of statistical data.
VIP PHARMA offers a loyalty scheme product to its customers.

In Belgium and Luxembourg, through the companies **SABCO** and **SABCO SERVICES**, purchased in September 2007, the PHARMAGEST Group organizes the distribution of a product equivalent to that of the Pharmacy division in France to SABCO customers.

• Its "Laboratory" customers with:

- A professional e-commerce product for on-line "Business to Business" orders; by using the LGPI Global Services® software portal, laboratories maintain close contact with their pharmacist customers.
- In the pharmacy server, targeted communications and marketing actions, not requiring permanent connection and with natural integration within the management tool, guarantee the effectiveness of these actions and their relevance by communicating the right information to the right person, at the right time.
- Since the start of 2009, PHARMAGEST INTERACTIVE has offered communication services. It buys communications space from its pharmacist customers, either in management software or in the 'Offimedia®" point of sale communications systems, or in the "Pharmattitude®" pharmacy websites, and sells it to laboratories.

• Its "Care Homes" customers with:

- Distribution of IT equipment, "turnkey" installation and training;
- Distribution of new generation management software, mainly TITAN to MALTA INFORMATIQUE customers;
- After-sales service: hotline and maintenance.

MALTA INFORMATIQUE distributes specialized software for EHPADs and Day Centers.

• Its customers who are "Other Health Professionals and Patients" with:

- A medical electronic monitoring system for preventing deterioration in the state of health of chronic patients treated at home;
- An intelligent pill dispenser enabling chronically ill patients or the elderly to be monitored for adherence to their treatment;
- Data back-up services and hosting of applications.

DIATELIC is a company specializing in artificial intelligence applied to electronic surveillance and monitoring patient adherence;
DOMEDIC EUROPE is the distributor for the intelligent pill dispenser.

• Its 'SME" customers with:

- Distribution of IT equipment, turnkey installation and training;
- Distribution of management software to an SME customer base;
- After-sales services: hotline and maintenance;

CPI carries out distribution to SMEs of "turnkey" IT solutions from various publishers.

Key figures at consolidated level (IFRS standards)

The activities and results of the PHARMAGEST Group, its subsidiaries and companies it controls.

Values (in €k)	2012	2011	Variation
Sales of pharmacy configurations	53,074	46,900	13%
Maintenance and sales of databases	30,230	27,823	9%
Other services including e-Advertising	12,480	10,873	15%
Training services and new products	12,938	11,469	13%
Total turnover	**108,722**	**97,064**	**12%**
Operating profit for the period	20,142	17,789	13%
Operating profit	20,142	17,789	13%
Net profit	13,900	12,112	15%
Group net profit	13,516	11,754	15%
Basic earnings per share (group share)	**4.45 €**	**3.90 €**	**14%**

PHARMAGEST INTERACTIVE (French standards):

Values (in €k)	2012	2011	Variation
Sales of pharmacy configurations	46,880	41,356	13%
Maintenance and sales of databases	25,158	22,970	9%
Other services including e-Advertising	12,393	10,873	14%
Training services and new products	10,387	9,918	5%
Total turnover	**94,818**	**85,118**	**11%**
Operating profit	19,279	15,442	25%
Net profit	12,950	8,365	55%

Main subsidiaries (French standards)

In M€	EHLS	ADI	SABCO	MALTA INFORMATIQUE
Turnover	20.9	6.5	3.1	3.7
Operating profit	0.9	1.2	- 0.1	1.1
Operating profit for the period before tax	0.9	1.2	- 0.1	1.1
Net profit	0.5	0.8	- 0.1	0.8

In IFRS standards, the consolidated turnover for the year 2012 is up 12% compared to the previous year. The gross sales margin stands at €77,741,000 compared to €69,225,000 in 2011.
Nearly 66% of turnover of the PHARMAGEST Group is made up of hardware and software maintenance and renewal of systems installed under contract; this stands out in annual incomes.

Operating expenses (personnel costs + general costs + taxes and duties) stand at €55.9M, they are higher than the year 2011 (+11%). All expenses for the period are controlled.

As a result, the operating profit translates into a profit of €20,142,000, a rise of 13% compared to the operating profit generated during the previous financial year.

Financial profit is positive at €1,090,000 and €1,201,000 of financial income and €111,000 of financial expenses.

Net consolidated profit stands at €13,900,000 including €13,516,000 group share and €384,000 minority interest share. The increase in group net profit for the PHARMAGEST Group stands at 15%.

During the 2012 financial year, the PHARMAGEST Group increased its net cash flow by €2,088,000, including cash flow generated by operating transactions of €18,053,000 (in IFRS standards).

The financial structure of the PHARMAGEST Group is very solid. At the end of the financial year, equity capital stands at €66,923,000 and net earnings (i.e. securities available for sale, other financial assets, cash flow and cash flow equivalents minus financial debts) stand at €38,350,000.

Information on expenses that are not tax deductible

In accordance with the conditions of article 223c of the General Tax Code, we inform you that during the financial year ending 31 December 2012, PHARMAGEST INTERACTIVE has withstood costs made up of expenses that are not tax deductible on the companies and mentioned in article 39-4 of the aforementioned Code, totalling €130,022 and which incur €43,341 in tax.

Research and development activity

The Research and Development department of the whole PHARMAGEST Group is made up of 96 people.

In accordance with the IAS 38 standard we have identified development projects that respect all the criteria required to activate expenses on the balance sheet. The total capitalized in 2012 comes out at:

- €881,000 for projects resulting in future products (sales and services to customers);
- €132,000 for projects resulting in future economic advantages (production of internal software).

Highlights of the financial year

- The PHARMAGEST Group is creating a new e-Health Department bringing together the subsidiaries:
    - DIATELIC, specializing in artificial intelligence and expert systems to predict changes in the state of health of patients;
    - DOMEDIC EUROPE, intelligent pill dispenser.

This structure of this activity is supported by obtaining two approvals to host health data of a personal nature awarded by the Ministry of Social Affairs and Health in the areas of:

- Data back-up services, 4 January 2012.
- Hosting applications, 6 September 2012.

• PHARMAGEST INTERACTIVE's investment in the capital of DIATELIC reached 68.19% following a buy-back of minority shareholdings and an increase in capital, agreed on 30 January 2012.

Events after the end of the financial year

• PHARMAGEST INTERACTIVE's investment in the capital of INTECUM is increased to 63.99% following a buy-back of minority shareholdings and an increase in capital, agreed on 29 January 2013.

Foreseeable developments and prospects

A new national pharmacists' agreement was signed on 4 April 2012 between the National Union of Health Insurance Funds and the three unions representing pharmacists. This new agreement marks a real change in the pharmacist's profession, and aims to reassert the value of their role in public health and in health promotion. This recognition of the pharmacist's role is translated into the creation of diverse means of payment, in particular regarding personalized commitments to quality, efficiency and modernization.
The new payment system for pharmacists was due to be set up on 1 January 2013. It has to be said that negotiations between the public authorities and the unions have delayed it being set up in 2013.
Nevertheless, payment per act, the initial takeover of service provision for AVK patients (anti-vitamin K) and for some asthma sufferers, will be seen in 2013 and brings the pharmacist into a new era, that of in-pharmacy services. This is excellent news for the profession since, for the first time since 2008, it has seen a -0.9% decline in value of refunded medicines. This phenomenon, due in 2012 to the cumulative effect of massive price reductions for certain medicines and the increase in the substitution rate to +83.7% as a result of the third party payer mechanism against generic medicines.
It is quite logical that this tendency to reduce refunds continues in the medium term to benefit public expenditure on healthcare.
Due to this new payment, we can nevertheless be confident about the future of the pharmacy in France in this new era.
That should have an effect on Pharmacy business in France, but also in Belgium and Luxembourg, through recognition of the forward thinking nature of the product range offered by the PHARMAGEST Group, both in terms of IT solutions and services.
But in particular, that should accelerate the integration of e-Health projects started in 2012 in strategies regarding Care Homes (virtual care homes and interconnection with carers) and Pharmacies (home-based monitoring), but also the Laboratories (in-depth knowledge of "patient experiences" versus their prescriptions, such as adherence, side effects, etc.).
Armed with the knowledge that its overall strategy is well-founded, the PHARMAGEST Group maintains its external growth strategy, namely research of leads in the international field as well as in France according to the following two areas of development:

• Services and technologies that it could offer to its pharmacist customers to help them successfully fulfill their new advisory role, placed upon them by the HPST Law (Hospital, Patients, Health and Territories) of July 2009;
• The technological areas enabling it to develop new products likely to improve profitability in pharmacies.

Company capital ownership on 31 December 2012

In accordance with the provisions of article L. 233-13 of the Code of Commerce we are showing you the identity of persons holding, either directly or indirectly, at the end of the company's financial year, more than one twentieth, one tenth, three twentieths, one fifth, one quarter, one third, one half, two thirds, eighteen twentieths or nineteen twentieths of the company capital or voting rights at the General Meetings.

Name	Percentage holding
WELCOOP PHARMA SA	+ 66.66% and less than 90%
La SC "ERMITAGE SAINT JOSEPH" (Mr. Thierry CHAPUSOT)	More than one twentieth and less than 10%

Under the conditions of article L 233-13 of the Code of Commerce and article 223-26 of the general regulations of the Financial Markets Authority, we inform you that SG COVEA, which on 31 December 2011 held shares for a percentage higher than one twentieth and lower than 10%, on 4 July 2012, sold all the shares it held in PHARMAGEST INTERACTIVE in an off market transaction to WELCOOP PHARMA SA.
This transaction was subject to a declaration made to the Financial Markets Authority, which was received on 4 July 2012 and published on 5 July 2012.

PHARMAGEST INTERACTIVE does not hold any PHARMAGEST INTERACTIVE shares (apart from treasury shares) nor do any of the companies it controls in the sense of article L. 233-3 of the Code of Commerce.

As far as PHARMAGEST INTERACTIVE is aware, no other shareholders exist holding either directly or indirectly, alone or jointly, more than 5% of the capital or voting rights.

Authorization for buy-back of shares by PHARMAGEST INTERACTIVE

1) The shareholders' General Meeting, which took place on 22 June 2012, authorized the Board of Directors to trade in its own shares, in accordance with the conditions of articles L. 225-206 to L. 225-117 of the Code of Commerce and the conditions of the monetary and financial code.

This authorization was given for a maximum period of eighteen months, starting from 22 June 2012 and will end on 21 December 2013.

At 31 December 2012, PHARMAGEST INTERACTIVE holds 915 of its own shares directly or indirectly, specifically in the context of the liquidity contract, that is approximately 0.03% of the current company capital.

At 31 December 2012, in the context of this program, used by means of the liquidity contract, 42, 619 shares were purchased at an average purchase price of €50.23, 43,036 shares were sold at an average sales price of €50.01, and 20,500 shares were transferred following the uptake of options awarded to staff at the fixed value of €28.79.

PHARMAGEST INTERACTIVE holds 100% of the current liquidity contract.

The Board of Directors provides you with an account of the completion of the share buy-back program for the period between 1 April 2012 and 31 March 2013 authorized by the Meeting of 22 June 2012.

The balance sheet of this program at 31 March 2013 is:

- Purchases: 36,528 shares at an average price of €52.64;
- Sales: 38,063 shares at an average price of €52.72.

Other transactions apart from the liquidity contract:

- Transfers (take up of stock options): 15,900 shares at an average price of €28.79;

On 31 March 2013, the company directly or indirectly holds 102 shares.

2) The shareholders will be invited to renew their authorization for this program with immediate effect and make a decision on the new program.

The aims of the buy-back program currently in force were, in decreasing order of priority, as follows:

- To boost the market or the liquidity of the share by means of an intermediary investment service provider through a liquidity contract in compliance with the charter of ethics of the Financial Markets Authority;
- To purchase shares to be held and later handed over in exchange or as payment in the context of possible external growth operations;
- To allocate to employees or corporate officers of PHARMAGEST INTERACTIVE or the PHARMAGEST Group, in the conditions and according to the terms provided by law, specifically, in the context of a profit-sharing scheme, to be used for stock options, in a company savings scheme, or for free allocation of shares to employees depending on their performance under the conditions of articles L. 225-197-1 and thereafter of the Code of Commerce.

The Board of Directors considers it appropriate to ask you to make a decision on the new program which would replace the one set up by the General Meeting on 22 June 2012 but with effect from 21 June 2013.

The new share buy-back program would have the following aims:

- To boost the market or the liquidity of the share by means of an intermediary investment service provider through a liquidity contract in compliance with the charter of ethics of the Financial Markets Authority;
- To purchase shares to be held and later handed over in exchange or as payment in the context of possible external growth operations;
- To allocate to employees or corporate officers of PHARMAGEST INTERACTIVE or the PHARMAGEST Group, in the conditions and according to the terms provided by law, specifically in the context of a profit-sharing scheme, to be used for stock options, in a company savings scheme, or for free allocation of shares to employees depending on their performance under the conditions of articles L. 225-197-1 and thereafter of the Code of Commerce.

This new program should last 18 months, that is until 20 December 2014.

Stock options

In application of articles L. 225-177 to L. 225-186 of the Code of Commerce, the Combined General Meeting of 24 June 2004 authorized the Board of Directors to produce stock options up to a maximum amount of shares representing 10% of the company capital, that is 303,482 shares.

The Board of Directors, at its meeting of 10 September 2004, using this option, drew up the rules of this stock option plan. These rules were sent to those who were to benefit from them by letter dated 22 November 2004.

Furthermore, it is made clear, under article L. 225-185 of the Code of Commerce, that the Board of Directors, with regard to the directors benefiting from stock options (Chairman of the Board of Directors, Managing Director, Deputy Managing Director):

- did not make any decision on the fact that the options cannot be taken up by directors prior to them stepping down from their positions,
- nor did they set a number of shares from the uptake of options that the directors must keep as registered shares until stepping down from their positions

These conditions were only introduced by law N° 2006-1770 of 30 December 2006.

During the 2012 financial year, 20,500 shares were allocated for the take up of stock options.

Information on these allocations is provided in the Special Report provided under article L. 225-184 of the Code of Commerce. It should be noted that the stock option plan came to an end on 9 September 2012.

Statement of employee holdings

In accordance with the conditions of article L. 225-102 of the Code of Commerce, we inform you that on 31 December 2012, the closing date of the last financial year, no employee from PHARMAGEST INTERACTIVE or from the companies linked to it in the sense of article L. 225-180 of the Code of Commerce, has a holding of more than 3%.

Table of the last five financial years

The table showing the results of PHARMAGEST INTERACTIVE during each of the last five financial years is joined in appendix to this report, in compliance with the provisions of article R. 225-102 of the Code of Commerce.

Other Information

I/ INFORMATION ON SUPPLIERS' PAYMENT TERMS

In accordance with articles L 441-6-1 and D 441-4 of the Code of Commerce, we are showing you hereafter the breakdown of sums owed to our suppliers at the end of the last two financial years:

Financial year 2012

Accounts payable/payment dates - In €k	< 30 d	> 30 d and <60 d	> 60 d	Total (incl. tax)
Debts falling due *	4,331	866		5,197
Overdue debts **	228			228
Total Accounts payable including VAT	**4,559**	**866**		**5,425**
Invoices not yet received				3,173
Total Accounts payable on balance sheet including VAT				**8,599**

Financial year 2011

Accounts payable/payment dates - In €k	< 30 d	> 30 d and <60 d	> 60 d	Total (incl. tax)
Debts falling due *	3,692	660	1	4,353
Overdue debts **	214			214
Total Accounts payable including VAT	**3,906**	**660**	**1**	**4,566**
Invoices not yet received				2,389
Total Accounts payable on balance sheet including VAT				**6,955**

** payment date after year end.*
*** payment date before year end.*

II/ UNDER ARTICLES L. 225-100, L. 225 - 102-1, R.225-104 AND L.820-3 OF THE CODE OF COMMERCE, WE ARE SHOWING YOU HEREAFTER:

A/ COMPANY INFORMATION

Company information regarding the PHARMAGEST Group is provided in detail in the report on Corporate and Environmental Responsibility joined in appendix to this report and includes information on:

- Personnel,
- Organization of work schedule,
- Pay,
- Employment relations and a summary of collective agreements,
- Hygiene and Safety Conditions,
- Training,
- Employment and integration of handicapped workers
- Welfare projects,
- Outsourced sub-contracting.

B/ ENVIRONMENTAL INFORMATION

Environmental information regarding the PHARMAGEST Group is shown in detail in the report on and Environmental Responsibility joined in appendix to this report and includes information on:

- Polluting activities and those involving risk,
- Sustainable development.

C/ USE OF FINANCIAL INSTRUMENTS

The details are included the following paragraph E/ Risk analysis

D/ AUDITORS' FEES

Audit - en Euros	MAZARS				BATT AUDIT			
	Total excl. tax		%		Total excl. tax		%	
	2012	2011	2012	2011	2012	2011	2012	2011
Statutory Auditors - Pharmagest Interactive - Consolidated subsidiaries	38,500 10,500	37,500 10,500	76% 24%	78% 22%	35,500 4,200	34,500	89% 11%	100% 0%
Additional tasks			0%	0 %			0%	0%
Sub total	**49,000**	**48,000**	**100%**	**100%**	**39,700**	**34,500**	**100%**	**100 %**
Other services provided by networks to fully consolidated subsidiaries			0%	0%			0%	0%
Legal, fiscal, social			0%	0%			0%	0%
Information technology			0%	0%			0%	0%
Internal Audit			0%	0%			0%	0%
Others (to be shown if above 10% of audit fees)			0%	0%			0%	0%
Sub total			**0%**	**0%**			**0%**	**0%**
TOTAL	**49,000**	**48,000**	**100%**	**100%**	**39,700**	**34,500**	**100%**	**100%**

E/ RISK ANALYSIS

The PHARMAGEST Group has assessed the risks that could have a significant negative impact on its activity, its financial position or its results (or on its ability to achieve its targets), and considers that there are no significant risks other than those shown below.

1/ Liquidity risk

At 31 December 2012, the PHARMAGEST Group shows available net cash flow of €11M.

In addition to this short term available cash flow, the PHARMAGEST Group has unused bank overdraft facilities of €7.5M but also a balance of securities available for sale of €29M (the penalty for early exit only involves the interest incurred).

Thus, the available net liquidity position of the PHARMAGEST Group is in the order of €47.5M, which means sufficient financial resources are available at any time to finance current activity and the investment necessary for future development but also to deal with any exceptional event.

The various bank covenants are respected at 31 December 2012 and the various payment dates for financial loans are presented under Heading 20.3.1.5.8.

The different sources of finance used by the PHARMAGEST Group are bank overdraft facilities, medium- and long-term loans and the financing of part of the customer entry through leasing companies.

The PHARMAGEST Group has already ensured possible access to credit in case significant investment is required.

In order to optimize management of financial operations, centralized cash flows were set up with the two main banks of the PHARMAGEST Group and the two main companies of the PHARMAGEST Group.

Furthermore, managing the liquidity risk within the PHARMAGEST Group is intended to seek out resources at better prices and ensure they can be obtained at any time.

In this way, analysis by the PHARMAGEST Group of its liquidity risk means it will be in a position to meet its forthcoming payment dates.

Liquidity payment schedule:

In €k	Book value	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Secured bank loans	1,109	94	96	191	590	137
Unsecured bank loans	2,238	1,177	641	356	63	
Overdrafts						
Other financial debts	5	5				
Accounts payable	7,949	7,949				
Other liabilities						
TOTAL	**11,300**	**9,225**	**737**	**547**	**653**	**137**
Derivative financial liabilities						
Interest rate swaps*	7	4	2	0.5		
Exchange rate swaps						
TOTAL	**7**	**4**	**2**	**0.5**	**0**	**0**

** Calculation based on Euribor 3-month rate at 31/12/2012*

2/ Market Risk

a/ Rate Risk

The PHARMAGEST Group's exposure to rate risk regards loans at variable rates (sensitive to increases in rates).

Analysis of the gross financial debt by payment date and by rate type:

In €k	Gross financial debt			
	Fixed rate	Varibale rate Euribor 3-month rate	Variable rate EONIA	Total
Payment date:				
2013	624	1,226	160	2,010
2014	239	308		547
2015	238			238
2016	212			212
2017	203			203
Beyond	137			137
TOTAL	**1,653**	**1,534**	**160**	**3,347**

Variable rate debt represents 51% of overall debt at 31/12/2012.

Analysis of sensitivity risk (upward or downward change in the Euribor 3-month rate and the EONIA based on -0.25%/+0.10%) does not present a significant impact.

b/ Foreign exchange risk

In its business, the PHARMAGEST Group is exposed to very little risk from foreign exchange since the very large majority of its purchases and sales are carried out in Euros.

c/ Risk from securities and other financial instruments

No exposure.

Nevertheless, the PHARMAGEST Group carefully monitors the financial position of the company AXA which manages the capitalization contract (securities available for sale).

3/ Credit/counterparty risk

- Based on a regularly updated analysis of counterparty risk, the debts from our main debtor, the company HEALTHLEASE, are not subject to depreciation (the very large majority of delays are below 6 months). The share of invoicing financed by leasing companies represents 37% of consolidated turnover for 2012 (of which 34% is through HEALTHLEASE).
- Customer debts that were not depreciated at 31/12/2012 have been analyzed individually; a payment was received after the year end for most of them (Heading 20.3.1.5.4.6).

4/ Legal Risks

For its main activity of publishing pharmacy management software, the PHARMAGEST Group is not subject to any particular regulations and does not require specific legal, regulatory or administrative authorizations to carry out this activity. However the software it sells must have SESAM-Vitale approval in order to be able to offer pharmacists solutions that are compatible with the Health and Social Network (delivery of electronic claim forms etc.).

The PHARMAGEST Group is not bound by any particular restrictions of confidentiality where the management software is concerned since it has no knowledge of medical data.

However in its activity of Hosting Health Data of a personal nature, following the award of two approvals decided upon by the Ministry of Social Affairs and Health in 2012, PHARMAGEST INTERACTIVE has set up an organization and procedures intended to ensure safe processing, protection and confidentiality of information in order to guarantee the integrity of data of a personal nature, and the availability and continuity of services. Furthermore, the department in charge of Hosting Health Data has held a Version 3 ITIL, (Information Technology Infrastructure Library) certificate since the end of 2010. It concerns a set of publications, listing best practice for information system management aiming to reduce risks, among other things.

The PHARMAGEST Group does not have any concession contracts, marketing or distribution licenses that would put it at risk in legal terms.
PHARMAGEST INTERACTIVE has all the assets required to operate and is not subject to any particular fiscal conditions.

There are no other governmental, legal or arbitration proceeding, including any proceedings that the company is aware of, which are pending or threatened and likely to have or have had significant effects on the financial position or profitability of the company and/or the PHARMAGEST Group during the last 12 months.

5/ Indirect risks linked to government decisions

The different activities of the PHARMAGEST Group, and more specifically, the Pharmacy business could be subject to the impact of government decisions directly affecting the Group's customers.
In fact, the Pharmacy France activity represents over 80% of the total turnover of the PHARMAGEST Group. And so a government decision regarding, for example, removal of medicines from the list of those that are refunded and having an effect on the level of income of pharmacists, could have an impact on their level of investment and as a result, the income of the PHARMAGEST Group. However, to date, it has been proven that the Group's strong ability to anticipate and continuously research innovative solutions, enabling the pharmacist to deal with a constantly changing world of health, has had a positive impact on the Group.

6/ Industrial risks and those linked to the environment

Since the PHARMAGEST Group's activity is not industrial, it is not exposed to any industrial or environmental risks.
As such, it does not store dangerous or inflammable products and is not subject to specific restrictions with regard to the environment.

The safety of installations is ensured by alarms and CCTV being put in place at the registered office and the various regional sites.

7/ Technological risks

Technological risks face the PHARMAGEST Group at different levels:

a/ Intellectual property:

- The PHARMAGEST Group owns the patent for the LGPI software in France. The subsidiaries of the Group, DIATELIC, INTECUM and the DOMEDIC GROUP Inc., own the patents of the developed systems;
- All the brands and domain names used by the PHARMAGEST Group and its subsidiaries are filed in France and some of them are also filed at European level;
- The PHARMAGEST Group automatically carries out filing of copyright for sources of software and their new versions with the Programs Protection Agency.

It is therefore exposed to a risk of breach of industrial property because it cannot guarantee that none of its competitors is using its innovations without prior authorization on its behalf. In this case, the PHARMAGEST Group will have to take legal action to have its patents, brands and software respected, thereby incurring significant costs.

b/ Safety of information systems and networks:

- The PHARMAGEST Group has set up three completely separate architectures: one for its internal needs, one for customer products and for customers of the personal data hosting services. Each architecture has safety devices and tested firewall systems. The services are hosted on two sites in separate locations and on servers that currently have partial spare capacity.
- A business continuation plan, a back-up and archive plan and a disaster recovery plan will be implemented in 2013 for 20 departments considered to be critical. A review of the efficiency of the plans will be carried out in 2013.

8/ Insurance - risk cover

All risks are covered and no significant excess exists.
The PHARMAGEST Group is fully included in the insurance policies taken out by the WELCOOP GROUP, the details of which are as follows:

Property Damage		
Insurer	AXA and GROUPAMA	
	Amount of insurance cover	Excess
Overall limitation of Liability	€40,000,000	
including buildings and rental risks	*54,301m2*	*€0 to €2,115*
Full replacement value		
including equipment and goods	*€10,575,080*	*€0 to €2,115*
Goods in transit to third parties	€1,000,000	€0 to €2,115
Electrical damage	€105,750	€2,115
Loss of products in refrigerators	€158,625	€2,115
Broken glass	€31,750	€0
Theft	€ 105,750	€2,115
Fully comprehensive	€1,586,250	€10,575
Costs and losses	€6,345,050	
Claims from neighbors and third parties	€2,115,016	
Operating losses	€5,000,000	0 to 3 days
Disaster recovery costs	€3,000,000	
Collapse of shelving	€150,000	€1,500
All IT risks		€255
Goods included in total risk	€30,000,000	

Car fleet		
Insurer	Groupama	
	Amount of insurance cover	Excess
Civil liability car - personal injury	Unlimited	None
Civil liability car - material damage	€100,000,000	None
including consequential non-material damage	*€1,530,000*	*None*
as a result of gross negligence	*€1,500,000*	*None*
Fire	Expert Valuation	€529
Theft	Expert Valuation	€529
Natural Disasters	Expert Valuation	legal
Full accidental damage cover	Expert Valuation	€529
Assistance	See ("Amounts of Insurance Cover and Excess Table") Assistance	0 km
Driver protection	ACC 1	
Contents	€1,325	None

Civil Liability		
Insurer	AXA	
	Amount of insurance cover	Excess
Responsabilité Civile Exploitation		
Combined single limit	€10,200,000	
including consequent material and non-material damage	*€ 2,500,000*	*10% min 200 max €1,200*
including non-consequent non-material damage	*€500,000*	*10% min 2,500 max €10,000*
Gross negligence	€1,000,000	10% min 200 max €1,000
Assets under company's management	€700,000	10% min 1,000 max €6,000
Accidental damage to the environment	€750,000	€1,820
Responsabilité Civile après livraison		
Combined single limit	€8,954,000	
Non-consequential non-material damage	€1,000,000	€9,000
Recall costs	€380,000	€9,000
Remedy	€20,000	€380

Civil Liability for Data Hosting		
Insurer	AXA	
	Amount of insurance cover	Excess
Civil Liability for Data Hosting		
Combined single limit	€7,500,000	
Including physical injury	*€7,500,000*	*None*
Material and non-material damages	€1,500,000	10% min €3,000 max €15,000
Gross negligence	€2,000,000	€380
Accidental damage to the environment	€750,000	€1,500
Non-consequent non-material damage	€500,000	10% min €3,000 max €15,000
Including damages resulting from infringement of intellectual property rights	*€200,000*	*10% min €3,000 max €15,000*
Assets under company's management	€20,000	€500
Document recovery	€30,000	€1,000
Damage resulting from software attack	€500,000	10% min €5,000 max €15,000
Including document recovery costs	*€50,000*	*€800*
Staff replacement costs	€50,000	None
Including related additional salary costs	*€25,000*	*None*
Defense	Included in insurance cover invoked	According to excess of insurance covered invoked
Remedy	€20,000	Intervention threshold €380

Directors' Liability		
Insurer	AIG Europe	
	Amount of insurance cover	Excesses
Insurance cover limit	€10,000,000	-
Directors' Civil Liability	-	-
Civil and criminal defense costs	-	-
External mandates in shareholdings	-	-
Claims connected to company reports	-	-

The PHARMAGEST Group considers that the insurance policies described above provide reasonable cover for all major risks inherent to its business and that its insurance strategy is in keeping with common practice in its area of activity.

F/ DIRECTORS' MANDATES AND PAYMENT

We are reporting the following to you:

- **The list of mandates and positions held by the directors during the 2012 financial year**
(Para 3 of article L. 225-102-1)
(See table in appendix)

- **Payments made to directors by PHARMAGEST INTERACTIVE**
(Para 1 of article L. 225-102-1)

Directors	Positions	Gross pay 2012	Gross pay 2011
Mr. Thierry CHAPUSOT	Chairman of the Board of Directors	** - As payment for his role as corporate officer: €24,000	** As payment for his role as corporate officer: €24,000
Mr. Dominique PAUTRAT	Managing Director and Board Member (with an employment contract)	* ** - As payment for his role as corporate officer: €24,000 - From employment contract: *Fixed: €135,000* *Variable: €60,261* - Benefits in kind (vehicle): €4,139	* ** As payment for his role as corporate officer €24,000 - From employment contract: Fixed: €135,000 Variable: €37,800 - Benefits in kind (vehicle): €4,045
Mr. Thierry PONNELLE	Deputy Managing Director and Board Member (with an employment contract)	* ** - As payment for his role as corporate officer: €12,000 - From employment contract: *Fixed: €89,652* *Variable: €23,465* - Benefits in kind (vehicle): €0	* ** - As payment for his role as corporate officer €12.000 - From employment contract: Fixed: €89,652 Variable: €20,250 - Benefits in kind (vehicle): €2,971
Mr. Denis SUPPLISSON	Deputy Managing Director - non-Board Member (with employment contract)	* ** - As payment for his role as corporate officer: €2,400 - From employment contract: *Fixed: €105,600* *Variable: €40,365* - Benefits in kind (vehicle): €3,961	* ** - As payment for his role as corporate officer: €2,400 - From employment contract: Fixed: €105,600 Variable: €27,500 - Benefit in kind (vehicle): €2,873
Mr.Hugues MOREAUX	Acting Board Member "WELCOOP Group"	None	None
Mr. Daniel ANTOINE	Board Member	Board Members' Fees: €600 Member of the Audit Committee: €4,000	Board Members' Fees: €750 Member of the Audit Committee: €4,000
Mr. Miche DUSSERRE	Independent Board Member	Board Members' Fees: €450 Member of the Audit Committee: €14,000	Board Members' Fees: €600 Member of the Audit Committee €14,000
Mr.François JACQUEL	Board Member	Board Members' Fees: €1,000 Member of the Audit Committee: €4,000	Board Members' Fees: €750 Member of the Audit Committee: €4,000
Mr. William LE BELLEGO	Board member until 31/12/12	** None	** None
Ms. Anne LHOTE	Board Member from 16/06/11	None	None
Ms. Sophie MAYEUX	Independent Board Member since 22/06/12	Board Members' Fees: €450	None
Mr. Philippe VIVIER	Independent Board Member until 22 June 2012	Board Members' Fees: €150 Member of the Audit Committee: €2,000	Board Members' Fees: €600 Member of the Audit Committee €4,000

** Mr. Dominique PAUTRAT, Mr. Thierry PONNELLE and Mr. Denis SUPPLISSON benefit from an "article 83" contract under which PHARMAGEST INTERACTIVE pays fees set at 8% of total gross pay. PHARMAGEST INTERACTIVE bears the cost and pays all fees owed in this way to the company "GAN".*

*** Mr. Thierry CHAPUSOT, Mr. William LE BELLEGO, Mr. Dominique PAUTRAT, Mr. Thierry PONNELLE and Mr. Denis SUPPLISSON have benefited from stock options, each taking up a total of 1,000 shares since 10 September 2004. The date of expiry of this plan was 9 September 2012. These persons have taken up a stock option offer for the financial year 2012 for all the shares.*

PHARMAGEST INTERACTIVE considers that maintaining the employment contracts of Mr. Dominique PAUTRAT, Mr. Thierry PONNELLE and Mr. Denis SUPPLISSON is justified due to their length of service to the company, their employment benefit aimed at keeping them in their roles within the company and the low level of pay for their role as corporate officers in view of the actual risks incurred.

• Payments made to directors in WELCOOP PHARMA, parent company of PHARMAGEST INTERACTIVE

Directors	Positions held in WELCOOP PHARMA	Gross payments 2012	Gross payments 2011
Mr. Thierry CHAPUSOT	Chairman of Board of Directors	None	None
Mr. William LE BELLEGO	Member of Board of Directors until 31/12/12	None	None
Ms. Anne LHOTE	Member of the Board of Directors	None	None
Mr. Hugues MOREAUX	Representing the WELCOOP Group, Member of the Supervisory Board until 31/12/2010 then Chairman of the Supervisory Board from 01/01/2011	None	None
Mr. Daniel ANTOINE	Representing the WELCOOP Group, Member of the Supervisory Board from 01/01/2011	None	Board Members’ Fees: €146
Mr. Philippe VIVIER	Member of Supervisory Board	Board Members’ Fees: €148	Board Members’ Fees: €294

• Payments made to directors in WELCOOP GROUP, parent company of WELCOOP PHARMA

Directors	Positions held in WELCOOP GROUP	Gross payments 2012	Gross payments 2011
Mr. Thierry CHAPUSOT	Chairman of the Board of Directors (with an employment contract)	* - Corporate officer: €54,000 - and employment contract: *Fixed: €227,000* *Variable: €18,508*	* - Corporate officer: €54,000 - and employment contract: *Fixed: €227,000* *Variable: €25,000*
Mr. William LE BELLEGO	Member of the Board of Directors (with an employment contract) until 31/12/12	* - Corporate officer €24,000 - and from employment contract: *Fixed: €135,000* *Variable: €14,899* - Benefit in kind (vehicle): €3,534	* - Corporate officer: €24,000 - and from employment contract: *Fixed: €135,000* *Variable: €13,500* - Benefit in kind (vehicle) €3,534
Ms. Anne LHOTE	Member of the Board of Directors (with an employment contract)	* - Corporate officer €24,000 - and from employment contract: *Fixed: €135,000* *Variable: €14,899* - Benefit in kind (vehicle): €2,124	* - Corporate officer: €24,000 - and from employment contract: *Fixed: €135,000* *Variable: €13,500* - Benefit in kind (vehicle): €2,052
Mr. Hugues MOREAUX	Chairman of the Supervisory Board from 01/01/11	Corporate officer: €106,344	Corporate officer: €106,344
Mr. Daniel ANTOINE	Vice Chairman of the Supervisory Board from 01/01/11	Board Members' Fees: €888	Board Members' Fees: €734
Mr. François JACQUEL	Member of Supervisory Board	Board Members' Fees: €1,722	Board Members' Fees: €732

** Mr. Thierry CHAPUSOT (since 2010) and Ms. Anne LHOTE benefit from an "article 83" contract with the WELCOOP GROUP which bears the full cost and pays fees set at 8% of their total gross pay to the company AXA. Mr. William LE BELLEGO benefited from this same advantage until 31/12/2012.*

Profit allocation

The profit allocation for the financial year, offered by your Board of Directors, complies with the law and also our statutory conditions.

We propose to you that the profits for the financial year which stand at €12,949,921.89 are allocated as follows:

Profit for the financial year Brought forward again	€12,949,921.89 €13,168,711.83
Available to shareholders	**€26,118,633.72**
Dividends of €2.10 per share The balance, that is: is allocated to the account "to be brought forward"	**€6,373,132.50** €19,745,501.22

Equity capital therefore stands at €42,807,308.

The above dividends entitle individuals to the allowance of 40% on their full amount. It is made clear that under current law, dividends paid to individuals, with their tax address in France, will have the following deduction(s) made by the company at source:

- The compulsory social security deduction: the current rate of deduction is 15.50%
- The compulsory non-definitive deduction of 21% (article 117, new quater of the General Tax Code). To calculate this deduction, the income is taken at its gross value. However, individuals belonging to a tax household where the reference tax income of the year before last, as defined in 1 of IV of article 1417 is below €50,000 for single, divorced or widowed taxpayers and below €75,000 for taxpayers subject to joint taxation, can ask to have this deduction waived under the conditions provided by article 242c. This deduction is allocated to income tax due for the year during which the deduction takes place. If it exceeds the tax due, then the difference is refunded.

The dividend will be available for payment with effect from 2 September 2013 at the BNP PARIBAS Bank responsible for managing the securities.

In accordance with the conditions of article 243 bis of the General Tax Code, we inform you of distributions that have taken place during the last three financial years.

Financial years	Dividend per share	Dividend eligible for 40% allowance (paid to individuals)	Dividend not eligible for 40% allowance (paid to legal entities)
31/12/2009	1.40 €	1.40 €	1.40 €
31/12/2010	1.50 €	1.50 €	1.50 €
31/12/2011	1.80 €	1.80 €	1.80 €

Mandates of members of the Board of Directors and the Auditors

Board Members

It is noted that no Board Member mandate has reached its expiry date.

However we remind you of the appointment to the role of Board Member, with effect from 1 January 2013, of Mr. Denis SUPLISSON by the Board of Directors at its meeting of 14 December 2012, replacing Mr. William LE BELLEGO, who resigned.

In accordance with legal and statutory provisions, we ask you to kindly ratify this decision.

The Auditors

No Auditors mandate has reached its expiry date at the end of this Meeting.

Regulated Agreements

We inform you that during the financial year an agreement covered by article L 225-38 of the Code of Commerce was authorized by the Board of Directors who met on 14 December 2012: the company DIATELIC, a subsidiary of our Company, decided to transfer its activity to the premises of PHARMAGEST INTERACTIVE with effect from 6 November 2012.
In order to avoid delaying the subsidiary's recovery, which still has to pay the equivalent of one year's rent to the former owner, it was decided that the company DIATELIC should be accommodated free of charge for one year, that is until 31 October 2013; with effect from 1 November 2013, the rent will be €110 excl. tax per m2 per year plus service charges. It is made clear that the service charges are however invoiced from 6 November 2012 for a current area of 83m2, which is likely to change.
As Mr. Dominique PAUTRAT and Mr. Thierry CHAPUSOT are also Members of the DIATELIC Board of Directors, this transaction constitutes a regulated agreement.

The details of these transactions are provided for you in the Auditors' Special Report.

Observations from the Works Council

The representatives of the Works Council have not made any observations.

Board Members' Fees

We would also ask you to decide upon the setting of Fees for the Board Members which we suggest you set at €30,000 for the year 2013.

We are now going to present you with the second part of this report, that is the report on information regarding Corporate and Environmental Responsibility drawn up under articles L 225-102-1 and R 225-105 and thereafter.
Then we will present you with:

- The special report from the Chairman on the organization and running of the Board of Directors and on internal procedures provided under L. 225-37 of the Code of Commerce;
- The special report from the Board of Directors on stock option plans.

After studying the Auditors' reports (report on annual accounts, special report on the Chairman's report, special report on regulated agreements and the report on the consolidated accounts) drawn up by the company "BATT AUDIT" and the company "MAZARS", we will answer any questions you may wish to ask us.

At the end of this discussion, the text of the resolutions will be read out and we would encourage you to approve them and all their provisions.

The Board of Directors

Table of profits for last 5 financial years	31/12/2012	31/12/2011 (1)	31/12/2010	31/12/2009	31/12/2008
Share capital	3.034.825	3.034.825	3.034.825	3.034.825	3.034.825
Number of ordinary shares	3.034.825	3.034.825	3.034.825	3.034.825	3.034.825
Number of preference shares					
Max. no. of future shares to be created					
- Through Bond Conversion					
- Through exercising subscription rights					
Turnover excl. tax	**94,818,067**	**85,117,542**	**55,984,726**	**49,329,970**	**43 653 672**
Pre-tax profit, profit-share, allowance	21,169,713	17,234,563	13,241,071	12,255,943	11,445,414
Tax on profit	6,417,341	5,280,298	4,177,685	3,571,623	3,150,240
Employee profit share	1,840,381	1,973,487	1,024,286	924,712	984,533
Profit after tax, profit share and allowances	12,949,922	8,365,303	7,921,392	7,338,554	6,573,793
Distributed profit (2)	6,372,132	5,462,685	4,552,238	4,248,755	4,097,014
Earnings per share after tax and before allowances	4.25	3.29	2.65	2.56	2.41
Earnings per share after tax and allowances	4.27	2.76	2.61	2.42	2.17
Dividend allocated to each share (2)	2.10	1.80	1.50	1.40	1.35
Average number of paid staff for the financial year	601	582	342	332	326
Total payroll costs	20,567,362	17,593,369	12,335,363	11,756,773	10,950,122
Social security contributions and company benefits	11,525,166	11,143,086	5,866,371	5,497,746	5,135,522

(1) Variations in scope following Complete Transfer of Assets and Liabilities of CIP to PHARMAGEST INTERACTIVE with effect from 1 July 2011.
(2) Proposal relating to financial year ending 31/12/2012 submitted at General Meeting of 21 June 2013.

Companies	Thierry CHAPUSOT	Dominique PAUTRAT	Thierry PONNELLE	Denis SUPPLISSON	Daniel ANTOINE
*** PHARMAGEST INTERACTIVE (SA) listed company**	Chairman of Board of Directors	Managing Director with employment contract	Deputy Managing Director Board member with employment contract	Deputy Managing Director Non-Board member with employment contract	Board member
*** GROUPE WELCOOP (SA)**	Chairman of Board of Directors with employment contract				Vice-chairman of Supervisory Board
*** WELCOOP PHARMA (SA)**	Chairman of Board of Directors				Representing WELCOOP GROUP, Member of Supervisory Board
*** EUROPEAN HEALTH LOGISTIC SOURCING - EHLS (SAS)**		Representing the Chairman of PHARMAGEST INTERACTIVE			
*** A.D.I. APPLICATIONS ET DEVELOPPEMENTS INFORMATIQUES (SA)**		Representing the Board member CP INTERACTIVE	Representing the Board member PHARMAGEST INTERACTIVE		
*** DIATELIC (SA)**	Board member	Board member until 30/01/2012			
*** DOMEDIC EUROPE (SA)**	Chairman of Board of Directors until 23/05/2012 then Board member	Managing Director Board member until 23/05/2012 then Chairman of Board of Directors		Board member	
*** WELMO (SARL)**	Manager				
*** DC INFORMATIQUE (SARL)**		Manager			
*** CP INTERACTIVE (SARL)**		Manager			
*** SABCO (SA)** (LUXEMBOURG)		Chairman, Board member		Board member from 11/06/2012	
*** HDM** (MAURITIUS)		Director			
*** SABCO SERVICES (SPRL)** (BELGIUM)		Manager			
*** INVESTIPHARM FRANCE (SA)**					Board member
*** QUALITY FLUX (SA)** (BELGIUM)		Board member			
*** DOMEDIC GROUP INC** (CANADA)	Board member	Board member			
*** UK PHARMA** (GREAT BRITAIN)					

Hugues MOREAUX	Philippe VIVIER	William LE BELLEGO	Michel DUSSERRE	Francois JACQUEL	Anne LHOTE	Sophie MAYEUX
Representing the Board member WELCOOP GROUP	Board member until 22/06/2012	Board member until 31/12/2012	Board member	Board member	Board member	Board member since 22/06/2012
Chairman of Supervisory Board		Member of Board of Directors with employment contract until 31/12/2012		Member of Supervisory Board	Member of Board of Directors with employment contract	
Chairman of Supervisory Board	Member of Supervisory Board	Member of Board of Directors until 31/12/2012			Member of Board of Directors	
		Board member until 23/05/2012				
		Board member until 11/06/2012				
		Director until 12/04/2012				
Representing the Board member WELCOOP GROUP					Chairman of Board of Directors	
					Board member	

Sociétés	Thierry CHAPUSOT	Dominique PAUTRAT	Thierry PONNELLE	Denis SUPPLISSON	Daniel ANTOINE
* **ESPAFARMED** (SPAIN)					
* **ITAPHARM** (ITALY)					
* **INVESTIPHARM BELGIUM** (BELGIQUE)					
* **ALPHA FINANCE REPARTITION** (BELGIUM)					
* **BELGIUM INVESTMENT DISTRIBUTION** (BELGIUM)					
* **STALLION MANAGEMENT** (LUXEMBOURG)					
* **SEMES (SA)**	Representing the Board member WELCOOP GROUP				
* **D. MEDICA (SA)**	Board member				
* **DMS (SARL)**					
* **AMS PARAPHARM 37 (SARL)**					
* **OBJECTIF PHARMA (SA)**	Chairman of Board of Directors				Member of Supervisory Board
SC DE L'HERMITAGE SAINT JOSEPH	Manager				
* **SCI HUROBREGA**		Manager			
SCI JADD					Manager
SNC MOREAUX DUCASSOU					
* **SCI CERP IMMO 2**	Manager - representing WELCOOP GROUP				
SCI MESSIRE JACQUES		Manager			
SCI DU FRONTON					
SCI LEBMER					
SARL DUVAL DE VITRIMONT	Manager				
SELARL FRANCOIS JACQUEL					
SA PHARMA 10					
SCI CRAPAUDINE					

** Company that is part of the WELCOOP GROUP*

Hugues MOREAUX	Philippe VIVIER	William LE BELLEGO	Michel DUSSERRE	Francois JACQUEL	Anne LHOTE	Sophie MAYEUX
					Board member	
					Board member	
					Chief Executive Officer	
					Chief Executive Officer	
					Representing the board member STALLION MANAGEMENT	
					Board member	
Board member		Chairman of Board of Directors until 31/12/2012				
Representing the Board member WELCOOP GROUP		Chairman of Board of Directors and Managing Director until 31/12/2012			Board member	
		Manager until 31/12/2012				
		Manager until 31/12/2012				
Vice-chairman of Supervisory Board					Member of Board of Directors	
Manager						
Manager						
		Manager				
				Manager		
				Member of Supervisory Board		
				Co-manager		

24.2 Report on Corporate and Environmental Responsibility

PHARMAGEST INTERACTIVE
FRENCH SOCIETE ANONYME (PUBLIC LIMITED COMPANY) WITH SHARE CAPTIAL OF 3,034 825 EUROS
REGISTERED OFFICE: TECHNOPOLE DE NANCY BRABOIS
05 ALLEE DE SAINT CLOUD 54600 VILLERS LES NANCY
REGISTRATION NUMBER 403 561 137 NANCY TRADE AND BUSINESS REGISTER

REPORT ON CORPORATE AND ENVIRONMENTAL RESPONSIBILITY
AT THE ANNUAL ORDINARY GENERAL MEETING
OF 21 JUNE 2013

In accordance with the conditions of **Law No 2012-387 of 22 March 2012 relating to the simplification of the law and the reduction in administrative measures (so-called Warsmann Law)** and its decree of application of 24 April 2012, we are offering you the PHARMAGEST Group's report on corporate and environmental responsibility.

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

- Creation of innovative solutions enabling:
  - ts 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.
- 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 impact of the PHARMAGEST Group's activities on the environment.

Integrating sustainable development into the PHARMAGEST Group's activities must mean its durability is established, innovation is encouraged and as a result its strategy can be fulfilled.

In the first instance this report will deal with the social aspects and subsequently with the environmental ones before tackling corporate commitments to support sustainable development.

Information contained in this Corporate and Environmental Responsibility Report of the PHARMAGEST Group has been developed on the basis of contributions from the Group's internal network, whether it covers elements related to the financial year 2012 or those of previous years. It has all been carried out under the coordination of the General Management. The list of indicators was defined on the basis of French decree No. 2012-557 of 24 April 2012 relating to companies' obligations of transparency where social and environmental matters are concerned, and more specifically article R. 225-105-1 of the Code of Commerce.

1 - Social information

1.1 Employment

a/ The total number of staff and the break down of staff numbers, by age, gender and by geographical area

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

These staff numbers are divided into four categories:

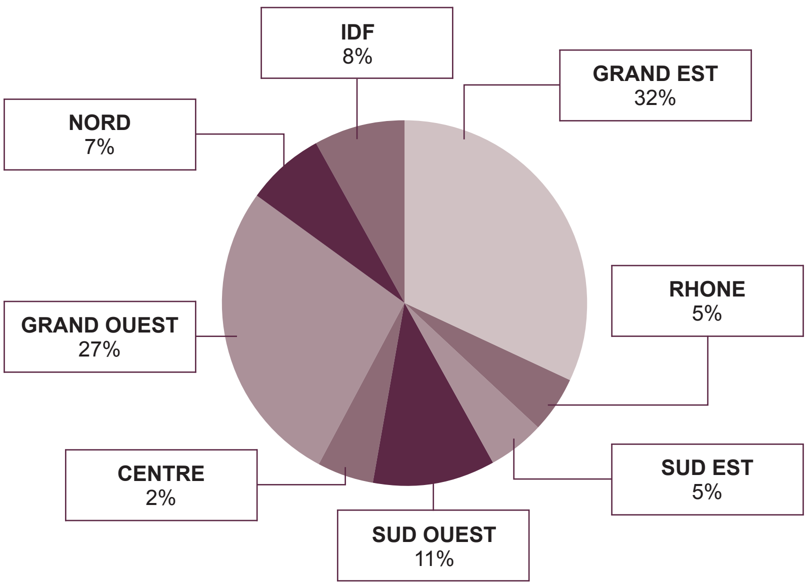
- Employees;
- Technicians;
- Supervisors / Senior Technicians (S/ST);
- Executives;

and by gender as detailed below:

Total number of staff in the PHARMAGEST Group at 31/12/2012				
Contract	Category	Men	Women	Total
FIXED TERM CONTRACT		**18**	**13**	**31**
	EMPLOYEES TECHNICIANS S/ST EXECUTIVE	2 16 0 0	9 4 0 0	11 20 0 0
OPEN-ENDED CONTRACT		**522**	**214**	**736**
	EMPLOYEES TECHNICIANS S/ST EXECUTIVE	35 264 46 177	80 72 16 46	115 336 62 223
Total		**540**	**227**	**767**

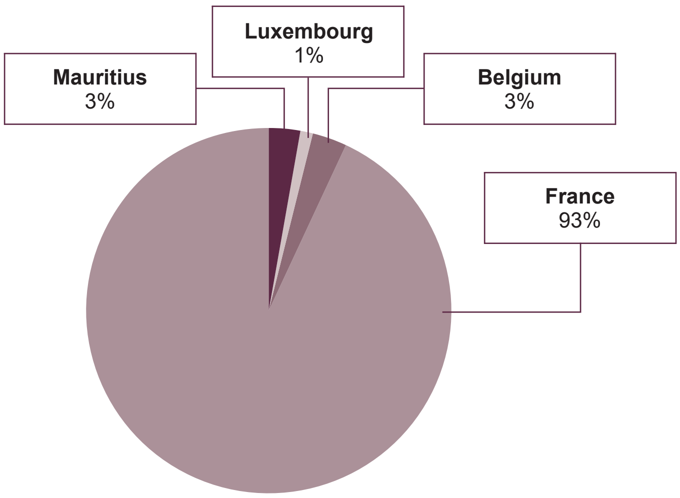
At 31 December 2012, the PHARMAGEST Group staff was made up of 227 women, that is 30% of the total number of staff.

The staff in France are geographically distributed as follows:



The high concentration of staff in two regions is explained by:

- The location of the Registered office of PHARMAGEST INTERACTIVE in the Grand-Est region;
- The site of the former Registered office of the subsidiary CIP, taken over in June 2011 in the Grand-Ouest region, accommodating the administration departments, part of the IT development services and a large part of customer services.

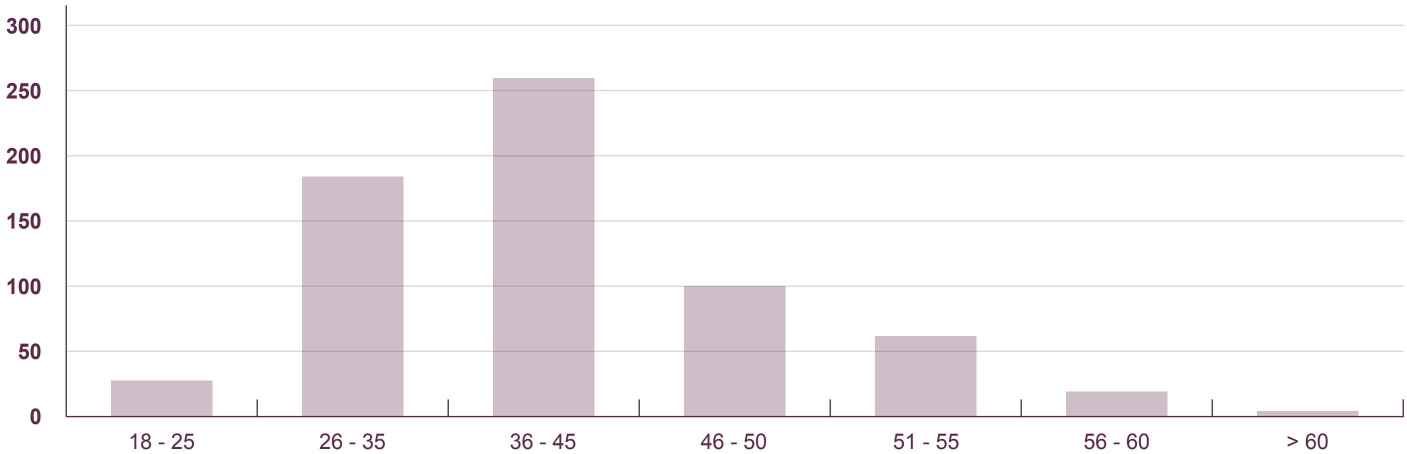


By their nature, the activities of the PHARMAGEST Group require highly trained staff with in-depth knowledge of the profession, as well as of the professional and legal environment of their customers. These criteria explain the small number of short-term contracts (736 open-ended contracts and only 31 fixed term contracts).
Furthermore, 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 employed 50 part-time staff.

At the time of this report, the age pyramid covers the data from the "PHARMAGEST" ESU (Economic and Social Unit). This ESU is made up of the companies PHARMAGEST INTERACTIVE, EHLS and CPI and represents 647 out of a total of 767 paid staff for the Group.

Pyramid of ages 2012 (ESU)



In 2012, the average age for the ESU was 40 years, the average length of service is 10 years.
For comparison in 2011, the average age for the ESU was 39.5 years, the average length of service was 9.5 years.

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, inclusion of workers who are handicapped or the origin (ethnic, national, cultural, religious etc.).

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.

At the level of:

- The "PHARMAGEST" ESU 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: 28 Belgians, 1 Irish, 3 French, 2 Portuguese;
- HDM, the 22 staff are of Mauritian nationality;
- DIATELIC has listed a Lebanese national.

The staff are subject to the following collective agreements:

- The National Collective Agreement applicable to Staff of Technical Consultancies, Engineering Consultancy Practices and Consultancy Companies (SYNTEC) for the Pharmagest ESU (PHARMAGEST, CPI AND EHLS) AND DIATELIC;
- The Joint Commission 218 for SABCO SERVICES in Belgium.

b) Hiring and redundancies

During the financial year 2012, the PHARMAGEST Group took on 87 staff. 59 staff left the Group including:

- 7 contract terminations, (5 at PHARMAGEST INTERACTIVE, 1 at DIATELIC and 1 at MALTA INFORMATIQUE)
- 6 redundancies (4 at PHARMAGEST INTERACTIVE, 1 at SABCO and 1 at SABCO SERVICES).

None of these redundancies was due to economic reasons.
Furthermore, there were no industrial disputes initiated during the financial year 2012.

The rate of turnover by age group for the ESU and excluding fixed term contracts and those retiring:

Year	Distribution by age		Turnover	
	2011	2012	2011	2012
Including < 20 years	0%	0%	0.00%	0.00%
including between 20 and 29 years	31%	20%	12.82%	7.81%
including between 30 and 39 years	44%	44%	6.17%	4.91%
including between 40 and 49 years	19%	20%	2.67%	2.13%
including between 50 and 55 years	6%	12%	3.17%	3.95%
including between 55 and 59 years	0%	4%	0.00%	5.26%
> 59 years	0%	0%	0.00%	0.00%
Total turnover ESU	**100%**	**100%**	**5.17%**	**4.01%**

c) Pay and changes in pay

Within the PHARMAGEST Group, only "PHARMAGEST" ESU is subject to a Compulsory Annual Negotiation.
The general annual increase for this ESU was:

- 2.1% at 1 February 2012;
- 0.25% at 1 October 2012;
- Increase in face value of restaurant vouchers from €5.7 to €6. (+5.2%).

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 DADS).

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

		2010-2011	2011-2012
Executives	Men Women	2.81% 1.05%	5.60% 1.54%
Non-executives	Men Women	3.27% 2.52%	1.91% 6.73%
Overall average		**2.32%**	**3.89%**

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

These salary changes 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.

1.2 Organization of work

a) Organization of the work schedule

For the "PHARMAGEST" ESU, a 35-hour agreement was signed in 2000 and applied on 1 January 2001:

- Non-executive staff work on the basis of a 35-hour week, and recover the time if they exceed this schedule;
- Executive staff work on the basis of 216 days per year and have days off in lieu.

Other companies within the Group are governed by national law for foreign subsidiaries or by company agreements.

- DIATELIC: 35 hours (weekly);
- SABCO (Luxembourg): 40 hours;
- SABCO SERVICES Belgium: 39 hours;
- ADI: 35 hours;
- HDM (Mauritius): 38.2 hours;
- MALTA INFORMATIQUE: 39 hours.

b) Absenteeism

The rate of absenteeism observed at the PHARMAGEST Group was 4.74% and is calculated by dividing the number of hours of absence by the number of theoretical hours worked. Reasons for absence are mainly illness, maternity and occupational accidents.

1.3 Industrial relations

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.

a) Organization of 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 - see point C below) 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:

	PHARMAGEST	CP INTERACTIVE	EHLS	ESU Total	HDM	Group Total
Staff Committee budget	141,995 €	3,575 €	4,722 €	**150,292 €**	3,000 €	**153,292 €**

b) Earlier agreements that are ongoing

Several company agreements are in force within the PHARMAGEST Group:

• Within the ESU:
- A 35-hour agreement;
- An agreement on organization of work schedules;
- A profit-share agreement;
- A shareholding agreement;
- A GPEC agreement (Forward Management of Employment and Skills);
- An agreement regarding "older" employees;
- An on-call agreement.

• Within other subsidiaries:
- A profit-sharing agreement at MALTA.

c) The summary of collective agreements of 2012 for the "PHARMAGEST" ESU

• An agreement on time off for family events dated 30 January 2012;
• A Compulsory Annual Negotiation agreement dated 30 March 2012 regarding salaries and insurance;
• An additional profit-sharing agreement for a total of €300 per employee was signed on 26 April 2012;
• An agreement for provision of Health Insurance costs on 30 November 2012;
• An amendment to prolong the agreement for older employees on 31 December 2012;

1.4 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.

a) Health and safety conditions at work

At ESU level, a Hygiene, Safety and Working Conditions Committee meets every three months. It is made up of 6 elected members. In 2012, one of the members resigned from his role in order to spend more time with his family.
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.

b) The summary of agreements signed with staff representatives

During the financial year 2012, no agreement on health and safety was signed.

c) Occupational accidents

At the level of the "PHARMAGEST" ESU, 1 occupational illness (joint trouble) and 8 occupational accidents were declared for the year 2012.

1.5 Training policy

Since its 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.

a) Policies implemented

The "PHARMAGEST" UES puts forward a training plan every year. For the year 2012, the main focal points covered:

- Management;
- Project management;
- Sales strategy;
- Improved use of IT development tools;
- Health and safety at work.

b) Annual summary of training

For the financial year 2012, the "PHARMAGEST" ESU owed the following payments:

- In the context of **continuous professional training (0.90% of the payroll)** a total of €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;
- 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.

External training is aimed at developing staff skills in management, sales techniques and IT development; internal training is aimed at learning about the profession and the products and services provided to customers.

In addition to these amounts, there is also external training not covered by a Joint Committee for Collective Training (OPCA) valued at €17,296. This training aimed specifically at staff safety (for example, training in first aid).

Staff from foreign subsidiaries not subject to compulsory payments for professional training benefit in part from training provided through the ESU. For example, the sales force from the Luxembourg subsidiary SABCO took part in external training on improving sales strategy, executives from the Mauritian subsidiary HDM benefited from management training provided to all executives in the development department in France.

In addition, the other French subsidiaries of the PHARMAGEST Group fulfill their legal obligations where training is concerned.

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.

1.6 Equal treatment

a) The measures taken to support equality between men and women

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.

Changes in relationship of average salary M/F by executive-non-executive category (ESU)*

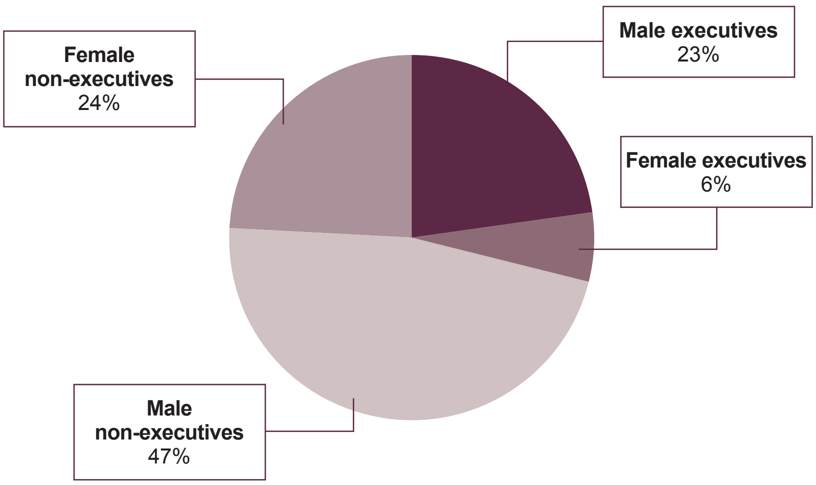
	2010	2011	2012
Female executives	89%	87%	84%
Female non-executives	92%	92%	96%

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

These observations are in keeping with the change in average salary which differs according to the status of executive and non-executive (See table in point 1.1.C for comparison). In 2012, the increase in average salaries is greater for non-executive women (+6.73% for women compared to +1.91% for men), whilst there is a smaller increase for female executives compared to their male colleagues (+1.54% for women compared to +5.60% for men).

The gap for executive staff is explained by a demography and a work force that favors male executives, in particular within the Management Committees and in sales positions. Female executive staff mainly work in positions in R&D with or without team management, including lower elements of variable pay and less affected by performance and economic results.

It should be noted that 29% of PHARMAGEST Group employees have the status of executive, with 6% women and 23% men.



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.

b) Measures taken in favor of employment and inclusion of the disabled.

During the 2012 financial year, the PHARMAGEST Group employed 15 disabled workers and took a series of measures in favor of employing and including disabled people.

- Developing partnerships with the Agefiph (Association for managing funds for professional inclusion of disabled people) and Occupational Health to give more consideration to the fittings required for work stations for disabled staff, for example the Human Resources Department, along with the Hygiene and Safety at Work Committee, set a standard for furniture and a type of chair suited to the problems of the employees concerned;
- Regular participation in trade fairs and forums for employment and inclusion of disabled workers;
- Sub-contracting management of network and telephone incidents to a company approved for including disabled workers;
- Sub-contracting creation and publication of catalogues and communications media and office supplies to a company approved for including disabled workers;

c) The anti-discrimination policy

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.

1.7 Promotion and respect for conditions of the fundamental agreements of the International Labor Organization.

As a matter of principle, the PHARMAGEST Group, being almost exclusively present in France and in Europe, respects international agreements regarding employment law.

As such, regarding respect for freedom of association and the right to collective bargaining, the elimination of employment and professional discrimination, the elimination of forced or compulsory labor, and the effective abolition of child labor, the PHARMAGEST Group confirms that it fully complies with the conditions of the International Labor Organization.

Two unions (CGT and CGC) are represented within the ESU.

With regard to the subsidiary HDM in Mauritius, the on-site teams apply European rules in keeping with the local laws in force. HDM benefits from an organization similar to France with the organization of staff representation, a structured pay system, forward planning of jobs and skills, with job descriptions and annual development appraisals.

2. Environmental information

2.1 General policy

We recall that the main activity of the companies of the PHARMAGEST Group is software publication. 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.

a) Consideration of environmental questions

Bearing in mind the insignificant environmental impact of the Group's activities, no assessment measures or certification has been instigated with regard to this issue.

b) Measures for training and informing staff about protecting the environment.

In 2012, no such initiative was taken. However, the PHARMAGEST Group is considering drawing up a good practice charter in order to make employees aware of simple actions (switching off computers, turning heating down, reducing paper consumption, eco-friendly driving, etc.), allowing energy to be saved and the environment to be protected.

c) Means allocated to prevent environmental risks and pollution

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

d) Total provisions and guarantees for environmental risks

As the PHARMAGEST Group does not face any such risk, no provision is made for this.

2.2 Pollution and waste management

a) Measures to prevent, reduce and repair emissions into the air, water and ground

As the Group's activities do not create pollution, they do not generate emissions.

b) Measures for preventing, recycling and eliminating waste

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 (councils or private services 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.

c) Consideration of noise pollution and other types of pollution specific to the business

In the context of its activity, the PHARMAGEST Group does not generate other specific pollution or noise pollution.

2.3 Sustainable use of resources

a) Water consumption

The PHARMAGEST Group does not use water resources. The only water used is for normal, everyday water consumption (bathrooms). The PHARMAGEST Group automatically installs mains supplied water fountains in all its sites, because of their low ecological impact, replacing bottled water dispensers.

b) Consumption of raw materials and measures taken to improve their use

The PHARMAGEST Group does not directly use raw materials in the context of its activity.

c) Energy consumption and measures to improve energy efficiency

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.

Office	2011			2012			Comparison		
	No. of employees	Annual consumption (kWh)	Consumption per person	No. of employees	Annual consumption (kWh)	Consumption per person	Var. volume	%	% per person
Siège	105	486,864	4,637	113	448,384	3,968	- 38,480	-8	- 14%
Quéven	110	255,243	2,320	116	281,987	2,431	26,744	10	5%
Subtotal	**215**	**742,107**		**229**	**730,371**		**- 11,736**		
Total Group	**732**	**1,906,757**	**2,605**	**767**	**1,862,615**	**2,428**	**- 44,142**	**- 2**	**- 7%**

d) Use of land

No significant land use takes place in the business.

2.4 Climate change

a) Greenhouse gas emissions

The main source of greenhouse gas emissions for the PHARMAGEST Group is its fleet of vehicles (excluding life and disability insurance).

	Company	Change in number of kilometers, 2011 - 2012	Change in number of vehicles, 2011-2012	Share within the Group in 2012
UES	CPI EHLS PHARMAGEST	-2% 29% 3%	0% 0% 2%	2% 1% 86%
Subsidiaries	SABCO-SABCO SERVICES MALTA INFORMATIQUE	10% 15%	8% 15%	7% 4%
Total		**4%**	**3%**	**100%**

We can see an overall increase in the car fleet and an increase in the number of kilometers covered within the PHARMAGEST Group. The increase in the number of vehicles is mainly from PHARMAGEST INTERACTIVE which represents 86% of the PHARMAGEST Group's vehicle fleet. The increase in the number of kilometers covered is explained by:

- The increase in the car fleet;
- The increase in business for the year 2012 (+12% turnover compared to the previous financial year);
- A wish to improve customer service by being closer.

b) Adapting to the consequences of climate change

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.

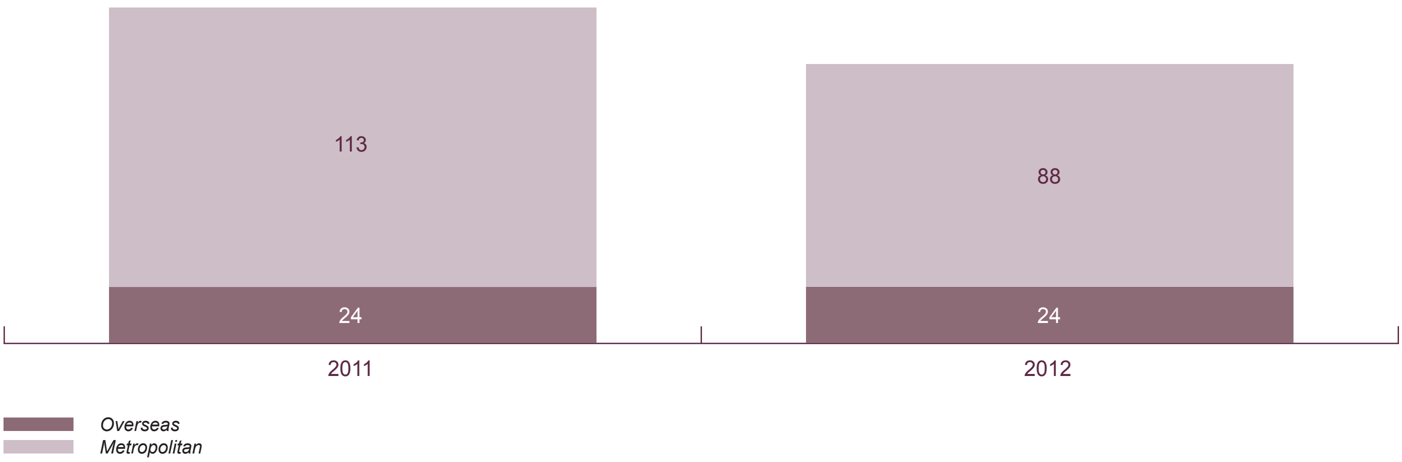
The PHARMAGEST Group strives to reduce the carbon content of its car fleet, in particular by selecting models of vehicles with lower emissions and support measures.
The question of electric vehicles has been researched but the low level of independence of these vehicles proved incompatible with the Group's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

Travel management
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.

As such, the PHARMAGEST Group notes for the financial year 2012:

- A reduction in air travel (-18%) in favor of rail (+4% for journeys from 2011 to 2012);
- Audio and video-conference systems have been encouraged in order to limit business travel, and for the same reason, distance learning has been encouraged too.

Change in number of flights



Server rooms
Currently, no measures to offset CO^2 emissions are being taken, but taking into account the new business of hosting data of a personal nature for which PHARMAGEST INTERACTIVE was approved in 2012, consideration is now being given to the possibility of setting up a carbon assessment in order to identify and quantify the main CO^2 emissions and to set up an action plan in order to limit them.

2.5 Protecting biodiversity

The PHARMAGEST Group has not developed a policy relating to protecting biodiversity.
Furthermore, in terms of the impact of the PHARMAGEST Group's premises, since these are mainly located in Integrated Development Zones or industrial zones provided for this purpose, there are no agencies located in a protected area, and so therefore biodiversity is not affected.

3. Information on corporate changes in favor of sustainable development

3.1 The territorial, economic and social impact in terms of employment and regional development but also neighboring or local populations

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. For example, the PHARMAGEST Group has ten branches located in departments with a low population:

- Charleville-Mézières (08 - Ardennes),
- Reims (51 - Marne),
- Troyes (10 - Aube),
- Dijon (21- Côte d'Or),
- Bourges (18- Cher),
- Limoges (87 - Haute Vienne),
- Clermont-Ferrand (63 - Puy de Dôme),
- Toulouse (31 - Haute Garonne),
- Pau (64 - Pyrénées Atlantiques),
- Bastia (2B - Haute Corse).

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

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

- PHARMAGEST INTERACTIVE's Pharmacy activity enables pharmacists to optimize management of their dispensing pharmacies;
- MALTA INFORMATIQUE's software facilitates management of EHPADs and their development;
- Products from the PHARMAGEST Group's e-Health pole aim to create better monitoring and home care for patients with chronic illnesses.

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.

3.2 Stakeholder relations

a) Employees

In addition to the legal obligations of staff representation as detailed in Point 1.3 of this report, the PHARMAGEST Group ensures there is an ongoing dialogue with its employees.

Thus, in 2012, the PHARMAGEST Group continued to work towards setting up a participative and cross-disciplinary project management involving staff from the "PHARMAGEST" ESU, from the main office and from the different branches and throughout the regions.
The objective of this project, which is to be carried out over time, is twofold:

- Internally: accountability, involvement and motivation of employees;
- Vis-à-vis the customers: improving proximity.

The first projects to emerge from this process are likely to be realized in 2013, particularly with the set up of a new version of the Intranet portal, aimed at simplifying and improving internal communications and providing staff with access to all administrative and also professional documentation, making it easier for them to achieve their mission.

b) Customers

Aware that customers need to be involved as early as possible in the process of new product development, since 2005, PHARMAGEST INTERACTIVE has created a think tank, the 'Stanislas Partners Club," with the objective of having teams from the company work with volunteer pharmacists in order to:

- Take account of developments in the professional environment;
- Discuss their vision of the future with those involved.

Sustainable development is an important factor in these discussions from the point of view of society.

c) Teaching bodies, associations

The PHARMAGEST Group takes an interest in these bodies at three key levels:

- The Pharmacy business is pursuing an initiative, monitored over time, in higher education establishments and more specifically in pharmacy schools in universities throughout France:
    - Involvement in the form of General Meetings of the National Association of Pharmacy Students in France (ANEPF);
    - Awarding thesis prizes (2 awarded in 2012, in Nancy and Nantes);
    - Participation in forums and student fairs, providing students with access to IT hardware and management software;
    - Sponsoring pharmacy students through their involvement in 4L Trophy (3 teams sponsored in 2012);

- The PHARMAGEST Group regularly pays the apprenticeship tax to Apprentice Training Centers and to Pharmacy schools within universities;
- In terms of sponsorship, the PHARMAGEST Group has not yet set a general policy, but commits on a one-off basis to initiatives with associations linked to health, humanitarian causes or the regional fabric.

Examples of one-off initiatives carried out in 2012:

- Support to the association "Lina, ma poupée Angelman" ("Lina, my Angelman doll");
- Support to the Food Bank.

3.3 Suppliers and sub-contractors

a) A purchasing policy that takes into account environmental and social issues

In its call for tenders, the PHARMAGEST Group ensures, when choosing its partners, suppliers and sub-contractors, that they are committed to a Corporate 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.

b) Taking into account corporate and environmental responsibility of sub-contractors and suppliers

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

For example:

- The Human Resources Department of the "PHARMAGEST" ESU uses the Michael PAGE recruitment consultancy which guarantees ethical practice and has a commitment against discrimination and in favor of sustainable development (Be Green label, member of the Syntec Federation and the French Association of Managers of Diversity (AFMD), diversity charter and Human Capital trophy);
- The PHARMAGEST Group's main supplier of IT hardware, DELL, aims to offer eco-friendly products with minimum impact on the environment, from design to recycling of the hardware, via manufacturing, delivery and use;
- Regarding logistics, the main transporters used either hold a 14001 certificate or are actively involved in a corporate and environmental responsibility initiative;
- Regarding other service providers, the PHARMAGEST Group closely monitors their environmental commitments. Whether it involves office supplies, office furniture, suppliers linked to the car fleet, or even suppliers specializing in recycling and waste handling, they are all involved in a sustainable development policy and/or are certified and/or have won awards for their environmental commitments.

3.4 Fair practice

a) Actions taken to prevent corruption

The PHARMAGEST Group pays constant attention to the practices of staff and companies within the Group, in order to guarantee that a good example is being set. Trust is a core value for the PHARMAGEST Group.
In order to prevent and manage situations involving corruption, conflict of interest or even fraud, the PHARMAGEST Group is considering establishing a code of good conduct to guide staff in their daily activities.

Nevertheless, it should be noted that the main activity of the PHARMAGEST Group, that is publishing and selling software for pharmacies, not being subject to call for tenders, suggests that the Group is a priori not exposed to the risk of corruption.

The main sites of the PHARMAGEST Group are in France or in Europe and do not require specific preventative measures to deal with corruption. The only site located in a country with a potential risk is the subsidiary HDM, based in Mauritius. Mauritius is classified as the 43rd least corrupted State in the world, according to the website: http://www.transparency.org/cpi2012/results/. The PHARMAGEST Group is particularly alert to this phenomenon.

Furthermore, the PHARMAGEST Group does not deplore any legal action for anti-competitive behavior, infringements of anti-trust laws or even monopolistic behavior.

b) Measures taken in favor of consumer health and safety

The PHARMAGEST Group is involved in Health through its various activities:

- The Pharmacy business in France, Belgium and Luxembourg provides the pharmacist and his team with:
    - A software suite with regular updates and services enabling him to issue medicines in complete safety,
    - Databases that enable him to provide advice (travel, vaccinations, etc);
    - Training tools (e-learning);

- The Care Homes business, with its own software, meaning that care for dependent people can be improved;
- The Laboratories business makes the PHARMAGEST Group a player in public health by setting up health observatories or studies in prevention and screening. All content made available to pharmacists and patients by PHARMAGEST INTERACTIVE is checked by a Chief Pharmacist;
- The aim of the e-Health pole is to support home care for the elderly and the chronically ill, and to contribute towards a better state of health through better adherence, using its software and products.

With regard to respecting consumers' privacy, where the PHARMAGEST Group's Hosting of Health Data business is concerned, a specific and highly secure architecture has been set up in order to ensure safety, which led to two approvals being awarded by the Ministry of Social Affairs and Health on 4 January 2012 and 6 July 2012.

3.5 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 Labor Organization (see 1.7 of this report), 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.

No incidence of discrimination has been declared for any of the entities of the PHARMAGEST Group.

24.3 Draft text of the resolutions

FIRST RESOLUTION

Approval of the Company Accounts

The General Meeting,

Following consultation of:

- The management report from the Board of Directors on the business and results of PHARMAGEST INTERACTIVE and its subsidiaries during the financial year ending 31 December 2012, and on the accounts of that financial year, the information report on Corporate and Environmental Responsibility, and the special report from the Chairman provided under article L. 225-37 of the Code of Commerce,

- The report on the annual accounts from the Auditors on the fulfillment of their mission during this financial year and the report from the Auditors on the special report from the Chairman,

Approves the annual accounts as they are presented, showing a profit of €12,949,921.89.

In compliance with article 223c of the General Tax Code, it approves the expenses and costs mentioned in article 39-4 of the Code which stand at an overall total of €130,022 and which incurred tax of €43,341.

SECOND RESOLUTION

Discharge of board members

The General Meeting,

Gives discharge to the members of the Board of Directors and to Mr. Denis SUPPLISSON, Deputy Managing Director, non-Board Member, for fulfillment of their mandates and gives discharge to the Auditors for completion of their duties.

THIRD RESOLUTION

Approval of the Consolidated Accounts

The General Meeting,

Following consultation of the management report from the PHARMAGEST Group and the Auditors' report, approves the consolidated accounts at 31 December 2012, as presented.

FOURTH RESOLUTION

Profit allocation

The General Meeting,

Approves the Board of Directors' proposal and decides to allocate the profit for the financial year, that is €12,949,921.89, as follows:

Profit for the financial year Brought forward	€12,949,921.89 €13,168,711.83
Available to shareholders	**€26,118,633.72**
Dividends (€2.10 per share) The balance, that is is allocated to the "brought forward" account.	**€6,373,132.50** €19,745,501.22

Equity capital will then stand at €42,807,308.

The dividend to be distributed for the financial year is therefore set at €2.10 per share.
Payment of dividends will be made from 2 September 2013, from the BNP PARIBAS bank, responsible for managing the securities.

If, when payment of dividends is made, PHARMAGEST INTERACTIVE holds some of its own shares (in the context of the liquidity contract), the sum corresponding to the dividends unpaid because of these shares will be allocated to the "brought forward" account.

In fiscal terms, the above dividends entitle individuals to a 40% allowance on the whole amount. Furthermore, it is made clear that under the legislation currently in force, dividends paid to individuals with their tax residence in France, will have the following deduction(s) made at source by the company:

- A compulsory social security deduction: the rate of deduction is currently 15.5%,
- A compulsory non-definitive deduction of 21% (article 117 new quater of general tax code). To calculate this deduction, income is taken at gross value. However, individuals belonging to a tax household where the reference tax income of the year before last, as defined in 1 of IV of article 1417, is lower than €50,000 for single, divorced or widowed taxpayers and lower than €75,000 for taxpayers subject to joint taxation, can ask to be exempt from this deduction under the conditions provided in article 242c. This deduction is allocated to income tax due for the year during which it was carried out. If it exceeds the tax due, the difference is refunded.

In accordance with the law, the General Meeting notes that dividends distributed for the last three financial years were as follows:

Financial years	Dividend per share	Dividend eligible for allowance of 40% (Paid to individuals)	Dividend not eligible for allowance of 40% (Paid to legal entities)
31/12/2009	1.40 €	1.40 €	1.40 €
31/12/2010	1.50 €	1.50 €	1.50 €
31/12/2011	1.80 €	1.80 €	1.80 €

FIFTH RESOLUTION

Agreements of article L.225-38 of the Code of Commerce

The General Meeting,

Ruling on the special report from the Auditors that was presented on agreements covered by article L. 225-38 and thereafter of the Code of Commerce, approves the new agreement drawn up with the company DIATELIC which was presented to you in the management report from the Board of Directors and takes note of the continuity of former agreements, previously approved by the Ordinary General Meeting of shareholders.

SIXTH RESOLUTION

Authorization for buy-back of shares by the company

The General Meeting,

Ruling on the conditions of quorum and majority required for Ordinary General Meetings, after consulting the information contained in the management report from the Board of Directors and in accordance with the conditions of article L. 225-209 and thereafter of the Code of Commerce and regulation No. 2273/2003 of the European Commission of 22 December 2003,

Authorizes the Board of Directors, with the option to sub-delegate this authorization under conditions provided by law and the PHARMAGEST INTERACTIVE statutes, to carry out the purchase by PHARMAGEST INTERACTIVE of its own shares, representing up to 10% of the number of shares making up the share capital, that is a maximum number of 303,482 shares.

The General Meeting decides that the Board of Directors, with the option to sub-delegate under conditions provided by law, may carry out or have carried out the buy-backs in order to:

- Boost the market or the liquidity of the share by means of an intermediary investment service provider through a liquidity contract in compliance with the charter of ethics recognized by the Financial Markets Authority,
- Purchase shares to be held and later handed over in exchange or as payment in the context of possible external growth operations,
- Allocate to employees or corporate officers of PHARMAGEST INTERACTIVE or the PHARMAGEST Group, in the conditions and according to the terms provided by law, specifically, in the context of a profit-sharing scheme, to be used for stock options, in a company savings scheme, or for free allocation of shares to employees depending on their performance under the conditions of articles L. 225-197-1 and thereafter of the Code of Commerce.

The General Meeting decides that:

- The maximum unit purchase price cannot exceed 150 Euros,
- The maximum amount of funds that PHARMAGEST INTERACTIVE can allocate to this operation is €45,552,300 for 10% of the share capital.

Where there is an increase in capital by incorporation of reserves and allocation of free shares as well as in the case of either a division or a grouping of securities, the prices shown above will be adjusted by a multiplying factor equal to the relationship between the number of shares making up the capital before the operation and after the operation.

The purchase of shares, as well as the sale or transfer of them may be carried out by any means authorized by the applicable regulations, on the market or by mutual agreement and especially by block purchases, at any time, including during a period of public offer.

The Ordinary General Meeting gives full authority to the Board of Directors, with the option to sub-delegate under the conditions provided by law and by the statutes of PHARMAGEST INTERACTIVE, to approve all documents, draw up all agreements, carry out all formalities and generally speaking, do what is necessary to apply this resolution.

This authorization is granted for a period of eighteen (18) months, that is until 20/12/2014. It cancels and replaces the authorization previously granted by the sixth resolution of the PHARMAGEST INTERACTIVE General Meeting of 22 June 2012.

Every year, the Board of Directors will provide information on transactions carried out in the context of this operation in the management report presented to the Ordinary General Meeting

SEVENTH RESOLUTION

Board Members' Fees

The General Meeting,

Decides to set the amount of fees to be allocated to Board Members for the year 2013 at €30,000.

EIGHTH RESOLUTION

Ratification of appointment of Mr. Denis SUPPLISSON as Board Member

The General Meeting,

Ratifies the appointment of:

Mr. Denis SUPPLISSON
Demeurant 98 avenue de Boufflers - 54000 NANCY

provisionally carried out by the Board of Directors when they met on 14 December 2012, as a replacement for Mr. William LE BELLEGO, resigning Board Member.

Consequently, Mr. Denis SUPPLISSON will fulfill the aforementioned duties for the remaining period of his predecessor's mandate, that is until the end of the meeting of the annual Ordinary General Meeting of shareholders ruling on accounts for the year ending on 31 December 2014.

NINTH RESOLUTION

Powers for formalities

The General Meeting,

confers full authority on the bearer of the original version or a copy of these minutes to carry out the required legal formalities.

24.4 Report from the Chairman on the composition, preparatory and organizational conditions of the Board's work, and procedures of internal control and risk management.

Ladies and Gentlemen,

Under the provisions of article L. 225-37 of the Code of Commerce, it is the responsibility of the Chairman of the Board of Directors to provide an account in a report attached to the annual management report:

- Of the composition, preparatory and organizational conditions of the work of the Board of Directors;
- Of the application of the principle of equal representation of women and men within the Board of Directors;
- Of procedures for risk management and internal control put in place by the company, by providing details in particular of those procedures that relate to the compilation and handling of accounting and financial information for the company accounts and the consolidated accounts.

The parts relating to the composition and functioning of the Board of Directors have been drawn up based on the recommendations and points requiring particular attention in the Corporate Governance Code for small- and midcaps produced by Middlenext (available on the Middlenext website: www.middlenext.com), with the exception of the frequency of assessing the Board (recommendation R.15 suggests yearly), which is changed to every three years within the PHARMAGEST Group (see § Assessment of the Board).

In accordance with this Code, the Board of Directors has consulted the various elements presented under the heading "Points requiring particular attention" in the Code.

The part dealing with the general principles for managing Risk and Internal Control has been drawn up based on the implementation guide "Reference framework for internal control of small- and midcaps" updated by the Financial Markets Authority in July 2010 (available on the Financial Markets Authority website: www.amf-france.org).

I - COMPOSITION AND PREPARATORY AND ORGANIZATIONAL CONDITIONS OF THE BOARD'S WORK

COMPOSITION OF THE BOARD AT 31 DECEMBER 2012

Name and forename or Company Name of the Member and their duties	Date of expiry of mandate (1)
Mr. Thierry CHAPUSOT Chairman of the Board of Directors	31 December 2013
Mr. Dominique PAUTRAT Managing Director and Board Member	31 December 2013 (MD) 31 December 2014 (BM)
Mr. Thierry PONNELLE Deputy Managing Director and Board Member	31 December 2013 (DMD) 31 December 2013 (BM)
Mr. Denis SUPPLISSON (2) Deputy Managing Director and non-Board Member	31 December 2013
Mr. Daniel ANTOINE Board Member	31 December 2013
Mr. Michel DUSSERRE Independent Board Member	31 December 2014
Mr. François JACQUEL, Board Member	31 December 2013
Mr. William LE BELLEGO (2) Board Member	31 December 2014
Ms. Anne LHOTE Board Member	31 December 2016
Ms. Sophie MAYEUX Independent Board Member	31 December 2017
GROUPE WELCOOP, represented by Mr. Hugues MOREAUX, Board Member	31 December 2013

(1)The mandate terminates at the end of the General Meeting ruling on the accounts of the financial year of the year mentioned.
(2) The Board of Directors of 14 December 2012 co-opted Denis SUPPLISSON as a new Board Member to replace William LE BELLEGO, who resigned on 31 December 2012. As such, with effect from 1 January 2013, Denis SUPPLISSON will be Deputy Managing Director and Board Member, after ratification by the General Meeting of 21 June 2013. His mandate as Board Member will continue until the end of the General Meeting ruling on the accounts for the financial year ending 31/12/2014.

DURATION OF MANDATES

The duration of the Board Member mandate is 6 years as authorized by the statutes. The company considers that the legal duration of 6 years for the mandate is a suitable length of time to enable members to get suitably involved in the control of the company's management.

INDEPENDENT BOARD MEMBERS

The Board of Directors includes two "Independent" Board Members.
In accordance with the Middlenext Governance Code, 5 criteria are used to justify the independence of Board Members, which can be characterized by the absence of any financial, contractual or family relationship likely to affect independent judgment:

- Not be a major shareholder;
- Not be an employee or corporate officer of the company, an employee or board member of the parent company or of a company that it consolidates, and not having been so for the previous three years; not being a corporate officer of a company in which the company directly or indirectly holds a board member mandate or in which an employee appointed as such or a corporate officer of the company (currently or having been so within last three years) holds a board member mandate;
- Not be (or directly or indirectly linked to) a customer, supplier, investment banker or significant financial banker of the company or the group, or for which the company or group represents a significant share of business;
- Not have any close family connection with a corporate officer or major shareholder;
- Not have been an auditor of the company within the previous three years.

INFORMATION ON THE BOARD MEMBERS

The table attached to the management report to which it refers, shows the other corporate mandates carried out by the Board.

A biography providing an outline of each Board Member's curriculum vitae is shown under Heading 14 of the Reference Document.

On each occasion, the appointment of each Board Member is subject to a separate resolution presented to the General Meeting.

Each Board Member, old or new, has received information on the governance mechanisms and responsibilities incumbent upon each Board Member.

Each Board Member must respect the following ethical rules:

- Before accepting the position, the Board Member must make sure they are familiar with the general obligations or those specific to his area of responsibility. In particular, he must be familiar with the legal or regulatory texts, statutes, internal regulations and additional items that each Board may have provided him with.
- Although he may be a shareholder himself, the Board Member represents all shareholders and must act in all circumstances in the corporate interest of the company;
- The Board Member must advise the Board of any situation involving a conflict of interest, even a potential one, and must abstain from taking part in any vote on the corresponding deliberation;
- The Board Member must dedicate the necessary time and attention to his duties. When he has executive duties, he should in principle not agree to carry out more than four other mandates as Board Member in listed companies, including foreign ones, outside his group;
- The Board Member must be diligent and take part in all meetings of the Board and, where applicable, meetings of committees to which he belongs;
- The Board Member must keep himself informed. For this reason, he must ask the Chairman within an appropriate time frame for the information essential to making a useful contribution on the subjects on the Board's agenda;
- Where information not in the public domain is acquired in the context of his duties, the Board Member must consider himself to be bound by professional confidentiality which exceeds the simple need to be discreet, provided by the texts
- Finally, the Board Member must:
  - Abstain from carrying out any operations in the company's securities including derivatives on which (and in so far as) he has, as a result of his position, information which is not yet publicly available;
  - Declare any transactions carried out on company securities, in accordance with the legal and regulatory recommendations. In this regard, as the company is subject to the legal obligations to communicate to the Financial Markets Authority all operations on securities carried out by Board Members or persons connected to them, every Board Member undertakes to inform the Board secretariat within 30 days of carrying out any such operation.
- Finally, except in exceptional circumstances, the Board Members must attend meetings of the General Meeting of shareholders.

BALANCED REPRESENTATION OF MEN AND WOMEN ON THE BOARD

The law on gender balance (Law No. 2011-103 of 27 January 2011) was applied in 2011 and 2012 by the appointment of female members to the Board of Directors.
Following the appointment of a new Board Member on 22 June 2012, the Board presents a quota of female members equal to 20% of the members of the Board of Directors.
As the first quota mentioned by the Law (20% of women on the Board no later than 2014) is already reached, the Board of Directors will take care to maintain this quota and to reach a new quota of 40% female Board Members no later than 2017. If the Board should come to be made up of over 8 members, the difference between the number of members of each gender could not be more than 2.

THE BOARD'S MISSION

The Board of Directors determines the directions of the company’s business and monitors their implementation. Subject to the powers specifically allocated at the General Meetings and within the constraints of the company's purpose, it can take up any questions regarding the successful running of the company and sort out matters concerning it (art. L. 225-35, para 1 of the Code of Commerce).

In addition, in accordance with the internal regulation drawn up on 16 June 2011, the Board of Directors can refer to the Meeting of shareholders if the operation involves a major share of the assets or business of the PHARMAGEST Group.

FUNCTIONING OF THE BOARD / INTERNAL REGULATION

The functioning of the Board of Directors is determined by legal and regulatory conditions as well as by the statutes. These conditions have been adopted and are supplemented by the internal regulation validated by the Board of Directors of 16 June 2011.
As a particular consequence of this internal regulation, regarding conflicts of interest, the Board Member must advise the Board of any situation involving a conflict of interest, even a potential one, and must abstain from taking part in the vote on the corresponding deliberation.

The missions of the Chairman of the Board of Directors and the Managing Director are separate from each other:

- The Managing Director, under article L. 225-56 of the Code of Commerce, has the widest powers to act in all circumstances in the company's name;
- The Chairman of the Board of Directors is a corporate body separate from the Managing Director and the Board of Directors: The Chairman of the Board of Directors organizes and directs the work of the Board, and provides an account of it to the General Meeting. He ensures that the corporate bodies function correctly and in particular ascertains that Board Members are capable of fulfilling their mission.

ASSESSMENT OF THE BOARD

The Board of Directors considers that a formalized self-appraisal (using questionnaires) every 3 years is adequate and that any possible problems within the Board of Directors are tackled by the Board Members at each Board Meeting (under "any other business") without needing to put them on the agenda.
When points have been raised during a Board Meeting, the minutes of the meeting relate the discussion.
The last assessment was carried out in December 2012 and the next one will take place no later than December 2013.

INFORMATION ON BOARD MEETINGS

The members of the Board of Directors and of the Staff Committee have been summoned in sufficient time to enable them to attend these meetings, and the documents required for the successful conduct of the Board Meeting have been communicated to them.

The Auditors have been summoned to all meetings of the Board of Directors.

The Board met as often as the company's interests required and the minutes of meetings of the Board include questions raised and any reservations voiced.

The percentage attendance at these Board Meetings was on average 90% for the year. The percentage attendance by each Board Member is set out in the following table:

Board member	23/03/2012	22/06/2012	28/08/2012	14/12/2012	%
Thierry CHAPUSOT	x	x	x	x	100
Daniel ANTOINE	x	x	x	x	100
Michel DUSSERRE	x	-	x	x	75
François JACQUEL	x	x	x	x	100
William LE BELLEGO	x	x	x	x	100
Anne LHOTE	x	x	-	x	75
Sophie MAYEUX*			x	x	100
Groupe Welcoop, represented by Hugues MOREAUX	x	x	x	x	100
Dominique PAUTRAT	x	x	x	x	100
Thierry PONNELLE	-	X	x	x	75
Philippe VIVIER*	x	-			50

** The mandate for Mr. Philippe VIVIER expired on the date of the General Meeting of 22 June 2012 and Ms. Sophie MAYEUX was appointed as the new Independent Board Member on 22 June 2012.*

As such, the Board of Directors met 4 times in 2012. The main points debated were as follows:

- Examination and finalizing of company and consolidated accounts at 31 December 2011;
- Profit allocation;
- Examination of management forecast documents;
- Calling of General Meeting, setting of its agenda;
- Examination of texts of resolutions to present at the General Meeting and the management report;
- Proposal of an increase in capital reserved for employees in the context of the law on employee savings schemes;
- Examination of quarterly and half-yearly positions;
- Examination of half-yearly report;
- Proposal to set and distribute the amount of Board Members' fees;
- Proposal to appoint two new Board Members;
- Composition of the Audit Committee;
- Examination of agreements covered by articles L. 225-38 and thereafter of the Code of Commerce;
- Authorization to pay a profit-share bonus to employees within the Pharmagest ESU;
- Discussion on company policy regarding professional and wage equality;
- Authorization to increase the capital of the DOMEDIC GROUP Inc.;
- Information on the subject of Corporate and Environmental Responsibility;
- Authorization to invest in a new company that is to be set up;
- INTECUM bond.

COMMITTEES OF THE BOARD

PHARMAGEST INTERACTIVE considers that its structure and its size combined with the reduced size of its Board of Directors mean there is no need to set up a Remuneration Committee and an Appointments Committee.

Audit Committee

In view of the applicable regulations, PHARMAGEST INTERACTIVE decided to set up an Audit Committee, effective since 2006, although it is classified as a small- and midcaps (companies listed in compartments B and C of Euronext).

The setting of the main tasks of the Audit Committee and their implementation are in keeping with the final report on the Audit Committee, issued 22 July 2010 by the Financial Markets Authority.

During the year 2012, the Audit Committee was made up as follows:

- Mr. Daniel ANTOINE, Board Member;
- Mr. Michel DUSSERRE, Independent Board Member;
- Mr. François JACQUEL, Board Member;
- Mr. Philippe VIVIER, Independent Board Member; His mandate ended on 22 June 2012. No replacement has been provided, as the number of independent members makes up a third of the members of the Audit Committee, as provided for by internal regulation.

The members of the Committee are appointed by the Board of Directors.

Michel DUSSERRE has held the position of Chairman since 1 July 2010.

The Audit Committee met on 4 occasions during the financial year 2012, the attendance rate was 100%.

The internal regulations of the Audit Committee were compiled and approved in 2008. Its provisions are included in the internal regulations of the Board of Directors, adopted by the Board of Directors on 16 June 2011.

The Chairman of the Committee is responsible for the Audit Committee's administrative work.

As recommended in the "Code of Corporate Governance for listed companies," there are no corporate officers on the Committee.

The main tasks of the Audit Committee are to monitor:

- The process for compiling accounting and financial information;
- The effectiveness of internal control and risk management systems;
- The legal control of annual accounts, and where applicable, consolidated accounts, by the Auditors;
- The independence of the Auditors.

In addition, the Board of Directors, with regard to the duties that are incumbent upon it, can allocate any other task it deems appropriate to the Audit Committee.

The Audit Committee's scope of intervention:

- Is not limited to merely financial and accounting aspects and covers all areas of the company. It is the Audit Committee's responsibility to ensure that a process exists for identifying and analyzing risks likely to have a significant impact on the accounting and financial information;
- Its area of analysis must include risks that have been expressed in accounting terms (including information from the appendix to the accounts) and risks identified by internal control and risk management systems put in place by the General Management team and which may have an effect on the accounts.

In this way, based on recommendations from the report of the working group of the Financial Markets Authority, the Audit Committee:

- Carries out half-yearly and annual reviews of the accounts, working alongside the Finance Department and the Auditors, allowing careful consideration to be given to the correct expression of important events or complex operations in the accounts;
- Reviews the reference document, the half-yearly report and the quarterly press releases, prior to publication;
- Makes sure that the internal control and risk management system is in keeping with the internal control reference framework: Implementation guide for small- and midcaps, issued by the Financial Markets Authority;
- Requests the Auditors' participation during Audit Committee meetings;
- Asks the Auditors for a Statement of Independence every year;

The main subjects that the Audit Committee has dealt with during the year 2012 have been as follows:

- Examination of both annual and half-yearly financial information;
- Presentation by the Auditors of their work and conclusions on annual and half-yearly consolidated accounts;
- Monitoring of the financial and structural position of foreign subsidiaries;
- Analysis of the Auditors' independence;
- Analysis of shareholdings taken in subsidiaries;
- Internal control - Inviting the departments concerned to present the areas of risk and of fraud in their sectors of activity.

Whilst information may have been provided verbally during its meetings, the Board of Directors was informed of the Committee's activity by the delivery of its annual report.

In addition to the recurring tasks (financial information, conclusions and independence of the Auditors), the main subjects to be tackled during the 2013 financial year are summarized below:

- Continuation of analysis of internal control with the departments concerned in order to present the areas of risk and of fraud in their sector;
- Examination of the financial and structural position of the French and foreign subsidiaries present at the start of the financial year, together with those that are to come under the scope of the PHARMAGEST Group during the course of that financial year;
- Presentation by members of the General Management team:
    - Plans for growth,
    - Major contracts.

Various "operational" committees particular to the business of the company exist and also report to the General Management team.

OPERATIONAL COMMITTEES

Finance and Social Management Committee

This committee is made up of nine people.

Name and forename	Position(s)
Mr. Dominique PAUTRAT	Managing Director
Mr. Thierry PONNELLE	Deputy Managing Director Commercial Strategy Director
Mr. Denis SUPPLISSON	Deputy Managing Director Pharmacy France Business Director
Mr. Thierry ALLIOTTE	e-Health Pole Director
Ms. Liza NATAN	e-Business and e-Media Director
Mr. Thierry POIVEY	Deputy Managing Director of SABCO Belgium and Luxembourg Business Director
Mr. Gregory ROUSSEAU	R&D Technical Director
Mr. Jean-Yves SAMSON	Administration and Finance Director
Mr. Rodolphe ZIMMER	Human Resources Director

This Management Committee met on 11 occasions during the year 2012 with an attendance rate of 94%.
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.

Each business (Operating businesses: Pharmacy France, Pharmacy Belgium and Luxembourg, e-Business, 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 cross-disciplinary working method which gathers together, project by project, a representative from each of the participating departments involved in the project from their conception to their continuation, within the framework of the various Steering Committees. The project managers of the various projects report to the Finance and Social Management Committee.

II - PAYMENT OF MEMBERS OF THE BOARD OF DIRECTORS

INDIVIDUAL PAYMENT

The management report, in accordance with the conditions of article L. 225-102-1 of the Code of Commerce, includes all payments and various benefits of the PHARMAGEST INTERACTIVE Board of Directors.

Variable pay is allocated in accounting terms to the financial year for which it is calculated, even if it is not paid until the following financial year.

The principles for setting these payments are as follows:

- For Board Members and members of the Board who are non-Board members but have an employment contract within PHARMAGEST INTERACTIVE, the terms set out in the employment contract are applied.
  The variable part of the pay is calculated according to the following terms:
  - According to the targets for the PHARMAGEST Group's Pre-Tax Results for the period for Mr. Dominique PAUTRAT;
  - According to quantitative targets based on the PHARMAGEST Group's Pre-Tax results for the period and the Gross Operating Profit for the Pharmacy France business, but also according to qualitative targets ("Club Stan" Meetings and Certification of Sales Representatives) for Mr. Thierry PONNELLE;
  - According to the targets for Operating Results for the PHARMACY France business for Mr. Denis SUPPLISSON.
- With regard to Mr. Thierry CHAPUSOT, payment for his corporate mandate was set at the time of his appointment (as Managing Director) on 30/05/2002 at €1,524.49 per month and has been increased to €2,000 per month since 20/06/2008. This has been maintained in the context of his corporate mandate as Chairman of the Board of Directors since 1 January 2010.
- With regard to Mr. Dominique PAUTRAT, his pay related to his corporate mandate was set on the day of his appointment (as Deputy Managing Director) on 08/03/2008 at €150 per month, then at €2,000 per month from 1 January 2010 when he was appointed to the position of Managing Director.
- With regard to Mr. Thierry PONNELLE, the pay related to his corporate mandate was set at the time of his appointment (as Deputy Managing Director) on 30/05/2002 at €762.25 per month, then increased to €2062.50 per month from 01/01/2007 to take into account his mandates in the new subsidiaries (SABCO and SABCO Services), then reduced to €1,000 per month with effect from 1 January 2010 (following the termination of his duties within the companies SABCO and SABCO Services).
- With regard to Mr. Denis SUPPLISSON, his corporate mandate as Deputy Managing Director was not paid during the 2010 financial year. Since 1 January 2011, a monthly payment of €200 has been made.
- The corporate officers benefit from the company taking responsibility for an "article 83" contract, with a contribution rate of 8% of the whole salary under the employment contract and payment for the corporate mandate.

Table 1 - Summary of payments and options and shares assigned to each corporate officer and director

In €	31/12/2012	31/12/2011
CHAPUSOT THIERRY - Chairman of the Board of Directors		
Payments due for the financial year	24,000	24,000
Valuation of options assigned during the financial year	0	0
Valuation of performance shares assigned during the financial year.	0	0
TOTAL	**24,000**	**24,000**
PAUTRAT Dominique - Managing Director/Board Member		
Payments due for the financial year	200,939	200,845
Valuation of options assigned during the financial year	0	0
Valuation of performance shares assigned during the financial year.	0	0
TOTAL	**200,939**	**200,845**
PONNELLE Thierry - Deputy Managing Director/Board Member		
Payments due for the financial year	123,402	125,623
Valuation of options assigned during the financial year	0	0
Valuation of performance shares assigned during the financial year.	0	0
TOTAL	**123,402**	**125,623**
SUPPLISSON Denis - Deputy Managing Director/Non-Board Member		
Payments due for the financial year	147,961	143,873
Valuation of options assigned during the financial year	0	0
Valuation of performance shares assigned during the financial year.	0	0
TOTAL	**147,961**	**143,873**

Table 2 - Summary of payments for each corporate officer and director

CHAPUSOT Thierry Chairman of the Board of Directors	2012		2011	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed payment				
Variable payment				
Exceptional payment				
Corporate Mandate	24,000	24,000	24,000	24,000
Benefits in kind (vehicle)				
TOTAL	**24,000**	**24,000**	**24,000**	**24,000**

PAUTRAT Dominique Managing Director / Board Member	2012		2011	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed payment	135,000	135,000	135,000	135,000
Variable payment	37,800	37,800	37,800	37,800
Exceptional payment	0	22,461	0	0
Corporate Mandate	24,000	24,000	24,000	24,000
Benefits in kind (vehicle)	4,139	4,139	4,045	4,045
TOTAL	**200,939**	**223,400**	**200,845**	**200,845**

PONNELLE Thierry Deputy Managing Director / Board Member	2012		2011	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed payment	89,652	89,652	89,652	89,652
Variable payment	21,750	21,000	21,000	20,250
Exceptional payment	0	2,465	0	0
Corporate Mandate	12,000	12,000	12,000	12,000
Benefits in kind (vehicle)	0	0	2,971	2,971
TOTAL	**123,402**	**125,117**	**125,623**	**124,873**

SUPPLISSON Denis Managing Director / non-Board Member	2012		2011	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed payment	105,600	105,600	105,600	105,600
Variable payment	36,000	33,000	33,000	27,500
Exceptional payment		7,365		
Corporate Mandate	2,400	2,400	2,400	2,400
Benefits in kind (vehicle)	3,961	3,961	2,873	2,873
TOTAL	**147,961**	**152,326**	**143,873**	**138,373**

Table 3 - Table of Board Members' fees and other payments received by non-director corporate officers

In €	2012	2011
MOREAUX Hugues - (Board Member representing the WELCOOP GROUP)		
Board Members' Fees Other payments	0 0	0 0
TOTAL	**0**	**0**
ANTOINE Daniel		
Board Members' Fees Other payments	600 4,000	750 4,000
TOTAL	**4,600**	**4,750**
DUSSERRE Michel		
Board Members' Fees Other payments	450 14,000	600 14,000
TOTAL	**14,450**	**14,600**
JACQUEL François		
Board Members' Fees Other payments	1,000 4,000	750 4,000
TOTAL	**5,000**	**4,750**
LE BELLEGO William		
Board Members' Fees Other payments	0 0	0 0
TOTAL	**0**	**0**
LHOTE Anne (Board member from 16/06/2011)		
Board Members' Fees Other payments	0 0	0 0
TOTAL	**0**	**0**
MAYEUX Sophie (Independent Board Member since 21/06/2012)		
Board Members' Fees Other payments	450 0	Not applicable Not applicable
TOTAL	**450**	**0**
VIVIER Philippe (Independent Board Member until 21/06/2012)		
Board Members' Fees Other payments	150 2 000	600 4 000
TOTAL	**2 150**	**4 600**

Table 4 - Stock options or stock purchases assigned to each corporate officer and director during the financial year by the issuer and by any company in the Group

Not applicable

Table 5 - Options to subscribe for or purchase stock taken up during the financial year by each corporate officer and director

Name of the corporate officer and director	Date of plan No 1	Number of options taken up during the fiscal year	Strike price
CHAPUSOT Thierry	10/09/2004	1,000	28.79
PAUTRAT Dominique	10/09/2004	1,000	28.79
PONNELLE Thierry	10/09/2004	1,000	28.79
SUPPLISSON Denis	10/09/2004	1,000	28.79

Mr. William LE BELLEGO, Board Member and former employee of PHARMAGEST INTERACTIVE, took up 1,000 options during the 2012 financial year with a strike price of €28.79.

Tableaux 6 et 7 - Performance shares assigned to each corporate officer

Not applicable

Tableau 8 - History of allocations of stock subscription or purchase options

This information is shown under Heading 20.3.1.5.6 of the appendix to the consolidated accounts.

Table 9 - Options to subscribe for or purchase stock granted to the first ten appointed non-corporate officer employees and options taken up by them

	Total number of allocated options/shares subscribed or purchased	Weighted average price
Options granted, during the financial year, by the issuer or any company included within the scope of allocation of options, to the ten employees of the issuer and of any company included within this scope, for whom the number of options granted in this way is the highest.	0	/
Options held by the issuer and the companies mentioned earlier, that were taken up during the financial year, by the ten employees of the issuer and of these companies, for whom the number of options purchased or subscribed in this way is the highest.	3,850	28.79

Table 10 - Corporate officers and directors

	Employment Contract		Régime de retraite supplémentaire		Indemnités ou avantages dus ou susceptibles d'être dus à raison de la cessation ou du changement de fonctions		Indemnités relatives à une clause de non concurrence	
	Yes	No	Yes	No	Yes	No	Yes	No
CHAPUSOT Thierry								
Chairman of the Board of Directors **Date when mandate commenced:** Appointed Managing Director and Board Member on 30/05/2002, then Chairman of the Board of Directors on 05/11/2009 with effect from 01/01/2010. **Date when mandate ends: 31/12/2013**		X	X			X		X
PAUTRAT Dominique								
Managing Director Board Member **Date when mandate commenced:** Appointed Board Member on 19/06/2009 and Managing Director Board Member on 05/11/2009, with effect from 01/01/2010 **Date when mandate ends :** 31/12/13 (duties of Managing Director)	X(1)		X			X	X(2)	
PONNELLE Thierry								
Deputy Managing Director Board Member **Date when mandate commenced:** Appointed Deputy Managing Director and Board Member on 30/05/2002 **Date when mandate ends:** 31/12/2013	X(1)		X			X		X
SUPPLISSON Denis								
Deputy Managing Director Non-Board Member **Date when mandate commenced:** Appointed Deputy Managing Director Non-Board Member on 09/11/2010 **Date when mandate ends:** 31/12/13	X(1)		X			X		X

(1) PHARMAGEST INTERACTIVE considers that maintaining the employment contracts of Mr. Dominique PAUTRAT, Mr. Thierry PONNELLE and Mr. Denis SUPPLISSON is justified in view of their length of service.

(2) Non-compete clause accompanied by financial compensation of 1/2 a month's salary for 12 months, calculation based on average salary for the last 12 months.

BOARD MEMBERS' FEES

The management report specifies the amount of Board Members' fees paid during 2012 and 2011.

The principles for setting Board Members' fees are as follows:

- Board Members' fees are allocated to Board Members who do not have operational duties within the WELCOOP GROUP and as such receive a payment;
- Furthermore, the Board Members' fees are distributed according to criteria relating to geographical distance and according to diligence.

A total of €150 per meeting is allocated to local Board Members whereas a total of €250 per meeting is allocated to Board Members who are further away (thereby requiring a full day's absence).

For the year 2012, the Board Members' fees are paid, firstly to a Board Member who has no operational duties within the WELCOOP Group according to the principles above, then to Board Members who are members of the Audit Committee, for a set annual amount of €4,000, and secondly, to Mr. Michel DUSSERRE for an additional Board Member's fee of €10,000 for his specific tasks linked to his "particular skills regarding finance or accounts".

Board Members' Fees for the year 2012 were paid on 31 December 2012.

The overall amount of Board Members' fees for the year 2013, proposed at the General Meeting of 21 June 2013, is €30,000.

III - PARTICIPATION OF SHAREHOLDERS IN THE GENERAL MEETING

Articles 20 to 20-7 of the statutes set the rules for shareholders' participation in General Meetings. The texts are covered under Heading 21 of the Reference Document.

IV - RESTRICTIONS ON POWERS OF THE MANAGING DIRECTOR

The Board of Directors has not placed any specific restrictions on the powers of the Managing Director or the Deputy Managing Directors, subject to the powers expressly allocated to the Board of Directors by law and by the statutes.

V - INTERNAL CONTROL PROCEDURES SET UP BY THE PHARMAGEST GROUP

This report was prepared based on contributions from several departments, in particular the Finance Department, the department for consolidation of the WELCOOP Group, the Lawyers of the PHARMAGEST Group and the Audit Committee.

5.1 Definition and targets of risk management and internal control

Risk management:

Risk management is a management measure of the company, contributing to:

- Creating and preserving the value, assets and the reputation of the company;
- Securing decision making and company processes to help achieve objectives;
- Promoting actions that are consistent with company values;
- Mobilizing company employees around a shared vision of key risks.

Internal control:

The aim of the internal control principles and procedures in force in the PHARMAGEST Group is:

- To ensure respect for compliance with laws and regulations;
- To have instructions and guidelines set by the General Management team applied and respected;
- To ensure the proper functioning of the PHARMAGEST Group's internal processes, particularly those involved in safeguarding assets;
- To verify that accounting, financial and management information communicated to the corporate bodies of the PHARMAGEST Group provides a true reflection of the business and the position of the companies of the PHARMAGEST Group.

The contribution made by the risk management and internal control systems is in addition to the business control of the PHARMAGEST Group.

The risk management system aims to identify and analyze the key risks of the PHARMAGEST Group. The risks that exceed limits deemed acceptable by the PHARMAGEST Group are dealt with and, where necessary, action plans are created.

As for the internal control system, it relies on the risk management system in order to identify key risks to be controlled.

5.2 General organization of risk management and internal control:

Risk management:

The risk management process is based around identification of risks at the level of each operational and functional management body.

An update is produced according to developments in the business and the environment, and at least every 2 years, but also according to organizational changes of management that could lead to a different identification of risks depending on how these are perceived by successive management bodies.

Once risks are identified, a Risk Map is drawn up, prioritizing risks by using the concept of probability of occurrence and an idea of impact on the PHARMAGEST Group.

These various Risk Maps are presented, with comments, to the General Management team and the Audit Committee.

An analysis of risk handling is then carried out so that the most suitable action plans for the PHARMAGEST Group can be selected. Thus, to keeps risks within limits that are acceptable to management bodies, measures can be taken to reduce, transfer, remove or accept the risk.

Management of internal control:

According to the way each risk is to be handled, a control process is set up.

All procedures are listed in a procedures manual.

This procedures manual is available to all staff with a view to its implementation.

The aim of this manual is to improve the way the business functions and in particular to enable:

- The establishment of steps to follow when carrying out the main activities of the PHARMAGEST Group;
- Conditions for carrying out operations to be described;
- The establishment of responsibilities delegated to the various employees at each stage of the execution of the operations;
- Knowledge of the tools available to those concerned;
- Identification of controls to be carried out to ensure operations function correctly (self-monitoring, hierarchical control, internal and external audits).

The different processes identified by the PHARMAGEST Group concern:

- Purchasing and logistical services;
- Sales and the sales and marketing activity;
- Customer services (installation, training, hotline, After-Sales Service);
- The development and handling of accounting and financial information (operating cycle, investment cycle, finance cycle, cash flow cycle);
- Safety of IT systems and networks;
- Human resources management;
- Protection of assets (brands, programs).

The Administration and Finance Department ensures internal procedures are respected by relying on existing controls through procedures that are in place, but also random controls when a budgetary drift is noticed.

The different controls carried out during the financial year 2012 did not detect any sliding and/or significant anomalies.

Process for improvement:

Management of risk and internal control relies on a process of permanent improvement aimed at continually identifying new risks, assessing them, measuring the suitability of the control system in force to control these risks, putting in place improvements that appear necessary, then monitoring their effectiveness.

As such, during the financial year 2012, the key actions targeted were:

- Continued control of risks of fraud and errors by random controls on procedural compliance;
- Continued update of pilot processes to report to the General Management team;
- Continued critical analysis of the relevance and correct application of existing provisions regarding organization, procedures and information systems;
- Reinforcement of guiding measures to deal with customer and financial risk in the subsidiaries;
- Review of the internal audit by the Audit Committee;
- Review, organization and reinforcement of the internal audit using external support;
- Update of the PHARMAGEST Group Risk Map with prioritization;

In 2013, the following key actions will be carried out:

- Continued control of risks of fraud and errors by random controls on procedural compliance;
- Continued critical analysis of the relevance and correct application of existing provisions regarding organization, procedures and information systems;
- Reinforcement of guiding tools to deal with customer and financial risk in the subsidiaries;
- Continued organization and internal audit using external support;
- Monitoring by the Audit Committee of priority Action Plans on technological aspects;
- Assessment and management of risks of the new integrated companies.

The PHARMAGEST Group continues its progressive approach aimed at adapting its internal control management system to the reference framework for risk management and internal control systems, updated and put on-line by the Financial Markets Authority on 22 July 2010, in order to continue to work on risk management, control processes and activities, as well as permanent surveillance.

5.3 Scope of risk management and internal control

The risk management and internal control systems are applied in the companies under direct management.

As such, consistency controls and one-off interventions are carried out on the companies ADL, MALTA INFORMATIQUE and the companies integrated by the equity method according to the guidelines of the PHARMAGEST Group management.

5.4 Participants in risk management and internal control

Risk management and internal control are the responsibility of the Administration and Finance Department assisted by Internal Audit and operations managers depending on their area of competence.

The management of PHARMAGEST INTERACTIVE is carried out by the Board of Directors which meets regularly and decides on guidelines for the company, after consultation of accounts, performance indicators, budgets and financial positions.

For its day to day management, the Board of Directors relies on

- The General Management team;
- The Audit Committee;
- The Finance and Social Management Committee;
- The Management Committees for the different businesses and the Steering Committees operating in project mode;
- Internal audit;
- Management control.

The Management Committees are permanent bodies.

5.5 Identification of risk factors

The key risk factors identified are:

Risks inherent to the business:

Competition: the PHARMAGEST Group is the leader in its market and therefore exposed to fierce competition. This risk is monitored by the Management Committees for the different businesses which report directly to the General Management team;

Economic environment / Indirect risks linked to decisions made at government level:
The different businesses of the PHARMAGEST Group, and more specifically the Pharmacy business, could be affected by government decisions that directly concern the Group's customers.

Indeed, the Pharmacy France business contributes more than 80% of the PHARMAGEST Group's turnover. Therefore, a government decision regarding, for example, the removal of medicines from the list of those that are refunded and thus affecting the level of income of pharmacists, could have an impact on their investment and, as a result, the income of the PHARMAGEST Group. However, to date, it has been proven that the PHARMAGEST Group's strong ability to anticipate and continuously research innovative solutions, enabling the pharmacist to deal with a constantly changing world of health, has had a positive impact on the Group.
This risk is monitored by the Management Committees for the different businesses which report directly to the General Management team.

Intellectual property:

- The PHARMAGEST Group owns the patent for the LGPI software in France. The subsidiaries of the Group, DIATELIC, INTECUM and the DOMEDIC GROUP Inc., own the patents of the developed systems;
- All the brands and domain names used by the PHARMAGEST Group and its subsidiaries are filed in France and some of them are also filed at European level;
- The PHARMAGEST Group automatically carries out filing of copyright for sources of software and their new versions with the Programs Protection Agency.

This risk is monitored by the General Management Team within the context of the Finance and Social Management Committee.

Social risks

The PHARMAGEST Group employs 751 staff (in Full Time Equivalent - FTE) and has a very active profit-sharing policy (in addition to sharing in profits, the company has an incentive agreement and a regional booster system, and stock options were awarded benefiting all company staff on the payroll in 2004). This risk is monitored by the Human Resources department within the Finance and Social Management Committee which reports to the General Management team.

Operational risks:

Risks linked to the safety of information systems and networks: The PHARMAGEST Group has set up three completely separate architectures: one for its internal needs, one for customer products and one for customers of the personal data hosting services. Each architecture has safety devices and tested firewall systems. The services are hosted on two sites in separate locations and on servers that currently have partial spare capacity.
A business continuation plan, a back-up and archive plan, and a disaster recovery plan will be implemented in 2013 for 20 departments that are considered to be critical. A review of the efficiency of the plans will be carried out in 2013. This risk is monitored by the General Management team within the Finance and Social Management Committee.

Financial risks:

The management of these risks is presented under Heading 20.3.1.5.16 of the consolidated appendices and mainly concerns the liquidity risk and the rate and exchange risk. This risk is monitored by the Administration and Finance Department within the Finance and Social Management Committee which reports to the General Management team.

Risk of fraud and errors:

This risk is monitored by the Administration and Finance Department within the Finance and Social Management Committee which reports to the General Management team.

5.6 Inherent limits to internal control

One of the aims of internal control is to prevent and control risks resulting from the business of the PHARMAGEST Group and the risks of errors and fraud, in particular in the areas of accounting and finance. Like any control system, however, it can only provide a reasonable guarantee that risks are eliminated.

5.7 Compiling and controlling accounting and financial information for shareholders

The key elements of the PHARMAGEST Group control system

The General Management team and the Administration and Finance Department are responsible for compiling accounting and financial information for shareholders. The Board of Directors, by means of its Audit Committee, carries out ongoing controls on financial information and on the procedures used to compile it.

For their control, the Audit Committee, together with the Board of Directors, rely on analyses provided by management control which uses its decision-making tool Cognos Finance in which management reporting is carried out.

The procedures for compiling the consolidated accounts are essentially based on:

- The quest for harmonization of rules and methods;
- Continuous information on accounting news and changes in IFRS standards from accounting and financial documentation and various themed meetings organized by Middlenext and the Financial Markets Authority;
- Use of a tool specifically dedicated to accounting consolidation, developed by the company Lefebvre Software;
- The audit of main variations and operations in the different companies of the PHARMAGEST Group in order to understand the different processes.

The consolidated accounts are produced quarterly and submitted to the Board of Directors.

Relations with the Auditors

The accuracy, sincerity and faithful representation of the annual accounts of PHARMAGEST INTERACTIVE and the information provided to shareholders are subject to certification by two Auditors who present the conclusions of their tasks of certifying the accounts to the Audit Committee.

VI - APPROVAL OF THE REPORT BY THE BOARD OF DIRECTORS

This report, as it is presented here, was approved by the Board of Directors at their meeting of 22 March 2013.

VII - STRUCTURE OF THE CAPITAL

Information concerning the structure of the capital is provided under Heading 18 "Main Shareholders" of the Reference Document.

24.5 Auditors' Control Report

To the Shareholders,

In our capacity as Auditors of the company PHARMAGEST INTERACTIVE and in compliance with the provisions of article L. 225-235 of the Code of Commerce, we present our report on the report drawn up by the Chairman of your company in accordance with the provisions of article L. 225-37 of the Code of Commerce for the financial year ending 31 December 2012.
It is incumbent upon the Chairman to establish and submit to the Board of Directors, for their approval, a report reflecting procedures of internal control and risk management put in place within the company and giving other information required under article L. 225-37 of the Code of Commerce, in particular regarding the system of corporate governance.
It is incumbent upon us:

- to communicate to you our observations concerning the information contained in the Chairman's report, concerning internal control and risk management procedures relating to the compilation and handling of accounting and financial information, and
- to attest that the report contains the other information required by article L. 225-37 of the Code of Commerce, it being specified that it is not our responsibility to verify the accuracy of this other information.

We have accomplished our work in compliance with the professional standards applicable in France.

Information concerning internal control and risk management procedures in reference to the compilation and handling of financial and accounting information

The professional standards require the implementation of due diligence to assess the accuracy of information concerning internal control and risk management procedures relating to the compilation and handling of accounting and financial information contained in the Chairman's report.
This due diligence consists of the following in particular:

- consultation of internal control and risk management procedures relating to the compilation and handling of accounting and financial information underlying the information presented in the Chairman's report as well as existing documentation;
- consultation of the work that permitted the compilation of this information and the existing documentation;
- determination of whether major deficiencies in internal controls relating to the compilation and handling of accounting and financial information that we would have found in the accomplishment of our mission are the subject of appropriate information in the Chairman's report.

On the basis of these tasks, we do not have any observation to make on the information regarding the company’s internal control and risk management procedures relating to the compilation and handling of accounting and financial information contained in the report of the Chairman of the Board of Directors, prepared in accordance with the conditions of article L. 225-37 of the Code of Commerce.

Other Information

We attest that the report of the Chairman of the Board of Directors contains the other information required by article L. 225-37 of the Code of Commerce.

Drawn up at Vandoeuvre-les-Nancy and in Courbevoie, 18 April 2013

The Auditors,

BATT AUDIT
Auditors

Isabelle SAGOT

MAZARS
Auditors

Jean-Brice de TURCKHEIM

24.6 Schedule of forthcoming publications

Turnover first quarter 2013	14 May 2013
Turnover second quarter 2013	08 August 2013
Half-yearly results 2013	Before 31 August 2013
Turnover third quarter 2013	14 November 2013
Turnover fourth quarter 2013	13 February 2014
Annual results 2013	Before 31 March 2014

25 INFORMATION ON SHAREHOLDINGS

The table of subsidiaries and shareholdings of PHARMAGEST INTERACTIVE is presented in the appendices to the company accounts under Heading 20.3.2.3.5.

PHARMAGEST

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