REGISTRATION DOCUMENT 2013

PHARMAGEST

WELCOOP SOLUTION

AUTORITÉ
DES MARCHÉS FINANCIERS

PHARMAGEST INTERACTIVE

Limited company with capital of € 3,034,825
Registered office: 5, allée de Saint Cloud
54600 Villers-lès-Nancy

The original French version of this Registration Document was filed with the French financial markets authority, the Autorité des Marchés Financiers (AMF), on 29 April 2014, in accordance with Article 212-13 of the AMF General Regulation.

It was prepared by the issuer and is the responsibility of the persons whose signatures appear herein. It may be used in connection with a financial transaction in conjunction with an Information Memorandum approved by the Autorité des Marchés Financiers.

Included in this Registration Document by reference are: the consolidated financial statements, management reports and audit reports for the financial years ended on 31 December 2011 and 31 December 2012, which are contained in the 2011 Registration Document, filed under number D. 12-0425 on 26 April 2012, and the 2012 Registration Document, filed under number D. 13-0438 on 26 April 2013, respectively.

REGISTRATION DOCUMENT 2013
PHARMAGEST
WELCOOP SOLUTION

SUMMARY

1 PERSONS RESPONSIBLE

1.1 Person responsible for the information contained in the Registration Document

Mr. Dominique PAUTRAT,
Chief Executive Officer and Member of the Board of Directors of PHARMAGEST INTERACTIVE
5, allée de Saint Cloud
54 600 VILLERS LES NANCY
Tel: + 33 (0)3 83 15 95 95
Fax: + 33 (0)3 83 25 64 10

This Registration Document is also our 2013 Annual Report and contains the annual financial report, as required under Article L. 222-3 of the AMF General Regulation.

1.2 Statement by the Person Responsible for the Registration Document

I hereby declare that, having taken all reasonable care to ensure that such is the case, the information contained in the Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I hereby declare that, to the best of my knowledge, i) the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the Company and of all companies in the consolidated group, and ii) the Management Report in section 24.1 presents a true and fair view of the business development, results and financial position of the Company and the companies in the consolidated group, together with a description of the main risks and uncertainties they face.

I have obtained a statement from the Statutory Auditors at the end of their engagement confirming that they have examined the information about the financial position and the financial statements in this document and have read the entire document.

The historical information for the financial years ended on 31 December 2012 and 31 December 2011, presented in section 20.4 and incorporated herein by reference to the financial year ended on 31 December 2013, have been audited by the statutory auditors.

The Statutory Auditors' Report on the consolidated financial statements for FY 2011 includes a comment on the note, "Accounting principles, texts applied" with regard to the new mandatory International Financial Reporting Standards (IFRS).

The Statutory Auditors' Report on the consolidated financial statements for FY 2012 includes a comment on the note, "Accounting policies, texts applied" with regards to the new mandatory International Financial Reporting Standards (IFRS).

The Statutory Auditors' Report on the consolidated financial statements for FY 2013 includes a comment on the note, "Accounting principles, texts applied" with regard to the new mandatory International Financial Reporting Standards (IFRS).

Dominique PAUTRAT, Chief Executive Officer, PHARMAGEST INTERACTIVE

2 STATUTORY AUDITORS

2.1 Name, address and position of the statutory auditors

Incumbent statutory auditors

SA BATT AUDIT
25, rue du Bois de la Champelle
54500 VANDOEUVRE LES NANCY
First appointed on 19 June 2008 until the Annual General Meeting convened to approve the financial statements for the financial year ended on 31 December 2013,
Represented by Isabelle SAGOT since 2008.

MAZARS
61, rue Henri Regnault
92400 COURBEVOIE
First appointed on 23 June 2005 and renewed on 16 June 2011 until the Annual General Meeting convened to approve the financial statements for the financial year ended on 31 December 2016,
Represented by Jean-Brice de TURCKHEIM since 2009.

Substitute statutory auditors

661, avenue de la Division Leclerc
88304 NEUFCHATEAU
First appointed on 19 June 2008 until the Annual General Meeting convened to approve the financial statements for the financial year ended on 31 December 2013.

Monsieur Antoine MERCIER
22, boulevard des Iles
56000 VANNES
First appointed on 23 June 2005 and renewed on 16 June 2011 until the Annual General Meeting convened to approve the financial statements for the financial year ended on 31 December 2016.

2.2 Statutory auditors who resigned or were not re-appointed

Néant.

3 SELECTED FINANCIAL INFORMATION

3.1 Consolidated financial information relative to past years

In M€*	2013	2012	2011
Net sales	113.4	108,7	97.06
Current operating profit	23.12	20.14	17.79
Operating profit	23.12	20.14	17.79
Consolidated profit/(loss) attributable to equity holders of the parent	15.83	13.52	11.75
Equity capital group share	75.64	66.48	57.74
Net cash	44.76	41.70	31.63
Fixed assets net of amortisation/provisions	43.75	42.81	42.68
Total assets	**109.41**	**101.90**	**90.87**
Gearing (net debt/equity)	-56.55%	-57,39%	- 45.79%
ROE (net profit/(loss)/shareholders' equity)	21%	21%	21%
Headcount	793	767	734
Dividend (1)	2.50	2.10	1.80
Basic earnings per share	**5.22**	**4.45**	**3.90**

**except the dividend and the basic earnings per share (in euro).*
(1) The dividend per share given for the 2013 financial year is the dividend that will be proposed to the AGM on 27 June 2014.

3.2 Individual financial information relative to past years

The main historical data for the individual financial statements of PHARMAGEST INTERACTIVE is presented in the financial table appended to the Management Report in Section 24.1 of this Registration Document.

4 RISK FACTORS

The PHARMAGEST Group reviewed the risks it is exposed to and considers that there are no further material risks other than those listed and presented in the Management Report in Section 24.1 herein.

5 INFORMATION ABOUT THE ISSUER

5.1 History and development of PHARMAGEST INTERACTIVE

5.1.1 Company name and commercial name

The company's name is: PHARMAGEST INTERACTIVE.

5.1.2 Registration information and number

PHARMAGEST INTERACTIVE is registered in the Nancy Trade and Companies Register (Registre du Commerce et des Sociétés) under number B 403 561 137. Its NAF code (French activities code) is 62.02B.

5.1.3 Date and period of incorporation

PHARMAGEST INTERACTIVE was incorporated by virtue of the private agreement dated 25 January 1996, under the trading name "Rousseau CPI" for a period of 99 years from the date of registration in the Nancy Trade and Companies Register, i.e. until 24 January 2095, unless extended or terminated in advance on a decision of the Extraordinary General Meeting of Shareholders.

Its financial year runs from 1 January to 31 December.

5.1.4 Head office, legal form and applicable law

The Company has its registered office at 5 allée de Saint-Cloud, VILLERS-LES-NANCY (54 600), France.

The following legal documents may be consulted at this address and/or on the website, www.pharmagest.com: annual and consolidated financial statements, Management Report of the Board of Directors, Corporate Social and Environmental Responsibility Report, which is appended to and forms an integral part of the Management Report, report of the independent auditors on the corporate, social and environmental data, the Chairman's report, the Statutory Auditors' report on the annual financial statements, the Statutory Auditors' report on the Chairman's Report, the Statutory Auditors' Special Report, the Statutory Auditors' report on the consolidated financial statements, text of resolutions, list of Board Members and their mandates, and the list of registered shareholders.

PHARMAGEST INTERACTIVE is a French société anonyme governed by French law. Accordingly, the main texts applicable to it are the provisions of the French Commercial Code (Code de commerce) relative to commercial companies and subsequent texts.

5.1.5 Milestones in the Group's development

5.1.5.1 Company history

1996 : Creation
After amassing more than 10 years' experience in pharmacy information systems at CP Informatique and Rousseau Informatique, Thierry Chapusot, Thierry Ponnelle and Vincent Ponnelle formed ROUSSEAU CPI. They developed the PHARMAGEST® software suite and built a distribution network in the eastern region of France. ROUSSEAU CPI was subsequently renamed PHARMAGEST INTERACTIVE.

1998 : In order to deepen its local commercial and technical footprint and move into the top position in the market, PHARMAGEST INTERACTIVE decided on the capital backing of pharmaceutical distributor CERP Lorraine, through the operational merger with its MIRABEL IT subsidiary. CERP Lorraine was renamed the WELCOOP GROUP in 2008.

2000 : Market listing
PHARMAGEST INTERACTIVE launched on the Nouveau Marché of the Paris stock exchange to increase brand recognition, pursue its external growth policy and develop new services and working methods for the pharmaceutical industry.

2003 : Market leader for pharmaceutical information systems
Following a series of acquisitions in the domestic French market, the largest of which was CIP, the PHARMAGEST Group took the leadership position in the pharmaceutical information systems market with a 43.5% share of the French market (Source: PHARMAGEST INTERACTIVE).

2007 : First stage of European expansion
September 2007 saw PHARMAGEST INTERACTIVE acquire the Luxembourg-based SABCO and its ATS subsidiary (renamed SABCO Services) in Belgium. They have a 12% market share in Belgium and a 49% share in Luxembourg (Source: SABCO).

2008 / 2009 : New expertise: IT systems for elderly residential care homes (EHPAD)
Following an initial strategic acquisition of the software publisher MALTA INFORMATIQUE, the PHARMAGEST Group substantially expanded its line-up and extended its expertise to care homes.
The acquisition of AZUR Software's goodwill in April 2009 further deepened its footprint in the sector.

5.1.5.2 Recent events

2010 / 2011 : Equity investments to expand the line-up of products and services

- Creation of HEALTHLEASE in March 2010, in which PHARMAGEST INTERACTIVE has a 35% equity stake. The company leases equipment under long-term leases to operators in the pharmaceutical industry, and to pharmacies in particular;
- Acquisition of a 41.6% stake in DIATELIC on 20 September 2010, providing it with complementary expertise in telemedicine and expert systems for home monitoring of patients;
- In December 2010, acquisition of a 49% equity stake in INTECUM, beefing up its line-up for pharmacies with the addition of the SELLEN automated dispensing system;
- May 2011 saw PHARMAGEST INTERACTIVE acquire 35% of the Canadian GROUPE DOMEDIC INC., which develops and markets a smart electronic pill dispenser. It granted the brand and distribution licence for the dispenser to the French company, DOMEDIC EUROPE, 65% owned by PHARMAGEST INTERACTIVE.

2012 and 2013 : Creation of an e-Health Department and first successes
DIATELIC and DOMEDIC EUROPE were merged into a new e-Health Department. The structure of the business line is underpinned by three approvals as Personal Health Data Host, obtained in the period January 2012 to December 2013, and by the creation of a Datacenter, which was inaugurated in June 2013 (see 6.1.5).

2012 also saw the founding of its **KAPELSE** subsidiary to design smart e-Health solutions for remote monitoring of patients.

The PHARMAGEST Group was successful in two calls for projects in 2013:

- In France, its bid was selected for the E-CHRONIC/E-NEPHRO project, part of the Second e-Health call for projects under the French investments for the future programme, alongside 13 other pilot digital services projects in the e-Health sector. The project is a dedicated telemedicine initiative to care for patients with chronic renal failure. It sets out to demonstrate that substantial savings in healthcare costs can be achieved at all three stages of renal failure care, namely detection, promotion of dialysis treatments, and transplant monitoring;
- At regional level, its bid was selected for the SATELOR call for projects in the area of telemedicine or e-health in the home care sector, which is a major public health challenge. The aim is to develop technical solutions to sustain home care for the ill or elderly as part of a secure programme.

Greater equity stakes

- Majority equity investments in the DIATELIC and INTECUM subsidiaries;
- 100% equity investments in:
    - HEALTHLEASE, giving PHARMAGEST Group autonomy and security in terms of client financing;
    - SABCO, increasing its holding from 90% to 100% in December 2013.

5.2 Investments

5.2.1 Main capital expenditure by the issuer during the period covered by the historical financial information until the date of issue of this Registration Document

5.2.1.1 Investments in intangible and tangible assets

The table below summarises capital expenditure during the past three years:

In K€	2013	2012	2011
Intangible assets	2,874	1,115	1,158
Tangible assets	949	1,411	530
Total	**3,823**	**2,526**	**1,618**

A large proportion of the PHARMAGEST Group's capital expenditure on intangible assets is channelled into R&D and innovation to ensure Group companies retain their lead across a range of projects.
2013 will see new business activities, especially in e-Health, related to the acquisitions and equity investments in 2011 and 2012.

Capital expenditure on tangible assets primarily concern renewals.
Changes in property, plant and equipment are due to:

- The construction of the extension to PHARMAGEST INTERACTIVE's head office at VILLERS-LES-NANCY (France) in 2012.
- The acquisition of MALTA INFORMATIQUE's registered offices in MERIGNAC (France) in 2013.

Apart from these two loan-financed transactions, the PHARMAGEST Group's capital expenditure is self-funded.

5.2.1.2 Financial investments

Growth transactions in the past three years:

- Initial equity investments: :
  - In May 2011:
    - . 35% of the Canadian GROUPE DOMEDIC INC. with capital of CAD 1,977,774;
    - . 65% of DOMEDIC EUROPE, with capital of €120,000.

- Creation of wholly-owned subsidiaries :
  - KAPELSE in December 2012, with capital of €1,000,000;
  - CPSI - Caraïbes Pharma Services Informatiques in January 2014, with capital of €100,000.

- Increased equity stake :
  - In February 2012, following a capital increase and share buyback, the holding in DIATELIC was increased from the initial 41.6% to 68.58%;
  - In 2013,
    - . following a capital increase and share buyback, the holding in INTECUM was increased from the initial 49% to 63.99% in January;
    - . Takeover of 100% of HEALTHLEASE in November;
    - . Holding in the Luxembourg subsidiary SABCO increased from 90 to 100% in December.

5.2.2 Main current capital expenditure

Current capital expenditure primarily concerns innovation research & development costs both inside the company and for contracting experienced partners in areas requiring specific expertise.

The PHARMAGEST Group is also keeping up the pace of investment in the framework of:

- Its recent accreditations as a Personal Health Data Host;
- E-health national and regional calls for projects in France, in which the Group is a participant.

These investments will be equity financed.

In addition, the PHARMAGEST Group is maintaining its acquisition strategy, examining opportunities for external growth internationally and in the domestic market, giving priority to innovative services and technologies related to the health sector.

5.2.3 Main future capital expenditure

PHARMAGEST Group senior management has no firm investment commitments as of the date of filing of this Registration Document.

5.3 Financial reporting

Information policy

Mr. Dominique PAUTRAT,
Managing Director and Member of the Board of Directors of PHARMAGEST INTERACTIVE, is responsible for financial information.
Registered office: 5, allée de Saint Cloud - 54 600 Villers-lès-Nancy
Tel.: + 33 (0)3 83 15 95 95
Fax: + 33 (0)3 83 25 64 10

PHARMAGEST INTERACTIVE is committed to holding two information meetings every year for analysts, investors and journalists.

Press releases may be issued with information on significant developments.

In addition, the deed of incorporation, Statutory Auditors' reports, and historic financial information for the issuer and its subsidiaries for each of the two financial years prior to publication of this Registration Document will be available at the issuer's head office for the duration of validity of the document.

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

Gilbert Dupont (the market maker firm) has a research commitment on PHARMAGEST INTERACTIVE.

PHARMAGEST INTERACTIVE continued the market-making contract first signed on 20 October 2003 with Gilbert Dupont.

6 BUSINESS OVERVIEW

6.1 Principal activities

6.1.1 Information technology for pharmacies

Membership of a Pharmacists' Cooperative

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

Internal skills base

As a producer of proprietary solutions, the PHARMAGEST Group delivers comprehensive expertise in pharmacy information technology. Its business is structured into:

- Software publication: design, development, maintenance and upgrades;
- Product distribution: direct marketing through our network of skills centres;
- Integration and training: systems integration (hardware and software), data recovery and management, training and support for pharmacy users;
- Maintenance: monitoring and maintenance of the pharmacy's IT environment.

Services include:

- Review of existing computer population;
- Integration of hardware and software components;
- Validation testing;
- Installation of hardware on site, installation of software on all installed hardware (on average six workstations per pharmacy in a total 9,800 PHARMAGEST INTERACTIVE systems installed);
- User training;
- Hotline and maintenance support

The PHARMAGEST Group's core business: development

The Group's expertise in R&D and its in-depth knowledge of the needs and expectation of its client base are reflected in:

- Continuous upgrades to systems and user support at all stages of the chain, from initial consulting, through to sales, ordering and management;
- Incorporation of the complexity of the billing functions (to include direct payment, third-party payer, mutual insurance companies, and more).

Our software suites are designed to meet the basic needs of the pharmacy environment, such as billing, tele-transmission to the French health insurance information exchange system (SESAM-Vitale), inventory management and optimisation, individual pharmaceutical record system (DP), as well as the tasks entrusted to pharmacists under the Loi HPST (law on Hospitals, Patients, Health and Territories) in France, or the New Payment System in Belgium. These baseline functions are developed in accordance with the mandatory specifications of the SESAM Vitale EIG, the National Council of the French Chamber of Pharmacists (Ordre National de Pharmaciens), the Health Insurance Board, or the Ministry of Social Affairs and Health, applicable to all IT providers in the French market, and with the Royal Decree and the Chamber of Pharmacists in Belgium.

Software and computing services companies must also undertake to develop new functionalities, in addition to mandatory features, and to offer new, value-added functionalities. Hence the PHARMAGEST Group develops innovative and unique tools to meet its customers' existing needs and to anticipate emerging opportunities in the profession.

In an increasingly tough economic environment for pharmacies, the Group is committed to delivering solutions aligned with the two challenges facing the sector, namely

- New roles for pharmacists;
- New sources of profitability.

It offers: powerful statistical analysis systems to support pharmacies' management and financial policies; compliance monitoring campaigns to reinforce pharmacists' advisory role in the healthcare chain while also boosting customer loyalty (the solution includes SMS, voice messages and emails sent automatically from the software, as well as a smartphone app); POS communication tools and websites for pharmacies, with Internet-pharmacy links and an on-line shop.

The PHARMAGEST Group has also turned its attention to overhauling direct procurement and offers a new direct order management system, incorporating a series of features, such as the ability to link into the product catalogues of main suppliers, monitoring of annual contracts by supplier, product range, price and promotions policies, purchasing monitoring utilities, alerts when inventory levels are running low or flagging better conditions offered by another supplier.

In 2009, working in collaboration with the Caisse Nationale d'Assurance Maladie (CNAM - Health Insurance Board) and pharmacies' unions, PHARMAGEST INTERACTIVE was the first provider of pharmacy management software solutions to take part in the French prescription digitisation (e-prescriptions) trial.

Early in 2011, PHARMAGEST INTERACTIVE was accredited by the Centre National de Dépôts et Agréments (CNDA - French national centre for registrations and approvals) for developments pursuant to specifications 1.40 of the SESAM Vitale EIG concerning two major functions: common classification of medical procedures and standardisation of electronic exchanges with supplementary health insurance bodies.

In January 2013, LGPI Global Services® obtained SCOR approval (for scanning prescriptions) from the CNDA, enabling the integration of electronic transmission of supporting documents and scanned prescriptions into the management software.

6.1.2 Pharmacy Europe

As of year-end 2013, the pharmacy sector constitutes the Group's core business and accounts for 83.3% of the PHARMAGEST Group's sales (under IFRS).

6.1.2.1 Pharmacy France

The Pharmacy France business line alone accounted for 80% of the Group's overall sales (IFRS).

Its flagship software suite, LGPI Global Services®, runs in 8,700 or more pharmacies or almost 40% of pharmacies in France. LGPI Global Services® is the number one pharmacy management software in France.

Above-average number of workstations per pharmacy in France
The average in PHARMAGEST INTERACTIVE's client pharmacies is 6.2, exceeding the national average of five per pharmacy:

- IT services are invoiced by number of workstations;
- The population has remained stable in France, although some pharmacies, particularly the smaller ones, have either closed or merged in the challenging French economic environment for the sector, others have increased their number of workstations. This trend impacts positively on PHARMAGEST INTERACTIVE's business given its predominant position in larger pharmacies.

Powerful and efficient statistical and management tools for all pharmacies
The PHARMAGEST Group offers the powerful and intuitive Oracle™ Business Intelligence analytics tool as part of the LGPI Global Services® Decision-making module to help pharmacies to manage every aspect of their business using the clear, interactive dashboards and graphs. iPhone™ access to these analytics dates back to September 2009 for users connected via OffiSecure®.

Secure Internet access
In the digital world where there is a steady increase in information flows for pharmacies, there is also a pressing need for optimum security for this data. PHARMAGEST Group's Offisecure® solution offers professional and secure Internet access designed specifically for the sector. Since 2008, pharmacies have also had the benefit of unlimited telephone professional service, and as of 2013, a 3G back-up service based on PHARMAGEST INTERACTIVE's own data network.
With almost 4,200 subscriptions, PHARMAGEST INTERACTIVE now equips in excess of 40% of its pharmacy customers.

Group purchasing solution

Against the backdrop of an increasing number of strategic tie-ups between pharmacies, taking the form of Group Purchasing Organisations (GPO) or professional practice groups (S.E.L - Société à Exercice Libéral), PHARMAGEST INTERACTIVE introduced OffiCentral® as an ideal system for pharmacies seeking new profit drivers. It is designed to help them optimise grouped orders and harmonise their sales policies.

More than 200 groups and 800 pharmacies currently use OffiCentral®.

A raft of solutions to strengthen patient support and advice

PHARMAGEST Group tailors its solutions to provide support for pharmacists' vital information and advisory role with patients, particularly since the HPST reform act is set to expand this advisory and prevention function. 2007 saw PHARMAGEST INTERACTIVE sign up for the Pharmaceutical Record (DP) project, recommended by the National Council of the French Chamber of Pharmacists (CNOP) with the aim of countering the risk of iatrogenic effects. PHARMAGEST INTERACTIVE was the first software company to connect a French pharmacy to this national computerised database. At the end of 2010, the LGPI Global Services® suite was the leading software package in pharmacies connected to the DP system, and close to 98.4% *(source: CNOP)* of pharmacies running the software are connected to the system.

Continuing this aim of establishing and maintaining a close connection between pharmacists and their patients, PHARMAGEST INTERACTIVE developed IT tools to meet the needs of the profession, including the free smartphone app **Ma Pharmacie Mobile®**, available for iPhone™ and Android™. Pharmacists can offer useful services to patients at all times, especially as personal mobility increases. Features include a store locator to find the nearest open pharmacy, transferring a scan of the prescription, accessing medication history and receiving reminders to take medication. 150,000 or more individuals have downloaded the app *(Source: PHARMAGEST INTERACTIVE)*.

Dynamic point of sale communication

Launched in 2007, OffiMédia® is PHARMAGEST's point-of-sale marketing and communication system for pharmacies. The solution is designed to encourage impulse buys and requests for advice by customers in response to messages on screens positioned in prominent locations in the sales area. In addition to the conventional advertising in the pharmacy, OffiMédia® can be used to display targeted messages at the sales counter, depending on the patient being served and current stock levels, mining its connection to the LGPI Global Services® pharmacy management software. The tool analyses patient data and prescriptions to send accurate messages, thus ensuring relevant and consistent patient advice.

In addition, the "Total amount to pay" displayed on OffiMédia® screens at the counter meets the legal obligations for pharmacies to display prices charged.

Users can use the OffiMédiaPrint function to print the product data sheets on the screen.

As of 2013, pharmacies equipped with LGPI Global Services® can also automatically relay the promotions created in their management software to the OffiMédia® screens, saving time and increasing their effectiveness.

More than 1,500 pharmacies are equipped with a PHARMAGEST Group on-screen communication solution.

Dedicated website for pharmacists

At a time when the Internet is without question the main information and communication resource for French people, PHARMAGEST Group offers Pharmattitude®, the pharmacist's website. Through their personalized space, pharmacies can keep in contact with their patients and send them their opening times, suggest on-line product reservations and dispense advice. Pharmattitude® helps to position the pharmacist as an important point of call for health advice. An on-line shop module was added in June 2009 enabling pharmacies to extend their bricks-and-mortar presence on line and to offer their pharmacy-related products and advice services to Internet users. This trailblazing system came into its own with the publication of an Order, on 19 December 2012, introducing strict controls of on-line sales of medicines in France, in the framework of the new European legislation on safe medicine and rigorously controlled sales.

Equipment financing solution

In May 2010, the PHARMAGEST Group introduced a range of financing services for computer and other professional equipment through its HEALTHLEASE France subsidiary.

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

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

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

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

Personal Health Data Hosting
Accredited in January 2012 as a personal health data host by the French Ministry of Social Affairs and Health, PHARMAGEST INTERACTIVE offers the Offisafe® solution for data back-up.

6.1.2.2 Pharmacy Belgium and Luxembourg

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

A line-up perfectly suited to the needs of the Belgian market
Breaking new ground in the Belgian market, SABCO offers a range of three software packages suited for all types of pharmacies and available in the country's two main languages, French and Dutch:

- SABCO® New: a suite delivering efficiency and speed for daily pharmacy tasks;
- SABCO® Optimum: a range of complementary solutions to improve advice to patients and support them in monitoring their treatment;
- SABCO® Ultimate: a comprehensive and powerful pharmacy management system, featuring dynamic inventory management, decision-making tools, facilitated grouped orders, as well as support for the pharmacist's role as a health professional and a tool for communication with patients.

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

Its leading product, SABCO® Ultimate, was installed in 55 new pharmacies in 2013, positioning SABCO to meet the specific requirements of the Belgian market, and facilitating pharmacists to efficiently manage their business while fulfilling their role of delivering expertise in healthcare. This dual role is the business model chosen by the profession in Belgium in response to current shifts in the healthcare market, characterised by rising fixed and variable costs, squeezed margins, lower footfall in traditional pharmacies in favour of outlets selling pharmacy-related products, lower average spend, etc.

Faced with these challenges, SABCO® Ultimate is an efficient system combining improved patient support and optimised pharmacy management on a user-friendly platform. Integrating Oracle™ Business Intelligence technology, it features powerful analytics and smart dashboard functions leveraging all key pharmacy data. SABCO® Ultimate is way ahead of competing software suites, offering users the ability to boost their decision-making capabilities and negotiating power while supporting their health expert role with patients.

SABCO teams are constantly upgrading SABCO® Ultimate to anticipate shifts in the market, adapt to new legislative requirements for the pharmaceutical sector, and to meet the growing needs of Belgian pharmacists. There were several significant developments during the 2013 financial year, including the introduction of a new module for compound preparation that separates physical preparation and billing; a new storehouse management module including sending and receiving orders using the IBOTP protocol, which is extremely efficient and ideal for groups of pharmacies; and the new OffiPill module for individualized pharmacy preparations, compatible with the new regulations introduced in Belgium on 28 September 2012.

Moreover, the development teams in France and Belgium are working closely together on adapting satellite solutions (OffiCentral®, OffiMédia®, etc.) developed by PHARMAGEST Group to SABCO software in order to offer a comprehensive line-up to pharmacies in Belgium and Luxembourg. The capability to manage discount cards is a new feature added by SABCO in 2013. Patients can now access a centralised points and discount balance, and can accumulate and use points in any pharmacy in the same group. The function is another step towards aligning SABCO's range with the management needs of pharmacy chains and groups in Belgium.

Luxembourg
In 2013, SABCO consolidated its leadership in the Grand Duchy of Luxembourg, its historical headquarters. It boasts 49% (source: SABCO) of the pharmacy IT market through its flagship Officine II product. Clearly differentiated from competing systems, Officine II is designed for efficient management of compound preparations, direct orders and billing of veterinary customers. The product also offers exclusive access to an information portal and the Delphi Care database, as well a robot interface option, document scanning, an SMS function, an interface with electronic labelling, and financial order functions enabling pharmacists to calculate margins.

The R&D teams in the Grand Duchy of Luxembourg introduced many new features in 2013, including a statistical module to give pharmacists additional bargaining power for purchases, incorporation of the Pharmalink order protocol, and a new reimbursement database for generics, due to take effect legally on 1 April 2014.

6.1.3 The PHARMAGEST Group: industry partner par excellence

The Pharmaceutical Companies business contributes 12.8% of PHARMAGEST Group sales (IFRS).

A pharmacy sector expert with a 30-year track record in the development of value-added solutions across the pharmaceutical chain, PHARMAGEST Group is the benchmark provider for pharmaceutical companies keen to establish a customer-focused marketing approach. More than 10,000 pharmacies (in France, Belgium and Luxembourg) are equipped with PHARMAGEST IT solutions. This presence provides it with a market of 50,000 or more health professional users of its solutions, and through them, access to 2 million patients per day (source: (INSEE), and establishing the Group as the leading provider in its segment. By creating new connections between pharmaceutical companies and pharmacies and developing multi-dimensional links in both their interests, PHARMAGEST is a key partner for the pharmaceutical sector.

Communication, training and information tool
The LGPI Global Services® portal is a vehicle for information, just as any conventional media, through which the advertiser pharmaceutical company can address a captive and profiled target: the pharmacy team. The PHARMAGEST Group has helped to exploit the value of pharmacies as a component of drug company strategies by orienting their message and expanding their focus to pharmacists, outside of the traditional marketing channel of physicians.

In this model, the Group developed processes enabling pharmaceutical companies to engage in training and information for pharmacists, using their working tool, notably through dedicated communication spaces. Pharma companies thus have the opportunity to present information on new "products", specific information on medicines, promotions, and more, thereby enhancing their image with this target group by providing them with the professional information they need to fulfil their role. LGPI Global Services® is a resource to build brand image and customer loyalty.

As a contextual medium, LGPI Global Services® also enables pharma companies to present and offer their products at the right time, especially as part of a strategy to offer complementary products related to the initial prescription or contextual information. This approach promotes sales while increasing the level of advice offered to patients.

Public health role
PHARMAGEST Group demonstrates its public health expertise and its ability to mobilise pharmacy teams by setting up health observatories or prevention and screening surveys. In 2013, pharmacies with LGPI Global Services® had the opportunity to participate in a number of screening and prevention campaigns, including non-melanoma skin cancer, colorectal cancer, breast cancer, chronic kidney failure, diabetes and psoriasis. 3,745 pharmacies took part throughout the year with information and awareness programmes targeted at 19,760 patients.

Patient support and delivery
The consequences of failing to monitor compliance with treatment generate health risks for the patient. However, informing and training patients has been observed to improve compliance and patient commitment to their treatment. The PHARMAGEST GROUP develops services for pharmaceutical companies and pharmacists aimed at working on educating patients, through advice from pharmacists, information sheets and on-going advice targeted according to patient profile.

Patient CRM (Customer Relationship Management)
In a changing healthcare delivery environment, pharmaceutical companies are shifting from product marketing to patient-focused marketing. Surveys conducted within the pharmacist's information system provide insight into patient attitudes and practices. Pharmas can adopt new promotional strategies and adjust the information they provide, based on a knowledge of the context for the prescription of one or more of its products and behavioural data.

General public advertising campaigns

POS display advertising, in addition to other promotional channels, is a vital tool to capture customers' attention at the right time to trigger a purchase. Pharmacists leverage the powerful potential of on-screen advertising technology to modernise their image, enhance the retail environment and increase sales. The PHARMAGEST Group offers pharmacists the opportunity to lease their audiovisual spaces to pharmaceutical, dermatology and cosmetic companies to advertise contextual and targeted information and promotional messages promoting the sale of their products to the pharmacies' customers.

6.1.4 Information systems for elderly residential care homes and day centres

The Care Homes business contributes 3.7% of PHARMAGEST Group sales (IFRS).

MALTA INFORMATIQUE produces specialist software for elderly residential care homes (known in France as EHPAD) and day centres, built around its leading expertise in the provision of products for therapeutic monitoring and care for residents. The company's integrated and modular software packages for this core business provide an effective and differentiating solution in response to the changing medical and legal environment in the sector.
Its TITAN application, which is the only solution in the market to cover the entire medication chain for elderly residential care homes, consists of a number of modules for:

- Managing admissions and administration of residents;
- Invoicing, tracking receipts and posting to accounts;
- Monitoring care;
- Monitoring activities;
- Managing attendants;
- Managing personnel rosters;
- Tracing barcodes;
- Quality control;
- Coordination with local and in-house pharmacies.

2013 saw the addition of a new module for the management of groups of facilities with a single database.

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

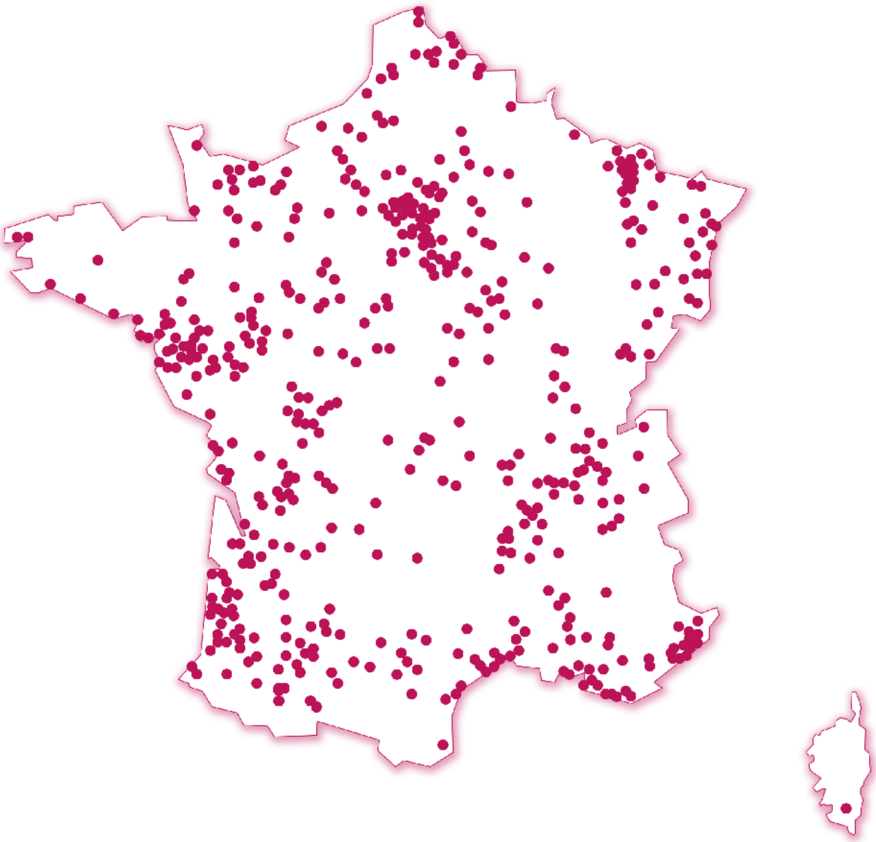
In 2011, the product was expanded to include the TITAN PHARMA module, delivering total security across the medication administration chain by building in traceability of communication with pharmacists.

A new version of TITAN was released in 2012 to manage groups of facilities with a single database. The new TITAN GROUPE offering, designed for the private sector, public sector and associations, delivers a structured methodology and the ability to use consolidated monitoring indicators.

In 2013, the billing and subsidiary accounting module, TITAN FACTURATION was completely revamped to improve the invoice calculation functionality with automatic invoice updates and more detailed accounts tables. The development positions MALTA INFORMATIQUE to respond to all needs in this area, for single homes or groups of facilities.

MALTA INFORMATIQUE's strategy is one of concentrated specialisation and positions it as a key player in the elderly residential care homes sector. The accelerated pace of organic growth recorded by the company once again confirms the market's interest in TITAN solutions.

MALTA INFORMATIQUE topped the milestone of 1,000 facilities equipped with its solutions since 2012.



6.1.5 Creation of the e-Health Business Line: an innovative product line-up

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

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

The Group's strategy is to leverage these new competencies to deliver the services pharmacies will need to meet the requirements of the French healthcare reform act (Loi HPST) and the introduction of payment on a fee-per-service basis.

New businesses to meet emerging healthcare needs

The PHARMAGEST Group has long anticipated the digital revolution that would transform the daily lives of healthcare professionals and patients alike.

The value added of this new business, which draws on the combined expertise of PHARMAGEST INTERACTIVE, DIATELIC and GROUPE DOMEDIC INC., lies in its ability to complement other aspects of the Group's portfolio. E-Health brings together technology suppliers with substantial experience in health with the ability to deliver services to meet the demand from healthcare professionals for improved care for patients.

A strategy for growth through innovation

The PHARMAGEST Group's growth strategy has steadily focused on improving patient health and treatment delivery, and thereby reducing healthcare costs.

The Group has consistently looked ahead, anticipated the major shifts in these markets and concentrated on growth through innovation with a view to sharpening its competitive edge in France and the rest of Europe.
The objective of the new e-Health Business Line is to design and roll out these new services and systems and to assess the savings generated for the National Health Insurance System.

Major innovation to improve patient compliance with treatment regimes: DO-Pill SecuR™

PHARMAGEST INTERACTIVE acquired 35% of the Canadian GROUPE DOMEDIC INC. in 2011, followed by the acquisition of a majority 65% stake in DOMEDIC EUROPE, which holds the exclusive European distribution rights to the products developed by DOMEDIC INC. PHARMAGEST INTERACTIVE entered into a distribution rights transfer agreement with DOMEDIC EUROPE for France, Belgium and Luxembourg to market the DO-Pill SecuR™ smart pill dispenser.

These equity investments in innovative services and high-tech areas related to the health sector are aligned with the Group's strategy and will facilitate it in providing support to pharmacists in their advisory and prevention role. The DO-Pill SecuR™ pill dispenser is a valuable addition to the range of services to aid pharmacies to support patients suffering from chronic conditions and the elderly. It aims to mitigate risks of iatrogenic incidents and/or non-compliance, as the population profile ages (according to the French national population studies institute, INED, the number of people aged 75 and over in France was 5.6 million in 2010 and is expected to exceed 12 million in 2050), and an increasing number of people grapple with chronic illness (close to 20%, according to research by the Ministry of Social Affairs and Health).

DIATELIC: efficient and operational telemedicine

Following the equity investment in December 2010 in the innovative French company DIATELIC as a minority shareholder, PHARMAGEST Group went on to take a majority stake in DIATELIC in March 2012 and now holds 68.58% of the equity of this innovative company.
DIATELIC specialises in artificial intelligence applied to tele-monitoring and monitoring of patient compliance. This highly innovative product was developed from the work of specialists in the field of expert systems research. It generates automatic alerts and sophisticated diagnostic aids for healthcare professionals as part of therapeutic monitoring of patients.
It therefore provides a response to one of the main problems posed by tele-monitoring, namely the quantity of information generated by the acquisition of data in medical records, telemedicine or e-health systems.
The range of software covers an increasing number of pathologies, from renal failure (medical tele-monitoring of home dialysis) and cardiology to diabetes, and respiratory failure.

Personal Health Data Hosting

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

- **Outsourcing of back-ups:**

Under this accreditation, PHARMAGEST Group delivers a powerful, strictly quality controlled and highly secure service to health professionals, pharmacists and healthcare facilities to meet all data back-up needs, and guaranteeing full compliance with applicable laws and regulations. Healthcare professionals can provide patients with the assurance that their health-related data contained in their business applications and files containing personal health data are totally secure using this outsourced back-up solution. Moreover, when combined with our Offisecure® ISP (Internet Services Provider) offer, security levels are optimised further, since data does not transit through the public network.

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

Under this accreditation, PHARMAGEST Group offers private health data services on its DATA100T infrastructure platform, known as TELE100T®.
The infrastructure hosts health data and applications managed and administered directly by its customers, namely healthcare facilities, health professionals, health cooperation organisations (GCS), software publishers, care associations and networks, as well as health industries (pharmaceutical companies and medical device manufacturers).

- **Hosting applications with direct access by patients to their information**

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

Datacenter: a strategic tool to guarantee secure data processing
The digitisation of medical records, exchanges and health data has major implications for the safeguard and security of patients' rights. Outsourcing of health data storage, processing and communication to expert partners is seen as a vital recourse for healthcare organisations.
In 2012, PHARMAGEST Group opted to create a Datacenter guaranteeing robust quality and data security to offer high value-added services to its customers in the healthcare and pharmacy sectors.
The Datacenter was built to the most exacting standards, in terms of security, area (100 sq. m), capacity (30 bays, 42 U, with units 44.45 mm in height, giving approximately 10,000 virtual machines), robust architecture and applications to ensure continuity of service on our platform to meet current and future requirements.

6.2 Principal markets

6.2.1 The market in France

General overview of pharmacies
As at 31 December 2013, there were 22,510 pharmacies in France, including 626 in French Overseas Departments and Territories, representing a slight 0.9% decline on the previous year's figure. On the whole, they are well equipped with IT equipment with an average of five workstations per pharmacy*.
**Source: French Chamber of Pharmacists*

2013 balance sheet - In €K**	2013	2012	Change
Average sales before tax	1,591.9	1,612.4	- 1.3%
Average margin before tax, in value	492.9	479.3	+ 2.8%
Personnel expenses	171.6	167.8	+ 2.3%
Profitability	240.8	231.2	+ 4.1%

Pharmacy sales declined for the first time in 2013, by 1.3% on average, driven down by lower medicine prices and the growth of generic substitutions. Nonetheless, in view of the increasing number of revenue sources (marketing contracts, pay for performance, fees, etc.), and the new business model, the margin has become a more relevant metric to measure business volume.
*** Source : KPMG.*

Payment to pharmacies for refundable medicines (excluding generics not covered by the Reference Price (TFR)) is set by government Order and breaks down into two regulatory parts: the reducing margin and discounts. The Order of 3 March 2008 amends wholesalers' distribution margin.

Pharmacies' margin is*:**

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

Discounts granted to pharmacists by wholesale distributors or pharmaceutical companies are **capped at 2.5%** of the sale price to pharmacists for non-generic refundable medicines and at **17%** manufacturer's price before tax for generics and branded drugs subject to reference pricing. The **VAT rate** on medicines is **2.1%.** ***

Average breakdown* of the price of refundable medicines:**

	2012	2011
For the industry	65.8%	67.7%
For the pharmacy	24.9%	24.7%
For wholesale distributors	2.6%	1.6%
For the government	6.7%	6.0%

**** Source : LEEM (Les Entreprises du Médicament).*

The Pharmacy sector is driven by solid growth fundamentals:

- Population growth in France: 65.82 million, equating to 5.7% growth in 10 years *(Source: INSEE)*;
- Longer life expectancy: one in three French people will be over 60 in 2050 *(Source: INSEE)*;
- Innovations in medicines;
- Increase in self-medication;
- Explosion of chronic illnesses: 15 million people affected in France *(Source: Health Insurance)*;

all of which generate increasing health expenditure to be controlled by government.

The government's main measure in 2012 to shrink the Social Security deficit was to lower prices and to introduce a restriction on some refundable medicines, which account for 80% of pharmacies' business:

- The 2013 LFSS (Social Security Finance Act): €876 million saved on branded medicines and particularly on generics.

For 2014, the PLFSS (Draft Social Security Finance Act), adopted in December 2013, includes additional massive cuts to the price of branded medicines, generics and medical devices totalling €940 million, which will have an impact on pharmacies' margins.

Government is aware that pharmacies are a vital component of the French public health landscape:

- By virtue of their availability and easy access;
- And their excellent coverage across the country.

In April 2012, a review of the new roles and new payment model, initiated by the July 2009 HPST (Hospitals, Patients, Health and Territory) Act resulted in signature of an agreement by unions representing pharmacists and the health insurance system, which opens the way for a new payment system for new aspects of their role, disconnected from the price of the medicine:

- Dispensing fees;
- Pay for performance for generic substitutions;
- Payments based on public health objectives (ROSP), such as an annual fixed fee for an electronic prescription service.

Talks between health insurers and trade unions on the practicalities of the reform of the payment system arising from this new agreement (Order of 4 May 2012, published in the French Official Gazette on 6 May 2012, available for download from http://www.ameli.fr/professionnels-de-sante/pharmaciens/votre-convention/convention-nationale-titulaires-d-officine.php) have met with delays. Subject to the conclusion of these negotiations, the target for the dispensing fee portion of payments to pharmacies will be 48% as of 2016.

Pending the outcome of these talks, other sources of revenue, separate from commercial margins, came on stream in 2013, such as for example the fee of €40 per year per patient for monitoring of oral anticoagulants (AVK). Starting in 2014, this type of payment will be extended to the monitoring of asthma patients. Payment for dosage regimens for complex prescriptions is also planned.

6.2.2 The market in Belgium and Luxembourg

6.2.2.1 Belgium

As at 31 December 2013, there were 4,985 pharmacies open to the public in Belgium, representing a slight 0.6% decline on 2012. The geographical breakdown is as follows:

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

(Source : APB - Association Pharmaceutique Belge).

The country has one of the most dense networks of pharmacies in Europe.
Given the over-supply, a moratorium on opening new pharmacies was imposed in 1999. Mergers and closures have since reduced the number of pharmacies open to the public in Belgium to 4,985 from 5,277.

In a challenging economic environment, pharmacists' representative associations in the country, the APB and the OPHACO, negotiated a New Payment System (NSR) with the government, effective as of 1 April 2010, in response to:

- Lower margins on refundable medicines and large packs;
- Stagnating total margins, kept down by lower prices and volumes;
- The vital advisory and support role played by pharmacists.

The new payment system for pharmacists consists of a fee for pharmaceutical care activities of 79.6% of pharmacists' income (72.5% of basic fees and 4.4% of additional fees) and a margin on the pharmaceutical product (20.4%). This margin is linked to the ex-works price of the medicine and is intended to cover the pharmacy's operating costs. Belgian pharmacists' income rose by €27.6 million in the period from 1 August 2010 to 31 July 2011, compared with the previous payment system, i.e. an average of €5,400 per pharmacy. (Source: APB)

In contrast to France, pharmacies cannot be opened in commercial shopping centres. Also, Belgium does not require the owner of a pharmacy to be a pharmacist. A registered pharmacist who is considered a private individual may be the owner of several pharmacies. In this case, however, the pharmacy manager must be a qualified pharmacist.
Approximately 13% of Belgian pharmacies belong to a chain of pharmacies, such as LLOYDS or MULTIPHARMA.

Pharmacy sales are one-third lower than in France, on average.
The breakdown of sales in a Belgian pharmacy is generally:

- 75% for refundable medicines;
- 15% for OTC medicines;
- 10% for non-refundable prescription medicines.

(Source : APB).

6.2.2.2 Luxembourg

There were 94 pharmacies open to the public in Luxembourg in 2013, including 23 private concessions and 71 State concessions (Source: Luxembourg 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: OECD).
A pharmacy is managed by a registered pharmacist practising as an independent professional. There are two options for obtaining a pharmacy concession:

- Pharmacists may apply for a State concession, which is the case for two-thirds of pharmacies in Luxembourg. The application is placed on a list classified according to years of work experience, length of time qualified and number of years of study;
- Or they purchase a private concession, which requires substantial funding.

In its Programme for Government of 29 July 2009, the Luxembourg Ministry of Health set out plans to strengthen pharmacists' advisory role and to allow them to propose substitutions. The pharmacy network will be beefed up and the concession allocation procedure is to be reviewed to provide better coverage in the interests of public health.
The Government will also pursue its national e-health plan and electronic patient records programme.

6.2.3 Elderly residential care homes and Day Centres in France

The market consists of over 10,000 care homes for the elderly in France*, 75% of which are retirement homes, elderly residential care homes (EHPAD) or long-term care facilities (USLD), and 25% are assisted living retirement homes (for non-dependent people).
*(*Source : MALTA INFORMATIQUE)*

The market is characterised by steady growth to meet the growing need for places as the French population ages. The number of structures is expected to double in the space of 20 years.

France has enacted a number of significant reforms for residential facilities since 2002-2003 with the introduction of the first tripartite agreements (EHPAD/DASS then ARS/Conseil Général), followed by the reinstatement of medical devices in their operating budgets in 2008, not to mention the inclusion of medicines currently being trialled.

This shifting landscape has meant a need for efficient and specialist software, and 70% of facilities are estimated to have comprehensive systems installed*.
(Source : MALTA INFORMATIQUE)*

6.3 Exceptional factors influencing business during the year

None.

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

The PHARMAGEST Group has reviewed these risks, which are inventoried and presented in the Management Report included under 24.1 of this Registration Document.

6.5 The competition

6.5.1 In the French pharmacy market

The market is shared between two main operators:

- The PHARMAGEST Group, with 43.5% of the market;
- The CEGEDIM Group with its ALLIADIS affiliate, with 34% of the market, following the acquisition from ASP of its dedicated pharmacy management PERIPHAR business in June 2012.

LGPI Global Services® is the leading, and indeed the only software to have completely revamped its basic technology.

*«It really is the product that meets the demands of pharmacists who expect a solution tailored to their profession, while at the same time integrating and facilitating access to new technologies and their benefits. This wealth of functions speaks to the core of the profession, enabling them to deliver greater added value to customers and increase loyalty.»**

** Capgemini Study, available from PHARMAGEST INTERACTIVE's head office.*

Group	Company	Software	User customers			Market share		
			2013	2012	2011	2013	2012	2011
ASTERA	ISIPHARM	Winpresto / LEO	1,100	1,000	1,000	4.9%	4.5%	4.5%
CEGEDIM	ALLIADIS/DATA CONSEIL/ SERVILOG*	Alliance Plus / Premium	6,600	7,000	7,100	29.3%	31%	32%
EURALLIANCE	ASP Line*	Périphar	1,000	1,100	1,100	4.4%	5%	5%
INDEPENDANT	EVERYS	Winpharma	3,300	3,000	2,500	14.7%	13%	10.9%
PHARMAGEST	PHARMAGEST INTERACTIVE	LGPI Global Services® / Pharmagest® / Primoris®	9,800 O/w 8,700 LGPI	9,800 O/w 8,000 LGPI	9,800 O/w 7,300 LGPI	43.5%	43.5%	43.5%
DIVERS			710	806	1,490	3.2%	3%	4.1%

** The CEGEDIM Group has a 33.7% market share, following the acquisition of the ASP Line software suite in July 2012.*
(Source : Estimation PHARMAGEST INTERACTIVE)

6.5.2 In the Belgian and Luxembourg pharmacy market

IN BELGIUM

Company	Software	User customers			Market share		
		2013	2012	2011	2013	2012	2011
CORILUS	4 different software packages	2,042	2,050	2,050	41.0%	41%	41%
FARMAD	Farmad	1,278	1,280	1,280	25.6%	25%	25%
SABCO	SABCO® Ultimate, New et Optimum	599	585	525	12.0%	12%	11%
OFFICINAL	Officinal	263	267	267	5.3%	5%	5%
AUTRES		803	835	843	16.1%	17%	17%

(Source : Estimation SABCO).

IN LUXEMBOURG

Company	Software	User customers			Market share		
		2013	2012	2011	2013	2012	2011
SABCO	OFFICINE I / OFFICINE II	46	44	38	48.9%	47%	42%
PROPHALUX	PHARMASOFT	33	34	31	35.1%	37%	34%
MULTIDATA	PHARMA2000	2	2	11	2.1%	2%	12%
NEXTPHARM		12	12	0	12.8%	13%	0%
AUTRES		1	1	11	1.1%	1%	12%

(Source : Estimation SABCO).

6.5.3 In the Elderly residential care homes and Day Centres market

Historical suppliers in this market originate from:

- Management software for medical-social organisations, which means the product, when it exists, lacks expertise in healthcare management and is often characterised by minimal integration;
- Or specialist healthcare or invoicing modules, which are often cumbersome, poorly integrated and have undergone a series of upgrades, one after the other.

	2013	2012	2011
ASC2I	27.2 %	33.9 %	37.0 %
MAGNUS PROGOR	14.5 %	14.4 %	14.4 %
MALTA INFORMATIQUE	13.8 %	10.3 %	8.9 %
EVOLUCARE CORWIN	8.0 %	8.9 %	8.1 %
TERRANGA	6.3 %	5.5 %	2.8 %
SOLWARE	3.0 %	2.9 %	2.6 %
EPSILOG EUREKA	2.6 %	3.2 %	1.9 %
Other software with fewer clients	19.1 %		
Not computerised	**5.5 %**	**21.1 %**	**24.4 %**

(Source : MALTA INFORMATIQUE estimates).

6.5.4 In the e-Health market

One of the major challenges for government in coming years is to provide better care for a growing population for the same or lower cost, in an environment where every item of expenditure must be examined.

e-Health provides the potential to address this challenge. Indeed, it is an essential component of the reform of the health system. e-Health improves access for all to high-quality care throughout the country, and enhances patient safety and coordination between providers in health, medicine and social services, which is seen as vital to ensuring the smooth running of the care pathway. It also means empowering patients and taking their needs and expectations into account, and facilitating home care for those facing a loss of independence or with chronic conditions. e-Health also optimises use of the health system by reducing visits to accident and emergency, reducing unnecessary hospital stays and use of medical transport facilities and out-of-hours facilities.

Projects launched in previous years were not always successful and major players in the industry turned to solutions for the general market, rather than negotiating the many, complex and lengthy stages required to be registered on the List of Refundable Products and Services (LPPR).
According to a TNS Sofres survey, there are an estimated 7 million mobile Internet users to date in France. In excess of 10,000 health apps are available and generate billions of data every day.

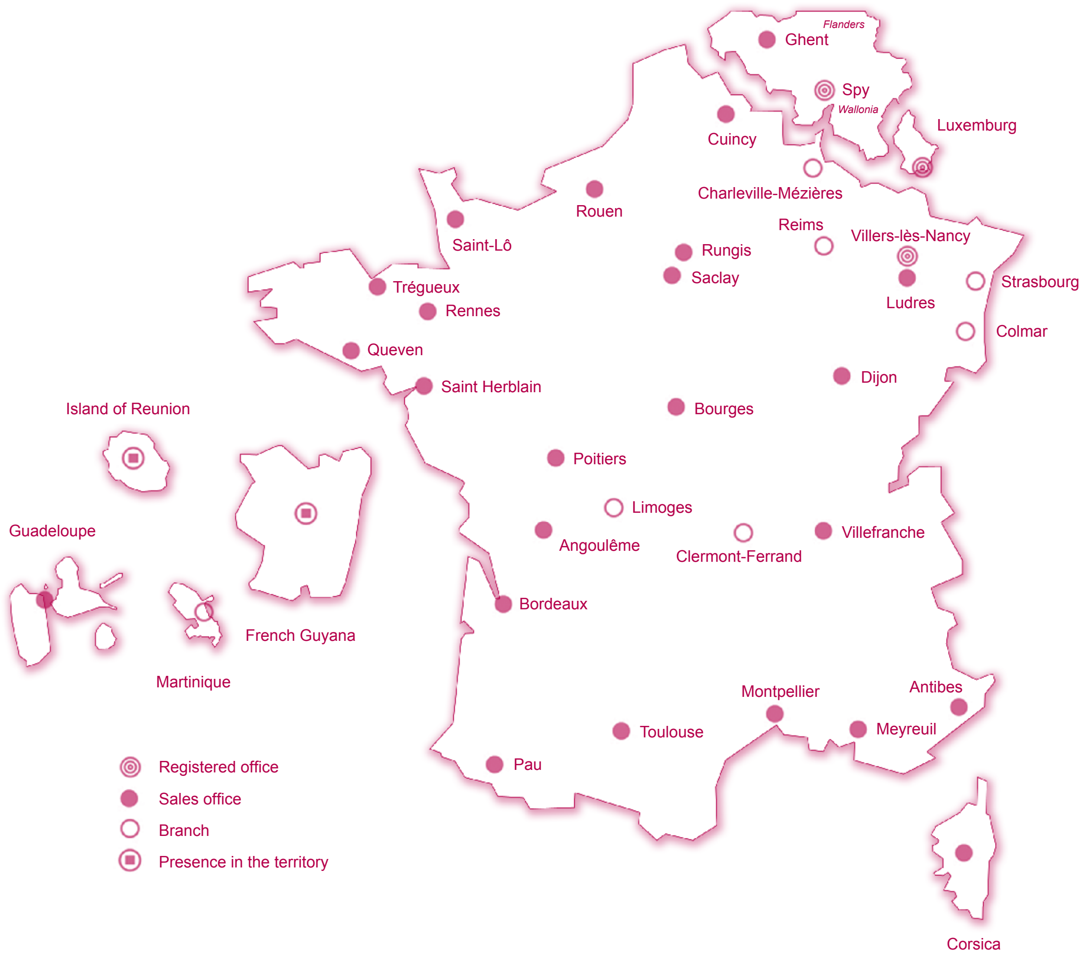
The challenge to be addressed in the near future is how to process and integrate these data into the current health ecosystem.

6.6 Sales and marketing organisation

6.6.1 In the Pharmacy market in France

A team of 79 sales personnel in 28 skills centres in France and four in French Overseas Domains and Territories is responsible for the sale and marketing of the Group's products.

These centres are distributed across the eight largest regions and overseas. A team led by a Regional Director in each centre enjoys sales and technical autonomy. The Regional Director oversees budget preparation, application of technical procedures and customer satisfaction. The regional skills centre is tasked with implementing the sales policy decided by the PHARMAGEST INTERACTIVE Sales Department.



Led by a Sales Director and eight Regional Directors, who are in turn supported by the Agency Sales Managers, the team is responsible for relaying national advertising and communications campaigns through their activities on the ground (canvassing, direct mailing, sales calls, visits etc.).

These initiatives are backed by the technological capabilities of PHARMAGEST INTERACTIVE products, notably LGPI Global Services®, which also functions as a communication and loyalty-building tool by distributing direct and daily information via the pharmacist's IT system.

In addition, PHARMAGEST INTERACTIVE's sales and marketing organisation benefits from access at national level to a dense network of agencies and field teams, comprising technicians, training staff and sales personnel.

The Marketing Department develops promotional tools and communications for national distribution through various media. It also organises PHARMAGEST INTERACTIVE's presence at various events, including the PHARMAGORA trade fair (over 20,000 visitors and 300 exhibitors)*, PHARMAGEST INTERACTIVE regional universities and customer seminars, and coordinates a number of regional activities to present and promote the line-up of products and services.
(Source : PHARMAGORA)*

Moreover, the Marketing Department works closely with R&D in developing specifications and researching new functions or product improvements. It is in close and regular contact with user customers and the Customer Services Department with a view to constantly improving the range.

The Customer Service Department implements, deploys and checks the installation, maintenance and training processes for all technical and training staff throughout the region, as well as for the teams in the Central Call Centre. Reporting to the Regional Director, Regional Customer Service Managers are responsible for customer services in the regions.

6.6.2 In the Belgian and Luxembourg pharmacy market

SABCO applies the processes that have been tried and tested in the PHARMAGEST Group for its reporting procedures, help desk, its sales organisation and customer services.

These processes guarantee visibility of the Belgium and Luxembourg business within the PHARMAGEST Group following the same models as for the agencies and large regions of France, while also taking account of the specific features and autonomy required for the long-term sustainability of the business in these two neighbouring countries.

Belgium and Luxembourg R&D, working with R&D in France, has made the necessary adjustments to software developed from LGPI Global Services® for compatibility with the Belgian and Luxembourg markets. SABCO gives priority to developing a comprehensive and advanced product, in line with the needs of all Belgian and Luxembourg pharmacists, and in accordance with the current standards and legislation governing the pharmaceutical sector.

Breaking new ground in the Belgian market, SABCO offers a range of three software packages suited for all types of pharmacies and available in the country's two main languages:

- SABCO® New: a suite delivering efficiency and speed for daily pharmacy tasks;
- SABCO® Optimum: a range of complementary solutions to improve advice to patients and support them in monitoring their treatment;
- SABCO® Ultimate: a comprehensive and powerful pharmacy management system, featuring dynamic inventory management, decision-making tools, facilitated grouped orders, as well as support for the pharmacist's role as a health professional and a tool for communication with patients.

In 2013, SABCO pursued its aim of establishing a presence in Flanders by taking on several additional Dutch-speaking staff for its sales team and training department.
Corporate marketing and communications initiatives to boost SABCO's reputation and brand recognition, its presence at trade fairs, such as both Pharmacie du Bon Air seminars, combined with the offensive by the sales teams and a strategy to gain market share, should increase SABCO's customer base in the next year.

In 2013, SABCO consolidated its leadership in **the Grand Duchy of Luxembourg**, its historical headquarters, with a 49% market share in the pharmacies IT sector through its flagship Officine II product.
The Belgian sales teams also cover the area of the Grand Duchy.

6.6.3 In the Pharmaceutical companies market

The sales organisation of this business line comprises a team of 10 people, reporting to the Director of the Pharmaceutical Companies Business Line, which is broken down into 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 pharmacist hotline with an advertising business manager, a head of customer advertising and a head of OffiDirect customers.

6.6.4 In the Care Homes IT market

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

This geographical breakdown facilitates close contact with customers and personalised follow-up.

MALTA INFORMATIQUE hired two new staff members in 2013, focused on customer service:

- An additional software support technician, bringing the team to five office-based personnel;
- The team of mobile training consultants was also increased from eight to nine, to meet the demands generated by sustained business growth.

2013 saw 162 new subscribers to TITAN, including several large groups, in particularly the Lyon-based ACPPA, with equipment currently being installed at 50 or so sites

6.7 Our customers

The five leading customers account for 2.7% of consolidated sales, and the top 10 account for 3.3%.

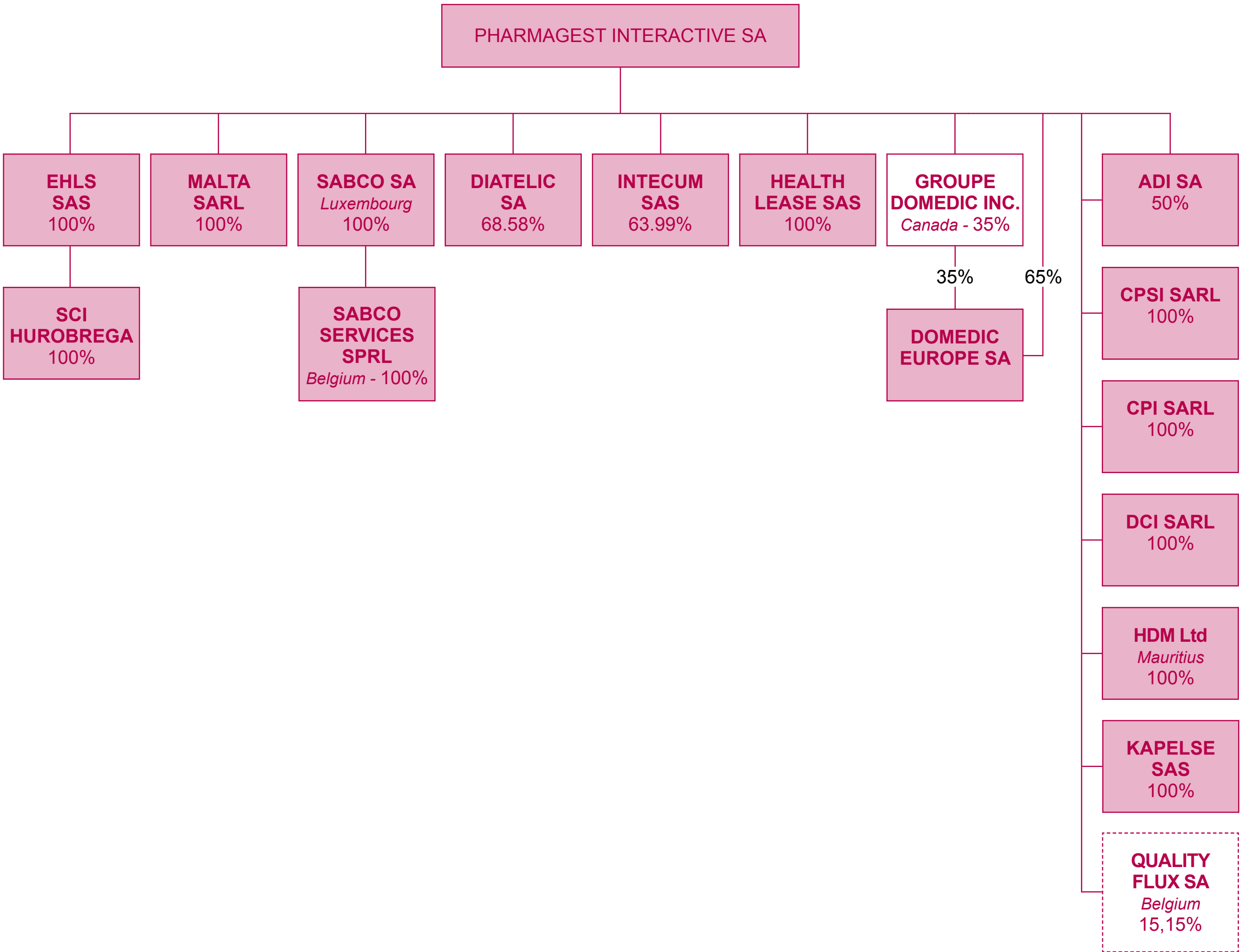
The PHARMAGEST Group's main debtors are leasers working with HEALTHLEASE and CIT France (BNP Lease and SIEMENS, essentially), accounting for 35% of consolidated sales.

Consolidated sales at 31 December 2013 comprise recurring revenue: maintenance and databases represent 29.9%, RENTPHARM renewals for hardware configurations account for 33.5%, and license sales make up 5.5%. This highly stable revenue base (almost 70% year to year) gives PHARMAGEST clarity as regards its sales outlook.

The Group is not dependent on any one customer, and has more than 10,000 pharmacy customers (in France, Belgium and Luxembourg).

7 ORGANIGRAMME

7.1 PHARMAGEST Group Organisation Chart at 31 March 2014*



** Pink background: fully consolidated subsidiaries*
White background: subsidiaries consolidated according to the equity method
Dotted outline with white background: subsidiary no longer included in the scope of consolidation

The percentage of voting rights held by PHARMAGEST INTERACTIVE in each of its subsidiaries is equal to the percentage of its equity holding in these subsidiaries.

Changes in the scope of consolidation since 31 December 2013:

- Absorption of VIP PHARMA by PHARMAGEST INTERACTIVE via the transfer of all assets and liabilities effective on 1 January 2014;
- Dilution of the holding in QUALITY FLUX, reducing from 21.98% to 15.5% following a capital increase and the admission of three new shareholders; PHARMAGEST INTERACTIVE decided not to participate in this capital increase;
- Creation of CPSI - CARAIBES PHARMA SERVICES INFORMATIQUES, a limited liability company with capital of €100,000, and with its head office in Guadeloupe. It is engaged in the sale and marketing, installation and maintenance of hardware and software for pharmacies located in the French Antilles.

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

MARQUE VERTE SANTE (formerly WELCOOP PHARMA), the majority shareholder with 66.84% of the capital of PHARMAGEST INTERACTIVE, following a contribution in kind, governed by Articles L. 225-147 et seq. of the French Commercial Code, by WELCOOP of its entire holding in PHARMAGEST INTERACTIVE, is the operating arm and a 97.58%-owned subsidiary of the WELCOOP GROUP Cooperative.
As at 31 December 2103, following a transfer to its parent, the WELCOOP GROUP Cooperative, MARQUE VERTE SANTE and WELCOOP GROUP hold 61.3% and 5.21%, respectively, of the capital of PHARMAGEST INTERACTIVE.

The WELCOOP Group has developed a set of diversified activities providing efficient solutions for pharmacies, healthcare organisations and the pharmaceutical industry. The WELCOOP Group offers the most extensive back office system available in France, helping to position pharmacists at the heart of the health system, according to three priorities:

- An economic focus with generics, OTC (Over The Counter) medicines, medical devices, pharmacy-related products, and access to European medicines;
- A service focus with a Home Care product and sales support solutions (merchandising, referencing, etc.);
- A technology focus enabling pharmacists to fulfil a healthcare coordinator role backed by efficient information systems.

MARQUE VERTE SANTE's head office is at 7 allée de Vincennes, Technopole de Nancy Brabois, 54 500 VANDOEUVRE-LES-NANCY, France.

With consolidated equity capital of €128 million as at 31 December 2013, MARQUE VERTE SANTE recorded €853 million in consolidated sales for 2013 (French standards).

16 companies were fully consolidated in the PHARMAGEST Group in 2013, including PHARMAGEST INTERACTIVE:

ADI, a 50%-owned subsidiary of PHARMAGEST INTERACTIVE, is a French Société Anonyme with capital of €48,000, with its head office located at 4 rue Rene Razel in SACLAY (91 400 France), registered in the Evry Trade and Companies Register under number 387 882 038. The company is the exclusive distributor of 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 France), registered in the Dijon Trade and Companies Register 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 France), registered in the Bordeaux Trade and Companies Register under number 395 381 817. The company has rented its goodwill to PHARMAGEST INTERACTIVE since 2001.

DIATELIC, a 68.58%-owned subsidiary of PHARMAGEST INTERACTIVE, is a French Société Anonyme with capital of €58,900, with its head office located at 5 allée de Saint Cloud in VILLERS-LES-NANCY (54 600 France), registered in the Nancy Trade and Companies Register 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 French Société Anonyme with capital of €120,000, with its head office located at 5 allée de Saint Cloud in VILLERS-LES-NANCY (54 600 France), registered in the Nancy Trade and Companies Register under number 533 081 360. It is the exclusive European distributor of the DO-Pill SecuR™ smart pill dispenser and related products.

EHLS, a wholly-owned subsidiary of PHARMAGEST INTERACTIVE following the transfer by CIP of all its assets and liabilities 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 France), registered in the LORIENT Trade and Companies Register under number 333 434 157. EHLS is a central purchasing service for IT hardware.

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

HEALTHLEASE, a wholly-owned subsidiary of PHARMAGEST INTERACTIVE since November 2013, is a simplified joint stock company with capital of €1,000,000, with its head office located at 4 avenue Laurent Cely in ASNIERES-SUR-SEINE (92 600 France), registered in the Nanterre Trade and Companies Register under number 522 381 441. The company's primary activity is long-term lease of hardware and other assets.

HUROBREGA, a wholly-owned subsidiary of EHLS, is a real-estate company with capital of €152,000, with its head office located at ZAC de Mourillon in QUEVEN (56 530 France), registered in the Lorient Trade and Companies Register under number 330 201 575. The company is the owner of the premises located at ZAC du Mourillon in QUEVEN.

INTECUM, a 63.99%-owned subsidiary of PHARMAGEST INTERACTIVE, is a simplified joint stock company with capital of €333,300, with its head office located at Z.I d'Erbajolo, lieu-dit Pastoreccia in BASTIA (20 600 France), registered in the Bastia Trade and Companies Register under number 507 906 329. The company designs, manufactures and markets automated systems. Following a share purchase followed by a capital increase on 29 January 2013, PHARMAGEST INTERACTIVE increased its holding to 63.99% and the capital was increased to €463,800.

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 France), registered in the Nancy Trade and Companies Register under number 790 359 079. The company designs 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 France), registered in the Bordeaux Trade and Companies Register under number 444 587 356. The company researches, designs and markets software and related products.

SABCO, a wholly-owned subsidiary of PHARMAGEST INTERACTIVE since December 2013, is a Société Anonyme under Luxembourg law, with capital of €38,671.39, with its head office located at 2 Rue d'Arlon in WINDHOF (8399) (Koerich-Luxembourg), registered in the Luxembourg Trade and Companies Register under number B 15.220. The company sells computer installations and various IT services to customers.

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 45 Route du Saussin in SPY (5190 Belgium), registered in the Brussels Trade and Companies Register under number 0476 626 524. The company markets and sells IT hardware and software, amongst others.

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 Macé in SAINT SYMPHORIEN D'OZON (69 360 France), registered in the Lyon Trade and Companies Register under number 511 930 844. The company markets loyalty programmes.

and two companies accounted for using the equity method:

GROUPE DOMEDIC INC., a 35%-owned subsidiary of PHARMAGEST INTERACTIVE, is a joint stock company under Canadian law with capital of CAD 2,977,774, with its head office located at 2500 rue Jean Perrin, local 190 in QUEBEC G2K 1X1, registered in the Quebec Trade and Companies Register under number 659696-7. The company develops and markets medical devices, particularly the DO-Pill Secure™ smart pill dispenser and its accessories.

QUALITY FLUX, a 21.98%-owned subsidiary of PHARMAGEST INTERACTIVE, is a Société Anonyme under Belgian law, with capital of €125,000, with its head office located at 899 Chaussée de Lille, in BLANDAIN (7522 Belgium), registered in the Mouscron Trade and Companies Register under number 0820 212 501. The company primarily trades statistical data.

7.3 Parent-subsidiary relationships

PHARMAGEST INTERACTIVE is the PHARMAGEST Group parent company and responsible for strategy.

The parent handles support functions such as research and development, marketing and sales. Regional Departments and Customer Services implement the decisions made by PHARMAGEST INTERACTIVE's management committee. Accounting and financial control is centralised.
Payment for these services rendered is based on invoicing of personnel costs and actual general expenses (vouched on invoice) plus a margin.

EHLS is the Group's centralised purchasing unit. Payment for services rendered is made on invoice of equipment plus a margin.

A detailed presentation of the flows between PHARMAGEST INTERACTIVE and its subsidiaries is presented in Section 20.3.2.3.5 (transactions with associates) in the Notes to the individual statements in this Registration Document.

7.4 Significant subsidiaries

In €M - French standards	EHLS	ADI	SABCO	MALTA INFORMATIQUE	HEALTHLEASE (Q4 2013)
Sales	19.66	5.36	3.75	4.23	12.77
Operating income	1.04	0.66	0.32	1.33	0.46
Recurring income before tax	1.99	0.66	0.32	1.35	0.51
Net Profit/(loss)	1.52	0.41	0.30	0.88	0.37

8 REAL ESTATE, PLANTS AND EQUIPMENT

8.1 Real estate assets

The main real estate assets are based around the head offices and sales agencies.

IN FRANCE - HEAD OFFICES:

East:

- VILLERS-LES-NANCY :
  - PHARMAGEST INTERACTIVE - owner ;
  - DIATELIC, DOMEDIC EUROPE et KAPELSE - rented.
- DIJON :
  - CPI - rented.

West:

- QUEVEN :
  - EHLS - owner ;
  - SCI HUROBREGA - owner.

Ile de France:

- SACLAY :
  - ADI - rented ;
- ASNIÈRES-SUR-SEINE :
  - HEALTH LEASE France - rented.

Rhône Alpes:

- SAINT SYMPHORIEN :
  - VIP PHARMA - rented.

South-West:

- MERIGNAC :
  - MALTA INFORMATIQUE - owner ;
  - DCI - owner.

South-East:

- INTECUM - rented.

IN FRANCE - AGENCIES:

West:

- QUEVEN - rented from SCI HUROBREGA, which is the owner ;
- NANTES, RENNES, SAINT LO and SAINT BRIEUC - rented.

North:

- ROUEN and CUINCY - rented.

East:

- LUDRES, DIJON, REIMS, STRASBOURG, COLMAR and CHARLEVILLE MAIZIERES - rented.

Rhône Alpes :

- VILLEFRANCHE - rented.

South-East:

- MEYREUIL (AIX), ANTIBES and MONTPELLIER - rented.

South-West:

- TOULOUSE, ANGOULEME et PAU - rented ;
- MERIGNAC, rented from DCI, which is the owner.

Centre:

- BOURGES, POITIERS, LIMOGES et CLERMONT FERRAND - rented.

Ile de France :

- RUNGIS - rented.

IN BELGIUM - PREMISES OF SABCO SERVICES:

Wallonia: SPY - Head office - rented;
Flanders: GAND - Agency - rented.

AU LUXEMBOURG - SABCO'S PREMISES:

Windhof: Head office - rented;

MAURITIUS – HDM'S PREMISES:

Port Louis: Head office - rented;

The fee-owned premises represent 40% of the area of premises used by the PHARMAGEST Group. Rented premises are covered by operating leases and (like all operating leases) are not restated under intangible assets (see 20.3.1.5.2.7).

8.2 Environmental issue

PHARMAGEST Group sites are not subject to any environmental constraints (see the Corporate Social and Environmental Responsibility Report in Section 24.2 of this Registration Document).

9 REVIEW OF FINANCIAL POSITION AND RESULTS

The data and explanations are included in the Management Report included under Section 24.1 of this Registration Document.

10 CASH FLOW AND EQUITY

The data and explanations are included in the presentation of the consolidated financial statements of the PHARMAGEST Group in Section 20.3 of this Registration Document.

11 RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES

The structure of the organisation is based on: a Technical Department, with six divisions, each headed up by a Deputy Director:

- **Software Development and Quality Assurance**, responsible for regulatory supervision of the drafting of specifications, as well as directing tests and quality assurance for the entire product range. It has 18 staff.
- **Architecture, Tools and Methods**, responsible for promoting and developing the overall architecture (including infrastructure), development methods and development tools across the product range. It has seven staff.
- **Pharmacy Publishing for France, Belgium and Luxembourg**, responsible for pharmacy and pharmacy management software solutions: LGPI Global Services®, Primoris® and OffiDose, SABCO® New, Optimum and Ultimate for Belgium, Officine II for Luxembourg and OffiCentral® for France and Belgium. It has 46 staff, 35 people in France, five of whom work on development for Belgium and Luxembourg and six in HDM Ltd., the Mauritian subsidiary of PHARMAGEST INTERACTIVE, as well as five developers from Belgium and Luxembourg.
- **Mobile Internet and Device**, responsible for OffiMédia® and Pharmattitude® satellite products, Communicating Services and other web and mobility products. It has 25 staff, including seven in France and 18 at HDM Ltd, the Mauritian subsidiary of PHARMAGEST INTERACTIVE.
- **In-house Information Technology, Networks and Operations**, responsible for the corporate information system, i.e. for customer relations and sales management, but also infrastructure architecture and data security, notably through the provision of secure Internet access and the health data hosting platform. It has 18 staff.
- **e-Health & Data**, responsible for patient monitoring software and the development of expert systems. It has 10 staff.

Each project is headed up by a project manager who leads the teams of software engineers, development analysts and testers tasked with ensuring the operation of the modules.

The total expenditure for Research and Development posted to the IFRS consolidated financial statements is presented in Section 20.3.1.5.4.1 of this Registration Document.

12 INFORMATION ON TRENDS

12.1 Key points for 2013

ECONOMIC CONTEXT

Regulatory and economic developments have ushered in a period of profound change in the French pharmacy market:

- **From an economic point of view,** pharmacies in France face a decline in sales for the first time (a drop of 1.3% on average), reflecting the impact of lower medicine prices and changes to the reimbursement model. According to a March 2014 KPMG study, over two-thirds of pharmacies are seeing a decline in sales. The only increase was recorded by pharmacies located in shopping centres (where sales rose 1.7%) or those with sales volume in excess of €2.2 million (up 0.5%).
  Representing the largest share of pharmacies' sales at 76%, revenue from reimbursable drugs was down 3.2%, reflecting the impact of the price of generic medicines. However, the fall in sales was contained by the 5% uptick for both self-medication and pharmacy-related products,
  Giving this changing economic model, pharmacy margins are now seen as a more relevant indicator. The average year-on-year increase was 2.8% in 2013, as margins were lifted by sales of generics and substitutions, as well as commercial cooperation agreements with companies producing generic medicines.

- **From a regulatory angle**, increasingly aware of the vital role played by pharmacists in the professional healthcare landscape, and further to the HPST Act of July 2009, the French government entered into an agreement with pharmacists (the Order of 4 May 2012) on recognition for their role and introducing a dispensing fee and pay-for-performance incentives. Negotiations between the pharmacists' unions and the Caisse Nationale d'Assurance Maladie (CNAM - French National Health Insurance Board) to set out the details of the system and the fee schedule had yet to be finalised at end-2013. The aim is to decouple the price of the medicine from payment of the pharmacy and reflects the shift in role from the sale of medicines to healthcare professional.

Indeed, to prosper in this environment and make the necessary adjustments to their business model, pharmacists must be positioned as a healthcare coordinator between patients and other health professionals. The PHARMAGEST Group anticipated this changing landscape and its various business lines offer the means to support pharmacists to change direction, fulfil their new roles, backed by new and innovative technologies, and to position themselves in the new growth markets, namely home care, long-term care and support for the chronically ill.

THE PHARMACY BUSINESS IN FRANCE

In this uncertain environment, pharmacists have an even greater need for efficient support from their IT systems, enabling them to communicate with other health professionals in order to offer personalised patient monitoring and to take on a healthcare coordinator role.

Aware of the profound changes in the profession and the need to create a close on-going relationship between pharmacist and patient, PHARMAGEST INTERACTIVE continually tracks developments in the business and the market and draws on the innovation capacity of its teams to offer pharmacists the tools they need to improve pharmacy management, increase their margins and successfully perform their new advisory and patient care role.

LGPI Global Services® is installed in almost 8,700 pharmacies in France as at 31 December 2013, and is the number one software installed in the country. This software delivers a set of functions required for the operation and management of pharmacies, to control purchases, optimise price policy and efficiently manage the business. It includes a decision-making tool based on Oracle® Business Intelligence (OBI) technology and options to create personalised dashboards and management charts. The software also improves the quality of over-the-counter advice through its comprehensive and interactive information portal. It enhances therapeutic monitoring using the regularly updated advice data sheets or information and screening campaigns and helps 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.
In 2013, all pharmacies completed migration to the SESAM-Vitale 1.40 standard and 50% were migrated to the SCOR standard (prescription scanning), demonstrating the Group's ability to provide the right support to pharmacists to meet changing technical and regulatory requirements.

PHARMAGEST INTERACTIVE introduced the **Offizzy®** payment card solution in February 2012, which immediately updates the SESAM-Vitale directly at the counter. The solution is connected directly to LGPI Global Services® and is both economical and time efficient: features include automatic display of the amount due on the terminal, IP terminals, speedy transactions at the counter, real-time reports of all transactions, and reprinting of retailer's receipts on request. This product has already attracted 350 pharmacies and serves a network of 1,260 workstations.

The **Offilearning** e-learning offer was launched in November 2012. This is an on-line training area directly accessible from LGPI Global Services® and provides the entire team with access to 40 training modules, without the constraints of conventional training programmes. Courses include content on serious illnesses, illness advice and, in general, any topic that has an impact on dispensing quality, in addition to management training modules focused on the products and solutions offered by the PHARMAGEST Group. The e-learning suite also gives pharmacists a simple and effective solution to meeting their new continuing professional development requirements.

The Group's **SELLEN** automated dispensing system is designed to be located in the centre of the pharmacy. This fully modular "robot" counter system delivers not only significant space optimisation benefits, but also frees up staff time to provide advice to patients. SELLEN has also introduced robotic models requiring no access from the back and a disabled-access model.

THE PHARMACY BUSINESS IN BELGIUM AND LUXEMBOURG

As in France, the Belgian pharmacy market has not been immune to change. It has seen revenues contract and major policy and regulatory changes introduced by the creation of the Pharmaceutical Record and the New Payment System. Belgian pharmacists' role has shifted towards service and quality.

SABCO® Ultimate (equivalent to LGPI Global Services®) is installed in 293 pharmacies, which is close to half of SABCO's customers. It delivers all the functions required for the operation and management of Belgian pharmacies. It is interfaced with the satellite products developed by PHARMAGEST Group, notably OffiCentral® and OffiMédia®, which are also available in Dutch versions.

SABCO® New and the most recent **SABCO® Optimum** suites are installed in 306 pharmacies in Belgium, and 70% of these are Optimum users. SABCO continues to upgrade the software with new versions to comply with regulatory changes and to incorporate requests made by user pharmacies.

Significant developments in FY 2013 in Belgium included:

- The installation of a DPP (Shared Pharmaceutical Record) in a pilot pharmacy;
- The development of a new stores module, for groups of pharmacies;
- The completion of a new compounds preparation module enabling pharmacists to fully comply with the recommendations of the Professional Institutions regarding "best pharmacy practices", ensuring extensive and secure follow-up, increased traceability of compound preparations, which are very popular in Belgium, and compatibility with electronic measurement devices.

In Luxembourg, **Officine II** is installed in 46 out of a total 94 pharmacies, giving a 2% market share. The development of new functions in line with market developments and pharmacists' needs, and to interface with the Group's satellite products, ensure the ongoing efficacy and popularity of this package.

PHARMACEUTICAL COMPANIES BUSINESS

Companies producing OTC (Over The Counter) medicines and pharmacy-related products continue to evince their interest in **sales promotion and communication products and services** aimed at the general public.

Information **systems during the sale process** for ethical products for specific use or products that are no longer restricted to hospitals continue to grow.

Ethical or biotechnology products companies want to engage in patient care and choose PHARMAGEST INTERACTIVE for support in introducing projects to pharmacies.

We are working with 30 pharmaceutical companies on related sales, contextual pop-up and PharmaMixMedia campaigns, as well as on surveys and observatories.

CARE HOMES BUSINESS IN FRANCE

The Care Homes economic and regulatory environment is extremely favourable.

TITAN, the software developed by MALTA INFORMATIQUE, is the leading solution for elderly residential care homes and Day Centres. The integrated and modular solutions for Care Homes includes the ZAPETTE module to provide traceability of care provided by care staff, by creating an entry for care, treatment dispensing and actions using an autonomous bar code reader.

The first Web module was introduced in 2013: using TITAN WEB MEDECIN doctors working in elderly residential care homes can connect from their practice offices.
The solution also includes a fully revamped version of the invoicing module, TITAN FACTURATION. In conjunction with TITAN GROUPE, this new module reaffirms MALTA INFORMATIQUE's positioning in the top end of the range for both chains and individual establishments.

E-HEALTH BUSINESS LINE

Faced with the current challenges in the health sector (dependency, dramatic increase in chronic illnesses, and rising costs), tele-medicine, e-health and ICTs (Information and Communication Technology) in general constitute a relevant solution to deliver interactivity between health professionals and patients using information systems.

The recent equity investments in DIATELIC and DOMEDIC EUROPE reflect the PHARMAGEST Group's forward planning and ability to respond to changes in the ICT market applied to the health sector. It opens up new possibilities in serving patients, healthcare professionals and care networks and demonstrates the Group's commitment to supporting pharmacists in their new role in e-health organisations. PHARMAGEST is positioned to offer the sector the products and services it needs to respond to the changing health landscape and to comply with new payment schemes.

The PHARMAGEST Group's growth and innovation strategy has steadily focused on improving patient health and treatment delivery, and thereby reducing healthcare costs.
PHARMAGEST INTERACTIVE merged DIATELIC and DOMEDIC EUROPE in its new e-Health Business Line during first-quarter 2012.
The objective of the e-Health Business Line is to design and roll out these new services and systems and to assess the savings generated for the National Health Insurance System.

The selection of the PHARMAGEST Group in two major calls for projects in 2013 underlines the relevance of its innovation strategy:

- **In France:** PHARMAGEST INTERACTIVE'S bid was selected for the E-CHRONIC/E-NEPHRO project, part of the Second e-Health call for projects under the French investments for the future programme.
  Led by PHARMAGEST INTERACTIVE through its DIATELIC subsidiary, E-CHRONIC/E-NEPHRO was selected with 13 other pilot projects for the provision of e-health digital services.

  PHARMAGEST is the lead for the project, a dedicated telemedicine initiative to care for patients with chronic renal failure, and was selected for the innovative nature of its proposals and the potential savings it offers.
  E-CHRONIC/E-NEPHRO sets out to demonstrate that substantial savings in healthcare costs can be achieved at all three stages of renal failure care, namely detection, promotion of dialysis treatments in and outside centres, and transplant monitoring.

  It combines the use of telemedicine and new care organisations for:

    - Early detection and preventive treatment of pathologies to prevent patient health from deteriorating;
    - Improving patient quality of life, especially by enabling them to stay at home;
    - Increasing the medical efficacy of treatments by stepping up patient monitoring;
    - And reducing health insurance expenditure by optimising care paths overall.

  The PHARMAGEST Group has a presence in e-Health through:
    - DOMEDIC's DO-Pill SecuR™ smart pill dispenser;
    - Expert systems developed by DIATELIC;
    - Health data hosting.

- **At regional level:** The PHARMAGEST Group's bid was selected for the SATELOR call for projects involving research laboratories, industry, innovative start-ups and medical structures.
  The aim of the project is to develop a solution to provide a secure care path for patients with multiple pathologies and/or losing independence in their homes, with productivity gains for carers and/or caregivers.
  The technical solutions developed in the program will include:
    - Existing self-monitoring devices on the market (blood pressure monitors, blood glucose meters, etc.);
    - Innovative and custom-developed monitoring devices;
    - Smart medical devices (electronic pill-dispensers, CPAP (continuous positive airway pressure).

  The data generated by these devices will be analysed by expert systems that can correlate the parameters and send qualified alerts.

The structure of the e-health business is underpinned by three vital Personal Health Data Host accreditations granted by the French Ministry of Social Affairs and Health (see Section 6.1.5):

- H1 2012: Approval for the CARESAFE® hosting service for outsourced health data;
- H2 2012: Approval for a new service for hosting applications managed and administered by the customer and containing personal health data collected in the context of tele-medicine activities "TELE100T".
- December 2013: new TELE100T®-APS (Secure Patient Access) approval: Service intended to host applications managed and administered by health professional customers, directly accessible by patients.

12.2 Recent developments

Growth was good in 2013 and sales grew 4% compared with 2012.

After a first half with strong growth, **the Pharmacy France business** remained strong during the second half of 2013, achieving sales of €90.73 million, up 1.8% for the full year.
Only the fourth quarter of 2013, with sales up 1.3% to €23.59 million, was negatively impacted by:

- A base effect related to the exceptional Q4 in 2012 (for the record, an increase of 12.3%);
- A wait-and-see policy by pharmacists, who tended to postpone investments because of the uncertainty surrounding compensation. The situation was clarified at the end of December and business has seen renewed momentum from the early part of 2014.

All these factors explain the slight decline in the sale of configurations in the fourth quarter (-1.1%). For full-year 2013, configuration sales were up 1.4%. Recurring revenues held up well and rose 4.8%.
Developed products (licences and secondary offers) were down 4.4% over the full year.

Pharmacy France sales	2013 / 2012	2012 / 2011	2011 / 2010
Total sales	1.8 %	10.7 %	3.6 %
Sales of configurations	1.4 %	13.7 %	4.4 %
Recurring sales	4.8 %	7.5 %	3.8 %
Developed products (licences and satellite products)	-4.4 %	5.8 %	- 0.8 %

The year 2013 was marked by a steady increase in sales (17.7%) for the Pharmacy business in Belgium and Luxembourg, bringing sales to €3.77 million, with sales of configuration and recurring revenues growing at a rate of 36.6% and 11.4%, respectively.

The Pharmaceutical Companies business was up 15.9% to €14.46 million for full-year 2013. Sales contracted 25.7% year-on-year in the in the fourth quarter. This is a crucial period for the business due to regulatory changes:

- The obligation to obtain a priori validation for Pharmaceutical Industry information systems by the French Medicines Board (ANSM - Agence Nationale de Sécurité du Médicament et des produits de santé) affects the Group's legacy pharma business and its Communication services business;
- The 2014 draft Social Security Financing bill relative to the reimbursement of generic medicines had an impact on the low-margin Communication services business as early as in Q4.

MALTA INFORMATIQUE (Care Homes business) returned a dynamic performance in 2013. Sales rose 14.9% to €4.23 million at the close of 2013 and 24.2% in Q4 alone. Recurring revenues increased by 28.6% and sales of developed products increased by 9.2% in a growth market.

The E-health business is still in the investment stage as at end-2013 and made no material contribution to the PHARMAGEST Group's sales.

12.3 Outlook

Set against the profound changes in pharmacy practice and the health sector in general, the PHARMAGEST Group continues to:

- Consolidate all its activities in the French, Belgian and Luxembourg markets;
- Innovate to provide pharmacists with the services they need to optimise and improve productivity and therefore to increase their margins.

The Pharmacy France business is expected to continue to perform well through organic growth delivered by its proven business models and dynamic sales teams.

Innovative new products and services will be added to the line-up:

- **PHARMAGEST Consulting**
  - A new service to support pharmacists as their practice moves with the times and to leverage new growth drivers:
    . A new team of consultants throughout France;
    . Developing the use of loyalty-building solutions;
    . A structured approach: review of the situation in the pharmacy, preparation of an action plan, follow-up and support, results measurement.

- **My Pilot®**
  - PHARMAGEST Consulting will be backed by an analytics and management tool using dashboards updated each day in order to implement action plans in the following areas:
    . Financial situation;
    . Profitability of products by category and range;
    . Price policy;
    . Knowledge of customers;
    . Point of sale organisation.

- **OffiDose**
  - Developed for pharmacists to calculate the preparation of doses to be administered (PDA), this is the first dosage software solution on the market;
  - The aim of OffiDose is to enhance the security of the dispensing chain and reduce production and labour costs for pharmacists.

- **Patient follow-up cloud application**
  - Secure cloud application for pharmacy customer follow-up using conventional programmes for monitoring patients with chronic conditions or "well-being" type applications;
  - It is hosted on a HDS server and is compatible with smart medical devices.

- **Patient health follow-up service**
  - New from PHARMAGEST INTERACTIVE;
  - Service offered in Software as a Service (SaaS) mode hosted on HDS servers;
  - Pharmacists can trace patients' health and pathologies and offer a follow-up service to improve their overall health.

- **On-line sales**
  - In the framework of the Decree and Order relative to on-line sales of medicines, PHARMAGEST INTERACTIVE is developing solutions in this area:
    . Web services to exchange information between LGPI Global Services® and an Internet sales site;
    . Health data hosting;
    . A turnkey solution for on-line sales of medicines.

The Pharmacy business in Belgium and Luxembourg is aiming for continued growth throughout Belgium and forecasts an increase in the number of pharmacies with SABCO® Ultimate installed, driven by targeted canvassing and suitable offers and backed by a hard-hitting advertising campaign to firmly establish the SABCO brand.
New functions will be added to the product line-up, such as:

- Management of patients' medication schedules, a feature that has garnered high praise from the profession;
- Complete overhaul of the SABCO Ultimate portal and provision of new content for our customers;
- Deployment of Ma Pharmacie Mobile® (My Mobile Pharmacy) in Belgium and Luxembourg;
- Integration of unit pricing in all our Belgian software solutions, leading to new fees for pharmacists;
- Roll-out of some of the functions of the OffiPill module on SABCO® New and Optimum to incorporate unit pricing;
- Placed on hold in 2013 by the initiating organisations, the Recip-e electronic prescription plans are due to be finalised in first-half 2014 and rolled out in pharmacies running SABCO software. SABCO's lead in developing this project will ensure swift integration.

The Pharmaceutical Companies business will see:

- The introduction of new services based on two priorities:
  - The patient care path: from profile detection to provision of care aiming for improved treatment compliance;
  - The consumer path: from capture outside the pharmacy to counter sales.

- The establishment of a consulting business line for Pharma companies provides a new organisation aimed at defining and gaining a better understanding of the needs of the sector, their marketing challenges and strategy for new products and to support Pharma companies at all project stages, from design to implementation;
- Opportunities generated by the new e-Health Business Line to offer new services to the pharmaceutical industry to track product efficacy and monitor products after sale via DO-Pill SecuR™, or e-health patient inclusion tools.

The MALTA INFORMATIQUE subsidiary (Care Homes business) confidently expects to sustain healthy levels of organic growth and recurring revenues.

- 2014 is set to confirm the deployment of TITAN solutions in elderly residential care homes running MALTA INFORMATIQUE software suites;
- The sales and marketing organisation was increased to six sectors in 2013, all with experienced sales personnel and trainer consultants to accelerate sales and deepen the company's footprint in the regions;
- The improved customer service unit organised into project teams and trainer consultants will sustain growth while maintaining the capacity to manage complex projects. MALTA INFORMATIQUE intends to hire two/three trainer consultants in 2014;

- It has ambitious plans for the development of new modules:
  - Compatibility with the private medical record (DMP) accreditation in 2014;
  - A new WEB ENTOURAGE module will be released for groups of residents.

The e-Health Business Line, will enter the operating stage for current projects:

- E-CHRONIC/E-NEPHRO:
  - Approximately 400 patients concerned (out of a total 850 for the duration of the project);
  - Deployment of approximately 125 DO-Pill SecuR™ pill dispensers (out of a total of 250 for the duration of the project).

- SATELOR :
  - This project is entering phase two with the development of software to detect drops and to measure the activity of the dependent elderly person or patient.

The PHARMAGEST Group's new subsidiary, **KAPELSE, the specialist in innovative e-health solutions**, will play its role in the e-health business line:

- KAPELSE offers comprehensive, straightforward and secure systems for remote patient monitoring.
- Self-sufficient, communicating and remotely-managed, KAPELSE devices can be used to deploy functionalities vital for patients' medication compliance and for optimising their care pathway.

Pacte Lorrain - additional 36 months at home project
Faced with the challenges of an ageing population, increased demands on the health system and limited resources, the pressing issue for the sector is to develop innovative multi-service offerings for the elderly as early as possible as increasing dependence approaches, based on new technologies and with the aim of extending life in the home.
Traditional technical aids have thus far extended the period a person in the early stages of loss of independence can remain in their homes by 18 months. Drawing on new technologies, the aim is to double this time to 36 months in a suitably equipped apartment or house.

WELCOOP Group is a key member of a consortium involving other health and ICT industry players, healthcare facilities, academics, healthcare professionals and construction specialists, which will take a two-prong approach to proving this 36-month hypothesis by:

- Changing existing conditions by making alterations to the home using technical aids and tele-monitoring solutions. The aim is to improve the environment and promote coordinated care;
- Building the future by constructing a senior residence equipped with the latest innovations developed in the past number of years by research laboratories in the Lorraine region of France.

In addition, the PHARMAGEST Group is maintaining its acquisition strategy, examining opportunities for external growth internationally and in the domestic market, giving priority to innovative services and technologies related to the health sector.

13 PROFIT FORECASTS OR ESTIMATES

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

14 ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND GENERAL MANAGEMENT

14.1 Composition and operation of the administrative, management and supervisory bodies

14.1.1 Composition of the Board of Directors as at 31 December 2013

Name and forename or Company Name of the member and their roles	Date term of office expires (1)
Mr. Thierry CHAPUSOT, *Chairman of the Board of Directors*	31 December 2013
Mr. Dominique PAUTRAT, *Managing Director*	31 December 2013 (MD) 31 December 2014 (Board Member)
Mr. Thierry PONNELLE, *Deputy Managing Director and Board Member*	31 December 2013 (DMD) 31 December 2013 (Board Member)
Mr. Denis SUPPLISSON, *Deputy Managing Director and Board Member*	31 December 2013 (DMD) 31 December 2014 (Board Member)
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
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 term of office ends at the close of the Annual General Meeting convened to approve the financial statements for the financial year shown.

14.1.2 Biographical information for the members of the administrative, management and supervisory bodies and general management

BOARD MEMBERS

Mr. Thierry CHAPUSOT: Born on 29 April 1959 in Nancy (France).
An engineer by training (ESSTIN), he obtained his DESS (Master's degree) in Biomedical Engineering in 1982.
Thierry CHAPUSOT began his career in 1983 as a micro-electronics design engineer with TEXET Corporation in Dallas, Texas (US).
On his return to France, he founded CP Informatique in Dijon, a company specialising in information systems for pharmacists.
1996 marked a new phase of his career when he founded PHARMAGEST INTERACTIVE with Thierry PONNELLE and Vincent PONNELLE. He held the position of Managing Director of the company until 31 December 2009.
PHARMAGEST INTERACTIVE joined the WELCOOP Group in 1998 and Thierry CHAPUSOT is also a member of the Executive Committee of WELCOOP since 2006, and of the Executive Committee of MARQUE VERTE SANTE (formerly WELCOOP PHARMA) since 2008.
On 1 January 2010, he was appointed Chairman of the Executive Committee of WELCOOP GROUP and MARQUE VERTE SANTE and Chairman of the Board of Directors of PHARMAGEST INTERACTIVE.

Mr. Dominique PAUTRAT: Born on 2 March 1965 in Nevers (France).
Brevet de Technicien Supérieur in information technology.
1987: sales representative at CP Informatique Dijon (now part of PHARMAGEST INTERACTIVE).
1990 - 1999: founded and headed up CP Informatique Centre (now part of PHARMAGEST INTERACTIVE).
2000 - 2007: founded and headed up PHARMAGEST INTERACTIVE's Pharmaceutical Companies business.
2008 to 2009: Deputy Managing Director (non Board Member) with responsibility for the Pharmacy France arm of PHARMAGEST INTERACTIVE.
2009: Deputy Managing Director and Board Member of PHARMAGEST INTERACTIVE.
Appointed to the position of Managing Director and Board Member of PHARMAGEST INTERACTIVE on 1 January 2010.
As of 1 January 2013: Member of the Executive Committee of WELCOOP Group and MARQUE VERTE SANTE.

Mr. Thierry PONNELLE: Born on 22 May 1960 in Nancy (France).
Thierry PONNELLE began his career in 1982 at ROUSSEAU INFORMATIQUE, the developer and publisher of Pharmagest® software.
He promoted sales of the software package in the eastern region of France and managed a distribution network throughout France.
In 1996, he founded PHARMAGEST INTERACTIVE with Thierry CHAPUSOT and Vincent PONNELLE.
PHARMAGEST INTERACTIVE joined the WELCOOP Group in 1998 and Thierry PONNELLE was appointed to the position of Sales and Marketing Director of PHARMAGEST INTERACTIVE.
He is currently Deputy Managing Director of PHARMAGEST INTERACTIVE and Head of Business Strategy.

Mr. Denis SUPPLISSON: Born on 19 March 1969 in Luçon (France).
He began his career in 1991, joining PHARMAGEST INTERACTIVE as Technical Manager.
He moved to the position of Customer Services Manager for the Centre region.
2002: Head of Customer Services in France.
2010: Head of the Pharmacy France business.
November 2010: Appointed Deputy Managing Director (non-Board Member) of PHARMAGEST INTERACTIVE.
As of 1 January 2013: Deputy Managing Director and Board Member of PHARMAGEST INTERACTIVE.

Mr. Daniel ANTOINE: Born on 26 March 1952 in Blamont (France).
He qualified as a Pharmacist from the University of Nancy in 1977 and has been established as a pharmacist in Charmes (France) since 1978.
Vice-Chairman of the Supervisory Board of WELCOOP GROUP.
Member of the MARQUE VERTE SANTE Supervisory Board from 2008 to 2010, then permanent representative of WELCOOP GROUP and member of the MARQUE VERTE SANTE Supervisory Board from 1 January 2011.
Member of the Board of Directors of PHARMAGEST INTERACTIVE.
Member of the Audit Committee of PHARMAGEST INTERACTIVE.
Chairman of Syndicat des Pharmaciens des Vosges (member of the French federation of pharmacy unions - FSPF) since 1996.
Member of the Board of Directors of the FSPF since 2001.

Mr. Hugues MOREAUX: Born on 10 June 1953 in Canderan (France).
Doctor of Pharmacy, community Pharmacist, graduated from Bordeaux University, and established in Capbreton (France) 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 MARQUE VERTE SANTE Supervisory Board, 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 12 September 1943 in Luneville (France).
Retired in 2003.
Career history:

- Chartered Accountant - listed on the Register of Council of the Order of Chartered Accountants (CROEC) Lorraine Region from 1972 to 2003:
  - Member of the French IT Committee from 1978 to 1985;
  - Elected offices: Member of the CROEC from 1994 to 2003;
  - Member of the Commission des Devoirs et Intérêts Professionnels (D.I.P. - Professional Duties and Interests Committee) in 2003 and 2004;
  - Full member of the Chambre Régionale de Discipline (Regional Disciplinary Chamber) in 2003.

- Statutory Auditor, registered with the Nancy Compagnie Regionale des Commissaires aux Comptes (CRCC) (National Audit Body) and at the Court of Appeal of Nancy from 1975 to 2003:
  - Elected offices: Member of the Nancy CRCC from 1992 to 1994;
  - Member of the Art. 66 Committee (Quality Control) from 1992 to 1999;

Effective in June 2009, Member of the Board of Directors of PHARMAGEST INTERACTIVE
Member of the Audit Committee of PHARMAGEST INTERACTIVE, and Chairman of the Committee as of July 2010.

Mr. François JACQUEL: Born on 26 December 1958 in Perpignan (France).
He qualified as a Pharmacist from the University of Nancy in 1985 and
Graduated in veterinary pharmacy from Lyon University in 1998.
1987 to 1988: Commercial pharmacist at CERP NANCY.
1989 to 1991: Director of the CERP TROYES branch.
1992 to 1994: Director of Liège Pharma, a subsidiary of the Belgium-based CERP LORRAINE Group.
Director of the CERP TROYES branch from 1995 to 2001.
Since 2001: Practising pharmacist at Mussy-sur-Seine (France).
Member of the Board of Directors of PHARMAGEST INTERACTIVE effective on 1 January 2011.
Member of the Audit Committee of PHARMAGEST INTERACTIVE effective on 1 January 2011.
Member of the Supervisory Board of WELCOOP GROUP.

Ms. Anne LHOTE: Born on 12 August 1968 in Laxou (France).
Master's Degree in Technical Accounting and Financial Sciences.
1991 to 1996: Employed in a regional accounting firm.
1997: qualified as a chartered accountant.
1997 to 2003: chartered accountant, managing partner of a regional accounting firm, with responsibility for the WELCOOP GROUP account (formerly called CERP LORRAINE).
2003: joined WELCOOP GROUP as Chief Administrative and Financial Officer.
Member of the Executive Committee of WELCOOP GROUP effective on 1 January 2010.
Member of the Executive Committee of MARQUE VERTE SANTE since September 2005.
Member of the Board of PHARMAGEST INTERACTIVE since 16 June 2011.

Ms. Sophie MAYEUX: Born on 28 June 1957 in Reims (France).
Graduated with a DESS, "CAAE", (Certificate of Aptitude in Business Administration) from the Institute of Business Administration (Nancy) in 1983.
In 1981, she created the S.D.I.C.CONSEIL business communications consultancy as a private practice (in Nancy). This business is on-going.
Since 1988: Design, organisation and management of the Excelsior Breakfast Meetings in Nancy, and then the Flo Breakfast Meetings in Metz.
From October 1995 to October 2000: Managing Director of the publication, Est Eco, a subsidiary of the Est Républicain Group.
From November 2000 to April 2001: Senior analyst for the Est Républicain account.
Deputy Mayor of Nancy since March 2001.
General Councillor for Meurthe et Moselle (Nancy-Ouest canton) since October 2011.
Since 2002: Member of the "Femmes débats et Société" (FDS - Women, Debate and Society) Association.
Member of the Board of PHARMAGEST INTERACTIVE since 22 June 2012.

14.1.3 List of offices held during the past five years.

Mr. Thierry CHAPUSOT

Company	Terms of office
PHARMAGEST INTERACTIVE	Managing Director and Board Member until 31/12/2009 As of 01/01/2010: Chairman of the Board of Directors
WELCOOP GROUP	Executive Committee Member from April 2006 As of 01/01/2010: Chairman of the Executive Committee
MARQUE VERTE SANTE *(formerly WELCOOP PHARMA)*	Executive Committee Member from 28/07/2008 As of 01/01/2010: Chairman of the Executive Committee
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, effective in September 2006, representative of the 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 and then representative of the 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	Representing Board Member of WELCOOP GROUP from June 2007 to May 2009, Board Member from 13/05/2009 to 31/12/2012, then 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)*	Board Member 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 Executive Committee from 05/10/2010
DEVELOPPEMENT PROMOTION CRISTERS	Chairman from 22/11/2013
QUALITYFLUX *(Belgian company)*	Board Member from 30/10/2009 to 15/06/2011
SEMES	Representing 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 to the end of 2012
DIATELIC	Board Member from 08/09/2010
SARL DUVAL DE VITRIMONT	Manager from March 2011
SCI JAMERAI	Manager from 2006
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

Company	Terms of office
PHARMAGEST INTERACTIVE	Deputy Managing Director (non-Board Member) from 07/03/2008 to 18/06/2008 Deputy Managing Director and Board Member from19/06/2008 to 31/12/2009 Managing Director and Board Member from 01/01/2010
ADI - APPLICATIONS ET DEVELOPPEMENTS INFORMATIQUES	Representing Board Member of 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 wound up by transfer of all assets and liabilities on 30/06/2011)*	Representative of the Chairman of PHARMAGEST INTERACTIVE from 01/01/2010 until 30/06/2011
EUROPEAN HEALTH LOGISTIC SOURCING - EHLS *(formerly MICRO MAINTENANCE France - MMF)*	Representative of the Chairman of PHARMAGEST INTERACTIVE from 01/01/2010
DDI *(company wound up by transfer of all 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
SC CHANOINE JACOB	Manager from 21/12/2013
DIATELIC	Board Member until 30/01/2012 then Chairman of the Board of Directors
QUALITYFLUX *(Belgian company)*	Board Member from 15/06/2011
GROUPE DOMEDIC INC. *(Canadian 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
KAPELSE	Representative of the Chairman of PHARMAGEST INTERACTIVE from 18/12/2012
GROUPE WELCOOP	Executive Committee Member from 01/01/2013
MARQUE VERTE SANTE *(formerly WELCOOP PHARMA)*	Executive Committee Member from 01/01/2013
SEMES	Chairman of the Board of Directors from 10/01/2013

Mr. Thierry PONNELLE

Company	Terms of office
PHARMAGEST INTERACTIVE	Deputy Managing Director and Board Member
ADI - APPLICATIONS ET DEVELOPPEMENTS INFORMATIQUES	Representing Board Member of PHARMAGEST INTERACTIVE
SABCO *(Luxembourg company)*	Managing Director from 2007 until 01/09/2009
SABCO SERVICES - formerly ATS (Belgian company)	Manager from 2007 until 09/09/2009

Mr. Denis SUPPLISSON

Company	Terms of office
PHARMAGEST INTERACTIVE	Deputy Managing Director (non-Board Member) from 9/11/2010 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

Company	Terms of office
PHARMAGEST INTERACTIVE	Board Member
GROUPE WELCOOP	Vice-Chairman of the Supervisory Board
MARQUE VERTE SANTE *(formerly WELCOOP PHARMA)*	Member of the Supervisory Board from 28/07/2008 to 31/12/2010 Representative of the Member of the Supervisory Board, WELCOOP GROUP, from 01/01/2011
OBJECTIF PHARMA	Member of the Supervisory Board from 05/10/2010
INVESTIPHARM FRANCE	Board Member
SCI JADD	Manager

Mr. Michel DUSSERRE

Company	Term of office
PHARMAGEST INTERACTIVE	Board Member from 19/06/2009

Mr. François JACQUEL

Company	Terms of office
PHARMAGEST INTERACTIVE	Board Member from 01/01/2011
GROUPE WELCOOP	Member of the Supervisory Board
SELARL FRANCOIS JACQUEL	Manager
SA PHARMA 10	Member of the Supervisory Board
SCI CRAPAUDINE	Joint Manager

Ms. Anne LHOTE

Company	Terms of office
PHARMAGEST INTERACTIVE	Board Member from 16/06/2011
GROUPE WELCOOP	Executive Committee Member from 01/01/2010
MARQUE VERTE SANTE *(formerly WELCOOP PHARMA)*	Member of the Executive Committee since September 2005
INVESTIPHARM FRANCE	Board Member from 28/05/2009, then Chairman of the Board of Directors as of 01/01/2010
D'MEDICA	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
SOFAREX *(Belgian company)*	Managing Director
INVESTIPHARM BELGIUM *(Belgian company)*	Managing Director
ALPHA FINANCE REPARTITION *(Belgian company)*	Managing Director
BELGIUM INVESTMENT DISTRIBUTION *(Belgian company)*	Representing Board Member of STALLION MANAGEMENT
STALLION MANAGEMENT *(Luxembourg company)*	Board Member
OBJECTIF PHARMA	Member of the Executive Committee since 25/06/2009

Ms. Sophie MAYEUX

Company	Term of office
PHARMAGEST INTERACTIVE	Board Member from 22/06/2012

Mr. Hugues MOREAUX

Company	Term of office
PHARMAGEST INTERACTIVE	Board Member until 31/12/2010 Representing Board Member of WELCOOP GROUP from 01/01/2011
GROUPE WELCOOP	Vice-Chairman of the Supervisory Board to 31/12/2010 Chairman of the Supervisory Board from 01/01/2011
MARQUE VERTE SANTE *(formerly WELCOOP PHARMA)*	Member of the Supervisory Board from 12/12/2008 to 31/12/2009. Representative of the Member of the Supervisory Board of WELCOOP GROUP, from 01/01/2010 to 31/12/2010. Chairman of the Supervisory Board from 01/01/2011
D'MEDICA	Representing Board Member of WELCOOP GROUP from 26/06/2009
OBJECTIF PHARMA	Member of the Supervisory Board from 25/06/2009 Vice-Chairman of the Supervisory Board from 01/01/2011
SEMES	Board Member from 01/01/2011
INVESTIPHARM	Representing Board Member of WELCOOP GROUP from 01/01/2011
SNC MOREAUX DUCASSOU	Joint Manager
SCI DU FRONTON	Manager

14.2 Absence of convictions and conflicts of interests concerning the members of the administrative, management and supervisory bodies and senior management

Absence of convictions for fraud of members of the Board of Directors

To the best of PHARMAGEST INTERACTIVE's knowledge, none of the company's corporate officers or managing directors has been:

- Convicted of any fraudulent offence in the last five years at least;
- Declared bankrupt, or placed in liquidation or receivership in the last five years at least;
- The subject of any official public incrimination and/or sanctions by statutory or regulatory authorities in the last five years at least.

Conflicts of interest concerning the administrative, management and senior management bodies

To the best of PHARMAGEST INTERACTIVE's knowledge, as at the date of this Registration Document, there are no potential conflicts of interest between the duties of corporate officers and managing directors of PHARMAGEST INTERACTIVE and their private interests or other duties.

Whereas strict application of the criteria in the **Medef/Afep** report and in the **MiddleNext** Code of Corporate Governance could mean that some are considered to be non-independent, PHARMAGEST INTERACTIVE considers that each of its Directors has both the professional competence and experience required by the Company, as well as free and independent judgement.

To the best of PHARMAGEST INTERACTIVE's knowledge, there is no arrangement or agreement concluded with shareholders, customers, suppliers or others by virtue of which a member of the Board of Directors was appointed to the Board or as Managing Director.

None of the corporate officers have contracts providing for benefits upon termination.

The issuer is compliant with the corporate governance system in force in France.

15 COMPENSATION AND BENEFITS

The compensation paid by PHARMAGEST INTERACTIVE is given in the Management Report in Section 24.1 of this Registration Document.
The methods for determining compensation are set out in the report on internal control in Section 24.5 herein.

The compensation paid by MARQUE VERTE SANTE and the WELCOOP GROUP is given in the Management Report in Section 24.1 of this Registration Document.

16 BOARD AND MANAGEMENT PRACTICES

This information is provided in the management report and/or the report on internal control and risk management in Section 24 herein.

Nonetheless, we draw your attention to the following:

Minimum number of shares for each Board member

Each Board Member must hold one share, in accordance with the Articles of Association and the Board's internal rules.

Board of Directors

The operating methods for the Board of Directors are set out in the report on internal control and risk management in Section 24.5 of this Registration Document.

Independent Board Members

The Ordinary and Extraordinary General Meeting of Shareholders on 19 June 2009 appointed Mr. Michel Dusserre as an independent board member for a term of six years.

The Ordinary and Extraordinary General Meeting of Shareholders on 22 June 2012 appointed Ms. Sophie Mayeux as an independent board member for a term of six years.

The definition of independent board member is set out in the report on internal control and risk management in Section 24.5 herein.

Audit Committee

In 2013, the Audit Committee comprised:

- Mr. Daniel ANTOINE, Board Member;
- Mr. Michel DUSSERRE, Independent Board Member;
- Mr. François JACQUEL, Board Member.

Mr. Michel DUSSERRE was appointed as Chair of the Audit Committee as of 1 July 2010.

The operating methods for the Audit Committee are set out in the report on internal control and risk management in Section 24.5 of this Registration Document.

Compensation Committee

There is no Compensation Committee.

Operating Committees

The composition and roles of the various Executive Committees are described in the report on internal control and risk management in Section 24.5.

17 EMPLOYEES

17.1 Human resources and the labour relations environment

PHARMAGEST Group had 793 employees as at 31 December 2013, 776 of which were full time equivalent (FTE).

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

Over half of our workforce are operating personnel, primarily serving pharmacists, and 84 sales personnel and sales managers, 99 technical and software assistants, 97 trainers and 172 technicians.

A number of agreements were signed in 2013, and are listed in the corporate social responsibility report (see Section 24.2).

17.2 Shareholding and stock options

Equity investment

Employees hold no more than 3% of the share capital under employee savings schemes.

Stock options

The most recent stock option plan expired on 9 September 2012. No new plans were introduced in 2013.

17.3 Contracts and agreements

Optional profit-sharing agreement

An amendment to the profit-sharing agreement of 30 June 2008 covering the scope of the PHARMAGEST Economic and Social Unit (ESU) was signed on 22 June 2011.
PHARMAGEST Group posted a charge of €1,138,316 for fiscal 2013.

Mandatory profit-sharing agreement

Pursuant to Articles L. 442-1 et seq. of the French Employment Code applicable to companies usually employing at least 50 employees, PHARMAGEST INTERACTIVE is required to share the company's profits with its employees.
Accordingly, a mandatory profit-sharing agreement was signed on 29 June 2009 (without matching contributions by the company) for the PHARMAGEST ESU, as well as an agreement to amend the Corporate Savings Plan (PEE in France).

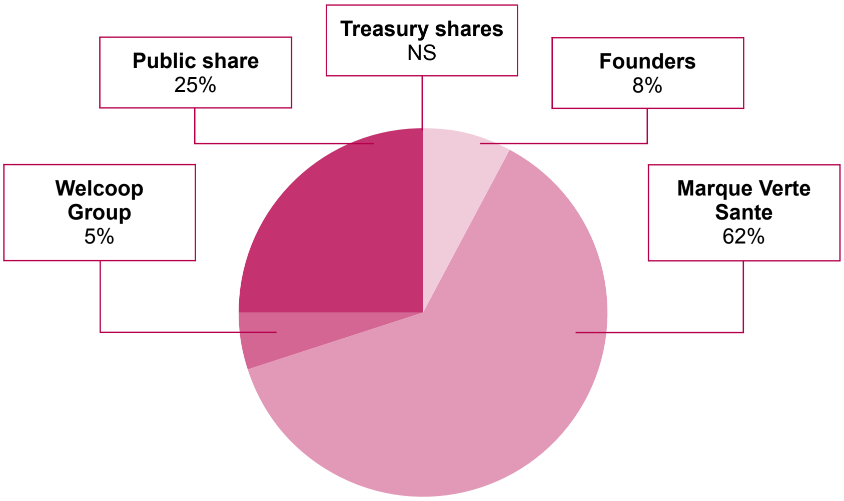
The amounts constituting the profit-sharing reserve are paid into the following corporate mutual funds (FCPE): "Perspective Monétaire A", "Perspective Obligations MT A", "Perspective Confiance 90 A", "Avenir Tempéré", "Avenir Equilibre", "Perspective Actions Europe A" and "Social Active Solidaire", which are managed by INTERSEM, 12 rue Gaillon 75002 PARIS in accordance with the said fund's internal rules and with current laws and regulations. The custodians of the funds' assets are Crédit Industriel et Commercial and Banque Promotrice CIC-EST.

Mandatory profit-sharing amount paid in April 2014 by PHARMAGEST Group in respect of the 2013 financial year: €2,128,891.

18 MAIN SHAREHOLDERS

18.1 Shareholding structure

Capital breakdown as at 31 March 2014:



Voting rights as at 31 December 2013

Shareholder	Number of shares	% capital	Theoretical voting rights	Voting rights exercisable at AGM	Voting rights (%)
SC Ermitage Saint Joseph *(Thierry CHAPUSOT)**	153,040	5.04	153,040	153,040	5.04
Thierry PONNELLE*	91,240	3.01	91,240	91,240	3.01
Subtotal founding directors	**244,280**	**8.05**	**244,280**	**244 280**	**8.05**
MARQUE VERTE SANTE *(formerly WELCOOP PHARMA)*	1,860,519	61.31	1,860,519	1,860,519	61.32
GROUPE WELCOOP	158,040	5.21	158,040	158,040	5.21
Sub-total WELCOOP Group	**2,018,559**	**66.52**	**2,018,559**	**2,018,559**	**66.53**
Treasury shares	830	0.02	830	0	0
Public share	771,156	25.41	771,156	771,157	25.42
TOTAL	**3,034,825**	**100**	**3,034,825**	**3,033,995**	**100**

** Founding shareholders*

The shareholder officers are Messrs Thierry CHAPUSOT and Thierry PONNELLE, who undertook to retain 80% of their shares for a period of one year from the date of market listing (20 October 2000).

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

To the best of PHARMAGEST INTERACTIVE's knowledge, no other shareholder holds more than 5% of the capital or voting rights, directly or indirectly, alone or in concert.

In the past three years, PHARMAGEST INTERACTIVE is aware of the following significant transactions:

- Disposal of 55,000 shares by Mr. Thierry PONNELLE on the market in July 2011;
- PHARMAGEST INTERACTIVE's majority shareholder, MARQUE VERTE SANTE, formerly WELCOOP PHARMA, increased its holding in the company by acquiring 207,101 shares from SGAM COVEA on 4 July 2012, bringing its holding to 68.13%;
- In November 2012, MARQUE VERTE SANTE transacted an over-the-counter sale of 39,062 shares, reducing its holding in PHARMAGEST INTERACTIVE to 66.84%.
- In December 2013, MARQUE VERTE SANTE sold 10,000 shares in the market and 158,039 shares to WELCOOP Group, reducing its holding in PHARMAGEST INTERACTIVE from 66.84% to 61.3%, with WELCOOP GROUP holding 5.21%.

All of these transfers were declared to the AMF in the required manner.

As far as PHARMAGEST INTERACTIVE is aware, no other significant transactions took place between 31 December 2013 and the date of issue of this Registration Document.

Voting rights as at 31 December 2012:

Shareholder	Number of shares	% capital	Theoretical voting rights	Voting rights exercisable at AGM	Voting rights (%)
SC Ermitage Saint Joseph *(Thierry CHAPUSOT)*	153,040	5.04	153,040	153,040	5.04
Thierry PONNELLE	91,240	3.01	91,240	91,240	3.01
Subtotal founding directors	**244,280**	**8.05**	**244,280**	**244,280**	**8.05**
MARQUE VERTE SANTE *(formerly WELCOOP PHARMA)*	2,028,558	66.84	2,028,558	2,028,558	66.86
Treasury shares	915	0.03	915	0	0
Public share	761,072	25.07	761,072	761,072	25.09
TOTAL	**3,034,825**	**100**	**3,034,825**	**3,030,910**	**100**

Voting rights as at 31 December 2011:

Shareholder	Number of shares	% capital	Theoretical voting rights	Voting rights exercisable at AGM	Voting rights (%)
SC Ermitage Saint Joseph *(Thierry CHAPUSOT)*	152,040	5.01	152,040	152,040	5.04
Thierry PONNELLE	90,240	2.97	90,240	90,240	3.00
Subtotal founding directors	**242,280**	**7.98**	**242,280**	**242,280**	**8.04**
MARQUE VERTE SANTE *(formerly WELCOOP PHARMA)*	1,860,519	61.31	1,860,519	1,860,519	61.71
SGAM COVEA	207,101	6.82	207,101	207,101	6.87
Treasury shares	20,245	0.67	20,245	0	0
Public share	704,680	23.22	704,680	704,680	23.38
TOTAL	**3,034,825**	**100**	**3,034,825**	**3,014,580**	**100**

18.2 Control

MARQUE VERTE SANTE (formerly WELCOOP PHARMA) holds 61.3% of PHARMAGEST'S capital, and is itself a 97.58%-owned subsidiary of the WELCOOP GROUP cooperative.

The WELCOOP GROUP representative on PHARMAGEST INTERACTIVE's Board of Directors exercises all due diligence and care to ensure that the financial and legal guidelines of PHARMAGEST INTERACTIVE are complied with, in line with the Group's overall policy.
The presence of Independent Board Members and the separation of the functions of the Chairman of the Board and Managing Director serve to ensure that control is not exercised abusively.

The main shareholders do not have different voting rights.

18.3 Shareholder agreement

There are no shareholder agreements to which PHARMAGEST INTERACTIVE is party and which could have a material impact on the share price. There are no shareholder agreements.

Nor are there voting agreements between shareholders.

18.4 Agreement whose subsequent implementation could result in a change of control

None.

19 RELATED PARTY TRANSACTIONS

Details of financial flows between PHARMAGEST INTERACTIVE and its subsidiaries are presented in Section 20.3.2.3.5 (Information on related party transactions) of the Notes to the individual financial statements.

Financial flows between PHARMAGEST Group and related parties are detailed in Section 20.3.1.5.16 of the Notes to the consolidated financial statements.

20 FINANCIAL INFORMATION ON THE ISSUER'S ASSETS, FINANCIAL SITUATION AND EARNINGS

20.1 Historical financial information

Included in this Registration Document by reference are: the consolidated financial statements, management reports and audit reports for the financial years ended on 31 December 2011 and 31 December 2012, which are contained in the 2011 Registration Document, filed under number D. 12-0425 on 26 April 2012, and the 2012 Registration Document, filed under number D. 13-0438 on 26 April 2013, respectively.

20.2 Pro forma financial information

Given that changes in scope had little impact, no pro forma financial statements have been drawn up.

20.3 Financial statements

20.3.1 PHARMAGEST GROUP consolidated financial statements

20.3.1.1 Consolidated statement of financial position – IFRS standards

Statement of Financial Situation - Assets - In €K	Notes	31/12/2013	31/12/2012
Non-current assets			
Intangible assets	1.5.4.1/4	10,512	9,020
Goodwill	1.5.4.1/4	27,744	27,109
Fixed assets	1.5.4.2/4	4,384	4,320
Non-current financial assets	1.5.4.3/4	290	494
Securities valued by the equity method	1.5.4.2	817	1,871
Deferred tax on assets	1.5.13	394	371
Total non-current assets		**44,140**	**43,185**
Current assets			
Stocks and work-in-progress	1.5.4.5	1,906	1,992
Trade receivables	1.5.4.6	14,522	13,087
Other receivables	1.5.4.6	3,343	1,938
Securities available for sale	1.5.4.7	29,410	28,540
Other financial assets	1.5.4.7	0	2,133
Cash flow and cash flow equivalents	1.5.4.8	16,085	11,030
Total current assets		**65,266**	**58,720**
TOTAL		**109,406**	**101,905**

Statement of Financial Situation - Equity capital and Liability - In €K	Notes	31/12/2013	31/12/2012
Equity capital			
Capital		3,035	3,035
Consolidated reserves		56,780	49,924
Profit for the year		15,825	13,516
Equity capital - Group share		**75,640**	**66,475**
Reserves – Minority interests		425	63
Earnings – Minority interests		6	384
Minority interests		**431**	**447**
Total equity capital (consolidated)	**1.5.5.1**	**76,071**	**66,923**
Non-current liabilities			
Long-term provisions	1.5.7	2,177	1,934
Long-term liabilities	1.5.8	1,090	1,337
Deferred tax liability	1.5.13	227	441
Total non-current liabilities		**3,494**	**3,712**
Current liabilities			
Short-term provisions	1.5.7	196	186
Financial liabilities owed within a year	1.5.8	1,388	2,016
Trade creditors	1.5.8	7,883	7,949
Tax liability	1.5.8	842	1,319
Other liabilities	1.5.8	19,531	19,802
Total current liabilities		**29,840**	**31,271**
TOTAL		**109,406**	**101,905**

20.3.1.2 Consolidated profit and loss statement - IFRS standards

Profit and loss account - In €K	Notes	31/12/2013	31/12/2012
Sales Other business income	1.5.9 /10	113,407	108,722 0
Subtotal Operating revenue		**113,407**	**108,722**
Purchases consumed Personnel expenses Purchases and external expenses Taxes and duties Depreciation allowance Allocation to provisions Other income and expenditure	 1.5.11 1.5.11 	-33,606 -38,941 -13,156 - 2,535 - 2,823 -7 781	- 30,981 - 40,346 - 13,175 - 2,415 - 2,337 - 179 854
Subtotal Operating expenses		**-90,288**	**- 88,580**
Current operating profit		**23,119**	**20,142**
Other operating income Other operating expenses		0 0	0 0
Operating profit		**23,119**	**20,142**
Income from cash flow and equivalents Cost of gross financial debt **Cost of net financial debt** Other financial income and expenditure	1.5.12 1.5.12 1.5.12	1,214 -152 **1,062** -19	1,201 - 77 **1,124** - 34
Tax expense		-8,506	- 7,370
Share of net profit/(loss) from equity-accounted entities		174	39
Net profit/(loss) from continuing operations **Net profit/(loss) from discontinued operations**		**15,832** **0**	**13,900** **0**
Net profit/(loss) for the year		**15,832**	**13,900**
Profit/(loss) attributable to equity holders of the parent		**15,825**	**13,516**
Net profit/(loss) Minority share		**6**	**384**
Basic earnings per share (group share) Diluted earnings per share (group share)	1.5.5.4 1.5.5.4	5.22 5.22	4.45 4.45

Statement of net profit/(loss) and gains and losses recorded directly in equity - In €K	31/12/2013	31/12/2012
Net profit/(loss)	**15,832**	**13,900**
Items subsequently reclassified to net profit/(loss)	**2**	**2**
Translation adjustments Changes in fair value of derivative hedging instruments Financial assets available for sale Related taxes	7 0 -2	-7 0 2
Items not subsequently reclassified to net profit/(loss)		
Revaluation of fixed assets Revaluation/actuarial differences for defined contribution pension plans Stock option expense over the period Related taxes	0 -98 0 33	0 0 -354 118
Total gains and losses recorded directly in equity	**-60**	**-239**
Net profit/(loss) and gains and losses recorded directly in equity	**15,772**	**13,661**
Net profit/(loss) and gains and losses recorded directly in equity - group share	**15,765**	**13,277**
Net profit/(loss) and total gains and losses recorded directly in equity - minority share	**6**	**384**
Basic earnings per share and total gains and losses recorded directly in equity (group share)	5.20	4.38
Diluted earnings per share and net total gains and losses recorded directly in equity (group share)	5.20	4.38

20.3.1.3 Consolidated cash flow statement - IFRS standards

Consolidated cash flow statement - In €K	31/12/2013	31/12/2012
I. Activities and operating investments		
Operating profit	**23,119**	**20,142**
Net amortisations and provisions, excluding tax and financial items Other estimated expenses, excluding financial items Capital gains or losses on disposals of fixed assets Other adjustments	2,826 0 -212 0	2,382 0 - 30 0
Cash flow from operating activities	**25,733**	**22,494**
Gross financial debt, interest paid Taxes paid	-160 -9,400	- 84 - 7,501
Cash flow after interest and tax	**16,173**	**14,909**
Stock variation Change in trade receivables Change in trade payables Change in other receivables and payables	193 2,091 -4,696 -1,470	114 - 596 1,327 2,299
Change in working capital requirement	**-3,889**	**3,144**
Change in cash flow from operations	**12,290**	**18,053**
Acquisitions of intangible assets and property, plant and equipment Disposals of intangible assets and property, plant and equipment Security deposits and other cash flows from operating investments	- 3,823 169 5	- 2,524 95 - 11
Operating investment	**- 3,649**	**- 2,440**
Change in cash flow from operations and operating investments	**8,635**	**15,613**
II. Financial investments		
Acquisitions of financial investments Disposals of financial investments Impact of acquisitions and disposals of investments in consolidated entities	0 0 - 1,208	- 40 0 - 124
Change in cash flow from financial investments	**- 1,208**	**- 164**
III. Capital transactions		
Capital increase on PHARMAGEST INTERACTIVE Capital increase of subsidiaries by minority interests Acquisitions and disposals of PHARMAGEST INTERACTIVE shares (treasury shares) Dividends received from equity-accounted entities Dividends paid by PHARMAGEST INTERACTIVE Dividends paid to minority interests by consolidated subsidiaries Acquisitions and disposals of minority interests	0 130 -22 306 -6,371 -20 -295	0 0 900 263 - 5,445 - 766 0
Change in cash flow from capital transactions	**-6,272**	**- 5,048**
IV. Financing operations		
Loan issues or borrowings and financial liabilities Repayments of borrowings and financial liabilities Acquisitions and disposals of financial investments (securities available for sale/other financial assets) Income from cash flow and equivalents, interest received	488 - 2,113 1,263 1,214	600 - 2,105 - 7,975 1,201
Change in cash flow from financing operations	**852**	**- 8,279**
V. Impact of translation adjustments/financial instruments and other financial income/expenses	**-19**	**- 34**
Net change in cash and cash equivalents	**1,997**	**2,088**
Cash at bank and in hand Bank overdrafts	2,722 725	2,088 0
Change in net cash position	**1,997**	**2,088**

Closing cash flow statement	31/12/2013	31/12/2012	Change in scope	Change
Cash at bank and in hand	16,085	11,030	2,333	2,722
Bank overdrafts	740	0	15	725
Change in net cash position	**15,345**	**11,030**	**2,318**	**1,997**

20.3.1.4 Statement of changes in equity - IFRS standards

Statement of changes in equity - In €K	Group share					Equity - minority share	Total equity
	Capital	Consolidated reserves and retained earnings	Treasury shares	Gains and losses recorded directly in equity	Equity, group share		
Equity capital as at 01/01/2012	**3,035**	**55,769**	**-954**	**-108**	**57,743**	**766**	**58,509**
Changes in accounting methods							
Equity capital as at 01/01/2011, adjusted	**3,035**	**55,769**	**-954**	**-108**	**57,743**	**766**	**58,509**
Capital transactions							
Share-based payments							
Purchases and sales of treasury shares			900		900		900
Dividends		-5,445			-5,445	-766	-6,211
Net profit/(loss) for the year		13,516			13,516	384	13,900
Gains and losses recorded directly in equity				-239	-239		-239
Net profit/(loss) and gains and losses recorded directly in equity		**13,516**		**-239**	**13,277**	**384**	**13,661**
Other							
Changes in scope						64	64
Change in equity interests in subsidiaries with no loss of control							
Equity capital as at 31/12/2012	**3,035**	**63,840**	**-54**	**-347**	**66,475**	**447**	**66,923**
Changes in accounting methods							
Equity capital as at 31/12/2012, adjusted	**3,035**	**63,840**	**-54**	**-347**	**66,475**	**447**	**66,923**
Capital transactions							
Share-based payments			-22		-22		-22
Purchases and sales of treasury shares					-6,371	-20	-6,391
Dividends		-6,371					
Net profit/(loss) for the year		15,825			15,825	6	15,832
Gains and losses recorded directly in equity				-60	-60		-60
Net profit/(loss) and gains and losses recorded directly in equity		**15,825**			**15,765**		**15,771**
Other		**-25**			**-25**		**-25**
Changes in scope						**-3**	**-3**
Change in equity interests in subsidiaries with no loss of control		**-183**			**-183**		**-183**
Equity capital as at 31/12/2013	**3,035**	**73,086**	**-76**	**-407**	**75,640**	**431**	**76,071**

20.3.1.5 Notes to the consolidated financial statements

The financial statements are characterised by a statement of financial situation amounting to €109,406K and overall net profit/(loss) of €15,772K.

The PHARMAGEST Group's main activity is the design of specialised management software for dispensing pharmacies and the distribution of tailored computer solutions.

20.3.1.5.1 Key events

- Takeover of INTECUM via the buyout of a minority interest and a capital increase;
- Takeover of HEALTHLEASE (with effect as at 1 October 2013) via the purchase of 65% of capital held by Holding Lease France;
- Acquisition of minority holdings in SABCO.

20.3.1.5.2 Accounting principles

20.3.1.5.2.1 Applicable texts

A/ CHANGE IN ACCOUNTING POLICIES IN 2013

The annual consolidated financial statements at 31 December 2013 of the PHARMAGEST Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as published by the IASB and approved by the European Union (published in the OJEU).

The accounting principles applied by the PHARMAGEST Group are identical to those applied to prepare the financial statements of the PHARMAGEST Group at 31 December 2012, with the exception of the following standards, amendments and interpretations applicable from 1 January 2013:

- **Amendments to IAS 1:** Presentation of items of other comprehensive income;
- **Amendments to IAS 19:** Employee benefits;
- **Amendments to IFRS 7:** Disclosures - Offsetting financial assets and financial liabilities;
- **IFRS 13:** Fair value measurement;
- **Amendments to IAS 12:** Recovery of underlying assets;
- **Amendments to IFRS 1:** Severe hyperinflation and removal of fixed dates for first-time adopters;
- **Amendments to IFRS 1:** Public loans;
- **Annual improvements (2009-2011):** Annual improvement process, 2009-2011 cycle (published 17 May 2012);
- **IFRIC 20:** Stripping costs in the production phase of a surface mine

Application of these texts did not have any significant impact on the consolidated financial statements.

The new standards, amendments and interpretations likely to have an impact on the PHARMAGEST Group financial statements, with mandatory application from 1 January 2014 or subsequently, did not give rise to early application at 31 December 2013 where authorised by the texts.

These are:

- **IAS 32:** Financial instruments: Presentation - Offsetting financial assets and financial liabilities;
- **IFRS 10:** Consolidated financial statements;
- **IFRS 11:** Partnerships;
- **IFRS 12:** Disclosure of interests in other entities;
- **IAS 27R:** Individual financial statements;
- **IAS 28R:** Investments in associates and joint ventures;
- **Amendments to IFRS 10, IFRS 11 and IFRS 12:** Transitional arrangements;
- **Amendments to IFRS 10, IFRS 11 and IFRS 12:** Investment entities;
- **Amendments to IAS 36:** Recoverable amount disclosures for non-financial assets;
- **Amendments to IAS 39:** Novation of derivatives and continuation of hedge accounting;
- **Annual Improvements, 2010-2012 and 2011-2013 cycles:** Annual improvement process, 2010-2012 and 2012-2013 cycles;
- **IFRIC 11:** Levies.

The application of these texts in 2014 is not likely to have any significant impact on overall earnings.

B/ FIRST-TIME ADOPTION OF IFRS

We set out below the main options for first-time adoption of IFRS:

Business combinations

The PHARMAGEST Group has chosen the option offered by IFRS 1 consisting of not restating acquisitions prior to 1 January 2004, in accordance with IFRS 3.

The exception means:

- That the previous accounting treatment (acquisition method or pooling of interests) is retained;
- That the transaction direction is not queried.

Valuation of intangible assets, property, plant and equipment and investment properties

The PHARMAGEST Group has decided not to retain the option offered by IFRS 1 whereby some or all of intangible assets, property, plant and equipment and investment properties can be valued at their fair value in the opening balance at 1 January 2004.

Pension liabilities

As the PHARMAGEST Group has in the past recorded all actuarial losses and gains on pension liabilities, the option offered by IFRS 1 in this regard was not retained.

Stock options

The PHARMAGEST Group has only one stock option plan. As it was set up after 07 November 2002, it has been restated in accordance with IFRS 2.

20.3.1.5.2.2 Basis for valuation, judgements and use of estimates

The financial statements were prepared according to the historical cost method, with the exception of some financial instruments measured at fair value.

The preparation of the financial statements requires the use of estimates and assumptions to determine the value of assets and liabilities, to assess positive and negative contingencies on the closing date and income and expenses for the year.

Significant estimates made by the PHARMAGEST Group when preparing its financial statements relate to the recoverable amount of intangible assets and goodwill as indicated in Section 20.3.1.5.2.6 of this Registration Document.

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

In addition to using estimates, PHARMAGEST Group management exercised its judgement to define the appropriate accounting treatment of certain activities and transactions where the IFRS standards and interpretations in force do not specifically deal with the relevant accounting issues. In particular, management exercised its judgement in determining the methods for recognising income and classifying leases.

20.3.1.5.2.3 Consolidation methods

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

- Subsidiaries (companies in which the PHARMAGEST Group has the power to direct financial and operational policies in order to gain economic advantages) are consolidated using the full consolidation method;
- The equity method applies to associates in which the PHARMAGEST Group exercises significant influence, which is presumed where the percentage of voting rights is higher than or equal to 20%. According to this method, the PHARMAGEST Group enters "share of net profit/(loss) from equity-accounted entities" on a specific line in the consolidated profit and loss statement.

All PHARMAGEST Group transactions and inter-company positions are eliminated in full on consolidation for fully consolidated companies.

The list of fully consolidated and equity-accounted companies is provided in Section 20.3.1.5.3 of this Registration Document.

For all consolidated companies, the financial year is the same as the calendar year, except for companies set up or acquired during the year. The balance sheets and income statement for PHARMAGEST Group companies used for the 2013 consolidation are those as at 31 December 2013.

20.3.1.5.2.4 Intangible assets

A/ GOODWILL

When a company is taken over, its assets, liabilities and contingent liabilities are measured at fair value on the takeover date.

The difference between takeover cost and PHARMAGEST Group's share in the fair value of these assets, liabilities and contingent liabilities is allocated to goodwill.

The takeover cost is the price paid by the PHARMAGEST Group for the acquisition, or an estimate of this price if the transaction does not involve any payment in cash, excluding acquisition costs, which are posted under operating expenses.

IFRS 3 (revised) introduced an obligation to take account of the fair value of contingent payments in the cost of the price paid.

Where a company is acquired via successive transactions, fair value adjustments are made to shares held prior to the takeover and the change in value is booked as income.

From 1 January 2010, pursuant to IAS 27 (revised), (significant) transactions with minority interests that take place after the takeover affect only equity.

Goodwill is not amortised but tested for impairment at the end of the year, or more often where there is evidence of losses of value. The methods used for these impairment tests are presented in Section 20.3.1.5.2.6 of this Registration Document.
Negative goodwill is automatically posted to operating profit.

B/ RESEARCH AND DEVELOPMENT COSTS

In accordance with IAS 38 "Intangible assets", research and development expenditure is charged to the income statement for the year during which it was incurred, with the exception of development costs where all of the following conditions are met:

- The project is clearly identified and related costs individualised and monitored in a reliable manner;
- The technical feasibility of the project has been demonstrated;
- The PHARMAGEST Group intends to complete the project and to use or sell it;
- There is a potential market for developments resulting from the project or its usefulness in-house has been demonstrated. Thus, where a new module is developed on existing software, its development costs are booked as assets, provided that they open up access to customers not currently covered or to meet a new need;
- There are resources available to complete the project.

The development costs are depreciated over the estimated useful lives of the relevant projects.

C/ OTHER INTANGIBLE ASSETS

An intangible asset is a non-monetary asset without physical substance that must be simultaneously identifiable and controlled by the company as a result of past events and must provide an expectation of future financial benefits. An asset can be identified as intangible if it is separable from the acquired entity or if it arises from legal or contractual rights.

Intangible assets with determinable useful lives are amortised on a straight-line basis over periods that equate to their expected useful life.

Intangible assets	Useful life	Amortisation method
Customer relations	According to contract features	Straight line
Software acquired	1 to 3 years	Straight line

20.3.1.5.2.5 Property, plant and equipment

A/ PROPERTY, PLANT AND EQUIPMENT – INITIAL VALUATION AND SUBSEQUENT VALUATION

Property, plant and equipment are stated at their historical acquisition cost, production cost or entry cost in the PHARMAGEST Group, less cumulative depreciation and impairment losses recognised.

The carrying amount of property, plant and equipment is not revalued as the PHARMAGEST Group has not chosen the alternative method of regularly revaluing one or more categories of property, plant and equipment.

Borrowing costs incurred in order to finance the acquisition and the construction of plants during the construction period are recorded as an expense in the period to which they relate.

B/ DEPRECIATION

Using the components method, the PHARMAGEST Group uses different depreciation periods for each significant component of the same item where one of these components has a different useful life to the main item to which they relate. The main depreciation methods and periods retained are as follows:

Tangible assets	Useful life	Depreciation method
Buildings	15 to 30 years	Straight line
Fittings	8 to 30 years	Straight line
General plants	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 used for performing impairment tests

IAS 36 requires that goodwill and intangible assets with indefinite useful lives are subject to an impairment test at least once yearly, as are other long-term assets where there is evidence that they may have lost value.

Such evidence may include:

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

An asset is recognised as impaired when its actual value falls below that of its net book value. The recoverable amount of an asset is the higher fair value between fair value (less disposal costs) and useful value. Fair value is the amount obtained from selling the asset (or group of assets) in a transaction carried out in the normal course of business between fully-informed, consenting parties. Useful value is the present value of estimated future cash flows of the asset or group of assets being tested. The future cash-flow method was used where there was no comparable market information available.

Where they do not generate any cash flows independently from other assets, these assets are tested individually or grouped with other assets.

Impairment losses for intangible assets and property, plant and equipment may be reversed subsequently if the recoverable amount rises again above their net book value.

Impairment losses for goodwill cannot be reversed.

Possible impairment losses are recognised under "Other operating income and expenditure".

When carrying out impairment tests, goodwill was allocated to the relevant cash-generating units, in line with IFRS 8, to the business lines identified in the PHARMAGEST Group's internal organisational structure.

Thus, all intangible assets not subject to depreciation and goodwill are allocated to each business line (Sections 20.3.1.5.2.20 and 20.3.1.5.4.1 of this Registration Document).

The valuation method is based on discount cash-flow valuation with flows for 2014 to 2017 as projected by PHARMAGEST Group management.

The benchmark discount rate and growth rate to infinity (2%) are those used by financial analysts familiar with that business line. The benchmark discount rate is applied to mature business lines and adjusted for developing business lines (based on the assessment of risk premium).

The various discount rates retained in 2013 are as follows:

Activity	Discount rate retained
Pharmacy France	8%
Care Homes	8%
Pharmacy BeLux	11.50%
CPI	11.50%
Pharmaceutical Companies	11.50%
E-Health	14.50%
Health Designer (Concepteur Santé)	11.50%

The assumptions used by the PHARMAGEST Group to calculate the recoverable amount of these assets are based on future growth assumptions.
To determine future sales growth rates and operational cash flows, the PHARMAGEST Group used the budgets and business plans for each entity to estimate cash flows for the next 4 years.
Impairment tests carried out in 2013 by the PHARMAGEST Group did not reveal any impairment loss on these assets.
The comparison between carrying amount and recoverable amount for each Cash Generating Unit (CGU) is presented in Section 20.3.1.5.4.1 of this Registration Document.

20.3.1.5.2.7 Leases

As part of its various activities, the PHARMAGEST Group uses assets made available under leases.

These leases are analysed in view of the situations described and indicators provided in IAS 17 to determine whether they are operating leases or finance leases.

This analysis indicates that the PHARMAGEST Group uses only operating leases: payments made under operating leases (other than service costs such as for servicing and insurance) are recognised as expenses in the income statement on a straight-line basis over the term of the lease.

20.3.1.5.2.8 Securities available for sale

Assets held for sale are financial assets designated by the company as being available for sale that do not come under "payables and receivables", "investments held to maturity" or "financial assets stated at fair value through profit or loss".

The securities are valued at fair value at the time of acquisition, net of transaction costs. They are then recognised at fair value on each closing date. The fair value of shares in listed companies is calculated based on their trading price on the relevant closing date. The fair value of shares in unlisted companies is determined using recognised valuation techniques i.e. by referring to recent transactions, discounting future cash flows, etc. Securities not listed on an active market and for which fair value cannot be reliably measured are valued at amortised cost.

Unrealised capital gains and losses relative to acquisition price are systematically recognised under equity until the asset is sold. However, when an impairment test requires recognition of an unrealised capital loss over acquisition cost due to significant or prolonged impairment loss, the impairment loss is recognised in the income statement. It cannot subsequently be recognised in the income statement for equities and other variable-income securities.

20.3.1.5.2.9 Other financial assets

Other financial assets mainly comprise loans and receivables at amortised cost.
In accordance with IAS 39, investments in debt instruments (bonds, debt securities, etc.) not listed on an active market may be classified in this category.

20.3.1.5.2.10 Stocks

Stocks and work-in-progress are recognised at their acquisition cost. On each closing date, they are valued at either the historical cost or the net realisable value, whichever is the lower (FIFO method - First In First Out).

Net realisable value is the estimated selling price under normal business conditions, less expected costs to complete and finalise the sale.

20.3.1.5.2.11 Trade receivables

Trade receivables are stated at their amortised cost. Depreciation is applied if the book value is higher than the recoverable amount.

20.3.1.5.2.12 Cash and cash equivalents

Cash is kept on hand to meet short-term cash commitments and includes cash in bank current accounts and demand deposits. Cash equivalents refers to investments with a maturity of less than 3 months or that can be easily converted into a known amount of cash and subject to a negligible risk of change in value, held in order to meet short-term cash commitments.

20.3.1.5.2.13 Provisions

A provision is recognised when the PHARMAGEST Group is likely to have an obligation arising from past events which will result in an outflow of PHARMAGEST Group resources with no expectation of a counter-payment at least equivalent and which can be reliably estimated. Where settlement of this obligation is likely to be deferred by more than one year, the provision amount is discounted, the effects of which are recognised in financial earnings.

20.3.1.5.2.14 Employee benefits

Pension plans, similar compensation and other employee benefits which are analysed as defined benefit plans (whereby the PHARMAGEST Group undertakes to guarantee a defined amount or level of service), are recognised on the balance sheet on the basis of an actuarial assessment of commitments on the closing date, less the fair value of any plan assets. Contributions paid in respect of plans analysed as defined contribution plans, i.e. where the PHARMAGEST Group's sole commitment is to pay contributions, are recognised as expenses for the financial year.

The provision presented in the consolidated financial statements is valued using the projected unit credit method and takes into account the related social charges

The discount rate is determined based on the average of the last-known 10 six-month periods for the bond-market rate (Taux Moyen Obligataire - TMO).

Actuarial differences arise from discrepancies between the assumptions used and reality or changes to the assumptions used to calculate commitments and assets allocated to cover these. In accordance with the amendments to IAS 19, actuarial differences are recognised immediately in equity.

20.3.1.5.2.15 Financial liabilities

Borrowings and other interest-bearing financial liabilities are measured at amortised cost using the effective interest rate of the borrowings. Any costs and issue premiums are thus depreciated using a financial method over the term of the borrowings.

20.3.1.5.2.16 Tax

Tax liability

The PHARMAGEST Group calculates its tax on earnings in accordance with the tax laws in force in the countries where earnings are taxable.

Deferred taxes

In accordance with IAS 12, deferred taxes are recorded on all temporary differences between the carrying amounts of assets and liabilities and their tax values using the liability method. They are measured on the basis of the expected tax rate for the year in which the asset will be realised or the liability settled. The effects of changes in tax rates from one year to another are recorded in the income statement for the year in which the change is recognised.

Deferred taxes relating to items recognised directly in equity are also recognised in equity.

Deferred tax assets arising from temporary differences, tax deficits and tax assets that can be carried forward are limited to the estimated recoverable tax. This is valued at the end of the year based on projected income for the relevant tax entities.

20.3.1.5.2.17 Sales

PHARMAGEST Group sales consist primarily of revenue from the following activities:

- Hardware sales;
- Software sales;
- Maintenance services;
- Sales of communication services.

Income from hardware sales is recognised when the risks and benefits associated with ownership of the goods have been transferred to the purchaser.

Software sales are recognised the moment the user licence is transferred to the user.

Maintenance services are recognised on a straight-line basis over the contract term.

Communication services are recognised based on the event giving rise to income in terms of service provision.

20.3.1.5.2.18 Earnings per share

Basic earnings per share correspond to the PHARMAGEST Group's net income for the year attributable to ordinary shares as a ratio of the weighted average number of outstanding shares during the year. The average number of outstanding shares during the year is the number of outstanding shares at the start of the year adjusted by the number of ordinary shares redeemed or issued during the year.

To calculate diluted earnings per share, the average number of outstanding shares is adjusted to reflect the effect of dilution from equity instruments issued by the company that might increase the number of outstanding shares.

20.3.1.5.2.19 Stock options

One consequence of the application of IFRS 2 is the recognition of an expense corresponding to employee benefits granted in the form of payment in shares.

The options are measured by the PHARMAGEST Group on the grant date using a mathematical model. This model takes account of plan features (exercise price and exercise period), market data at the time of allocation (risk-free rate, share price, volatility and expected dividends) and assumptions about beneficiary behaviour.

This value is recognised in personnel expenses over the vesting period, with a corresponding adjustment to equity. As these are payments involving the delivery of equity instruments, the costs relating to the exercise of stock options are recognised directly in equity net of tax.

20.3.1.5.2.20 Segment reporting

According to its internal organisational structure, the PHARMAGEST Group has a number of business lines, detailed below:

- **PHARMACY FRANCE AND BELUX:** Computer systems for pharmacies;
- **CARE HOMES:** Computer systems for care homes, mainly covered by MALTA INFORMATIQUE;
- **CPI:** CPI for the SME sector;
- **PHARMACEUTICAL COMPANIES BUSINESS:** Business line offering services to the pharmaceutical industry;
- **E-HEALTH BUSINESS:** Remote medical monitoring;;
- **HEALTH DESIGNER:** Innovation for infrastructure technologies for e-Health.

These business lines encompass combinations of services, departments, agencies and legal entities with a common business line.

20.3.1.5.2.21 Seasonal nature of business

The business lines are neither seasonal nor cyclical in nature.

20.3.1.5.3 Scope of consolidation

20.3.1.5.3.1 Changes in scope during 2013

- Takeover of INTECUM via the buyout of a minority interest and a capital increase. In accordance with IFRS 3 (revised), the former shareholding was measured at fair value on the takeover date, generating income of €145K on the income statement;
- Takeover of HEALTHLEASE (with effect as at 1 October 2013) via the purchase of 65% of capital held by Holding Lease France;
- Acquisition of minority holdings in SABCO.

These combinations were recognised on a definitive basis.

Given that changes in scope had little impact, no pro forma financial statements have been drawn up.

20.3.1.5.3.2 Changes in scope during the previous year

- Takeover of DIATELIC via the buyout of a minority interest for €37K and capital increase of €209K. After these operations, partial goodwill stands at €228K;
- Transfer of all assets and liabilities from DRS EXPANSION to PHARMAGEST INTERACTIVE with accounting effect as at 1 January 2012;
- Foundation of KAPELSE, the corporate purpose of which is to design innovative healthcare products.

These combinations were recognised on a definitive basis.

Given that changes in scope had little impact, no pro forma financial statements have been drawn up.

20.3.1.5.3.3 Fully consolidated companies

Company	Address	% control	% interest
PHARMAGEST INTERACTIVE	Villers-lès-Nancy (54)	Consolidating company	Consolidating company
ADI [(1)]	Saclay (91)	50.00	50.00
CPI	Dijon (21)	100.00	100.00
DCI	Mérignac (33)	100.00	100.00
DIATELIC	Villers-lès-Nancy (54)	68.58	68.58
DOMEDIC EUROPE	Villers-lès-Nancy (54)	65.00	65.00
EHLS	Quéven (56)	100.00	100.00
HEALTHLEASE	Asnières (92)	100.00	100.00
HDM LIMITED	Mauritius	100.00	100.00
INTECUM	Bastia (20)	63.99	63.99
KAPELSE	Villers-lès-Nancy (54)	100.00	100.00
SCI HUROBREGA	Quéven (56)	100.00	100.00
MALTA INFORMATIQUE	Mérignac (33)	100.00	100.00
SABCO	Windhof (Luxembourg)	100.00	100.00
SABCO SERVICES	Spy (Belgium)	100.00	100.00
VIP PHARMA	St. Symphorien d'Ozon (69)	100.00	100.00

[(1)] Given the economic and contractual relationship between PHARMAGEST INTERACTIVE and ADI (which distributes LGPI Global Services® products), and the control of the company (equal distribution of Board members, Chairman's nomination subject to the express agreement of the PHARMAGEST Group), ADI which is 50%-owned, is fully consolidated.

PHARMAGEST INTERACTIVE has an interest in SFLD (€5K) which is not consolidated given the insignificant level and low percentage of the holding.

There are no special purpose entities.

20.3.1.5.3.4 Companies consolidated under the equity method

Company	Address	% control	% interest
GROUPE DOMEDIC INC.	Québec (Canada)	35.00	35.00
QUALITY FLUX	Blandain (Belgium)	21.98	21.98

GROUPE DOMEDIC INC.'s corporate purpose is to improve the quality of life of people with health problems requiring regular medical treatment. GROUPE DOMEDIC INC. develops products to support people who are aware of the importance for their health of closely monitoring their medical treatments.
Its head office is 2500 rue Jean-Perrin, local 190, QUEBEC QC G2C 1X1 (Canada)
As at 31 December 2013, it reported losses of CAD 168 K and its net position was CAD 610 K.
The PHARMAGEST Group contends that it has only significant influence.

QUALITY FLUX, consolidated under the equity method, was set up in October 2009. Its head office is in BLANDAIN (Belgium).

The PHARMAGEST Group does not have information on its financial position in 2013 (the latest financial statements available date from 31 December 2012). The impact of 2013 earnings is not expected to be significant.

The PHARMAGEST Group believes that the presence of a number of shareholders dilutes control, giving the PHARMAGEST Group only significant influence on the company.

20.3.1.5.4 Information sections on the financial situation

20.3.1.5.4.1 Intangible assets and goodwill

Balance sheet items - In €K	Gross value as at 31/12/12	Increase	Decrease	Reclassification	Changes in scope	Gross value as at 31/12/13
R&D costs	10,731	2,292			755	13,778
Client relations [(1)]	1,493					1,493
Other intangible assets	5,342	582	194	31	257	6,018
Goodwill [(2)]	27,109				635	27,744
TOTAL	**44,675**	**2,874**	**194**	**31**	**1,647**	**49,033**

[(1)] *Acknowledgement of a client relationship following the acquisition of SABCO;*
[(2)] *Breakdown of goodwill at 31 December 2013 In €K:*

Analysis of recoverable amount of goodwill:

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
INTECUM	635
SUBTOTAL	**24,781**

PHARMACY BELGIUM AND LUXEMBOURG:

SABCO / SABCO SERVICES	2,164
SUBTOTAL	**2,164**

CARE HOMES:

DRS	215
MALTA INFORMATIQUE	40
AZUR SOFTWARE	300
SUBTOTAL	**555**

PME:

CPI	15
S / TOTAL	**15**

E-HEALTH:

DIATELIC	228
S / TOTAL	**228**

Goodwill	CGU	Carrying amount	Recoverable amount	Impairment of assets	Net amount
Pharmacy France [(1)]	Pharmacy France business	24,781	318,225	0	24,146
Pharmacy BeLux [(2)]	Pharmacy BeLux business	2,164	10,230	0	2,164
Care Homes [(3)]	Care Homes business	555	37,133	0	555
CPI	CPI activity (SME)	15	1,532	0	15
E-Health [(4)]	e-Health business	228	6,019	0	228

Major assumptions used:

[(1)] Pharmacy France: Gain in market share related to a new product offering:
[(2)] Pharmacy BeLux: Reorganisation of sales team leading to an increase in market share and improved profitability from 2014 on;
[(3)] Care Homes: New, even more complete offering with reinforced sales team to win more market share;
[(4)] E-Health: Development of home-help offerings.

Sensitivity tests were performed on growth rates, the discount rate and on business growth. These tests did not identify any significant risks as regards the recoverable amounts.

20.3.1.5.4.2 Property, plant and equipment

Balance sheet items - In €K	Gross value as at 31/12/12	Increase	Decrease	Reclassification	Changes in scope	Gross value as at 31/12/13
Land	631					631
Buildings	5,548	592				6,140
Equipment	45	32			21	98
Other property, plant and equipment	4,230	325	155	-31	118	4,488
TOTAL	**10,454**	**949**	**155**	**-31**	**139**	**11,357**

20.3.1.5.4.3 Non-current financial assets

Balance sheet items - In €K	Gross value as at 31/12/2012	Increase	Decrease	Reclassification	Changes in scope	Gross value as at 31/12/13
Loans, deposits and sureties [(1)]	494	19	24		-200	290
Securities valued by the equity method [(2)]	1,871		84		-971	817
Other investments	5					5
TOTAL	**2,370**	**19**	**108**	**0**	**-1,171**	**1,111**

[(1)] In 2012, GROUPE DOMEDIC INC. issued a convertible debenture to which PHARMAGEST INTERACTIVE contributed in the amount of €40K (balance of €36K at 31 December 2013).
[(2)] The securities valued by the equity method are calculated based on restated equity and also take goodwill into account

In €K	Equity capital	Restated equity	Group share	Net goodwill	Equity method
QUALITY FLUX*	-64	-64	-14	3	3
GROUPE DOMEDIC INC.	416	600	210	603	813
TOTAL				**606**	**817**

** The negative share of equity is presented as a provision for contingencies and charges.*

Equity earnings for 2013 include nine months of HEALTHLEASE business in the amount of €249K.

20.3.1.5.4.4 Depreciations and provisions on non-current assets

In €K	Value as at 31/12/2012	Allowances financial year	Decreases financial year	Reclassification	Changes in scope	Value as at 31/12/2013
Other intangible assets	2,103	215	184		225	2,359
Research and Development	5,651	1,607			218	7,476
Client relations	796	149				946
Property, plant and equipment	6,134	853	63		50	6,973
Financial fixed assets	5					5
TOTAL	**14,684**	**2,824**	**247**	**0**	**493**	**17,754**

The impairment tests performed in accordance with the principles set out in Sections 20.3.1.5.2.6 and 20.3.1.5.4.1 of this Registration Document did not reveal any impairment on goodwill or other intangible assets.

20.3.1.5.4.5 Stocks

In €K	12/2013			12/2012
	Gross amount	Impairment	Net amount	Net amount
Commodities	56	9	47	0
Equipment	1,831	292	1,539	1,618
Supplies	124	5	119	116
Parts & Service	275	74	201	257
TOTAL	**2,286**	**380**	**1,906**	**1,992**

20.3.1.5.4.6 Trade receivables

In €K	12/2013			12/2012
	Net amount	1 year	+ 1 year	Net amount
Clients (1)	14,522	14,522	0	13,087
Other receivables	3,343	3,343	0	1,938

(1) All trade receivables making up the consolidated ageing balance below have been individually examined and are provisioned according to an assessment of a proven risk of non-recovery using the following rules:
- *Receivables < 180 days: 0% provision*
- *Receivables between 180 and 360 days: 50% provision*
- *Receivables > 360 days: 100% provision*

All receivables that are the subject of collective proceedings and/or main proceedings are depreciated by 100%.

The provision recorded at end-2013 is €440K compared to €383K at end-2012.

Given the fact that receivables are short-term and in the absence of any significant change in the creditworthiness of counterparties, the fair value of receivables is close to their carrying amount.

In €K	12/2012	Allocation	Reversal used	Reversal not used	12/2013
Provision for impairment of client receivables	383	178	27	94	440

The client balance of €14,522K breaks down as follows:

Net amount	Not yet due	< 60 days	60 < X < 180 days	> 180 days
14,522	6,194	7,519	948	- 139

20.3.1.5.4.7 Current securities available for sale and other current financial assets

Net values - In €K	31/12/2013	31/12/2012
Capital bond	29,410	28,540
Other financial assets		2,133
TOTAL	**29,410**	**30,673**

Capital bond

This is a euro fund investment contract subscribed with AXA, which has an investment profile similar to OATs with a guarantee of the net capital invested and past interest. This investment contract is classified under Securities available for sale. The fair value of the contract is the net asset value at any moment, i.e. the carrying amount. The yield was confirmed based on a guaranteed return.

20.3.1.5.4.8 Cash and cash equivalents

Gross values - In €K	31/12/2013	31/12/2012
SICAV/Time deposit accounts	10,310	4,848
Cash at bank and in hand	5,776	6,182
TOTAL	**16,085**	**11,030**

20.3.1.5.5 Total equity

20.3.1.5.5.1 Share capital and reserves

The capital of PHARMAGEST INTERACTIVE is made up of 3,034,825 shares with a par value of €1. There is only one category of shares. The number of outstanding shares did not change over the year.

PHARMAGEST Group reserves stand at €56,780K, of which €13,207K in issue premium, €(12)K translation adjustment, €309K in legal reserve and €43,276K in other reserves.

20.3.1.5.5.2 Treasury shares held by PHARMAGEST INTERACTIVE

Treasury shares

The item comprises 830 PHARMAGEST INTERACTIVE shares, wholly owned by the company.
The share price of PHARMAGEST INTERACTIVE was €90.05 at 31 December 2013.

Liquidity agreement

The market-making contract is wholly owned by PHARMAGEST INTERACTIVE and is managed by Gilbert Dupont.

Contract features:

- The market maker intervenes solely to promote transaction liquidity and stabilise the share price and to avoid discrepancies in rates not justified by market trends;
- The contract does not contain a provision for securities or liquid assets reserved for the operation of the contract. Nevertheless, where the cash or securities balance credited to the liquidity agreement appears insufficient to ensure the continuity of its interventions under the contract, the market maker will work with the issuer to determine how to remedy this;
- The contract is concluded for a 12-month term, renewable by tacit agreement. It may be terminated by the issuer without notice (30 days' notice required if terminated by the market maker);
- Purchases made are framed by the annual authorisation given by the General Meeting on the redemption programme.

In 2013, the following movements took place on the liquidity contract:

- Purchases: 21,284 shares at an average price of €76.75;
- Sales: 21,369 shares at an average price of €76.22;

Evaluation is performed using the weighted average price.

At 31 December 2013, 830 shares were listed in the liquidity account and the cash balance was €73,975.

20.3.1.5.5.3 Dividends

The dividend paid out in 2013 on the 2012 earnings was €6,371K, amounting to €2.10 per share.
The following dividend will be proposed to the Annual General Meeting: €2.50 per share.
The distribution of dividends to non-Group shareholders amounting to €420K (of which €400K paid in advance on 2012) was recognised in ADI's annual statement.

20.3.1.5.5.4 Earnings per share - Group share

	31/12/2013	31/12/2012
Net profit/(loss) for the year (in €)	**15,825,498**	**13,515,974**
Number of shares	**3,034,825**	**3,034,825**
Number of treasury shares held	830	915
Weighted average number of ordinary shares to calculate basic earnings per share	3,033,995	3,033,910
Basic earnings per share (in €)	**5.22**	**4.45**
Stock options outstanding		0
Weighted average number of ordinary shares to calculate diluted earnings per share	3,033,995	3,033,910
Diluted earnings per share (in €)	**5.22**	**4.45**

20.3.1.5.6 Provisions for contingencies and charges

In €K	Value at 31/12/2012	Allocation	Reversal (provision used)*	Reversal (provision redundant)	Changes in scope	Value at 31/12/2013
Provisions for disputes [1]	107	114	109	6	3	109
Provisions for contingencies [2]	402	298	300			400
Provisions for charges [3]	6		6			
Provisions for retirement benefits [4]	1,604	246				1,850
Provisions for contingencies in respect of securities valued by the equity method	0	14				14
TOTAL	**2,120**	**672**	**415**	**6**	**3**	**2,373**

** Reversals (provision used) are presented less allowances in the same way as reversals for provisions that have become redundant.*

[1] Provisions for disputes: €109K.
- *Provisions for ongoing client disputes: €71K.*
- *Provisions for ongoing supplier disputes: €8K.*
- *Provisions for ongoing industrial disputes: €26K.*
- *Provisions for ongoing miscellaneous disputes: €3K.*

[2] Provisions for contingencies: €400K.
- *This is in the main a provision to guarantee technical interventions subsequent to the sale of Rentpharm contracts (hardware maintenance).*

[3] Provisions for retirement benefits: €1,850K.

Under the amendments to IAS 19, actuarial differences must be recognised immediately in equity and the return on financial assets must be calculated using the discount rate used to value the commitment and not using the expected rate of return.

As the PHARMAGEST Group does not use the method for partial recognition of actuarial differences in the income statement using the corridor approach, the impact was charged to earnings in previous years.

The impact of calculating the return of financial assets using the discount rate used to value the commitment rather than the expected rate of return was identified as non-significant and was therefore not restated for 2012 and 2013.

The application of the amendments to IAS 19 therefore had no impact on equity in 2012.

	31/12/2013	31/12/2012
Commitment at start of period	**2,221**	**1,657**
Service cost	95	100
Financial cost	78	85
Cost of past services and change of method	0	0
Actuarial gains (+) / Actuarial losses (-) generated over the period	98	379
Real commitment at end of period	**2,491**	**2,221**
Fair value of assets at start of period	**616**	**496**
Expected return on assets	15	7
Contributions	50	120
Benefits paid	-41	-7
Actuarial gains (+) / Actuarial losses (-)		
Fair value of assets at end of period	**640**	**616**
Provision at start of period	**1,604**	**1,160**
Provision at start of period	**1,850**	**1,604**

The funds invested include a capital guarantee with a minimum profitability guarantee of 60% of the average state borrowing rate.

The provision for retirement benefits is determined using the retrospective projected unit credit method with end-of-career salary and taking into account the following assumptions:

- *Voluntary redundancy on the part of the employee (application of employer's social charges);*
- *Retirement age: 67 for all personnel with no exceptions;*
- *Discount rate: 3.40%*;*
- *Sales: depending on age bracket;*
- *Wage growth: 1%.*

**The discount rate is determined based on the average of the last-known 10 six-month periods for the bond-market rate (Taux Moyen Obligataire – TMO).*

The impact of the financial cost in the cost of services and expected returns from assets are shown under financial items. There was no reclassification in 2012 given its insignificant nature.

20.3.1.5.7 Liabilities

In €K	31/12/2013				31/12/2012
	Gross amount	Less than 1 year	1 to 5 years	More than 5 years	Gross amount
Bank overdrafts	740	740			0
Bank borrowings	1,737	647	1,034	56	3,348
Loans and financial liabilities	1	1			5
Total financial liabilities	2,478	1,388	1,034	56	3,353
Trade creditors	7,883	7,883			7,949
Other liabilities	20,373	20,373			21,121
TOTAL	**30,734**	**29,644**	**1,034**	**56**	**32,423**

In May 2006, PHARMAGEST INTERACTIVE took out a loan in Swiss francs (CHF) to finance the redemption of shares held by minority interests in CIP. The original amount borrowed was CHF 9.86M with a seven-year term at the three-month LIBOR (CHF) rate.

Given the uncertain economic climate in the euro zone and the risk that the CHF will increase in value, PHARMAGEST INTERACTIVE availed of the contractual option to convert the loan into euros. This transaction was carried out in early June 2012 on the balance of €2.1M and financial interest was calculated based on the three-month EURIBOR.
In order to cover the exchange rate risk, a vanilla swap was set up to facilitate the exchange of a three-month Euribor for a fixed rate of 0.8% (this swap was documented as an exchange rate hedging instrument on the converted loan).

Analysis of the financial debt (borrowings from credit institutions) by maturity and rate type:

Maturities	Financial debt		
	Fixed rate	Variable rate	Total
Less than 1 year	339	308	647
1 to 5 years	1,034	0	1,034
More than 5 years	56	0	56
TOTAL	**1,429**	**308**	**1,737**

None of these loans are subject to covenant.

20.3.1.5.8 Operating statement by business line

2013 - In €K	Activities		Ret. IFRS	Total
	Pharmacy	Other*		
Sales	92,807 *82%*	20,399 *18%*	201	113,407
Depreciations on tangible and intangible assets	-1,229 *95%*	-70 *5%*	-1,525	- 2,823
Operating income	22,771 *91%*	2,127 *9%*	-1,779	23,119
Recurring income	23,855	2,150	-1,842	24,163
Share of businesses consolidated by equity method	208	-34	0	174
Income tax liability or income	-7,762 *90%*	-837 *10%*	93	-8,506
Net profit/(loss)	14,452 *92%*	1,209 *8%*	170	15,831

2012 - In €K	Activities		Ret. IFRS	Total
	Pharmacy	Other*		
Sales	90,506 *84%*	17,851 *16%*	365	108,722
Depreciations on tangible and intangible assets	-957 *97%*	-26 *3%*	-1,355	-2,338
Operating income	20,023 *90%*	2,230 *10%*	-2,111	20,142
Recurring income	21,093 *90%*	2,250 *10%*	-2,111	21,232
Share of businesses consolidated by equity method	159 *408%*	-120 *-308%*	0	39
Income tax liability or income	-6,613 *89%*	-796 *11%*	39	-7,370
Net income (before goodwill)	12,661 *91%*	1,279 *9%*	-40	13,900

The figures by business line are derived from internal reporting drawn up in accordance with French standards for consolidated financial statements.

** The ‘Other’ section corresponds to Care Home, CPI, Pharmaceutical Companies, e-Health and Health Designer business lines.*

20.3.1.5.9 Net sales

In €K	31/12/2013	31/12/2012
Maintenance and sale of databases	32,204	30,230
Other services, including e-Advertising	14,462	12,480
Sales of configurations	54,327	53,074
Training and new product services	12,414	12,938
TOTAL	**113,407**	**108,722**

20.3.1.5.10 Net depreciations and provisions on plant, property and equipment

In €K	31/12/2013	31/12/2012
Depreciation allowance	2,824	2,337
Provision on fixed assets	0	18
Provisions for current assets	-68	134
Provisions for contingencies and charges	75	27
TOTAL	**2,830**	**2,516**

All reversals of provision are presented less allowances.

20.3.1.5.11 Financial earnings

In €K	31/12/2013	31/12/2012
Income from cash flow	**1,214**	**1,201**
Capital gains from disposals of marketable securities	1	6
Sales from marketable securities/Financial investments	1,160	1,133
Other financial income	54	63
Provisions reversals	0	0
Cost of gross debt	**152**	**77**
Expenses on disposals of marketable securities	0	6
Financial interest paid and discounts obtained	150	71
Other financial expenses	0	0
Allowances for financial provisions	2	0
Other financial income and expenditure	**-19**	**- 34**
Exchange rate gains/currency hedging gains	7	10
Currency hedging gains	0	0
Exchange rate losses/currency hedging losses	-20	- 45
Currency hedging losses	-6	- 3
Other financial income and expenditure	0	4

20.3.1.5.12 Tax on earnings

Territorial Economic Contribution (CET):
This new tax, introduced by the 2010 French Finance Act, replaces the corporation tax for financial years from 1 January 2010.
The PHARMAGEST Group contends that the corporate value-added tax (CVAE), amounting to 1.5% of value added produced, has the same features as the calculation of the minimum corporation tax contribution, also limited to this base (added value). Thus, the CVAE is recognised in the income statement similar to the allocation of the former corporation tax and therefore does not generate any deferred tax liability (see the statement by the French National Accounting Council (CNC) (now the French Accounting Standards Board), as at 14 January 2010).

Tax credit for competitiveness and employment (CICE):

The third Amending Finance Act of 2012 introduced a tax credit for competitiveness and employment (CICE), which compensates companies for their personnel expenses in the form of a tax credit. The tax credit is equal to 4% of gross pay lower than 2.5 times the minimum wage paid out during the calendar year and used as the basis for employers' social security contributions. For compensation paid from 2014, the rate will rise to 6%.

The CICE is classified by the PHARMAGEST Group as a compensation item subject to IAS 19. It is therefore recognised as a reduction of personnel expenses (€620K at 31 December 2013).

Contribution of 3% on dividends:

The second Amending Finance Act of 2012 introduced a new additional contribution to corporate income tax of 3% on amounts paid out by companies.

This contribution, in line with IAS 12, is recognised as a tax expense (€253K at 31 December 2013).

The tax expense is broken down as follows:

In €K	31/12/2013
Current tax	8,696
Deferred tax	-190
Total tax expense	**8,506**

The reconciliation items are as follows:

In €K	31/12/2013
Net profit/(loss) from consolidated companies	**15,832**
Tax on earnings	8,506
Pre-tax earnings from consolidated companies	**24,337**
Theoretical tax expense at the statutory corporate income tax rate (33.33%)	**8,112**
Permanent differences	63
Rate differences	-29
Tax deficits not capitalised	186
Company consolidated under the equity method	-58
Additional contribution	203
Tax settlement	-17
CICE	-207
Contribution on dividends	253
Actual tax expense	**8,506**
Effective tax rate	34.97%

The breakdown of deferred tax assets and liabilities is presented in the table below:

In €K	Deferred tax assets	Deferred tax liabilities	Total net deferred taxes
At 1 January 2013	**172**	**692**	**-520**
Changes affecting 2012	199	-251	447
At 31 December 2012	**371**	**441**	**-73**
Changes affecting 2013	23	-214	236
At 31 December 2013	**394**	**227**	**166**

Deferred taxes are recognised by company in equity.

The main deferred tax assets and liabilities are as follows:

In €K	31/12/2012	Change	Changes in scope	31/12/2013
Impact of losses carried forward*	**217**	**0**		**217**
Tax effect of timing differences related to:				
Provisions for pensions	534	82		616
Company liabilities	648	62		710
Tax liabilities	68	6	16	90
Stock margin adjustment	23	-12		11
Other temporary differences	42	9		51
Revaluation adjustment	- 8	12		4
Sales adjustment	198	-25		173
R&D activation	- 1,805	93		-1,712
Other adjustments	12	-6		6
Total temporary differences	**- 288**	**221**	**16**	**-51**
Gross deferred tax assets (liabilities)	**- 73**	**221**	**16**	**166**
Provision				
Net deferred tax assets (liabilities)	**- 73**	**221**	**16**	**166**

* *The tax deficits capitalised mainly relate to tax losses for CPI, KAPELSE and DIATELIC. As a precautionary measure, the PHARMAGEST Group has decided not to capitalise the €1,718K balance of INTECUM deficits, giving a potential deferred tax asset of €573K.*

20.3.1.5.13 Other information

Workforce (full-time equivalent - FTE):

- Managers: 535;
- Non-managers: 241.

Personnel expenses mainly comprise gross pay, social charges and payroll subsidies amounting to €36,812K and a participation €2,129K.

20.3.1.5.14 Off balance-sheet commitments:

Off balance-sheet commitments relating to the consolidated PHARMAGEST Group

The PHARMAGEST Group has no off-balance sheet commitments likely to have a significant financial impact relating to the scope of consolidation of the PHARMAGEST Group.

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

In €K	31/12/2013	31/12/2012
Pledges, mortgages and security interests on property*	1,296	1,109
Assigned receivables not yet due		
Other financial commitments given		
TOTAL	**1,296**	**1,109**

** All pledges were subscribed for bank borrowings.*
The amount shown corresponds to the balance of relevant borrowings at 31 December 2013.

The PHARMAGEST Group has no off-balance sheet commitments received (apart from €6.8m in credit lines received and unused) likely to have a significant impact on the financing of the PHARMAGEST Group.

Off balance-sheet commitments relating to the operating activities of the PHARMAGEST Group

In €K	31/12/2013	31/12/2012
Contractual obligation on property finance leasing		
Contractual obligation on simple equipment leasing	1,614	1,672
Contractual obligation on simple property leasing	4,373	4,892
Irrecoverable purchasing obligation		
Other contractual obligations		
Commitments given in relation to business development		
Tax commitments		
TOTAL	**5,987**	**6,564**

The PHARMAGEST Group has no off-balance sheet commitments received likely to have a significant financial impact on the operating activities of the PHARMAGEST Group.

As at the reporting date of 31 December 2013, the PHARMAGEST Group is unaware of any significant off-balance sheet commitments other than those set out above.

20.3.1.5.15 Financial risk management and control

A/ LIQUIDITY RISK

As at 31 December 2013, the PHARMAGEST Group had €16 million in net available cash.

In addition to this cash flow available in the short term, the PHARMAGEST Group has undrawn bank overdraft facilities totalling €7 million, as well as a balance of securities available for sale totalling €29 million (the penalty for early exit only concerns the interest incurred).

With €52 million in net available liquidity, the Group has sufficient financial resources to fund current operations, make the investments necessary for its future development, and to address exceptional events that may arise.

The loan maturities are detailed in section 20.3.1.5.7 of this Registration Document.

The financing sources used by the PHARMAGEST Group are bank overdraft facilities and medium- and long-term borrowings.

It has secured the option to access credit in the event substantial capital expenditure is required.

To optimise management of financial flows, centralised coordination of cash flow is in place at two of the Group's major banks and with the main PHARMAGEST Group companies.

Management of liquidity risk also aims to secure resources at the lowest cost and to ensure they can be accessed at any time.

The Group assesses its liquidity risk to ensure it is in a position to meet future payment dates.

Liquidity maturity profile:

In €K	Accounting value	6 months or less	6-12 months	1-2 years	2-5 years	Over 5 years
Non-derivative financial liabilities						
Secured bank loans	1,296	143	140	285	672	56
Unsecured bank loans	441	339	26	52	23	
Bank overdrafts	740	740				
Other financial liabilities	1	1				
Trade creditors	7,883	7,883				
Other liabilities	0	0				
TOTAL	**10,361**	**9,106**	**166**	**337**	**695**	**56**
Derivative financial liabilities						
Interest rate swaps*	0.5	0.5				
Exchange rate swaps	0	0				
TOTAL	**0.5**	**0.5**				

** Calculation based on the three-month Euribor on 31/12/2013.*

B/ MARKET RISK

1) Interest rate risk

The PHARMAGEST Group's exposure to interest rate risk relates to variable-rate borrowings (sensitivity to rate increases).

Analysis of gross financial debt by maturity and rate type

In €K	Gross financial debt			
	Fixed rate	Variable rate 3-month Euribor	Variable rate EONIA	Total
Maturity:				
2014	339	308		647
2015	337	0	0	337
2016	314	0	0	314
2017	302	0	0	302
2018	81	0	0	81
Thereafter	56	0	0	56
TOTAL	**1,429**	**308**	0	**1,737**

Variable-rate debt accounts for 18% of total debt as at 31 December 2013.

An analysis of interest rate sensitivity (a -0.25%/+0.10% increase or decrease in the three-month Euribor) revealed no material impact.

2) Currency risk

The Group has very little exposure to currency risk in its business insofar as nearly all of its purchases and sales are in euros.

3) Risks associated with shares and other financial instruments

No exposure.

Nevertheless, the PHARMAGEST Group carefully monitors the financial position of AXA, which manages its capital bond (securities available for sale).

C/ CREDIT / COUNTERPARTY RISK

- Based on a regularly updated assessment of counterparty risk, no impairment has been recorded on receivables from our main debtors, namely the leasing companies operating in the pharmacy sector (the vast majority of amounts due are paid within six months). Invoices financed by leasing companies accounted for 37% of consolidated sales in 2013, with 35% of this through leasing companies working with HEALTHLEASE (primarily BNP Lease and Siemens);
- Trade receivables not impaired at 31 December 2013 were analysed individually, and payment was received after the balance sheet date for the majority (see 20.3.1.5.4.6 above).

20.3.1.5.16 Transactions with related parties

The PHARMAGEST Group has not carried out any significant transactions under abnormal market conditions with related parties.

Nature of relations with equity-accounted entities:

At 31 December 2013, transactions and balances from transactions (including nine months of HEALTHLEASE business in 2013) were as follows:

In €K	31/12/2013	31/12/2012
Trade creditors	28	0
Operating expenses for the period	36	0
Trade receivables	13	4,129
Operating revenue for the period	30,247	37,256

No guarantee was given or received under transactions with related parties.

In 2012, GROUPE DOMEDIC INC. issued a convertible debenture to which PHARMAGEST INTERACTIVE contributed in the amount of €40K.

Nature of relations with other companies in GROUPE WELCOOP:

The PHARMAGEST Group is fully consolidated in the financial statements of MARQUE VERTE SANTE (formerly WELCOOP PHARMA) (54 500 VANDOEUVRE-LES-NANCY), the parent company, and GROUPE WELCOOP (54 500 VANDOEUVRE-LES-NANCY), parent company of MARQUE VERTE SANTE.

The nature of relations with MARQUE VERTE SANTE and GROUPE WELCOOP mainly relate to the following billings:

- Management fees;
- Share of Group insurance policies;
- Share of network contracts;
- Personnel in work-sharing arrangements;
- Sales, marketing and administrative services.

As at 31 December 2013, transactions and balances from transactions totalled:

In €K	31/12/2013	31/12/2012
Trade creditors	180	153
Operating expenses for the period	918	871
Trade receivables	802	820
Operating revenue for the period	6,195	4,949

No guarantee was given or received under transactions with related parties.

20.3.1.5.17 Management compensation

Gross compensation received by management bodies in 2013 totalled €519,372. The amounts received include PHARMAGEST INTERACTIVE and controlled companies. There is no pension commitment outside those accounted for. The amount paid pursuant to Article 83 for managers totalled €41,243. No advances or loans were granted to members of management bodies by PHARMAGEST INTERACTIVE and controlled companies.

Furthermore, the provision for retirement benefits includes €120,416 for members of management bodies.

20.3.1.5.18 Schedule of Auditors' fees (Order 2008-1487 of 30 December 2008)

In €K	Statutory mandate	Work carried out as part of diligence procedures directly related to the mandate
PHARMAGEST INTERACTIVE	75	
ADI	11	
CPI	0	
DCI	0	
DIATELIC	5	
DOMEDIC EUROPE	1	
EHLS	11	
HEALTHLEASE	8	
HDM LIMITED	2	
INTECUM	6	
KAPELSE	0	
SCI HUROBREGA	0	
MALTA INFORMATIQUE	6	
SABCO	3	
SABCO SERVICES	4	
VIP PHARMA	0	
GROUPE DOMEDIC INC.	7	
QUALITY FLUX	0	
TOTAL	**136**	

20.3.1.5.19 Contingent liabilities

The PHARMAGEST Group is not aware of any dispute or facts of an exceptional nature likely to have any significant impact on the activity, earnings, financial situation or assets of the PHARMAGEST Group or to have had any such impact in the recent past.

20.3.1.5.20 Events after the reporting period

- Absorption of VIP PHARMA by PHARMAGEST INTERACTIVE via the transfer of all assets and liabilities effective on 1 January 2014;
- Dilution of the holding in QUALITY FLUX, reducing from 21.98% to 15.5% following a capital increase and the admission of three new shareholders; PHARMAGEST INTERACTIVE decided not to participate in this capital increase;
- Creation of CPSI - CARAIBES PHARMA SERVICES INFORMATIQUES, a limited liability company with capital of €100,000, and with its head office in Guadeloupe. It is engaged in the sale and marketing, installation and maintenance of hardware and software for pharmacies located in the French Antilles.

20.3.2 Individual financial statements of PHARMAGEST INTERACTIVE

20.3.2.1 Balance sheet

Balance sheet assets - In €	31/12/2013			31/12/2012
	Gross	Depreciations and provisions	Net	Net
Fixed assets				
Intangible assets	18,349,217	1,289,255	17,059,962	16,856,040
Property, plant and equipment	7,632,795	4,896,660	2,736,135	2,977,788
Financial fixed assets	15,101,504	853,773	14,247,730	12,614,628
Total	**41,083,515**	**7,039,688**	**34,043,827**	**32,448,456**
Current assets				
Stocks and work-in-progress	469,943	161,088	308,855	810,715
Trade receivables	13,579,268	255,655	13,323,613	11,863,586
Other liabilities	1,929,908		1,929,908	1,398,677
Marketable securities	35,547,353	1,695	35,545,658	33,727,691
Cash at bank and in hand	2,095,177		2,095,177	2,181,903
Total	**53,621,649**	**418,437**	**53,203,211**	**49,982,572**
Conversion losses	7,804		7,804	1,027
TOTAL ASSETS	**94,712,968**	**7,458,125**	**87,254,842**	**82,432,054**

Balance sheet liabilities - In €	31/12/2013	31/12/2012
Equity capital		
Capital	3,034,825	3,034,825
Reserves and retained earnings	39,774,134	33,195,694
Profit for the year	15,075,829	12,949,922
Total	**57,884,788**	**49,180,441**
Provisions for contingencies and charges	**2,599,674**	**2,497,156**
Debts		
Loans and financial liabilities	5,070,411	6,709,736
Trade payables	7,861,900	8,598,742
Other liabilities	13,838,069	15,445,980
Total	**26,770,380**	**30,754,458**
Conversion gains		
TOTAL LIABILITIES	**87,254,842**	**82,432,054**

20.3.2.2 Income statement

In €	2013		2012	
	Euros	%	Euros	%
Operating revenue				
Net sales	98,138,886	100.0	94,818,067	100.0
Expense transfers	1,211,423	1.2	941,465	1.0
Other operating revenue	1,019,887	1.0	905,810	1.0
Reversals of provisions and depreciations	856,549	0.9	1,342,064	1.4
Total	**101,226,745**	**103.1**	**98,007,406**	**103.4**
Operating expenses				
Purchases consumed	31,722,501	32.3	30,014,083	31.7
Purchases and external expenses	12,725,171	13.0	12,592,321	13.3
Taxes and duties	2,229,250	2.3	2,094,844	2.2
Personnel expenses	31,029,939	31.6	32,092,528	33.8
Depreciation allowance	676,094	0.7	573,904	0.6
Allocation to provisions	1,077,846	1.1	1,306,271	1.4
Other operating expenses	61,368	0.1	54,064	0.1
Total	**79,522,168**	**81.0**	**78,728,016**	**83.0**
Operating income	**21,704,577**	**22.1**	**19,279,390**	**20.3**
Current financial income	2,682,644	2.7	2,713,280	2.9
Current financial expenses	64,153	0.1	614,715	0.6
Financial earnings	**2,618,492**	**2.7**	**2,098,566**	**2.2**
Recurring income	**24,323,069**	**24.8**	**21,377,956**	**22.5**
Extraordinary income				
Provision reversals	140,624	0.1	305,117	0.3
Other extraordinary income	907	0.0	66,707	0.1
Total	**141,531**	**0.1**	**371,824**	**0.4**
Extraordinary expenses				
Allocation to provisions	0	0.0	140,624	0.1
Other extraordinary expenses	1,143	0.0	401,512	0.4
Total	**1,143**	**0.0**	**542,136**	**0.6**
Extraordinary earnings	**140,388**	**0.1**	**- 170,312**	**- 0.2**
Corporate income tax	**7,368,965**	**7.5**	**6,417,341**	**6.8**
Employee profit-sharing	**2,018,662**	**2.1**	**1,840,381**	**1.9**
Net profit/(loss)	**15,075,829**	**15.4**	**12,949,922**	**13.7**

20.3.2.3 Notes to the individual financial statements

Total balance sheet before appropriation: €87,254,842. Net profit/(loss): €15,075,829.

The notes indicated below form an integral part of the annual financial statements, drawn up by the Board of Directors on 27 March 2014.

20.3.2.3.1 Accounting standards and methods

The accounting conventions have been applied in accordance with the precautionary principle and the following basic assumptions:

- Business continuity;
- Continuity of accounting methods from one period to the next;
- Non-overlap of financial years;

and in accordance with general guidelines for the preparation and presentation of annual financial statements.

The basic method used when stating the value of items in the financial statements is the historical cost method.

The main methods used are as follows:

Intangible assets and fixed assets

Evaluation

Intangible assets are valued at their acquisition cost (purchase price and associated expenses) or production cost.

Gross depreciations

These are calculated using the straight-line or declining-balance basis, depending on their expected useful life.

- Software acquired: 1 to 3 years;
- Buildings: 15 to 30 years;
- Leasehold improvements, fixtures and fittings: 8 to 30 years;
- Technical facilities, equipment and tools: 5 years;
- General facilities: 5 to 10 years;
- Transport equipment: 1 to 5 years;
- Office equipment and computer hardware: 3 to 10 years

Impairment losses

The company values these assets on each closing date to determine whether there is any evidence of impairment. If so, the recoverable amount of the asset is estimated.
The recoverable amount of goodwill and other similar intangible assets is estimated based on future DCF (discount cash-flow) per business line. If the recoverable amount is lower than the carrying amount, an impairment is recognised on the shortfall.

Financial fixed assets

Evaluation

Gross value relates to the acquisition cost excluding associated expenses.

Impairment losses

Equity investments are valued based on the same impairment tests as those used for business and similar assets.

Stocks

At the end of each period, a physical stock-take is carried out and checked against the permanent inventory. Serialised stocks are valued using the FIFO method according to the individual cost principle and low-value non-serialised inventories are valued at the weighted average unit cost. An impairment is recognised depending on the stock sales rate. These rates are defined on the basis of equipment obsolescence: an impairment charge is recognised if the equipment is listed in stock for over six months; the allocation is one third of the purchase value per year of holding beyond the first year.

Research and development costs

PHARMAGEST INTERACTIVE does not register research and development costs as assets in its individual financial statements as provided by Article R. 123-186 of the French Commercial Code and Article 311-2.2 of the French National Accounting Code (PCG). It has instead opted to recognise these costs as expenses.

Total research and development costs, including tests, maintenance and training in particular, amount to €2,787,564.

20.3.2.3.2 Notes to the assets of the balance sheet

Set-up costs	**None**
Research costs	**None**
Business assets (excluding leasehold rights) This includes: *- Purchased items* *- Revalued items* *- Contributed items* *- Merger loss (CIP)* *- Merger loss (DRS EXPANSION)*	**13,961,130 €** *5,464,230 €* *0 €* *1,669,454 €* *6,682,626 €* 144,820 €
The value of business assets contributed is broken down as follows: *- Rousseau Informatique* *- CPI DIJON* *- CPI Centre*	 *1,010,417 €* *144,979 €* *514,058 €*

Business assets make up most of the Pharmacy business at PHARMAGEST INTERACTIVE. Impairment tests are performed based on future DCF (discount cash-flow) on the Pharmacy business. The results of these tests did not lead to the recognition of any impairment on business assets.

Fixed assets

The movements over the year are as follows:

Gross values - In €K	At start of period	Increase	Decrease	At end of period
Intangible assets	**18,025,880**	**354,225**		**18,380,105**
including merger loss	*6,827,446*			*6,827,446*
Land	422,872			422,872
Leasehold improvements	3,251,466	118,904	0	3,370,369
Equipment and tooling	31,548	895	302	32,141
General facilities	981,000	33,887	0	1,014,887
Transport equipment	318,976	10,606	2	329,580
Office material and equipment	2,333,550	151,864	28,157	2,457,257
Fixed assets in progress	30,888	0	30,888	0
Other property, plant and equipment	5,688			5,688
Tangible assets	**7,345,099**	**316,156**	**59,348**	**7,601,907**
Financial fixed assets [1]	**13,468,401**	**1,747,061**	**113,959**	**15,101,503**
TOTAL	**38,839,380**	**2,417,442**	**173,308**	**41,083,515**

[1] *Summary of financial fixed assets:*

In €	
Equity investments *(details below)* Debenture loan Security deposits and guarantees	14,716,990 135,835 248,679
TOTAL	**15,101,504**

Depreciations and provisions	At start of period	Increase	Decrease	At end of period
Gross depreciations				
Intangible assets	**1,166,791**	**119,414**	**0**	**1,286,205**
Leasehold improvements	1,581,343	146,231	0	1,727,574
Equipment and tooling	29,481	778	302	29,957
General facilities	832,097	64,884	0	896,981
Transport equipment	121,292	64,540	2	185,830
Office material and equipment	1,803,100	280,247	27,028	2,056,319
Tangible assets	**4,367,312**	**556,679**	**27,331**	**4,896,660**
Financial fixed assets				
Total depreciations	**5,534,103**	**676,094**	**27,331**	**6 182 865**
Provisions				
Intangible assets	3,049			3,049
Financial fixed assets [(1)]	853,773	0		853,773
Total provisions	**856,822**	**0**	**0**	**856,822**
Total depreciations and provisions	**6,390,925**	**676,094**	**27,331**	**7,039,688**

[(1)] *Financial fixed assets include the following equity investments:*

Company	Amount held	Percentage held	Amount of shareholder equity at 31 December 2013*	Earnings for the financial year ended 31 December 2013
EHLS	4,689,808	100%	5,819,489	1,516,051
MALTA INFORMATIQUE	185,588	100%	1,909,423	881,071
DOMEDIC EUROPE (*)	77,900	65%	66,239	-33,183
GROUPE DOMEDIC INC.	1,083,091	35%	407,340	-90,372
QUALITY FLUX	160,200	21.98%	-63,740	*Not provided*
SFLD (**)	4,573	0.13%	1,164,479	-44,105
ADI	351,547	50%	847,844	409,686
CPI	137,204	100%	594,523	9,427
DCI	815,602	100%	878,143	62,975
DIATELIC	403,940	68.58%	38,830	5,459
HDM	30,000	100%	134,958	53,744
HEALTHLEASE (***)	1 407,443	100%	2,090,154	1,004,218
INTECUM (****)	830,093	63.99%	-263,227	-568,768
KAPELSE	1 000,000	100%	813,675	-186,325
SABCO (*****)	3 490,000	100%	580,174	302,108
VIP PHARMA	50,000	100%	48,316	-6,428
TOTAL	**14,716,990**			

** Including earnings*

The impairment tests did not reveal any additional impairments.

SABCO securities were written down by €639,000.
VIP PHARMA securities were written down by €50,000.
QUALITY FLUX securities were written down by €160,200.
SFLD securities were written off in full.

(*) On 17 May 2013, PHARMAGEST INTERACTIVE purchased three DOMEDIC EUROPE shares.

(**) Balance Sheet as at 31 March 2013.

(***) On 12 November 2013, PHARMAGEST INTERACTIVE purchased a 65% holding in HEALTHLEASE, 4 avenue Laurent Cely, 92 600 ASNIERES-SUR-SEINE. PHARMAGEST INTERACTIVE now owns all shares in this company.

(****) On 29 January 2013, PHARMAGEST INTERACTIVE purchased a 15% holding in INTECUM, ZI d'Erbajolo, lieu-dit Pastoreccia, 20 600 BASTIA and participated in the capital increase of this company, bringing its holding from 49% to 63.99%.

(*****) On 16 December 2013, PHARMAGEST INTERACTIVE purchased a 10% holding in SABCO, rue d'Arlon 2, 8399 WINDHOF, Luxembourg. PHARMAGEST INTERACTIVE now owns all shares in this company.

Debenture loan

A two-year convertible bond loan of €200,061 was issued by INTECUM on 06 December 2011 for PHARMAGEST INTERACTIVE. At 31 December 2013, the balance outstanding was €100,031. INTECUM repaid €100,030 in 2013.

A one-year convertible bond loan of CAD 52,500 (€39,963 at 31 December 2012) was issued by GROUPE DOMEDIC INC. on 21 November 2012 for PHARMAGEST INTERACTIVE. At 31 December 2013, the balance outstanding stood at €35,804. GROUPE DOMEDIC INC. made no repayments in 2013.

Security deposits and guarantees

€248,679.

Inventories of goods

In €	12/2013			12/2012
	Gross amount	Impairment	Net amount	Net amount
Equipment	376,824	91,399	285,424	700,131
Parts	92,754	69,689	23,065	90,535
Software	365		365	20,049
TOTAL	**469,943**	**161,088**	**308,855**	**810,715**

Accounts receivable

Trade receivables are stated at face value. A provision for impairment is booked when the inventory value is lower than the face value.

In €	12/2013			12/2012
	Gross amount	1 year	+ 1 year	Gross amount
Fixed assets	384,514	135,835	248,679	484,247
Current assets & prepaid expenses	15,509,176	15,225,385	283,791	13,541,972

Charges to provisions for current assets

In €	At start of period	Increase	Decrease	At end of period
Inventory provisions	152,104	16,680	7,696	161,088
Provisions for receivables (1)	279,709	78,654	102,707	255,655
Provisions for investment securities	0	1,695	0	1,695

(1) Provisions for impairment of receivables: written reminders are sent out for invoices with past due dates. If there is still no response after three reminders, recovery proceedings are initiated against the client. At the end of the period, a provision for the full outstanding amount is recognised depending on the age of the debt. Reversals on client provisions are provisions that have become redundant because the client has paid, or because they have been recognised as bad debts or were settled in 2013.

Accrued income included in balance sheet items

Financial fixed assets	€0
Trade payables	€831
Trade receivables	€1,365,665
Other receivables	€693,795
Cash at bank and in hand	€0

Cash and marketable securities

Apart from a capital bond (comprising predominantly bonds), this item includes time deposit accounts and 830 PHARMAGEST INTERACTIVE treasury shares held as part of the liquidity contract managed by Gilbert DUPONT.

Movements in 2013 relating to the liquidity contract, wholly-owned by PHARMAGEST INTERACTIVE, were as follows:

- Purchases: 21,284 shares at an average price of €76.75;
- Sales: 21,369 shares at an average price of €76.22.

Gross values - In €K	12/2013	12/2012
Treasury shares	76,335	53,913
Sicav and Kolb mutual fund	6,060,986	5,134,186
Capital bonds (*)	29,410,032	28,539,592
TOTALS	**35,547,353**	**33,727,691**

** This is an investment contract subscribed with AXA with an investment profile similar to OATs with a guarantee of the net capital invested and past interest. The yield was confirmed based on a guaranteed return.*

At 31 December 2013, we had a total of €2,095,177 in cash equivalents.

Prepaid expenses

This section contains ordinary expenses relating to the normal operations of PHARMAGEST INTERACTIVE.

Conversion losses

There was an unrealised loss of €7,804 between the closing price and the original price in relation to a bond loan in Canadian dollars to GROUPE DOMEDIC INC. by PHARMAGEST INTERACTIVE.

This unrealised loss was recorded as a provision for an exchange rate loss.

20.3.2.3.3 Notes to the liabilities of the balance sheet

Equity capital: Shares

In €	Number	Face value
Securities at the start of the period	3,034,825	1.00
Securities issued		
Securities redeemed or cancelled		
Securities at the end of the period	3,034,825	1.00

Provisions

In €	Value at 31/12/2012	Allocation	Reversal (provision used)	Reversal (provision redundant)	Change of method	Changes in scope / Other	Value at 31/12/2013
Provisions for disputes (1)	167,277	112,000	93,661	78,160			107,456
Provisions for contingencies (2)	914,955	656,478	708,501				862,932
Provisions for retirement benefits (3)	1,407,450	214,034					1,621,484
Provisions for exchange rate losses (4)	1,027	6,776					7,803
Provisions for major repairs	6,447		6,447				
Total	**2,497,156**	**989,288**	**808,609**	**78,160**	**0**	**0**	**2,599,675**
Operating income	2,355,505	982,512	740,145	6,000			2,591,872
Financial earnings	1,027	6,776					7,803
Extraordinary earnings	140,624		68,464	72,160			

(1) ***Provisions for disputes: €107,456***

- *Provisions for ongoing client dispute: €70,000*;*
- *Provisions for ongoing supplier dispute: €8,456*;*
- *Provisions for ongoing dispute in relation to a subsidiary: €3,000*;*
- *Provisions for ongoing industrial dispute: €26,000*;*

** (Inherent risk of appeal and of conclusions drawn by lawyers referencing relevant case law and estimating the risk incurred).*

(2) ***Provisions for contingencies: €862,932***

- *Provisions for specific maintenance contracts for hardware relating to the Pharmacy business: €382,669;*
- *Provisions relating to the marketing of e-business licenses and LGPI Global Services® with free software maintenance for up to 30 months. This corresponds to the costs of the hotline over the period, i.e. €471,923;*
- *Provisions for the installation of OS LGPI Global Services® amounting to €8,340 for the above-mentioned e-business licenses, relating to intervention by a technician on each client's premises.*

(3) ***Provisions for retirement benefits: €1,621,484***

The provision for retirement benefits is determined using the retrospective projected unit credit method with end-of-career salary and taking into account the following assumptions:

- *Voluntary redundancy on the part of the employee (application of employer's social charges);*
- *Retirement age: 67 for all personnel;*
- *Discount rate: 3.40% (*);*
- *Sales: depending on age of employees;*
- *Wage growth: 1%;*
- *Recognition of annuity contingency.*

** The discount rate is determined based on the average of the last-known 10 six-month periods for the bond-market rate (Taux Moyen Obligataire - TMO).*

In 2003, PHARMAGEST INTERACTIVE decided to outsource contingencies for retirement benefits. €60,000 was paid out in 2013. The amount of the provision represents the remaining contingency (gross commitments less hedged items).

(4) ***Provisions for exchange rate losses €7,803***

In November 2012, PHARMAGEST INTERACTIVE granted GROUPE DOMEDIC INC. a bond loan to refinance its growth.
The loan was for CAD 52,500 with a one-year term with repayment at term at a rate of 10% with an exchange rate of CAD 1.2808 to €1.
The unrealised exchange rate loss on this transaction was recorded as a provision for contingency of €7,803.

Accounts payable

In €	12/2013				12/2012
	Gross amount	Of which less than 1 year	Of which more than 1 year	Of which more than 5 years	Gross amount
Credit institutions (1)	1,334,722	967,375	367,347		2,676,629
Miscellaneous financial liabilities					
Advances and pre-payments	104,935	104,935			324,819
Trade creditors	7,861,900	7,861,900			8,598,742
Social and income tax liabilities	13,013,742	13,013,742			13,847,321
Group and partners	3,735,689	3,735,689			4,033,107
Other liabilities	5,970	5,970			5,825
Prepaid income	713,421	713,421			1,268,014
TOTAL	**26,770,380**	**26,403,033**	**367,347**	**0**	**30,754,458**

(1) *A variable-rate loan taken out on 04 December 2012 (capital outstanding: €485K) is financed by a mortgage.*

Borrowings repaid over the year: €1,879,797.

As at 31 December 2013, a bank overdraft of €540,940 was recorded in the financial statements.

In May 2006, PHARMAGEST INTERACTIVE took out a loan in Swiss francs (CHF) to finance the redemption of shares held by minority interests in CIP. The original amount borrowed was CHF 9.86M with a seven-year term at the three-month LIBOR (CHF) rate.
Given the uncertain economic climate in the euro zone and the risk that the CHF will increase in value, PHARMAGEST INTERACTIVE availed of the contractual option to convert the loan into euros. This transaction was carried out in early June 2012 on the balance of €2.1m and financial interest was calculated based on the three-month EURIBOR.
In order to cover the exchange rate risk, a vanilla swap was set up to facilitate the exchange of a three-month Euribor for a fixed rate of 0.8%. The capital outstanding stood at €308,145 at 31 December 2013.

Debts evidenced by certificates

None.

Accrued expenses included in balance sheet items

Loans and borrowings with credit institutions	€772
Miscellaneous loans and financial liabilities	€0
Trade payables	€2,520,804
Social and tax liabilities	€9,612,677
Other liabilities	€8,633

Prepaid income

This section contains only ordinary prepaid income relating to the normal operations of the company. They relate to hardware and software maintenance and to the updating of databases invoiced to clients at 31 December 2013 but not yet due. They total €713,421.

Conversion gains

None.

20.3.2.3.4 Notes to the income statement

Breakdown of sales - In €K	2013	2012
Sales from maintenance and services	27,099	25,158
Sales from other services, including e-advertising	14,355	12,393
Sales from configurations	46,986	46,880
Sales from training services and new products	9,699	10,387
Total	**98,139**	**94,818**
Sales in France	97,391	93,995
Exports and deliveries within the EU	748	823

Personnel costs

Tax credit for competitiveness and employment (CICE):

The CICE was introduced by Article 66 of Amending Finance Act 2012-1510 of 29/12/2012. It is computed based on total compensation paid for the calendar year and income is taken into account as and when personnel expenses are incurred.
The CICE for 2013 amounted to €527,217.
In accordance with the ANC's information note of 28 February 2013, the CICE is recognised as a reduction of personnel expenses through the crediting of a sub-account 649 specifically opened for this purpose.

Expense transfers

Expense transfers relate to:

- The reinvoicing of personnel costs to other PHARMAGEST Group companies amounting to €427K;
- The reinvoicing of services provided to other PHARMAGEST Group companies amounting to €528K;
- The repayment of daily social security and ongoing training allowances amounting to €119K;
- Payment of insurance claims amounting to €85K;
- Employees' contributions to vehicle costs amounting to €51K.

Extraordinary income and expenses

In €	12/2013	12/2012
Extraordinary income	**141,531**	**371,824**
On management transactions Income from disposals Provision reversals	0 907 140,624	27,000 39,707 305,117
Extraordinary expenses	**1,143**	**542,136**
On management transactions Net value of disposals Charges to provisions Other extraordinary expenses	14 1,129 0 0	241 47,042 140,624 354,230

Breakdown of income tax payable by PHARMAGEST INTERACTIVE companies

In €	Earnings before tax	Tax	Net profit/(loss) after tax
Recurring income	24,323,069	7,532,245	16,790,824
Extraordinary earnings	140,388	-79	140,467
Employee profit-sharing	-2,018,662	-613,460	-1,405,202
Social contribution		203,286	-203,286
Contribution on dividends		191,194	-191,194
Settlement of corporate income tax N-1		57,922	-57,922
Merger		-2,143	2,143
Net profit/(loss)	22,444,794	7,368,965	15,075,829

Impact of adverse tax assessments

Earnings for the year	€15,075,829
Tax on earnings	-€7,368,965
Earnings before tax	€22,444,794
Change in regulated provisions	€0
Earnings before tax, excluding adverse tax assessments	€22,444,794

Increases and reductions in future tax liability

Type - In €K	12/2012		Changes		12/2013	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Employee profit-sharing		1,840		178		2,018
Social solidarity contribution		152		4		156
Non-deductible provisions		127		27		154
Provision for retirement benefits		1,407		214		1,621
TOTAL		**3,526**		**423**		**3,949**

In €K	Total	Taxes
Increases:		
Regulated provisions	0	
Grants to be reincorporated in earnings	0	
Decreases:		
Provisions that are not deductible for the year	2,329	776
Provisions for retirement benefits	1,621	540
Total operating deficits carried forward	0	
Total deferred depreciations	0	
Total long-term capital losses	0	

20.3.2.3.5 Other information

Directors' compensation

Gross compensation paid to management bodies in 2013 amounted to €519K and retirement benefit commitments for their retirement pension amounted to €120K.

Furthermore, the amount paid pursuant to Article 83 for these same management bodies totalled €41K. No advance or loan was granted to them during the year.

Workforce

12/2013	Salaried personnel (Average workforce)	Seconded personnel
Managers	185	
Supervisors / Senior technicians	358	
Employees	70	
TOTAL	**613**	**0**

Individual training entitlement

The individual training entitlement, which allows each employee to acquire credit for hours spent in employer-approved training, must be mentioned in the notes to the financial statements where the training courses have not extinguished all entitlements.

PHARMAGEST INTERACTIVE's collective agreement granted 20 hours' training in 2013 to all employees with at least one year's service at 31 December 2013 (prorated for part-time employees).

The number of accumulated training hours corresponding to entitlements acquired by PHARMAGEST INTERACTIVE employees and not extinguished at 31 December 2013 amounted to 61,946 hours.

Long-service awards

No provision was recorded in the individual financial statements of PHARMAGEST INTERACTIVE as the company's collective agreement does not provide for this award to employees.

Identity of the consolidating parent company of PHARMAGEST INTERACTIVE

MARQUE VERTE SANTÉ SA (formerly WELCOOP PHARMA) - 7 allée de Vincennes - 54 500 VANDOEUVRE-LES-NANCY.
MARQUE VERTE SANTÉ SA is a subsidiary of GROUPE WELCOOP.

Items concerning related companies

Balance sheet items - In €	Groupe WELCOOP companies	Fully consolidated subsidiaries	Fully consolidated sub-subsidiaries
Gross contributions	0	13,469,126	
Receivables	787,279	1,788,079	3,887
Payables	177,743	3,562,949	13,740
Other liabilities	0	0	0
Other liabilities Current account	0	3,083,916	651,773
Other receivables	0	501,902	
Financial earnings - In €			
Financial expenses	0	9,059	3,255
Financial income	0	1,637,038	0
Total financial earnings	**0**	**1,627,979**	**-3,255**

There were no transactions with related parties (other than wholly-owned subsidiaries) with a significant impact that were not concluded under normal market conditions.

PHARMAGEST INTERACTIVE and its subsidiaries do not discount trade receivables.

Off-balance sheet commitments

In €K	12/2013	12/2012
Cross-guarantees on contracts		
Assigned receivables not yet due		
Pledges, mortgages and security interests on property (*)	485	600
Sureties, endorsements and guarantees given		
Other commitments given		
TOTAL	**485**	**600**

(*) Real pledges, mortgages and security interests related to borrowings. The amount shown corresponds to the balance of relevant borrowings to be repaid.

Contractual obligations - In €	Total (including taxes)	Payments due per period		
		Less than 1 year	1-5 years	More than 5 years
Long-term liabilities	793,010	425,663	367,347	
Leasing transactions				
Operating leases	1,435,530	906,190	529,340	765,870
Property leases	3,775,379	1,021,469	1,988,040	
Other long term obligations				
TOTAL	**6,003,919**	**2,353,322**	**2,884,727**	**765,870**

Other commercial commitments	Total	Total commitments per period		
		Less than 1 year	1-5 years	More than 5 years
Credit lines	None			
Letters of credit	None			
Guarantees	None			
Redemption obligations	None			
Other commercial commitments	None			
TOTAL	**None**	**0**	**0**	**0**

As at the reporting date of 31 December 2013, PHARMAGEST INTERACTIVE is unaware of any significant off-balance sheet commitments other than those set out above.

Contingent liabilities

PHARMAGEST INTERACTIVE is not aware of any dispute or facts of an extraordinary nature likely to have any significant impact on its activity, earnings, financial situation or assets or to have had any such impact in the recent past.

Events after the reporting period.

- Absorption of VIP PHARMA by PHARMAGEST INTERACTIVE via the transfer of all assets and liabilities effective on 1 January 2014;
- Dilution of the holding in QUALITY FLUX, reducing from 21.98% to 15.5% following a capital increase and the admission of three new shareholders; PHARMAGEST INTERACTIVE decided not to participate in this capital increase;
- Creation of CPSI - CARAIBES PHARMA SERVICES INFORMATIQUES, a limited liability company with capital of €100,000, and with its head office in Guadeloupe. It is engaged in the sale and marketing, installation and maintenance of hardware and software for pharmacies located in the French Antilles.

Subsidiary companies and equity interests

LIST OF SUBSIDIARIES AND EQUITY INTERESTS									
Companies In €K	Capital	Equity (other than capital)	Percent share of equity	Gross value of securities held (net value)	Outstanding loans and advances	Guarantees and sureties given by the Company	Sales in past financial year	Net profit or loss in past financial year	Dividends received by the Company during the financial year
1° Detailed information on equity interests with net book value of over 1% of the company's share capital required to publish financial statements									
A. Subsidiaries (at least 50% owned)									
ADI 4 rue René Razel 91 400 SACLAY	48	800	50.00%	352			5,364	410	20
CPI 25 Bd Champ aux Métiers 21 800 QUETIGNY	8	587	100.00%	137			1,495	9	0
DCI Avenue Henri Becquerel 33 700 MERIGNAC	38	840	100.00%	816			91	63	0
DOMEDIC EUROPE 5 allée de Saint Cloud 54 600 VILLERS-LÈS-NANCY	120	-54	65%	78			0	-33	0
EHLS Rue Jules Verne 56 530 QUÉVEN	144	5,675	100.00%	4 690			19,661	1,516	525
HDM (1) 5 President John Kennedy Street PORT LOUIS (Mauritius)	30	105	100.00%	30			452	54	80
MALTA 9 rue Montgolfier 33 700 MÉRIGNAC	200	1,709	100.00%	186			4,228	881	700
SABCO Rue d'Arlon 2 8399 WINDHOF (Luxembourg)	39	542	100.00%	3,490 2,851			3,757	302	0
DIATELIC 2 allée Joachim de Bellay 54 600 VILLERS-LÈS-NANCY	59	-20	68.58%	404	175		167	5	0
VIP PHARMA 2 rue Jean Macé 69 360 ST. SYMPHORIEN D'OZON	50	-2	100.00%	50 0	0		0	-6	0
KAPELSE 5 allée de Saint Cloud 54 600 VILLERS-LÈS-NANCY	1,000	-186	100.00%	1,000			0	-186	0

LIST OF SUBSIDIARIES AND EQUITY INTERESTS									
Companies In €K	Capital	Equity (other than capital)	Percent share of equity	Gross value of securities held (net value)	Outstanding loans and advances	Guarantees and sureties given by the Company	Sales in past financial year	Net profit or loss in past financial year	Dividends received by the Company during the financial year
1° Detailed information on equity interests with net book value of over 1% of the company's share capital required to publish financial statements									
INTECUM Z.I de Erbajolo lieu-dit Pastoreccia 20 600 BASTIA	464	-727	63.99%	830	400			819	-569
HEALTHLEASE 4 avenue Laurent Cely 92 600 ASNIERES-SUR-SEINE	1,000	1,090	100.00%	1,407			42,269	1,004	306
B. Equity interests (10% to 50% owned)									
GROUPE DOMEDIC INC. 2500 rue Jean Perrin, local 190 QUEBEC QC G2K1X1 (Canada)	2,030	- 1,622	35.00%	1,083	63		26	- 90	0
QUALITY FLUX (2) Chaussée de Lille 899 75 22 BLANDAIN (Belgium)	125	- 314	21.98%	160 0			27	NC	0
2° General information on other subsidiaries or equity interests									
A. Subsidiaries not listed in paragraph 1: a) French subsidiaries (total) b) Foreign subsidiaries (total)									
B. Equity interests not listed in paragraph 1: a) In French companies (total)									
SFLD (3) 12 av. de la Perrière 56 324 LORIENT CEDEX	1,207	-131	0.13%	5 0			5	- 88	0
b) In foreign companies (total)									
TOTAL	**6,561**	**8,418**		**14,717**	**638**	**0**	**78,361**	**3,083**	**1,631**

(1) Operating revenue
(2) Accounts as at 31/12/2012
(3) Accounts as at 31/03/2013

20.4 Auditing of financial information

20.4.1 Independent Auditors' report on the consolidated financial statements (Year ended 31 December 2013)

To the Shareholders,

In accordance with our appointment as statutory auditors at the General Meeting, we hereby present our report for the year ended 31 December 2013 on:

- the audit of the accompanying consolidated financial statements of PHARMAGEST INTERACTIVE,
- the documentation supporting our findings,
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to issue an opinion on those financial statements, based on our audit.

1. Opinion on the consolidated financial statements

We have conducted our audit in accordance with the professional standards applicable in France. These standards require that we implement procedures to obtain reasonable assurance that the consolidated financial statements are free of material misstatements. An audit involves examining, by means of spot checks and other selection methods, the evidence supporting the amounts and disclosures shown in the consolidated financial statements. It also involves evaluating the accounting principles adopted, any significant estimates made and the overall presentation of the accounts. We deem the evidence gathered to be a sufficient and suitable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the Group's assets and liabilities and financial position at December 31, 2009 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our conclusion, we would like to draw your attention to the note "Accounting principles - Texts applied" in the notes to the financial statements on the new obligatory IFRS standards.

2. Justification of assessments

Pursuant to the provisions of Article L. 823-9 of the French Commercial Code pertaining to the documentation supporting our findings, we would like to bring your attention to the following:

Significant estimates

- ***Goodwill***
  Goodwill stated in the balance sheet as €27.7m at 31 December 2013 is tested for impairment as set out in the note "Accounting principles – Methods used for performing impairment tests".

  We have examined the conditions under which these tests were performed and the assumptions used to draw up the cash flow projections and sensitivity tests and we have verified that the notes to the financial statements provide appropriate disclosures.

- ***Provisions for contingencies and charges***
  Your company records provisions for contingencies and charges using the methods set out in the note "Accounting principles - Provisions". We have reviewed the methods used by the company as set out in the notes to the financial statements, based on the information currently available and have performed random tests to check that these methods were properly applied.

• ***Pension liabilities***
The notes "Provisions – Employee benefits" and "Information sections on the financial situation - Provisions for contingencies and charges" in the notes to the financial statements set out the methods used for assessing pension liabilities and other related commitments.

Our work consisted of examining the data used, assessing the assumptions retained, reviewing the calculations performed and checking that the notes to the financial statements provide appropriate disclosures.

As part of our assessment, we satisfied ourselves regarding the reasonable nature of these estimates.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed, which is expressed in the first part of this report.

3. Specific checks

We also specifically verified, as set out by law, the information disclosed in the Group's Management Report in accordance with the standards of professional practice applicable in France.

We have no observation to make regarding the fair presentation of this information, and its consistency with the consolidated financial statements.

Drawn up in Vandœuvre-lès-Nancy and Courbevoie, 25 April 2014

The Statutory Auditors

BATT AUDIT
Statutory Auditor
Isabelle SAGOT

MAZARS
Statutory Auditor
Jean-Brice de TURCKHEIM

20.4.2 Statutory auditors' report on the annual financial statements for the year ended 31 December 2013

To the Shareholders,

In accordance with our appointment as statutory auditors at the General Meeting, we hereby present our report for the year ended 31 December 2013 on:

• the audit of the accompanying annual financial statements of PHARMAGEST INTERACTIVE;
• the documentation supporting our findings,
• the specific information and inspections required by law.

These annual financial statements have been approved by the Board of Directors. Our role is to issue an opinion on those financial statements, based on our audit.

1. Auditor’s opinion on the annual accounts

We have conducted our audit in accordance with the professional standards applicable in France. These standards require that we implement procedures to obtain reasonable assurance that the annual financial statements are free of material misstatements. An audit involves examining, by means of spot checks and other selection methods, the evidence supporting the amounts and disclosures shown in the annual financial statements. It also involves evaluating the accounting principles adopted, any significant estimates made and the overall presentation of the accounts. We deem the evidence gathered to be a sufficient and suitable basis for our opinion.

We believe that the evidence we have gathered in order to form our opinion is sufficient and relevant. We hereby certify that the annual financial statements for the financial year present a true and fair view of the results of the transactions for the year just ended, as well as of the Company’s financial position and net assets at the end of that financial year.

2. Justification of assessments

Pursuant to the provisions of Article L. 823-9 of the French Commercial Code pertaining to the documentation supporting our findings, we would like to bring your attention to the following information:

Significant estimates:

• ***Business assets***
Once a year, the company performs an impairment test on business assets as set out in the paragraph "Accounting rules and methods – Intangible assets and property, plant and equipment" in the notes to the financial statements. We have examined the conditions under which this impairment test was performed as well as the cash flow projections and assumptions used. We also checked that the notes to the individual financial statements provide appropriate disclosures.

• ***Share investments***
The paragraph "Accounting rules and methods – Financial fixed assets" in the notes to the financial statements refers to the details of equity investments and sets out their valuation methods.

Our work consisted of assessing the data and the assumptions on which these estimates are based, in particular the cash flow projections drawn up by operational departments.

• ***Provisions for contingencies and charges***
We have reviewed the methods used by the company as set out in the notes to the financial statements, based on the information currently available and have performed random tests to check that these methods were properly applied.

• ***Pension liabilities***
The note "Notes to the liabilities of the balance sheet - Provisions" sets out the valuation methods for pension liabilities and other related commitments.

Our work consisted of examining the data used, assessing the assumptions retained, reviewing the calculations performed and checking that the notes provide appropriate disclosures.

As part of our assessment, we satisfied ourselves regarding the reasonable nature of these estimates.

These assessments were made as part of our audit of the annual financial statements taken as a whole, and therefore contributed to the opinion we formed, which is expressed in the first part of this report.

We also performed the specific checks specified in law, in accordance with the professional standards applicable in France.

We have no observations to make as to the fairness and consistency with the annual financial statements of the information provided in the Board of Directors' Management Report and in the documents addressed to the shareholders with respect to the Company's financial position and statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code relating to compensation and benefits received by corporate officers and any other commitments made in their favour, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling it or controlled by it. Based on this work, we hereby certify the accuracy and truthfulness of that information.

As required by law, we verified that the Management Report contains the appropriate disclosures concerning the acquisition of participating and controlling interests and the identity of the Company's shareholders.

Drawn up in Vandœuvre-lès-Nancy and Courbevoie, 25 April 2014

The Statutory Auditors

BATT AUDIT
Statutory Auditor

Isabelle SAGOT

MAZARS
Statutory Auditor

Jean-Brice de TURCKHEIM

20.4.3 Statutory auditors' special report on regulated agreements and commitments

To the Shareholders,

In our capacity as statutory auditors of your company, we hereby report to you on regulated agreements and commitments with related parties.

Our role is to inform you, based on the information that has been provided to us, of the characteristic features and of the main terms and conditions of the agreements and commitments that have been disclosed to us, or of which we may have become aware during our assignment. It is not our role to issue an opinion on their usefulness or legitimacy, or to determine whether other agreements and commitments exist. Your role, in accordance with the terms of Article R. 225-31 of the French Commercial Code, is to assess the Company's interest in entering into these agreements and commitments, with a view to their approval.

Furthermore, it is our role, where applicable, to disclose the information specified in Article R. 225-31 of the French Commercial Code on the execution of the agreements and commitments that have already been approved by the General Meeting during the financial year just ended.

We conducted our checks in accordance with professional standards applicable in France. These checks consisted in ensuring that the information provided to us was consistent with the background material from which it was derived.

• ***Agreements and commitments submitted for approval by the General Meeting***

Pursuant to Article L. 225-40 of the French Commercial Code, the following agreements and commitments, which were previously authorised by your Board of Directors, have been brought to our attention.

With Mr. Pautrat, Mr. Ponnelle and Mr. Supplisson

Relevant persons: Mr. Dominique Pautrat, Mr. Thierry Ponnelle and Mr. Denis Supplisson, respectively Managing Director and Deputy Managing Directors, all of whom are members of the Board of Directors of your Company.

Nature and purpose: The Board of Directors, meeting on 12 December 2013, decided to award bonuses to the Managing Director and the Deputy Managing Directors, i.e. Mr. Pautrat, Mr. Ponnelle and Mr. Supplisson, under their contracts of employment and subject to achieving the targets set over a four-year period, for the period 2013-2016.

The targets to be achieved relate to the Group business plan and are subject to the interested parties' continued employment with PHARMAGEST INTERACTIVE when the bonuses are paid on 31 March 2017.

Financial terms and conditions:

The bonuses are defined as follows:

For Mr. Dominique PAUTRAT: A long-term incentive bonus amounting to no more than €200,000 gross, and an acquisitions incentive bonus in respect of the PHARMAGEST Group, for the period 2013-2016 and concerning investments in 2013-2014, for an amount not to exceed a ceiling of €150,000 gross;

For Mr. Supplisson and Mr. Ponnelle: A long-term incentive bonus amounting to no more than €140,000 gross for Mr. Supplisson and €80,000 for Mr. Ponnelle, and an acquisitions incentive bonus in respect of the PHARMAGEST Group, for the period 2013-2016, and concerning investments in 2013-2014, to be allocated between all the members of the Finance and Personnel Management Committee with the exception of Mr. Pautrat, for an amount not to exceed a ceiling of €150,000 gross.

Provisions are made in the financial statements for the incentive bonuses each financial year on a pro-rata basis, according to progress towards achieving the targets over the four-year period. At 31 December 2013, the amounts set aside for this purpose were 30,000 euros for Mr. Pautrat, 8,000 euros for Mr. Ponnelle and 10,250 euros for Mr. Supplisson.

Agreements and commitments already approved by the General Meeting: Pursuant to Article R. 225-30 of the French Commercial Code, we have been informed that implementation of the following agreements and commitments, which had already been approved by the General Meeting in prior financial years, was ongoing during the financial year just ended.

With EHLS

Procurement Department

Nature and purpose: EHLS acts as the procurement department for the Group.

Terms and conditions: EHLS invoices your company for the purchases of computer hardware and supplies at cost price plus an 11% margin.

For 2013, these purchases amounted to an expense of €17,306,711.80 before tax.

Troubleshooting

Nature and purpose: EHLS invoiced your company for subcontracting work to troubleshoot hardware covered by maintenance contract.

Terms and conditions: This work is invoiced based on quotes submitted.
These troubleshooting services amounted to €264,776.16 before tax for the year just ended.

With DIATELIC

Provision of premises agreement

Nature and purpose: Your company has provided the premises at 5 allée de St-Cloud, Villers-lès-Nancy free of charge to DIATELIC, a French société anonyme with share capital of €58,900 in which your company holds a 68.45% share.

From 1 November 2013, rent and related expenses are reinvoiced under the Group's normal conditions. Consequently, the Board of Directors, meeting on 13 December 2013, reclassified this transaction as a normal agreement.

Financial terms and conditions:

For the period from 1 January 2013 to 31 October 2013: DIATELIC was hosted free of charge, in accordance with the terms of the Board of Directors' authorisation dated 14 December 2012.

For the period from 1 November 2013 to 31 December 2013: It was invoiced rent based on €110 per m2 before tax, i.e. €330 per month before tax. Total rental charges for the year thus amounted to €660 before tax.

In addition to this amount, rental expenses of €6,675.62 before tax for 2013 were reinvoiced.

Drawn up in Vandœuvre-lès-Nancy and Courbevoie, 25 April 2014

The Statutory Auditors

BATT AUDIT Statutory Auditor	**MAZARS** Statutory Auditor
Isabelle SAGOT	**Jean-Brice de TURCKHEIM**

20.5 Date of the latest financial information

The last financial year for this financial information was audited was 2013, ending on 31 December 2013.

20.6 Intermediate and other financial information

The PHARMAGEST Group has not published any quarterly or half-yearly financial information since the date of the last audited financial statements.

20.7 Dividend distribution policy

20.7.1 Dividend distribution policy

The Ordinary General Meeting of PHARMAGEST INTERACTIVE on 27 June 2014 will be asked to approve a dividend distribution of €2.50 per share.
The same distribution policy will be applied for future financial years subject to compliance with the above-mentioned criteria.

20.7.2 Total dividend per share for the last three financial years

Financial year ending	Dividend per share	Dividend eligible for 40% tax credit (paid to individuals)	Dividend not eligible for 40% tax credit (paid to legal entities)
31/12/2010	€1.50	€1.50	€1.50
31/12/2011	€1.80	€1.80	€1.80
31/12/2012	€2.10	€2.10	€2.10

20.7.3 Statutory period

Dividends not claimed within 5 years from the payment date will lapse and accrue to the State, in accordance with Article R-48 of the French State Property Code (Code du Domaine de l'Etat).

20.7.4 Tax system

The above dividends entitle individuals to 40% tax relief on the total amount. It is specified that pursuant to current law, the following withholdings at source will be made by the company from dividends paid to individuals who are French tax residents:

- A compulsory social withholding: at the current rate of 15.50%;
- A compulsory non-definitive withholding of 21% (Article 117c (new), of the French General Tax Code). Income is taken at gross value to calculate this amount. 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 less than €50,000 for single, divorced or widowed taxpayers and less than €75,000 for taxpayers subject to joint taxation, can apply for an exemption, under the conditions provided in Article 242c. This withholding represents an advance on income tax which may be offset against the tax due for the year during which the dividend was paid. If it is higher than the amount due, the difference is refunded.

20.8 Legal proceedings and arbitration

No state or legal proceeding or arbitration of which PHARMAGEST INTERACTIVE and the PHARMAGEST Group is aware to date, either pending or threatened, has had a material impact on the financial position or profitability of the PHARMAGEST INTERACTIVE and the PHARMAGEST Group in the past twelve months, or is likely to do so.

At 31 December 2013, total provisions for contingencies and charges stood at: *Of which:*	€2,373K
a) Provision for retirement benefits	€1,850K
b) Provisions for disputes of which mainly: • *Provisions for client disputes* • *Provisions for supplier disputes* • *Provisions for industrial disputes* • *Provisions for ongoing administrative disputes*	€109K €71K €8K €26K €3K
c) Provision for contingencies*	€400K

** This is in the main a provision to guarantee technical interventions subsequent to the sale of RENTPHARM contracts® (hardware maintenance).*

20.9 Significant changes in the financial or commercial situation

The PHARMAGEST Group is not aware of any significant changes in its financial or commercial situation since the end of the last financial year for which the financial statements were published and audited.

21 ADDITIONAL INFORMATION

21.1 Share capital

As at 31 December 2013, the company's share capital amounted to €3,034,825 and has not changed in the period covered by the historical financial information.

It is divided into 3,034,825 shares with a par value of €1.00, all fully paid-up and of the same class.

The Articles of Association do not impose specific conditions governing changes in the capital or voting rights attaching to the shares that comprise the capital.

There have been no changes to the share capital since market listing.

There are no current commitments to increase the capital as at 31 December 2013.

There are no current stock-option plans.

Under the Articles of Association, changes to the capital are not subject to more restrictive conditions than those imposed by law.

The balance of treasury shares as at 31 December 2013 is presented in Section 20.3.1.5.5.2 of the Notes to the consolidated financial statements.

PHARMAGEST INTERACTIVE's shares are traded on the NYSE Euronext Paris™ Eurolist. The ISIN code is FR0000077687.

PHARMAGEST INTERACTIVE securities were transferred to compartment B of NYSE Euronext Paris™ with effect from 17 January 2013, as its market capitalisation rose to €182.08 million. Compartment B covers listed companies with a market capitalisation of €150 million to €1 billion.

Share price since April 2013 *(source : FININFO)*

Month	Low	High	Volume	Amount in €
April 2013	66.25	74.49	14,181	1,005,941
May 2013	69.80	78.94	16,423	1,205,598
June 2013	69.01	75.50	8,375	605,474
July 2013	68.90	72.85	10,190	726,879
August 2013	71.47	79.00	16,147	1,213,110
September 2013	78.20	82.79	13,544	1,088,483
October 2013	79.35	92.00	18,068	1,548,081
November 2013	79.50	93.12	37,018	3,235,494
December 2013	88.00	92.50	192,463	15,366,035
January 2014	90.05	99.99	36,667	3,458,222
February 2014	91.00	108.90	43,920	4,475,637
March 2014	95.00	108.85	23,427	2,418,462

21.2 Memorandum and Articles of Association

21.2.1 Purpose of the company (article 2 of the Articles of Association)

PHARMAGEST INTERACTIVE's purpose is:

- The purchase, sale 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;
- Assistance and training in management, primarily in the context of office automation and IT techniques, research into the development of concepts and software development;
- Equity investments and interests by contribution, subscription, purchase of securities, shares, bonds and all company rights and other legal means in all companies or businesses related in particular to the industrial, commercial and services fields;
- The management, control, administration and enhancement of these holdings, with a view to controlling the business of the companies, providing financial management and maintaining control of the group of companies, by establishing or taking over new companies, mergers and other legal means allowed by company law;
- The provision of financial, administrative and management control and engineering services;
- And, in general, to conduct any and all commercial, industrial and financial transactions related directly or indirectly to any of the above purposes or any other similar or related purpose that contributes to the development or expansion of the Company's business.

21.2.2 Board Members (article 21 of the Articles of Association)

There are no specific provisions regarding the appointment or roles and responsibilities of Board Members and the Board of Directors.

The Articles make strict reference to the legal texts applicable in the matter.

21.2.3 Class of shares

There is one class of shares (article 7).

- There are no multiple voting rights;
- Existence and breach of statutory disclosure thresholds (article 12.3 of the Articles).

Any individual or legal entity that holds or exceeds, in any manner whatsoever, under the meaning of Article L 233-13 of the French Commercial Code, a fraction of the company's share capital specified in this Article is required to make the relevant statutory and regulatory disclosures.

Civil sanctions are provided under Article L. 233-14.1 et seq. and criminal sanctions are provided under Article L. 233-7.1 of the said Code.

21.2.4 Actions necessary to change the rights of shareholders

An Extraordinary General Meeting of Shareholders is required to change the rights of shareholders.

21.2.5 General Meetings

Article 20 of the Articles of Association - General Meetings

General Meetings are convened 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 on to make.
Special General Meetings convene the holders of a particular class of share to decide on any amendment to the rights attaching to shares in this class. These Meetings are convened and deliberate under the same conditions as Extraordinary General Meetings.
The decisions of General Meetings are binding on all shareholders.

Article 20-1 - Notice and venue of General Meetings

General Meetings are convened either by the Board of Directors, or by the Auditors, or by a legally appointed representative under the conditions provided by law.
Meetings are held at the Company's head office or at any other location specified in the notice of meeting.
Notification is provided 15 days before the Meeting date by placing a notice in a legal notices journal of the region in which the head office is located, and by placing a notice in the official and legal notices bulletin (BALO in France). However if all shares are registered, these insertions may be replaced by notice of meeting provided at the company's expense by ordinary or registered mail sent to each shareholder.
Shareholders who have held registered shares for at least one month on the date of insertion of the notice of meeting are notified of Meetings by ordinary letter. They can request to be notified by registered mail.
All owners of full shares are notified are notified in the same manner when their rights are recorded within the time frame provided in the previous paragraph for a registered shareholding.
The Company publishes the notice provided in Article R 225-73 of the French Commercial Code in the official and legal notices bulletin (BALO in France), 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 is convened at least six days in advance according to the same procedure as for the first Meeting. The notice or letters of notification of this second Meeting give the date and agenda of the first one. If 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 for Meetings is prepared by the party convening 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 Meeting may only discuss items on the agenda. However, it can in all circumstances rescind the appointment of one or more Board Members and replace them.

Article 20-3 - Access to Meetings - powers

Any shareholder may take part in Meetings, either in person or through 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 their name or a certificate from a duly authorised account-holding financial intermediary declaring the unavailability of the shares registered in the account until the date of the meeting.
These formalities must be completed five days prior to the meeting.
Shareholders may only be represented by their spouse or another shareholder; accordingly the representative must provide proof of the proxy granted to them.
Legal representatives of legally incompetent shareholders and individuals representing legal entity shareholders take part in the Meetings whether they are shareholders or not.
Shareholders may submit a postal vote using the form provided, which must be returned to the Company in accordance with the conditions laid down by law and the regulations. The form must be received by the Company three days prior to the date of the Meeting for the vote to be counted.

Article 20-4 - Shareholders' rights to information

All shareholders are entitled to receive the documents required to make informed decisions on the management and operation of the Company.
The type, provision and communication of documents are determined by applicable legal and regulatory provisions.

Article 20-5 - Attendance sheet - bureau - minutes

An attendance sheet, duly signed by the shareholders present and representatives, to which is appended the proxies granted to each representative and, where applicable, the postal votes, is certified as correct by the Meeting executive committee.
Meetings are chaired by the Chairman of the Board of Directors, or, in his absence, by a Board Member specifically appointed by the Board. Failing this arrangement, the Meeting elects its own Chair.
Scrutineers' functions are performed by the two shareholders who agree and are present, and who by themselves or as representatives hold the largest number of votes.
Thus formed, the Meeting executive committee appoints a secretary, who may not be a shareholder.
Minutes are prepared and copies or extracts of the proceedings are issued and certified in accordance with the law.

Article 20-6 - Ordinary General Meetings

The Ordinary General Meeting makes all decisions that do not amend the Articles of Association.
It is held once a year, within the legal and regulatory time frame in force, to approve the financial statements for the past financial year.
Its deliberations are valid only if the shareholders, who are present, represented or who have submitted postal votes, own at least one-quarter of the shares with voting rights, on first notice of meeting. If convened on the second notice, no quorum is required.
Decisions are made based on a majority of votes cast by the shareholders present or represented, including those who submitted a postal vote.

Article 20-7 - Extraordinary General Meetings

Only the Extraordinary General Meeting is authorised to change the Articles of Association in all their provisions; however it cannot increase shareholders' commitments, except for transactions resulting from a grouping of shares, properly carried out.
Its deliberations are valid only if the shareholders, who are present, represented or who have submitted postal votes, own at least one-third of the shares with voting rights, on first notice of meeting, or one-quarter on the second notice of meeting. If the attendance does not constitute a quorum, the second Meeting may be adjourned to a date no more than two months after the original meeting date.
Decisions are made based on a majority of two-thirds of the votes cast by the shareholders present or represented, including those who submitted a postal vote.

21.2.6 Provisions of the Articles of Association that may delay, defer or prevent a change of control

Article 9 - Capital increase, reduction or return of capital

1. (…) In proportion to the number of shares they hold, the Shareholders have a preferential right to subscribe to shares for cash, issued to increase the share capital. They may waive this right on an individual basis. Moreover, they have the right to subscribe additional shares, subject to allocation, if expressly granted by the General Meeting (…).

2. The Extraordinary General Meeting of Shareholders can also, subject to creditors' rights, authorise or decide on a reduction in the share capital for any reason and in any manner whatsoever, but under no circumstances can such a reduction undermine the equality of the shareholders.

The reduction in share capital to an amount lower than the legal minimum may only be decided upon under the condition precedent of a capital increase to restore the capital to an amount at least equal to the legal minimum, unless the company is being converted to another company form.

If not, any interested party can legally apply to the courts for the dissolution of the company; however, dissolution cannot be pronounced, if on the day the Court rules on the merits of the case, the matter has been rectified (...).

21.2.7 Provisions in the Articles of Association setting the disclosure thresholds.

Article 12-3- Transfer of shares - legal thresholds

Any individual or legal entity that holds or exceeds, in any manner whatsoever, under the meaning of Article L 233-7 of the French Commercial Code, a fraction of the company's share capital specified in this Article is required to make the relevant statutory and regulatory disclosures.

21.2.8 Provisions relating to changes in share capital, when such conditions are stricter than those laid down by law

Article 9 - Capital increase, reduction or return of capital

1. In proportion to the number of shares they hold, the Shareholders have a preferential right to subscribe to shares for cash, issued to increase the share capital. They may waive this right on an individual basis. Moreover, they have the right to subscribe additional shares, subject to allocation, if expressly granted by the General Meeting (…).

2. The Extraordinary General Meeting of Shareholders can also, subject to creditors' rights, authorise or decide on a reduction in the share capital for any reason and in any manner whatsoever, but under no circumstances can such a reduction undermine the equality of the shareholders.

The reduction in share capital to an amount lower than the legal minimum may only be decided upon under the condition precedent of a capital increase to restore the capital to an amount at least equal to the legal minimum, unless the company is being converted to another company form.

If not, any interested party can legally apply to the courts for the dissolution of the company; however, dissolution cannot be pronounced, if on the day the Court rules on the merits of the case, the matter has been rectified (...).

21.2.9 Appropriation and distribution of earnings, payment of dividends

Earnings are appropriated and distributed as follows:

Article 23 of the Articles of Association

The income statement summarising income and expense shows the profit for the year, calculated as the difference between income and expense, after depreciation and provisions. To constitute the legal reserve, at least 5% is deducted from profit, less losses from prior years where relevant. The deduction for the reserve is no longer required once the amount of the legal reserve is equal to one-tenth of the share capital.
Distributable income consists of the profit for the financial year, less previous losses and amounts to be paid into the reserve, pursuant to the law and the Articles, plus profit brought forward.
The General Meeting may deduct any sums deemed appropriate from this profit to allocate to any optional, ordinary or extraordinary reserves, or carry it forward.
Where relevant, the balance is distributed between all shareholders, in proportion to the number of shares held.
Moreover, the General Meeting may decide to distribute amounts deducted from reserve funds available to it by specifically indicating the reserves from which the deductions are being made. Payment of dividends is given priority.
Excluding the case of a capital reduction, no distribution may be made to shareholders when the equity capital is, or will become as a result of the distribution, lower than the sum of the capital plus reserves, which may not legally be distributed. The revaluation reserve cannot be distributed. It can be wholly or partially incorporated in the share capital.
Following approval of the financial statements by the General Meeting, losses, if there are any, are carried forward to be allocated against future profits until they are fully offset.

Article 24 of the Articles of Association

When a balance sheet drawn up during or at the end of the financial year and certified by the Statutory Auditors shows that the company has made a profit since the previous year-end, after required depreciation and provisions, deduction of prior losses, where applicable, and amounts to be carried over to the reserve, in accordance with the law or the Articles, an interim dividend may be paid prior to approval of the financial statements for the financial year. The total interim dividend may not exceed the total profit defined in this way.
The General Meeting may grant shareholders the option of receiving all or part of the dividend or interim dividend in cash or in shares, in accordance with applicable law.
The terms for payment of cash dividends are decided by the General Meeting or failing that by the Board of Directors.
Cash dividends must be paid no later than 9 months after the financial year-end, unless this period is extended by a court authorisation.
Dividends may not be reclaimed from shareholders unless the distribution was made in breach of the law and the company establishes that the beneficiaries were aware of the unlawful nature of the distribution when it took place, or could not be unaware of it given the circumstances. Where applicable, the time limit on the repayment of dividends is three years after distribution of these dividends. The right to receipt of unclaimed dividends lapses after a period of five years.

21.2.10 Share buybacks

At the General Meeting of Shareholders on 21 June 2013, shareholders authorised the Board of Directors to trade in its own shares on the market, in accordance with Articles L 225-209 to L 225-214 of the French Commercial Code and AMF regulations. This authorisation was granted for a maximum term of 18 months, as of 21 June 2013.

As at 31 March 2014, the programme resulted in:

- Purchases: 26,477 shares at an average price of €86.67;
- Sales: 26,168 shares at an average price of €86.89;

At the next Ordinary and Extraordinary General Meeting on 27 June 2014, a new programme for a further 18-month period will be submitted for the approval of shareholders in the ninth resolution.

The features of this programme are detailed in the Management Report of the Board of Directors presented to the Ordinary General Meeting on 27 June 2014.

21.2.11 Pledging of the issuer's securities and pledging of assets

No such pledges exist.

22 MAJOR CONTRACTS

PHARMAGEST INTERACTIVE has no 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 of filing of this Registration Document, apart from bank loans with pledges or covenants detailed under Section 20.3.1.5.7 herein.

Moreover, for sales of IT solutions to pharmacies, PHARMAGEST INTERACTIVE offers RENTPHARM® in partnership with leasing companies. Similarly, pharmacists can take out lease financing for the LGPI Global Services® line-up.

PHARMAGEST INTERACTIVE merged with HEALTHLEASE in May 2010 to provide better cover of liquidity risks. This subsidiary offers financing solutions for all the equipment required to run a pharmacy.

23 INFORMATION FROM THIRD PARTIES, APPRAISERS' STATEMENTS AND STATEMENTS OF INTEREST

There are no reports or declarations attributed to a person acting in the capacity of expert with a significant interest.

24 DOCUMENTS AVAILABLE TO THE PUBLIC

24.1 Annual Management Report

24.1.1 Management report

PHARMAGEST INTERACTIVE
A FRENCH SOCIETE ANONYME WITH CAPITAL OF €3,034,825
HEAD OFFICE: TECHNOPOLE DE NANCY BRABOIS
05 ALLEE DE SAINT CLOUD 54600 VILLERS LES NANCY
403 561 137 RCS NANCY

MANAGEMENT REPORT
TO THE ORDINARY ANNUAL GENERAL MEETING
ON 27 JUNE 2014

Dear Shareholders,

We are pleased to present:

- The Management Report on the position of PHARMAGEST INTERACTIVE during the past financial year, prepared by the Board of Directors in accordance with Article L. 232-1 of the French Commercial Code, as well as the Management Report of the PHARMAGEST Group, prepared in accordance with Article L. 233-26 of the French Commercial Code, stating the position of all the businesses included in the consolidated group;
- The Corporate Social Responsibility (CSR) report, provided notably pursuant to the Decree of 24 April 2012, appended to the Management Report and forming an integral part of this report;
- The report to the Extraordinary General Meeting;
- The Chairman's Special Report, provided in accordance with Article L. 225-37 of the French Commercial Code.

Pursuant to applicable law and regulations, this General Meeting is convened today to ask you to approve the individual and consolidated annual financial statements and the appropriation of earnings for the financial year ended on 31 December 2013, approved by the Board of Directors at its meeting of 27 March 2014.

The reports of the Statutory Auditors, the Board of Directors and the financial statements for the period, and in general, all documents and information listed in Articles L. 225-115 and R. 225-83 of the French Commercial Code have been made available to you within the legal time frame.

The required notifications have been carried out in the normal way.

Reporting method

The reporting rules and valuation methods used to prepare the documents submitted for your approval comply with application regulations. The consolidated financial statements have been prepared according to IFRS and the individual financial statements according to French GAAP.

Fully consolidated companies

Company	Address	% control	% interest
PHARMAGEST INTERACTIVE	Villers-lès-Nancy (54)	consolidating company	consolidating company
ADI [(1)]	Saclay (91)	50.00	50.00
CPI	Dijon (21)	100.00	100.00
DCI	Mérignac (33)	100.00	100.00
DIATELIC	Villers-lès-Nancy (54)	68.58	68.58
DOMEDIC EUROPE	Villers-lès-Nancy (54)	65.00	65.00
EHLS	Quéven (56)	100.00	100.00
HDM LIMITED	Port Louis (Mauritius)	100.00	100.00
HEALTHLEASE	Asnières (92)	100.00	100.00
SCI HUROBREGA	Quéven (56)	100.00	100.00
INTECUM	Bastia (20)	63.99	63.99
KAPELSE	Villers-lès-Nancy (54)	100.00	100.00
MALTA INFORMATIQUE	Mérignac (33)	100.00	100.00
SABCO	Windhof (Luxembourg)	100.00	100.00
SABCO SERVICES	Spy (Belgium)	100.00	100.00
VIP PHARMA	St. Symphorien d'Ozon (69)	100.00	100.00

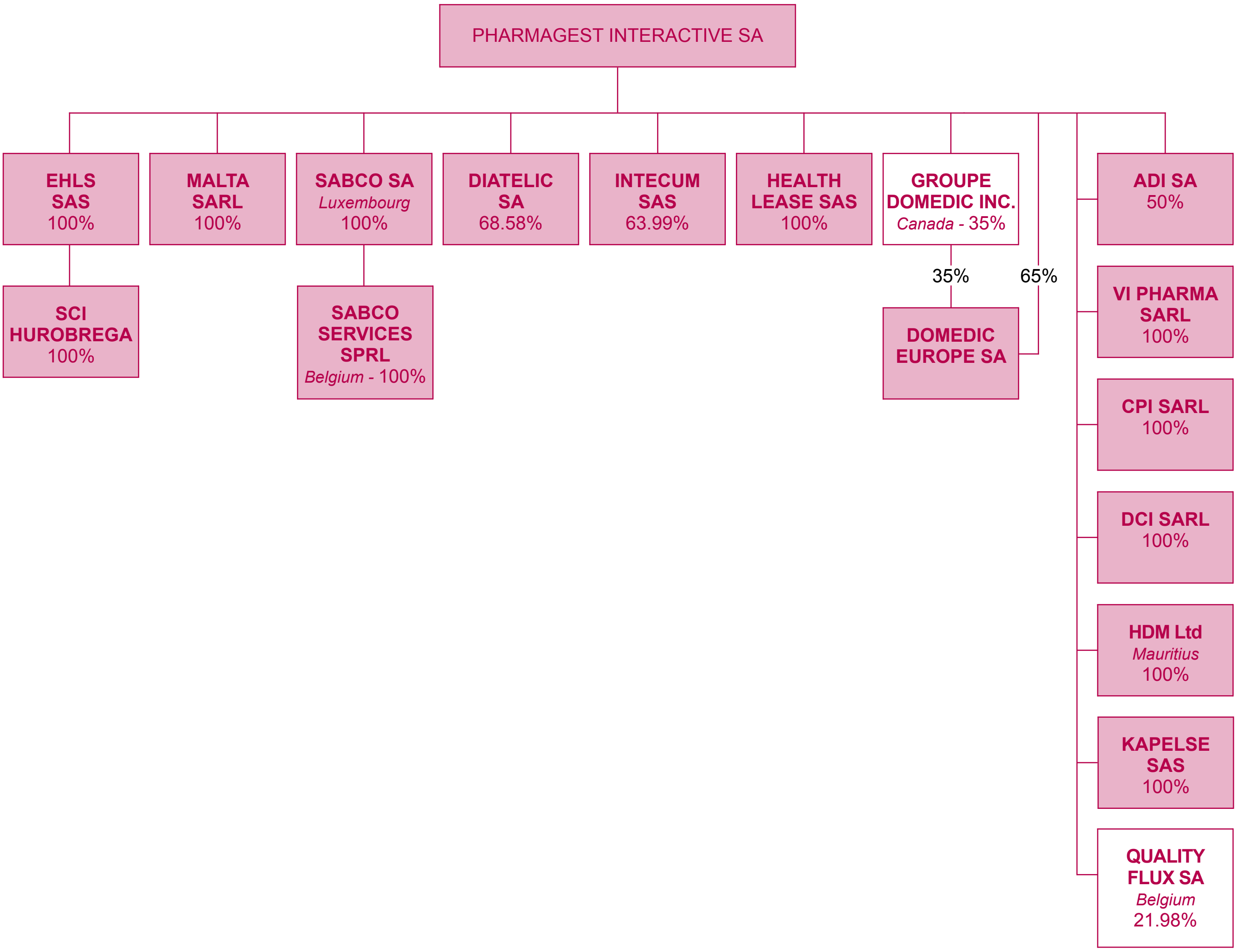
[(1)] Given the economic and contractual relationship between PHARMAGEST INTERACTIVE and ADI (which distributes LGPI Global Services® products), and the control of the company (equal distribution of Board members, Chairman's nomination subject to the express agreement of the PHARMAGEST Group), ADI which is 50%-owned, is fully consolidated.

Companies consolidated under the equity method

Company	Address	% control	% interest
GROUPE DOMEDIC INC.	Quebec (Canada)	35.00	35.00
QUALITY FLUX	Blandain (Belgium)	21.98	21.98

PHARMAGEST Group Organisation Chart

As at the end of the financial year, PHARMAGEST Group's organisation chart is as follows:



Pink background: Fully consolidated companies
White background: Companies consolidated under the equity method

The percentage of voting rights held by PHARMAGEST INTERACTIVE in each of its subsidiaries is equal to the percentage of its equity holding in these subsidiaries.

Changes in scope

- Holding in INTECUM increased from 49% to 63.99%, following the buyback of shares from a minority shareholder and a capital increase on 29 January 2013;
- Holding in HEALTHLEASE increased from 35% to 100%, through the purchase of the 65% holding from the main shareholder;
- Holding in the Luxembourg subsidiary SABCO increased from 90 to 100% in December, following the buyback of shares from the minority shareholder in December 2013.

In view of the non-material impact of these changes in scope, no pro forma accounts have been prepared for the consolidated financial statements.

The PHARMAGEST Group's activities

The PHARMAGEST Group's main activity is the design of specialised management software for dispensing pharmacies and the distribution of tailored computer solutions.

Activities in France

• The Group provides products and services to a range of customer segments. For Pharmacists:

- Distribution of IT equipment, turnkey installation and training;
- Distribution of new-generation software packages, including LGPI Global Services®, to PHARMAGEST INTERACTIVE customers;
- After-sales services: hotline and maintenance;
- Data back-up.

In France:
ADI distributes customised IT solutions exclusively from PHARMAGEST INTERACTIVE in the greater Paris region.
DCI provides its goodwill on a lease management basis to PHARMAGEST INTERACTIVE in the Bordeaux region and owns the Mérignac building.
EHLS is the Group's centralised purchasing unit.
HDM LIMITED provides software development services.
HEALTHLEASE offers equipment financing for pharmacists (IT and other equipment).
SCI HUROBREGA owns the Quéven building.
INTECUM specialises in automation and dispensing at the point of sale.
KAPELSE specialises in smart health product design.
QUALITY FLUX purchases and sells statistical data.

In Belgium and Luxembourg, PHARMAGEST organises the distribution to SABCO's customers of a range of products and services equivalent to that offered by its Pharmacy business in France through **SABCO** and **SABCO SERVICES**, acquired in September 2007

• For Pharmaceutical Companies:

- A professional e-commerce product for on-line "Business to Business" orders; pharmaceutical companies maintain close contact with their pharmacist customers using the LGPI Global Services® software portal.
- On the pharmacy's server, targeted communications and marketing initiatives, with no obligation to establish a permanent connection, blend seamlessly with the management system to ensure the effectiveness and relevance of these campaigns by providing the right information to the right person, at the right time.
- PHARMAGEST INTERACTIVE has offered communication services since early-2009. It buys advertising space from its pharmacist customers, either in their management software, or in the OffiMédia® point of sale communications systems, or in the Pharmattitude® pharmacy websites, and sells it to pharmaceutical companies.

• For Care Homes:

- Distribution of IT equipment, turnkey installation and training;
- Distribution of new-generation software (TITAN mainly) to MALTA INFORMATIQUE's customers;
- After-sales services: hotline and maintenance.

MALTA INFORMATIQUE distributes specialised software for elderly residential care homes and Day Centres.

• **For Other Healthcare Professionals and Patients:**

- Medical tele-monitoring system to prevent deterioration in the state of health of chronic patients treated at home;
- A smart pill dispenser to monitor compliance with treatment for the chronically ill or the elderly;
- Data back-up services and hosting of applications with direct patient access.

DIATELIC specialises in artificial intelligence applied to tele-monitoring and monitoring of patient compliance.
DOMEDIC EUROPE distributes the smart pill dispenser.

• **For SMEs:**

- Distribution of IT equipment, turnkey installation and training;
- Distribution of management software to SME customers;
- After-sales services: hotline and maintenance;

CPI distributes turnkey IT solutions from various publishers to SMEs.

Key figures for the consolidated group - IFRS standards

Activities and results of the PHARMAGEST Group, its subsidiaries and companies it controls.

Amounts - In €K	2013	2012	Variation
Sales of configurations	54,327	53,074	2%
Maintenance and sale of databases	32,204	30,230	7%
Other services, including e-advertising	14,462	12,480	16%
Training and new product services	12,414	12,938	-4%
Total sales	**113,407**	**108,722**	**4%**
Current operating profit	23,119	20,142	15%
Operating profit	23,119	20,142	15%
Net Profit/(loss)	15,832	13,900	14%
Net profit - Group share	15,825	13,516	17%
Basic earnings per share (group share)	**5.22 €**	**4.45 €**	**17%**

PHARMAGEST INTERACTIVE (French GAAP):

Amounts - In €K	2013	2012	Variation
Sales of configurations	46,986	46,880	NS
Maintenance and sale of databases	27,099	25,158	8%
Other services, including e-advertising	14,355	12,393	16%
Training and new product services	9,699	10,387	-7%
Total sales	**98,139**	**94,818**	**4%**
Operating income	21,705	19,279	13%
Net profit/(loss)	15,076	12,950	16%

Main subsidiaries (French GAAP)

In €M	EHLS	ADI	SABCO	MALTA INFORMATIQUE	HEALTHLEASE (Q4 2013 only)
Sales	19.66	5.36	3.75	4.23	12.77
Operating income	1.04	0.66	0.32	1.33	0.46
Recurring income before tax	1.99	0.66	0.32	1.35	0.51
Net profit/(loss)	1.52	0.41	0.30	0.88	0.37

Under IFRS, consolidated sales for fiscal 2013 rose 4% year-on-year. The gross sales margin came to €79,801K, up from €77,741K in 2012.

Hardware and software maintenance and renewal of equipment installed under contract account for over 66% of the Group's sales and provide extremely good visibility of annual revenue.

Operating expense (payroll expense + general expense + taxes) amounted to €54.6 million, a reduction of 2% year-on-year, demonstrating the tight rein on current expenditure.

Operating profit therefore rose 14.8% to €23,119K compared with the operating profit generated in the prior year.

The financial result is positive at €1,044K, breaking down into €1,214K in financial income and €170K in financial expense.

The Group generated consolidated net profit of €15,832K, with the Group share amounting to €15,825K and minority interests to €6K. The increase in the Group share of net profit was 17.1%.

FY 2013 saw the PHARMAGEST Group increase cash to €1,997K, including €12,290K in operating cash flow (under IFRS).

The Group enjoys a very sound financial structure. Equity capital amounted to €76,071K and net earnings (i.e. securities available for sale, other financial assets, cash flow and cash flow equivalents minus financial liabilities) were €45,495K. Cash net of current financial liabilities totalled €44,755K.

Information on non-tax-deductible expense

In accordance with Article 223c of the French General Tax Code (Code Général des Impôts), we hereby inform you that during the financial year ended on 31 December 2013, PHARMAGEST INTERACTIVE incurred expenses that are non-deductible from corporation tax, covered by Article 39-4 of the aforementioned Code for a total of €120,008, giving rise to €40,003 in tax.

Research and development activities

There are 124 staff in the PHARMAGEST Group's Research & Development Department for the entire Group.

Pursuant to IAS 38, we identified development projects meeting all criteria required to record expenses on the balance sheet. The total capitalised in 2013 was:

- €1,246K for projects resulting in future income (sales and services to customers);
- €226K for projects from which future economic benefits are expected (production of in-house software).

Highlights of the financial year

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

  - **In France:** its bid was selected for the E-CHRONIC/E-NEPHRO project (part of the Second e-Health call for projects under the French Government's investments for the future programme), alongside 13 other pilot digital services projects in the e-Health sector. The project is a dedicated telemedicine initiative to care for patients with chronic renal failure. It sets out to demonstrate that substantial savings in healthcare costs can be achieved at all three stages of renal failure care, namely detection, promotion of dialysis treatments, and transplant monitoring.

  - **At regional level:** its bid was selected for the SATELOR call for projects in the area of telemedicine or e-health in the home care sector, which is a major public health challenge. The aim is to develop technical solutions to sustain home care for the ill or elderly as part of a secure programme.

- On 10 December 2013, PHARMAGEST INTERACTIVE was granted its third accreditation as a Personal Health Data Host, extending the service to host applications managed and administered by its health professional clients and directly accessible by patients.
- PHARMAGEST INTERACTIVE increased its equity stake in INTECUM to 63.99% following the buyback of shares from a minority shareholder and a capital increase on 29 January 2013.
- The Group purchased 65% of the main shareholder's stake in HEALTHLEASE in November 2013, giving it full control of the company to consolidate its expertise in pharmacy financing.
- PHARMAGEST INTERACTIVE increased its holding in the Luxembourg subsidiary SABCO to 100% following the buyback of shares from the minority shareholder in December 2013.

Events after the reporting period

- Absorption of VIP PHARMA by PHARMAGEST INTERACTIVE via the transfer of all assets and liabilities effective on 1 January 2014;
- Dilution of the holding in QUALITY FLUX, reducing from 21.98% to 15.5% following a capital increase and the admission of three new shareholders; PHARMAGEST INTERACTIVE decided not to participate in this capital increase;
- Creation of CPSI - CARAIBES PHARMA SERVICES INFORMATIQUES, a limited liability company with capital of €100,000, and with its head office in Guadeloupe. It is engaged in the sale and marketing, installation and maintenance of hardware and software for pharmacies located in the French Antilles.

Outlook and strategic guidelines provided by the Board of Directors

Throughout 2013, pharmacists in France negotiated new compensation conditions with the Health Insurance system, following signature of the new agreement on 4 April 2012 between UNCAM (Union Nationale des Caisses d'Assurance Maladie) and the pharmacists unions.
While the new compensation arrangements finally agreed in January 2014 will probably not take effect until early-2015, this marks a major change for the profession.
In recognition of the broad advisory and oversight role of pharmacists, they will now receive dispensing fees for each product delivered and for each prescription dispensed.
As a percent of compensation, fees will quickly rise to represent 45% of pharmacists' overall margin.
As a result, they will be less exposed to the margin on sales of medicines. In an environment characterised by downward pressure of these prices in the long term under the terms of successive Projets de Loi sur le Financement de la Sécurité Sociale (PLFSS - French Draft Social Security Finance Act), pharmacies will thus see an improvement in their overall budget enabling them to invest in new roles and profit-generating services, such as the scheme for monitoring patients taking oral anticoagulants (AVK) or asthmatics introduced in 2013.
These prospects confirm the relevance of the PHARMAGEST Group's strategy of diversification into e-Health and smart devices (DO-Pill SecuR™ electronic pill dispenser), supporting pharmacists' key role in this rapidly changing environment.
The positive outlook arising from these changes in France, and also in Belgium and in Luxembourg - where similar reforms are taking place - will be seen across all activities, from software publishing (LGPI Global Services®, SABCO® Ultimate) to related developments (OffiMédia®, SELLEN, Offisecure®, and others).
The same is true for MALTA INFORMATIQUE's business of developing software for the care home segment, which is also concerned by innovations in ICT and the arrival on the scene of smart health devices.
The pharmaceuticals industry and, consequently, PHARMAGEST INTERACTIVE's Pharmaceutical Companies business, will also be aiming to seize opportunities in e-health.

Confident of the validity of its strategy, the PHARMAGEST Group is maintaining its external growth policy by exploring avenues in France and overseas in the following development areas:

- Services and technologies that it could offer to its pharmacist customers to help them in their new advisory role introduced by the July 2009 HPST (Hospitals, Patients, Health and Territory) Act;
- Technologies to develop new products to improve earnings performance in pharmacies.

Ownership of share capital as at 31 December 2013

Pursuant to the provisions of Article L. 233-13 of the French Commercial Code, we hereby specify the identity of the persons that hold, either directly or indirectly, on the balance sheet date, 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 share capital or voting rights at General Meetings.

Name	Percent holding
MARQUE VERTE SANTE	More than 50% and less than 66.66%
GROUPE WELCOOP	More than 5% and less than 10%
La SC "ERMITAGE SAINT JOSEPH" (Mr. Thierry CHAPUSOT)	More than 5% and less than 10%

Pursuant to the provisions of Article L. 233-13 of the French Commercial Code and Article 223-26 of the AMF General Regulation, we hereby inform you that MARQUE VERTE SANTE (formerly WELCOOP PHARMA), which held more than two-thirds and less than 90% of the capital on 31 December 2012, sold 158,039 of its PHARMAGEST INTERACTIVE shares to WELCOOP GROUP on 19 December 2013, as part of an internal Group reclassification.
The declaration of the transaction was filed with the AMF on 20 December 2013 and published on 23 December 2013.

PHARMAGEST INTERACTIVE does not hold any PHARMAGEST INTERACTIVE shares (apart from treasury shares) nor do any of the companies it controls under the meaning of Article L. 233-3 of the French Commercial Code.

To the best of PHARMAGEST INTERACTIVE's knowledge, no other shareholder holds more than 5% of the capital or voting rights, directly or indirectly, alone or in concert.

Authorisation for buyback of shares by PHARMAGEST INTERACTIVE

1) At the General Meeting of Shareholders on 21 June 2013, the shareholders authorised the Board of Directors to trade in its own shares on the market, in accordance with Articles L. 225-206 to L. 225-117 of the French Commercial Code and with the provisions of the French Monetary and Financial Code (code monétaire et financier).

This authorisation was granted for a maximum of eighteen months starting on 21 June 2013 until 20 December 2014.

At 31 December 2013, PHARMAGEST INTERACTIVE directly or indirectly held 830 of its own shares, notably under the terms of a liquidity contract, or approximately 0.03% of the current share capital.

At 31 December 2013, under this programme, used via the liquidity contract, 21,284 shares were purchased for an average share price of €76.75, and 21,369 were sold for an average of €76.22.

PHARMAGEST INTERACTIVE holds 100% of the current liquidity contract.

The Board of Directors reports to you on the completion of the share buyback programme for the period 1 April 2013 to 31 March 2014, authorised by the Meeting on 21 June 2013.

As at 31 March 2014, the programme resulted in:

- Purchases: 26,477 shares at an average price of €86.67;
- Sales: 26,168 shares at an average price of €86.89;

As at 31 March 2014, the company directly or indirectly holds 401 shares.

2) The shareholders will be asked to renew this authorisation and the new programme.

The purpose of the current share buyback programme was as follows in decreasing order of priority:

- To promote trading and ensure the liquidity of the share via an investment services provider, under the terms of a liquidity contract that complies with the Ethics Charter recognised by the AMF;
- To purchase shares and retain them for subsequent tendering in exchange or payment for acquisitions;
- To grant shares to the employees or corporate officers of PHARMAGEST INTERACTIVE or the PHARMAGEST Group, in accordance with the terms and conditions provided by law, notably as part of a profit-sharing plan, to cover stock options, as part of a company savings plan or to be used to grant performance-based bonus shares to employees pursuant to the provisions of Articles L. 225-197-1 et seq. of the French Commercial Code.

The Board of Directors considers it appropriate to request that you approve the new programme to replace the share buyback programme established by the General Meeting of 21 June 2013, to be effective from 27 June 2014.

The aims of the new share buyback programme will be the following:

- To promote trading and ensure the liquidity of the share via an investment services provider, under the terms of a liquidity contract that complies with the Ethics Charter recognised by the AMF;
- To purchase shares and retain them for subsequent tendering in exchange or payment for acquisitions;
- To grant shares to the employees or corporate officers of PHARMAGEST INTERACTIVE or the PHARMAGEST Group, in accordance with the terms and conditions provided by law, notably as part of a profit-sharing plan, to cover stock options, as part of a company savings plan or to be used to grant performance-based bonus shares to employees pursuant to the provisions of Articles L. 225-197-1 et seq. of the French Commercial Code.

The term of the new programme will be 18 months, i.e. until 26 December 2015.

Stock options

The stock option plan introduced by the Board of Directors at its meeting of 10 September 2004 ended on 9 September 2012.
No new plan was submitted for the approval of the shareholders in 2013.

Statement of employee shareholdings

In accordance with Article L. 225-102 of the French Commercial Code, we hereby report to you that neither the employees of PHARMAGEST INTERACTIVE nor those of related companies under the meaning of Article L. 225-180 of the French Commercial Code held shares as at the balance sheet date of 31 December 2013.

Historical table of the last five financial years

The table showing the results of PHARMAGEST INTERACTIVE during each of the last five financial years is appended to this report, in accordance with Article R. 225-102 of the French Commercial Code.

Other information

I/ INFORMATION ON SUPPLIERS' PAYMENT TERMS

Pursuant to Articles L. 441-6-1 and D. 441-4 of the French Commercial Code, we report to you on the breakdown of amounts due to suppliers at the end of the last two financial years::

2013

Trade creditors / due dates – In €K	< 30 d	> 30 d and < 60 d	> 60 d	Total (incl. tax)
Amounts falling due* Amounts overdue** **Total trade creditors (incl. tax)**	3,870 400 **4,269**	1,071 **1,071**	1 **1**	4,942 K€ 400 K€ **5,341 K€**
Invoices not received **Total trade creditors on the balance sheet (incl. tax)**				2,521 K€ **7,862 K€**

2012

Trade creditors / due dates – In €K	< 30 d	> 30 d and < 60 d	> 60 d	Total (incl. tax)
Amounts falling due* Amounts overdue** **Total trade creditors (incl. tax)**	4,331 228 **4,559**	866 **866**	0 **0**	5,197 K€ 228 K€ **5,425 K€**
Invoices not received **Total trade creditors on the balance sheet (incl. tax)**				3,173 K€ **8,599 K€**

** payment date after year-end.*
*** payment date before year-end.*

II/ PURSUANT TO ARTICLES L. 225-100, L. 225-102-1, R. 225-104 AND L. 820-3 OF THE FRENCH COMMERCIAL CODE, WE REPORT TO YOU AS FOLLOWS:

A/ INFORMATION ON PERSONNEL

Employee-related information for PHARMAGEST Group is provided in the Corporate Social Responsibility Report appended to this report, and includes information on:

- Personnel;
- Organisation of working hours;
- Compensation;
- Labour relations and a summary of collective bargaining agreements;
- Health and safety conditions;
- Training;
- Employment and integration of disabled employees;
- Social work;
- External sub-contracting.

B/ INFORMATION ON THE ENVIRONMENT

The environmental information concerning the PHARMAGEST Group is provided in the Corporate Social Responsibility Report appended to this report, and includes information on:

- Polluting and risk-generating activities;
- Sustainable development.

C/ USE OF FINANCIAL INSTRUMENTS

The details are given below in paragraph E: Risk analysis.

D/ FEES PAID TO THE STATUTORY AUDITORS

Audit - in €	MAZARS				BATT AUDIT			
	Amount before tax		%		Amount before tax		%	
	2013	2012	2013	2012	2013	2012	2013	2012
Statutory auditors - PHARMAGEST INTERACTIVE - Consolidated subsidiaries	37,000 14,200	37,000 10,500	73% 27%	76% 24%	36,500 11,700	35,500 4,200	76% 24%	89% 11%
Ancillary engagements			0%	0%			0%	0%
Sub-total	**51,200**	**47,500**	**100%**	**100%**	**48,200**	**39,700**	**100%**	**100%**
Other services provided to subsidiaries			0%	0%			0%	0%
Legal, tax, social			0%	0%			0%	0%
Information technologies			0%	0%			0%	0%
Internal audit			0%	0%			0%	0%
Other (indicate if greater than 10% of audit fees)			0%	0%			0%	0%
Sub-total			**0%**	**0%**			**0%**	**0%**
TOTAL	**51,200**	**47,500**	**100%**	**100%**	**48,200**	**39,700**	**100%**	**100%**

E/ RISK ASSESSMENT

The PHARMAGEST Group reviewed the risks that could have a material negative impact on its business, financial position or results (or on its ability to achieve its objectives) and considers that there are no material risks other than those presented below.

1/ Liquidity risk

As at 31 December 2013, the PHARMAGEST Group had €16 million in net available cash.

In addition to this cash flow available in the short term, the PHARMAGEST Group has undrawn bank overdraft facilities totalling of €7 million, as well as a balance of €29 million in available-for-sale securities (the penalty for early exit only concerns the interest incurred).

With €52 million in net available liquidity, the Group has sufficient financial resources to fund current operations, make the investments necessary for its future development, and to address exceptional events that may arise.

The loan maturities are detailed in section 20.3.1.5.7 of this Registration Document.

The financing sources used by the PHARMAGEST Group are bank overdraft facilities and medium- and long-term borrowings.

It has secured the option to access credit in the event substantial capital expenditure is required.

To optimise management of financial flows, centralised coordination of cash flow is in place at two of the Group's major banks and with the main PHARMAGEST Group companies.

Management of liquidity risk also aims to secure resources at the lowest cost and to ensure they can be accessed at any time.

The Group assesses its liquidity risk to ensure it is in a position to meet future payment dates.

Liquidity maturity profile

In €K	Carrying amount	6 months or less	6-12 months	1 to 2 years	2 to 5 years	5 years or more
Non-derivative financial liabilities						
Secured bank loans	1,296	143	140	285	672	56
Unsecured bank loans	441	339	26	52	23	
Overdrafts	740	740				
Other financial liabilities	1	1				
Trade creditors	7,883	7,883				
Other payables	0	0				
TOTAL	**10,361**	**9,106**	**166**	**337**	**695**	**56**
Derivative financial liabilities						
Interest rate swaps*	0.5	0.5				
Exchange rate swaps	0	0				
TOTAL	**0.5**	**0.5**				

** Calculated based on 3-month Euribor as at 31 December 2013.*

2/ Market risk

a/ Interest rate risk

PHARMAGEST Group's exposure to interest rate risk relates to floating-rate loans (sensitivity to rate increases).

Analysis of gross debt by maturity and type of rate:

In €K	Gross financial debt			
	Fixed rate	Floating rate 3-month Euribor	Floating rate EONIA	Total
Maturing:				
2014	339	308		647
2015	337	0	0	337
2016	314	0	0	314
2017	302	0	0	302
2018	81	0	0	81
Thereafter	56	0	0	56
TOTAL	**1,429**	**308**	0	**1,737**

Floating-rate debt accounts for 18% of total debt as at 31 December 2013.

An analysis of interest rate sensitivity (a -0.25%/+0.10% increase or decrease in the 3-month Euribor) revealed no material impact.

b/ Foreign exchange risk

The Group has very little exposure to foreign exchange risk in its business inasmuch as the vast majority of its purchases and sales are transacted in euro.

c/ Financial instruments and shares risk

The Group has no exposure.

It carefully monitors the financial position of AXA, which manages the capital bond (available-for-sale securities).

3/ Credit/counterparty risk

- Based on a regularly updated analysis of counterparty risk, no impairment has been recorded on receivables from our main debtors, namely the leasing companies operating in the pharmacy sector (the vast majority of amounts due are paid within six months). Invoices financed by leasing companies accounted for 37% of consolidated sales in 2013, with 35% of this through leasing companies working with HEALTHLEASE (primarily BNP Lease and Siemens);
- Trade receivables not depreciated at 31 December 2013 were analysed individually, and payment was received after the balance sheet date for the majority (see 20.3.1.5.4.6 above).

4/ Legal risks

The PHARMAGEST Group's main activity of pharmacy management software publishing is not subject to specific regulations and requires no particular legal, regulatory or government authorisations. However, its software packages must have SESAM-Vitale accreditation to ensure its pharmacy solutions are compatible with the French Health and Social Security Network (e-forms, etc.).

The PHARMAGEST Group is not bound by any particular confidentiality restrictions in respect of management software, since it has no knowledge of medical data.

However, for the Group's Personal Health Data Host business, on foot of the three accreditations obtained by a decision of the French Ministry of Social Affairs and Health in 2012 and 2013, PHARMAGEST INTERACTIVE established an organisation and procedures to ensure the secure processing, protection and confidentiality of the data to guarantee data protection, system availability and continuity of services. The department responsible for hosting health data adopted the ITIL (Information Technology Infrastructure Library) Version 3 approach in 2010 (two ITIL-certified employees). ITIL is a set of best practices for the management of information systems aimed, amongst others, at reducing risk.

The PHARMAGEST Group has no concession contract, marketing or distribution licence that would expose it to legal risk.
PHARMAGEST INTERACTIVE holds all the assets required for its operation and is not subject to specific tax conditions.

During the last twelve months, there have been no government, legal or arbitration proceedings which may have, or have had in the recent past, significant effects on the Group’s and/or the Company's financial position or profitability, and to the best of the Group’s knowledge, no such proceedings are pending or threatened.

5/ Indirect risks related to government decisions

The 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.
The Pharmacy France business line accounted for 80% of the Group’s total sales. As such, a government decision, for example to remove medicines from the list of those eligible for reimbursement, and which generates an impact on pharmacists' revenue and therefore on their investment levels, could also have a knock-on impact on the revenue of the PHARMAGEST Group. However, the Group has consistently demonstrated that its efficient forward planning and continuing focus on innovation to provide pharmacists with solutions in line with the shifting health landscape has had a positive impact overall.

6/ Industrial and environment risks

The PHARMAGEST Group is not engaged in industrial activities and is not exposed to industrial or environment risks.
It does not store hazardous or inflammable products and is not subject to specific restrictions with regard to the environment.

The Group's head office and facilities at various regional sites are secured by alarm systems and remote monitoring.

7/ Technology risks

The PHARMAGEST Group is exposed to technology risks on a number of different levels:

a/ Intellectual property:

- The Group owns the patent for the LGPI software in France. Its subsidiaries, DIATELIC, INTECUM and the GROUPE DOMEDIC INC., own the patents for systems developed;
- All the brands and domain names used by the PHARMAGEST Group and its subsidiaries are registered in France and some of them are also registered in Europe;
- The Group systematically files the copyright to the sources and new versions of its software with the Agency for the Protection of Programs (APP).

Accordingly, it is exposed to risks of industrial property right violation, since it cannot guarantee that none of its competitors is using its innovations, without the Group's prior authorisation. In this case, PHARMAGEST would be obliged to take legal action to assert its rights to its patents, brands and software, incurring significant costs as a result.

b/ Information systems and network security:

- The PHARMAGEST Group introduced three completely separate architectures: one for its internal needs, one for customer products and services, and one for its personal data hosting customers. Each architecture incorporates tried-and-tested security methods and firewall systems. Services are hosted on two sites in separate locations and on servers that currently have partial redundancy.
- A business continuity plan, a back-up and archive plan and a disaster recovery plan were rolled out in 2013 for the 20 departments considered to be critical. The efficiency of these plans is reviewed on a regular basis.

8/ Insurance - risk cover

All risks are covered and policies include no major excess.
Cover for the PHARMAGEST Group is an integral part of the insurance policies subscribed by the WELCOOP GROUP, the details of which are as follows:

Property damage		
Insurance provider	AXA and GROUPAMA	
	Amount of insurance cover	Excess
Total limit of liability	€40,000,000	
including buildings or rental risk	54,301 sq. m	*0 to €2,115*
New value		
including equipment and goods	€10,575,080	*0 to €2,115*
Goods in transit at 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*
All risks	€1,586,250	*€10,575*
Costs and losses	€6,345,050	
Claims from neighbours and third parties	€2,115,016	
Operating losses	€5,000,000	*0 to 3 days*
Disaster recovery costs	€3,000,000	
Shelving collapse	€150,000	*1,500€*
All IT risks		*€255*
Goods in all risks	€30,000,000	

Motor fleet		
Insurance provider	Groupama	
	Amount of insurance cover	Excess
Motor third party - personal injury	unlimited	None
Motor third party - material damage	€100,000,000 per claim	None
including consequential damages as a result of personal injury or material damage covered	*€1,500,000 per claim*	*None*
including material damage occurring at aerodromes	*€1,120,000 per claim*	*None*
including damage to the environment	*€1,120,000 per claim*	*None*
including material damage caused by fire or explosion	*€3,100,000 per claim*	*None*
Fire	Appraised value	€529
Theft	Appraised value	€529
Natural Disasters	Appraised value	legal
Full accidental damage cover	Appraised value	€529
Assistance	See "Amounts of Insurance Cover and Excess" Table	0 km
Driver protection	€150,000	10%
Contents	€600	€150 in case of single theft of contents

Civil liability		
Insurance provider	AXA	
	Amount of insurance cover	Excess
Operating Civil liability		
All damages combined	€10,200,000	-
including material and consequential damages	*€2,500,000*	*10% min 200 max €1,200*
including non-consequential indirect damages	*€500,000*	*10% min 2,500 max €10,000*
Gross negligence - personal injury	€2,000,000, €1,000,000 per claim	€380
Assets in care of custody	€700,000	10% min 1,000 max €6,000
Accidental environmental damage	€750,000	€1,820
Civil liability after delivery		
All damages combined	€8,954,000	-
Non-consequential indirect damages	€1,000,000	€9,000
Recall costs	€380,000	€9,000
Remedy	€20,000	€380

Civil liability		
Insurance provider	AXA	
	Amount of insurance cover	Excess
Data hosting civil liability		
All damages combined	€7,500,000	-
including personal injury		*None*
Material and consequential damages	€1,500,000	10% min €3,000 max €5,000
Gross negligence	€2,000,000	€380
Accidental damage to the environment	€750,000	€1,500
Non-consequential indirect damages	€500,000	10% min €3,000 max €15,000
including damage resulting from infringement of intellectual property rights		*10% min €3,000 max €15,000*
Assets in care or custody	€20,000	€500
Document recovery	€30,000	€1,000
Damages resulting from a software attack	€500,000	10% min €5,000 max €15,000
including document recovery costs		*€800*
Staff replacement costs	50,000	None.
including related additional salary costs	*€25,000*	*None.*
Defence	Included in the cover invoked	According to the excess for the cover invoked
Remedy	€20,000	Claim threshold €380

Directors' liability		
Insurance provider	AIG Europe	
	Amount of insurance	Excess
Limit of insurance cover	€10,000,000	-
Directors' civil liability	-	-
Civil and criminal defence costs	-	-
External mandates in shareholdings	-	-
Claims related to company reports	-	-

The PHARMAGEST Group considers that the insurance policies described above provide reasonable cover for all the major risks inherent to its business and that its insurance strategy is in keeping with common practice in its industry.

F/ INFORMATION ON DIRECTORSHIPS AND COMPENSATION OF CORPORATE OFFICERS

We report to you as follows:

- **The list of directorships and positions held by the company's managers in the 2013 financial year**
  (Article L. 225-102-1-3)
  (see table attached)

- **Compensation paid to managers and corporate officers by PHARMAGEST INTERACTIVE and the companies that control it** (Article L. 225-102-1, paragraphs 1 and 2)

Managers	Positions	Gross compensation in 2013	Gross compensation in 2012
Mr. Thierry CHAPUSOT	Chairman of the Board of Directors	** - Compensation in respect of role as corporate officer: €24,000	** - Compensation in respect of role as corporate officer: €24,000
Mr. Dominique PAUTRAT	Managing Director and Board Member (holds an employment contract)	* ** *** - Compensation in respect of role as corporate officer: €24,000 - In respect of employment contract: *Salary: €135,000* *Bonus: €50,800* - Benefit in kind (car): €4,608	* ** - Compensation in respect of role as corporate officer: €24,000 - In respect of employment contract: *Salary: €135,000* *Bonus: €60,261* - Benefit in kind (car): €4,139
Mr. Thierry PONNELLE	Deputy Managing Director and Board Member (holds an employment contract)	* ** *** - Compensation in respect of role as corporate officer: €12,000 - In respect of employment contract: *Salary: €89,652* *Bonus: €21,750* - Benefit in kind (car): €0	* ** - Compensation in respect of role as corporate officer: €12,000 - In respect of employment contract: *Salary: €89,652* *Bonus: €23,465* - Benefit in kind (car): €0
Mr. Denis SUPPLISSON	Deputy Managing Director and Board Member (holds an employment contract)	* ** *** - Compensation in respect of role as corporate officer: €12,000 - In respect of employment contract: *Salary: €105,600* *Bonus: €36,000* - Benefit in kind (car): €3,961	* ** - Compensation in respect of role as corporate officer: €2,400 - In respect of employment contract: *Salary: €105,600* *Bonus: €40,365* - Benefit in kind (car): €3,961
Mr. Hugues MOREAUX	Representing Board Member of WELCOOP Group	None	None
Mr. Daniel ANTOINE	Board Member	Directors' fee: €750 Member of the Audit Committee: €4,000	Directors' fee: €600 Member of the Audit Committee: €4,000
Mr. Michel DUSSERRE	Independent Board Member	Directors' fee: €600 Member of the Audit Committee: €14,000	Directors' fee: €450 Member of the Audit Committee: €14,000
Mr. François JACQUEL	Board Member	Directors' fee: €750 Member of the Audit Committee: €4,000	Directors' fee: €1,000 Member of the Audit Committee: €4,000
Mr. William LE BELLEGO	Board Member until 31/12/2012	** None	** None
Ms. Anne LHOTE	Board Member	None	None
Ms. Sophie MAYEUX	Board Member from 22/06/2012	Directors' fee: €450	Directors' fee: €450
Mr. Philippe VIVIER	Independent Board Member until 22 June 2012	None.	Directors' fee: €150 Member of the Audit Committee: €2,000

** Messrs. Dominique PAUTRAT, Thierry PONNELLE and Denis SUPPLISSON are the beneficiaries of a defined contributions pension scheme, known as an "article 83" scheme (under article 83 of the French General Tax Code), where PHARMAGEST INTERACTIVE pays contributions equal to 8% of total gross compensation. PHARMAGEST INTERACTIVE pays all costs and contributions under the scheme to GAN.*

*** Messrs.Thierry CHAPUSOT, William LE BELLEGO, Dominique PAUTRAT, Thierry PONNELLE and Denis SUPPLISSON received stock options for a total of 1,000 shares since September 2004. The plan expired on 9 September 2012. They exercised an option for all the shares during the 2012 financial year.*

**** Acting on the authorisation of the Board of Directors meeting on 13 December 2013, it was decided to grant Messrs. Dominique PAUTRAT, Thierry PONNELLE and Denis SUPPLISSON a long-term (2013-2016) incentive bonus in line with the objectives of the Group's business plan, and an acquisitions incentive bonus covering the activities of the PHARMAGEST Group for the period 2013-2016 and concerning investments in 2013/2014, as part of their employment contracts. Payment of these incentive bonuses will be made on 31 March 2017 and will depend on meeting the targets for the four years. It is specified that payment is subject to continuity of employment of the above-named individuals in their current positions. Provisions are made in the financial statements for the incentive bonuses each financial year on a pro-rata basis, according to progress towards achieving the targets over the four-year period.*

PHARMAGEST INTERACTIVE considers that it is justified in maintaining the employment contracts of Messrs. Dominique PAUTRAT, Thierry PONNELLE and Denis SUPPLISSON (all of whom already had employment contracts at the time of their appointment as corporate officers) due to their length of service in the company, their employment benefit intended to retain them in their roles within the company and the low compensation paid for their role as corporate officers in view of the actual risks incurred.

• Compensation paid to managers and corporate officers of MARQUE VERTE SANTE, the parent company of PHARMAGEST INTERACTIVE

Directors	Positions in MARQUE VERTE SANTE	Gross compensation in 2013	Gross compensation in 2012
Mr. Thierry CHAPUSOT	Positions in MARQUE VERTE SANTE	None	None
Mr. William LE BELLEGO	Chairman of the Executive Committee	None	None
Mr. Dominique PAUTRAT	Member of the Executive Committee until 31/12/2012	None	None
Ms. Anne LHOTE	Executive Committee Member from 01/01/2013	None	None
Mr. Hugues MOREAUX	Member of the Managing Board Chairman of the Supervisory Board	None	None
Mr. Daniel ANTOINE	Representing WELCOOP Group, Member of the Supervisory Board	None	None
Mr. Philippe VIVIER	Member of the Supervisory Board	Directors' fee: €449	Directors' fee: €148

• Compensation paid to managers and corporate officers of the WELCOOP GROUP, the parent company of MARQUE VERTE SANTE

Directors	Positions in the WELCOOP GROUP	Gross compensation in 2013	Gross compensation in 2012
Mr. Thierry CHAPUSOT	Chairman of the Executive Committee (holds an employment contract)	* ** - Corporate office: €54,000 - and employment contract: *Salary: €243,000* *Bonus: €65,000*	* - Corporate office: €54,000 - and employment contract: *Salary: €227,000* *Bonus: €18,508*
Mr. William LE BELLEGO	Member of the Executive Committee (holds an employment contract) until 31/12/12	None	* - Corporate office: €24,000 - and employment contract: *Salary: €135,000* *Bonus: €14,899* - Benefit in kind (car): €3,534
Mr. Dominique PAUTRAT	Executive Committee Member from 01/01/2013	- Corporate office: €24,000	None
Ms. Anne LHOTE	Member of the Executive Committee (holds an employment contract)	* ** - Corporate office: €24,000 - and employment contract: *Salary: €145,000* *Bonus: €35,100* - Benefit in kind (car): €2,124	* - Corporate office: €24,000 - and employment contract: *Salary: €135,000* *Bonus: €14,899* - Benefit in kind (car): €2,124
Mr. Hugues MOREAUX	Chairman of the Supervisory Board	Corporate officer: €113,788	Corporate officer: €106,344
Mr. Daniel ANTOINE	Vice-Chairman of the Supervisory Board	Directors' fee: €454	Directors' fee: €888
Mr. François JACQUEL	Member of the Supervisory Board	Directors' fee: €1,337	Directors' fee: €1,722

** Mr. Thierry CHAPUSOT (since 2010) and Ms. Anne LHOTE are the beneficiaries of a defined contributions pension scheme, known as an "article 83" scheme (under article 83 of the French General Tax Code), where the WELCOOP Group pays all costs and the total contributions to AXA, based on an amount equal to 8% of their total compensation. Mr. William LE BELLEGO had the same benefit until 31/12/2012.*

*** Acting on the authorisation of the Supervisory Board of 29 March 2013, it was decided to grant Mr. Thierry CHAPUSOT and Ms. LHOTE a long-term (2013-2016) signing bonus, in line with the objectives of the WELCOOP Group's four-year business plan. Payment of these incentive bonuses will be made on 31 March 2017 and will depend on meeting the targets for the four years. It is specified that payment is subject to continuity of employment of the above-named individuals in their current positions. Provisions are made in the financial statements for the incentive bonuses each financial year on a pro-rata basis, according to progress towards achieving the targets for the year.*

Appropriation of earnings

The appropriation of earnings for the year recommended by your Board of Directors is in accordance with the law and the Articles of Association.

Profit for the year came to €15,075,829.43 and we propose to allocate it as follows:

Net profit for the year Retained earnings	€15,075,829.43 €19,747,151.82
Amount available to shareholders	**€34,822,981,25**
Dividend of €2.50 per share The balance: is appropriated to retained earnings	**€7,587,062.50** €27,235,918.75

Equity will then amount to €50,297,726.

The above dividends entitle individuals to 40% tax relief on the total amount. It is specified that pursuant to current law, the following withholdings at source will be made by the company from dividends paid to individuals who are French tax residents:

- A compulsory social security withholding: at the current rate of 15.50%;
- A compulsory non-definitive withholding of 21% (Article 117 C (new), new of the French General Tax Code). Income is taken at gross value to calculate this amount. 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 less than €50,000 for single, divorced or widowed taxpayers and less than €75,000 for taxpayers subject to joint taxation, can apply for an exemption, under the conditions provided in Article 242 C. This withholding represents an advance on income tax which may be offset against the tax due for the year during which the dividend was paid. If it is higher than the amount due, the difference is refunded.

The dividend will be available for payment with effect from 4 July 2014 at the BNP PARIBAS Bank responsible for managing the securities.

We report to you on the dividend distributions for the past three financial years, In accordance with Article 243a of the French General Tax Code.

Year	Dividend per share	Dividend eligible for the 40% allowance (paid to individuals)	Dividend not eligible for the 40% allowance (paid to legal entities)
31/12/2010	1.50 €	1.50 €	1.50 €
31/12/2011	1.80 €	1.80 €	1.80 €
31/12/2012	2.10 €	2.10 €	2.10 €

Directorships and corporate offices of the members of the Board of Directors and the Statutory Auditors

Board members

You are informed that the terms of offices of several Board Members will expire at the close of this Ordinary General Meeting. These are Messrs. Thierry CHAPUSOT, Daniel ANTOINE, François JACQUEL, Thierry PONNELLE and the WELCOOP GROUP,

We recommend renewing their terms of office for a further six-year period, i.e. until the Ordinary General Meeting called to approve the financial statements for the year ended on 31 December 2019.

Statutory Auditors

The appointments of BATT AUDIT as incumbent Joint Statutory Auditors, and of SOVEC as substitute Joint Statutory Auditors expire at the end of this AGM, and we therefore recommend that the shareholders:

- Re-appoint BATT AUDIT as the incumbent Joint Statutory Auditors, with Stéphane RONDEAU to be the authorised signatory replacing Isabelle SAGOT, in accordance with Article L. 822-14 of the French Commercial Code;
- Appoint REVILEC AUDIT & ASSOCIES, 25 rue du Bois de la Champelle à VANDOEUVRE-LES-NANCY (France) as the new substitute Joint Statutory Auditors;

Their appointments to run for a further six-year period, i.e. until the Ordinary General Meeting called to approve the financial statements for the year ended on 31 December 2019.

Related-party agreements

We inform shareholders that new agreements falling within the scope of Article L. 225-38 of the French Commercial Code were entered into during the past financial year with directors and corporate officers, which were authorised by the Board of Directors during its meeting of 13 December 2013:

In view of the compensation policy applied in the Group, the Managing Director and both Deputy Managing Directors, who are also members of the Financial and Personnel Affairs Executive Committee, will receive bonuses as follows, under their employment contracts, subject to meeting a number of targets over a four-year period (2013-2016), which are related to the Group's business plan and subject to continuity of employment in their current positions in PHARMAGEST INTERACTIVE, on the date of payment of the bonuses on 31 March 2017:

* Mr Dominique PAUTRAT, Managing Director and Board Member: a long-term incentive bonus amounting to no more than €200,000 gross, and an acquisitions incentive bonus in respect of the PHARMAGEST Group, for the period 2013/2016 and concerning investments in 2013/2014, for an amount not to exceed a ceiling of €150,000 gross;

* Messrs. Denis SUPPLISSON and Thierry PONNELLE, Deputy Managing Directors and Board Members: a long-term incentive bonus amounting to no more than €140,000 gross for Mr. SUPPLISSON and €80,000 for Mr. PONNELLE, and an acquisitions incentive bonus in respect of the PHARMAGEST Group, for the period 2013/2016 and concerning investments in 2013/2014, to be allocated between all the members of the Finance and Personnel Affairs Executive Committee (with the exception of Mr. Pautrat), for an amount not to exceed a ceiling of €150,000 gross.

Provisions are made in the financial statements for the incentive bonuses each financial year on a pro-rata basis, according to progress towards achieving the targets over the four-year period.

These transactions will be detailed in the special report of the Statutory Auditors, which will also report to you on agreements previously concluded that remained in force.

Comments from the Works Council:

The Works Council representatives had no comments to make.

Directors' fee

You are also asked to approve Directors' fees of €30,000 for fiscal 2014.

We will now present the second half of this report, containing information on corporate social responsibility (CSR), prepared in accordance with Articles L. 225-102-1 and R. 225-105 et seq., as well as the report on this social and environmental information issued by DELOITTE, the firm appointed by the Managing Director as the independent third party.

We will then report to you on:

- The special report of the Chairman on Board practices and internal procedures in application of Article L. 225-37 of the French Commercial Code;
- The Report of the Board of Directors to the Extraordinary General Meeting concerning the introduction of a stock-option plan.

Having considered the reports of the Statutory Auditors (on the consolidated financial statements, on the annual financial statements, the special report on related-party agreements, the report on the authorisation to grant stock options, the special report on the Chairman's report) prepared by BATT AUDIT and MAZARS, we will answer any of your questions.

Following this discussion, the text of the resolutions will be read out and we encourage you to approve them and all their provisions.

The Board of Directors.

Results of the past five financial years	31/12/2013	31/12/2012	31/12/2011 [1]	31/12/2010	31/12/2009
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					
Maximum number of future shares to create					
- *By convertible bonds*					
- *By exercising subscription rights*					
Pre-tax sales	**98,138,886**	**94,818,067**	**85,117,542**	**55,984,726**	**49,329,970**
Earnings before taxes, employee profit-sharing and provisions	25,360,848	21,169,713	17,234,563	13,241,071	12,255,943
Corporate income taxes	7,368,965	6,417,341	5,280,298	4,177,685	3,571,623
Employee profit-sharing	2,018,662	1,840,381	1,973,487	1,024,286	924,712
Earnings after tax, employee profit-sharing and provisions	15,075,829	12,949,922	8,365,303	7,921,392	7,338,554
Profit/(loss) distributed [2]	7,587,062	6,372,132	5,462,685	4,552,238	4,248,755
Earnings per share after tax and before provisions	5.26	4.25	3.29	2.65	2.56
Earnings per share after tax and provisions	4.97	4.27	2.76	2.61	2.42
Dividend per share [2]	2.50	2.10	1.80	1.50	1.40
Average workforce for the financial year	612	601	582	342	332
Total payroll	20,646,710	20,567,362	17,593,369	12,335,363	11,756,773
Social security contributions and benefits	10,383,230	11,525,166	11,143,086	5,866,371	5,497,746

[1] Change in the scope of consolidation following the transfer of all assets and liabilities of CIP to PHARMAGEST INTERACTIVE effective on 1 July 2011.
[2] Proposal put to the AGM of 27 June 2014 in respect of the financial year ended on 31 December 2013.

PHARMAGEST INTERACTIVE
LIMITED COMPANY WITH A CAPITAL OF 3 034 825 EUROS
REGISTERED OFFICE : TECHNOPOLE OF NANCY BRABOIS
5 ALLEE DE SAINT CLOUD - 54600 VILLERS LES NANCY
IDENTIFICATION N° 403 561 137 TRADE REGISTRY OF NANCY

ANNUAL ORDINARY AND EXTRAORDINARY GENERAL MEETING ON JUNE 27, 2014
LIST OF THE CURRENT BOARD OF DIRECTORS
(article R. 225-83 1st of the French Commercial code)

Companies	Thierry CHAPUSOT	Dominique PAUTRAT	Thierry PONNELLE	Denis SUPPLISSON
*** PHARMAGEST INTERACTIVE (SA) listed company**	Chairman of the Board of Directors	General Manager holding an employment contract	Deputy Managing Director Board Member Holding en employment contract	Deputy Managing Director Board Member Holding en employment contract as of 01/01/2013
*** GROUPE WELCOOP (SA)**	Chairman of the Executive Committee holding en employment contract	Member of the Executive Board as of 01/01/2013		
*** MARQUE VERTE SANTE (SA) (formerly Welcoop Pharma) (SA)**	Chairman of the Executive Committee	Member of the Executive Board as of 01/01/2013		
*** EUROPEAN HEALTH LOGISTIC SOURCING - EHLS (SAS)**		Representing the Chairman 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	Chairman of the Board of Directors		
*** DOMEDIC EUROPE (SA)**	Board Member	Chairman of the Board of Directors		Board Member
*** DC INFORMATIQUE (SARL)**		Manager		
*** CP INTERACTIVE (SARL)**		Manager		
*** SABCO (SA)** (LUXEMBURG)		Chairman of the Board of Directors		Board Member
*** HDM** (MAURITIUS)		Director		
*** SABCO SERVICES** (BELGIUM)		Manager		
*** INVESTIPHARM FRANCE (SA)**				
*** QUALITY FLUX** (BELGIUM)		Board Member		
*** GROUPE DOMEDIC INC.** (CANADA)	Board Member	Board Member		
*** INTECUM (SAS)**				Chairman as of 01/01/2013
*** UK PHARMA** (GREAT BRITAIN)				
*** ESPAFARMED** (SPAIN)				
*** ITAPHARM** (ITALY)				
*** SOFAREX** (BELGIUM)				
*** INVESTIPHARM BELGIUM** (BELGIUM)				
*** ALPHA FINANCE REPARTITION** (BELGIUM)				

Daniel ANTOINE	Hugues MOREAUX	Michel DUSSERRE	Francois JACQUEL	Anne LHOTE	Sophie MAYEUX
Board Member	Representing the Board Member GROUPE WELCOOP	Board Member	Board Member	Board Member	Board Member
Vice-Chairman of the Supervisory Board	Chairman of the Supervisory Board		Member of the Supervisory Board	Member of the Executive Committee holding an employment contract	
Representing GROUPE WELCOOP, Member of the Supervisory Board	Chairman of the Supervisory Board			Member of the Executive Committee	
Board Member	Representing the Board Member GROUPE WELCOOP			Chairman of the Board of Directors	
				Board Member	
				Board Member	
				Board Member	
				Managing Director	
				Managing Director	
				Managing Director	

Companies	Thierry CHAPUSOT	Dominique PAUTRAT	Thierry PONNELLE	Denis SUPPLISSON
*** BELGIUM INVESTMENT DISTRIBUTION** (BELGIUM)				
*** STALLION MANAGEMENT** (LUXEMBURG)				
*** SEMES (SA)**	Representing the Board Member GROUPE WELCOOP	Chairman of the Board of Directors as of 01/01/2013		
*** D'MEDICA (SA)**	Chairman of the Board of Directors as of 01/01/2013			
*** OBJECTIF PHARMA (SA)**	Chairman of the Executive Board			
*** DEVELOPPEMENT PROMOTION CRISTERS (SAS)**	Chairman as of 22/11/2013			
*** KAPELSE (SAS)**		Representing the Chairman, PHARMAGEST INTERACTIVE		
SC DE L'HERMITAGE SAINT JOSEPH	Manager			
*** SCI HUROBREGA**		Manager		
SCI JADD				
SNC MOREAUX DUCASSOU				
*** SCI CERP IMMO 2**	Representing WELCOOP GROUP Manager			
SCI MESSIRE JACQUES		Manager		
SOCIETE CIVILE CHANOINE JACOB		Manager as of 21/12/2013		
SCI DU FRONTON				
SCI JAMERAI	Manager			
SARL DUVAL DE VITRIMONT	Manager			
SELARL FRANCOIS JACQUEL				
SA PHARMA 10				
SCI CRAPAUDINE				

Daniel ANTOINE	Hugues MOREAUX	Michel DUSSERRE	Francois JACQUEL	Anne LHOTE	Sophie MAYEUX
				Representing the Board Member STALLION MANAGEMENT	
				Board Member	
	Board Member				
	Representing the Board Member, GROUPE WELCOOP			Board Member	
Member of the Supervisory Board	Vice-Chairman of the Supervisory Board			Member of the Executive Committee	
Manager					
	Co-Manager				
	Manager				
			Manager		
			Member of the Supervisory Board		
			Co-Manager		

** Companies belonging to "GROUPE WELCOOP"*

24.1.2 Corporate Social Responsibility Report

PHARMAGEST INTERACTIVE
A FRENCH SOCIETE ANONYME WITH CAPITAL OF €3,034,825
HEAD OFFICE: TECHNOPOLE DE NANCY BRABOIS
05 ALLEE DE SAINT CLOUD 54600 VILLERS LES NANCY
403 561 137 NANCY TRADE AND COMPANIES REGISTER (RCS)

CORPORATE SOCIAL RESPONSIBILITY REPORT
TO THE ANNUAL GENERAL MEETING
ON 27 JUNE 2014

In accordance with **Law no. 2012-387 of 22 March 2012, on the simplification of the law and the reduction of administrative procedures (known as the Warsmann Law)** and its implementing Decree of 24 April 2012, we report to you on the PHARMAGEST Group's corporate social responsibility. This report forms an integral part of the Management Report, to which it is appended.

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

- Creation of innovative solutions enabling:
  - Its customers to address the challenges of a constantly changing environment and to protect their earnings capability in difficult economic conditions;
  - PHARMAGEST Group to retain its competitive edge.
- Using new technologies to contribute to the 'health' objectives of government and individuals.

Keenly aware of the importance of the expertise and contribution made by all our employees for the success of this strategy, the PHARMAGEST Group pays close attention to improving working conditions, staff training and their personal and career development. The Group is also determined to reduce the environmental impact of its activities.

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

This report will first address employee-related aspects and the environment, before going on to address the PHARMAGEST Group's commitments to society.

The Group's scope is described in section 4.2. The PHARMAGEST Economic and Social Unit (ESU) is referred to and comprises PHARMAGEST INTERACTIVE, CPI and EHLS). It accounts for 83% of the total workforce.

The information in this CSR Report was prepared on the basis of contributions from inside the Group, for data on 2013 and for prior years. The report is overseen by general management. The list of indicators was complied based on the French Decree number 2012-557 of 24 April 2012, on corporate transparency requirements in relation to social and environmental issues, and in particular, on Article R. 225-105-1 of the French Commercial Code.

The CSR Report was audited by an independent third party, which issued a report (attached) that includes a certificate of completeness and a substantiated opinion on the fair presentation of the information.

1 Information pertaining to personnel

1.1 Employment

1.1.1 Total workforce and the breakdown by age, gender and region

1.1.1.1 Breakdown of the total workforce by type of employment contract, status and gender

The PHARMAGEST Group employed a total of 793 people at 31 December 2013 (776 FTE (full-time equivalent)), up 3% from the 767 employees at year-end 2012 (751 FTE).
The Group's workforce has increased providing stability of employment as it has continued to grow.

There are four categories of employee:

- Employees;
- Technicians;
- Supervisors / Senior Technicians;
- Managers.

	Men			Women			Total		
Contracts	2012	2013	Change 2012 -2013	2012	2013	Change 2012 -2013	2012	2013	Change 2012 -2013
Fixed-term contract	**18**	**13**	**-28%**	**13**	**9**	**-31%**	**31**	**22**	**-29%**
EMPLOYEES	2	3	50%	9	7	-22%	11	10	-9%
TECHNICIANS	16	10	-38%	4	2	-50%	20	12	-40%
SUPERVISORS /SENIOR TECH	0	0	0%	0	0	0%	0	0	0%
MANAGERS	0	0	0%	0	0	0%	0	0	0%
Permanent contract	**522**	**557**	**7%**	**214**	**214**	**0%**	**736**	**771**	**5%**
EMPLOYEES	35	69	97%	80	80	0%	115	149	30%
TECHNICIANS	264	249	-6%	72	68	-6%	336	317	-6%
SUPERVISORS /SENIOR TECH	46	45	-2%	16	16	0%	62	61	-2%
MANAGERS	177	194	10%	46	50	9%	223	244	9%
Total	**540**	**570**	**6%**	**227**	**223**	**-2%**	**767**	**793**	**3%**

As the nature of the PHARMAGEST Group's business requires highly trained staff with in-depth knowledge of the business and our customers' professional and legal environment, the ratio of fixed-term contracts is very low (22, compared with 721 on permanent contracts).
97.23% of the Group's workforce are permanent employees, with practically no difference in this percentage between men (97.72%) and women (95.96%).

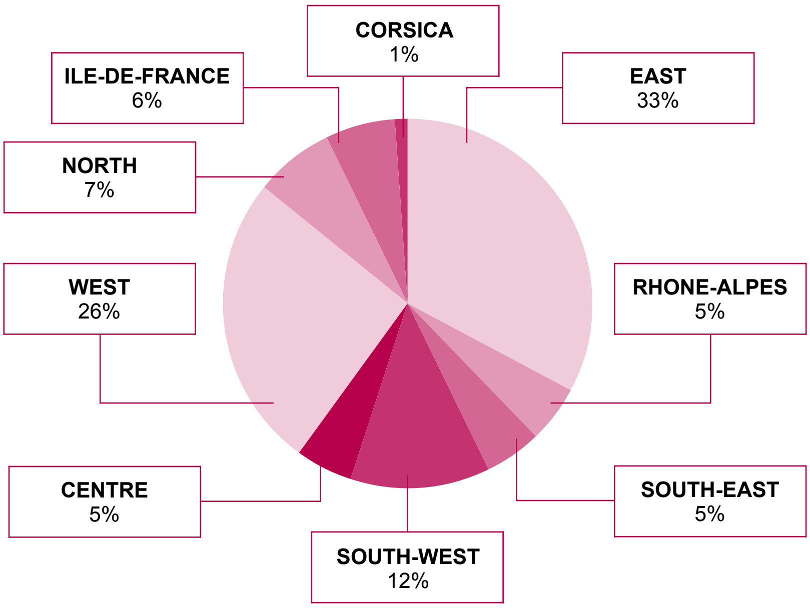
At 31 December 2013, PHARMAGEST Group employed 49 part-time staff (practically unchanged from the 50 part-time staff at year-end 2012).

The gender breakdown is 223 women (or 28% of the total), which is 2% lower than the previous year.

1.1.1.2 Breakdown of the workforce by region

The geographical breakdown in 2013 was:

Geographical breakdown of the workforce in France in 2013:

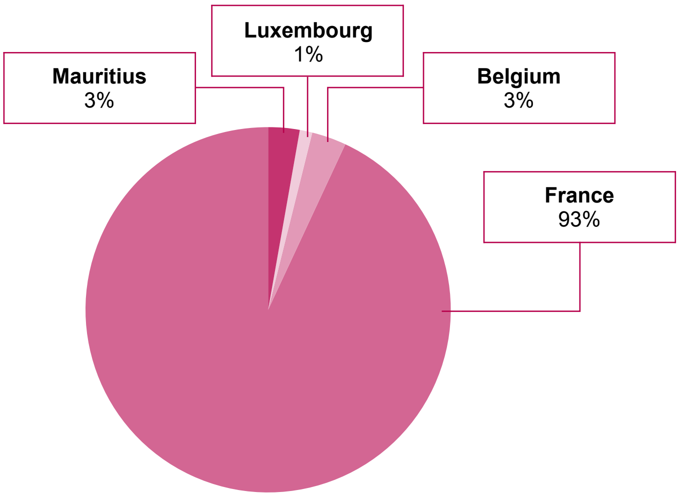


The high concentration in two regions is due to:

- The location of PHARMAGEST INTERACTIVE's headquarters in the East region;
- The site of the former headquarters of the CIP subsidiary (taken over in June 2011) in the West region, housing the administration departments, part of the IT development departments and the majority of customer services.

Note that an office was opened in Corsica in 2013, which is part of the South-East region.

Breakdown of the workforce by region in 2013:



The geographical breakdown is unchanged from 2012.

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

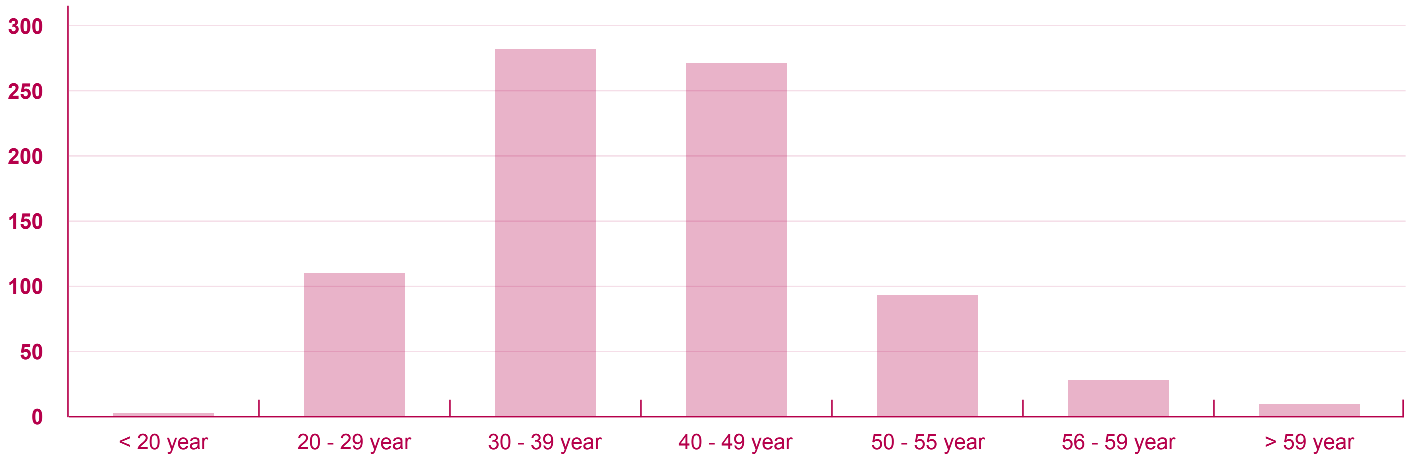
Since its inception, the Group has consistently taken a strong position in combating all forms of discrimination when hiring. Indeed, this forms one of the underlying principles of its hiring practices - simply by complying with the Law.

In:

- The PHARMAGEST ESU, our staff includes nationals from Morocco (1), Algeria (2), Germany (1), Spain (1), the UK (1), Belgium (1) and Madagascar (1), a total of seven nationalities in addition to French;
- SABCO and SABCO Services: Belgium (26), Ireland (1), Italy (1), Luxembourg (1) and France (3);
- DIATELIC: one Lebanese national;
- KAPELSE: one Spanish national;
- HDM: all 23 employees are Mauritian nationals.

1.1.1.3 Workforce by age

PHARMAGEST Group age pyramid:



In 2013, the average age in the Group was 40 and the average length of service was 10 years.
For the PHARMAGEST ESU, the average age was 42 and the average length of service was 11 years in 2013, one year more than in 2012.
The integration of new subsidiaries has lowered the average in the Group, while employees in its historic core (the PHARMAGEST ESU) remain extremely loyal.

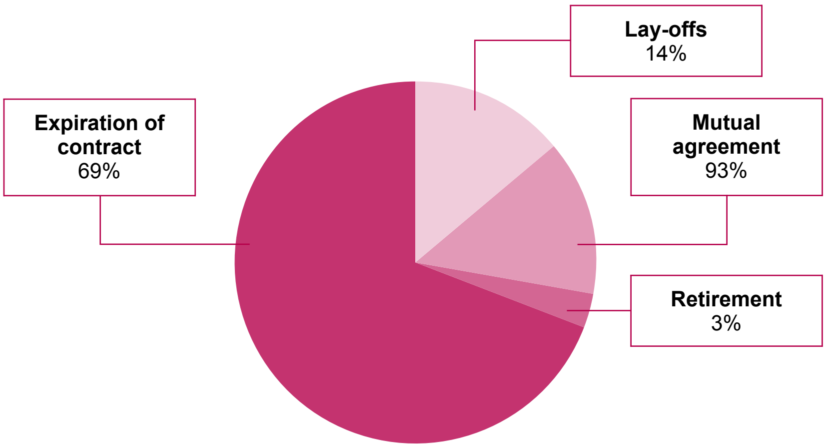
1.1.2 Hiring and lay-offs

The Group hired 98 people in 2013 (up from 87 in 2012), and 72 people left the Group (versus 59 in 2012), including:

- 10 by mutual agreement (four at PHARMAGEST INTERACTIVE, three at INTECUM, one at SABCO SERVICES and two at MALTA INFORMATIQUE) ;
- 10 lay-offs (six at PHARMAGEST INTERACTIVE, and two each at EHLS and SABCO SERVICES) ;
- two retirements (at PHARMAGEST INTERACTIVE).

No industrial disputes were initiated in 2013.

Distribution of departures by typology:



Staff turnover by age segment in the PHARMAGEST ESU (excluding fixed-term contracts and retirements):

Year	Staff turnover by age category			Turnover by category		
	2011	2012	2013	2011	2012	2013
o/w aged < 20	0%	0%	0%	0.00%	0.00%	0.00%
aged 20 to 29	31%	20%	23%	12.82%	7.81%	10.34%
aged 30 to 39	44%	44%	31%	6.17%	4.91%	3.60%
aged 40 to 49	19%	20%	38%	2.67%	2.13%	4.12%
aged 50 to 55	6%	12%	4%	3.17%	3.95%	1.18%
aged 55 to 59	0%	4%	0%	0.00%	5.26%	0.00%
59 and older	0%	0%	4%	0.00%	0.00%	14.29%
Total ESU staff turnover	**100%**	**100%**	**100%**	**5.17%**	**4.01%**	**4.07%**

1.1.3 Annual wage reviews

In the PHARMAGEST Group, only the PHARMAGEST ESU is subject to compulsory annual pay negotiations (NAO).

The annual across-the-board increase for this ESU was:

- 1.4% at 1 February 2013;
- Increase in the employer's share of mutual insurance: from €32.89 to €40.

The Group's other subsidiaries apply a similar compensation policy to the PHARMAGEST ESU's, namely:

- Across-the-board increase;
- Individual increase;
- Bonus and discretionary profit-sharing incentives to reward performance;
- Merit bonuses;
- Ancillary benefits (mutual insurance, restaurant vouchers, etc.).

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

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

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

** In the interests of fair presentation, only full-time staff at 31 December 2013, employed from 1 January to 31 December 2013 are included. The data excludes employees whose actual annual salary, less daily allowances, is lower than the annual minimum wage (the SMIC in France).*

The explanation for the changes in salaries for managers/non-managers and men/women lies in the higher proportion of bonuses pegged to individual and collective quantitative performance criteria paid to male managers. Therefore, the impact of the company's growth is greater for them.

The majority of female managers work in R&D and bonuses constitute a lower proportion of pay. Note the recent hiring or promotion of female managers in R&D is reflected in the lower average for this category.
Other female managers work - to a lesser extent - in sales and marketing, and bonuses form a larger proportion of pay, which also affects the average for the category year-on-year, according to individual performance.

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

1.2 Work organisation

1.2.1 Organisation of working hours

A 35-hour agreement was signed for the PHARMAGEST ESU in 2000, effective as of 1 January 2001:

- Non-managerial staff work on the basis of a 35-hour week and receive time off in lieu for additional hours worked;
- Managers work on the basis of 216 days per year and are also entitled to days off in lieu.

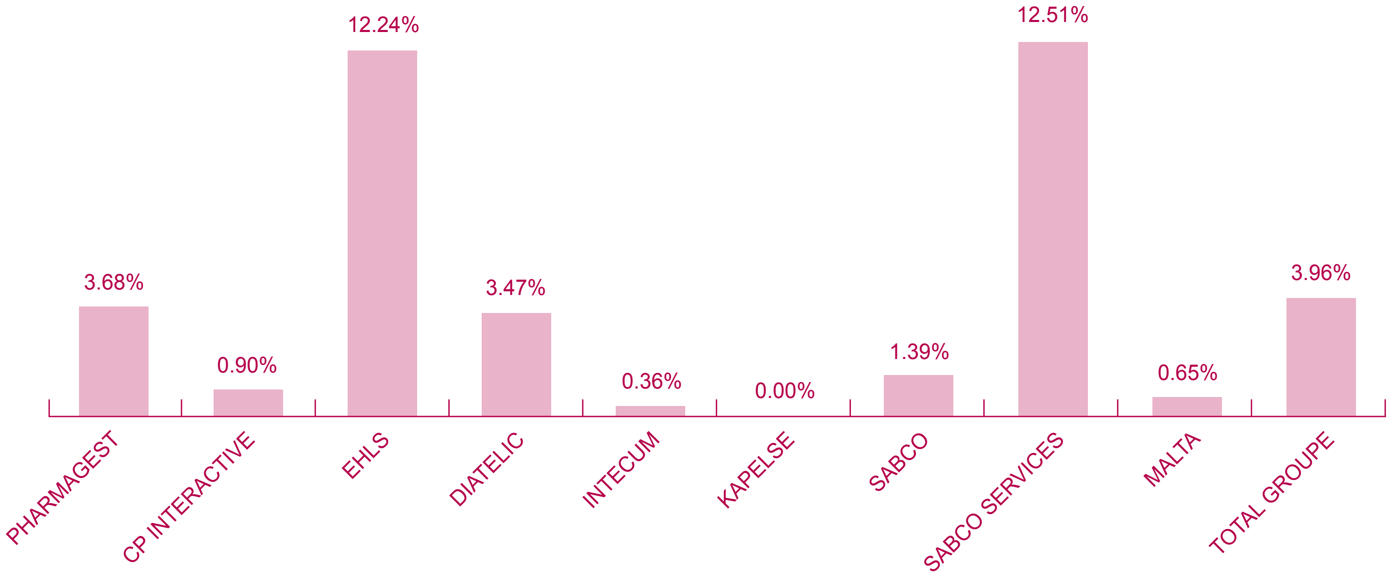
Other Group companies are governed by the national laws for foreign subsidiaries or by company agreements:

DIATELIC	35-hour week;
KAPELSE	35-hour week;
HEALTHLEASE	39-hour week;
SABCO (Luxembourg)	40-hour week;
SABCO SERVICES (Belgium)	39-hour week;
ADI	35-hour week;
HDM (Mauritius)	38.2-hour week;
MALTA INFORMATIQUE	39-hour week;

PHARMAGEST INTERACTIVE has introduced a stand-by duty roster to meet its obligations as a Personal Health Data Host.

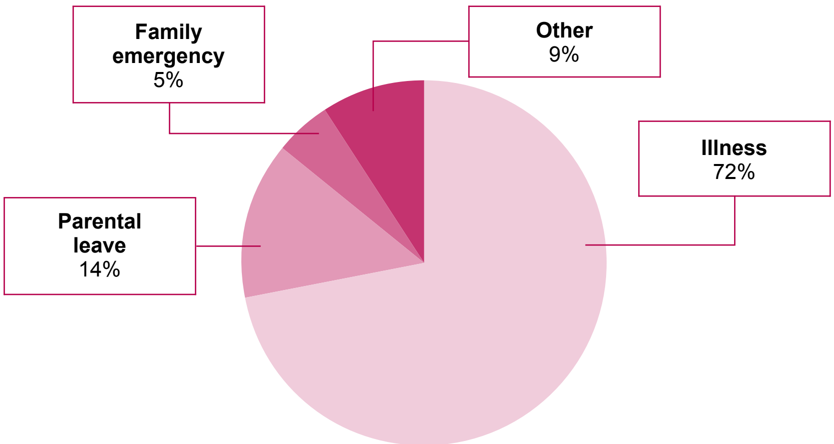
1.2.2 Absenteeism

The absenteeism rate observed for the PHARMAGEST Group in 2013 was 3.96% (excluding ADI, HDM and HEALTHLEASE). It is calculated by dividing the number of hours absent by the number of contractual hours.



Absences were due primarily to:

Absences by reason



1.3 Employee relations

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

The following collective bargaining agreements apply to the Group's employees:

- The National Collective Bargaining Agreement applicable to technical and consulting engineering firms and consulting firms (SYNTEC) for the PHARMAGEST ESU (PHARMAGEST INTERACTIVE, CPI, EHLS) and DIATELIC;
- The 218 Joint Committee (Commission paritaire 218) for SABCO SERVICES in Belgium.

1.3.1 Organisation of social dialogue

In accordance with regulations, the personnel consulting bodies have been established in the PHARMAGEST ESU and MALTA INFORMATIQUE:

For the PHARMAGEST ESU:

- A works council meets monthly, except in August, (11 meetings per year) at the company's head office. The attendance rate in 2013 was 85%;
- Monthly meetings of personnel representatives are organised in the regions (36 meetings in eight regions in France).

Two trade unions (CGT and CGC) are represented in the PHARMAGEST ESU.

For MALTA INFORMATIQUE:

- Personnel representatives met eight times in 2013.

The workforce in the other Group companies (DIATELIC, ADI, SABCO, SABCO SERVICES, KAPELSE, HEALTHLEASE and INTECUM) does not fall within the scope of the Law requiring personnel representation.

In countries where such representation is not compulsory, the PHARMAGEST Group endeavours to establish representative structures. The Mauritian subsidiary HDM has personnel representatives, although it is not required by local law.

The Group-wide works council budget increased 3.04% in 2013 and breaks down as indicated below:

	PHARMAGEST	CP INTERACTIVE	EHLS	**UES Total**	HDM	**Group Total**
2012 works council budget	141,995 €	3,575 €	4,722 €	**150,292 €**	3,000 €	**153,292 €**
2013 works council budget	147,677 €	3,383 €	4,835 €	**155,895 €**	2,060 €	**157,955 €**

1.3.2 Summary of collective bargaining agreements

1.3.2.1 Previous agreements still in force

Several group-wide agreements are in force in the PHARMAGEST Group. The number of agreements (with two new agreements in 2013, giving a total of 21) is testimony to the Group's commitment to social dialogue.

- **In the ESU :**
  - Work time organisation (35 hours), dated 6 December 2000;
  - Introduction of flexible working hours, dated 6 December 2000;
  - Stand-by duty rosters, dated 18 January 2006;
  - Work time organisation, dated 27 April 2009;
  - Recognition of an ESU (PHARMAGEST INTERACTIVE, CIP, CP INTERACTIVE and EHLS), dated 27 April 2009;
  - Profit-sharing agreement for UES employees, dated 29 June 2009;
  - Employment of older workers, dated 18 December 2009;
  - Company savings plan for ESU employees, dated 9 March 2010;
  - Amendment to the company savings plan agreement for ESU employees, dated 28 May 2010;
  - Strategic employment and skills management plan (GPEC), dated 20 October 2010;
  - Additional health costs cover in the ESU, dated 22 December 2010;
  - Additional death and disability cover for ESU managers, dated 22 December 2010;
  - Additional death and disability cover for ESU non-managerial personnel, dated 22 December 2010;
  - Discretionary profit-sharing for ESU employees, dated 22 June 2011, in respect of financial years 2011, 2012 and 2013;
  - Harmonised holidays for family events in the ESU, dated 30 January 2012;
  - Amendment to the additional health costs cover in the ESU, dated 30 November 2012;
  - Gender equality action plan, dated 1 December 2012;
  - Extension of the agreement on the employment of older workers, dated 31 December 2012.

• **In the other subsidiaries:**
  - Discretionary profit-sharing agreement in MALTA INFORMATIQUE.

1.3.2.2 Summary of 2013 collective bargaining agreements for the PHARMAGEST ESU

• Agreement on compulsory annual negotiations in the ESU, dated 26 April 2013;
• Amendment to the additional health costs cover in the ESU, dated 28 June 2013, amending the mutual insurance price scale, in accordance with the 2013 compulsory annual negotiations.

1.4 Health and safety

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

1.4.1 Health and safety conditions in the workplace

The ESU's Health, Safety and Working Conditions Committee meets every quarter. Its work may be summarised as follows:

• A risk prevention plan is in place, steered by general management in consultation with the Health, Safety and Working Conditions Committee ;
• A review of the safety master document commenced in 2013;
• Audits are carried out at the Group's sites and infrastructure on a regular basis, and practically implemented as a result (works, reorganisation);
• Workstations are evaluated with the aid of the occupational medicine department's ergonomics unit;
• Road safety was identified as the main risk, in view of the number of employees on the road. Accidents are monitored and a road safety charter was drawn up. Since the number of accidents is low, the target relates to prevention and awareness-raising.

1.4.2 Summary of agreements signed with personnel representatives

No health and safety agreements were signed in 2013.

1.4.3 Occupational accidents

The PHARMAGEST Group reported one occupational illness and 13 occupational accidents in 2013, which generated a total of 78 days' absence, broken down as follows:

• In the PHARMAGEST ESU, one occupational illness and 11 occupational accidents were reported. Of these 11 accidents, nine led to aggregate lost time of 56 days (giving an average of six days);
• Two occupational accidents in SABCO resulted aggregated lost time of 22 days.

No accident in the Group resulted in permanent disability.

1.5 Training policy

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

1.5.1 Policies implemented

The PHARMAGEST ESU prepares an annual training plan. The priorities for 2013 focused on:

- Management: supporting managers to lead their teams;
- Project management at all levels (employees, project managers and sponsors);
- Sales techniques and support for sales personnel to develop the consulting aspects of their role;
- Technical and IT skills: assisting teams to upgrade their skills in line with organisational and technological developments;
- Health & safety: support for deployment of risk prevention plans in the company.

Two categories of training are offered in the PHARMAGEST ESU:

- Off-the-job training, intended to develop management skills, sales techniques and IT development skills;
- In-house training focused on business knowledge and the line-up of products and services.

Employees of foreign subsidiaries that are not required to make contributions to professional training funds are offered some of the training delivered by the PHARMAGEST ESU. For example, SABCO Luxembourg's sales personnel attended off-the-job training to improve their sales skills, while managers from the Mauritian subsidiary HDM attended the management training provided to all managers in the development services in France.

The other French subsidiaries on the Group fulfil all their legal training requirements.

1.5.2 Summary of training in 2013

The following payments were due from the PHARMAGEST ESU in respect of 2013:

- For continuing professional development (0.90% of payroll): €199,658;
- For raising professional standards (0.50% for PHARMAGEST INTERACTIVE and EHLS and 0.35% for CPI): €110,196;
- For the FONGECIF training fund (0.20% for PHARMAGEST INTERACTIVE and EHLS, not applicable to CPI): €43,402 (excluding the 1% fixed-term contracts).

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

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

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

An additional €9,733 was spent on off-the-job training not covered by an approved joint training funds agency (OPCA). These training courses focused in particular on safety (for example, first aid training).

1.6 Equal treatment

1.6.1 Measures to promote gender equality

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

Average salary* for men and women by category (manager/non-manager)

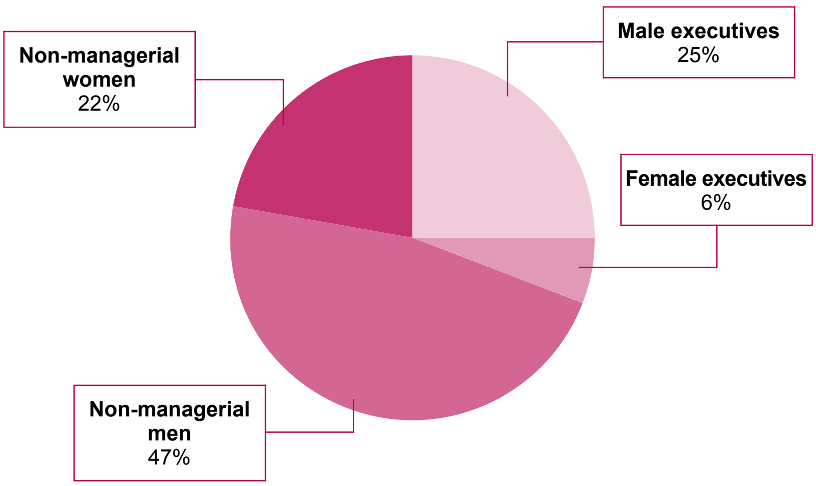
	2011	2012	2013
Female managers	83%	83%	80%
Female non-managers	93%	94%	95%

** Scope: PHARMAGEST ESU (full time, employed from 1 January to 31 December 2013)*

These observations are in line with the change in average salary, which differs according to manager or non-manager status (see table in 1.1.3). In view of the type of positions occupied in 2013, the increase in average salary is higher for women in non-managerial positions (2.21% rise for women compared with 1.16% for men), but lower for women in management positions compared with their male colleagues (declining 2.30% for women against a 0.90% rise for men).

Note that 30.8% of the Group's employees were classed as managers in 2013 (versus 29% in 2012). 6.3% of these were women (virtually unchanged from 2012) and 24.5% were men (up slightly from the 23% in 2012).

Managers and non-managers by gender PHARMAGEST Group:



This increase in the number of managers reflects the PHARMAGEST Group's policy of strengthening its organisation by introducing middle-management positions and adding new skills sets, with a two-fold objective:

- Strengthen its leadership for innovation and skills as part of its Strategic employment and skills management plan (GPEC);
- Continue to improve the skills of middle managers to enhance local management.

Aware that it has not fully met its gender equality target, a programme of measures was rolled out in the PHARMAGEST ESU including targets and resources, related to:

- Employment:
  - Neutral and equal hiring process,
  - Increasing the number of women in certain positions by 1% per year,
  - Fostering promotion of women to management positions and gender balance in the promotion rate, amongst others.

- Compensation and career development:
  - Compensation based on skills, experience, responsibilities, results and expertise in the position,
  - Ensure that pay gaps do not arise as a result of personal life events,
  - Promotions based solely on skills and results, etc.

- Training:
  - Access to training for men and women at a rate equivalent to their representation in the workforce,
  - Work-life balance, taking family obligations into account and flexible working hours where relevant.

- Work-life balance:
  - Work time organisation (whenever possible opt for teleconferencing during working hours, flexible working hours, etc.),
  - Commitment to ensuring that parental leave does not hinder career advancement.

- Professional mobility.

1.6.2 Measures taken to ensure the employment and integration of the disabled

During the 2013 financial year, the PHARMAGEST Group employed 17 disabled workers and continued a series of measures to promote the employment and integration of people with disabilities:

- Developing partnerships with the AGEFIPH (Association for managing funds for the employment of the disabled) and Occupational Health to extend consideration of the arrangements required to equip workstations for disabled employees. For example, the Human Resources Department worked with the Health, Safety and Working Conditions Committee to develop a standard for furniture and a type of chair suited to the problems of disabled employees;
- Regular participation in trade fairs and forums for the employment and integration of disabled employees;
- Sub-contracting management of network and telephone incidents to a company approved for employment of the disabled;
- Sub-contracting preparation and publication of catalogues and communications media and office supplies to a company approved for employment of the disabled.

1.6.3 Anti-discrimination policy

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

1.7 Promotion of and compliance with the core conventions of the ILO (International Labour Organization)

The Group's presence is almost exclusively in France and Europe, where it complies with all agreements on international labour law.

The PHARMAGEST Group confirms that it respects the provisions of the ILO conventions on freedom of association, protection of the right to organise, and the right to collective bargaining, the elimination of discrimination in employment and occupation, the elimination of forced or compulsory labour and the effective abolition of child labour.

The teams in the Mauritian HDM subsidiary apply European rules insofar as they comply with local laws. HDM is structured along the lines of the organisation in France, with personnel representation, a structured compensation system, strategic employment and skills management, job descriptions and annual career development appraisals.

2 Environmental information

2.1 General policy

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

2.1.1 Consideration of environmental issues

Bearing in mind the non-significant environmental impact of its businesses, the PHARMAGEST Group has not introduced specific environmental assessment or certification measures.

2.1.2 Measures to train and inform employees about protecting the environment

There were no specific initiatives in 2013. Nonetheless, the PHARMAGEST Group is preparing a charter of good practices to raise employee awareness of simple everyday steps to take (such as switching off computers, turning heating down, reducing paper consumption, ecodriving, etc.) to reduce energy consumption and protect the environment.

2.1.3 Resources committed to the prevention of environmental risks and pollution

As the PHARMAGEST Group has no industrial site or facility classified for the protection of the environment, it is not concerned by this type of risk and therefore does not set aside resources for their prevention.

2.1.4 Amount of provisions and guarantees for environmental risks

In view of its business, the Group does not recognise provisions for environmental risks.

2.2 Pollution and waste management

2.2.1 Measures to prevent, reduce or remedy emissions into the air, water or ground

The Group's activities do not create pollution or generate emissions into the air, water or ground.

2.2.2 Measures to prevent, recycle or eliminate waste

The main category of waste generated by the PHARMAGEST Group's activity, besides ordinary industrial waste, consists of IT hardware.

Dating back several years, the Group has successfully established a process for the recovery of computer hardware from its 10,000 customers in France, Belgium and Luxembourg at the end of their contracts. The portion that is not fed into the recycling sector is earmarked for destruction by service providers specialising in the disposal of waste electronic and electronic equipment (WEEE). Volumes of WEEE:

	2012	2013	Change
WEEE (in tonnes)	19	21	1.18%

In view of the large number of service providers (local authorities or private companies in some instances) for ordinary industrial waste and the different units of measure in use, it is not possible for us to provide accurate and consistent data on the waste produced.

2.2.3 Response to sound pollution and other forms of pollution specific to the business

The PHARMAGEST Group does not generate noise or specific forms of pollution in its business.

Its server room generates significant sound, which is treated by confinement and the provision of protective headsets for employees.

2.3 Sustainable use of resources

2.3.1 Water consumption

The Group does not use water resources. Water consumption is limited to normal everyday consumption (bathrooms).
PHARMAGEST installs mains supplied water fountains in all its sites, because of their low footprint, replacing bottled water dispensers.

2.3.2 Consumption of raw materials and measures to improve their efficiency

The Group does not use raw materials directly in its activities.

2.3.3 Energy consumption and measures to improve energy efficiency

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

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

Office	2012			2013			Comparison		
	Number of employees	Annual consumption (KWH)	Cons /pers	Number of employees	Annual consumption (KWH)	Cons /pers	Chg. in volume (KWH)	%	% per person
Head office	113	448,384	3,968	118	541,893	4,592	93,509	17%	16%
QUÉVEN	116	281,987	2,431	120	265,953	2,216	-16,034	-6%	-9%
Sub-total	**229**	**730,371**	**-**	**238**	**807,846**	**-**	**77,475**	**-**	**-**
Group total	**767**	**1,899,197**	**2,476**	**793**	**2,062,788**	**2,601**	**163,591**	**8%**	**5%**

Gas and fuel oil consumption are not material (only two offices use gas).

The Group does not use renewable energy sources.

2.3.4 Use of land

There was no significant land use in the business.

2.4 Climate change

2.4.1 Greenhouse gas emissions

2.4.1.1 Vehicles

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

- Comparison table shown km travelled and number of vehicles

	Company	Km travelled			Number of vehicles		
		2011	2012	2013	2011	2012	2013
UES	CPI	183,064	179,223	178,981	9	9	9
	EHLS	36,895	47,763	51,079	3	3	3
	PHARMAGEST INTERACTIVE	11,335,003	11,653,066	11,133,847	319	325	330
Subsidiaries	SABCO-SABCO SERVICES	889,056	1,001,182	1,041,202	25	27	26
	MALTA INFORMATIQUE	650,000	750,000	770,000	13	15	17
	ADI	N/A	370,000	320,000	N/A	23	20
Total		**13,094,018**	**13,631,234**	**13,175,109**	**369**	**379**	**385**

• Table of changes in km travelled and number of vehicles

	Company	Change in number of kilometres		Change in number of vehicles		Share in the Group	
		2011-2012	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013
UES	CPI EHLS PHARMAGEST INTERACTIVE	-2.1% 29.5% 2.8%	-0.1% 6.9% -4.5%	0.0% 0.0% 1.9%	0.0% 0.0% 1.5%	2.4% 0.8% 85.8%	2.3% 0.8% 85.7%
Subsidiaries	SABCO-SABCO SERVICES MALTA INFORMATIQUE ADI	12.6% 15.4% NC	4.0% 2.7% -13.5%	8.0% 15.4% NC	-3.7% 13.3% -13.0%	7.1% 4.0% 6.1%	6.8% 4.4% 5.2%
Total		**4.1%**	**-3.3%**	**2.7%**	**1.6%**	**100%**	**100%**

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

The reduction in the distance travelled was due to:

• Optimised business travel;
• The use of video and Web conferencing.

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

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

2.4.1.2 Travel management

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

It encourages the introduction of audio and video conferencing systems to reduce business travel, and e-learning for training.

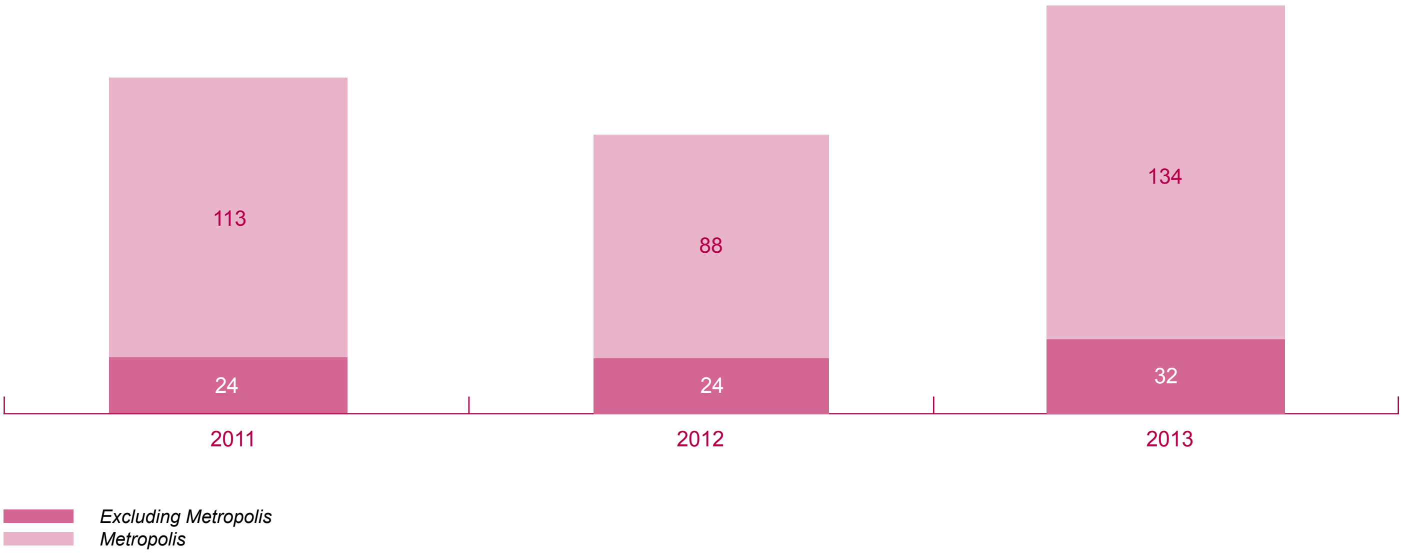
For the PHARMAGEST ESU, the number of single trips by train increased in the past three years:

	2011	2012	2013	Change 2011-2012	Change 2012-2013
Number of trips	1,329	1,649	2,263	24%	37%

The ESU accounts for practically all the Group's train travel.

However, we note a sharp rise in air travel in 2013 (climbing 48%), following a reduction in the number of plane trips (18%) in 2012. This spike in the number of flights is due to the introduction of the SELLEN robotic system to the market (by the INTECUM subsidiary in Corsica).

Change in number of flights



2.4.1.3 Server rooms

To date, the Group has not introduced carbon offset measures.

2.4.1.4 Estimated greenhouse gas (GHG) emissions

Taking the nature of the Group's business into account, greenhouse gas emissions were measured solely for electrical consumption and travel (road and rail, excluding air). They are:

- Direct GHG emissions (Scope 1) amounted to 94 tonnes CO_2 eq;
- Other indirect GHG emissions (Scope 3) amounted to 2,094 tonnes CO_2 eq.

2.4.2 Adaptation to the consequences of climate change

Our business is such that we are not affected by climate change.

2.5 Protecting biodiversity

The Group has not introduced a policy to protect biodiversity.
The Group's sites are primarily located in integrated development zones or special industrial zones, and no office is located in a protected area where it might generate an impact on biodiversity.

3 Information on corporate changes to promote sustainable development

3.1 The community, impact and social impact of our business for employment, regional development and on local communities

Determined to build close relations with its customers, the PHARMAGEST Group's presence extends throughout France. Essentially, this strategy involves developing regional networks with some 30 offices or sales agencies as the focal points. For example, the Group has 10 branches in regional areas with low population density:

- Charleville-Maizieres (Ardennes),
- Reims (Marne),
- Troyes (Aube),
- Dijon (Côte d’Or),
- Bourges (Cher),

• Limoges (Haute Vienne),
• Clermont-Ferrand (Puy de Dôme),
• Toulouse (Haute Garonne),
• Pau (Pyrénées Atlantiques),
• Bastia (Haute Corse).

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

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

  - PHARMAGEST INTERACTIVE's Pharmacy business and the SELLEN robotic system offer pharmacists the opportunity to optimise pharmacy management;
  - MALTA INFORMATIQUE's software suites facilitate the management and development of elderly residential care homes;
  - The products of the Group's e-Health Division optimise monitoring and care in the home for the elderly and the chronically ill.

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

3.2 Stakeholder relations

3.2.1 Conditions of dialogue with stakeholders

3.2.1.1 Employees

In addition to its legal personnel representation obligations, set out in 1.3 of this report, the PHARMAGEST Group is committed to on-going dialogue with its employees.

In 2013, the Group continued its efforts to introduce participatory and cross-discipline project management involving the employees of the PHARMAGEST ESU, from the head office and from the different branches and throughout the regions.
The aim of this approach to be rolled out over time is two-fold:

• Inside the company: accountability, involvement and motivation of employees;
• Relations with customers: stronger local presence.

2013 saw the first projects to emerge from this process, notably the upgrade of the Intranet portal to a new version to simplify and improve internal communications and provide personnel with access to all administrative and also professional documentation, and facilitate them in performing their roles.

3.2.1.2 Customers

3.2.1.2.1 Partenaire Stanislas Club

Alive to the need to involve customers as early as possible in the process of new product development, PHARMAGEST INTERACTIVE formed a think-tank in 2005, called the "Partenaire Stanislas Club" to encourage collaboration between our teams and volunteer pharmacists to:

• Incorporate developments in the professional ecosystem;
• Hold discussions on their vision for the future.

PHARMAGEST INTERACTIVE's parent company, the WELCOOP GROUP pharmacists' cooperative, took up the Club's activity and established regular meetings with pharmacists throughout France, according to a similar model and working closely with the Group's teams at the head office and in the regions.

3.2.1.2.2 NF SERVICES Certification

PHARMAGEST INTERACTIVE decided in 2013 to embark on a certification process of its Software Support services. Certification aims to improve the quality of interaction with customers and as a result, improve customer satisfaction overall. This cross-disciplinary project kicked off in December 2013 and will continue through 2014.

3.2.2 Teaching organisations and associations

The PHARMAGEST Group is involved with these bodies at three levels in the main:

- The Pharmacy business is pursuing an initiative, monitored over time, in higher education establishments and more specifically in pharmacy faculties in universities throughout France:
    - Presentations at General Meetings of the French national association of pharmacy students (ANEPF - Association Nationale des Etudiants en Pharmacie de France);
    - Thesis awards (with one prize awarded in 2013, in Nancy);
    - Participation in student forums and fairs;
    - Provision of IT hardware and software to Pharmacy faculties.
- The PHARMAGEST Group regularly pays the apprenticeship tax to Apprentice Training Centres and to Pharmacy faculties in universities;
- The Group has not yet defined a general sponsorship policy, but commits on a one-off basis to initiatives with associations linked to health, humanitarian causes or the community.

3.3 Suppliers and sub-contractors

3.3.1 Inclusion of environmental and social issues in purchasing policy

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

3.3.2 Inclusion of social and environmental responsibility of sub-contractors and suppliers

The sub-contracting line amounted to €383,520 (excl. tax) in fiscal 2013, while intra-Group sub-contracting amounted to €1,612,526. PHARMAGEST INTERACTIVE focuses on local employment for its secondary sites.

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

For example:

- The Human Resources Department of the PHARMAGEST ESU uses the Michael PAGE recruitment consultancy which guarantees ethical practice and is committed to countering discrimination and promoting sustainable development (Be Green label, member of the Syntec Federation and the French Association of Diversity Managers (AFMD - Association Française des Managers de la Diversité), diversity charter and Human Capital trophy);
- The Group's main hardware supplier is DELL, which aims to maximise efficiency and minimise environmental impact across the value chain, from design, manufacture and dispatch to use and recycling;
- Our main logistics and transport companies are either ISO 14001 certified or actively engaged in a CSR policy;
- The Group closely monitors the environmental commitments of its other service providers. All our suppliers, from office supplies, office furniture, motor vehicle and related suppliers and specialist waste and waste treatment operators are actively committed to a sustainable development policy and/or are certified and/or have won awards for their environmental commitments.

3.4 Fair operating practices

3.4.1 Actions undertaken to prevent corruption

In view of the fact that the PHARMAGEST Group's main business is publishing and marketing pharmacy management software, which is not governed by the rules of calls for tender, in principle, the Group is not exposed to corruption risk.

Nonetheless, PHARMAGEST remains extremely vigilant and pays close attention to the practices of employees and companies within the Group to ensure we lead by example. Trust is one of our core values.

The Group's main sites are in France or elsewhere in Europe and no specific corruption prevention measures are required. The only site that is in a country where there is potential risk is the HDM subsidiary, based in Mauritius. Mauritius is ranked 52nd in the latest corruption perceptions world ranking on: http://www.transparency.org/country#MUS. The PHARMAGEST Group keeps a close eye on this phenomenon.

Moreover, the Group is not the subject of any legal action for anti-competitive behaviour, breach of anti-trust laws or monopolistic practices.

3.4.2 Measures taken benefiting the health and safety of consumers

The PHARMAGEST Group's products and services generate no health or safety risks for consumers.

Its business lines operate in the Health sector:

- The Pharmacy business in France, Belgium and Luxembourg provides pharmacists and their teams with:
  - A software suite that is maintained and regularly updated, as well as services designed to ensure dispensing to the highest safety standards,
  - Databases to draw on for advisory services (travel, vaccinations, etc.),
  - Training tools (e-learning);
- The Care Homes business develops software to improve care for dependent individuals;
- The Pharmaceutical Companies business positions the Group as a public health player through the establishment of health observatories, prevention and screening surveys. All content made available to pharmacists and patients by PHARMAGEST INTERACTIVE is checked by a qualified pharmacist;
- The e-Health business aims to use the new technologies in its software and products to maintain the elderly and chronically ill in the home and improve outcomes by increasing compliance.

Data protection is extremely important for PHARMAGEST, and the Health Data Hosting business has developed a customised and highly secure architecture to guarantee data security, the quality of which has been recognised through the three accreditations granted by the French Ministry of Social Affairs and Health on 4 January 2012, 6 July 2012 and 10 December 2013, respectively.

3.5 Measures taken in favour of human rights

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

Nonetheless, PHARMAGEST acknowledges and reaffirms its firm commitment to the values of the Universal Declaration of Human Rights, the principles of the ILO's core conventions (see 1.7 of this report), as well as its commitment to respecting national and international laws, principles, standards and regulations.

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

No incidence of discrimination has been reported for any of the entities of the PHARMAGEST Group.

4 Methodology, scope and definition of indicators

In accordance with the recommendations of the AMF report on social and environmental responsibility information published by listed companies, dated 5 November 2013, the PHARMAGEST Group presents information to facilitate understanding of the information reported.

4.1 Methodology

General management, and particularly the Human Resources Department and Administration and Finance Department, have specific responsibility for oversight of the process of gathering, validating and consolidating CSR information in the Group. This review helps to continuously improve internal data-collection procedures.

4.2 Scope

All quantitative or qualitative data disclosed in the CSR report are defined according to the following two scopes:

- PHARMAGEST ESU: the Economic and Social Unit comprising PHARMAGEST INTERACTIVE, CP INTERACTIVE (CPI) and EUROPEAN HEALTH LOGISTIC SOURCING (EHLS);
- The PHARMAGEST Group, comprising the PHARMAGEST ESU, DIATELIC, INTECUM, KAPELSE, SABCO, SABCO SERVICES, HDM, MALTA INFORMATIQUE, APPLICATIONS ET DEVELOPPEMENTS INFORMATIQUES (ADI), and HEALTHLEASE.

If no information is available for one or more of these entities, this fact is noted (e.g. the PHARMAGEST Group, excluding ADI).

4.3 Indicators

The Group used specific definitions and calculation methods when creating the indicators used. This information only covers the indicators for which additional clarification in addition to the information in the CSR report was needed:

- **Workforce:** employees who have a permanent or fixed-term employment contract with a company in the PHARMAGEST Group;
- **FTE:** full time equivalent, monthly, as at 31 December 2013;
- **Part time:** a job that is not full-time, i.e. the working hours are less than the standard working hours in the country in question;
- **Average age:** the average age is the weighted average age per entity, relative to the total workforce of the PHARMAGEST Group or the PHARMAGEST ESU;
- **Departures:** employees leaving through retirement, lay-offs, mutually-agreed departures, resignations or expiration of contracts;
- **Turnover:** the ratio of the number of departures for an age bracket to the total number leaving (excluding intra-Group movements);
- **Annual salaries by category and gender:** change in average salaries for the past four years by status (manager or non-manager) and gender. The workforce used is the full-time workforce for the PHARMAGEST ESU, employed from 1 January 2013 to 31 December 2013, excluding specific cases leading to salaries that are lower than the annual minimum wage (in France) ;
- **Absenteeism rate:** the ratio of the number of hours of absence to the total number of contractual hours;
- **Occupational accident:** an occurrence arising out of or connected with work, regardless of the cause (including road accidents), declared to and recognised by the health insurance board (CPAM - Caisse Primaire d'Assurance Maladie);
- **Occupational illness:** an illness resulting from a person's exposure to a risk in the workplace. They include the occupational illnesses declared to and recognised by the CPAM;
- **Number of lost days:** the number of days during which an employee is unable to work following an occupational accident or occupational illness. The number of lost days is calculated in working days;
- **Number of kilometres travelled by car:** the PHARMAGEST ESU tracks the number of kilometres travelled by staff using a company car on a quarterly basis;
- **Number of train trips:** this information is provided by the travel agent directly;
- **Number of flights:** this information is provided by the travel agent directly;
- **Greenhouse gas calculation:** greenhouse gas emissions for trains are provided by the travel agent directly. GHG emissions for motor travel were calculated on the basis of consuming 7 litres of fuel per 100 km. The ADEME (French environment and energy management agency) V7 BC factor was applied to the total estimated fuel consumption. Emissions are classified into three categories:

- Direct GHG emissions (or SCOPE 1) generated by fixed or mobile facilities inside the scope of the organisation;
- Indirect GHG emissions (or SCOPE 2) resulting from the generation of electricity, heating and cooling, or steam generated off site for the organisation's activities and which do not concern the PHARMAGEST Group;
- Other indirect emissions (or SCOPE 3) generated indirectly by the organisation's activities (e.g. employee travel and commuting, etc.);

• **The Group's regions** comprise the following geographical areas and administrative departments in France:
  - North Region: 02, 14, 27, 59, 60, 62, 76, 80;
  - Ile-de-France (IDF) Region: 75, 77, 78, 91, 92, 93, 94, 95;
  - East Region: 08, 10, 21, 25, 39, 51, 52, 54, 55, 57, 67, 68, 70, 71, 88, 89, 90;
  - Rhône-Alpes Region: 01, 07, 26, 38, 42, 43, 69, 73, 74;
  - South-East Region: 04, 05, 06, 13, 30, 34, 48, 83, 84, 98, 2A and 2B;
  - South-West Region: 09, 11, 12, 16, 17, 24, 31, 32, 33, 40, 46, 47, 64, 65, 66, 81, 82;
  - Centre Region: 03, 15, 18, 19, 23, 28, 36, 37, 41, 45, 58, 63, 72, 86, 87;
  - West Region: 22, 29, 35, 44, 49, 50, 53, 56, 61, 79, 85.

4.4 Recommendation on implementing the "comply or explain" principle

Article R. 225-105 of the French Commercial Code provides that companies must indicate in the disclosures mentioned in Article R. 225-105-1 of the said Code, *"information which, given the nature of the company's activities or its organisation, cannot be produced or is not considered relevant, providing explanations as relevant"*.

Accordingly, when information cannot be produced or does not seem relevant, the AMF recommends that companies provide sufficiently grounded and appropriate explanations for the company's particular situation.
In the interests of greater transparency, PHARMAGEST includes a summary table of the information which, given the nature of its activities or its organisation, cannot be provided or does not seem relevant.

Summary of undisclosed information:

Information not produced	Reason	Grounds
2.1.1 The organisation of the Company so as to take environmental questions into consideration	Not relevant	Bearing in mind the non-significant environmental impact of its businesses, the PHARMAGEST Group has not introduced specific environmental assessment or certification measures.
2.1.3. Resources committed to the prevention of environmental risks and pollution	Not relevant	As the PHARMAGEST Group has no industrial site or facility classified for the protection of the environment, it is not concerned by this type of risk and therefore does not set aside resources for their prevention.
2.1.4. Amount of provisions and guarantees for environmental risks	Not relevant	In view of its business, the Group does not recognise provisions for environmental risks.
2.2.1. Measures to prevent, reduce or remedy emissions into the air, water or ground	Not relevant	The Group's activities do not create pollution or generate emissions into the air, water or ground.
2.2.3. Response to noise pollution and other forms of pollution specific to the business	Not relevant	The PHARMAGEST Group does not generate noise or specific forms of pollution in its business.
2.3.1. Consumption and supply of water according to local constraints	Not relevant	The Group does not use water resources in its activities.
2.3.2. Consumption of raw materials and measures to improve usage efficiency	Not relevant	The Group does not use raw materials directly in its activities.
2.3.4. Soil use	Not relevant	Not applicable to the business.
2.4.2 Adapting to the consequences of climate change	Not relevant	Potential climate change does not have an impact on PHARMAGEST's businesses.
2.5. Measures to preserve or develop biodiversity	Not relevant	The Group has not introduced a policy to protect biodiversity. The Group's sites are primarily located in integrated development zones or special industrial zones, and no office is located in a protected area where it might generate an impact on biodiversity.

24.2 Report of the independent third party on the consolidated social and environmental information in the Management Report

Financial year ended 31 December 2013

To the Shareholders,

In our capacity as independent auditors of PHARMAGEST INTERACTIVE, accredited by COFRAC (number 3-1048), we hereby present our report on the consolidated social, environmental and societal information for the financial year ended on 31 December 2013, included in the Management Report as a CSR Report (hereafter the CSR information), pursuant to Article L. 225-102-1 of the French Commercial Code.

Company's responsibility

The Board of Directors is responsible for the preparation of consolidated social, environmental and societal reporting pursuant to Article R. 225-105-1 of the French Commercial Code in accordance with the reporting framework (hereafter the Reporting framework) used by the company, which is summarised in part 4 of the CSR Report appended to the Management Report and available on request from the company's head office.

Independence and quality control

Our independence is defined by the regulations, the professional code of conduct and the provisions of Article L. 822-11 of the French Commercial Code. Moreover, we implement a quality control system consisting of documented policies and procedures to ensure compliance with the code of ethics, professional standards and applicable laws and regulations.

Independent auditor's responsibility

On the basis of our work, it is our responsibility to:

- Certify that the Information required is included in the Management Report, or if missing, is covered by an explanation pursuant to Article R. 225-105-3 of the French Commercial Code (certificate of completeness);
- Express a conclusion of moderate assurance that the Information, presented, in all material respects, is fairly and accurately presented in accordance with the Reporting framework (limited assurance report).

Our work was conducted by a team of three auditors for a two-week period in February/March 2014. We drew on the expertise of our Corporate Social Responsibility experts to complete this assignment.
We conducted our work in accordance with professional standards applicable in France and with the Order of 13 May 2013 setting out the conditions under which independent auditors conduct their assignment and, with respect to the limited assurance report, in accordance with the International Standard on Assurance Engagements ISAE 3000.

1. Certificate of completeness

We obtained an understanding of the Company's CSR issues, based on interviews with the management of relevant departments, a presentation of the Company's sustainable development strategy according to the social and environmental consequences related to its activities and its societal commitments, as well as, where appropriate, resulting actions or programmes.

We compared the information compiled in the Management Report with the list provided in Article R. 225-105-1 of the French Commercial Code.

Where consolidated information was missing, we verified that the explanations provided met the requirements of Article R. 225-105-3 of the said Code.

We verified that the CSR information covers the consolidated scope, namely, the Company and its subsidiaries, under the meaning of Article L. 233-1, and the companies it controls, under the meaning of Article L. 233-3 of the French Commercial Code, with the exclusions specified in the methodology section in part 4 of the CSR Report appended to the Management Report.

On the basis of our work and within the limits set out above, we certify the completeness of the information in the CSR report.

2. Limited assurance report

Nature and scope of work

We conducted six interviews with those responsible for compiling CSR information and, where relevant, the persons responsible for internal control and risk management. We performed the following:

- We assessed the appropriateness of the Reporting framework with respect to its relevance, completeness, neutrality, clarity and reliability, taking into consideration the sector's best practices, where relevant;
- We verified the establishment of a process in the Group to collect, compile, process and check the information with regard to its completeness and consistency. We familiarized ourselves with the internal control and risk management procedures relating to the compilation of the information.

We determined the nature and scope of our tests and verifications considering the nature and significance of the CSR information with respect to the company's business, the social and environmental consequences of its business, its sustainable development strategy and best practices in the sector.

The CSR information we considered most significant [(1)] :

- For the consolidating entity, we reviewed the source documents and conducted interviews to corroborate and assess the fairness of the qualitative information (organisation, policies, and actions). We assessed the quantitative information using analytical sampling techniques to check the calculations and reconcile them with the data in the Management Report;
- At a representative sample of entities we selected based on their activity, contribution to consolidated indicators, location and a risk assessment, we conducted interviews to verify proper application of procedures, and conducted detailed tests on samples to check the calculations performed and to reconcile data with supporting evidence. The sample selected represents an average 83% of the workforce and 27 to 100% of the quantitative environmental and societal information.

We assessed the consistency of the other consolidated CSR information based on our knowledge of the Company.

Finally, we assessed the relevance of the explanations to the absence of information when appropriate.

We consider that the sampling methods and sample sizes used based on our professional judgement allow us to provide limited assurance. Providing a higher level of assurance would have required additional procedures. The use of sampling techniques and other limits inherent in any information system or internal control system means that it is not possible to totally eliminate the risk of not detecting a material anomaly in the CSR data.

Conclusion

On the basis of our work, nothing has come to our attention that causes us to believe that the Information compiled, in all material aspects, is not fairly stated in accordance with the reporting framework.

Nancy, 28 March 2014

Independent Auditors,
DELOITTE & ASSOCIÉ

Anne Philipona-Hintzy

[(1)] Quantitative social information: Workforce and breakdown by age, gender, region, status and type of contract; Hiring and lay-offs; Annual wage reviews; Absenteeism rate; Number of occupational illnesses, occupational accidents with lost time, average lost time (in days per accident); Number of training hours; Breakdown of management and non-management personnel by gender.
Quantitative environmental and societal information: Waste electrical and electronic equipment (WEEE); Energy consumption; Distance travelled by the vehicle fleet; Estimated greenhouse gas emissions, share of external sub-contractors.
Qualitative information: Action plan to increase the number of women in certain positions; Management charter; Pharmacy commitment charter.
[(2)] Social information: the PHARMAGEST ESU, comprising PHARMAGEST INTERACTIVE, CP INTERACTIVE (CPI) and European Health Logistic Sourcing (EHLS). Energy consumption: the Group's head office and the Queven site. Information on the vehicle fleet and distance travelled: the PHARMAGEST ESU. The other environmental and societal information is centralised.

24.3 Report to the Extraordinary General Meeting

PHARMAGEST INTERACTIVE
A FRENCH SOCIETE ANONYME WITH CAPITAL OF €3,034,825
HEAD OFFICE: TECHNOPOLE DE NANCY BRABOIS
05 ALLEE DE SAINT CLOUD 54600 VILLERS LES NANCY
403 561 137 NANCY TRADE AND COMPANIES REGISTER (RCS)

REPORT
TO THE EXTRAORDINARY GENERAL MEETING
ON 27 JUNE 2014

To the shareholders,

We will now present the report of the Board of Directors on the proposed stock option programme, a decision on which falls within the competence of the EGM.

The Board of Directors wishes to introduce a stock option plan aimed at strengthening the commitment of its personnel to the success of the Group's growth plan.

These options may be granted to employees, or certain employees, of PHARMAGEST INTERACTIVE and of the subsidiaries in which it has a stake of 50% of more.

Corporate officers, executive corporate officers and the members of the Finance and Personnel Management Committee of PHARMAGEST INTERACTIVE as at the date of granting the options are not eligible for the programme. Moreover, options may not be granted to employees or corporate officers who hold more than 10% of the share capital.

Since PHARMAGEST INTERACTIVE's shares are traded on a regulated market, the purchase price may not be less than 80% of the average share price during the 20 trading sessions prior to the grant date by the Board of Directors, or less than 80% of the average purchase price of the shares held by PHARMAGEST INTERACTIVE, in accordance with Articles L. 225-208 and L. 225-209 of the French Commercial Code.
Once set, the price may not be changed throughout the term of the stock option, unless such an adjustment is required following subsequent financial transactions liable to influence the share price.

Stock options must be exercised within eight years from the grant date.

For this reason, you are requested to authorise your Board of Directors to grant options to purchase PHARMAGEST INTERACTIVE shares, in accordance with Articles L. 225-177 et seq. of the French Commercial Code for a period of 38 months as of the date of this EGM. The authorisation will grant all powers necessary to the Board of Directors to implement the said plan and, in particular:

- To determine the list of beneficiaries;
- To decide the number of shares each beneficiary is entitled to purchase;
- To determine the conditions under which the options will be granted, as well as the exercise conditions;
- To determine, where relevant, clauses prohibiting the immediate resale of all or part of the shares, where the retention period may not exceed three years from the date of exercising the option;
- To set the option grant dates.

The Statutory Auditor's Special Report, prepared in accordance with the provisions of Article L. 225-177 and R. 225-144 of the French Commercial Code will be read to the EGM.

Your Board recommends that you approve the 18th resolution.

The Board of Directors

24.4 Statutory Auditors' report on authorising the allocation of stock options

To the Shareholders,

In our capacity as Statutory Auditors of the Company, and in fulfilment of our engagement under Articles L. 225-177 and R. 225-144 of the French Commercial Code, we present below our report on the authorisation of a stock option plan for the employees of PHARMAGEST INTERACTIVE and the subsidiaries in which it has a stake of 50% of more. You are asked to vote on this proposed plan.

Based on its report, your Board of Directors proposes to authorise the allocation of stock options for a period of 38 months.

It is the responsibility of the Board of Directors to prepare a report on the rationale for the stock option plan, as well as on the proposed methods used to determine the purchase price. It is our responsibility to report on the proposed methods for setting the purchase price of the shares.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France. This due diligence consisted notably of verifying that the methods proposed to determine the purchase price are included in the Board of Directors' report and that they comply with the legal and regulatory requirements.

We have no matters to report on the proposed methods for setting the purchase price of the shares.

In Vandœuvre-lès-Nancy and Courbevoie, on 25 April 2014

The Statutory Auditors,

BATT AUDIT
Statutory Auditor
Isabelle SAGOT

MAZARS
Statutory Auditor
Jean-Brice de TURCKHEIM

24.5 Chairman's Report on the composition, preparation and organisation of the work of the Board of Directors and the Company's internal control and risk management procedures

In accordance with Article L. 225-37 of the French Commercial Code, the Chairman of the Board of Directors reports to you, as part of the annual Management Report on:

- The composition of the Board of Directors and application of the principle of balanced representation of men and women on the Board;
- The conditions related to the preparation and organisation of the work of the Board of Directors;
- Any limits on the powers of the Managing Director;
- As well as the internal control and risk management procedures in place in the PHARMAGEST Group.

The report also presents:

- The principles and rules for determining compensation and benefits of all types paid to corporate officers;
- Items that could have an impact in the event of a public tender offer (information required by Article L. 225-100-3) and the procedures for participating in General Meetings.

Prepared following discussions and interviews with the Finance Department, the Group's legal counsel and the Audit Committee, the report was approved by the Board of Directors meeting on 27 March 2014.

I. CORPORATE GOVERNANCE

At its meeting of 25 March 2010, the Board of Directors of PHARMAGEST INTERACTIVE voted to adopt the MiddleNext Corporate Governance Code of December 2009 (the MiddleNext Code) as the most appropriate corporate governance framework for its size and shareholder structure. The code is available on the MiddleNext website (www.middlenext.com).

The MiddleNext Code includes recommendations on the areas of vigilance required with respect to the issues a Board should address to ensure good corporate governance. PHARMAGEST INTERACTIVE's Board of Directors familiarised itself with these vigilance points when adopting the Code.

In prior years, the Board of Directors introduced a policy aimed at gradually ensuring compliance with the recommendations of the MiddleNext Code. PHARMAGEST INTERACTIVE now applies all the recommendations of the Code, with the exception of the frequency of assessment of the Board (recommendation number 15 calls for annual reviews), which in the PHARMAGEST Group is every three years (see § Assessment of the Board's Performance).
Moreover, with regard to recommendation number 7 on limiting terms of office to three years in listed companies, including foreign companies, outside the directors' groups, PHARMAGEST will review the approach required to adopt this recommendation in full in the company's rules of procedure.

Corporate governance

The Company is administered by a Board of Directors with separation of the positions of Chairman and Managing Director, with their main roles as follows:

- The Managing Director has the most extensive powers to act on the company's behalf in all circumstances, pursuant to Article L. 225-56 of the French Commercial Code. He exercises his powers subject to those that the Law allocates explicitly to shareholders' meetings and to the Board of Directors. The Articles of Association and/or the rules of procedure contain no provisions limiting the powers of the Managing Director and the Board made no decision to limit these powers during the financial year.
- The Chairman of the Board of Directors organises and leads the work of the Board and reports on it to the General Meeting. The Chairman also reports to the Meeting on the conditions related to the preparation and organisation of the work of the Board, the internal control procedures in the Company and the restrictions the Board may place on the Managing Director's powers, where relevant. The Chairman ensures the proper functioning of the Company's management bodies and that the Board Members are competent to carry out their roles.

I.1 COMPOSITION OF THE BOARD

As at 31 December 2013, the Board of Directors comprised 10 members, two of whom are independent.

Name and forename or Company Name of the member and their roles	Date term of office expires [1]
Mr. Thierry CHAPUSOT *Chairman of the Board of Directors*	31 December 2013
Mr. Dominique PAUTRAT *Managing Director*	31 December 2013 (MD) 31 December 2014 (Board Member)
Mr. Thierry PONNELLE *Deputy Managing Director and Board Member*	31 December 2013 (DMD) 31 December 2013 (Board Member)
Mr. Denis SUPPLISSON *Deputy Managing Director and Board Member*	31 December 2013 (DMD) 31 December 2014 (Board Member)
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
Ms. Anne LHOTE *Board Member*	31 December 2016
Ms. Sophie MAYEUX *Independent Board Member*	31 December 2017
WELCOOP GROUP, *represented by Mr. Hugues MOREAUX, Board Member*	31 December 2013

[1] The term of office ends at the close of the Annual General Meeting convened to approve the financial statements for the financial year shown.

Changes in the composition of the Board

Composition at 31/12/12	Composition at 31/12/13	Comments
Mr. William LE BELLEGO *Board Member*	*None*	Following the resignation of William Le BELLEGO on 31 December 2012, Denis SUPPLISSON was co-opted as the new Board Member, effective from 1 January 2013, by the Board meeting on 14 December 2012, a decision that was ratified by the General Meeting on 21 June 2013.
Mr. Denis SUPPLISSON *Deputy Managing Director and non-Board Member*	**Mr. Denis SUPPLISSON** *Deputy Managing Director and Board Member:*	

In accordance with recommendation number 7 of the MiddleNext Code, Board Members who are managers do not accept more than three positions as directors in other listed companies, including in foreign companies or companies outside the Group.

Information on positions held is given in section 14.1.3 of this Registration Document.
Information on the competencies and roles of Board Members is given in section 14.1.2.

Application of the principles of balanced representation of men and women

The French Law number 2011-103 of 27 January 2011 on gender equality was applied by appointing female members to the Board of Directors.

Following the appointment of a new Board Member on 22 June 2012, at least 20% of the seats on the Board are now filled by women.

As the initial quota introduced by the Law (20% of women on the Board by 2014 at the latest) is complied with, the Board of Directors will work towards maintaining this 20% representation and increasing the number of women on the Group's Board to 40% by 2017. If there are more than eight members on the Board, the difference between number of men and women cannot be more than 2.

Independent Board Members

The concept of independent Board Member complies with the criteria of recommendation number 8 of the MiddleNext Code, namely:

- They must not be a salaried employee or corporate officer and manager of the company or of a company in its group, and must not have held such a position within the last three years;
- They must not be a significant client, supplier or banker of the company or its group, or a client, supplier or banker for whom the company or its group represents a significant share of its business;
- They must not be a majority shareholder of the company;
- They must not have a close family relationship with a corporate officer or majority shareholder;
- They must not have been an auditor of the company in the course of the previous three years.

Appointment of Board members by personnel

As the Company's Articles of Association do not provide for the appointment of one or more Board Members by personnel, there is no member representing personnel on the Board.

Moreover, the Company, which has a Works Council, does not meet the criteria for the number of employees set out in the Law of 14 June 2013 and therefore there are no plans to appoint a member representing employees to the Board.

Appointment of Board Members representing employee shareholders by the General Meeting of Shareholders

As the Company does not meet the conditions of Article L. 225-23-1 of the French Commercial Code (shares held by the employees represent more than 3% of the company's share capital, where the calculation of such shareholdings relates only to employees' shares that are managed collectively or are non-transferable), the Shareholders' Meeting has not appointed a Board Member representing employee shareholders.

Terms of office

Directors serve for a term of six years, as permitted by law and the Company's Articles.

In accordance with recommendation number 10 of the MiddleNext Code, the Board ensures that the statutory terms of office are in line with the Company's needs, within the limits set by the law. In view of the size and composition of its Board, the Company considers that six-year terms do not limit Board Members' experience and knowledge of the Company, its markets and businesses when making decisions.

Ethical rules

In accordance with recommendation number 7 of the MiddleNext Code, each Board Member, both existing and newly appointed, received information on Group governance and their responsibilities.

Board Members must respect the following ethical rules:

- Before taking up their appointment, they must be informed of their general or specific obligations. They must ensure they have read all the relevant legal or regulatory texts, the Articles of Associations and rules of procedure, as well as any additions to same by the Board;
- Although Board Members are themselves shareholders, they represent the shareholders as a whole and must act in the corporate interest in all circumstances;
- They must inform the Board of Directors about any conflict of interests, including potential conflicts and must abstain from voting or taking part in the relevant deliberations;
- They must devote the time and attention necessary to their duties. When Board Members hold an executive position, they should not in principle accept more than four other positions as directors in listed companies, including in foreign companies or companies outside the Group;

- They should have good attendance records and should take part in all meetings of the Board and committees on which they sit;
- They are obliged to ensure they are properly informed. To this end, they must obtain the information they need to address the subjects on the agenda for meetings from the Chairman within reasonable time frames;
- With respect to information not in the public domain obtained in the course of their duties, Board Members must observe genuine professional secrecy, over and above the simple legal obligation to observe discretion;
- Finally, Board Members must:

    - Refrain from all transactions on the Company's securities, including derivatives, about which they have insider information not yet available to the public as a result of their positions;
    - Declare transactions on the company's shares, pursuant to applicable law and regulations. The Company is subject to the legal obligation to disclose all securities transactions by Board Members and related parties to the French financial markets authority (AMF). As such, Board Members undertake to inform the Board Secretary of any such transactions within 30 days.

- Board Members must also attend the General Shareholders' Meetings, unless in exceptional circumstances.

Recommendation number 7 of the MiddleNext Code provides that when Board Members hold a position as manager, they should not accept more than three other positions as directors in listed companies, including in foreign companies or companies outside their group. The Board will examine fully adopting this recommendation in the Company's rules of procedure (although it is fully compliant with this condition as it stands).

Choice of Board Members

On the appointment or renewed appointment of each Board Member, information on their experience and skills is made available to the public, in accordance with Article R. 225-73-1 of the French Commercial Code, on the PHARMAGEST INTERACTIVE website (www.pharmagest.com) in the dedicated General Shareholders' Meeting section under Investor Relations, and is sent to shareholders on request, in accordance with Article R. 225-83 of the said Code.

The appointment of each Board Member is the subject of a separate resolution, in accordance with recommendation number 9 of the MiddleNext Code.

I.2 CONDITIONS RELATED TO THE PREPARATION AND ORGANISATION OF THE WORK OF THE BOARD OF DIRECTORS

Rules of procedure

In accordance with recommendation number 6 of the MiddleNext Code, the Board of Directors introduced rules of procedure on 16 June 2011, which set out:

- The role and powers of the Board of Directors and limits to the powers of the Managing Director;
- The rules for the composition of the Board and the independence criteria applicable to Board Members;
- Members' duties and the ethical rules that apply;
- The working of the Board and the rules for determining compensation of the Audit Committee members.

The Board's rules of procedure are available to the public and are published on the PHARMAGEST INTERACTIVE website (*www.pharmagest.com*), under Investor Relations / Corporate Governance.

Information provided to Board members;

The Board Members consider that they received sufficient information to perform their duties. In order to facilitate preparation for meetings, the Chairman endeavoured to send the documentation and information required at least eight days in advance.

Moreover, Board Members are regularly updated between meetings whenever appropriate in light of developments in the company, in accordance with recommendation number 11 of the MiddleNext Code.

Board meetings

Board practices (convening, meetings, quorum and information provided to its members) are in line with the provisions of applicable law and the Company's Articles of Association. These provisions have been included in and supplemented in the rules of procedure approved by the Board of Directors meeting on 16 June 2011.

The Board's role is to determine the Company's strategic guidelines and to oversee their application. Subject to those powers expressly granted to General Shareholders' Meetings and within the limits of the Company's corporate purpose, the Board of Directors addresses all issues relating to the Company's operations and handles all its affairs (Article L. 225-35-1 of the French Commercial Code).

Moreover, in accordance with the rules of procedure approved on 16 June 2011, the Board of Directors may refer matters to the General Shareholders' Meeting if they concern a large majority of the Group's assets or activities.

The Board meets at least four times a year, in compliance with recommendation number 13 of the MiddleNext Code.

The members of the Board of Directors and the Works Council were given sufficient advance notification to arrange to attend meetings and were provided with the documents they needed to ensure the efficient working of the Board.

The Statutory Auditors were invited to all meetings of the Board of Directors in 2013.

The Board met as many times as required in the Company's interests.
Minutes are prepared at the end of each Board meeting, indicating the issues raised and any reservations expressed. Minutes are approved at the following Board meeting.

The average attendance rate was 90% in 2013. The table below indicates Board Members' attendance at meetings.

Board member	22/03/13	10/06/13	21/06/13	26/08/13	13/12/13
Thierry CHAPUSOT	Attended	Attended	Attended	Attended	Attended
Dominique PAUTRAT	Attended	Attended	Attended	Attended	Attended
Thierry PONNELLE	Attended	Attended	Excused	Attended	Attended
Denis SUPPLISSON	Attended	Attended	Attended	Attended	Attended
Daniel ANTOINE	Attended	Attended	Attended	Attended	Attended
Michel DUSSERRE	Attended	Attended	Excused	Attended	Attended
François JACQUEL	Attended	Excused	Attended	Excused	Attended
Anne LHOTE	Attended	Attended	Attended	Attended	Attended
Sophie MAYEUX	Attended	Excused	Attended	Excused	Attended
WELCOOP GROUP, represented by Hugues MOREAUX	Attended	Attended	Attended	Attended	Attended

The Board of Directors met five times in fiscal 2013, including one working meeting. The main points addressed by the Board during the year were:

- Review and approval of the individual and consolidated financial statements as at 31 December 2012;
- Appropriation of earnings;
- Review of management forecast documents;
- Convening of the AGM and preparation of the agenda;
- Review of texts of resolutions to present at the Annual General Meeting, the Management Report and CSR report;
- Approval of the Chairman's Report;
- Review of quarterly and half-yearly positions;
- Review of the interim report;
- Proposal to determine the amount and breakdown of director's fees for Board Members;

- Proposal to ratify the co-opting of a new Board Member;
- Review of agreements covered by Articles L. 225-38 et seq. of the French Commercial Code;
- Discussion of the policy on gender equality and equal pay;
- Review of the proposed dissolution without liquidation of VIP PHARMA through the transfer of all assets and liabilities;
- Information on the Order concerning CSR data and the obligation to appoint an independent auditor to verify the report;
- Authorisation to increase the equity holding in HEALTHLEASE to 100%;
- Assessment of the Board's work.

Assessment of the Board's Performance

In the opinion of the Board of Directors, a formal self-assessment (on the basis of questionnaires) every three years is sufficient and any anomalies detected are addressed by the Board Members at each Board Meeting (various questions) without the need to update the agenda.
When points are raised during a meeting, the minutes record the discussion.
The most recent assessment took place during the meeting held on 13 December 2013, and the next will be no later than December 2016.
Individual questionnaires were sent together with the notice of Board meeting to each Board Member and corporate officer. All members responded.

Of the six questions asked:

- Two received 100% "Satisfactory" answers. They relate to:
  - The quality of the documentation provided to the members of the Board;
  - Availability of the Board members;

- Three received 90% "Satisfactory" answers and 10% "Needs improvement". They relate to:
  - Relevance of the topics on the agenda for the Board's role;
  - Monitoring of implementation of the Board's decisions;
  - Speaking and expressing opinions during Board meetings;

- One question received 80% "Satisfactory" answers and 20% "Needs improvement":
  - Was an information session held outside of the Board meetings during 2013? Was the session adequate?

Establishment of committees

In accordance with recommendation number 12 of the MiddleNext Code, we report to you on the company's choice of ad hoc committees.

In view of its structure and the size of its Board of Directors, PHARMAGEST INTERACTIVE considers that it does not need to set up a Compensation Committee or an Appointments Committee.

The PHARMAGEST Group's main business is publishing and marketing pharmacy management software in France, which does not generate significant impacts on the environment or on society. Accordingly, it does not consider it necessary to establish a CSR Monitoring Committee.

Audit Committee

Pursuant to applicable regulations, an Audit Committee was formed in 2006, although the Company is classified as a small- to mid-cap (companies listed in Euronext compartments B and C).

The main tasks of the Audit Committee and their performance are in line with the final report of the working group on audit committees, issued on 22 July 2010 by the AMF.

During 2013, the members of the Audit Committee were:

- Mr. Daniel ANTOINE, Board Member;
- Mr. Michel DUSSERRE, Independent Board Member;
- Mr. François JACQUEL, Board Member;

The Committee's members are appointed by the Board of Directors.

Michel DUSSERRE was appointed Chairman of the Audit Committee on 1 July 2010. He is an independent Board Member under the criteria of the MiddleNext Code and has the requisite financial and accounting expertise.

He also fulfils the secretarial role for the Audit Committee.

As recommended in the "Code of Corporate Governance for Listed Companies," there are no executive managers on the Audit Committees.

The Committee met four times during the 2013 financial year with an attendance rate of 100%.

The Audit Committee's rules of procedure were drawn up and approved in 2008. These rules were incorporated as part of the Board's rules of procedure, adopted by the Board of Directors on 16 June 2011.

The main roles and responsibilities of the Audit Committee are to monitor:

- The preparation of the Group's financial statements and financial information;
- The effectiveness of the internal control and risk management systems;
- The statutory audit of the Company’s annual financial statements and the Group’s consolidated financial statements;
- The independence of the Statutory Auditors.

In addition, the Board of Directors may assign any other responsibilities it deems appropriate to the Audit Committee, in line with the Board's duties.

Scope of the Audit Committee's work:

- The Committee is not limited solely to financial and accounting aspects and covers all areas of the company. It is the Audit Committee's responsibility to ensure that the Group has a process for identifying and analysing risks liable to have a material impact on the accounting and financial information;
- It must include in its review the risks that are reflected in accounting terms (including information in the notes to the financial statements) and the risks identified by the internal control and risk management systems established by general management and which may have an impact on the financial statements.

Hence, on the basis of the recommendations of the AMF working group, the Audit Committee:

- Conducts half-yearly and annual reviews of the financial statements with the Finance Department and the Statutory Auditors to ensure that all important events or complex transactions are correctly reflected in the accounts;
- Reviews the Registration Document, the interim report and the quarterly press releases, prior to publication;
- Ensures that the internal control and risk management system is in keeping with the Reference framework for internal control: Implementation guide for small- and mid-caps, issued by the AMF;
- Requests the Auditors' participation during Audit Committee meetings;
- Requests the Statutory Auditors to provide an annual statement of independence;
- Issues a recommendation on the Statutory Auditors proposed for appointment to the Annual General Meeting;
- Reports to the Board of Directors on the performance of its role and promptly informs it about any difficulties encountered.

During the 2013 financial year, the Audit Committee:

- Examined the annual and interim financial information;
- Reviewed the Statutory Auditors' presentation of their work and conclusions on the annual and interim consolidated financial statements;
- Monitored the financial and structural position of the Group's foreign subsidiaries;
- Analysed the independence of the Statutory Auditors;
- Analysed subsidiaries' equity holdings;
- In the area of internal control, invited the relevant Departments to present the areas of risk and of fraud in their sectors of activity.

Information was provided orally during its meetings and the Board of Directors was also informed about the work of the Audit Committee through its annual report.

In addition to on-going tasks (financial information, Statutory Auditors' conclusions and independence), the main subjects to be addressed during the 2014 financial year are summarised below:

- Continue to analyse internal control procedures with the relevant Departments to present the areas of risk and of fraud in their sectors;
- Examine the financial and structural position of the Group's French and foreign subsidiaries as at the start of the financial year, as well as any that are added to the scope of consolidation during the year;
- Examine the risk mapping and action plans arising as a result;
- Presentation by general management, encompassing:
    - growth plans,
    - main contracts.
- Monitor priority technology action programmes;
- Review internal audit procedures.

A number of specific operating committees also report to general management.

Operating Committees

The Finance and Personnel Management Committee
There are nine members on this committee.

Full name	Position(s)
Mr. Dominique PAUTRAT	Managing Director
Mr. Thierry PONNELLE	Deputy Managing Director Sales and Marketing Strategy Director
Mr. Denis SUPPLISSON	Deputy Managing Director Pharmacy France business Director
Mr. Thierry PONNELLE	e-Health Business Line Director
Ms. Liza NATAN	e-Business and e-Media Director
Mr. Thierry POIVEY	Deputy Managing Director, SABCO Belgium and Luxembourg Pharmacy 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 10 times in 2013 with an attendance rate of 92%.
It is tasked with examining the company's general policy and strategy, as well as the financial impact of decisions on the company's results.

Each business (operating activities: Pharmacy France, Pharmacy Belgium and Luxembourg, Pharmaceutical companies, 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 the business.

In addition, the company has adopted a cross-functional working method involving a representative from each of the participating departments on a project-by-project basis, from design through to end-of-life, working in various steering committees. The project managers then report to the Finance and Personnel Management Committee.

I.3 COMPENSATION OF CORPORATE OFFICERS

Compensation of non-executive Board Members

Non-executive Board Members receive director's fees, set in accordance with recommendation number 14 of the MiddleNext Code as follows:

- Directors' fees are paid to Board Members who do not have operating positions in the WELCOOP GROUP for which they are paid compensation;
- Directors' fees are distributed according to the distance to travel and attendance record.

Board Members based in the area receive €150 per meeting, while those based further away receive €250 (based on the need to set aside a full day).

In 2013, a flat €4,000 in attendance fees was paid to one Board Member who does not have an operational role in the WELCOOP Group according to the criteria above, and to the members of the Audit Committee. An additional €10,000 was paid to Mr. Michel DUSSERRE in respect of his specific responsibilities related to his 'specific financial or accounting expertise'.

The attendance fees for 2013 were paid on 31 December 2013.

For 2014, the total proposed for the approval of the shareholders at the Annual General Meeting of 27 June 2014 is €30,000.

Employment contract in conjunction with corporate office

In accordance with recommendation number 1 of the MiddleNext Code, the Board of Directors decided to authorise Mr. Dominique PAUTRAT to hold an employment contract concurrent with his corporate office.

Its decision was based on the Board Member's length of service with the company (since he already held an employment contract when he was appointed to the Board), his employment benefit intended to retain him in his role within the company and the low compensation paid for the role as corporate officer in view of the actual risks incurred.

Compensation of executive corporate officers

Pursuant to Article L. 225-102-1 of the French Commercial Code, the Management Report details all compensation and benefits paid to the members of the Board of Directors of PHARMAGEST INTERACTIVE.
The company complies with the standard presentation of compensation of corporate officers proposed in the AMF recommendation. In addition, the Board of Directors also complies with the principles of recommendation number 2 of the MiddleNext Code in determining compensation of corporate officers, ensuring it is exhaustive, balanced, benchmarked, consistent, clear, measured and transparent.

1) In general terms, compensation paid to the Managing Director and Deputy Managing Directors consists of fixed compensation in respect of their corporate office, fixed compensation in respect of their employment contract, as well as a benefit in kind (a company car, where applicable) and a bonus, established on the basis of results achieved, which are assessed based on the sector, Group-wide performance targets and factors related to each financial year.

Bonuses are recognised in the accounts of the financial year for which they are calculated, even if they are paid during the next or later financial years.

Compensation is set according to the following principles:

- The terms of their contracts are applied for Board Members who have an employment contract with PHARMAGEST INTERACTIVE.
  The bonus is calculated according to:
  The reference framework based on internal reporting according to ARC regulation 99.02

  - According to the targets for the PHARMAGEST Group's pre-tax operating profit for Mr. Dominique PAUTRAT;
  - According to quantitative targets based on the PHARMAGEST Group's pre-tax profit and gross operating profit (French GAAP) for the Pharmacy France business, as well as qualitative objectives (launch of PHARMAGEST Consulting and sales personnel certification) for Mr. Thierry PONNELLE;

- According to operating profit targets for the Pharmacy France business for Mr. Denis SUPPLISSON;
- Moreover, by an authorisation of the Board of Directors on 13 December 2013, Messrs. PAUTRAT, SUPPLISSON and PONNELLE will receive bonuses as follows, under their employment contracts, subject to meeting a number of targets over a four-year period (2013-2016), which are related to the Group's business plan and subject to continuity of employment in their current positions in PHARMAGEST INTERACTIVE, on the date of payment of the bonuses on 31 March 2017:

    * Mr. Dominique PAUTRAT: a long-term incentive bonus amounting to no more than €200,000 gross, and an acquisitions incentive bonus in respect of the PHARMAGEST Group, for the period 2013/2016 and concerning investments in 2013/2014, for an amount not to exceed a ceiling of €150,000 gross;
    • Messrs. Denis SUPPLISSON and Thierry PONNELLE: a long-term incentive bonus amounting to no more than €140,000 gross for Mr. SUPPLISSON and €80,000 for Mr. PONNELLE, and an acquisitions incentive bonus in respect of the PHARMAGEST Group, for the period 2013/2016 and concerning investments in 2013/2014, to be allocated between all the members of the Finance and Personnel Management Committee (with the exception of Mr. PAUTRAT), for an amount not to exceed a ceiling of €150,000 gross.

    Provisions are made in the financial statements for the incentive bonuses each financial year on a pro-rata basis, according to progress towards achieving the targets over the four-year period.

Compensation in respect of role as corporate officer:

• Mr. Dominique PAUTRAT's compensation for his role as corporate officer was set on the date of his appointment (as Deputy Managing Director) on 8 March 2008 at: €150 per month, increased to €2,000 per month as of 1 January 2010 when he was appointed Managing Director.
• Mr. Thierry PONNELLE's compensation for his role as corporate officer was set on the date of his appointment (as Deputy Managing Director) on 30 May 2002 at: €762.25 per month, increased to €2,062.50 per month as of 1 January 2007 in respect of his offices in the new subsidiaries (SABCO and SABCO Services), and then at €1,000 per month as of 1 January 2010 (following the termination of his functions in SABCO and SABCO Services).
• Mr. Denis SUPPLISSON was not compensated for his corporate office as Deputy Managing Director in the 2010 financial year. As of 1 January 2011, he was paid €200 per month, subsequently increased to €1,000 per month as of 1 January 2013.

2) For Mr. Thierry CHAPUSOT, compensation for his role as corporate officer was set on the date of his appointment (as Managing Director) on 30 May 2002 at €1,524.49 per month, increased to €2,000 per month as of 20 June 2008, and maintained for his role as Chairman of the Board of Directors as of 1 January 2010.

3) For its corporate officers, the Group has a defined contributions pension scheme, known as an "article 83" scheme (under article 83 of the French General Tax Code). The contribution paid by the employer is 8% of total salary (employment contract and directors' fees).

4) Corporate officers do not receive indemnities (with the exception of the payment for the non-compete clause in Mr. Dominique PAUTRAT's employment contract), severance pay, or advantages under defined-benefit retirement schemes, in accordance with recommendations 3 and 4 of the MiddleNext Code.

5) The Company has no bonus share or stock-option plans, as per recommendation number 5 of the MiddleNext code.

Table 1: Summary of compensation, stock options and bonus shares allocated to corporate officers

In €	31/12/2013	31/12/2012
CHAPUSOT THIERRY - Chairman of the Board of Directors		
Compensation due in respect of the financial year Value of multi-year bonuses granted during the financial year Value of stock options granted during the financial year Value of bonus shares	24,000 0 0 0	24,000 0 0 0
TOTAL	**24,000**	**24,000**
PAUTRAT Dominique - Managing Director/Board Member		
Compensation due in respect of the financial year Value of multi-year bonuses granted during the financial year Value of stock options granted during the financial year Value of bonus shares	201,408 30,000 0 0	200,939 0 0 0
TOTAL	**231,408**	**200,939**
PONNELLE Thierry - Deputy Managing Director/Board Member		
Compensation due in respect of the financial year Value of multi-year bonuses granted during the financial year Value of stock options granted during the financial year Value of bonus shares	121,652 8,000 0 0	123,402 0 0 0
TOTAL	**129,652**	**123,402**
SUPPLISSON Denis - Deputy Managing Director/Board Member		
Compensation due in respect of the financial year Value of multi-year bonuses granted during the financial year Value of stock options granted during the financial year Value of bonus shares	157,561 10,250 0 0	147,961 0 0 0
TOTAL	**167,811**	**147,961**

Table 2: Summary of compensation paid to each corporate officer - In €:

CHAPUSOT Thierry Chairman of the Board of Directors	2013		2012	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Salary				
Annual bonus				
Multi-year bonus				
Exceptional compensation				
Corporate office	24,000	24,000	24,000	24,000
Directors' fee				
Benefit in kind (car)				
TOTAL	**24,000**	**24,000**	**24,000**	**24,000**

PAUTRAT Dominique Managing Director / Board Member	2013		2012	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Salary	135,000	135,000	135,000	135,000
Annual bonus	37,800	37,800	37,800	37,800
Multi-year bonus	30,000	0	0	0
Exceptional compensation	0	13,000	0	22,461
Corporate office	2,000	24,000	24,000	24,000
Directors' fee	0	0	0	0
Benefit in kind (car)	4,608	4,608	4,139	4,139
TOTAL	**231,408**	**214,408**	**200 939**	**223,400**

PONNELLE Thierry Deputy Managing Director/Board Member	2013		2012	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Salary	89,652	89,652	89,652	89,652
Annual bonus	20,000	21,750	21,750	21,000
Multi-year bonus	8,000	0	0	0
Exceptional compensation	0	0	0	2,465
Corporate office	12,000	12,000	12,000	12,000
Directors' fee	0	0	0	0
Benefit in kind (car)	0	0	0	0
TOTAL	**129,652**	**123,402**	**123,402**	**125,117**

SUPPLISSON Denis Deputy Managing Director/Board Member	2013		2012	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Salary	105,600	105,600	105,600	105,600
Annual bonus	36,000	36,000	36,000	33,000
Multi-year bonus	10,250	0	0	0
Exceptional compensation	0	0		7,365
Corporate office	12,000	12,000	2,400	2,400
Directors' fee	0	0	0	0
Benefit in kind (car)	3,961	3,961	3,961	3,961
TOTAL	**167,811**	**157,561**	**147,961**	**152,326**

Table 3: Directors' fees and other compensation paid to non-executive corporate officers

In €	2013	2012
MOREAUX Hugues - (Representing the WELCOOP Group Board Member)		
Directors' fee	0	0
Other compensation	0	0
TOTAL	**0**	**0**
ANTOINE Daniel		
Directors' fee	750	600
Other compensation	4,000	4,000
TOTAL	**4,750**	**4,600**
DUSSERRE Michel		
Directors' fee	600	450
Other compensation	14,000	14,000
TOTAL	**14,600**	**14,450**
JACQUEL François		
Directors' fee	750	1,000
Other compensation	4,000	4,000
TOTAL	**4,750**	**5,000**
LHOTE Anne		
Directors' fee	0	0
Other compensation	0	0
TOTAL	**0**	**0**
LE BELLEGO William		
Directors' fee	0	0
Other compensation	0	0
TOTAL	**0**	**0**
MAYEUX Sophie (Independent Board Member from 21/06/2012)		
Directors' fee	450	450
Other compensation	0	0
TOTAL	**450**	**450**
VIVIER Philippe (Independent Board Member until 21/6/2012)		
Directors' fee	0	150
Other compensation	0	2,000
TOTAL	**0**	**2,150**

Table 4: Stock options or bonus shares allotted by the issuer and by Group companies to each corporate officer during the financial year

Not applicable

Table 5: Stock options exercised during the year by each corporate officer

Not applicable

Tables 6 and 7: Bonus share grants to corporate officers

Not applicable

Table 8: History of stock options granted

Information on stock options	
Date of Board Meeting	10/09/2004
Total number of shares that may be subscribed or purchased	53,150
Of which the number that may be subscribed or purchased by the corporate officers:* *- Thierry CHAPUSOT* *- Dominique PAUTRAT* *- Thierry PONNELLE* *- Denis SUPPLISSON* *- William LE BELLEGO*	 *1,000* *1,000* *1,000* *1,000* *1,000*
Earliest exercise date Last exercise date Subscription price	10/09/2008 09/09/2012 28.79 €
Number of shares issued on exercise of options as at 09/09/2012	43,300
Aggregate number of options cancelled, expired or forfeited	9,850
Remaining options	0

* During the stock option exercise period.

Table 9: Options granted to or exercised by the top ten employee grantees (other than corporate officers)

	Total number of options granted/shares subscribed or purchased	Weighted average price
Options granted during the year by the issuer and any company included in the scope of the stock option plan to the ten employees of these companies to whom the most options were granted	0	/
Options granted by the Company and any companies included in the plan and exercised during the year by the ten employees of these companies having exercised the most options	0	/

Table 10: History of bonus share grants

Not applicable

Table 11: Corporate officers

	Employment contract		Supplementary pension plan		Compensation or benefits due or that may be due on termination or change in position		Indemnity relative to a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
CHAPUSOT Thierry								
Chairman of the Board of Directors **Term of office start date:** Appointed Managing Director and Board Member on 30/05/2002, then Chairman of the Board of Directors on 05/11/2009 with effect from 01/01/2010.0 **Term of office expires on: 31/12/13**		X	X			X		X
PAUTRAT Dominique								
Managing Director Board Member **Term of office start date:** Appointed Board Member on 19/06/2009 and Managing Director and Board Member on 05/11/2009 with effect from 01/01/2010 **Term of office expires on:** 31/12/13 (duties as Managing Director)	X		X			X	X(1)	
PONNELLE Thierry								
Deputy Managing Director and Board Member **Term of office start date:** Appointed Deputy Managing Director and Board Member on 30/05/2002 **Term of office expires on:** 31/12/13	X		X			X		X
SUPPLISSON Denis								
Deputy Managing Director and Board Member **Term of office start date:** Appointed Deputy Managing Director (non-Board Member) on 09/11/2010 and Deputy Managing Director and Board Member on 1 January 2013 **Term of office expires on:** 31/12/13 (duties as Deputy Managing Director)	X		X			X		X

(1) Non-compete clause with financial compensation amounting to 50% of monthly salary for 12 months, calculated based on average salary for the last 12 months.

I.4 OTHER ITEMS UNDER ARTICLE L. 225-37 OF THE FRENCH COMMERCIAL CODE

The methods of participation in Annual General Meetings are specified in Article 2.1.2.5 of the Articles of Association.

Factors that may have an impact in the event of a public offering are mentioned in the Management Report presented to the AGM.

II. INTERNAL CONTROL AND RISK MANAGEMENT

This report was prepared based on the Implementation guide for the reference framework for small- and mid-caps, updated by the AMF in July 2010 (and available on the website of the AMF: www.amf-france.org), and on the contributions of the Internal Audit Department, the Finance Department and the Audit Committee

II.1 Definition and objectives of risk management and internal control

Risk management:

Risk management is a key management lever helping to:

- Create and safeguard the company's value, assets and reputation;
- Establish secure decision-making and corporate processes to attain our objectives;
- Promote actions that reflect the company's values;
- Mobilise personnel around a shared vision of the main risks.

Internal control:

The internal control principles and procedures in the PHARMAGEST Group aim to:

- Ensure compliance with law and regulations;
- Ensure that general management guidelines and instructions are implemented and complied with;
- Ensure efficient internal processes, particularly those that help to safeguard the Company's assets;
- Ensure that the Group's accounting, financial and management information communicated to management bodies is reliable and fairly stated.

Risk management and internal control procedures provide further control over the activities of the Group.

Risk management procedures aim to identify and analyse the main risks to which PHARMAGEST is exposed. The risks that exceed limits deemed acceptable by the PHARMAGEST Group are dealt with and, where necessary, action plans are set in motion.

Internal control draws on the risk management system to identify the main risks to be controlled.

II.2 General organisation of risk management and internal control

Risk management:

The risk management process focuses on identifying risks in each operating and functional department.

The system is updated in line with developments in the business and the environment, and at least every two years, but also according to organisational changes in departments that could lead to a change in the perception and identification of risks by the departments.

Once identified, risks are mapped with priority based on probability of occurrence and their potential financial impact on the PHARMAGEST Group.

These risk maps are presented and commented on to general management and the Audit Committee.

The approach to addressing risk is then analysed in order to select the most appropriate action programmes for the Group. To contain risks within acceptable limits for departments, measures may be initiated to reduce, transfer, eliminate or indeed accept the risk.

Internal control:

An internal control process is established to deal with the risks identified.

All internal control procedures are inventoried in a procedures manual.

The manual is provided to all personnel with access rights to be implemented as required.

The aim of the manual is to improve our operations and in particular to:

- Define the stages to follow for the PHARMAGEST Group's main activities;
- Describe the conditions for conducting operations;
- Define the responsibilities assigned to personnel for each stage of operations;
- Know the tools provided;
- Identify the checks to be carried out to ensure operations are carried out correctly (self-assessment, management checks, internal and external audits, etc.).

The processes identified by the Group concern:

- Purchasing and logistics services;
- Sales and marketing;
- Customer service (installation, training, hotline, after-sales service);
- Production and processing of accounting and financial information (operating cycle, investment cycle, financing cycle and cash cycle, etc.);
- Information systems and network security;
- Human resources management;
- Protection of assets (brands, programmes, etc.).

The Administration and Finance Department ensures compliance with internal procedures using existing controls and procedures, and carries out random checks in the event of failure to keep to budgets.

No material anomalies or issues were detected during the checks carried out in fiscal 2013.

Improvement process:

A process of continuous improvement underlies risk management and internal control. It aims to continually identify and assess new risks, measure the capability of the control system to control these risks and to introduce the improvements deemed necessary to monitor the effectiveness of the system.

In 2013, the main actions in this regard targeted:

- Continued control of risks of fraud and errors by random checks on procedural compliance;
- Continued upgrade of steering processes to report to general management;
- Continued critical analysis of the relevance and correct application of existing provisions relating to the organisation, procedures and information systems;
- Reinforcement of steering tools for customer and financial risk in the subsidiaries;
- Review of internal audit by the Audit Committee;
- Review, structuring and reinforcement of internal audit with the help of an external firm;
- Updating the PHARMAGEST Group's risk map and prioritisation of risks.

The main actions for 2014 will be:

- Continued control of risks of fraud and errors by random checks on procedural compliance;
- Continued critical analysis of the relevance and correct application of existing provisions relating to the organization, procedures and information systems;
- Reinforcement of steering tools for financial risk in the subsidiaries;
- Control of information system security;
- Monitoring of priority technology action programmes by the Audit Committee;
- Evaluation and management of the risks of newly consolidated companies.

The PHARMAGEST Group continues its gradual approach of adapting its internal control system to the Reference framework for risk management and internal control systems, updated and made available on line by the AMF on 22 July 2010, in order to continue to improve risk management, control processes and activities, as well as permanent oversight.

II.3 Scope of risk management and internal control

The risk management and internal control systems are applied in the companies under direct management.

Accordingly, consistency checks and once-off controls are performed on ADL, MALTA INFORMATIQUE and equity-consolidated companies according to the instructions of the Group's general management.

II.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 the operations managers according to their area of competence.

PHARMAGEST INTERACTIVE is managed by the Board of Directors, which meets on a regular basis to decide on the company's strategy, informed by the financial statements, management dashboards, budgets and financial positions.

For day-to-day management, the Board is backed by:

- General management;
- The Audit Committee;
- The Finance and Personnel Management Committee;
- The Management Committees for the businesses and the Steering Committees operating in project mode;
- Internal audit;
- Management control.

The Management Committees are permanent bodies.

II.5 Identification of risk factors

The main risk factors identified are:

The risks inherent in the business:

The 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 general management.

The economic environment / Indirect risks related to government decisions: The 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.

The Pharmacy France business line accounts for 80% of the Group’s total sales. As such, a government decision, for example to remove medicines from the list of those eligible for reimbursement, and which generates an impact on pharmacists' revenue and therefore on their investment levels, could also have a knock-on impact on the revenue of the PHARMAGEST Group. However, the Group has consistently demonstrated that its efficient forward planning and continuing focus on innovation to provide pharmacists with solutions in line with the shifting health landscape has had a positive impact overall.

This risk is monitored by the Management Committees for the different businesses which report directly to general management.

Intellectual property:

- The Group owns the patent for the LGPI Global Services® software in France. Its subsidiaries, DIATELIC, INTECUM and the GROUPE DOMEDIC INC., own the patents for systems developed;
- All the brands and domain names used by the PHARMAGEST Group and its subsidiaries are registered in France and some of them are also registered in Europe;
- The Group systematically files the copyright to the sources and new versions of its software with the Agency for the Protection of Programs (APP).

This risk is monitored by general management within the Finance and Personnel Management Committee.

Social risks:

As at 31 December 2013, the PHARMAGEST Group employs 776 personnel (full-time equivalent - FTE) staff 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). This risk is monitored by the Human Resources Department within the Finance and Personnel Management Committee which reports to general management.

Operational risks

Risks related to information systems and network security: the PHARMAGEST Group introduced three completely separate architectures: one for its internal needs, one for customer products and services, and one for its personal data hosting customers. Each architecture incorporates tried-and-tested security methods and firewall systems. Services are hosted on two sites in separate locations and on servers that currently have partial redundancy.
A business continuity plan, a back-up and archive plan and a disaster recovery plan were reviewed in 2013 in the 20 departments considered to be the most critical. This risk is monitored by general management within the Finance and Personnel Management Committee.

Financial risks

The management of these risks is presented under 20.3.1.5.15 of the notes to the consolidated financial statements in this Registration Document. They primarily concern liquidity risk. This risk is monitored by the Administration and Finance Department within the Finance and Personnel Management Committee which reports to general management.

Risk of fraud and errors

This risk is monitored by the Administration and Finance Department within the Finance and Personnel Management Committee which reports to general management.

II.6 Inherent limits of 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.

II.7 Preparation and control of financial and accounting information for shareholders

The main elements of the PHARMAGEST Group's control system

The general management team and the Administration and Finance Department are responsible for the preparation of accounting and financial information for shareholders. Through the Audit Committee, the Board of Directors exercises permanent oversight of the financial information and the procedures used to compile it.

The Audit Committee and the Board of Directors use the analytic information provided by management control and internal audit.

The procedures for the preparation of the consolidated financial statements are primarily based on:

- Ensuring harmonisation of rules and methods;
- Continuous information on accounting news and changes in IFRS standards through accounting and financial documentation and various themed meetings organised by MiddleNext and the AMF;
- Use of a specific consolidation system developed by Lefebvre Software;
- Audit of the main changes and operations in Group companies to clarify restatements.

The consolidated financial statements are prepared quarterly and submitted for approval to the Board of Directors.

Relations with the Statutory Auditors

The accuracy, fairness and faithful representation of the individual financial statements of PHARMAGEST INTERACTIVE and of the information provided to shareholders are subject to certification by two Statutory Auditors who present the conclusions of their audit engagements to the Audit Committee.

24.6 Statutory Auditors' report on the report of the Chairman of the Board of Directors pursuant to Article L. 225-235 of the French Commercial Code

To the Shareholders,

In our capacity as Statutory Auditors of PHARMAGEST INTERACTIVE and in application of Article L. 225-235 of the French Commercial Code, we hereby report to you on the report prepared by the Chairman of your company in accordance with article L. 225-37 of the said Code for the year ended 31 December 2013.

It is the Chairman's responsibility to prepare and submit for the Board's approval a report on internal control and risk management procedures implemented by the company and to provide the other information required by article L. 225-37 of the French Commercial Code relating to matters such as corporate governance.

Our role is to:

- Report to shareholders our comments on the information contained in the Chairman's report concerning the internal control and risk management procedures related to the preparation and processing of accounting and financial information, and
- Confirm that the report also includes the other information required by article L. 225-37 of the French Commercial Code. It should be noted that our role is not to verify the fairness of this information.

We conducted our work in accordance with professional standards applicable in France.

Information on the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's Report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information.

These procedures consist mainly in:

- Obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and of the existing documentation;
- Obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- Determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we may have detected in the course of our work have been properly disclosed in the Chairman's Report.

On the basis of our work, we have no matters to report on the information concerning the company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Board of Directors in accordance with article L. 225-37 of the French Commercial Code.

Other information

We confirm that the Chairman's report contains the other information required by Article L. 225-37 of the French Commercial Code.

In Vandœuvre-lès-Nancy and Courbevoie, on 25 April 2014

The Statutory Auditors,

BATT AUDIT
Statutory Auditor

Isabelle SAGOT

MAZARS
Statutory Auditor

Jean-Brice de TURCKHEIM

24.7 Draft resolutions

FIRST RESOLUTION

Approval of the individual financial statements

The Ordinary General Meeting,

Having considered:

- The Management Report of the Board of Directors on the activities and results of PHARMAGEST INTERACTIVE and its subsidiaries during the financial year ended on 31 December 2013 and on the financial statements for this period, the CSR report and the Chairman's Special Report in accordance with Article L. 225-37 of the French Commercial Code,

- The report of the Statutory Auditors on the annual financial statements in performance of their engagement for this financial year, and the report of the Statutory Auditors on the Chairman's Special Report,

Hereby approves the annual financial statements as they are presented showing a profit of €15,075,829.43.

In accordance with Article 223c of the French General Tax Code, the Annual General Meeting approves the expenditure and charges covered by Article 39-4 amounting to a total of €120,008 and giving rise to €40,003 in tax.

SECOND RESOLUTION

Discharge of the Board Members

The Ordinary General Meeting,

Gives discharge to the members of the Board for their roles and responsibilities and gives discharge to the Statutory Auditors.

THIRD RESOLUTION

Approval of the consolidated financial statements

The Ordinary General Meeting,

Having considered the Management Report of the PHARMAGEST Group and the report of the Statutory Auditors, approves the consolidated financial statements as at 31 December 2013, as presented.

FOURTH RESOLUTION

Appropriation of earnings

The Annual General Meeting,

Approves the recommendation made by the Board of Directors and resolves to appropriate the €15,075,829.43 in profit for the period as follows:

Net profit for the year Retained earnings	15,075,829.43 € 19,747,151.82 €
Amount available to shareholders	**34,822,981.25 €**
Dividend of €2.50 per share The balance, Is appropriated to retained earnings.	**7,587,062.50 €** 27,235,918.75 €

Equity will then amount to €50,297,726.

The dividend per share will amount to €2.50.

The dividend will be available for payment with effect from 4 July 2014 at the BNP PARIBAS Bank responsible for managing the securities.

If PHARMAGEST INTERACTIVE holds shares in treasury at the time of the dividend payment (under a liquidity contract), the amount of unpaid dividends as a result will be appropriated to retained earnings.

The above dividends entitle individuals to 40% tax relief on the total amount. Furthermore, it is specified that pursuant to current law, the following withholdings at source will be made by the company from dividends paid to individuals who are French tax residents:

- A compulsory social security withholding: at the current rate of 15.5%;
- A compulsory non-definitive withholding of 21% (Article 117c (new) of the French General Tax Code). Income is taken at gross value to calculate this amount. 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 less than €50,000 for single, divorced or widowed taxpayers and less than €75,000 for taxpayers subject to joint taxation, can apply for an exemption, under the conditions provided in Article 242c. This withholding represents an advance on income tax which may be offset against the tax due for the year during which the dividend was paid. If it is higher than the amount due, the difference is refunded.

In accordance with the law, the General Meeting records that the dividend payments for the last three years were as follows:

Year	Dividend per share	Dividend eligible for the 40% allowance (paid to individuals)	Dividend not eligible for the 40% allowance (paid to legal entities)
31/12/2010	1.50 €	1.50 €	1.50 €
31/12/2011	1.80 €	1.80 €	1.80 €
31/12/2012	2.10 €	2.10 €	2.10 €

FIFTH RESOLUTION

New agreement governed by Article L. 225-38 of the French Commercial Code

The Ordinary General Meeting,

Ruling on the special report of the Statutory Auditors presented to the Meeting on agreements governed by Article L. 225-38 et seq. of the French Commercial Code, hereby approves the new agreement entered into with Mr. Dominique PAUTRAT, Managing Director and Board Member, relating to the amendment of some aspects of his employment contract, an agreement that was presented to you in the Board of Directors' Management Report.

SIXTH RESOLUTION

New agreement governed by Article L. 225-38 of the French Commercial Code

The Ordinary General Meeting,

Ruling on the special report of the Statutory Auditors presented to the Meeting on agreements governed by Article L. 225-38 et seq. of the French Commercial Code, hereby approves the new agreement entered into with Mr. Thierry PONNELLE, Deputy Managing Director and Board Member, relating to the amendment of some aspects of his employment contract, an agreement that was presented to you in the Board of Directors' Management Report.

SEVENTH RESOLUTION

New agreement governed by Article L. 225-38 of the French Commercial Code

The Ordinary General Meeting,

Ruling on the special report of the Statutory Auditors presented to the Meeting on agreements governed by Article L. 225-38 et seq. of the French Commercial Code, hereby approves the new agreement entered into with Mr. Denis SUPPLISSON, Deputy Managing Director and Board Member, relating to the amendment of some aspects of his employment contract, an agreement that was presented to you in the Board of Directors' Management Report.

EIGHTH RESOLUTION

Continuation of previous agreements governed by Article L. 225-38 of the French Commercial Code

The Ordinary General Meeting,

Ruling on the special report of the Statutory Auditors presented to the Meeting on agreements governed by Article L. 225-38 et seq. of the French Commercial Code, hereby records that agreements previously approved by the Ordinary General Meeting of Shareholders are still in force.

NINTH RESOLUTION

Authorisation for the Company to buy back shares

The Ordinary General Meeting,

Acting under the conditions of quorum and majority required for Ordinary General Meetings, after having reviewed the information in the Management Report of the Board of Directors and in accordance with Articles L. 225-209 et seq. of the French Commercial Code and EC Regulation number 2273/2003 of 22 December 2003,

Authorises the Board of Directors, with the option to sub-delegate in accordance with the law and the Articles of Association of PHARMAGEST INTERACTIVE, to carry out the purchase by PHARMAGEST INTERACTIVE of its own shares up to a limit of 10% of the share capital, i.e. to a maximum of 303,482 shares.

The General Meeting resolves that the purpose of this share buy-back authorisation with the option to sub-delegate in accordance with the law is:

- To promote trading and ensure the liquidity of the share via an investment services provider, under the terms of a liquidity contract that complies with the Ethics Charter recognised by the AMF;
- To purchase shares and retain them for subsequent tendering in exchange or payment for acquisitions;
- To grant shares to the employees or corporate officers of PHARMAGEST INTERACTIVE or its Group, in accordance with the terms and conditions provided by law, notably as part of a profit-sharing plan, to cover stock options, as part of a company savings plan or to be used to grant performance-based bonus shares to employees pursuant to the provisions of Articles L. 225-197-1 et seq. of the French Commercial Code.

The General Meeting resolves that:

- The maximum price per share may not exceed €200;
- The maximum amount that may be invested by PHARMAGEST INTERACTIVE under the programme is €60,696,400 for 10% of the share capital.

In the event of a capital increase by a capitalisation issue and a grant of bonus shares, as well as in the event of a share split or reverse share split, the prices given above will be adjusted by a multiplier factor equal to the ratio between the number of shares making up the share capital before and after the transaction.

The purchase, sale or transfer of shares may be carried out by any means authorised by applicable regulations, in the market, by mutual agreement and including through block purchases, at any time, including while a public tender offer is in progress.

The Ordinary General Meeting grants full powers to the Board of Directors, with the option to sub-delegate in accordance with the law and the Articles of Association of PHARMAGEST INTERACTIVE, to place all buy and sell orders, enter into all agreements, carry out all formalities and generally do whatever is necessary to implement this resolution.

This authorisation is granted for a period of eighteen months, that is until 26 December 2015. It cancels and replaces the authorisation previously granted by the sixth resolution of the PHARMAGEST INTERACTIVE General Meeting of 21 June 2013.

In its Management Report, the Board of Directors will report annually to the General Meeting on the transactions carried out under this authorisation.

TENTH RESOLUTION

Directors' fee

The Ordinary General Meeting,

Resolves to set the amount of directors' fees to be allocated to Board Members for 2014 at €30,000.

ELEVENTH RESOLUTION

Re-appointment of Mr. Thierry CHAPUSOT as Board Member

The Ordinary General Meeting,

Having noted the expiration of his term of office, decides to re-appoint Mr. Thierry CHAPUSOT for a further six-year term, i.e. until the Ordinary General Meeting convened to approve the financial statements for the year ended on 31 December 2019.

TWELFTH RESOLUTION

Re-appointment of Mr. Thierry PONNELLE as Board Member

The Ordinary General Meeting,

Having noted the expiration of his term of office, decides to re-appoint Mr. Thierry PONNELLE for a further six-year term, i.e. until the Ordinary General Meeting convened to approve the financial statements for the year ended on 31 December 2019.

THIRTEENTH RESOLUTION

Re-appointment of Mr. Daniel ANTOINE as Board Member

The Ordinary General Meeting,

Having noted the expiration of his term of office, decides to re-appoint Mr. Daniel ANTOINE for a further six-year term, i.e. until the Ordinary General Meeting convened to approve the financial statements for the year ended on 31 December 2019.

FOURTEENTH RESOLUTION

Re-appointment of the WELCOOP GROUP as Board Member

The Ordinary General Meeting,

Having noted the expiration of the term of office of the WELCOOP GROUP, decides to reappoint it a further six-year term, i.e. until the Ordinary General Meeting convened to approve the financial statements for the year ended on 31 December 2019.

FIFTEENTH RESOLUTION

Re-appointment of Mr. François JACQUEL as Board Member

The Ordinary General Meeting,

Having noted the expiration of his term of office, decides to re-appoint Mr. François JACQUEL for a further six-year term, i.e. until the Ordinary General Meeting convened to approve the financial statements for the year ended on 31 December 2019.

SIXTEENTH RESOLUTION

Re-appointment of the incumbent representative of the Statutory Auditors, BATT AUDIT

The Ordinary General Meeting,

Having recorded the expiration of the engagement of the incumbent Statutory Auditors, BATT AUDIT, decides to re-appoint BATT AUDIT for a further six-year term, i.e. until the Ordinary General Meeting convened to approve the financial statements for the year ended on 31 December 2019.
Pursuant to Article L. 822-14 of the French Commercial Code, Mr. Stéphane RONDEAU will represent BATT AUDIT replacing Ms. Isabelle SAGOT.

SEVENTEENTH RESOLUTION

Appointment of a new joint Statutory Auditor

The Ordinary General Meeting,

Having recorded the expiration of the engagement of the substitute Statutory Auditors, SOVEC, decides to appoint REVILEC AUDIT ET ASSOCIES, 25 rue du Bois de la Champelle à VANDOEUVRE-LES-NANCY (France) as the new substitute Statutory Auditors for a six-year term, i.e. until the Ordinary General Meeting convened to approve the financial statements for the year ended on 31 December 2019.

EIGHTEENTH RESOLUTION

Authorisation to issue stock options

The Extraordinary General Meeting,

Having heard the report of the Board of Directors and the report of the Statutory Auditors, pursuant to Articles L. 225-177 et seq. of the French Commercial Code, authorises the Board of Directors and grants it the powers necessary to grant options to purchase the company's share as a result of the prior purchase of the said shares by the Company, up to a limit of 10% of the share capital. This stock option will confer the right to purchase a company share.

The authorisation may be used by the Board of Directors for a period of 38 months as of the date of this Meeting.

The Board of Directors shall draw up the stock option plan, including the conditions under which the options may be granted, and in particular:

- To determine the beneficiaries, who shall be members of staff, or certain members of staff, of PHARMAGEST INTERACTIVE and of the subsidiaries in which it has a stake of 50% or more;
  However, corporate officers, executive corporate officers and the members of the Finance and Personnel Management Committee of PHARMAGEST INTERACTIVE as at the date of granting the options are not eligible for the programme. Moreover, options may not be granted to employees or corporate officers who hold more than 10% of the share capital;
- Purchase price: since PHARMAGEST INTERACTIVE's shares are traded on a regulated market, the purchase price may not be less than 80% of the average share price during the 20 trading sessions prior to the grant date by the Board of Directors, or less than 80% of the average purchase price of the shares held by PHARMAGEST INTERACTIVE, in accordance with Articles L. 225-208 and L. 225-209 of the French Commercial Code;
- Once set, the price may not be changed throughout the term of the stock option, unless such adjustment is required following subsequent financial transactions liable to influence the share price;
- The number of shares each beneficiary is entitled to purchase;
- The conditions under which the options will be granted, as well as the exercise conditions;
- Where relevant, clauses prohibiting the immediate resale of all or part of the shares, where the retention period may not exceed three years from the date of exercising the option;
- The option grant dates.

Stock options must be exercised within eight years from the grant date.

Each year, the Board of Directors shall report to the Ordinary General Meeting of Shareholders on the transactions carried out under this authorisation.

NINETEENTH RESOLUTION

Powers for formalities.

The Ordinary and Extraordinary General Meeting,

Grants full powers to the bearer of an original or copy of the minutes of this meeting to perform all formalities required by law.

24.8 Upcoming publications

First-quarter 2014 sales	15 May 2014
Second-quarter 2014 sales	07 August 2014
2014 interim results	23 September 2014
Third-quarter 2014 sales	13 November 2014
Fourth-quarter 2014 sales	12 February 2015
2014 annual results	Before 31 March 2015

25 INFORMATION ON SHAREHOLDINGS

PHARMAGEST INTERACTIVE's subsidiaries and equity holdings are presented in the notes to the individual financial statements in 20.3.2.3.5 of this Registration Document.

REGISTRATION DOCUMENT 2013

PHARMAGEST

WELCOOP SOLUTION

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