



**PHARMAGEST**

**WELCOOP SOLUTION**



AUTORITÉ  
DES MARCHÉS FINANCIERS  
DES MARCHÉS FINANCIERS  
FRANÇAIS

## PHARMAGEST INTERACTIVE

A French *société anonyme* with capital of €3,034,825  
Head office: 5, allée de Saint Cloud  
54,600 VILLERS-LES-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 2015, 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 2012 and 31 December 2013, which are contained in the 2012 Registration Document, filed under number D. 13-0438 on 26 April 2013, and the 2013 Registration Document, filed under number D. 14-0427 on 29 April 2014, respectively.



# PHARMAGEST

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# 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 2014 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 2014 Registration Document 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 2013 and 31 December 2012, presented in section 20.4 and incorporated herein by reference to the financial year ended on 31 December 2014, have been audited by the statutory auditors.

The Statutory Auditors' Report on the consolidated financial statements for FY 2012 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 2013 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 2014 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 and reappointed on 27 June 2014 until the Annual General Meeting convened to approve the financial statements for the financial year ended on 31 December 2019,

Represented by Stéphane RONDEAU since 2014.

##### **MAZARS**

61, rue Henri Regnault

92400 COURBEVOIE

First appointed on 23 June 2005 and reappointed 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 Laurence FOURNIER since 2014.

#### Substitute statutory auditors

##### **REVILEC AUDIT ET ASSOCIES**

25, rue du Bois de la Champelle

54 600 VANDOEUVRE LES NANCY

First appointed on 27 June 2014 until the Annual General Meeting convened to approve the financial statements for the financial year ended on 31 December 2019.

##### **Monsieur Antoine MERCIER**

22, boulevard des Iles

56000 VANNES

First appointed on 23 June 2005 and reappointed 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

None.



## 3 SELECTED FINANCIAL INFORMATION

### 3.1 Consolidated financial information relative to past years

In €M*	2014	2013	2012
Net sales	114.6	113.4	108.7
Current operating profit	25.51	23.12	20.14
Operating profit	25.51	23.12	20.14
Consolidated net profit/(loss) attributable to equity holders of the parent	17.01	15.83	13.52
Equity capital - Group share	81.34	75.64	66.48
Net cash	47.51	44.76	41.70
Fixed assets net of amortisation/provisions	44.39	43.75	42.81
<b>Total assets</b>	<b>113.55</b>	<b>109.41</b>	<b>101.90</b>
Gearing (net debt/equity)	-56.47%	-56.55%	-57.39%
ROE (net profit/(loss)/shareholders' equity)	21%	21%	21%
Headcount	801	793	767
Dividend <sup>(1)</sup>	2.90	2.50	2.10
<b>Basic earnings per share</b>	<b>5.68</b>	<b>5.22</b>	<b>4.45</b>

\* except the dividend and the basic earnings per share (in euro).

<sup>(1)</sup> The dividend per share given for the 2014 financial year is the dividend that will be proposed to the AGM on 26 June 2015.

### 3.2 Individual financial information relative to past years

The main historical data for the individual financial statements of PHARMAGEST INTERACTIVE are 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 that could have a material negative impact on its business, financial position, results, or on its ability to achieve its objectives, and considers that there are no material risks other than those presented in the Chairman's report in Section 24.5 of this Registration Document.





## 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 (RCS Nancy) under number B 403 561 137 and its NAF 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](http://www.pharmagest.com), Investor Relations: 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 GROUPE WELCOOP 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 43% 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, we substantially expanded our line-up and extended our expertise to care homes.

The acquisition of AZUR Software's goodwill in April 2009 further deepened our footprint in the sector.

#### **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, especially to pharmacies;
- Acquisition of a 41.6% stake in DIATELIC on 20 September 2010, providing us 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 our line-up for pharmacies with the addition of the SELLEN automated dispensing system;
- May 2011 saw PHARMAGEST INTERACTIVE acquire 35% of the Canadian DOMEDIC Group, 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.

#### **5.1.5.2 Recent events**

##### **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 our **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, our 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, we were successful in 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 us autonomy and security in terms of client financing;
  - SABCO, increasing our holding from 90% to 100% in December 2013.



#### 2014: Stronger, more streamlined, increased equity stakes:

- Absorption of VIP PHARMA by PHARMAGEST INTERACTIVE via the transfer of all assets and liabilities effective on 1 January 2014;
- 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 and Guiana.
- Acquisition of additional equity in DIATELIC, bringing our share in the capital to 95.29% from 68.58%.

#### Divestments and dilutions:

- Dilution of the holding in QUALITY FLUX from 21.98% to 15.15% following a capital increase and the admission of three new shareholders; PHARMAGEST INTERACTIVE decided not to participate in this capital increase. Since the transaction resulted in the loss of significant influence, QUALITY FLUX was deconsolidated based on a zero fair value;
- Disposal of 30% of KAPELSE securities without loss of control.

## 5.2 Capital expenditure

### 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	2014	2013	2012
Intangible assets	2,545	2,874	1,115
Tangible assets	783	949	1,411
<b>TOTAL</b>	<b>3,328</b>	<b>3,823</b>	<b>2,526</b>

A large proportion of our 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 and 2014 were significant for 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:

- Building the extension to our 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:
  - None



- 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.
  - In 2014:
    - . Following a share buyback, the holding in DIATELIC was increased from 68.58% to 95.29% in January.

## 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.

We are also keeping up the pace of investment in the framework of:

- Our 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.

We are also pursuing our acquisition strategy, which means examining opportunities for external growth internationally and in the domestic market, giving priority to health-related innovative services and technologies.

## 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](http://www.pharmagest.com).  
Gilbert Dupont (the market maker firm) has a research commitment to 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, GROUPE WELCOOP, 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 us with the vision and foresight we need to develop the tools to support our customers.

##### Internal skills base

As a producer of proprietary solutions, the PHARMAGEST Group delivers comprehensive expertise in pharmacy information technology. Our 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

Our expertise in R&D and in-depth knowledge of the needs and expectation of our 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, Health and Women's Rights, applicable to all IT providers in the French market, and with the Royal Decree and the Chamber of Pharmacists in Belgium.

Digital services companies must also undertake to develop new features, in addition to mandatory features, and to offer new, value-added functionalities. Hence we develop innovative and unique tools to meet our customers' existing needs and to anticipate emerging opportunities in the profession.



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

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

The PHARMAGEST Group 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 (Point of Sale) communication tools and websites for pharmacies, with Internet-pharmacy links and an on-line shop.

The PHARMAGEST Group has also turned our attention to overhauling direct procurement and offer 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.

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 2014, the pharmacy sector constitutes our core business and accounts for 85.19% of sales (under IFRS).

### 6.1.2.1 Pharmacy France

The Pharmacy France business line alone accounted for 82.12% of the Group's sales (IFRS).

Our flagship software suite, LGPI Global Services®, runs in more than 9,000 or almost 41% 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® Business intelligence module to help pharmacies manage every aspect of their business using the clear, interactive dashboards and graphs: back and front office. 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 4,600 subscriptions (OffiSecure® and Domisecure), PHARMAGEST INTERACTIVE now equips in excess of 50% of our pharmacy customers.



### Group purchasing solution

In the context 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), we 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 250 groups and 900 pharmacies currently use OffiCentral®.

### A raft of solutions to strengthen patient support and advice

PHARMAGEST INTERACTIVE 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. In 2007, it signed up for the Pharmaceutical Record (DP) project, recommended by the National Council of the French Chamber of Pharmacists (CNOP) to counter iatrogenic risks. 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 99.8% (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. 165,000 or more individuals have downloaded the app (*Source: PHARMAGEST INTERACTIVE*).

The line-up was expanded in 2014 to include **Compliance monitoring software** to aid pharmacists' in fulfilling their new roles, particularly in providing advice to customers, and to meet the public health challenges of improving compliance with treatment regimens.

### Dynamic point of sale communication

Launched in 2007, OffiMédia® is PHARMAGEST INTERACTIVE's point-of-sale (POS) 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.

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 personalised 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. A government Order published on 19 December 2012 authorised on-line sales of medicines in France and introduced strict controls on these sales. PHARMAGEST INTERACTIVE introduced Offishop® Para and Offishop® Premium to the range targeted at pharmacists interested in expanding into web-based sales, but with all the inventory and sales data integrated in LGPI Global Services®.

### 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.



### 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.

Some 30 of these automated systems are currently up and running in our client pharmacies.

### A new solution: Dose Administration Aids (DAA)

Under the terms of agreements with elderly residential care homes (EHPAD by their French acronym), pharmacies pre-prepare medication doses in sachets. They are investing in automated packaging systems to prepare the sachets with the dosage times. PHARMAGEST INTERACTIVE's **Offidose 2.0** software suite computerises the dialogue between LGPI Global Services® and the automated systems to meet the needs of this emerging segment in the market.

### New high value-added range of services: PHARMAGEST Consulting

In 2014, PHARMAGEST INTERACTIVE introduced a new service offering to help pharmacists accommodate changes in their business and exploit all available growth levers:

- A new team of expert training consultants available 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.

PHARMAGEST Consulting will be backed by the **My Pilot**® analytics and management tool using dashboards updated each day to facilitate setting up action plans in the following areas:

- Financial situation;
- Profitability of products by category and range;
- Price policy;
- Knowledge of customers;
- Point of sale organisation.

They had completed almost 300 engagements as at the end of 2014.

### French "Customer relations" standard certification

PHARMAGEST INTERACTIVE was the first healthcare software provider to be granted French "Customer relations" standard certification in December 2014 for our centralised software support service. The certification recognises the quality of its service, the efficiency of its organisation and its firm commitment to our customers.

#### 6.1.2.2 Pharmacy Belgium and Luxembourg

The Pharmacy BeLux business line accounts for 3.1% 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:

Its leading product, SABCO® Ultimate, was installed in 34 new pharmacies in 2014, 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.

Developments in 2012 and 2013 centring on Recip-e electronic prescription plans and the Shared Pharmaceutical Record (DPP) came on stream in 2014 and were rolled out in pharmacies. In addition, a new patient consent management module, eHealthConsent, was added to the DPP, in accordance with the recommendations of the national e-Health coordination platform.

Several developments arising from the dialogue between SABCO's teams and Belgian pharmacists are to be highlighted are designed to more closely meet their requirements in 2014. They include management of patients' medication schedules, a centralised payment system for pharmacies, and a feature to replace all pre-defined product orders with a single reference number. A new promotion management system was also introduced to provide support for pharmacists in building and maintaining sales momentum.

Moreover, the development teams in France and Belgium are working closely together on adapting satellite solutions (OffiCentral®, OffiMédia®, Ma Pharmacie Mobile® etc.) developed by PHARMAGEST Group to SABCO software in order to offer a comprehensive line-up to pharmacies in Belgium and Luxembourg. The new stores module offered in 2014 for pharmacies operating in networks was the solution of choice for three groups, with close to 50 pharmacies. The capability to manage discount cards was a new feature added by SABCO in 2013. Patients can accumulate and use points in any pharmacy in the same group. These functions are another step towards aligning SABCO's range with the management needs of pharmacy chains and groups in Belgium.

SABCO's development teams are constantly upgrading the technical components of the solutions, with for example a new document digitisation module. A new IP communication layer via Ethernet was added to improve the connection between SABCO solutions and pharmacy robots.

### Luxembourg

In 2014, SABCO consolidated its leadership in the Grand Duchy of Luxembourg, its historical headquarters. It boasts 43% (*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 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 2014, connected with the new reimbursement database for generics, effective as of 1 October 2014.

### 6.1.3 The PHARMAGEST Group: industry partner par excellence

The Pharmaceutical Companies business contributes 9.2% 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 our IT solutions. This presence provides us with a market of 50,000 or more user health professional, and through them, access to 2 million patients per day (*source: INSEE*), 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, the PHARMAGEST Group 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 have 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 PHARMAGEST 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 2014, 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.

Almost 11,000 patients took part in these campaigns. 1,500 who were found to have medium to high risk received advice leaflets from their pharmacists and were advised to consult their physician.

### 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. 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 4.9% of PHARMAGEST Group sales (IFRS).

MALTA INFORMATIQUE produces specialist software for elderly residential care homes and day centres, built around its leading expertise in the provision of products for therapeutic monitoring and care for residents, computerised invoicing and client workstation. 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, TITAN GROUPE.

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.

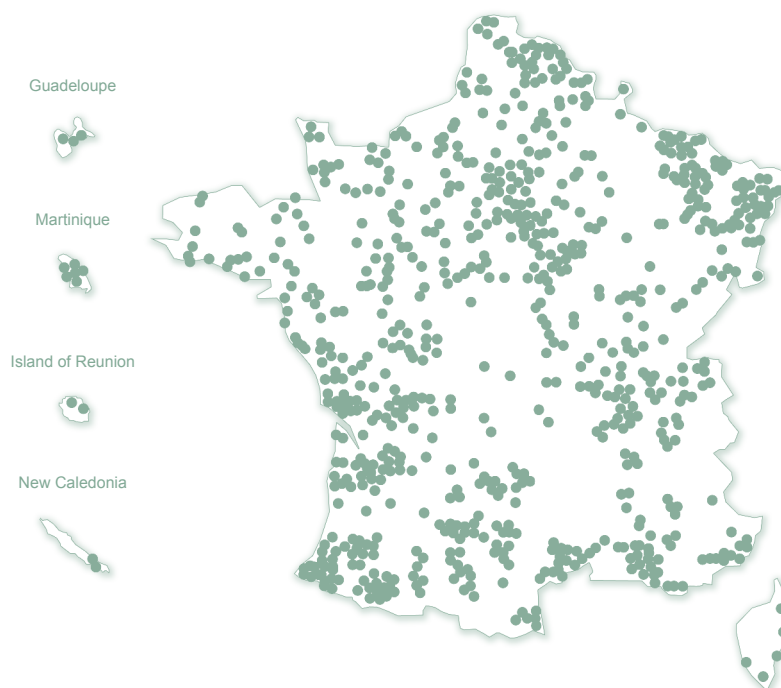
- In 2011, the product was expanded to include the TITAN PHARMA module, delivering total security across the medication administration chain by building in traceability of communication with pharmacists;
- In 2012, the capability to manage groups of facilities with a single database was added. The new 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 continued its investments in 2014 with two major projects:

- It obtained dual certification for its out-patient and hospital prescription software in December 2014 to meet the recommendations of the French National Authority for Health (HAS). It is the only company producing specialist medical-social software to be granted this recognition, demonstrating its leading expertise in enhancing the security of the medication administration chain, which is a particularly crucial issue highlighted by regional health boards.
- In addition, a new TITAN NOMADE module due to come on stream in 2015 will provide existing and potential customers with the ability to monitor healthcare, medication and support schemes on Android tablet.

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.

**At year-end 2014, 1,150 elderly residential care homes ran MALTA INFORMATIQUE software.**





### 6.1.5 E-Health division: innovative line-up

Launched in Q1 2012, the e-Health division is beginning to make a showing, following an investment phase, and now accounts 0.7% of Group sales.

A number of companies make up the division:

- DIATELIC, a subsidiary specialising in artificial intelligence and expert systems to predict the evolution of patients' health;
- DOMEDIC EUROPE markets medical DO-Pill SecuR™ smart pill dispenser;
- KAPELSE, a subsidiary specialising in connected health devices.

This new business has the additional structural boost of three Personal Health Data Host accreditations, granted to PHARMAGEST INTERACTIVE in 2012 and 2013 by the French Ministry of Social Affairs, Health and Women's Rights.

Our 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 added value this new business, which draws on the combined expertise of PHARMAGEST INTERACTIVE, DIATELIC, DOMEDIC EUROPE and KAPELSE, 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.

#### **Growth through innovation strategy**

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

The PHARMAGEST 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 regimens: 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 PHARMAGEST 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 the elderly and patients suffering from chronic conditions. 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, Health and Women's Rights).

#### **DIATELIC: efficient and operational telemedicine**

Following our equity investment in December 2010 in the innovative French company DIATELIC as a minority shareholder, we went on to finalise our majority stake in December 2014 and now hold 95.29% 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.



### KAPELSE, designer of innovative e-Health solutions

This subsidiary was established in January 2013 and the Group now holds 70% of the equity.

KAPELSE designs solutions for secure monitoring of patients in the home and for optimising their care pathway.

Smart, user-friendly and efficient, KAPELSE solutions improve in-home monitoring of dependent patients and high-risk patients grappling with chronic conditions.

Engineered with robust authentication protocols and integrated in an extremely secure environment, KAPELSE's products offer a range of functionalities, with the highest degree of security:

- Automatic recording and storage of patient measurement data;
- Secure transfer of data to medical care servers;
- Recording of medical procedures carried out in the patient's home;
- Secure on-line access to medical records;
- Secure information sharing with medical personnel involved in the care pathway;
- Automated monitoring (warning systems, patient-health professional dialogue, communication between professionals).

KAPELSE has a range of three devices as at 31 December 2014:

- **KAP&LINK®**: a card reader suitable for all pharmacies based on innovated patented technology, for remote transmission, updating SESAM-Vitale cards and more;
- **KAP&CARE®**: an e-Health box specially designed for in-home patient monitoring, it facilitates tele-monitoring and medical tele-assistance. Patient authentication and data security are guaranteed;
- **KAP&GO®**: the mobile version of the e-Health box.

### 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, Health and Women's Rights:

#### • 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 personal healthcare data intended for medical follow-ups, will be directly accessible by the patient, thanks to this new approval.

### Datcenter: 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 Datcenter guaranteeing robust quality and data security to offer high value-added services to its customers in the healthcare and pharmacy sectors.

The Datcenter 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 12,000 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 2014, there were 21,915 pharmacies in France, including 627 in French Overseas Departments and Territories. On the whole, they are well equipped with IT equipment with an average of five workstations per pharmacy\*.

(\*Source: French Chamber of Pharmacists)

2014 balance sheet - In €K**	2014	2013	Change
Average sales before tax	1,524.3	1,540.2	-1.0%
Average margin before tax, in value	483.2	480.1	+0.6%
Personnel expenses	165.8	163.8	+1.3%
Profitability	239.3	236.0	+1.4%

Pharmacy sales growth was negative year-on-year for the second year in a row. However, given the structural shift in pharmacies' revenue, not only can this can no longer be taken as a relevant metric of volume in the pharmacy sector, but it will not count at all as of 2015, when the new payment models and dispensing fees come into effect. The "old" rules continued to have an impact in 2014, as they did in 2013, with sales contracting 1%, while the margin (payment to the pharmacy) edged up 0.6%. In reality, however, fortunes were more mixed. Almost two-thirds of pharmacies reported lower sales, and almost half saw an erosion in their margins. Only those pharmacies located in shopping centres (1.7% uptick in sales) or with more than €2.2 million in sales (up 0.8%) reported growth. Representing 76% of pharmacies' sales, revenue from reimbursable medicines lost 2%, on the combined impact of lower prices and generic substitution.

(\*\* Source : KPMG)

Government has become 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 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, decoupled 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>) culminated in the signature of amendment 5 to the national pharmaceutical agreement (Convention Nationale Pharmaceutique) by the French pharmaceutical unions federation (FSPF), the pharmacists union (USPO) and the Health Insurance Board (CNAM). The agreement was published in the Official Gazette on 2 December 2014. It sets out the terms and conditions for introducing the dispensing fees over a two-year period as of 1 January 2015:

- **Dispensing fees per item (pack):** pharmacists receive €0.82 (incl. taxes) for each pack of reimbursable medicines dispensed. Where medication is dispensed in larger three-month quantities, pharmacists are paid a higher dispensing fee of €2.21 (incl. taxes). In return, their sales margin on each pack sold (calculated as a percentage of the manufacturer's price) has been reduced.
- **Dispensing fee per complex prescription** (i.e. with at least five different reimbursable medicines) is €0.51 (incl. taxes) per prescription dispensed. This amount is in addition to the dispensing fee per item.



In 2015, dispensing fees will account for 37% of pharmacists' revenue, rising to 47% in 2016.

The remaining payment to pharmacies for refundable medicines (excluding generics not covered by the Reference Price (TFR)) continues to be set by government Order and breaks down into two regulatory parts: the margin and discounts.

#### Pharmacists' margin on reimbursable medicines is equal to\*\*\*:

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

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

Other sources of revenue, separate from sales margins, came on stream in 2013, such as the fee of €40 per year per patient for monitoring of oral anticoagulants (AVK) and for monitoring asthma patients in 2014.

Discounts granted to pharmacist by wholesale distributors or pharmaceutical companies are **capped at 2.5%** of the sale price to pharmacists for non-generic reimbursable medicines.

A government Order setting the maximum discounts, rebates, and other sales and similar financial benefits for generics was published in the Official Gazette on 28 August 2014. It caps them at **40%** of the manufacturer's price before tax, or the Reference Price, compared with 17% before.

Pharmacists can freely set the price of non-reimbursable medicines.

#### 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 2014 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:

For 2015, the PLFSS (Draft Social Security Finance Act), passed in December 2014, includes additional massive cuts to the price of branded medicines, generics and medical devices totalling €1,065 million, which will have an impact on pharmacies' margins, with:

- €550 million in price reductions;
- €435 for the promotion and development of generics.



## 6.2.2 The market in Belgium and Luxembourg

### 6.2.2.1 Belgium

As at 31 December 2014, there were 4,957 pharmacies open to the public in Belgium, representing a slight 1% decline on 2013. The geographical breakdown is as follows:

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

*(Source: Belgian Pharmaceutical Association - APB).*

The country has one of the most densest 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 4,957 from 5,277.

In a challenging economic environment, pharmacists' representative associations in the country, the APB (Belgian pharmaceutical association) and the OPHACO (Belgian cooperative pharmacies office), 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 Au Luxembourg

There were 94 pharmacies open to the public in Luxembourg in 2014, 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 and limited to one pharmacy for 5,000 inhabitants *(Source: OCDE).*

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)

### 6.2.4 The e-Health market

After a stuttering start in 2012 and 2013, the e-Health market began to take shape in 2014. The explosion of connected devices, especially health devices, and the spread of new service models and new technologies (pooling and outsourcing resources, applications, processes and functions) gave a boost to the sector as even the most modest health, medical and social facilities embraced the new IT equipment.

E-Health has the potential to meet three of the most pressing challenges for our health systems:

- The challenge of the quality of care provided in the context of an ageing population (including healthcare personnel): by optimising medical time or the structure of care focused on the patient or the elderly person (the care pathway);
- The public health challenge in the face of acute health crises: through the ability to gather health data that can be used to formulate effective preventive campaigns, the emergence of connected health devices and self-monitoring practices (quantified self);
- The challenge of managing health insurance accounts and the need to capture substantial savings: through multiple efficiency gains (e.g. avoiding duplication in medical interventions).

(Source: XERFI / PRECEPTA Group study, 23 October 2014)

## 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 conducted a review of these risks, which are detailed and presented in the Chairman's report on the Board's composition, organisation and practices, as well as the internal control and risk management procedures in Section 24.5 of this Registration Document.



## 6.5 The competition

### 6.5.1 In the French pharmacy market

**The market is shared between three main operators:**

- PHARMAGEST INTERACTIVE is the French market leader in computer systems for pharmacies with a 43.5% market share. Our flagship software suite LGPI Global Services® is run by practically all our customers;
- Our main competitor, ALLIADIS, a CEGEDIM Group subsidiary, markets a number of pharmacy software programmes through its subsidiaries, ALLIANCE SOFTWARE, ALLIADIS and PG INFORMATIQUE;
- The third significant market operator is the independent company EVERYS.

*(Source: SESAM - Vitale EIG statistics from electronic healthcare data sheets)*

### 6.5.2 In the Belgian and Luxembourg pharmacy market

#### IN BELGIUM

SABCO has a nationwide presence with 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% with three software suites (SABCO® ULTIMATE, SABCO® NEW and SABCO® OPTIMUM).

*(Sources: SABCO and the Belgian Pharmaceutical Association - APB).*

Its main competitors are CORILUS, with four pharmacy management products, and FARMAD.

#### LUXEMBOURG

In 2014, SABCO consolidated its leadership in the Grand Duchy of Luxembourg with a 49% market share in the pharmacies IT sector through its flagship Officine II product. *(Source: SABCO estimates).*

PROPHALUX is its main competitor.

### 6.5.3 In the Elderly residential care homes and Day Centres market

MALTA INFORMATIQUE moved into the number position in the market in 2014, having won market share from historic suppliers and increased its presence to 14.1% *(Source: MALTA INFORMATIQUE estimates).*

Its main competition comprises ASC2I and the BERGER LEVRAULT group with its MAGNUS and PROGOR solutions.

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.

### 6.5.4 In the e-Health market

The competition in this market is both fragmented and complex to pinpoint.

It consists of:

- Start-ups that are grappling with the challenges of gaining a foothold in a market where recognition by healthcare professionals is a critical success factor;
- Suppliers of software to healthcare professionals that have expanded into this segment;
- Subsidiaries of leading companies (such as telecoms and pharmaceutical companies).



## 6.6 Sales and marketing organisation

### 6.6.1 In the Pharmacy market in France

A team of 75 sales personnel in 28 skills centres in France and three in French Overseas Domains and Territories is responsible for the sale and marketing of the PHARMAGEST Group's products, together with 10 consultants and eight Regional Directors.

By opening a subsidiary, CPSI, in Guadeloupe in 2014 and a sales office in Martinique the PHARMAGEST Group deepened its footprint in the French Antilles.

The skills 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.  
ntation et promotion des produits et services de son offre globale.



The Marketing Department develops promotional tools and communications for national distribution through various media. It also organises our presence at various events, including the PHARMAGORA trade fair (over 11,700 visitors and 240 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 pharmacy 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.

**In Belgium**, SABCO pursued its aim of establishing a presence nationwide by taking on several additional Dutch-speaking and French-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. On the initiative of the *Rendez-vous économique de l'officine* (which held the first in the series in September 2014 examining the economics of pharmacies in France), SABCO will now reinforce its positioning as an expert in pharmacy management. The seminar - attended by some 40 pharmacies - focused on the future of the profession and garnered high praise from participants. The event will be held again in 2015.

**The Grand Duchy of Luxembourg** is the company's historical headquarters. 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 nine 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 and a Marketing Department.

### 6.6.4 In the Care Homes IT market

MALTA INFORMATIQUE has a team of 40 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 1,150 customers and personalised follow-up.



MALTA INFORMATIQUE boosted its customer service expertise with seven new hires in 2014 to join its dedicated teams:

- Two additional software support technicians, bringing the team to seven office-based personnel and lowering the ratio of staff to customers to one per 165 customers;
- Two new experienced consultants joined the team of project consultants, required by the number and scope of Group projects, increasing the members of this expert team to seven;
- The team of mobile training consultants was also increased from ten, to meet the demands generated by sustained business growth.
- The sales support and administration team was increased to four.

2014 was also remarkable for the 222 new customers who signed up for the TITAN software suite, including several large groups, particularly the AHNAC Group (Association Hospitalière Nord Artois Clinique), and the “Val de Marne public elderly residential care homes”, a social and medical-social cooperation group (Groupement de Coopération Sociale et Médico-Sociale).

### 6.6.5 The e-Health market

Dedicated devices for pharmacies and healthcare professionals are primarily marketed by software companies operating in these sectors through their respective sales forces.

## 6.7 Our customers

The five leading customers account for 9.1% of consolidated sales, and the top 10 account for 10.5%.

Our main debtors are leasers working with HEALTHLEASE and CIT France (BNP Lease, SIEMENS and FRANFINANCE essentially), accounting for 36% of consolidated sales.

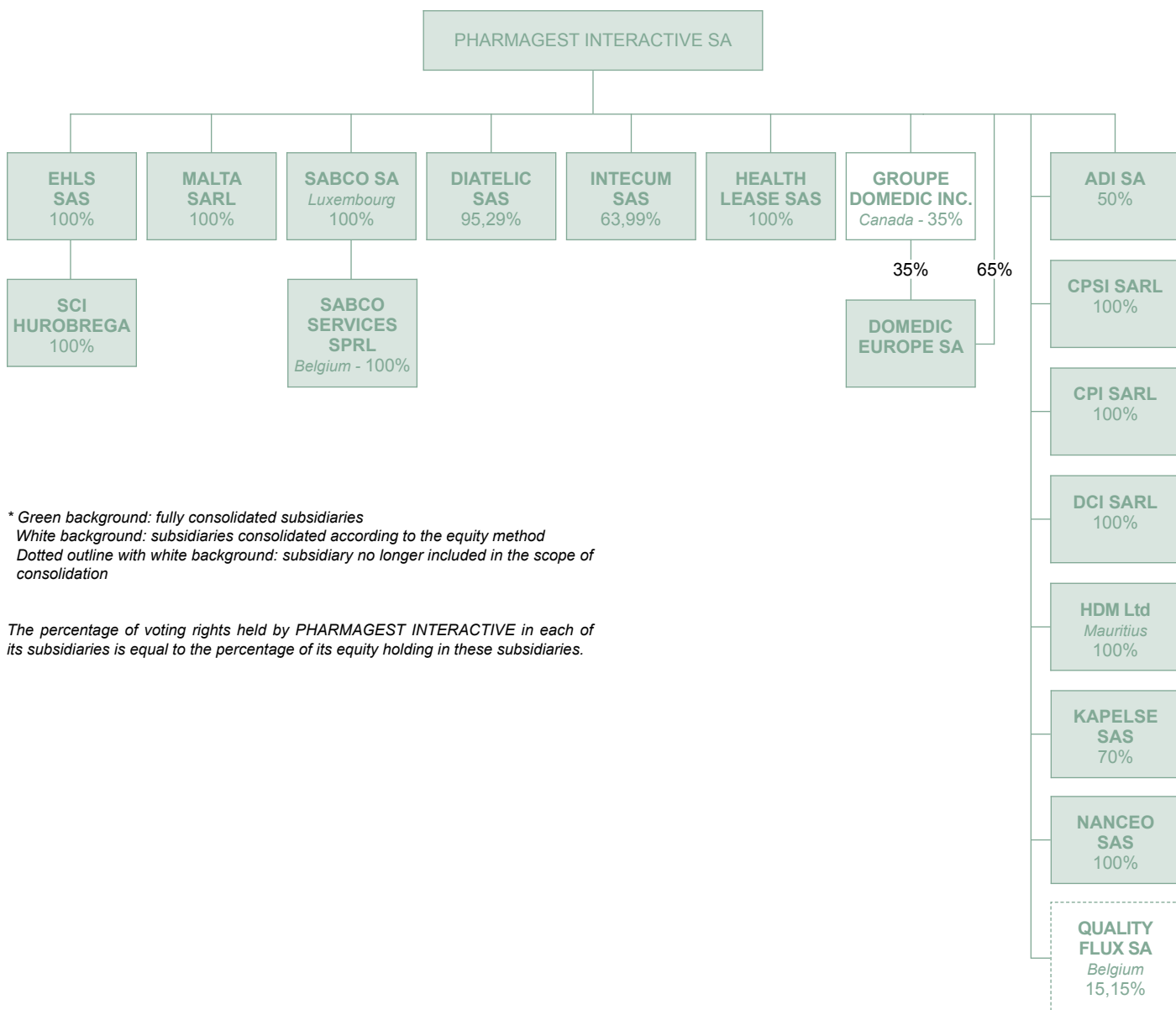
Consolidated sales at 31 December 2014 (French GAAP) comprise recurring revenue: maintenance and databases represent 31.5%, RENTPHARM renewals for hardware configurations account for 32.4%, and license sales make up 5.7%. This highly stable revenue base (almost 70% year to year) gives the PHARMAGEST Group clarity as regards its sales outlook.

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



## 7 ORGANISATIONAL STRUCTURE

### 7.1 PHARMAGEST Group Organisation Chart at 31 March 2015\*



\* Green 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 2014:

- Creation of NANCEO, a simplified joint stock company (SAS) with capital of €1,000,000 with its head office at 1 bis rue du Havre, 75008 Paris, offering financing solutions for leased assets in the services sector.



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

At 31 December 2014, MARQUE VERTE SANTE was the majority shareholder with 60.51% of the capital of PHARMAGEST INTERACTIVE. The Cooperative GROUPE WELCOOP, MARQUE VERTE SANTE's parent, holds 6.12% of PHARMAGEST INTERACTIVE's capital directly.

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.

The Group has a presence in France and in Europe.

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

MARQUE VERTE SANTE recorded €844 million in consolidated sales for 2014 (French GAAP) for consolidated equity capital of €125 million as at 31 December 2014.

16 companies were fully consolidated in the PHARMAGEST Group in 2014, 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.

**CPSI**, a wholly-owned subsidiary of PHARMAGEST INTERACTIVE, is a limited liability company with capital of €200,000, with its head office located at 488 rue de la Chapelle, ZI du Jarry in BAIE MAHAULT (97 122 France), registered in the Pointe-à-Pitre Trade and Companies Register under number 799 898 069. It is engaged in the sale and marketing, installation and maintenance of hardware and software for pharmacies located in the French Antilles and French Guyana.

**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 95.29%-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 443 656 350. The company's business is the provision and sales of tele-monitoring services and diagnostic aids.

Note that DIATELIC's legal form was changed in 2014 from a Société Anonyme to a simplified joint stock company (SAS), and its capital was reduced from €58,900 to €37,200.

**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 1 Impasse Per Jakez Helias 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, is a simplified joint stock company with capital of €1,000,000, with its head office located at 1 bis rue du Havre, PARIS (75 008 France), registered in the Paris Trade and Companies Register under number 522 381 441. The company's primary activity is long-term lease of hardware and other assets.

**HUOBREGA**, 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 €463,800, 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.

**KAPELSE**, a 70%-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 for elderly residential care homes 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.

and one company 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 SecuR™ smart pill dispenser and its accessories.





## 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

2014 individual financial statements - In M€	EHLS	ADI	SABCO	MALTA INFORMATIQUE	HEALTHLEASE
Sales	19.29	4.70	3.46	5.64	42.78
Operating income	1.05	0.52	0.46	1.78	1.87
Profit before tax	1.26	0.52	0.46	1.83	1.93
Net profit/(loss)	0.81	0.35	0.32	1.20	1.26



## 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 and KAPELSE - rented.
- DIJON:
  - CPI - rented.

##### West:

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

##### Ile de France:

- SACLAY:
  - ADI – rented;
- ASNIÈRES-SUR-SEINE:
  - HEALTHLEASE - 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 TREGUEUX - 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 and LONS - rented;
- MERIGNAC, rented from DCI, which is the owner.

**Centre:**

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

**Ile-de-France:**

- RUNGIS and SAINT-CLOUD - rented.

**FRENCH OVERSEAS TERRITORIES – CPSI PREMISES:**

**Guadeloupe:** BAIE MAHAULT - Head office - rented;

**Martinique:** LE LAMENTIN - Agency - rented.

**IN BELGIUM - PREMISES OF SABCO SERVICES:**

**Wallonia :** SPY - Head office - rented;

**Flanders :** GAND - Agency - rented.

**IN 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 Section 20.3.1.5.2.7 - Note 4.3 of this Registration Document).

## 8.2 Environmental issue

PHARMAGEST Group sites are not subject to any environmental constraints (see the Corporate Social and Environmental Responsibility Report in Section 24.1 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 in respect of capital, cash flow and funding are included in the presentation of the consolidated financial statements in Section 20.3 of this Registration Document.

## 11 RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES

### 11.1 Research and Development

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 17 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 five 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 4 Ltd., the Mauritian subsidiary of PHARMAGEST INTERACTIVE, as well as 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 10 staff, including one member in France and 9 at HDM Ltd, the Mauritian subsidiary of PHARMAGEST INTERACTIVE.
- **Enterprise Resource Planning (ERP)**, responsible for our corporate IT system for CRM and sales & marketing management. It has 7 staff.
- **e-Health & Data**, responsible for patient monitoring software and the development of expert systems. It has 20 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. Note 3 - 3.4.1 of this Registration Document.

### 11.2 Patents

The Group owns the patent for the LGPI Global Services® software in France.

Our subsidiaries, DIATELIC, INTECUM, KAPELSE and GROUPE DOMEDIC INC., own the patents for systems developed.



## 12 INFORMATION ON TRENDS

### 12.1 Key points for 2014

#### ECONOMIC CONTEXT

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

- **From a financial perspective**, pharmacies' revenue was eroded steadily in 2014 as a result of the downward pressure on the price of medicines and substitution of generics (see Section 6.2.1 of this Registration Document).
- **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. Talks between the pharmacists' unions and the Caisse Nationale d'Assurance Maladie (CNAM - French National Health Insurance Board) on the practicalities of the reform led to signature in December 2014 of Amendment 5 to the agreement setting out the details of the system and the fee schedule. 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. We anticipated this changing landscape and our various business lines offer the means to support pharmacists to change direction, fulfil their new roles, backed by new and innovative technologies, and position themselves in the new growth markets, namely home care, long-term care and compliance with treatment regimens.

#### THE PHARMACY BUSINESS IN FRANCE

Now more than ever, pharmacists need 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

**Le LGPI Global Services®** is the number one pharmacy management software in France and installed in almost 9,000 pharmacies in France as at 31 December 2014. 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 business intelligence tool based on Oracle® Business Intelligence (OBI) technology and options to create personalised dashboards and management charts to monitor patients' health and their compliance with treatment.

The government Order of 19 December 2012 authorising and controlling on-line sales of medicines in France opened up new opportunities for PHARMAGEST INTERACTIVE to expand its line-up during 2014 with **Officonnect**, **Offishop® Para** and **Offishop®Premium**. These products are designed to give pharmacies the option to extend their on-line offering with sales and inventory integration in LGPI Global Services®. They are installed at more than 50 sites.

In January 2014, we launched our new **PHARMAGEST Consulting** service with a **dedicated team of 10 consultants** to offer expert advice on leveraging growth opportunities for pharmacies and optimising their use of LGPI Global Services®. The initiative has been a resounding success. The team have more than 300 business cases and support plans to their credit for the year.

The launch in April of **My Pilot®**, a panel-based steering tool to optimise merchandising and reference listing, appealed to more than 500 pharmacies and is offered in addition to our general range.

We launched a new product to add to our pharmacy security range during PHARMAGORA 2014: **Officash** is an automated cash management solution connected to LGPI Global Services®.



### 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.

Significant developments in FY 2014 in Belgium included:

- Installing a DPP (Shared Pharmaceutical Record) in more than 50% of our customer pharmacies;
- A new stores module installed in roughly 50 pharmacies members of three different chains;
- Development of a new medication schedule to monitor treatment.

In Luxembourg new functions for SABCO's Officine II software suite were developed in line with market developments and pharmacists' needs. The suite interfaces with the PHARMAGEST Group's satellite products and ensures the ongoing efficacy and popularity of this solution.

### LABORATORIES BUSINESS

Ethical laboratories confirmed their interest in **information systems during the sale process and in LGPI Global Services®**, particularly in the context of primo hospital prescriptions or to promote correct medication use.

The PHARMAGEST Group saw a sharp decline in Pharmaceutical Laboratories' business for **systems to promote sales during the dispensing process**, in contrast to the rise in sales of **communication systems aimed at the general public**.

We are working with 50 pharmaceutical companies on pop-up and PharmaMixMedia campaigns, related sales, as well as surveys and observatories.

### CARE HOMES BUSINESS IN FRANCE

The Care Homes economic and regulatory environment remains favourable. The increasing number of dependent elderly naturally broadens MALTA INFORMATIQUE's market.

In 2014, MALTA INFORMATIQUE continued to deepen its expertise. It obtained dual certification from the French National Authority for Health (HAS) for its prescription software, introduced a new mobile module, TITAN NOMADE, and maintained its investments in interoperability to position it on major hospital contracts.

MALTA INFORMATIQUE is still the only solution in the market to offer single database management with centralised data administration by TITAN GROUPE, and enjoys a remarkable success rate with elderly residential care home operators.

### E-HEALTH BUSINESS

The equity investments in DIATELIC and DOMEDIC EUROPE, together with the formation of KAPELSE, and their organisation as part of the e-Health business, eloquently demonstrate our forward thinking and place us ahead of innovations in the ICT market applied to health. They open up new possibilities in serving patients, healthcare professionals and care networks and demonstrate our 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 operate in the changing health landscape and to comply with new payment schemes.

In 2014, we confirmed our successes of 2013 when the PHARMAGEST Group was selected for two major calls for projects:

- **In France**, PHARMAGEST INTERACTIVE'S bid was selected for the E-CHRONIC/E-NEPHRO national project, part of the call for e-Health projects n° 2 under the French investments for the future programme. This is a pre-screening and a care programme for chronic renal failure at all stages of the illness;
- **Regionally**, the PHARMAGEST Group's bid was selected for the SATELOR call for projects involving research laboratories, industry, innovative start-ups and medical structures.



These projects are now in the operational stage:

- **E-CHRONIC/E-NEPHRO :**

New expert systems (post-transplant follow-up) were developed and existing systems improved (peritoneal dialysis and hemodialysis) as part of the project.

- **SATELOR :**

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

PHARMAGEST Group is involved in two other regional projects in France:

- "36 mois de plus à domicile" (36 more months at home) under the Pacte Lorrain

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.

A consortium was formed with 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 for elderly people 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.

- **Elderly at risk of losing their independence (PAERPA) trial:**

The submission by the Lorraine ARS (regional health board) for this trial was selected by the Ministry of Social Affairs, Health and Women's Rights.

Regional scope: Greater Nancy urban area (20 local authorities), or 266,000 people, 20,000 of whom are aged 75 and over.

The challenge here is to ensure coordination between different health sectors to avoid risks of disrupting the care pathway and to improve compliance.

The DO-Pill SecuR™ smart pill dispenser has been given priority for the "promoting healthy ageing" project objective.

The project started at the end of 2014 and aims to include 100 patients.

The PHARMAGEST Group's new subsidiary, **KAPELSE, the specialist in innovative e-health solutions**, will contribute to e-health projects:

- It 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.

Since it launched its systems in May 2014, KAPELSE generates 30% of its revenue with other health sector software developers, demonstrating the accuracy of its strategy of targeting non-Group customers in the pharmacy segment and other healthcare professionals.



## 12.2 Recent developments

Group sales rose 1% year-on-year in 2014 and 5.3% when restated for Communication Services.

Following the conclusion of negotiations on dispensing fees, pharmacists have resumed their investments, which has allowed the **Pharmacy France business** to achieve sales of €94.07 million (€24.74 million in Q4 2014 alone), up 3.7% for the full year (+4.9% in Q4 2014 alone).

- Sales of configurations increased 3.1% for the full year and 9.4% in Q4 2014 alone;
- Recurring revenues rose 4.5% for the full year (up 3.7% in Q4 14 alone);
- Satellite products developed by PHARMAGEST INTERACTIVE (licenses and offers to complement the management software), which contribute 10% to the total sales of the business, enjoyed an increase of 4.4% for full-year 2014. This stand-out growth was impelled by the launch by the Pharmacy France business of a large-scale promotion in first-half 2014 to leverage its pioneering position and SCOR 2.0 accreditation (for prescription scanning). The promotion offered pharmacies that had not yet signed up to the system the opportunity to take out a full licence in return for a 30-month contract. As a result, we achieved a SCOR activation rate with our customers far in excess of other software providers.

The **Laboratories business in Belgium and Luxembourg** was hit by commercial transformation difficulties in 2014, resulting in a decline of 6.9% for full-year 2014. It brought in sales of totalling €3.51 million.

Very profitable recurring sales, which account for 51% of the total turnover, increased 9.3%.

The target sales and marketing organisation was complete in early 2015, and we expect business to recover during the year.

The **Pharmaceutical companies business** recorded sales of €10.52 million as of 31 December 2014, down 27.3%.

- As announced, the very low-margin "Communication Services" business was down 32.6% for 2014, or -€4.16m compared with 2013.
- The historic Laboratories support services business (screening campaigns, surveys, etc.) demonstrated its adaptation to the needs of Laboratories by achieving sales up by 12.8% as of 31 December 2014.

**MALTA INFORMATIQUE (Retirement Homes business)** continued on its growth trajectory, posting €5.64 million in sales at 31 December 2014, up from €4.23 million for the same period in 2013 (+33.4%). The increase is driven by both the sale of licenses and developed products (+32.4%) as well as recurring revenues (+29.2%).

The **e-Health business** continued to deploy its solutions in 2014 in accordance with its predictions, in the framework of national and regional calls for projects and trials for which the PHARMAGEST Group was selected.

The strong growth in sales as of 31 December 2014, reaching €0.81 million up from €0.22 million for the same period in 2013, was lifted by the launch of KAPELSE's e-Health solutions in May 2014, aimed at all pharmacies and other health professionals.

## 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:

- **OffiDose**

- Developed for pharmacists as dose administration aids (DAA), 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.

- **Digital linear**

Replacing **physical linear**, customers can use a wall-mounted or totem-mounted touch screen to select products to add to their basket.

Digital linear has an array of benefits for pharmacists, offering them the ability to:

- Exploit a new sales channel;
- Feature their **advisory role**;
- Free up space;
- Project a modern image;
- Highlight areas of specialisation;
- Control inventory shrinkage;
- Offer customers a **new shopping experience**.

- **DO-Pill SecuR™ intelligent pill dispenser for the general public**

The PHARMAGEST Group decided to launch the marketing of the DO-Pill SecuR™ to the general public, via the pharmacist, without waiting for the outcome of ongoing trials, aiming the possibility of obtaining the reimbursement of the device in the case of certain pathologies.

- **Monitoring of patient compliance**

Compliance with treatment is a public health issue. A WHO survey on medication adherence found that:

- 50% of patients do not take their medication as prescribed (*Source: WHO - Study on medication adherence*);
- In France, the average compliance rate is 40% (*Source: CRIP (Cercle de Réflexion de l'Industrie Pharmaceutique - pharmaceutical industry think tank)/ IMS Health France November 2014*).

Pharmacists have a particularly important role to play to improve medication compliance:

- Providing clear information on dosage;
- Identifying non-compliant patients;
- Pharmaceutical interviews;
- Offering solutions and devices to aid medication adherence.

Our strategy is clearly oriented towards supporting pharmacists in this monitoring role. The Pharmacy France business offering includes:

- **LGPI Global Services®** :

- Printing dosage instructions and labels and displaying the originator medicine for generics;
- Targeted questionnaires at the time of dispensing aimed at identifying non-compliant patients.

- **Ma Pharmacie Mobile®** application to send reminders at dosage times or to send text messages from the pharmacist to remind customers that their treatment or prescription is due for renewal;

- **DO-Pill SecuR™ intelligent pill dispenser** to increase overall safety;

- **Compliance monitoring software** integrated in the Pharmacy management software package, which includes programmes for monitoring chronic conditions, a scheduling module, connections with connected solutions and devices to monitor vital signs, and secure data storage using the Group's Personal Health Data Host infrastructure.

The PHARMAGEST Group's aim being the development of a Global Platform to support the patients treatment adherence.



• **Unique market place for the financing of equipment**

HEALTHLEASE, subsidiary specialised in financing pharmacy equipment was reliant on an outside service provider in the exercise of its activity until the end of 2014.

Since January 2015 further to the formation of a new subsidiary, NANCEO, and significant developments, the PHARMAGEST Group initiated a marketplace for the financing of equipment making it technologically independent and permitting to capture the margin of the technical service.

Other companies can also use the technical infrastructure as a white-label product.

**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:

- 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;
- Feature to be included in all Belgian software to incorporate the requirement to introduce unit pricing for residents of care homes, effective on 1 April 2015;
- Roll out of AssurPharma in 2015, with compliance certification for SABCO solutions. This is a new service for pharmacists to send BVAC (Bijkomende Verzekering/Supplementary Health Insurance) data electronically and securely to the patient's supplementary insurance provider;
- The introduction of Vitalink to share medication schedules between pharmacies and care homes;
- Remote consultation of physicians' declarations for medicines eligible for reimbursement, included in Chapter IV of the list of reimbursable speciality medicines;
- The launch of Offiboard, a new application for mobiles and tablets to look up key pharmacy data in real time;
- Revamp of the print function for patient invoices and statements into a flexible module, which proved extremely popular in care homes.

**The Laboratories business** plans to combine all the various components of the PHARMAGEST Groups offering to offer a package of turnkey services for these customers, and to develop new services more in tune with market access and market maintenance challenges.

The Laboratories business will focus on:

- A new "Patient behaviour observatory" (including analysis, monitoring of actual speciality and niche products dispensed, analysis of treatment follow-up, treatment compliance and persistence, analysis of the duration of treatment, measuring the efficacy of sales and marketing, and conducting surveys of patients and pharmacists) in addition to our current Research and Consulting range for this segment: sales and market intelligence, OTC market research, and media impact studies;
- Launch an offer of "Screening and Compliance", with primary screening of at-risk profiles through prevention and screening campaigns (consultations in the pharmacy, coaching, personalised development programmes, training and information materials), in particular to improve compliance for speciality therapies;
- Creation of a comprehensive suite for pharmacy teams, incorporating all stages of the process from order taking to deeper knowledge of biotechnology and biosimilar products;
- The Consulting business line for Pharma companies will also be built up and intensified to provide services for the sector at all project stages, from design to application.

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

- 2015 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, all with experienced sales personnel and consultant trainers to accelerate sales and deepen the company's footprint in the regions;
- The improved customer service unit organised into project teams and consultant trainers will sustain growth while maintaining the capacity to manage complex projects. MALTA INFORMATIQUE intends to hire one/two consultant trainer(s) in 2015;
- It has ambitious plans for the development of new modules: A new Web Entourage module will be released in 2015 for the residents' families.

**E-Health business:**

Continued deployment and participation in calls for projects and pilots for which the Group was selected:

- PAERPA project: Aims to install roughly 100 DO-Pill SecuR™ intelligent pill dispensers by the end of the year. A study to assess the medical economics of the pilot will be conducted by the French Social Security authority;
- Start-up of the "36 months more" project;
- The E-NEPHRO/E-CHRONIC projects continued with the aim of enrolling patients, as is SATELOR, with the objective of increasing the reliability of monitoring solutions.

The astuteness of our strategy of diversification into e-Health is beginning to show in our figures, projects and in the market in general.

All of our other business will gain from the availability of the Comprehensive Compliance Monitoring platform, made possible by investments in:

- Expert systems developed by DIATELIC;
- Accreditations as a Personal Health Data Host;
- Monitoring compliance with the DO-Pill SecuR™ smart pill dispenser.

Known for its innovations and unique solutions for the public and private sector, our Group will be strongly positioned in this market.

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 2014

Name and forename or Company Name of the member and their roles	Date term of office expires <sup>(1)</sup>
<b>Mr. Thierry CHAPUSOT</b> <i>Chairman of the Board of Directors</i>	31 December 2019
<b>Mr. Dominique PAUTRAT</b> <i>Managing Director</i>	31 December 2019 (MD) 31 December 2014 (Board Member)
<b>Mr. Thierry PONNELLE</b> <i>Deputy Managing Director and Board Member</i>	31 December 2019 (DMD) 31 December 2019 (Board Member)
<b>Mr. Denis SUPPLISSON</b> <i>Deputy Managing Director and Board Member</i>	31 December 2019 (DMD) 31 December 2014 (Board Member)
<b>Mr. Daniel ANTOINE</b> <i>Board Member</i>	31 December 2019
<b>Mr. Michel DUSSERRE</b> <i>Independent Board Member</i>	31 December 2014
<b>Mr. François JACQUEL</b> <i>Board Member</i>	31 December 2019
<b>Ms. Anne LHOTE</b> <i>Board Member</i>	31 December 2016
<b>Ms. Sophie MAYEUX</b> <i>Independent Board Member</i>	31 December 2017
<b>GROUPE WELCOOP,</b> <i>represented by Mr. Hugues Moreaux, Board Member</i>	31 December 2019

<sup>(1)</sup> 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 GROUPE 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 GROUPE WELCOOP 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 GROUPE WELCOOP 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 GROUPE WELCOOP.

Member of the MARQUE VERTE SANTE Supervisory Board from 2008 to 2010, then permanent representative of GROUPE WELCOOP 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. Michel DUSSERE:** 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;
- 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 GROUPE WELCOOP.

**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 GROUPE WELCOOP account (formerly called CERP LORRAINE).

2003: Joined GROUPE WELCOOP as Chief Administrative and Financial Officer.

Member of the Executive Committee of GROUPE WELCOOP 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: Project Manager for the Est Républicain.

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.

**Mr. Hugues MOREAUX:** Born on 10 June 1953 in CANDERAN (France).

Doctor of Pharmacy, Pharmacist, graduated from Bordeaux University, and established in CAPBRETON (France) since 1987.

Vice-Chairman of the Supervisory Board of GROUPE WELCOOP, 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 GROUPE WELCOOP, Board Member of PHARMAGEST INTERACTIVE.

Secretary General of the Regional Council of the Order of Pharmacists (CROP) of Aquitaine.



### 14.1.3 List of offices held during the past five years.

#### Mr. Thierry CHAPUSOT

Companies	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
GROUPE WELCOOP	Executive Committee Member from April 2006 As of 01/01/2010: Chairman of the Executive Committee
MARQUE VERTE SANTE ( <i>formerly WELCOOP PHARMA</i> )	Executive Committee Member from 28/07/2008 As of 01/01/2010: Chairman of the Executive Committee
SOCIETE CIVILE DE L'ERMITAGE SAINT JOSEPH	Manager
D'MEDICA	Representing the Board Member of GROUPE WELCOOP 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
HDM (Mauritius)	Board Member until 02/01/2010
OBJECTIF PHARMA ( <i>formerly PHARMA MOSELLE</i> )	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 ( <i>Belgian company</i> )	Board Member from 30/10/2009 to 15/06/2011
SEMES	Representing the Board Member of GROUPE WELCOOP from 01/01/2010
SCI CERP IMMO 2	Representing GROUPE WELCOOP, Manager from 01/01/2010
WELMO	Manager from August 2010 to the end of 2012
DIATELIC	Board Member from 08/09/2010 to 14/05/2014
SARL DUVAL DE VITRIMONT	Manager from March 2011
SCI JAMERAI	Manager from 2006
GROUPE DOMEDIC INC. ( <i>Canadian company</i> )	Board Member from 05/05/2011
DOMEDIC EUROPE	Chairman of the Board of Directors until 23/05/2012, then Board Member



**Mr. Dominique PAUTRAT,**

Companies	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 from 19/06/2008 to 31/12/2009
ADI - APPLICATIONS ET DEVELOPPEMENTS INFORMATIQUES	Representing the 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)	Representing 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 HUOBREGA	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, Chairman of the Board of Directors until 14/05/2014 then representing of the Chairman of PHARMAGEST INTERACTIVE
QUALITY FLUX (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	Representing 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**

Companies	Terms of office
PHARMAGEST INTERACTIVE	Managing Director and Board Member from 30/05/2002
ADI - APPLICATIONS ET DEVELOPPEMENTS INFORMATIQUES	Representing the Board Member of PHARMAGEST INTERACTIVE

**Mr. Denis SUPPLISSON**

Companies	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, then Managing Director and Board Member as of 24/01/2014
SABCO ( <i>Luxembourg company</i> )	Board Member from 11/06/2012
INTECUM	Chairman from 01/01/2013
CPSI	Manager from 30/01/2014

**Mr. Daniel ANTOINE**

Companies	Terms of office
PHARMAGEST INTERACTIVE	Board Member from 30/05/2002
GROUPE WELCOOP	Vice-Chairman of the Supervisory Board
MARQUE VERTE SANTE ( <i>formerly WELCOOP PHARMA</i> )	Member of the Supervisory Board from 28/07/2008 to 31/12/2010 Representing of the Member of the Supervisory Board, GROUPE WELCOOP, from 01/01/2011
OBJECTIF PHARMA	Member of the Supervisory Board from 05/10/2010
INVESTIPHARM FRANCE	Board Member
SCI JADD	Manager

**Mr. Michel DUSSE**

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



**Mr. François JACQUEL**

Company	Term 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

**Madame Anne LHOTE**

Company	Term of office
PHARMAGEST INTERACTIVE	Board Member from 16/06/2011
GROUPE WELCOOP	Executive Committee Member from 01/01/2010
MARQUE VERTE SANTE ( <i>formerly WELCOOP PHARMA</i> )	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 ( <i>Spanish company</i> )	Board Member
ITAFARM (Italian company)	Board Member
SOFAREX ( <i>Belgian company</i> )	Managing Director
INVESTIPHARM BELGIUM ( <i>Belgian company</i> )	Managing Director
ALPHA FINANCE REPARTITION ( <i>Belgian company</i> )	Managing Director
BELGIUM INVESTMENT DISTRIBUTION ( <i>Belgian company</i> )	Representing the Board Member of STALLION MANAGEMENT until 09/12/2014
STALLION MANAGEMENT ( <i>Luxembourg company</i> )	Board Member until 09/12/2014
OBJECTIF PHARMA	Member of the Executive Committee since 25/06/2009
AUXI EXPORT ( <i>Belgian company</i> )	Manager

**Ms. Sophie MAYEUX**

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



### Mr. Hugues MOREAUX

Companies	Terms of office
PHARMAGEST INTERACTIVE	Board Member until 31/12/2010 Representing the Board Member of GROUPE WELCOOP 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 Representing of the Member of the Supervisory Board of GROUPE WELCOOP, from 01/01/2010 to 31/12/2010. Chairman of the Supervisory Board from 01/01/2011
D'MEDICA	Representing the Board Member of GROUPE WELCOOP 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 the Board Member of GROUPE WELCOOP 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 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.

The compensation paid by MARQUE VERTE SANTE and the GROUPE WELCOOP 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 risk management in Section 24 of this Registration Document.**

**Nonetheless, attention is drawn 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 DUSSERE 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 of this Registration Document.



### Audit Committee

In 2014, 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 of this Registration Document.

## 17 EMPLOYEES

### 17.1 Human resources and the labour relations environment

PHARMAGEST Group had 819 employees as at 31 December 2014, 801 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 86 sales personnel and sales managers, 100 technical and software assistants, 92 trainers and 172 technicians.

A number of agreements were signed in 2014, 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

A new stock option plan was instituted on 5 December 2014.

Corporate officers and the members of the Finance and Personnel Management Committee are not eligible for stock options.



## 17.3 Contracts and agreements

### Optional profit-sharing agreement

A profit-sharing agreement covering the scope of the PHARMAGEST Economic and Social Unit (ESU) was signed on 30 June 2014. The PHARMAGEST Group posted a charge of €972,801 for fiscal 2014.

### 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).

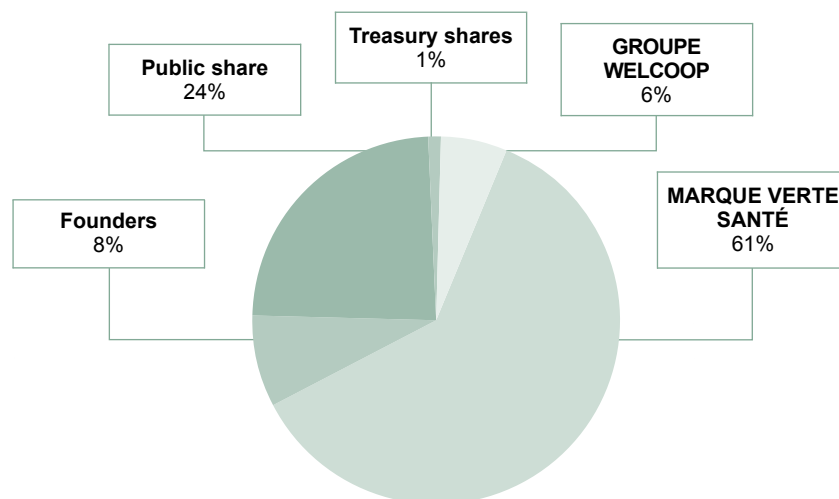
The amounts constituting the profit-sharing reserve are paid into the following corporate mutual funds (FCPE): "Perspective Monétaire A", "Perspective Obligations MT A", "Perspective Confiance 90 A", "Avenir Tempéré", "Avenir Equilibre", "Perspective Actions Europe A" and "Social Active Solidaire", which 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 2015 by PHARMAGEST Group in respect of the 2014 financial year: €1,946,545.

## 18 MAIN SHAREHOLDERS

### 18.1 Shareholding structure

Capital breakdown as at 31 March 2015:





## Voting rights as at 31 December 2014

Shareholder	Number of shares	% capital	Theoretical voting rights	Voting rights exercisable at AGM	Voting rights (%)
SC Ermitage Saint Joseph (Thierry CHAPUSOT)*	154,440	5.09	154,440	154,440	5.16
Thierry PONNELLE*	91,590	3.02	91,240	91,590	3.06
<b>Subtotal founding directors</b>	<b>246,030</b>	<b>8.11</b>	<b>246,030</b>	<b>246,030</b>	<b>8.21</b>
MARQUE VERTE SANTE (formerly WELCOOP PHARMA)	1,836,519	60.51	1,836,519	1,836,519	61.32
GROUPE WELCOOP	185,852	6.12	185,852	185,852	6.21
<b>Sub-total WELCOOP Group</b>	<b>2,022,371</b>	<b>66.64</b>	<b>2,022,371</b>	<b>2,022,371</b>	<b>67.52</b>
Treasury shares	39,709	1.31	39,709	0	0
Public share	726,715	23.95	726,715	726,715	24.26
<b>TOTAL</b>	<b>3,034,825</b>	<b>100</b>	<b>3,034,825</b>	<b>2,995,116</b>	<b>100</b>

\* 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:

- 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 GROUPE WELCOOP, reducing its holding in PHARMAGEST INTERACTIVE from 66.84% to 61.32%, with GROUPE WELCOOP holding 5.21%.
- In 2014,
  - MARQUE VERTE SANTE sold 24,000 shares to PHARMAGEST INTERACTIVE (treasury shares), reducing its holding in PHARMAGEST INTERACTIVE to 60.51%;
  - GROUPE WELCOOP purchased 27,812 shares in the market and now holds 6.12%.

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 2014 and the date of issue of this Registration Document.



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 ( <i>Thierry CHAPUSOT</i> )	154,440	5.09	154,440	154,440	5.09
Thierry PONNELLE	91,590	3.02	91,590	91,590	3.02
<b>Subtotal founding directors</b>	<b>246,030</b>	<b>8.11</b>	<b>246,030</b>	<b>246,030</b>	<b>8.11</b>
MARQUE VERTE SANTE ( <i>formerly WELCOOP PHARMA</i> )	1,860,519	60.51	1,860,519	1,860,519	61.32
GROUPE WELCOOP	158,040	5.21	158,040	158,040	5.21
<b>Sub-total WELCOOP Group</b>	<b>2,018,559</b>	<b>66.51</b>	<b>2,018,559</b>	<b>2,018,559</b>	<b>66.53</b>
Treasury shares	830	0.03	830	0	0
Public share	769,406	25.35	769,406	769,406	25.36
<b>TOTAL</b>	<b>3,034,825</b>	<b>100</b>	<b>3,034,825</b>	<b>3,033,995</b>	<b>100</b>

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 ( <i>Thierry CHAPUSOT</i> )*	154,440	5.09	154,440	154,440	5.09
Thierry PONNELLE	91,590	3.02	91,590	91,590	3.02
<b>Subtotal founding directors</b>	<b>246,030</b>	<b>8.11</b>	<b>246,030</b>	<b>246,030</b>	<b>8.11</b>
MARQUE VERTE SANTE ( <i>formerly WELCOOP PHARMA</i> )	2,028,558	66.84	2,028,558	2,028,558	66.86
Treasury shares	915	0.03	915	0	0
Public share	759,322	25.02	759,322	759,322	25.03
<b>TOTAL</b>	<b>3,034,825</b>	<b>100</b>	<b>3,034,825</b>	<b>3,033,910</b>	<b>100</b>





## 18.2 Control

The WELCOOP Group holds 66.63% of PHARMAGEST INTERACTIVE'S capital, directly or indirectly.

The GROUPE WELCOOP 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 WELCOOP 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 the PHARMAGEST Group and related parties are detailed in Section 20.3.1.5 Transactions with related parties 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

The following are included by reference in this Registration: the consolidated accounts, management reports and audit reports for the years ended 31 December 2012 and 31 December 2013, which can be found respectively in the 2012 Registration Document, filed under No. D.13-0438 on 26 April 2013 and the 2013 Registration Document filed under No. D.14-0427 on 29 April 2014.

### 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	31/12/2014	31/12/2013
<b>Non-current assets</b>			
Intangible assets	3.4.1/2	11,279	10,512
Goodwill	3.4.1/2	27,744	27,744
Property, plant and equipment	4.1/2	4,386	4,384
Non-current financial assets	6.1.1/2	262	290
Securities valued by the equity method	2.1.2	716	817
Deferred tax on assets	9.2.2	482	394
<b>Total non-current assets</b>		<b>44,868</b>	<b>44,140</b>
<b>Current assets</b>			
Stocks and work-in-progress	7.5	2,300	1,906
Trade receivables	7.4	15,284	14,522
Other receivables	7.4	3,389	3,343
Securities available for sale	6.2	35,236	29,410
Other financial assets	6.3	0	0
Cash flow and cash flow equivalents	6.4	12,475	16,085
<b>Total current assets</b>		<b>68,684</b>	<b>65,266</b>
<b>TOTAL</b>		<b>113,552</b>	<b>109,406</b>



Statement of Financial Situation - Equity capital and Liability - In €K	Notes	31/12/2014	31/12/2013
<b>Equity capital</b>			
Capital		3,035	3,035
Consolidated reserves		61,299	56,780
Profit for the year		17,011	15,825
<b>Equity capital - Group share</b>		<b>81,345</b>	<b>75,640</b>
Reserves - Minority interests		396	425
Earnings - Minority interests		-46	6
<b>Minority interests</b>		<b>350</b>	<b>431</b>
<b>Total equity capital (consolidated)</b>	<b>10.1</b>	<b>81,695</b>	<b>76,071</b>
<b>Non-current liabilities</b>			
Long-term provisions	11.1.1	2,027	2,177
Long-term liabilities	6.5	1,037	1,090
Deferred tax liability	9.2.2	350	227
<b>Total non-current liabilities</b>		<b>3,415</b>	<b>3,494</b>
<b>Current liabilities</b>		<b>81,345</b>	<b>75,640</b>
Short-term provisions	11.1.1	70	196
Financial liabilities owed within a year	6.5	538	1,388
Trade creditors	7.6	6,303	7,883
Tax liability	7.6	566	842
Other payables	7.6	20,966	19,531
<b>Total current liabilities</b>		<b>28,443</b>	<b>29,840</b>
<b>TOTAL</b>		<b>113,552</b>	<b>109,406</b>



**20.3.1.2 Consolidated profit and loss statement - IFRS standards**

Profit and loss account - In €K	Notes	31/12/2014	31/12/2013
Sales	7.1	114,560	113,407
Other business income		0	0
<b>Subtotal Operating revenue</b>		<b>114,560</b>	<b>113,407</b>
Purchases consumed		-28,408	-33,606
Personnel expenses		-41,533	-38,941
Purchases and external expenses		-14,411	-13,156
Taxes and duties		-2,624	-2,535
Depreciation allowance	7.7	-2,519	-2,823
Allocation to provisions	7.7	164	-7
Other income and expenditure		277	781
<b>Subtotal Operating expenses</b>		<b>-89,054</b>	<b>-90,288</b>
<b>Current operating profit</b>		<b>25,506</b>	<b>23,119</b>
Other operating income		0	0
Other operating expenses		0	0
<b>Operating profit</b>		<b>25,506</b>	<b>23,119</b>
Income from cash flow and equivalents	6.6	1,143	1,214
Cost of gross financial debt	6.6	-157	-152
<b>Cost of net financial debt</b>		<b>986</b>	<b>1,062</b>
Other financial income and expenditure	6.6	-1	-19
Tax expense		-9,392	-8,506
Share of net profit/(loss) from equity - accounted entities		-135	174
<b>Net profit/(loss) from continuing operations</b>		<b>16,965</b>	<b>15,832</b>
<b>Net profit/(loss) from discontinued operations</b>		<b>0</b>	<b>0</b>
<b>Net profit/(loss) for the year</b>		<b>16,965</b>	<b>15,832</b>
<b>Profit/(loss) attributable to equity holders of the parent</b>		<b>17,011</b>	<b>15,825</b>
<b>Net profit/(loss) Minority share</b>		<b>-46</b>	<b>6</b>
Basic earnings per share (group share)	10.4	5.68	5.22
DILUTED earnings per share (group share)	10.4	5.59	5.22



Statement of net profit/(loss) and gains and losses recorded directly in equity In €K		31/12/2014	31/12/2013
<b>Net profit/(loss)</b>		<b>16,965</b>	<b>15,832</b>
<b>Net profit/(loss) - Items subsequently reclassified to net profit/(loss)</b>			
Translation adjustments		-6	2
Changes in fair value of derivative hedging instruments		0	7
Financial assets available for sale		0	0
Related taxes		0	-2
<b>Items not subsequently reclassified to net profit/(loss)</b>			
Revaluation of fixed assets		0	0
Revaluation/actuarial differences for defined contribution pension plans		98	-98
Stock option expense over the period		9	0
Related taxes		-33	33
<b>Total gains and losses recorded directly in equity</b>		<b>69</b>	<b>-60</b>
<b>Net profit/(loss) and gains and losses recorded directly in equity</b>		<b>17,034</b>	<b>15,772</b>
<b>Net profit/(loss) and gains and losses recorded directly in equity – group share</b>		<b>17,080</b>	<b>15,765</b>
<b>Net profit/(loss) and total gains and losses recorded directly in equity – minority share</b>		<b>-46</b>	<b>6</b>
Basic earnings per share and total gains and losses recorded directly in equity (group share)		5.70	5.20
Diluted earnings per share and net total gains and losses recorded directly in equity (group share)		5.61	5.20



**20.3.1.3 Consolidated cash flow statement - IFRS standards**

Consolidated cash flow statement - In €K	31/12/2014	31/12/2013
<b>I. Activities and operating investments</b>		
<b>Operating profit</b>	<b>25,506</b>	<b>23,119</b>
Net amortisations and provisions, excluding tax and financial items	2,329	2,826
Other estimated expenses, excluding financial items	9	0
Capital gains or losses on disposals of fixed assets	-22	-212
Other adjustments	0	0
<b>Cash flow from operating activities</b>	<b>27,824</b>	<b>25,733</b>
Gross financial debt, interest paid	-157	-160
Taxes paid	-9,684	-9,400
<b>Cash flow after interest and tax</b>	<b>17,983</b>	<b>16,173</b>
Stock variation	-394	193
Change in trade receivables	-763	2,091
Change in trade payables	-1,571	-4,696
Change in other receivables and payables	1,433	-1,470
<b>Change in working capital requirement</b>	<b>-1,295</b>	<b>-3,889</b>
<b>Change in cash flow from operations</b>	<b>16,688</b>	<b>12,290</b>
Acquisitions of intangible assets and property, plant and equipment	-3,329	-3,823
Disposals of intangible assets and property, plant and equipment	44	169
Security deposits and other cash flows from operating investments	-10	5
<b>Operating investment</b>	<b>-3,295</b>	<b>-3,649</b>
<b>Change in cash flow from operations and operating investments</b>	<b>13,393</b>	<b>8,635</b>
<b>II. Financial investments</b>		
Acquisitions of financial investments	0	0
Disposals of financial investments	0	0
Impact of acquisitions and disposals of investments in consolidated entities	0	-1,208
<b>Change in cash flow from financial investments</b>	<b>0</b>	<b>-1,208</b>
<b>III. Capital transactions</b>		
Capital increase on PHARMAGEST INTERACTIVE	0	0
Capital increase of subsidiaries by minority interests	0	130
Acquisitions and disposals of PHARMAGEST INTERACTIVE shares (treasury shares)	-3,867	-22
Dividends received from equity-accounted entities	0	306
Dividends paid by PHARMAGEST INTERACTIVE	-7,582	-6,371
Dividends paid to minority interests by consolidated subsidiaries	-205	-20
Acquisitions and disposals of minority interests	237	-295
<b>Change in cash flow from capital transactions</b>	<b>-11,417</b>	<b>-6,272</b>
<b>IV. Financing operations</b>		
Loan issues or borrowings and financial liabilities	284	488
Repayments of borrowings and financial liabilities	-647	-2,113
Acquisitions and disposals of financial investments (securities available for sale/other financial assets)	-5,826	1,263
Income from cash flow and equivalents, interest received	1,143	1,214
<b>Change in cash flow from financing operations</b>	<b>-5,046</b>	<b>852</b>
<b>V. Impact of translation adjustments/financial instruments and other financial income/expenses</b>	<b>0</b>	<b>-19</b>
<b>Net change in cash and cash equivalents</b>	<b>-3,070</b>	<b>1,997</b>
Cash at bank and in hand	-3,610	2,722
Bank overdrafts	-540	725
<b>Change in net cash position</b>	<b>-3,070</b>	<b>1,997</b>



Closing cash flow statement	31/12/2014	31/12/2013	Changes in scope	Variation
Cash at bank and in hand	12,475	16,085	0	-3,610
Bank overdrafts	200	740	0	-540
<b>Change in net cash position</b>	<b>12,275</b>	<b>15,345</b>	<b>0</b>	<b>-3,070</b>

#### 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 capital - Group share		
<b>Equity capital as at 01/01/2013</b>	<b>3,035</b>	<b>63,840</b>	<b>-54</b>	<b>-347</b>	<b>66,475</b>	<b>447</b>	<b>66,923</b>
<b>Changes in accounting methods</b>							
<b>Equity capital as at 01/01/2013, adjusted</b>	<b>3,035</b>	<b>63,840</b>	<b>-54</b>	<b>-347</b>	<b>66,475</b>	<b>447</b>	<b>66,923</b>
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		-60	15,825	6	15,825
Gains and losses recorded directly in equity					-60		-60
<b>Net profit/(loss) and gains and losses recorded directly in equity</b>		<b>15,825</b>			<b>15,765</b>		<b>15,771</b>
Other		-25			-25		-25
<b>Changes in scope</b>						<b>-3</b>	<b>-3</b>
<b>Change in equity interests in subsidiaries with no loss of control</b>		<b>-183</b>			<b>-183</b>		<b>-183</b>
Equity capital as at 31/12/2013	<b>3,035</b>	<b>73,086</b>	<b>-76</b>	<b>-407</b>	<b>75,640</b>	<b>431</b>	<b>76,071</b>
Changes in accounting methods							
Equity capital as at 31/12/2013, adjusted	<b>3,035</b>	<b>73,086</b>	<b>-76</b>	<b>-407</b>	<b>75,640</b>	<b>431</b>	<b>76,071</b>
Capital transactions							
Share-based payments			-3,867		-3,867		-3,867
Purchases and sales of treasury shares		-7,582			-7,582	-205	-7,787
Dividends							
Net profit/(loss) for the year		17,011			17,011	-46	16,965
Gains and losses recorded directly in equity				69	69		69
<b>Net profit/(loss) and gains and losses recorded directly in equity</b>		<b>17,011</b>			<b>17,080</b>		<b>17,034</b>
Other		6			6		6
<b>Changes in scope</b>							
<b>Change in equity interests in subsidiaries with no loss of control</b>		<b>67</b>			<b>67</b>	<b>170</b>	<b>237</b>
<b>Equity capital as at 31/12/2014</b>	<b>3,035</b>	<b>82,588</b>	<b>-3,943</b>	<b>-338</b>	<b>81,345</b>	<b>350</b>	<b>81,695</b>



### 20.3.1.5 Notes to the consolidated financial statements

The financial statements show an overall financial position amounting to €113,552K and net profit of €17,034K.

## NOTE 1 Accounting principles

### 1.1 Applicable texts

#### 1.1.1 Change in accounting policies in 2014

The PHARMAGEST Group's annual consolidated financial statements at 31 December 2014 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 - Official Journal of the European Union).

The accounting principles applied are identical to those applied to prepare the Group's financial statements at 31 December 2013, with the exception of the following standards, amendments and interpretations applicable from 1 January 2014:

- **IFRS 10:** Consolidated financial statements;
- **IFRS 11:** Partnerships;
- **IFRS 12:** Disclosure of interests in other entities;
- **IAS 27R:** Individual financial statements;
- **Amendments to IAS 36:** Recoverable amount disclosures for non-financial assets.

Application of these texts had no material impact on the 2014 consolidated financial statements.

#### 1.1.2 Standards, amendments and interpretations with mandatory application as of 1 January 2015

The standards applicable to the PHARMAGEST Group as of 1 January 2015 are:

- **Amendment to IAS 19** relative to the recognition of employee contributions to post-employment benefits;
- **IFRIC 21 1** interpretation on recognition of levies.

These texts were not early-applied at 31 December 2014, where authorised by the texts.

Application of these standards had no material impact on the 2014 consolidated financial statements.

#### 1.1.3 Other changes to standard effective after 1 January 2015

The PHARMAGEST Group is monitoring the draft relative to recognition of leases.

A working group will examine the effects of applying IFRS15 on the recognition of revenue as of 1 January 2017.

#### 1.1.4 First-time adoption of IFRS

The Group prepared financial statements in accordance with IFRS for the first time at 31 December 2005 with a transition date of 1 January 2004.

IFRS 1 provided exceptions to the retrospective application of IFRS on the transition date. The exceptions used by the Group were as follows:

##### **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 set up two stock option plans. As they were set up after 7 November 2002, they have been restated in accordance with IFRS 2.

## 1.2 Presentation of the financial statements

### 1.2.1 Income statement

The PHARMAGEST Group's main activity is the design of specialised management software for dispensing pharmacies and the distribution of tailored computer solutions. Operating profit for the period was generated by our recurring and non-recurring, main and accessory business.

"Other operating income and expenditure" includes items of profit/(loss) which, by their nature, amount or frequency, may not be considered as part of the PHARMAGEST Group's activities and operating profit. In particular, these are impairments of brands and goodwill. This line also includes, if they are significant and non-recurring, the effects of changes in scope, capital gains or losses on disposals of fixed assets, restructuring costs, legal fees incurred for disputes, or any other non-current income or expenditure liable to affect operating profit comparisons between one period and another.

### 1.2.2 Statement of changes in cash flow

Changes in cash flow arising for operating activities are determined on the basis of operating profit, adjusted for transactions with no impact on cash.

Note that repayable advances received for R&D projects are presented on aggregate under "Other receivables and payables" in changes in cash flow from operating activities.

## 1.3 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 note 5.

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.

## NOTE 2 Scope of consolidation

### 2.1 Consolidation principles and methods

The PHARMAGEST Group applies the full consolidation method and the equity method:

- **Full consolidation**

This method is used for companies in which we are exposed to or are entitled to variable returns and in which we have the capacity to influence these returns because of our decision-making rights (in terms of financial and operating policies).

- **Equity 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.

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 statements for PHARMAGEST Group companies used for the 2014 consolidation are those as at 31 December 2014.

#### 2.1.1 Fully consolidated companies

Companies	Address	% control	% interest
PHARMAGEST INTERACTIVE	Villers-lès-Nancy (54)	consolidating company	consolidating company
ADI <sup>(1)</sup>	Saclay (91)	50.00	50.00
CPI	Dijon (21)	100.00	100.00
CPSI	Baie Mahault (97)	100.00	100.00
DCI	Mérignac (33)	100.00	100.00
DIATELIC	Villers-lès-Nancy (54)	95.29	95.29
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)	70.00	70.00
MALTA INFORMATIQUE	Mérignac (33)	100.00	100.00
SABCO	Luxembourg	100.00	100.00
SABCO SERVICES	Belgique	100.00	100.00
SCI HUOBREGA	Quéven (56)	100.00	100.00

<sup>(1)</sup> 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 appointment subject to the express agreement of the PHARMAGEST Group), ADI which is 50%-owned, is fully consolidated.



### 2.1.2 Companies consolidated under the equity method

Companies	Address	% control	% interest
GRUPE DOMEDIC INC.	Québec (Canada)	35.00	35.00

**GRUPE 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.

As at 31 December 2014, it reported losses of CAD (346)K and its net position was CAD 184K.

PHARMAGEST INTERACTIVE contends that it does not have significant influence.

Balance sheet items - In €K	Gross value as at 31/12/13	Increase	Decrease	Reclassification	Changes in scope	Gross value as at 31/12/2014
Securities valued by the equity method <sup>(1)</sup>	817		61	37	-3	716
<b>TOTAL</b>	<b>817</b>		<b>61</b>	<b>37</b>	<b>-3</b>	<b>716</b>

<sup>(1)</sup> 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
GRUPE DOMEDIC INC	131	323	113	603	716
<b>TOTAL</b>				<b>603</b>	<b>716</b>

### 2.1.3 Minority interests

Pursuant to IFRS 12, please note that subsidiaries with minority interests are not significant relative to the Group's financial aggregates. As a result, their financial data are not presented in the notes to the PHARMAGEST Group's financial statements.

The PHARMAGEST Group has not identified any material restrictions on its interests in subsidiaries.

### 2.1.4 Unconsolidated companies

PHARMAGEST INTERACTIVE's equity interest in QUALITY FLUX has been deconsolidated on the basis of a zero fair value, as a result of the loss of significant influence arising from the dilution of our stake in that company from 21.98% to 15.15%, following a capital increase and the admission of three new shareholders.

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 ad hoc entities in the PHARMAGEST Group.



## 2.2 Changes in the scope of consolidation

### 2.2.1 Changes in scope during 2014

- 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 from 21.98% to 15.15% following a capital increase and the admission of three new shareholders; PHARMAGEST INTERACTIVE decided not to participate in this capital increase. Since the transaction resulted in the loss of significant influence, QUALITY FLUX was deconsolidated based on a zero fair value;
- On January 2014, 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 and Guiana.
- Acquisition of additional equity in DIATELIC, bringing our share in the capital to 95.29% from 68.58%.
- Disposal of 30% of KAPELSE securities without loss of control.

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.

### 2.2.2 Changes in scope during the previous year

- 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.

### 2.3 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.

## NOTE 3 Immobilisations incorporelles

### 3.1 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 Note 5.

Negative goodwill is automatically posted to operating profit.

## 3.2 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. Please see Note 3.4.1 of this Registration Document for the assessment at 31 December 2014.

## 3.3 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	Depreciation method
Customer relations Software acquired	According to contract features 1 to 3 years	Straight line Straight line



## 3.4 Value of intangible assets and goodwill

### 3.4.1 Gross values

Balance sheet items - In €K	Gross value as at 31/12/2013	Increase	Decrease	Reclassification	Changes in scope	Gross value as at 31/12/2014
R&D costs	13,778	1,958				15,736
Client relations <sup>(1)</sup>	1,493					1,493
Other intangible assets	6,018	587				6,605
Goodwill	27,744					27,744
<b>TOTAL</b>	<b>49,033</b>	<b>2,545</b>				<b>51,578</b>

<sup>(1)</sup> Acknowledgement of a client relationship following the acquisition of SABCO.

The comparison between the carrying amounts of CGU (Cash Generating Units) and their recoverable amounts did not show any impairment of goodwill or of other intangible assets.

Accordingly, and since there is no impairment to be reversed, the recoverable amount of CGUs is not disclosed, in accordance with IAS 36 revised (c.f. Note 5).

Sensitivity testing of growth rates, discount rates and business growth was not performed and therefore did not identify material risks relating to recoverable amounts.

Analysis of recoverable amount of goodwill:

<b>PHARMACY FRANCE</b>			
CIP	13,136	ADI	87
MIRABEL	1,072	DDI	886
EHLS	3,816	VIP PHARMA	35
TECHNILOG	179	CSSI	366
OSIS	213	FICHORGA	3,666
DCI	415	ROUSSEAU	243
CPI	32	INTECUM	635
<b>Sub-total</b>			<b>24,781</b>
<b>PHARMACY BELGIUM AND LUXEMBOURG</b>			
SABCO/SABCO SERVICES			2,164
<b>Sub-total</b>			<b>2,164</b>
<b>CARE HOMES</b>			
MALTA INFORMATIQUE	255	AZUR SOFTWARE	300
<b>Sub-total</b>			<b>555</b>
<b>SME</b>			
CPI			15
<b>Sub-total</b>			<b>15</b>
<b>E-HEALTH</b>			
DIATELIC			228
<b>Sub-total</b>			<b>228</b>
<b>TOTAL</b>			<b>27,744</b>



### 3.4.2 Amortisation and depreciation

Balance sheet items - In €K	Value as at 31/12/2013	Allowances	Decreases	Reclassification	Changes in scope	Value as at 31/12/2014
Other intangible assets	2,359	433				2,792
Research and Development	7,476	1,197				8,673
Client relations	946	149				1,095
<b>TOTAL</b>	<b>10,781</b>	<b>1,779</b>				<b>12,560</b>

The impairment tests performed in accordance with the principles set out in Note 3.4.1 did not reveal any impairment of goodwill or other intangible assets.

## NOTE 4 Intangible assets

### 4.1 Initial measurement and subsequent measurement

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.

Balance sheet items - In €K	Gross value as at 31/12/2013	Increase	Increase	Reclassification	Changes in scope	Gross value as at 31/12/2014
Land	631					631
Buildings	6,140	39				6,179
Equipment	98	244				342
Other property, plant and equipment	4,488	500	305	-9		4,674
<b>TOTAL</b>	<b>11,357</b>	<b>783</b>	<b>305</b>	<b>-9</b>	<b>0</b>	<b>11,826</b>

### 4.2 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



In €K	Value as at 31/12/2013	Allowances	Decreases	Reclassification	Changes in scope	Value as at 31/12/2014
Property, plant and equipment	6,973	740	273			7,440
<b>TOTAL</b>	<b>6,973</b>	<b>740</b>	<b>273</b>	<b>0</b>	<b>0</b>	<b>7,440</b>

## 4.3 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.

- Operating leases: payments made under operating leases (other than service costs such as for insurance and maintenance) are recognised as expenses in the income statement on a straight-line basis over the term of the lease;
- Finance leases: as a lessee, the Group has no significant finance leases. Finance leases with customers are booked as asset disposals in HEALTHLEASE's consolidated financial statements when the lease contracts are disposed of.

See note 7.8 for related off-balance sheet commitments.

## NOTE 5 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 is allocated to the relevant cash-generating units, corresponding in line with IFRS 8, with 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 (Note 3.4).

The valuation method is based on discount cash-flow valuation with flows for 2015 to 2018 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 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 four years.

Impairment tests carried out in 2014 by the PHARMAGEST Group did not reveal any impairment loss on these assets.

## NOTE 6 Financing and financial instruments

### 6.1 Non-current financial assets

#### 6.1.1 Gross values

Balance sheet items - In €K	Gross value as at 31/12/13	Increase	Decrease	Reclassification	Changes in scope	Gross value as at 31/12/2014
Loans, deposits and sureties	290	9		-37		262
Other investments	5					5
<b>TOTAL</b>	<b>295</b>	<b>9</b>		<b>-37</b>		<b>267</b>

#### 6.1.2 Impairment

In €K	Value as at 31/12/2013	Allowances	Decreases	Reclassification	Changes in scope	Value as at 31/12/2014
Other investments	5					5
<b>TOTAL</b>	<b>5</b>					<b>5</b>

### 6.2 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. 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.

Net values - In €K	31/12/2014	31/12/2013
Capital bond <sup>(1)</sup>	35,236	29,410
<b>TOTAL</b>	<b>35,236</b>	<b>29,410</b>

<sup>(1)</sup> This is a euro fund investment contract subscribed with AXA, which has an investment profile similar to treasury bonds 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.

### 6.3 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.

### 6.4 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.

Gross values - In €K	31/12/2014	31/12/2013
SICAV/Time deposit accounts	7,217	10,310
Cash at bank and in hand	5,258	5,776
<b>TOTAL</b>	<b>12,475</b>	<b>16,085</b>

### 6.5 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.

In €K	31/12/2014				31/12/2013 Gross amount
	Gross amount	Less than 1 year	1 to 5 years	More than 5 years	
Bank overdrafts	200	200			740
Bank borrowings	1,090	337	753	0	1,737
Sureties	284		284		0
Loans and financial liabilities	1	1			1
<b>TOTAL</b>	<b>1,575</b>	<b>538</b>	<b>1,037</b>	<b>0</b>	<b>2,478</b>



Analysis of borrowings from credit institutions by maturity and rate type:

In €K	Financial debt		
	Fixed rate	Floating rate	Total
Maturities			
Less than 1 year	337	0	337
1 to 5 years	753	0	753
More than 5 years	0	0	0
<b>TOTAL</b>	<b>1,090</b>	<b>0</b>	<b>1,090</b>

None of these loans are subject to covenant.

## 6.6 Financial earnings

In €K	31/12/2014	31/12/2013
<b>Income from cash flow</b>	<b>1,143</b>	<b>1,214</b>
Capital gains from disposals of marketable securities	1	1
Sales from marketable securities/Financial investments	1,138	1,160
Other financial income	4	54
Provisions reversals	0	0
<b>Cost of gross debt</b>	<b>157</b>	<b>152</b>
Expenses on disposals of marketable securities	0	0
Financial interest paid and discounts obtained	159	150
Other financial expenses	0	0
Allowances for financial provisions	-2	2
<b>Other financial income and expenditure</b>	<b>-1</b>	<b>-19</b>
Exchange rate gains/currency hedging gains	9	7
Currency hedging gains	0	0
Exchange rate losses/currency hedging losses	-9	-20
Currency hedging losses	-1	-6
Other financial income and expenditure	0	0

## 6.7 Financial risk management and control

### 6.7.1 LIQUIDITY RISK

The PHARMAGEST Group conducted a specific review of its liquidity risk and concluded it is in a position to meet future payment dates.

As at 31 December 2014, the Group had €12 million in net available cash.

In addition to this cash flow available in the short term, we have undrawn bank overdraft facilities totalling of €8 million, as well as a balance of €39 million in available-for-sale securities (the penalty for early exit only concerns the interest incurred).

With €55 million in net available liquidity, the PHARMAGEST 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 Note 6.5.



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
<b>Non-derivative financial liabilities</b>						
Secured bank loans	1,014	142	143	292	437	
Unsecured bank loans	76	26	27	23		
Overdrafts	200	200				
Other financial liabilities	285	285				
Trade creditors	6,303	6,303				
Other payables	0	0				
<b>TOTAL</b>	<b>7,878</b>	<b>6,956</b>	<b>170</b>	<b>315</b>	<b>437</b>	
Interest rate swaps*	0					
Exchange rate swaps	0					
<b>TOTAL</b>	<b>0</b>					

\* No further swaps as at 31 December 2014

## 6.7.2 MARKET RISK

### 6.7.2.1 Interest rate risk

PHARMAGEST Group's exposure to interest rate risk relates to floating-rate loans (sensitivity to rate increases).

Note: there are no short- or long-term floating-rate loans at 31 December 2014.

Analysis of gross debt by maturity and type of rate

In €K	Fixed rate				Floating rate
	Carrying amount	Less than 3%	3-4%	More than 4%	
<b>Maturing:</b>					
2015	337	219	47	71	0
2016	316	226	16	74	0
2017	300	222	0	78	0
2018	81	0	0	81	0
2019	56	0	0	56	0
Thereafter	0	0	0	0	0
<b>TOTAL</b>	<b>1,090</b>	<b>667</b>	<b>63</b>	<b>360</b>	<b>0</b>



#### 6.7.2.2 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.

#### 6.7.2.3 Financial instruments and shares risk

No exposure to this risk has been identified by the PHARMAGEST Group. Nonetheless, we closely monitor the financial position of AXA, responsible for managing the capital bond (available-for-sale securities).

### 6.7.3 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 36% of consolidated sales in 2014, with 35% of this through leasing companies working with HEALTHLEASE (primarily BNP LEASES, SIEMENS AND FRANFINANCE).
- Trade receivables not depreciated at 31 December 2014 were analysed individually, and payment was received after the balance sheet date for the majority (see Note 7.4).

## 6.8 Off balance-sheet commitments relating to Group financing

In €K	31/12/2014	31/12/2013
Pledges, mortgages and security interests on property*	1,014	1,296
Assigned receivables not yet due	0	0
Other financial commitments given	0	0
<b>TOTAL</b>	<b>1,014</b>	<b>1,296</b>

\* All pledges were subscribed for bank borrowings. The amount shown corresponds to the balance of relevant borrowings at 31 December 2014.

The PHARMAGEST Group has no off-balance sheet commitments received (apart from €8 million in credit lines received and unused) likely to have a significant impact on the financing of the PHARMAGEST Group.

As at the reporting date of 31 December 2014, the PHARMAGEST Group is unaware of any significant off-balance sheet commitments other than those set out above.

## NOTE 7 Operating data

### 7.1 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.

### 7.1.1 Net sales

In €K	31/12/2014	31/12/2013
Maintenance and sale of databases	34,086	32,204
Other services, including e-Advertising	10,519	14,462
Sales of configurations	56,272	54,327
Training and new product services	13,683	12,414
<b>TOTAL</b>	<b>114,560</b>	<b>113,407</b>

## 7.2 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:** Innovation for infrastructure technologies for e-Health, including medical tele-monitoring applications.

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



## 7.2.1 Operating statement by business line

2014 - In €K	Activities		IFRS restatement **	Total
	Pharmacy	Other*		
Sales	96,335 84%	18,307 16%	-82	114,560
Depreciations on tangible and intangible assets	-1,275 79%	-339 21%	-905	-2,519
Operating income	24,592 90%	2,745 10%	-1,831	25,506
Recurring income	25,574 90%	2,796 10%	-1,878	26,492
Share of businesses consolidated by equity method	-135	0	0	-135
Income tax liability or income	-8,358 91%	-857 9%	-177	-9,392
<b>Net profit/(loss)</b>	<b>15,361 89%</b>	<b>1,824 11%</b>	<b>-220</b>	<b>16,965</b>

2013 - In €K	Activities		IFRS restatement **	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 92%	2,150 8%	-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
<b>Net profit/(loss)</b>	<b>14,452 92%</b>	<b>1,209 8%</b>	<b>170</b>	<b>15,831</b>

\* The 'Other' section corresponds to the Care Homes, CPI, Pharmaceutical Companies and e-Health business lines. None of these businesses accounted for more than 10% of sales, assets, or consolidated profit/(loss).

\*\* The most significant IFRS restatement concerns booking and amortisation of research and development costs.

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



## 7.3 Seasonal nature of business

The business lines are neither seasonal nor cyclical in nature.

## 7.4 Trade receivables

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

In €K	31/12/2014			31/12/2013
	Net amount	1 year	+ 1 year	Net amount
Clients <sup>(1)</sup>	15,284	15,284		14,522
Other receivables	3,389	3,389		3,343

<sup>(1)</sup> All trade receivables making up the consolidated aged balance below have been individually examined and are provisioned based on 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-2014 is €454K compared with €440K at end-2013.

The client balance breaks down as follows:

Net amount	Not yet due	<60 days	60<X<180 days	> 180 days
15,284	7,266	7,184	801	33

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	31/12/2013	Allocation	Reversal used	Reversal not used	31/12/2014
Provision for impairment of trade accounts receivable	440	195	68	113	454

## 7.5 Inventories

Inventories and work in progress are recognised at the acquisition cost. Serialised equipment is measured according to the individual cost principle, and low-value non-serialised inventories are measured at the weighted average unit cost.

On each closing date, they are valued at either the historical cost or the net realisable value, whichever is the lower.

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





In €K	31/12/2014			31/12/2013
	Gross mount	Impairment	Net amount	Net amount
Commodities	67	0	67	47
Equipment	2,233	306	1,927	1,539
Supplies	152	6	146	119
Parts and after-sales service	240	81	159	201
In progress	1	0	1	0
<b>TOTAL</b>	<b>2,693</b>	<b>393</b>	<b>2,300</b>	<b>1,906</b>

## 7.6 Trade accounts payable and other liabilities

In €K	31/12/2014				31/12/2013
	Gross amount	Less than 1 year	1 to 5 years	More than 5 years	Gross amount
Trade payables	6,303	6,303			7,883
Other payables	21,532	21,532			20,373
<b>TOTAL</b>	<b>27,835</b>	<b>27,835</b>			<b>28,256</b>

## 7.7 Net amortisation expense and operating provisions

In €K	31/12/2014	31/12/2013
Depreciation allowance	<b>2,355</b>	<b>2,830</b>
Provisions for fixed assets	2,519	2,823
Provisions for current assets	0	0
Provisions for contingencies and charges	26	-68
	-190	75

All reversals of provision are presented less allowances.

## 7.8 Off-balance sheet commitments relating to the Group's operating activities

En K€	31/12/2014	31/12/2013
Contractual obligation on property finance leasing	0	0
Contractual obligation on simple equipment leasing	1,407	1,614
Contractual obligation on simple property leasing	5,506	4,373
Irrecoverable purchasing obligation	0	0
Other contractual obligations	0	0
Commitments given in relation to business development	0	0
Tax commitments	0	0
<b>TOTAL</b>	<b>6,914</b>	<b>5,987</b>



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 2014, the PHARMAGEST Group is unaware of any significant off-balance sheet commitments other than those set out above.

## NOTE 8 Employee costs and benefits

### 8.1 Workforce and payroll

Workforce (full-time equivalent - FTE):

- Managers: 546 ;
- Non-managers: 255.

Personnel expenses mainly comprise gross pay, social charges and payroll subsidies amounting to €39,586K and €1,947K in profit-sharing.

### 8.2 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.

See Note 11.1.1 for the commitment on the closing date.

### 8.3 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 by reference to the value of the equity interests granted 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.



Since 16 October 2007, there is an employers' contribution to stock option plans collected by the URSSAF. The contribution rate is 30% for options awarded and grants made as of 11 July 2012.

Pursuant to applicable law and regulations, the basis for the calculation chosen by the Group is the fair value of options under IFRS 2.

A provision is set aside in the PHARMAGEST Group's 2014 financial statement for this contribution, the year to which it relates, and it will not be spread over the vesting period in accordance with IFRS 2.

The total remuneration cost amounts to €500K and the amount recognised in FY 2014 is €9K.

### 8.3.1 FY 2014 stock option plan

Stock option information	
Date of Board Meeting	05/12/2014
Total number of shares that may be subscribed or purchased	47,891
Of which the number that may be subscribed or purchased by:	
- Corporate officers, Board Members and Finance and Personnel Management Committee members.	0
- Top ten employee grantees (other than corporate officers)	5,000
Earliest exercise date	05/12/2018
Last exercise date	04/12/2022
Subscription price	100.57 €
Number of shares issued on exercise of options as at 31/12/2014	0
Remaining stock options	47,891

#### 8.3.1.1 Beneficiaries

The plan's beneficiaries are the employees of PHARMAGEST INTERACTIVE, CP INTER@CTIVE, EHLS, MALTA INFORMATIQUE, DIATELIC, INTECUM and CPSI, with the exception of PHARMAGEST INTERACTIVE's Finance and Personnel Management Committee members, the directors and executive corporate officers of that company and of its subsidiaries, insofar as these beneficiaries meet the following criteria:

- Are on staff as at 5 December 2014;
- Have two years' service as at 5 December 2014;
- Are employed under permanent contracts as at 5 December 2014.

#### 8.3.1.2 Information on share-based payments

The Black & Scholes method is used to measure stock options, based on the following assumptions:

- Maturity: 6 years
- Volatility (\*): 20.00%
- Risk-free rate: 0.45%
- Expected dividends: 2.61%
- Turnover: 5.00%
- Fair value of the option: €12.83

(\* ) Estimated from the historic volatility based on the PHARMAGEST INTERACTIVE share price

## 8.4 Management compensation

Gross compensation received by management bodies in 2014 totalled €502,467. 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 €40,981. No advances or loans were granted to members of management bodies by PHARMAGEST INTERACTIVE and controlled companies.

Furthermore, the provision for retirement benefits includes €126,429 for members of management bodies.



## NOTE 9 Tax on earnings

### 9.1 Tax on earnings

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

#### 9.1.1 Territorial Economic Contribution (CET):

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 business 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 business 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).

#### 9.1.2 Tax credit for competitiveness and employment (CICE)

The tax credit is equal to 6% 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.

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 (€982K at 31 December 2014).

The CICE income for fiscal 2013 was applied in accordance with the aims of the measure, i.e. to sharpen our competitiveness.

#### 9.1.3 Contribution of 3% on dividends

This contribution, in line with IAS 12, is recognised as a tax expense.

#### 9.1.4 Tax expense

The tax expense breaks down as:

In €K	31/12/2014
Current tax	9,044
Contribution on dividends	346
Deferred tax	2
<b>Total tax expense</b>	<b>9,392</b>

### 9.2 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.



### 9.2.1 Theoretical and actual tax reconciliation

In €K	31/12/2014
Net profit/(loss) from consolidated companies	16,965
Tax on earnings	9,392
<b>Pre-tax earnings from consolidated companies</b>	<b>26,357</b>
<b>Theoretical tax expense at the statutory corporate income tax rate (33.33%)</b>	<b>8,785</b>
Permanent differences	167
Rate differences	-43
Tax deficits not capitalised	230
Company consolidated under the equity method	45
Additional contribution	202
Tax settlement	-13
CICE	-327
Contribution on dividends	346
<b>Actual tax expense</b>	<b>9,392</b>
Effective tax rate	35.64%

### 9.2.2 Deferred tax assets and liabilities

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
<b>At 1 January 2013</b>	<b>371</b>	<b>441</b>	<b>-70</b>
Changes affecting 2013	23	-214	236
<b>At 31 December 2013</b>	<b>394</b>	<b>227</b>	<b>166</b>
Changes affecting 2014	88	123	-34
<b>At 31 December 2014</b>	<b>482</b>	<b>350</b>	<b>132</b>

Deferred taxes are recognised by company in equity.

The main deferred tax assets and liabilities are as follows:

In €K	31/12/2013	Change	Changes in scope	31/12/2014
<b>Impact of losses carried forward <sup>(1)</sup></b>	<b>217</b>	<b>108</b>		<b>325</b>
<b>Tax effect of timing differences related to:</b>				
Provisions for pensions	616	-80		536
Company liabilities	710	-61		649
Tax liabilities	90	-5		85
Stock margin adjustment	11	21		32
Other temporary differences	51	6		57
Revaluation adjustment	4	-2		2
Sales adjustment	173	59		232
R&D activation	-1,712	-76		-1,788
Other adjustments	6	-4		2
<b>Total temporary differences</b>	<b>-51</b>	<b>-142</b>		<b>-193</b>
<b>Gross deferred tax assets (liabilities)</b>	<b>166</b>	<b>-34</b>		<b>132</b>
Provision				
<b>Net deferred tax assets (liabilities)</b>	<b>166</b>	<b>-34</b>		<b>132</b>

<sup>(1)</sup> The tax deficits capitalised mainly relate to tax losses for CPI, KAPELSE and DIATELIC. The decision to capitalise these losses is based on the likelihood of using them in the short to mid term. As a precautionary measure, the PHARMAGEST Group has decided not to capitalise the €2,346K balance of INTECUM deficits, giving a potential deferred tax asset of €782K.



## NOTE 10 Equity and earnings per share

### 10.1 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.

Our reserves stand at €61,299K, of which €13,207K in issue premium, €(8)K in translation adjustment, €309K in legal reserve and €47,791K in other reserves.

### 10.2 Treasury shares held by PHARMAGEST INTERACTIVE

#### 10.2.1 Treasury shares

The item comprises 39,638 PHARMAGEST INTERACTIVE shares, wholly owned by the company. The share price of PHARMAGEST INTERACTIVE was €100.00 at 31 December 2014.

##### 10.2.1.1 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 for a 12-month term. It may be renewed by tacit agreement and may be cancelled without notice by the issuer (with 30 days notice if being cancelled by the market maker);
- Purchases are transacted in accordance with the annual authorisation given by the General Meeting on the redemption programme.

In 2014, the following movements took place on the liquidity agreement:

- Purchases: 29,237 shares at an average price of €100.83;
- Sales: 29,531 shares at an average price of €100.25;

Valued using the weighted average price.

At 31 December 2014, 536 shares were listed in the liquidity account and the cash balance was €86,712.

##### 10.2.1.2 Share buyback programme (outside the liquidity agreement)

PHARMAGEST INTERACTIVE acquired 39,102 shares at an average price of €99.45 per share in fiscal 2014. This purchase volume must be seen in light of the stock option plan introduced in 2014 (c.f. Note 8.3.1).



## 10.3 Dividends

The dividend paid out in 2014 on the 2013 earnings was €7,582K, amounting to €2.50 per share.

A dividend of €2.90 per share will be proposed to the Annual General Meeting.

The distribution of dividends to non-Group shareholders amounting to €205K was recognised in ADI's annual statement.

## 10.4 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.

Earnings per share - Group share	31/12/14	31/12/13
<b>Net profit/(loss) for the year (in €)</b>	<b>17,011,038</b>	<b>15,825,498</b>
<b>Number of shares</b>	<b>3,034,825</b>	<b>3,034,825</b>
Number of treasury shares held	39,638	830
Weighted average number of ordinary shares to calculate basic earnings per share	2,995,187	3,033,995
<b>Basic earnings per share (in €)</b>	<b>5.68</b>	<b>5.22</b>
Stock options outstanding	8,253	0
Weighted average number of ordinary shares to calculate diluted earnings per share	3,043,078	3,033,995
<b>Diluted earnings per share (in €)</b>	<b>5.59</b>	<b>5.22</b>

## NOTE 11 Provisions and contingent liabilities

### 11.1 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.



### 11.1.1 Provisions for contingencies and charges

In €K	Value at 31/12/2013	Allocation	Reversal (provision used)*	Reversal (provision redundant)	Other movements	Changes in scope	Value at 31/12/2014
Provisions for disputes <sup>(1)</sup>	109	53	8	66			88
Provisions for contingencies <sup>(2)</sup>	400	303	301				402
Provisions for charges	0						0
Provisions for termination benefit <sup>(3)</sup>	1,850	21	243		-21		1,607
Provisions for contingencies in respect of securities valued by the equity method	14					-14	0
<b>TOTAL</b>	<b>2,373</b>	<b>377</b>	<b>552</b>	<b>66</b>	<b>-21</b>	<b>-14</b>	<b>2,097</b>

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

<sup>(1)</sup> Provisions for disputes: €88K:

- Provisions for ongoing client disputes: €40K.
- Provisions for ongoing client disputes: €35K.
- Provisions for ongoing supplier disputes: €8K.
- Provisions for ongoing miscellaneous disputes: €5K.

<sup>(2)</sup> Provisions for risks €402K

This is in the main a provision to guarantee technical interventions subsequent to the sale of Rentpharm contracts (hardware maintenance).

<sup>(3)</sup> Provision for termination benefits : €1,607K

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 on financial assets using the discount rate used to value the commitment rather than the expected rate of return was identified as non-material and was therefore not restated for 2014 as in prior periods.

In €K	31/12/2014	31/12/2013
<b>Commitment at start of period</b>	<b>2,491</b>	<b>2,221</b>
Service cost	39	95
Financial cost	78	78
Cost of past services and change of method	0	0
Actuarial gains (+) / Actuarial losses (-) generated over the period	-98	98
<b>Real commitment at end of period</b>	<b>2,509</b>	<b>2,491</b>
<b>Fair value of assets at start of period</b>	<b>640</b>	<b>616</b>
Expected return on assets	30	15
Contributions	256	50
Benefits paid	-24	-41
Actuarial gains (+) / Actuarial losses (-)	0	0
<b>Fair value of assets at end of period</b>	<b>902</b>	<b>640</b>
<b>Provision at start of period</b>	<b>1,850</b>	<b>1,604</b>
<b>Provision at end of period</b>	<b>1,607</b>	<b>1,850</b>

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: 3.05%\*;
- Sales: depending on age bracket;
- 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).

The impact of the financial cost in the cost of services and expected returns from assets are shown under financial items.





## 11.2 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.

## NOTE 12 Transactions with related parties

The PHARMAGEST Group has not carried out any significant transactions under abnormal market conditions with related parties. No guarantee was given or received under transactions with related parties.

### 12.1 Nature of relations with equity-accounted entities

In €K	31/12/2014	31/12/2013 <sup>(*)</sup>
Trade payables	6	28
Operating expenses for the period	0	36
Trade receivables	0	13
Operating revenue for the period	0	30,247

\* Including HEALTHLEASE business for nine months

### 12.2 Nature of relations with other companies in the WELCOOP GROUP

The PHARMAGEST Group is fully consolidated in the financial statements of MARQUE VERTE SANTE (VANDOEUVRE, France), the parent company, and the WELCOOP GROUP (VANDOEUVRE, France), parent company of MARQUE VERTE SANTE.

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

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

In €K	31/12/2014	31/12/2013
Trade creditors	115	180
Operating expenses for the period	1,280	918
Trade receivables	442	802
Operating revenue for the period	5,476	6,195



## NOTE 13 Other disclosures

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

2014 In €K	Statutory mandate	Work carried out as part of diligence procedures directly related to the mandate
PHARMAGEST INTERACTIVE	74	
ADI	11	
CPI	0	
DCI	0	
DIATELIC	5	
DOMEDIC EUROPE	1	
EHLS	9	
HEALTHLEASE	8	
HDM LIMITED	2	
INTECUM	4	
KAPELSE	3	
SCI HUOBREGA	0	
MALTA INFORMATIQUE	6	
SABCO	3	
SABOC SERVICES	4	
DOMEDIC INC	3	
<b>TOTAL</b>	<b>132</b>	

## NOTE 14 Events after the reporting period

Creation of NANCEO, a simplified joint stock company (SAS) with capital of €1,000,000 with its head office at 1 bis rue du Havre, 75008 Paris, offering financing solutions for leased assets in the services sector. A wholly-owned subsidiary of PHARMAGEST INTERACTIVE.



## 20.3.2 PHARMAGEST INTERACTIVE individual financial statements

## 20.3.2.1 Balance sheet

Balance sheet assets - In €	31/12/2014			31/12/2013
	Gross	Depreciations and provisions	Net	Net
<b>Fixed assets</b>				
Intangible assets	18,834,360	1,615,305	17,219,055	17,059,962
Property, plant and equipment	7,849,550	5,218,736	2,630,814	2,736,135
Financial fixed assets	14,920,771	803,773	14,116,997	14,247,730
<b>Total</b>	<b>41,604,681</b>	<b>7,637,814</b>	<b>33,966,866</b>	<b>34,043,827</b>
<b>Current assets</b>				
Stocks and work-in-progress	473,810	176,858	296,952	308,855
Trade receivables	13,396,640	234,119	13,162,521	13,323,613
Other liabilities	3,691,662		3,691,662	1,929,908
Marketable securities	42,276,599	1,695	42,274,904	35,545,658
Cash at bank and in hand	1,855,511		1,855,511	2,095,177
<b>Total</b>	<b>61,694,221</b>	<b>412,672</b>	<b>61,281,550</b>	<b>53,203,211</b>
Conversion losses	<b>5,136</b>		<b>5,136</b>	7,804
<b>TOTAL ASSETS</b>	<b>103,304,038</b>	<b>8,050,486</b>	<b>95,253,552</b>	<b>87,254,842</b>

Balance sheet liabilities - In €	31/12/2014	31/12/2013
<b>Equity capital</b>		
Capital	3,034,825	3,034,825
Reserves and retained earnings	47,267,901	39,774,134
Profit for the year	18,041,507	15,075,829
<b>Total</b>	<b>68,344,233</b>	<b>57,884,788</b>
<b>Provisions for contingencies and charges</b>	<b>2,372,416</b>	<b>2,599,674</b>
<b>Debts</b>		
Loans and financial liabilities	4,136,785	5,070,411
Trade payables	6,993,473	7,861,900
Other payables	13,406,645	13,838,069
<b>Total</b>	<b>24,536,903</b>	<b>26,770,380</b>
Conversion gains	<b>5,136</b>	
<b>TOTAL LIABILITIES</b>	<b>95,253,552</b>	<b>87,254,842</b>



### 20.3.2.2 Income statement

In €	2014		2013	
	Euros	%	Euros	%
<b>Operating revenue</b>				
Sales	96,227,680	100.0%	98,138,886	100.0%
Expense transfers	2,299,449	2.4%	1,211,423	1.2%
Other operating revenue	1,252,639	1.3%	1,019,887	1.0%
Reversals of provisions and depreciations	1,063,818	1.1%	856,549	0.9%
<b>Total</b>	<b>100,843,586</b>	<b>104.8%</b>	<b>101,226,745</b>	<b>103.1%</b>
<b>Operating expenses</b>				
Purchases consumed	27,176,466	28.2%	31,722,501	32.3%
Purchases and external expenses	14,792,385	15.4%	12,725,171	13.0%
Taxes and duties	2,171,250	2.3%	2,229,250	2.3%
Personnel expenses	32,591,989	33.9%	31,029,939	31.6%
Depreciation allowance	809,989	0.8%	676,094	0.7%
Allocation to provisions	821,026	0.9%	1,077,846	1.1%
Other operating expenses	73,376	0.1%	61,368	0.1%
<b>Total</b>	<b>78,436,480</b>	<b>81.5%</b>	<b>79,522,168</b>	<b>81.0%</b>
<b>Operating income</b>	<b>22,407,106</b>	<b>23.3%</b>	<b>21,704,577</b>	<b>22.1%</b>
Current financial income	4,775,758	5.0%	2,682,644	2.7%
Current financial expenses	52,211	0.1%	64,153	0.1%
<b>Financial earnings</b>	<b>4,723,547</b>	<b>4.9%</b>	<b>2,618,492</b>	<b>2.7%</b>
<b>Recurring income</b>	<b>27,130,653</b>	<b>28.2%</b>	<b>24,323,069</b>	<b>24.8%</b>
<b>Extraordinary income</b>				
Reprise sur provisions	0	0.0%	140,624	0.1%
Autres produits exceptionnels	333,591	0.3%	907	0.0%
<b>Total</b>	<b>333,591</b>	<b>0.3%</b>	<b>141,531</b>	<b>0.1%</b>
<b>Extraordinary expenses</b>				
Allocation to provisions	0	0.0%	0	0.0%
Other extraordinary expenses	331,329	0.3%	1,143	0.0%
<b>Total</b>	<b>331,329</b>	<b>0.3%</b>	<b>1,143</b>	<b>0.0%</b>
<b>Extraordinary earnings</b>	<b>2,261</b>	<b>0.0%</b>	<b>140,388</b>	<b>0.1%</b>
<b>Corporate income tax</b>	<b>7,244,003</b>	<b>7.5%</b>	<b>7,368,965</b>	<b>7.5%</b>
<b>Employee profit-sharing</b>	<b>1,847,404</b>	<b>1.9%</b>	<b>2,018,662</b>	<b>2.1%</b>
<b>Net profit/(loss)</b>	<b>18,041,507</b>	<b>18.7%</b>	<b>15,075,829</b>	<b>15.4%</b>

### 20.3.2.3 Notes to the individual financial statements

Total balance sheet before appropriation: €95,253,552 Net profit/(loss): €18,041,507

The notes indicated below form an integral part of the annual financial statements, drawn up by the Board of Directors on 26 March 2015.



#### 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 inventories 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 €3,191,166.

#### 20.3.2.3.2 Notes to the balance sheet assets

<b>Set-up costs</b>	<b>None</b>
<b>Research costs</b>	<b>None</b>
<b>Business assets (excluding leasehold rights)</b>	<b>€13,996,129</b>
This includes:	
- Purchased items	€5,464,230
- Revalued items	€0
- Contributed items	€1,704,454
- Merger loss (CIP)	€6,682,626
- Merger loss (DRS EXPANSION)	€144,820
The value of business assets contributed is broken down as follows:	
- ROUSSEAU INFORMATIQUE	€1,010,417
- CPI DIJON	€144,979
- CPI CENTRE	€514,058
- VIP PHARMA	€35,000

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
<b>Intangible assets</b> <i>including merger loss</i>	<b>18,349,217</b> 6,827,446	<b>485,143</b>		<b>18,834,360</b> 6,827,446
Land	422,872			422,872
Leasehold improvements	3,370,369	40,363	1,356	3,409,376
Equipment and tooling	32,141	3,056		35,197
General facilities	1,014,887	14,444	980	1,028,351
Transport equipment	329,580	90,967	91,689	328,859
Office material and equipment	2,457,257	278,862	116,913	2,619,206
Fixed assets in progress	0			0
Other property, plant and equipment	5,688			5,688
<b>Property, plant and equipment</b>	<b>7,632,795</b>	<b>427,693</b>	<b>210,938</b>	<b>7,849,550</b>
<b>Financial fixed assets <sup>(1)</sup></b>	<b>15,101,503</b>	<b>205,705</b>	<b>386,438</b>	<b>14,920,771</b>
<b>TOTAL</b>	<b>41,083,515</b>	<b>1,118,541</b>	<b>597,375</b>	<b>41,604,681</b>



Depreciations and provisions	At start of period	Increase	Decrease	At end of period
<b>Gross depreciations</b>				
<b>Intangible assets</b>	<b>1,286,205</b>	<b>308,551</b>		<b>1,594,756</b>
Leasehold improvements	1,727,574	150,629		1,878,203
Equipment and tooling	29,957	1,043		31,000
General facilities	896,981	36,381	980	932,382
Transport equipment	185,830	58,700	61,866	182,664
Office material and equipment	2,056,319	254,684	116,516	2,194,487
<b>Property, plant and equipment</b>	<b>4,896,660</b>	<b>501,438</b>	<b>179,362</b>	<b>5,218,736</b>
<b>Financial fixed assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total depreciations</b>	<b>6,182,865</b>	<b>809,989</b>	<b>179,362</b>	<b>6,813,492</b>
<b>Provisions</b>				
Intangible assets	3,049	17,500		20,549
Financial fixed assets	853,773	0	50,000	803,773
<b>Total provisions</b>	<b>856,822</b>	<b>17,500</b>	<b>50,000</b>	<b>824,322</b>
<b>Total depreciations and provisions</b>	<b>7,039,688</b>	<b>827,489</b>	<b>229,362</b>	<b>7,637,814</b>

<sup>(1)</sup> Summary of financial fixed assets:

In €	
Equity investments (details below)	14,567,246
Debenture loan	100,031
Security deposits and guarantees	253,494
<b>TOTAL</b>	<b>14,920,771</b>

<sup>(1)</sup> Financial fixed assets include the following equity investments:

Company	Amount held (in €)	Percentage held	Amount of shareholder equity at 31 December 2014 <sup>(1)</sup>	Earnings for the financial year ended 31 December 2014
ADI	351,547	50.00%	786,278	347,934
CPI	137,204	100.00%	441,302	-153,221
CPSI (*)	100,000	100.00%	52,425	-47,575
DCI	815,602	100.00%	702,522	74,378
DIATELIC (**)	466,868	95.29%	128,337	89,507
DOMEDIC EUROPE	77,900	65.00%	57,014	-9,225
EHLS	4,689,808	100.00%	5,130,782	811,293
GROUPE DOMEDIC INC. (***)	1,120,418	35.00%	130,775	-400,838
HDM	30,000	100.00%	178,439	93,481
HEALTHLEASE	1,407,443	100.00%	2,363,964	1,263,348
INTECUM	830,093	63.99%	-794,677	-531,450
KAPELSE (****)	700,000	70.00%	637,651	-176,025
MALTA	185,588	100.00%	2,308,607	1,202,180
QUALITY FLUX (*****)	160,200	15.15%	-70,488	-251,807
SABCO	3,490,000	100.00%	899,373	319,199
SFLD	4,573	0.13%	NS	NS
<b>TOTAL</b>	<b>14,567,245</b>			

<sup>(1)</sup> Including earnings

The impairment tests did not reveal any additional impairments.



SABCO securities were written down by €639,000.  
QUALITY FLUX securities were written off in full.  
SFLD securities were written off in full.

(\*) PHARMAGEST INTERACTIVE established CPSI (CARAIBES PHARMA SERVICES INFORMATIQUES) on 1 March 2014, a limited liability company with capital of €100,000, located at 448 rue de la Chapelle, ZI de Jarry, 97 122 BAIE MAHAULT (Guadeloupe).

(\*\*) In May and December 2014, PHARMAGEST INTERACTIVE acquired 26.68% of the capital of DIATELIC, 5 allée de Saint Cloud, 54 600 VILLERS-LES-NANCY. PHARMAGEST INTERACTIVE now owns 95.29% of the shares in this company.

(\*\*\*) GROUPE DOMEDIC INC's debenture loan was converted into shares. PHARMAGEST INTERACTIVE still owns 35% of this company.

(\*\*\*\*) On 15 May 2014, PHARMAGEST INTERACTIVE sold 30% of the capital of KAPELSE, 5 allée de Saint Cloud, 54 600 VILLERS LES NANCY, to its employees. PHARMAGEST INTERACTIVE now owns 70% of this company.

(\*\*\*\*\*) QUALITY FLUX conducted a rights issue without PHARMAGEST INTERACTIVE's participation. As a result, its holding reduced from 21.98% to 15.15%.

### Debenture loan

A €200,061 convertible bond was issued by INTECUM on 6 December 2011 to PHARMAGEST INTERACTIVE. INTECUM repaid €100,030 in 2013. At 31 December 2014, the balance outstanding was €100,031.

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. The loan was converted into shares in the amount of €37,327.

### Security deposits and guarantees

€253,494.

### Inventories of goods

In €	31/12/2014			31/12/2013
	Gross amount	Impairment	Net amount	Net amount
Equipment	381,604	100,848	280,756	285,424
Parts	92,206	76,010	16,196	23,065
Software	0	0	0	365
<b>TOTAL</b>	<b>473,810</b>	<b>176,858</b>	<b>296,952</b>	<b>308,855</b>

### 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 €	31/12/2014			31/12/2013
	Gross amount	- 1 year	+ 1 year	Gross amount
Fixed assets	353,525	100,031	253,494	384,514
Current assets & prepaid expenses	17,088,302	16,841,161	247,141	15,509,176





### Charges to provisions for current assets

In €	At start of period	Increase	Decrease	At end of period
Inventory provisions	161,088	20,432	4,661	176,858
Provisions for receivables <sup>(1)</sup>	255,655	99,527	121,064	234,119

Including €12,434 from VIP PHARMA, following the merger.

<sup>(1)</sup> All trade receivables 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%.

### Accrued income included in balance sheet items

Financial fixed assets	€0
Trade payables	€9,674
Trade receivables	€1,843,375
Other receivables	€1,368,798
Cash at bank and in hand	€0

### Cash and marketable securities

Apart from a capital contract (predominantly bonds), this item includes time deposit accounts and 536 PHARMAGEST INTERACTIVE treasury shares held as part of the liquidity agreement managed by Gilbert Dupont, and 39,102 treasury shares held under the new stock option plan introduced by the Board of Directors on 5 December 2014.

This plan is open to all permanent employees with two years service on 5 December 2014 in PHARMAGEST INTERACTIVE, EHLS, CP INTER@CTIVE, MALTA, DIATELIC, INTECUM and CPSI. The members of corporate governance bodies and the Finance and Personnel Management Committee are not eligible for this stock option plan.

Movements in 2014 relating to the liquidity agreement, wholly-owned by PHARMAGEST INTERACTIVE, were as follows:

- Purchases: 29,237 shares at an average price of €100.83;
- Sales: 29,531 shares at an average price of €100.25.

Stock option plan movements in 2014:

- Purchases: 39,102 shares at an average price of €99.45.

The total number of shares in the above stock option plan for all employees was 47,891. PHARMAGEST INTERACTIVE has already acquired 81.60% of the total shares to be allocated.

Based on an estimated turnover, the number of shares acquired (39,102) should cover the plan's needs and hedge the risk related to the costs of the plan. Accordingly, no provisions have been recognised in the financial statements at 31 December 2014.

Valued using the weighted average price.

Gross values - In €K	31/12/2014	31/12/2013
Treasury shares - liquidity agreement	54,618	76,335
Treasury shares - stock option plan	3,888,720	0
Sicav and Kolb mutual fund	3,097,706	6,060,986
Capital bond (*)	35,235,555	29 410,032
<b>TOTAL</b>	<b>42,276,599</b>	<b>35,547,353</b>

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



At 31 December 2014, we had a total of €1,855,511 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:

- €3,662 between the closing price and the original price in relation to a bond loan in Canadian dollars to GROUPE DOMEDIC INC. by PHARMAGEST INTERACTIVE.
- Between the closing price and the original price in relation to a current account advance to GROUPE DOMEDIC INC. by PHARMAGEST INTERACTIVE to fund growth.

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	Number
Securities at the start of the period	3,034,825	1.00
Securities issued	0	
Securities redeemed or cancelled	0	
Securities at the end of the period	3,034,825	1.00

One share is entitled to one vote.

### Provisions

In €	Value at 31/12/2013	Allocation	Reversal (provision used)	Reversal (provision redundant)	Change of method	Changes in scope / Other	Value at 31/12/2014
Value at 31/12/2014 <sup>(1)</sup>	107,456	16,400	8,000	66,000			49,856
Provisions for contingencies <sup>(2)</sup>	862,932	697,101	690,759				869,273
Provisions for termination benefit <sup>(3)</sup>	1,621,484	0	173,333				1,448,151
Provisions for exchange rate losses <sup>(4)</sup>	7,803	0	2,667				5,136
Provisions for major repairs	0						0
<b>TOTAL</b>	<b>2,599,675</b>	<b>713,501</b>	<b>874,760</b>	<b>66,000</b>	<b>0</b>	<b>0</b>	<b>2,372,416</b>
Operating income	2,591,872	713,501	872,093	66,000			2,367,280
Financial earnings	7,803		2,667				5,136
Extraordinary earnings	0						0

<sup>(1)</sup> **Provisions for disputes: €49,856**

- Provisions for ongoing client disputes for €26,400\*;
- Provisions for ongoing supplier disputes for €8,456\*;
- Provisions pour an ongoing dispute with a subsidiary for €5,000\*;
- Provisions for ongoing industrial disputes for €10,000\*.

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

**(2) Provisions for contingencies: €869,273**

- Provisions related to specific equipment maintenance contracts for the Pharmacy business in the amount of €390,125;
- Provisions relating to the marketing of e-business licences and LGPI Global Services® with free software maintenance for up to 30 months. This corresponds to the costs of software back-up over the period, i.e. €475,010;
- Provisions for the installation of OS LGPI Global Services® amounting to €4,138 for the above-mentioned e-business licenses, relating to intervention by a technician on each client's premises.

**(3) Provisions for retirement benefits: €1,448,151**

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: 3.05% (\*);
- 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. €260,000 was paid out in 2014. The amount of the provision represents the remaining contingency (gross commitments less hedged items).

**(4) Provisions for exchange rate losses: €5,136**

A €3,662 provision for risk was set aside for the unrealised loss on a bond in Canadian dollars to GROUPE DOMEDIC INC. by PHARMAGEST INTERACTIVE.

A €1,474 provision for risk was set aside for the unrealised loss on a current account advance to GROUPE DOMEDIC INC. by PHARMAGEST INTERACTIVE.

**Accounts payable**

In €	31/12/2014				31/12/2013
	Gross amount	Of which less than 1 year	Of which more than 1 year	Of which more than 5 years	Gross amount
Credit institutions <sup>(1)</sup>	367,727	120,330	247,397		1,334,722
Miscellaneous financial liabilities	0	0			0
Advances and pre-payments	326,907	326,907			104,935
Trade creditors	6,993,473	6,993,473			7,861,900
Social and income tax liabilities	12,344,105	12,344,105			13,013,743
Group and partners	3,769,058	3,769,058			3,735,689
Other payables	4,955	4,955			5,970
Prepaid income	730,678	730,678			713,421
<b>TOTAL</b>	<b>24,536,903</b>	<b>24,289,506</b>	<b>247,397</b>	<b>0</b>	<b>26,770,380</b>

<sup>(1)</sup> A loan taken out on 4 December 2012 (capital outstanding: €368K) is financed by a mortgage.

All borrowings are fixed rate.

Borrowings repaid over the year: €425,663.

**Debts evidenced by certificates**

None.

**Accrued expenses included in balance sheet items**

Loans and borrowings with credit institutions	€329
Miscellaneous loans and financial liabilities	€0
Trade payables	€1,474,826
Social and tax liabilities	€9,698,857
Other liabilities	€198,666



### 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 2014 but not yet due. They total €730.679.

### Conversion gains

None.

#### 20.3.2.3.4 Notes to the income statement

Breakdown of sales - In €K	2014	2013
Sales - maintenance and services	28,526	27,099
Sales - other services, including e-advertising	10,385	14,355
Sales - configurations	46,577	46,986
Sales - training services and new products	10,739	9,699
<b>TOTAL</b>	<b>96,228</b>	<b>98,139</b>
Sales in France	96,228	98,139
Exports and deliveries within the EU	0	0

### Personnel costs

#### *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 2014 tax credit is 6% (vs. 4% in 2013) 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. The CICE is classified by the PHARMAGEST Group as a compensation item. It is therefore recognised as a reduction of personnel expenses.

The CICE income for fiscal 2013 was applied in accordance with the aims of the measure, i.e. to sharpen our competitiveness. The CICE for 2014 amounted to €813.824.

### Expense transfers

Expense transfers relate to:

- Re invoicing of personnel costs to other PHARMAGEST Group companies amounting to €482K;
- Re invoicing of services provided to other PHARMAGEST Group companies amounting to €1,458K;
- Repayment of daily social security and ongoing training allowances amounting to €183K;
- Payment of insurance claims amounting to €116K;
- Employees' contributions to vehicle costs amounting to €60K.



### Extraordinary income and expenses

In €	31/12/2014	31/12/2013
<b>Extraordinary income</b>	<b>333,591</b>	<b>141,531</b>
On management transactions	0	0
Income from disposals	333,591	907
Provision reversals	0	140,624
<b>Extraordinary expenses</b>	<b>331,329</b>	<b>1,143</b>
On management transactions	35	14
Net value of disposals	331,294	1,129
Charges to provisions	0	0
Other extraordinary expenses	0	0

### Breakdown of income tax payable by PHARMAGEST INTERACTIVE companies

In €	Earnings before tax	Tax	Net profit/(loss) after tax
Recurring income	27,130,653	7,486,668	19,643,985
Extraordinary earnings	2,261	754	1,508
Profit-sharing	-1,847,404	-615,801	-1,231,603
Tax credit		-58,727	58,727
Social contribution		201,584	-201,584
Contribution on dividends		227,462	-227,462
Settlement of corporate income tax N-1		2,064	-2,064
Profit/(loss)	25,285,510	7,244,003	18,041,507

### 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 (€227K at 31 December 2014).

### Incidence des évaluations fiscales dérogatoires

Earnings for the year	€18,041,507
Tax on earnings	€(7,244,003)
Earnings before tax	€25,285,510
Change in regulated provisions	€0
Earnings before tax, excluding adverse tax assessments	€25,285,510

### Increases and reductions in future tax liability

Type - In €K	31/12/2013		Changes		31/12/2014	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Employee profit-sharing		2,019		-171		1,847
Social solidarity contribution		156		-6		150
Non-deductible provisions		154		18		172
Provision for retirement benefits		1,621		-172		1,448
<b>TOTAL</b>		<b>3,949</b>		<b>-332</b>		<b>3,617</b>



In €K	Total	Taxes
<b>Increases:</b>		
Regulated provisions	0	
Grants to be reincorporated in earnings	0	
<b>Decreases:</b>		
Provisions that are not deductible for the year	2,169	723
Provision for retirement benefits	1,448	483
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 2014 amounted to €502K and retirement benefit commitments for their retirement pensions amounted to €126K.

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 (full-time equivalent - FTE)

31/12/2014	Salaried personnel	Seconded personnel
Managers	198	
Supervisors / Senior technicians	353	
Employees	69	
<b>TOTAL</b>	<b>620</b>	<b>0</b>

##### 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 2014 to all employees with at least one year's service at 31 December 2014 (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 2014 amounted to 63,563 hours, 12,075 of which were earned in 2014.

As of 1 January 2015, the new French Act no. 2014-288 dated 5 March 2014 on occupational training provides for the transfer of the balance of the individual training entitlement to a new individual training account.

##### 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.



### Environmental aspects

PHARMAGEST INTERACTIVE's activities do not expose it to industrial or environmental risks.

### Identity of the consolidating parent company of PHARMAGEST INTERACTIVE

**MARQUE VERTE SANTÉ SA** - 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 €	WELCOOP Group companies	Fully consolidated subsidiaries	Fully consolidated sub-subsidiaries
Gross contributions	0	13,282,054	0
Receivables	431,371	<sup>(1)</sup> 8,086,748	3,921
Payables	118,886	3,807,820	14,913
Other payables	0	0	0
Other liabilities Current account	0	3,106,743	662,315
Other receivables	0	1,935,309	0
<b>Financial earnings - In €</b>			
Financial expenses	0	2,687	542
Financial income	0	3,800,684	0
<b>Total financial earnings</b>	<b>0</b>	<b>3,797,997</b>	<b>-542</b>

<sup>(1)</sup> of which €7,173,311 of HEALTHLEASE

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	31/12/2014	31/12/2013
Cross-guarantees on contracts	0	0
Assigned receivables not yet due	0	0
Pledges, mortgages and security interests on property <sup>(*)</sup>	367	485
Sureties, endorsements and guarantees given	0	0
Other commitments given	0	0
<b>TOTAL</b>	<b>367</b>	<b>485</b>

<sup>(\*)</sup> 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)	Paiements dus par période		
		Less than 1 year	1-5 years	More than 5 years
Long-term liabilities	367,727	120,330	247,397	0
Leasing transactions	0	0	0	0
Operating leases	1,407,261	796,598	610,663	0
Property leases	5,506,277	1,388,090	3,156,159	962,028
Other long term obligations	0	0	0	0
<b>TOTAL</b>	<b>7,281,264</b>	<b>2,305,017</b>	<b>4,014,218</b>	<b>962,028</b>

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			
<b>TOTAL</b>	<b>None</b>			

As at the reporting date of 31 December 2014, 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.

- Creation of NANCEO, a simplified joint stock company (SAS) with capital of €1,000,000 with its head office at 1 bis rue du Havre, 75008 Paris, offering long-term lease solutions for computer hardware and software, and in general, for other assets, technological hardware and software sold by its partners to their customers, as well as the sale of all related licences;
- The Board of Directors meeting on 5 December 2014 authorised PHARMAGEST INTERACTIVE to form a tax consolidation group with 2015 as the start date.







**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 where the current value exceeds 1% of the company subject to reporting requirements									
A. Subsidiaries (at least 50% owned by PHARMAGEST INTERACTIVE)									
<b>ADI</b> 4 rue René Razel 91 400 SACLAY	48	738	50.00%	352			4,702	348	203
<b>CPI</b> 25 bd Champ aux Métiers 21 800 QUETIGNY	8	434	100.00%	137			1,340	-153	0
<b>DCI</b> Avenue Henri Becquerel 33 700 MERIGNAC	38	664	100.00%	816			91	74	250
<b>DOMEDIC EUROPE</b> 5 allée de Saint Cloud 54 600 VILLERS LES NANCY	120	-63	65.00%	78			0	-9	0
<b>EHLS</b> 1 impasse Per Jakez Helias Parc d'activité de la Bienvenue 56 530 QUEVEN	144	4,987	100.00%	4,690			19,294	811	1,500
<b>HDM</b> <sup>(1)</sup> 5 President Kennedy Street PORT LOUIS (Mauritius)	30	148	100.00%	30			472	93	50
<b>MALTA</b> 9 rue de Montgolfier 33 700 Mérignac	200	2,109	100.00%	186			5,640	1,202	800
<b>SABCO</b> Rue d'Arlon 2 8399 WINDHOF (Luxembourg)	39	861	100.00%	3,490			3,460	319	0
<b>DIATELIC</b> 5 allée de Saint Cloud 54 600 VILLERS LES NANCY	37	91	95.29%	467	343		227	90	0
<b>KAPELSE</b> 5 allée de Saint Cloud 54 600 VILLERS LES NANCY	1,000	-362	70.00%	700	670		1,382	-176	0
<b>INTECUM</b> Z.I de Erbajolo - lieu-dit Pastoreccia 20 600 BASTIA	464	-1,258	63.99%	830	1,023	400	653	-531	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 where the current value exceeds 1% of the company subject to reporting requirements									
<b>HEALTHLEASE</b> 1 bis rue de Havre 75 008 PARIS	1,000	1,364	100.00%	1,407			42,782	1,263	990
<b>CPSI</b> 448 rue de la Chapelle ZI de Jarry 97 122 BAIE MAHAULT	100	-48	100.00%	100			444	-48	0
B. Equity interests (10% to 50% owned)									
<b>GROUPE DOME- DIC INC.</b> 2500 rue Jean Perrin - local 190 QUEBEC (QC) G2C 1X1 (Canada)	2,224	-2,093	35.00%	1,120	28		6	-401	0
2° General information on subsidiaries or equity interests									
<b>A. Subsidiaries not listed in paragraph 1:</b>									
a) French subsidiaries (total)									
b) Foreign subsidiaries (total)									
<b>B. Equity interests not listed in paragraph 1:</b>									
a) In French companies (total)									
<b>SFLD</b> <sup>(2)</sup> 12 av. de la Perrière 56 324 LORIENT CEDEX	1,207	-264	0.13%	5			10	-133	0
b) In foreign companies (total)									
<b>QUALITY FLUX</b> <sup>(3)</sup> Rue de la terre à briques 7522 TOURNAI (Belgium)	181	-252	15.15%	160			19	-252	0
<b>TOTAL</b>	<b>6,840</b>	<b>7,056</b>		<b>14,567</b>	<b>2,064</b>	<b>400</b>	<b>80,521</b>	<b>2,498</b>	<b>3,793</b>

<sup>(1)</sup> Operating revenue<sup>(2)</sup> Financial statements as at 31/03/2014<sup>(3)</sup> Financial statements as at 31/12/2013



## 20.4 Auditing of financial information

### 20.4.1 Independent Auditors' report on the consolidated financial statements (Year ended 31 December 2014)

#### To the Shareholders,

In accordance with our appointment as statutory auditors by the General Meeting, we hereby present our report for the year ended 31 December 2014 on:

- the audit of the accompanying consolidated financial statements of PHARMAGEST INTERACTIVE, presented in this report,
- 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 conducted our work in accordance with professional standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatement. 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, 2014 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 2014 was 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 "Provisions and contingent liabilities". 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 "Employee salaries and benefits" and "Provisions and contingent liabilities" 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 matters to report regarding the fair presentation of this information, and its consistency with the consolidated financial statements.

Drawn up in Vandœuvre-lès-Nancy and Courbevoie, 23 April 2015

The Statutory Auditors,

**BATT AUDIT**  
Statutory Auditor  
**Stéphane RONDEAU**

**MAZARS**  
Statutory Auditor  
**Laurence FOURNIER**

**20.4.2 Statutory auditors' report on the annual financial statements for the year ended 31 December 2014****To the Shareholders,**

In accordance with our appointment as statutory auditors by the General Meeting, we hereby present our report for the year ended 31 December 2014 on:

- the audit of the accompanying annual financial statements of PHARMAGEST INTERACTIVE included in this report,
- 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 conducted our work in accordance with professional standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatement. 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 certify that the consolidated financial statements give a true and fair view of the Group's assets and liabilities and financial position at December 31, 2014 and of the results of its operations for the year then ended in accordance with French accounting 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:

#### • **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 and the assumptions used to draw up the cash flow projections, and we have verified that the notes to the 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.

## 3. Specific checks and disclosures

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

We have no matters to report 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 intended for 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 equity and controlling interests and the identity of the Company's shareholders.

Drawn up in Vandœuvre-lès-Nancy and Courbevoie, 23 April 2015

The Statutory Auditors

**BATT AUDIT**  
Statutory Auditor

**Stéphane RONDEAU**

**MAZARS**  
Statutory Auditor

**Laurence FOURNIER**



### 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.

It is our responsibility to report to you, based on the information provided to us, on the main terms and provisions of the regulated agreements and commitments that have been disclosed to us or identified by us in the course of our work, without expressing an opinion as to their relevance or merit and without identifying the existence of other agreements and commitments. 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 performance 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 DIATELIC

##### **Tax consolidation agreement**

**Relevant persons:** Dominique Pautrat, Managing Director and Board Member, representing Pharmagest Interactive, Chairman of Diatelic.

**Nature and purpose:** Le Conseil d'administration réuni le 5 décembre 2014 a autorisé Pharmagest Interactive à inclure la société Diatelic dans un périmètre d'intégration fiscale régi par les articles 223-A à 223-U du Code général des impôts.

**Terms and conditions:** Your company can opt for tax consolidation effective as of 1 January 2015 for a period of five years, based on the neutrality principle. The decision had not been made on the date of this report.

#### • With CP INTERACTIVE

##### **Tax consolidation agreement**

**Relevant persons:** Dominique Pautrat, Managing Director and Board Member, representing Pharmagest Interactive, Manager of CP Interactive.

**Nature and purpose:** The Board of Directors' meeting of 5 December 2014 authorised Pharmagest Interactive to include CP Interactive in the tax consolidation scope, governed by articles 223-A to 223-U of the French General Tax Code.

**Terms and conditions:** Your company can opt for tax consolidation effective as of 1 January 2015 for a period of five years, based on the neutrality principle. The decision had not been made on the date of this report.

#### **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 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, resolved 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 2014, the amounts set aside for this purpose were €60,000 gross for Mr. Pautrat (including €30,000 gross in respect of 2014), €30,000 gross for Mr. Ponnelle (including €22,000 gross in respect of 2014) and €52,500 gross for Mr. Supplisson (including €42,250 gross in respect of 2014).

In Vandœuvre-lès-Nancy and Courbevoie, on 23 April 2015

The Statutory Auditors,

**BATT AUDIT**  
Statutory Auditor

**Stéphane RONDEAU**

**MAZARS**  
Statutory Auditor

**Laurence FOURNIER**





## 20.5 Date of the latest financial information

The last financial year for this financial information was audited was 2014, ending on 31 December 2014.

## 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 26 June 2015 will be asked to approve a dividend of €2.90 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)
31/12/2011	1.80 €	1.80 €	1.80 €
31/12/2012	2.10 €	2.10 €	2.10 €
31/12/2013	2.50 €	2.50 €	2.50 €

### 20.7.3 Statutory period

The right to receipt of unclaimed dividends lapses after a period of five years from the ex-dividend date, at which time they will revert to the State, in accordance with Article R-48 of the *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 security 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 PHARMAGEST INTERACTIVE and the PHARMAGEST Group in the past twelve months, or is likely to do so.

At 31 December 2014, total provisions for contingencies and charges stood at: <i>Of which:</i>	2,097 K€
a) Provision for retirement benefits	1,607 K€
b) Provisions for disputes	88 K€
• <i>Provisions for client disputes</i>	35 K€
• <i>Provisions for supplier disputes</i>	8 K€
• <i>Provisions for employment disputes</i>	40 K€
• <i>Provisions for ongoing administrative disputes</i>	5 K€
c) Provision for contingencies*	402 K€

\* *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 2014, 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 2014.

A stock option plan was approved on 27 June 2014 and the Board of Directors drew up the programme for the plan on 5 December 2014.

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 2014 is presented herein in Section 20.3.1.5, Note 10.2 to the consolidated financial statements in this Registration Document.

PHARMAGEST INTERACTIVE's shares are traded on the Euronext Paris™. The ISIN code is FR0000077687.

PHARMAGEST INTERACTIVE securities were transferred to compartment B of 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 2014

Month	Low (in €)	High (in €)	Volume	Amount (in €)
April 2014	106.00	117.00	30,358	3,332,178
May 2014	97.00	110.04	20,644	2,158,734
June 2014	100.25	107.95	19,618	2,006,783
July 2014	96.25	104.10	14,254	1,426,838
August 2014	88.26	102.50	17,603	1,710,958
September 2014	98.15	106.30	13,605	1,372,284
October 2014	87.16	103.49	38,044	3,674,320
November 2014	98.50	101.84	11,116	1,117,960
December 2014	96.80	101.85	34,386	3,403,597
January 2015	99.55	107.91	11,335	1,181,366
February 2015	105.10	120.00	21,329	2,374,671
March 2015	113.00	123.50	24,058	2,825,830

(Source : Gilbert Dupont)



## 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 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 27 June 2014, 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 27 June 2014.

As at 31 March 2015, the programme resulted in:

- Purchases: 66,081 shares at an average price of €101.49;
- Sales: 26,773 shares at an average price of €103.89;

At the next Ordinary and Extraordinary General Meeting on 26 June 2015, a new programme for a further 18-month period will be submitted for the approval of shareholders in the eighth resolution.



The features of this programme are detailed in the Management Report of the Board of Directors presented to the Ordinary General Meeting on 26 June 2015.

### 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. - Note 6.5 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. See Section 20.2.3.2.3.5 of the notes to the individual financial statements in this Registration Document for information on related parties.

## 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  
SIREN 403 561 137 NANCY TRADE AND COMPANIES REGISTER (RCS)

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MANAGEMENT REPORT  
TO THE ORDINARY ANNUAL GENERAL MEETING  
ON 26 JUNE 2015

#### 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 Chairman's Special Report, provided in accordance with Article L. 225-37 of the French Commercial Code.
- The Board of Director's Special Report, provided in accordance with Article L. 225-184 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 2014, approved by the Board of Directors at its meeting of 26 March 2015.

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 applicable 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 <sup>(1)</sup>	Saclay (91)	50.00	50.00
CPI	Dijon (21)	100.00	100.00
CPSI	Baie Mahault (97)	100.00	100.00
DCI	Mérignac (33)	100.00	100.00
DIATELIC	Villers-lès-Nancy (54)	95.29	95.29
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)	70.00	70.00
MALTA INFORMATIQUE	Mérignac (33)	100.00	100.00
SABCO	Luxembourg	100.00	100.00
SABCO SERVICES	Belgique	100.00	100.00
SCI HUOBREGA	Quéven (56)	100.00	100.00

<sup>(1)</sup> 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.

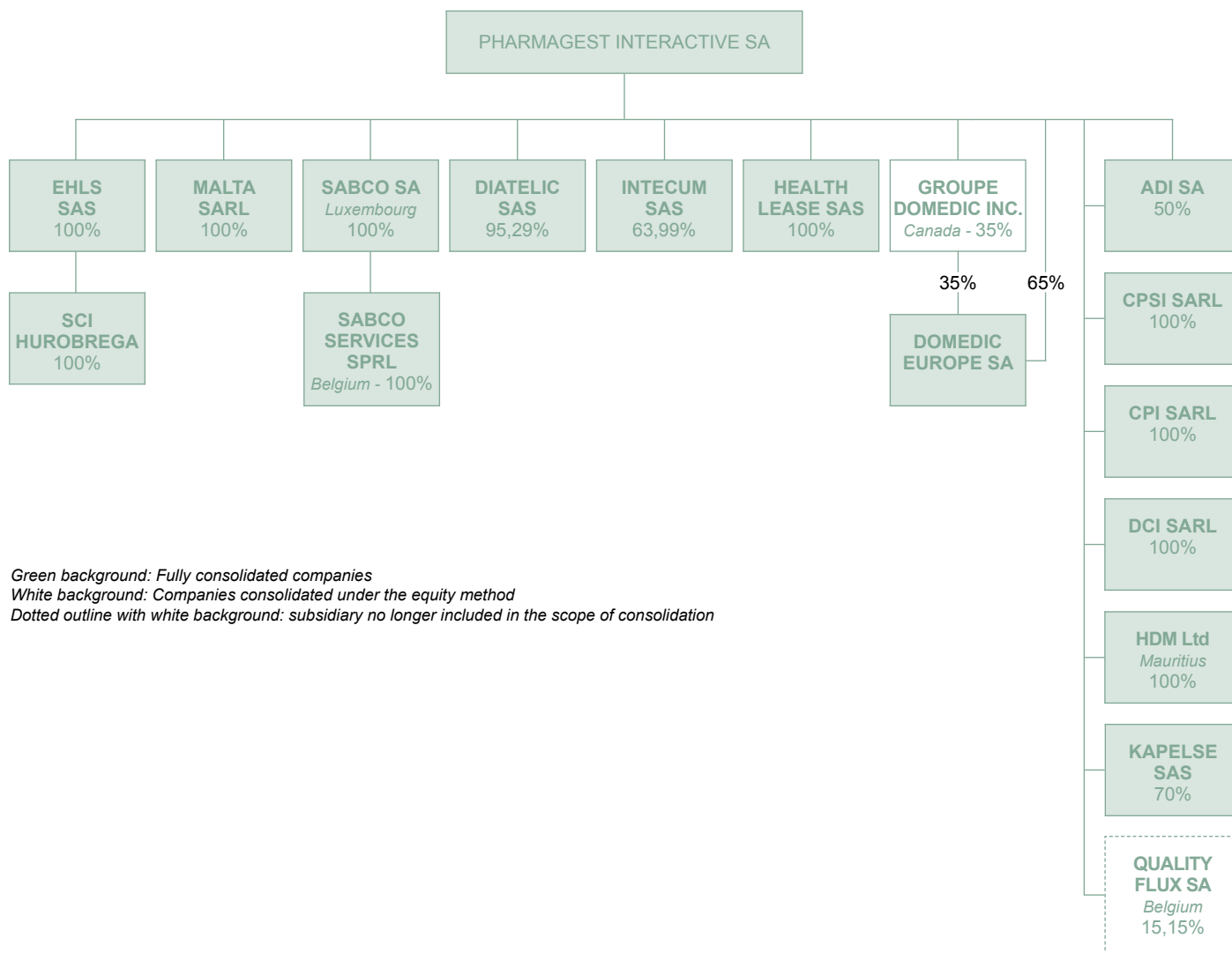
**Companies consolidated under the equity method**

Company	Address	% control	% interest
GROUPE DOMEDIC INC.	Québec (Canada)	35.00	35.00



### PHARMAGEST Group Organisation Chart

As at the end of the financial year, PHARMAGEST Group's organisation chart is as follows:



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

- 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 from 21.98% to 15.15% following a capital increase and the admission of three new shareholders; PHARMAGEST INTERACTIVE decided not to participate in this capital increase. Since the transaction resulted in the loss of significant influence, QUALITY FLUX was deconsolidated based on a zero fair value;
- On January 2014, 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 and Guiana.
- Acquisition of additional equity in DIATELIC, bringing our share in the capital to 95.29% from 68.58%.
- Disposal of 30% of KAPELSE securities without loss of control.



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.**

- Distribution of IT equipment, turnkey installation and training;
- Distribution of LGPI Global Services® pharmacy management software and related packages 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.

**CPSI** distributes turnkey IT solutions exclusively from PHARMAGEST INTERACTIVE in the French Antilles and French Guiana.

**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 HUOBREGA** owns the Quéven building.

**INTECUM** specialises in automation and dispensing at the point of sale.

**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.

• **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.

**KAPELSE** specialises in communicating health product design.

• **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	2014	2013	Variation
Sales of configurations	56,272	54,327	4%
Maintenance and sale of databases	34,086	32,204	6%
Other services, including e-advertising	10,519	14,462	-27%
Training and new product services	13,683	12,414	10%
<b>Total sales</b>	<b>114,560</b>	<b>113,407</b>	<b>1%</b>
Current operating profit	25,506	23,119	10%
Operating profit	25,506	23,119	10%
Net profit/(loss)	16,965	15,832	7%
Net profit - Group share	17,011	15,825	7%
Basic earnings per share (group share)	€5.59	€5.22	7%

**PHARMAGEST INTERACTIVE (individual financial statements):**

Amounts - In €K	2014	2013	Variation
Sales of configurations	46,577	46,986	-1%
Maintenance and sale of databases	28,526	27,099	5%
Other services, including e-advertising	10,385	14,355	-28%
Training and new product services	10,739	9,699	11%
<b>Total sales</b>	<b>96,228</b>	<b>98,139</b>	<b>-2%</b>
Operating income	22,407	21,705	3%
Net profit/(loss)	18,042	15,076	20%



### Main subsidiaries (individual financial statements)

In €M	EHLS	ADI	SABCO	MALTA INFORMATIQUE	HEALTHLEASE
Sales	19.29	4.70	3.46	5.64	42.78
Operating income	1.05	0.52	0.46	1.78	1.87
Recurring income before tax	1.26	0.52	0.46	1.83	1.93
Net profit/(loss)	0.81	0.35	0.32	1.20	1.26

**Under IFRS**, consolidated sales for fiscal 2014 rose 1% year-on-year. The gross sales margin came to €86,152K, up from €79,801K in 2013.

Hardware and software maintenance and renewal of equipment installed under contract account for roughly 69.6% of the Group's sales and provide extremely good visibility of annual revenue.

Operating expense (payroll expense + general expense + taxes) amounted to €58,568K. This figure was up 7% on 2013, primarily due to the increased workforce (impact of the change in scope).

Operating profit therefore rose 10.3% on the previous year to €25,506K.

The financial result is positive at €985K, breaking down into €1,143K in financial income and €158K in financial expense.

The PHARMAGEST Group generated consolidated net profit of €16,965K, with the Group share amounting to €17,011K and minority interests to €(46)K. The increase in the Group share of net profit was 7.5%.

The PHARMAGEST Group's cash fell by €3,610K in the 2014 financial year, despite generating €16,688K in operating cash flow (under IFRS).

The PHARMAGEST Group enjoys a very sound financial structure. Equity capital amounted to €81,695K and net earnings (i.e. securities available for sale, other financial assets, cash flow and cash flow equivalents minus financial liabilities) were €46,136K. Cash net of current financial liabilities totalled €47,173K.

### 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 2014, PHARMAGEST INTERACTIVE incurred expenses that are non-deductible from corporation tax, covered by Article 39-4 of the aforementioned Code for a total of €124,529, giving rise to €41,510 in tax.

### Research and development activities

There are 105 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 2014 was:

- €1,590K for projects resulting in future income (sales and services to customers);
- €98K for projects from which future economic benefits are expected (production of in-house software).

### Highlights of the financial year

- In 2014, Pharmacy France launched its Consulting range of services to help pharmacists accommodate changes in their business and exploit all available growth levers.
- Replacing its reseller, PHARMAGEST INTERACTIVE formed a new subsidiary, CPSI, to take over sales and marketing in the French Antilles and French Guiana.



- As predicted, the Laboratories business, and especially the low-margin Communication Services end, declined sharply.
- In the e-Health business, the PHARMAGEST Group was selected for two e-Health pilot programmes:
  - The PAERPA project (Elderly at risk of losing their independence), to ensure coordination between different health sectors to mitigate the risks of disrupting the care pathway and to improve compliance;
  - The "36 mois de plus à domicile" (36 more months at home) project under the Pacte Lorrain, to develop innovative, multi-service offerings for the elderly as dependency approaches, based on new technologies and with the aim of keeping them in their homes for longer.
- KAPELSE, our specialist subsidiary in innovative e-Health solutions, launched its products on the market in May. The product range is aimed at all pharmacies, other healthcare and industry professionals, as well as the medical-social sector.

### Events after the reporting period

Creation of NANCEO, a simplified joint stock company (SAS) with capital of €1,000,000 with its head office at 1 bis rue du Havre, 75008 Paris, offering financing solutions for leased assets in the services sector. A wholly-owned subsidiary of PHARMAGEST INTERACTIVE.

### Outlook and strategic guidelines provided by the Board of Directors

2014 was a year of change for pharmacies in France. Developments included the revised VAT rate in January 2014, the withdrawal of the price/reimbursement sticker on pharmaceutical products in July 2014, followed by the introduction of the new payment scheme for pharmacies. The PHARMAGEST Groupe anticipated all of these measures—which had been long-fingered time and again—and its diversification and capital expenditure strategies over the past four years positioned it in the vanguard with the products and solutions required to serve our pharmacy customers.

These changes will have three major impacts on the day-to-day running of pharmacies:

- Pharmacies will assume a coordination role and be the first point of call for patients. We will provide the IT products and services to enable them to fulfil this role;
- As the health system changes and increasingly embraces information and communication technologies to enhance the ability of healthcare professionals, public authorities and the industry to provide ever more effective patient care, the PHARMAGEST Group's e-Health and e-Pharma ranges come into their own;
- Most importantly, pharmacists will have stronger links with patients that extend beyond the bricks-and-mortar pharmacy into homes. This development provides ample justification for the PHARMAGEST Group's strategy of investing in subsidiaries that design connected devices for the health sector.

These radical shifts in the profession open up the potential for a greater coordination role, seen as vital for the health system to operate efficiently, and have profoundly changed the space where patients, services and providers interact—in the patient's interest. As pharmacists assume a greater role in the reconfigured system, the PHARMAGEST Group is strategically placed to become the natural choice as a core partner in this (r)evolution.

With the firm anchor in the market and the global potential of the e-Health market (according to Xerfi Precepta, the market is expected to grow by 4/7% to €12.5 billion by 2017), the PHARMAGEST Group is maintaining its strategy of acquisitions focused on opportunities in the domestic and international markets, according to two priorities for growth:

- 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 2014

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%
SC "ERMITAGE SAINT JOSEPH" (Mr. Thierry CHAPUSOT)	More than 5% and less than 10%

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.

Moreover, pursuant to Article 223-26 of the AMF General Regulation, we hereby report to you on transactions on PHARMAGEST INTERACTIVE securities performed by management in 2014. Mr Dominique PAUTRAT, Managing Director and Board Member personally sold 365 shares and acquired 6,590 shares through a related party.

These transactions were declared to the AMF on 6 and 11 March 2014, respectively, in accordance with Article L 621-18-2 of the French Monetary and Financial Code (Code monétaire et financier).

#### Authorisation for buyback of shares by PHARMAGEST INTERACTIVE

1) At the General Meeting of Shareholders on 27 June 2014, 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.

This authorisation was granted for a maximum of eighteen months starting on 27 June 2014 until 26 December 2015.

At 31 December 2014, PHARMAGEST INTERACTIVE held the following treasury shares, directly or indirectly:

- 536 under a liquidity agreement;
- 39,102 under a share buyback programme;

giving 39,638 shares in total equating to 1.3% of the current share capital.

At 31 December 2014, under this programme, used via the liquidity agreement, 29,237 shares were purchased for an average share price of €100.83, and 29,531 were sold for an average of €100.25.

PHARMAGEST INTERACTIVE holds 100% of the current liquidity agreement.

The Board of Directors reports to you on the completion of the share buyback programme for the period 1 April 2014 to 31 March 2015, authorised by the Meeting on 27 June 2014.

#### As at 31 March 2015, the programme resulted in:

- Purchases: 66,081 shares at an average price of €101.49;
- Sales: 26,773 shares at an average price of €103.89;

As at 31 March 2015, the company directly or indirectly holds 39,709 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 agreement 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 recommends that you approve the new programme to replace the share buyback programme established by the General Meeting of 27 June 2014, to be effective from 26 June 2015.

**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 agreement 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 25 December 2016.

### Stock options

Pursuant to Articles L.225-177 to L.225-186 of the French Commercial Code, the Combined General Shareholders' Meeting on 27 June 2014 authorised the Board of Directors to grant stock options within the limit of 10% of the share capital, i.e. a total of 303,482 shares.

At its meeting of 5 December 2014, the Board of Directors used this authorisation and drew up the regulations governing this stock option plan. These regulations were notified to the beneficiaries in writing by letter dated 15 January 2015.

Pursuant to Article L 225-184 of the French Commercial Code, the Board of Directors will report to you in its Special Report on the transactions carried out by virtue of Articles L 225-177 to L 225-186 of the said Code.

### 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 2014.

### 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:



**2014**

Trade creditors / due dates - In €K	< 30 d	> 30 d and < 60 d	> 60 j	Total (incl. tax)
Amounts falling due *	4,222	889	0	5,111
Amounts overdue **	408			408
<b>Total trade creditors (incl. tax)</b>	<b>4,630</b>	<b>889</b>	<b>0</b>	<b>5,519</b>
Invoices not received				1,475
<b>Total trade creditors on the balance sheet (incl. tax)</b>				<b>6,993</b>

**2013**

Trade creditors / due dates - In €K	< 30 d	> 30 d and < 60 d	> 60 j	Total (incl. tax)
Amounts falling due *	3,870	1,071	1	4,942
Amounts overdue **	400			400
<b>Total trade creditors (incl. tax)</b>	<b>4,269</b>	<b>1,071</b>	<b>1</b>	<b>5,341</b>
Invoices not received				2,521
<b>Total trade creditors on the balance sheet (incl. tax)</b>				<b>7,862</b>

\* Payment date after year-end.

\*\* Payment date before year-end.

**III/ 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 in paragraph E below: E/ Risk assessment.



## D/ FEES PAID TO THE STATUTORY AUDITORS

Audit - in €	MAZARS				BATT AUDIT			
	Amount before tax		%		Amount before tax		%	
	2014	2013	2014	2013	2014	2013	2014	2013
Statutory auditors - PHARMAGEST INTERACTIVE - Consolidated subsidiaries	37,000 14,600	37,000 14,450	72% 28%	72% 28%	37,000 15,900	37,000 17,800	70% 30%	68% 32%
Ancillary engagements	-	-	0%	0%	-	-	0%	0%
<b>Sub-total</b>	<b>51,600</b>	<b>51,450</b>	<b>100%</b>	<b>100%</b>	<b>52,900</b>	<b>54,800</b>	<b>100%</b>	<b>100%</b>
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%
Additional tasks			0%	0%			0%	0%
<b>Sub-total</b>			<b>0%</b>	<b>0%</b>			<b>0%</b>	<b>0%</b>
<b>TOTAL</b>	<b>51,600</b>	<b>51,450</b>	<b>100%</b>	<b>100%</b>	<b>52,900</b>	<b>54,800</b>	<b>100%</b>	<b>100%</b>

## 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 in the Chairman's report below.

**1/ Legal risks****2/ Industrial and environmental risks****3/ Credit/counterparty risk****4/ Operating risks / inherent to the business**

- a) The competition;
- b) The economic environment - indirect risks related to government decisions;
- c) Technological risks, relating to intellectual property and information system and network security;
- d) Social risks;
- e) Risk of fraud and errors;
- f) Insurance risks.

**5/ Liquidity risks****6/ Market risk**

- a) Interest rate risk;
- b) Foreign exchange risk;
- c) Financial instruments and shares risk.



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 2014 financial year**  
(Article L. 225-102-1, paragraph 3 of the French Commercial Code)  
(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 of the French Commercial Code)

Directors	Positions	Gross compensation in 2014	Gross compensation in 2013
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: €146,004 Bonus: €27,000 - 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: €50,800 - Benefit in kind (car): €4,608
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: €92,652 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: €21,750 - 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: €28,500 - Benefit in kind (car): €0	* ** - 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): €0
Mr. Hugues MOREAUX	Representing Board Member of WELCOOP GROUP	None	None
Mr. Daniel ANTOINE	Board Member	Directors' fee: €900 Member of the Audit Committee: €4,000	Directors' fee: €750 Member of the Audit Committee: €4,000
Mr. Michel DUSSERE	Independent Board Member	Directors' fee: €450 Member of the Audit Committee: €14,000	Directors' fee: €600 Member of the Audit Committee: €14,000
Mr. François JACQUEL	Board Member	Directors' fee: €1,500 Member of the Audit Committee: €4,000	Directors' fee: €750 Member of the Audit Committee: €4,000
Ms. Anne LHOTE	Board Member	None	None
Ms. Sophie MAYEUX	Independent Board Member	Directors' fee: €750	Directors' fee: €750



\* 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.

\*\* 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 2014	Gross compensation in 2013
Mr. Thierry CHAPUSOT	Chairman of the Executive Committee	None	None
Mr. Dominique PAUTRAT	Member of the Executive Committee from 01/01/2013	None	None
Ms. Anne LHOTE	Member of the Executive Committee from 01/01/2013	None	None
Mr. Hugues MOREAUX	Chairman of the Supervisory Board	None	None
Mr. Daniel ANTOINE	Representing GROUPE WELCOOP, Member of the Supervisory Board	None	None



• **Compensation paid to managers and corporate officers of the GROUPE WELCOOP, the parent company of MARQUE VERTE SANTE**

Directors	Positions in GROUPE WELCOOP	Gross compensation in 2014	Gross compensation in 2013
Mr. Thierry CHAPUSOT	Chairman of the Executive Committee (holds an employment contract)	* ** - Corporate office: €54,000 - and employment contract: Salary: €243,000 Bonus: €50,000	* ** - Corporate office: €54,000 - and employment contract: Salary: €243,000 Bonus: €65,000
Mr. Dominique PAUTRAT	Member of the Executive Committee from 01/01/2013	- Corporate office: €24,000	- Corporate office: €24,000
Ms. Anne LHOTE	Member of the Executive Committee (holds an employment contract)	* ** - Corporate office: €24,000 - and employment contract: Salary: €145,000 Bonus: €30,000 - Benefit in kind (car): €2,124	* ** - Corporate office: €24,000 - and employment contract: Salary: €145,000 Bonus: €35,100 - Benefit in kind (car): €2,124
Mr. Hugues MOREAUX	Chairman of the Supervisory Board	Corporate office: €113,784	Corporate office: €113,788
Mr. Daniel ANTOINE	Vice-Chairman of the Supervisory Board	Directors' fee: €1,113	Directors' fee: €454
Mr. François JACQUEL	Vice-Chairman of the Supervisory Board	Directors' fee: €1,874	Directors' fee: €1,337

\* 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.

\*\* Acting on the authorisation of the Supervisory Board of 29 March 2013, it was decided to grant Mr. Thierry CHAPUSOT and Ms. Anne 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 €18,041,507.20 and we propose to allocate it as follows:

Net profit for the year	€18,041,507.20
Retained earnings	€27,240,918.75
<b>Amount available to shareholders</b>	<b>€45,282,425.95</b>
<b>Dividend of €2.90 per share</b>	<b>€8,800,992.50</b>
The balance: is appropriated to retained earnings	€36,481,433.45

Equity will then amount to €59,543,240.38.



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 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.

The dividend will be available for payment with effect from 03 July 2015 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)
31/12/2011	€1.80	€1.80	€1.80
31/12/2012	€2.10	€2.10	€2.10
31/12/2013	€2.50	€2.50	€2.50

## Directorships and corporate offices of the members of the Board of Directors and the Statutory Auditors

### **Board members**

As the terms of office of Messrs. Dominique PAUTRAT, Denis SUPPLISSON and Michel DUSSERRE (Independent Board Member), expire at the end of this Meeting, we propose to:

- Reappoint Messrs. PAUTRAT and SUPPLISSON for a six-year term that will expire at the close of the Ordinary General Meeting convened to approve the financial statements for the financial year ended on 31 December 2020;
- To replace Mr. Michel DUSSERRE who does not wish to be reappointed, because he would reach the age limit during this new term of office, and appoint a new Independent Board Member:

- Mrs. Marie-Louise LIGER  
Residing at 11 rue Edouard Pierson  
54000 NANCY

The appointment to run for a six-year period, i.e. until the Ordinary General Meeting convened to approve the financial statements for the year ended on 31 December 2020.

### **Statutory Auditors**

The Statutory Auditors' engagements do not expire at the close of this Meeting.



### Related-party agreements

You are hereby informed that during the financial year two new regulated agreements were authorised on 5 December 2014 and will take effect in 2015. These agreements will be reported in detail in the Statutory Auditors' special report. This report will also detail prior agreements that continue to be in force and for which the Board of Directors conducted its annual review and concluded that they should be continued without any amendments to the original conditions.

You are also notified that pursuant to Article L 225-39 of the French Commercial Code, the Board of Directors reclassified the transactions with subsidiary EHLS (central purchasing and repair service) outside of the category of regulated agreements, since EHLS is a wholly-owned PHARMAGEST INTERACTIVE subsidiary.

Pursuant to Article L. 225-102-1, paragraph 13 of the French Commercial Code, we are required to bring to your attention the agreements (except where these relate to current operations and are transacted under normal conditions), that took place, directly or through an intermediary, between, as relevant, the Managing Director, one of the Deputy Managing Directors, one of the Board Members or one of the shareholders with more than 10% of the voting rights and another company in which the latter owns more than 50% of the capital, either directly or indirectly. There were no agreements of this type.

### 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 €33,000 for fiscal 2015.

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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 Board of Director's special report, provided in accordance with Article L. 225-184 of the French Commercial Code;
- The Board of Directors' report to the Extraordinary General Meeting concerning the proposed capital increase reserved for employees under the law on employee savings schemes, the proposed stock split, the proposal not to introduce double voting rights, and the proposed amendments to the Articles of Association to harmonise them with the provisions of current law.

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 capital increase reserved the members of a company savings scheme and the special report on the Chairman's report) prepared by BATT AUDIT and MAZARS, we will answer any questions you may have.

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	31/12/2014	31/12/2013	31/12/2012	31/12/2011	31/12/2010
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	0	0	0	0	0
Maximum number of future shares to create	0	0	0	0	0
- By convertible bonds	0	0	0	0	0
- By exercising subscription rights	0	0	0	0	0
<b>Pre-tax sales</b>	<b>96,227,680</b>	<b>98,138,886</b>	<b>94,818,067</b>	<b>85,117,542</b>	<b>55,984,726</b>
Earnings before taxes, employee profit-sharing and provisions	27,679,445	25,360,848	21,169,713	17,234,563	13,241,071
Corporate income taxes	7,244,003	7,368,965	6,417,341	5,280,298	4,177,685
Employee profit-sharing	1,847,404	2,018,662	1,840,381	1,973,487	1,024,286
Earnings after tax, employee profit-sharing and provisions	18,041,507	15,075,829	12,949,922	8,365,303	7,921,392
Profit/(loss) distributed <sup>(1)</sup>	8,800,993	7,587,063	6,373,133	5,462,685	4,552,238
Earnings per share after tax and before provisions	6.13	5.26	4.25	3.29	2.65
Earnings per share after tax and provisions	5.94	4.97	4.27	2.76	2.61
Dividend per share <sup>(1)</sup>	2.90	2.50	2.10	1.80	1.50
Average workforce for the financial year	619	612	601	582	342
Total payroll	21,649,914	20,646,710	20,567,362	17,593,369	12,335,363
Social security contributions and benefits	10,942,075	10,383,230	11,525,166	11,143,086	5,866,371

<sup>(1)</sup> Proposal put to the AGM of 26 June 2015 in respect of the financial year ended on 31 December 2014.

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 26, 2015  
LIST OF THE CURRENT BOARD OF DIRECTORS IN 2015  
(article R. 225-83 1<sup>st</sup> of the French Commercial Code)



Companies	Thierry CHAPUSOT	Dominique PAUTRAT	Thierry PONNELLE	Denis SUPPLISSON
* <b>PHARMAGEST INTERACTIVE (SA) listed company</b>	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
<b>GROUPE WELCOOP (SA)</b>	Chairman of the Executive Committee holding en employment contract	Member of the Executive Board		
* <b>MARQUE VERTE SANTE (SA) (formerly Welcoop Pharma) (SA)</b>	Chairman of the Executive Committee	Member of the Executive Board		
* <b>EUROPEAN HEALTH LOGISTIC SOURCING - EHLS (SAS)</b>		Representing the Chairman PHARMAGEST INTERACTIVE		
* <b>A.D.I. APPLICATIONS ET DEVELOPPEMENTS INFORMATIQUES (SA)</b>		Representing the Board Member CP INTERACTIVE	Representing the Board Member PHARMAGEST INTERACTIVE	
* <b>DIATELIC (SAS)</b>	Board Member until 05/14/2015	Chairman of the Board of Directors until 05/14/2015 and representing the Chairman PHARMAGEST INTERACTIVE		
* <b>DOMEDIC EUROPE (SA)</b>	Board Member	Chairman of the Board of Directors		Board Member and General Manager as of 01/24/2014
* <b>DC INFORMATIQUE (SARL)</b>		Manager		
* <b>CP INTERACTIVE (SARL)</b>		Manager		
* <b>SABCO (SA) (LUXEMBURG)</b>		Chairman Board Member		Board Member
* <b>HDM (MAURITIUS)</b>		Director		
* <b>SABCO SERVICES (BELGIUM)</b>		Manager		
* <b>INVESTIPHARM FRANCE (SA)</b>				
* <b>QUALITY FLUX (BELGIUM)</b>		Board Member		
* <b>GROUPE DOMEDIC INC. (CANADA)</b>	Board Member	Board Member		
* <b>INTECUM (SAS)</b>				Chairman
* <b>UK PHARMA (GREAT BRITAIN)</b>				
* <b>ESPAFARMED (SPAIN)</b>				
* <b>ITAFARM (ITAL Y)</b>				
* <b>SOFAREX (BELGIUM)</b>				
* <b>INVESTIPHARM BELGIUM (BELGIUM)</b>				



Daniel ANTOINE	Hugues MOREAUX	Michel DUSSEYRE	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	
				General Manager	
				General Manager	



Companies	Thierry CHAPUSOT	Dominique PAUTRAT	Thierry PONNELLE	Denis SUPPLISSON
* ALPHA FINANCE REPARTITION (BELGIUM)				
* BELGIUM INVESTMENT DISTRIBUTION (BELGIUM)				
* STALLION MANAGEMENT (LUXEMBURG)				
*AUXI EXPORT (BELGIUM)				
* SEMES (SA)	Representing the Board Member GROUPE WELCOOP	Chairman of the Board of Directors		
* D'MEDICA (SA)	Chairman of the Board of Directors			
* OBJECTIF PHARMA (SA)	Chairman of the Executive Board			
* DEVELOPPEMENT PROMOTION CRISTERS (SAS)	Chairman			
* KAPELSE (SAS)		Representing the Chairman, PHARMAGEST INTERACTIVE		
SC DE L'HERMITAGE SAINT JOSEPH	Manager			
* SCI HUOBREGA		Manager		
SCI JADD				
SNC MOREAUX DUCASSOU				
* SCI CERP IMMO 2	Representing GROUPE WELCOOP Manager			
SCI MESSIRE JACQUES		Manager		
SOCIETE CIVILE CHANOINE JACOB		Manager		
SCI DU FRONTON				
SCI JAMERAI	Manager			
SARL DUVAL DE VITRIMONT	Manager			
* SARL CARAIBES PHARMA SERVICES INFORMATIQUE				Manager as of 01/01/2014
SELARL FRANCOIS JACQUEL				
SA PHARMA 10				
SCI CRAPAUDINE				



Daniel ANTOINE	Hugues MOREAUX	Michel DUSSERRE	Francois JACQUEL	Anne LHOTE	Sophie MAYEUX
				General Manager	
				Representing the Board Member STALLION MANAGEMENT	
				Board Member until 12/09/2014	
				Manager	
	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 the WELCOOP Group.



## 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  
SIREN 403 561 137 NANCY TRADE AND COMPANIES REGISTER (RCS)

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### CORPORATE SOCIAL RESPONSIBILITY REPORT TO THE ANNUAL GENERAL MEETING ON 26 JUNE 2015

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 throughout and comprises PHARMAGEST INTERACTIVE, CPI and EHLS. It accounts for 82% of the total workforce.

The information in this CSR Report was prepared on the basis of contributions from inside the Group, for data on 2014 and for prior years. The report is overseen by general management. The list of indicators was compiled 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 819 people at 31 December 2014 (801 FTE (full-time equivalent)), up 3.28% from the 793 employees at year-end 2013 (776 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.

STATUS	Men				Women				Total			
	2012	2013	2014	Change 2013 -2014	2012	2013	2014	Change 2013 -2014	2012	2013	2014	Change 2013 -2014
<b>Fixed-term contract</b>	<b>18</b>	<b>13</b>	<b>14</b>	<b>8%</b>	<b>13</b>	<b>9</b>	<b>12</b>	<b>33%</b>	<b>31</b>	<b>22</b>	<b>26</b>	<b>18%</b>
EMPLOYEES	2	3	1	-67%	9	7	6	-14%	11	10	7	-30%
TECHNICIANS	16	10	12	20%	4	2	5	150%	20	12	17	42%
SUPERVISORS / SENIOR TECH	0	0	1	/	0	0	1	/	0	0	2	/
MANAGERS	0	0	0	/	0	0	0	/	0	0	0	/
<b>Permanent contract</b>	<b>522</b>	<b>557</b>	<b>567</b>	<b>2%</b>	<b>214</b>	<b>214</b>	<b>226</b>	<b>6%</b>	<b>736</b>	<b>771</b>	<b>793</b>	<b>3%</b>
EMPLOYEES	35	69	73	6%	80	80	86	8%	115	149	159	7%
TECHNICIANS	264	249	242	-3%	72	68	69	1%	336	317	311	-2%
SUPERVISORS / SENIOR TECH	46	45	48	7%	16	16	18	13%	62	61	66	8%
MANAGERS	177	194	204	5%	46	50	53	6%	223	244	257	5%
<b>Total</b>	<b>540</b>	<b>570</b>	<b>581</b>	<b>2%</b>	<b>227</b>	<b>223</b>	<b>238</b>	<b>7%</b>	<b>767</b>	<b>793</b>	<b>819</b>	<b>3%</b>

As the nature of the PHARMAGEST Group's business requires highly trained staff with in-depth knowledge of the business and its customers' professional and legal environment, the ratio of fixed-term contracts is very low (26, compared with 793 on permanent contracts).

96.83% of the PHARMAGEST Group's workforce are permanent employees, with practically no difference in this percentage between men (97.59%) and women (94.96%).

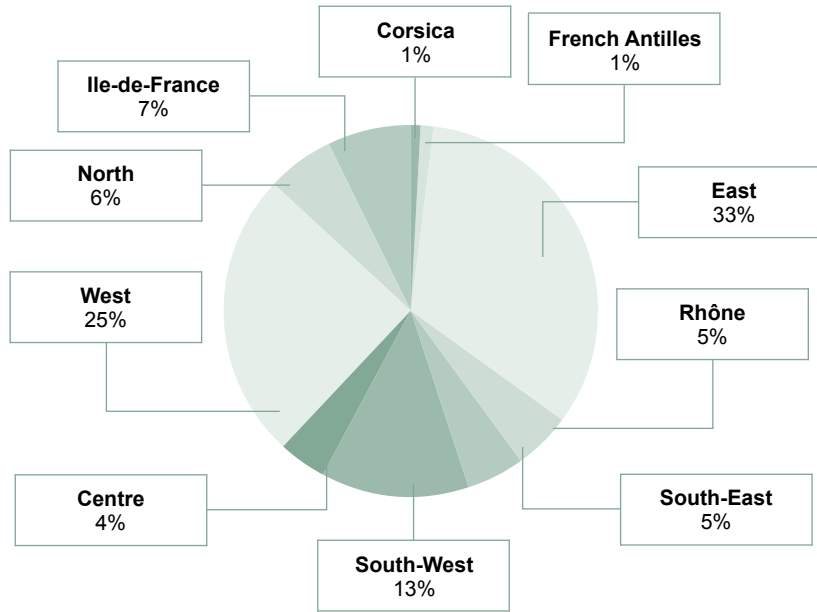
At 31 December 2014, PHARMAGEST Group employed 55 part-time staff (compared with the 49 part-time staff at year-end 2013).

The gender breakdown is 238 women (or 29% of the total), which is 7% higher than the previous year.



1.1.1.2 Breakdown of the workforce by region

The geographical breakdown in 2014 was:

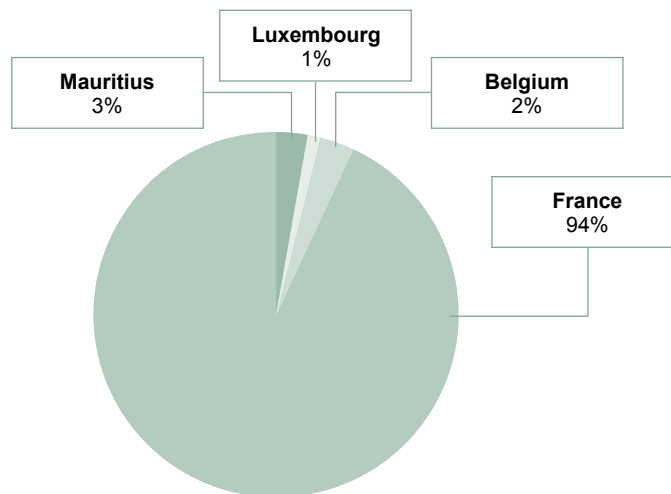


The high concentration in two regions is due to:

- 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 also the formation of CPSI, the subsidiary that has responsibility for the French Antilles (Guadeloupe and Martinique) and French Guiana.

**Breakdown of the workforce by region in 2014:**



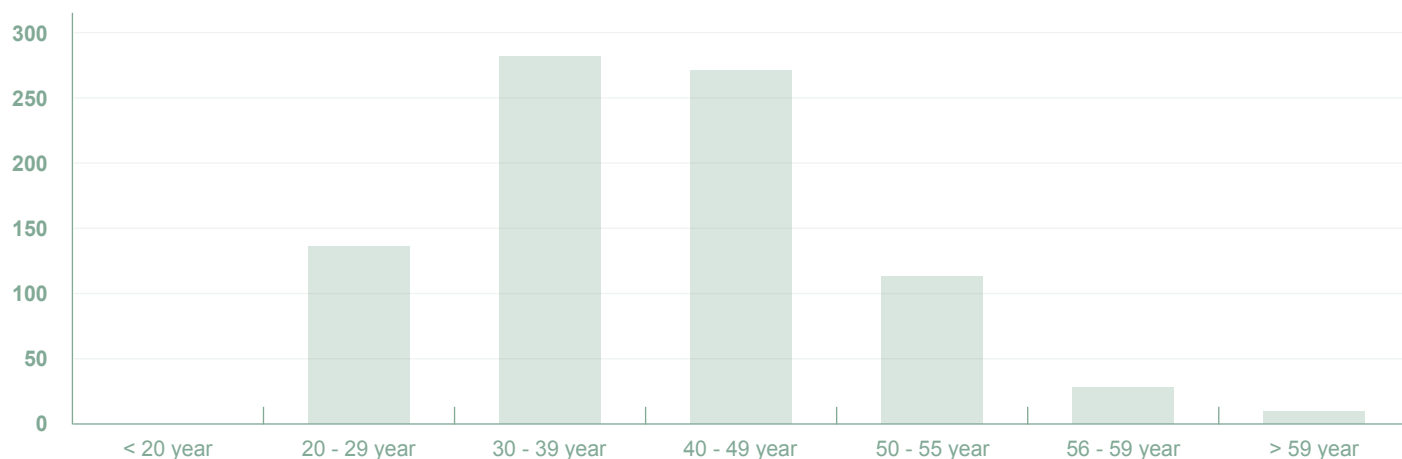
The geographical breakdown is practically unchanged from 2013.





1.1.1.3 Workforce by age

**PHARMAGEST Group age pyramid:**



In 2014, the average age in the PHARMAGEST Group was 40 and the average length of service was 10 years, remaining stable year-on-year.

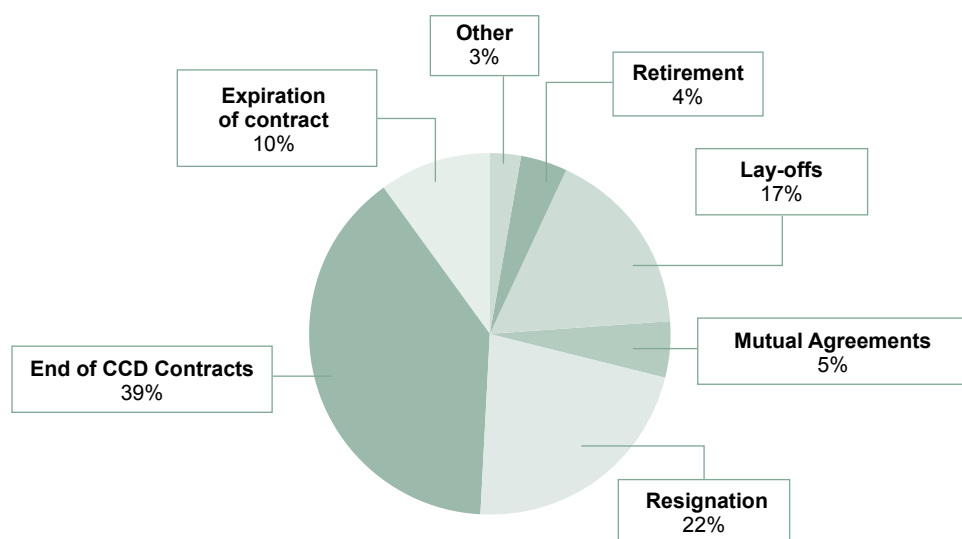
1.1.2 Hiring and lay-offs

The PHARMAGEST Group hired 106 people in 2014 (up from 98 in 2013), and 80 people left the Group (versus 72 in 2013), including:

- Four mutually agreed departures (three at PHARMAGEST INTERACTIVE, and one at MALTA INFORMATIQUE);
- 14 lay-offs (10 at PHARMAGEST INTERACTIVE, and one each at EHLS, CPI, HDM and INTECUM);
- Three retirements (two at PHARMAGEST INTERACTIVE and one at SABCO).

No employment disputes were initiated in 2014.

**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		
	2012	2013	2014	2012	2013	2014
o/w aged < 20	0%	0%	0%	0%	0%	0%
aged 20 to 29	20%	23%	12%	8%	10%	5%
aged 30 to 39	44%	31%	25%	5%	4%	4%
aged 40 to 49	20%	38%	28%	2%	4%	4%
aged 50 to 54	12%	4%	25%	4%	1%	8%
aged 55 to 59	4%	0%	3%	5%	0%	4%
59 and older	0%	4%	6%	0%	14%	22%
<b>Total ESU staff turnover</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>4%</b>	<b>4%</b>	<b>5%</b>

### 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:

- 0.8% at 1 February 2014;

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 Group's total payroll came to €27,956,841 for gross salaries and €12,821,521 in employer's social charges in 2014 (source: DADS).

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

		2011-2012	2012-2013	2013-2014
Managers	Men	4.95%	0.90%	- 2.97%
	Women	5.12%	-2.30%	4.47%
Non-managers	Men	2.15%	1.16%	2.10%
	Women	3.13%	2.21%	0.91%
<b>Overall average**</b>		<b>4.81%</b>	<b>0.73%</b>	<b>0.03%</b>

\* In the interests of fair presentation, only full-time staff at 31 December 2014, employed from 1 January 2014 to 31 December 2014, are included. The data excludes employees whose actual annual salary, less daily allowances, is lower than the annual minimum wage (the SMIC in France).

\*\* Change to the calculation method for the overall average (see methodology note).

The explanation for the lower salaries for male managers lies in the bonuses paid to sales managers and directors for the 2013 financial year, paid early in 2014, which were lower than the bonuses paid at the start of 2013 in respect of 2012, which was an exceptional year for sales. Since the majority of the sales staff are men, the impact is higher for the male personnel.

The 4.47% increase in compensation for our female managers, who are mainly employed in Research & Development, follows on from the new hires in 2013 and the salary increases consistent with a very low turnover.



## 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:

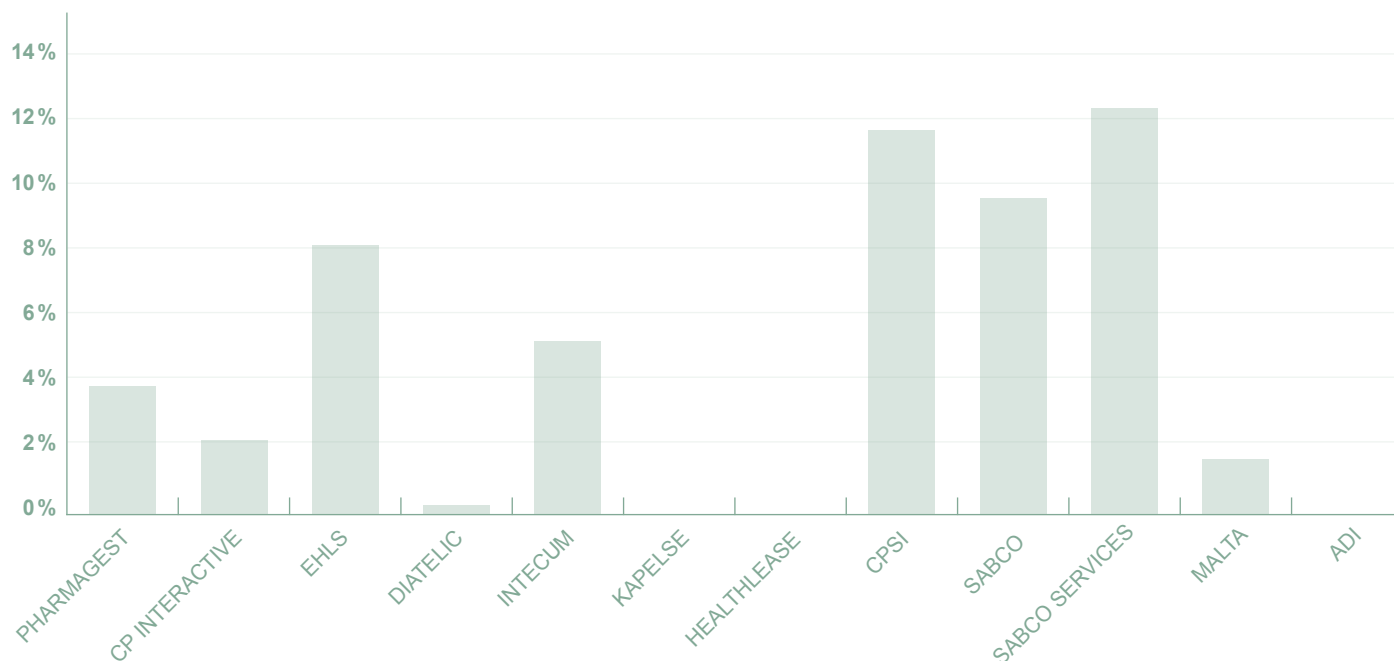
- ADI: 35-hour week;
- CPSI: 39-hour week;
- DIATELIC: 35-hour week;
- HEALTHLEASE: 35-hour week;
- HDM (Mauritius): 38.2-hour week;
- KAPELSE: 35-hour week;
- MALTA INFORMATIQUE: 39-hour week;
- SABCO (Luxembourg): 40-hour week;
- SABCO SERVICES (Belgium): 39-hour week.

PHARMAGEST INTERACTIVE has introduced a telephone stand-by duty roster to guarantee continuity of service and meet its obligations as a Personal Health Data Host.

### 1.2.2 Absenteeism

The absenteeism rate observed for the PHARMAGEST Group in 2014 was 3.99% (excluding HDM). It is calculated by dividing the number of hours absent by the number of contractual hours.

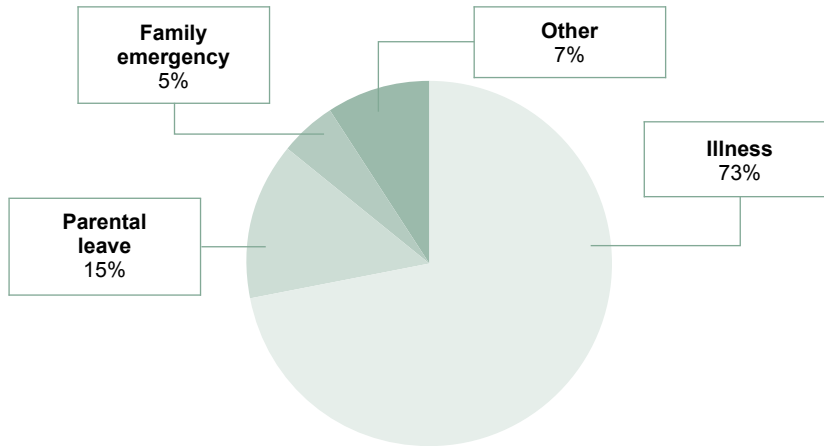
#### Absenteeism rate:



Note: no absences were reported by KAPELSE, HEALTHLEASE or ADI in 2014.



**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, personnel consulting bodies have been established in the PHARMAGEST ESU, MALTA INFORMATIQUE and ADI:

**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 70%;
- Monthly meetings of personnel representatives are organised in the regions (31 meetings in eight regions in France).

Two trade unions (CGT and CGC) are represented in the PHARMAGEST ESU.

**For MALTA INFORMATIQUE:**

- Personnel representatives met three times in 2014.

**For ADI:**

- Personnel representatives met twice in 2014.

The workforce in the other Group companies (DIATELIC, SABCO, SABCO SERVICES, KAPELSE, HEALTHLEASE, INTECUM and CPSI) does not fall within the scope of the Law requiring personnel representation.

**Note:**

- Companies in France with 11 or more employees are required to organise personnel representative elections. When the workforce increases from 49 to 50 employees, companies in France must form a Works Council and a Health, Safety and Working Conditions Committee;



- In Belgium, a Works Council is only required when companies have 100 or more employees. In companies with more than 50 employees, an independent Prevention and Protection Committee elected by all the employees is in charge of issues pertaining to health and safety in the workplace;
- In Luxembourg, companies with 15 or more employees are required to organise elections to select personnel representatives.

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 43.88% in 2014 compared with 2013 and includes a special subsidy for the WC's work. The budget breakdown was:

	PHARMAGEST	CP INTERACTIVE	EHLS	ESU total	HDM	Group total
2012 Works Council budget	€141,995	€3,575	€4,722	<b>€150,292</b>	€3,000	<b>€153,292</b>
2013 Works Council budget	€147,677	€3,383	€4,835	<b>€155,895</b>	€2,060	<b>€157,955</b>
2014 Works Council budget	€211,932	€5,075	€6,778	<b>€223,785</b>	€3,486	<b>€221,271</b>

### 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 nine new agreements in 2014, giving a total of 22) is testimony to the Group's commitment to social dialogue.

#### • In the PHARMAGEST 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 ESU employees, dated 29 June 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;
- 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;
- Gender equality action plan, dated 1 December 2012.

#### • In the other subsidiaries:

- Discretionary profit-sharing agreement in MALTA INFORMATIQUE.

#### 1.3.2.2 Summary of 2014 collective bargaining agreements for the PHARMAGEST ESU:

- Contention report on compulsory annual negotiations in the PHARMAGEST ESU, dated 24 April 2014;
- Optional profit-sharing for the employees of the PHARMAGEST ESU for the financial years 2014 to 2015, dated 30 June 2014;
- Three-year strategic employment and skills management (GPEC) action plan, dated 1 October 2014;
- Harmonised holidays in the ESU for family events, dated 13 October 2014;
- Introduction of electronic voting for personnel representative elections in the PHARMAGEST ESU, dated 27 November 2014;
- Pre-election memorandum of understanding for personnel representative elections in the PHARMAGEST ESU, dated 29 December 2014;
- Agreement to extend the terms of office of personnel representatives in the PHARMAGEST ESU, dated 29 December 2014;
- Three amendments to the supplementary benefits agreement in the PHARMAGEST ESU, covering health costs, death and disability cover for managers, and death and disability for non-managers, dated 29 December 2014;
- An amendment to the agreement relating to the recognition of an ESU (PI, CPI, EHLS, DIATELIC, CPSI), dated 29 December 2014.



## 1.4 Health and safety

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

As part of this policy, a wide-ranging project was launched in 2014 to establish an Occupational Health and Safety management policy, taking our inspiration from OHSAS 18001 (Occupational Health and Safety Assessment Series).

### 1.4.1 Health and safety conditions in the workplace

The ESU's Health, Safety and Working Conditions Committee meets every quarter. There were five meetings in 2014 with an attendance rate of 84%. Its work may be summarised as follows:

- A risk prevention plan is in place, steered by the Human Resources department 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 assessed 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 2014.

### 1.4.3 Occupational accidents

The PHARMAGEST Group (excluding HDM) recorded no occupational illness but reported 13 occupational accidents in 2014, which generated a total of 189 days' absence, broken down as follows:

- In the PHARMAGEST ESU, 10 occupational accidents resulted in a total of 182 days' absence, giving an average of 18 days on average;
- In DIATELIC, one occupational accident occurred but with no lost days;
- Two occupational accidents in MALTA resulted in lost time of 7 days.

The accident frequency rate was 8.53% and the severity rate was 0.13%.

No accident in the PHARMAGEST 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 2014 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;
- Training in audit and consulting techniques in line with our new PHARMAGEST Consulting line-up;
- 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.

The other French subsidiaries of the PHARMAGEST Group fulfil all their legal training requirements.

### 1.5.2 Summary of training in 2014

The following payments were due from the PHARMAGEST ESU in respect of 2014:

- For continuing professional development (0.90% of payroll): €202,275;
- For raising professional standards (0.50% for PHARMAGEST INTERACTIVE and EHLS and 0.35% for CPI): €111,587;
- For the FONGECIF training fund (0.20% for PHARMAGEST INTERACTIVE and EHLS, not applicable to CPI): €43,900 (excluding the 1% fixed-term contracts).

The total continuing professional development budget amounted to €319,7662, excluding management fees, which was 1.42% of payroll in 2014 (in excess of the mandatory 0.90%), and breaks down into:

- Off-the-job training: €198,935, before management fees;
- In-house training: €120,831.

427 PHARMAGEST ESU employees received a total of 7,561 training hours, giving an average of 17.7 hours per employee.

An additional €12,816 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), and on training for the new members of the Health, Safety and Working Conditions committee.

## 1.6 Equal treatment

### 1.6.1 Measures to promote gender equality

The PHARMAGEST Group is committed to equal pay on hiring.

The study of the relationship between average annual pay for women and men for the same status within the PHARMAGEST ESU reveals a narrowing of the gap between male and female managers, whereas the ratio has remained practically stable for non-managerial employees.

Average salary\* for men and women by category (manager/non-manager)

	2012	2013	2014
Female managers	83%	80%	86%
Female non-managers	94%	95%	94%

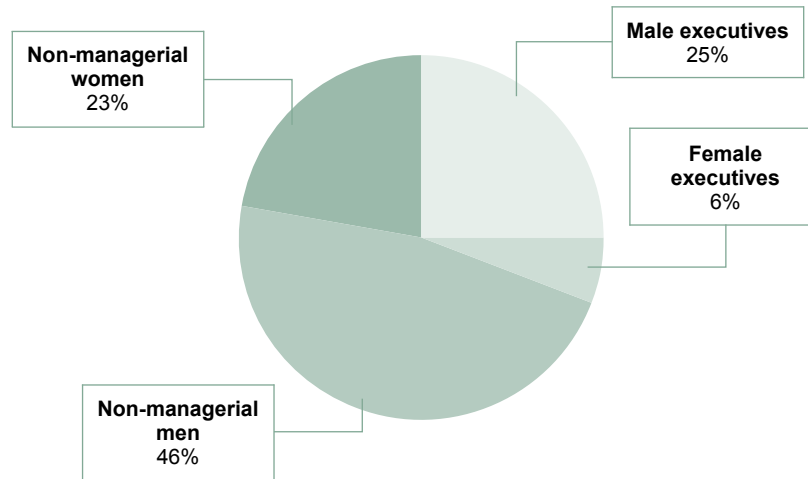
\* Scope: PHARMAGEST ESU (full time, employed from 1 January to 31 December 2014)

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 2014, the increase in average salary was higher for women in managerial positions (4.47% rise for women compared with a reduction of 2.97% for men), but lower for women in non-managerial positions compared with their male colleagues (a 0.91% rise for women versus 2.10% for men).

Note that 31.4% of the Group's employee were classed as managers in 2014 (versus 30.8% in 2013). 6.5% of these were women and 24.9% were men (up slightly from 2013).



**Managers and non-managers by gender - PHARMAGEST Group:**



In 2014, the policy of strengthening the PHARMAGEST Group's organisation by introducing middle-management positions and adding new skills sets was continued, 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.

The gender equality action plan was renewed 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,
  - Ensuring 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, etc.
- 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, etc.
- Professional mobility.





### 1.6.2 Measures taken to ensure the employment and integration of the disabled

During the 2014 financial year, the PHARMAGEST Group employed 19 disabled workers (up from 17 in 2013) 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 PHARMAGEST Group's hiring policies are informed by the guiding principle of non-discrimination according to which candidates are assured that the recruitment process includes neither positive nor negative discrimination.

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.

In:

- The PHARMAGEST ESU staff includes nationals from Algeria (2), Germany (1), Spain (1), the UK (1), Belgium (1) and Madagascar (1), Morocco (1) and Senegal (1), a total of eight nationalities in addition to French;
- SABCO and SABCO Services: Belgium (23), Italy (1), Luxembourg (1) and France (4);
- DIATELIC: one Lebanese national;
- KAPELSE: one Spanish national;
- HDM: all 23 employees are Mauritian nationals.

## 1.7 Promotion of and compliance with the core conventions of the ILO (International Labour Organization)

The PHARMAGEST 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

No particular measures were introduced during 2014 to train or inform employees in relation to environmental protection.



**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 PHARMAGEST 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 PHARMAGEST 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:

In tonnes	2012	2013	2014	Change 2013-2014
WEEE	19	20.92	17.58	-15.97%

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 PHARMAGEST Group does not use water resources. Water consumption is limited to normal everyday consumption (bathrooms). The PHARMAGEST Group 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 PHARMAGEST 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 dropped 6% from 2013 to 2014, from 2,078,189 KWh to 1,962,774 KWh, and the per-person decrease was 9%. 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. The creation of a Data Center in 2013 led to a sharp rise in electricity consumption in PHARMAGEST INTERACTIVE's head office.

Office	2012			2013			2014			Comparison		
	Number of employees	Annual consumption (KWH)	Cons. / pers	Number of employees	Annual consumption (KWH)	Cons. / pers	Number of employees	Annual consumption (KWH)	Cons. / pers	Change in volume	%	% per pers.
Registered office Quéven	113	448,384	3,968	118	541,893	4,592	127	590,213	4,647	48,320	8	1
	116	281,987	2,431	120	265,953	2,216	120	262,922	2,191	-3,031	-1	-1
Sub-total	229	730,371	/	238	807 846	/	247	853 135	/	45,289	/	/
<b>Group total</b>	<b>767</b>	<b>1,899,197</b>	<b>2,476</b>	<b>793</b>	<b>2,078,189*</b>	<b>2,621*</b>	<b>819</b>	<b>1,962,774</b>	<b>2,397</b>	<b>-115,415</b>	<b>-6</b>	<b>-9</b>

\* Difference relative to the data reported in the 2013 report after restating the data for SABCO and SABCO Services (10,547 KWH)

Gas and fuel oil consumption are not material (only two offices use gas).

The PHARMAGEST 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 (Greenhouse Gas) emissions is the PHARMAGEST Group's fleet of vehicles.

- Comparison table showing km travelled and number of vehicles

	Company	Distance travelled (km)			Number of vehicles		
		2012	2013	2014	2012	2013	2014
ESU	CPI	179,223	178,981	183,020	9	9	9
	EHLS	47,763	51,079	32,108	3	3	3
	PHARMAGEST INTERACTIVE	11,653,066	11,133,847	11,261,651	325	330	332
Subsidiaries	SABCO-SABCO SERVICES	1,001,182	1,041,202	739,027	27	26	25
	MALTA INFORMATIQUE	750,000	770,000	1,033,503	15	17	23
	ADI	370,000	320,000	310,000	23	20	20
	CPSI*	0	0	63,827	0	0	4
	HDM*	0	0	10,540	0	0	1
	INTECUM*	0	0	58,888	0	0	2
	HEALTHLEASE*	0	0	18,350	0	0	1
<b>Total</b>		<b>14,001,234</b>	<b>13,495,109</b>	<b>13,710,914</b>	<b>402</b>	<b>405</b>	<b>420</b>

\* Vehicle fleets constituted in 2014



• 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	
		2012-2013	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014
ESU	CPI	-0.1%	2.3%	0.0%	0.0%	2.2%	2.1%
	EHLS	6.9%	-37.1%	0.0%	0.0%	0.7%	0.7%
	PHARMAGEST INTERACTIVE	-4.5%	1.1%	1.5%	0.6%	81.5%	79.0%
Subsidiary	SABCO-SABCO SERVICES	4.0%	-29.0%	-3.7%	-3.8%	6.4%	6.0%
	MALTA INFORMATIQUE	2.7%	34.2%	13.3%	35.3%	4.2%	5.5%
	ADI	-13.5%	-3.1%	-13.0%	0.0%	4.9%	4.8%
	CPSI	/	/	/	/	0.0%	1.0%
	HDM	/	/	/	/	0.0%	0.2%
	INTECUM	/	/	/	/	0.0%	0.5%
	HEALTHLEASE	/	/	/	/	0.0%	0.2%
<b>TOTAL</b>		<b>-3.6%</b>	<b>1.6%</b>	<b>0.7%</b>	<b>3.7%</b>	<b>100%</b>	<b>100%</b>

2014 saw a slight increase in number of vehicles, but a reduction in the total kilometres on the clock. PHARMAGEST INTERACTIVE accounts for 79% of our total fleet, mainly for our sales and technical personnel.

PHARMAGET INTERACTIVE's head office at VILLERS LES NANCY is a member of the Inter-company Transport Scheme of the Technopole of Nancy-Brabois (PDIE). 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 PHARMAGEST Group advocates minimising business travel and using rail over air travel whenever feasible to counter the environmental impact of air travel.

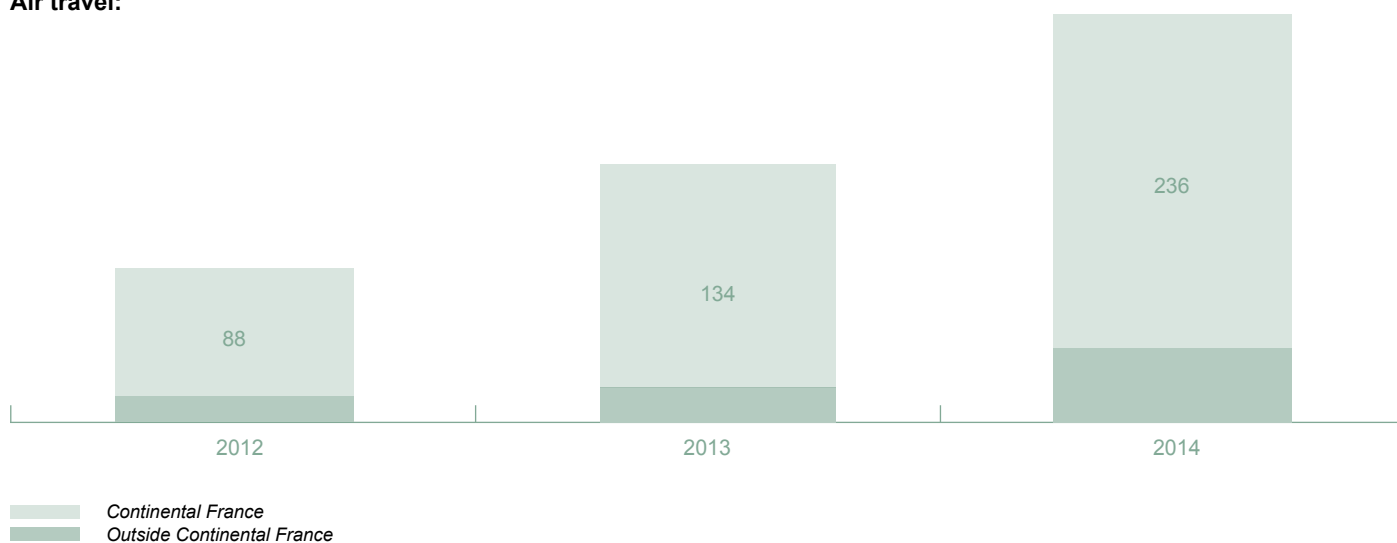
It encourages the introduction of audio and video conferencing systems to reduce business travel, and e-learning for training.

For the PHARMAGEST ESU, the number of single trips by train increased in the past three years:

	2012	2013	2014	Change 2012-2013	Change 2013-2014
Number of trips	1,649	2,263	2,534	37%	12%

The PHARMAGEST ESU accounts for practically all the PHARMAGEST Group's train travel.

A sharp 75% rise in air travel can be noted in 2014. 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), and the formation of our CPSI subsidiary in the French Antilles.

**Air travel:****2.4.1.3 Server rooms**

To date, the PHARMAGEST Group has not introduced carbon offset measures.

**2.4.1.4 Estimated greenhouse gas (GHG) emissions**

Taking the nature of the PHARMAGEST Group's business into account, greenhouse gas emissions were measured solely for electrical consumption and travel (road, rail and air). They are:

- Direct GHG emissions (Scope 1) amounted to 96 tonnes CO<sub>2</sub> eq.; Scope 1 emissions are direct emissions from fossil fuels (petrol, gas, coal and turf) by the resources owned or controlled by the Group;
- Direct GHG emissions (Scope 2) amounted to 142 tonnes CO<sub>2</sub> eq.; The indirect emissions are generated through the purchase of electricity;
- Other indirect GHG emissions (Scope 3) amounted to 2,038 tonnes CO<sub>2</sub> eq. They are calculated solely on the basis of travel by air and rail and transport in vehicles leased by the Group.

**2.4.2 Adaptation to the consequences of climate change**

The PHARMAGEST Group's business is such that it is not affected by climate change.

**2.5 Protecting biodiversity**

The PHARMAGEST Group has not introduced a policy to protect biodiversity. The PHARMAGEST 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 the PHARMAGEST Group's 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 PHARMAGEST Group has nine 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),
- Pau (Pyrénées Atlantiques),
- Bastia (Haute Corse).

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

- It produces positive impacts by employing local staff for our 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 PHARMAGEST Group's e-Health Division optimise monitoring and care in the home for the elderly and the chronically ill.

The PHARMAGEST Group actively contributes to the economic and social ecosystem, helping to create direct and indirect employment. The PHARMAGEST 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 2014, the PHARMAGEST 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

#### 3.2.1.2.2 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 2015.

### 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 2014, 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 partner universities;
- The PHARMAGEST 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.

For example:

- PHARMAGEST INTERACTIVE is a founding member of the "MESA-MIRABELLE" (Mouvement des Entreprises pour une Solidarité Alimentaire) endowment, a food solidarity initiative on the part of business to facilitate aid to the food bank and contribute funds to the Alexis-Lorraine entrepreneurial endowment in support of innovation and business initiatives;
- HEALTHLEASE is a long-time supporter of the World Vision NGO helping children around the world.

## 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 €1,343,507 (excl. tax) in fiscal 2014, while intra-Group sub-contracting amounted to €1,716,458. 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 PHARMAGEST ESU Human Resources Department uses recruitment consultancies that guarantee ethical practice;
- The PHARMAGEST 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;
- The PHARMAGEST Group's main logistics and transport companies are either ISO 14001 certified or actively engaged in a CSR policy;
- The PHARMAGEST 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 our main business is publishing and marketing pharmacy management software, which is not governed by the rules of calls for tender, in principle, the PHARMAGEST Group is not exposed to corruption risk.

Nonetheless, the PHARMAGEST Group 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 PHARMAGEST 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 moved from 52nd to 47th place in the latest corruption perception world ranking on: <http://www.transparency.org/country#MUS>. The PHARMAGEST Group keeps a close eye on this phenomenon.

Moreover, the PHARMAGEST 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 the PHARMAGEST Group, 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, Health and Women's Rights on 4 January 2012, 6 July 2012 and 10 December 2013, respectively.

### 3.5 Measures taken in favour of human rights

As the PHARMAGEST 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, the PHARMAGEST Group 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 PHARMAGEST 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 PHARMAGEST 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). CPSI and DIATELIC join the ESU by amendment to the collective agreement on the establishment of the ESU, dated 29 December 2014;
- The PHARMAGEST Group, comprising the PHARMAGEST ESU, DIATELIC, INTECUM, KAPELSE, SABCO, SABCO SERVICES, HDM, MALTA INFORMATIQUE, APPLICATIONS ET DEVELOPPEMENTS INFORMATIQUES (ADI), HEALTHLEASE and CPSI (formed in January 2014).

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 2014;
- **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 2014 to 31 December 2014, excluding specific cases leading to salaries that are lower than the annual minimum wage (in France). NB: the change in the overall average was calculated based on the mean of the average pay broken down by category until 2013. Starting in 2014, it will be calculated according to the overall change in salaries provided by the HR Department;
- **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;
- **Accident frequency rate:** The number of accidents with lost days, multiplied by 1,000,000 and divided by the total number of contractual hours;
- **Accident severity rate:** The number of lost days, multiplied by 1,000 and divided by the total number contractual hours;
- **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 or by the accounts department for reservations made directly;
- **Greenhouse gas calculation:** greenhouse gas emissions for trains are provided by the travel agent directly. For flights, the information on emissions is provided by the travel operators, or calculated using the calculator <http://eco-calculateur.aviation-civile.gouv.fr/>.

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 purchase or generation of electricity, heating and cooling, or steam generated off site for the organisation's activities;
- Other indirect emissions (or SCOPE 3) generated indirectly by the organisation's activities (e.g. employee travel and commuting, etc.).

- **The PHARMAGEST 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.
- French Overseas Departments and Territories: 971, 972, 973

#### 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, the PHARMAGEST Group 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 PHARMAGEST 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 PHARMAGEST 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 PHARMAGEST 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 PHARMAGEST 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 the PHARMAGEST Group's businesses.
2.5. Measures to preserve or develop biodiversity	Not relevant	The PHARMAGEST Group has not introduced a policy to protect biodiversity. The PHARMAGEST 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 2014

### *To the shareholders,*

In our capacity as independent auditors of PHARMAGEST INTERACTIVE, accredited by COFRAC (under number 3-1048)<sup>1</sup>, we hereby present our report on the consolidated social, environmental and societal information for the financial year ended on 31 December 2014, 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 preparing a Management Report including the CSR disclosures, pursuant to Article R. 225-105-1 of the French Commercial Code, in accordance with the Procedures Guide (hereafter the Reporting framework) used by the company, which is summarised in 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 four auditors for a week-long period in February/March 2015. 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 ISAE 3000<sup>2</sup>.

## **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. "Methodology, scope and definition of indicators" 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 10 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 familiarised 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<sup>3</sup>:

- For the consolidating entity, we reviewed the source documents and conducted interviews to corroborate and assess the fairness of the qualitative information (organisation, policies actions). We assessed the quantitative information using analytical sampling techniques to check the calculations and reconcile them with the data in the management report;
- In the PHARMAGEST ESU, selected based on its activity, contribution to consolidated indicators, location and a risk assessment, we conducted interviews to verify proper application of procedures and to detect possible omissions, and conducted detailed tests on samples to check the calculations performed and to reconcile data with supporting evidence. The ESU selected represents an average 21 to 100% of the reported social indicators, 30 to 100% of the environmental indicators and 100% of the community indicators.

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.

Neuilly-sur-Seine, 27 March 2015

Independent Auditors,  
**DELOITTE & ASSOCIÉS**

**Anne Philipona-Hintzy**  
Partner

**Julien Rivals**  
Partner, Sustainability Services

<sup>(1)</sup> The scope of which may be consulted on [www.cofrac.fr](http://www.cofrac.fr)

<sup>(2)</sup> ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information

<sup>(3)</sup> Social indicators: Total workforce at 31 December 2014; Workforce by contract type (permanent and fixed-term); Total men; Total women; Number and percent of female managers; number of new hires; number of lay-offs; 2014 payroll; Salaries in the past two years for the PHARMAGEST ESU, broken down by management/non-management and gender; Absenteeism rate; Number of occupational illnesses, occupational accidents and resulting number of days' lost time, Accident frequency rate, accident severity rate; Total training hours.

Environmental indicators: quantity of WEEE; Annual Group electricity consumption; Distance travelled (total km); Number of vehicles (total); Direct and indirect GHG emissions.

Societal indicator: External and intra-Group subcontracting.

Qualitative information: Summary of 2014 collective bargaining agreements for the PHARMAGEST ESU; Policies implemented; Measures to promote gender equality; Community, economic and social impact of our business for employment, regional development and on local communities; Conditions for dialogue with stakeholders, including NF Services certification; Inclusion of social and environmental responsibility of sub-contractors and suppliers; Measures taken benefiting the health and safety of consumers, including the Group's Health Data Hosting business.



## 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  
SIREN 403 561 137 NANCY TRADE AND COMPANIES REGISTER (RCS)

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BOARD OF DIRECTORS' REPORT  
TO THE EXTRAORDINARY GENERAL MEETING  
ON 26 JUNE 2015

Dear Shareholders,

We are pleased to report to you on the resolutions and projects submitted for the approval of the EGM, in accordance with legal and statutory requirements.

In detail, these are:

### 1 - EMPLOYEE SAVINGS

To comply with Article L. 225-129-6 of the French Commercial Code, your Board of Directors is required to submit a proposed capital increase reserved for employees for a vote by the shareholders:

- When any capital increase via a cash contribution takes place; when the three-year time limit is postponed to five years, if an extraordinary general meeting has issued an opinion within less than three years on a draft resolution regarding the performance of a capital increase reserved for employees;
- And regularly every three years, when the proportion of the share capital held by employees is less than 3%, this consultation must take place during the third year.

It is pointed out that:

- The shareholders last voted on a proposed capital increase reserved for shareholders on 22 June 2012. The proposal was rejected;
- In accordance with Article L. 225-102 of the said Code, the management report for the financial year ended 31 December 2014 indicates the number of shares held by the PHARMAGEST Group employees in company saving schemes as defined in this article: the holding is zero.

Your Board therefore submits for your approval a proposed cash capital increase reserved for company employees, in accordance with Articles L. 3332-18 to L. 3332-24 of the French Labour Code.

This means that the capital increase will be reserved for the members of an existing or future company partnership saving scheme or voluntary company savings scheme.

The amount of the capital increase is €50,000, which would increase the capital from €3,034,825 to €3,084,825 through the creation and issue of 50,000 new shares, each with a par value of €1, or through the creation and issue of 250,000 shares each with a par value of €0.20, if the proposed stock split is approved.

All powers will be granted to Board Directors to determine the terms and conditions of the capital increase and to amend the Articles of Association as a result.



However, you are reminded that this draft resolution is presented to you to fulfil a legal obligation. Your Board does not consider such a capital increase appropriate and therefore advises you to vote against this resolution and not to increase the capital and not to introduce this type of scheme.

## 2 - STOCK SPLIT

The share price has risen with the result that individuals might be hesitant to buy PHARMAGEST INTERACTIVE shares at the current rate.

In the interests of a fluid shareholder structure, your Board recommends a 5-for-1 split, with the share value reduced to €0.20 from the current €1.

The shares outstanding would therefore increase by a multiple of 5. Our €3,034,825 share capital would be divided into 15,174,125 shares at €0.20 each, instead of the current 3,034,825 at €1 each.

If you approve this resolution, Article 7 of the Articles of Association will be amended accordingly.

## 3 - DOUBLE VOTING RIGHTS

In France, the Florange Act (no. 2014-384 of 29 March 2014) in its Article 7.1-2 introduced double voting rights as of right in companies whose shares are traded on a regulated market, unless otherwise provided to the contrary in a clause of the Articles of Association adopted after 29 March 2014. This double voting right is granted for all fully paid up shares registered for more than two years in the same shareholder's name.

To date, there are no clauses in our Articles of Association granting double voting rights.

Your Board of Directors wishes to maintain the existing principle of ONE SHARE, ONE VOTE. Accordingly, it proposes not to introduce the double voting right provided in Article L. 225-123 of the French Commercial Code.

If you agree with this resolution, Article 10 of the Articles will be amended.

## 4 - DISTRIBUTION OF VOTING RIGHTS IN THE EVENT OF STRIPPING

As things currently stand, if a share is stripped, the voting right is allocated between the beneficiary and the bare owner as follows:

- The beneficiary for Ordinary General Meetings;
- The bare owner for Extraordinary General Meetings.

Your Board proposes to retain this principle and to add a new allocation to apply in the event of a transfer of ownership without valuable consideration under the exemption system covered in Article 787 B of the French General Tax Code. In this scenario, the beneficiary's voting right would be limited to decisions relating to the appropriation of earnings and the bare owner would have voting rights pertaining to all other decisions.

If you approve this resolution, paragraph 2 of Article 13 of the Articles will be amended.

## 5 - AMENDMENT AND HARMONISATION OF THE ARTICLES OF ASSOCIATION

You are asked to amend several Articles to harmonise the statutory agreement with current law or to refer to a number of legal provisions.

The following amendments are proposed to the Articles of Association:

- *Article 4 - Head office:*

The last paragraph of the Article "The Board of Directors may establish, transfer and close any establishment, office, branch and stores in France and elsewhere" would be deleted, as these powers are vested in general management.



*- Article 12- Transfer of shares - legal thresholds*

A clause added at the end of Article 12: "Failure to file the required notifications when the legal thresholds are crossed will result in forfeiting the voting rights for shareholders exceeding the undeclared fraction, in accordance with Article L. 223-14 of the French Commercial Code".

*- Article 13 - Indivisibility, bare ownership, income beneficiary*

The following clause would be added to this article "in case of share stripping, the beneficiary and bare owner have the right to participate in collective decisions".

*Article 15 - Board practices and deliberations*

The following clarifications would be added:

- To paragraph IV (representation): that the Board Member may also appoint another Board Member as proxy "by e-mail";
- To paragraph VI (minutes of meetings): that "the name of the Board Members represented and those present by videoconference must be included in the minutes".

*- Article 17 - General management*

- To paragraph I (organisation principles), a material error would be corrected by adding "the Board of Directors shall decide the term of the option" to the fourth paragraph;
- To paragraph III (Deputy Managing Directors), a new paragraph would be added at the end: "The Deputy Managing Director's appointment may be revoked by the Board of Directors at any time, on the Managing Director's suggestion. Compensation may be payable if the appointment is revoked without just cause".

*- Article 18 - Regulated agreements*

This Article will be harmonised with current law.

*- Article 20 - General Meetings*

The amendments to this article arise from the harmonisation in line with current law of the articles concerning convening of meetings, access to meetings, and the quorum for Ordinary and Extraordinary General Meetings.

*- Article 22 - Inventory, annual financial statements, financial reporting*

This article will be harmonised in line with current law with the resulting deletion of two paragraphs that have been rescinded.

If you approve these amendments, we ask that you vote in favour of the resolutions put to you.

**The Board of Directors**





## 24.4 Statutory Auditors' report on the capital increase reserved for members of the company savings scheme

To the Shareholders,

In our capacity as Statutory Auditors of the Company, and in fulfilment of our engagement under Articles L. 225-135 et seq. of the French Commercial Code, we present below our report on the proposed capital increase through the issue of common shares, without pre-emptive rights, within the limit of €50,000, reserved for employees who are members of your company's savings scheme, which you are asked to consider.

The proposed capital increase is put to the EGM for its approval, pursuant to Articles L. 225-129-6 of the French Commercial Code and L. 3332-18 et seq. of the French Labour Code.

Based on its report, your Board of Directors requests that you grant it the authorisation, [for a period of 12 months] to decide the terms and conditions for the transaction and to withdraw pre-emptive rights to the common shares to be issued.

It is the Board's responsibility to prepare a report in accordance with Articles R. 225-113 and R. 225-114 of the French Commercial Code. It is our responsibility to give our opinion on the fairness of the financial data extracted from the financial statements, on the proposed withdrawal of pre-emptive rights and on certain other information relating to the issue, given in this report.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France. These procedures consisted in verifying the content of the Board of Directors' report on the transaction and the methods used to set the issue price.

We comment as follows on the Board of Directors' report:

The report refers to the provisions of Article L. 3332-19 of the French Labour Code, but does not specify the method selected.

As the final conditions for the capital increase have not been set, we cannot express an opinion on it, or, as a result, on the proposed withdrawal of pre-emptive rights put to you for a vote.

In accordance with Article R. 225-116 of the French Commercial Code, we will prepare a supplementary report on your Board of Directors' use of this delegation of authority.

In Vandoeuvre lès Nancy and Courbevoie, on 23 April 2015

The Statutory Auditors

**BATT AUDIT**  
Statutory Auditor

**Stéphane RONDEAU**

**MAZARS**  
Statutory Auditor

**Laurence FOURNIER**



## 24.5 Chairman's Report on the Board's composition, organisation and practices 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 organisation and practices 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 26 March 2015.

### I. CORPORATE GOVERNANCE

At its meeting of 25 March 2010, the PHARMAGEST INTERACTIVE Board of Directors 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](http://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 Code's recommendations, with the exception of the frequency of assessment of the Board (recommendation No. 15 calls for annual reviews), which in the PHARMAGEST Group is every three years (see § 1.2 Board's composition, organisation and practices / Assessment of the Board's Performance).

Moreover, we reviewed the approach required to comply with recommendation No. 7 on limiting terms of office to three years in listed companies, including foreign companies, outside the directors' groups. During its meeting on 5 December 2014, the Board resolved to amend its rules of procedure to reduce the terms of offices directors may hold in other listed companies from four to three years.

#### **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 2014, 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 <sup>(1)</sup>
<b>Mr. Thierry CHAPUSOT</b> <i>Chairman of the Board of Directors</i>	31 December 2019
<b>Mr. Dominique PAUTRAT</b> <i>Managing Director</i>	31 December 2019 (MD) 31 December 2014 (Board Member)
<b>Mr. Thierry PONNELLE</b> <i>Deputy Managing Director and Board Member</i>	31 December 2019 (DMD) 31 December 2019 (Board Member)
<b>Mr. Denis SUPPLISSON</b> <i>Deputy Managing Director and Board Member</i>	31 December 2019 (DMD) 31 December 2014 (Board Member)
<b>Mr. Daniel ANTOINE</b> <i>Board Member</i>	31 December 2019
<b>Mr. Michel DUSSERRE</b> <i>Independent Board Member</i>	31 December 2014
<b>Mr. François JACQUEL</b> <i>Board Member</i>	31 December 2019
<b>Ms. Anne LHOTE</b> <i>Board Member</i>	31 December 2016
<b>Ms. Sophie MAYEUX</b> <i>Independent Board Member</i>	31 December 2017
<b>WELCOOP GROUP</b> , <i>represented by Mr. Hugues MOREAUX, Board Member</i>	31 December 2019

<sup>(1)</sup> 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

None.

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 of this Registration Document.

### Application of the principles of balanced representation of men and women

French Law number 2011-103 of 27 January 2011 on gender equality was applied by appointing female members to the Board of Directors in 2011 for the first time.

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 the close of the Ordinary General Meeting after 1 January 2017. If there are more than eight members on the Board, the difference between number of men and women cannot be more than two.



### **Independent Board Members**

The concept of independent Board Member complies with the criteria of recommendation No. 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 paragraph 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 No. 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, PHARMAGEST INTERACTIVE 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 No. 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. When no information is provided it means that there are no conflicts of interest.
- 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.

### **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](http://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 No. 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 No. 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;
- Board practices 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](http://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 No. 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, paragraph 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 No. 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.

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 95% during the year. The table below indicates Board Members' attendance at meetings.

BOARD MEMBER	27/03/14	27/06/14	27/06/14	12/09/14	05/12/14	05/12/14
Thierry CHAPUSOT	Attended	Attended	Attended	Attended	Attended	Attended
Dominique PAUTRAT	Attended	Attended	Attended	Attended	Attended	Attended
Thierry PONNELLE	Attended	Attended	Attended	Attended	Attended	Attended
Denis SUPPLISSON	Attended	Attended	Attended	Attended	Attended	Attended
Daniel ANTOINE	Attended	Attended	Attended	Attended	Attended	Attended
Michel DUSSEYRE	Attended	Attended	Attended	Excused	Excused	Excused
François JACQUEL	Attended	Attended	Attended	Attended	Attended	Attended
Anne LHOTE	Attended	Attended	Attended	Attended	Attended	Attended
Sophie MAYEUX	Attended	Attended	Attended	Attended	Attended	Attended
GRUPE WELCOOP, represented by Hugues Moreaux	Attended	Attended	Attended	Attended	Attended	Attended

The Board of Directors met six times in fiscal 2014, including two working meetings. 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 2013;
- Appropriation of earnings;
- Review of management forecast documents;
- Proposal to determine the amount and breakdown of director's fees for Board Members;
- Review of the Board Members' and Statutory Auditors' terms of office;
- Introduction and approval of the stock option plan and stock option grants;
- Review of agreements covered by Articles L. 225-38 et seq. of the French Commercial Code;
- Review of texts of resolutions to present at the Annual General Meeting, the Management Report and CSR report;
- Approval of the Chairman's Report;
- Definition of strategic priorities for information and consultation with the Works Council;
- Convening of the Ordinary and Extraordinary General Meeting and preparation of the agenda;
- Set-up of the economic and social database;
- Change in the compensation paid to Mr. Dominique, Managing Director, under his employment contract;
- Renewal of the terms of office of the Board of Directors, the Managing Director and the Deputy Managing Directors;
- Authorisation for the Chairman of the Board, a corporate officer with the status of employee, to be covered by supplementary social protection agreements;
- Review of quarterly and half-yearly positions;
- Review of the interim report;



- Authorisation for the disposal of 30% of the share capital of KAPELSE;
- Discussion of the policy on gender equality and equal pay;
- Review of amendments to the Articles of Association pursuant to the "Florange" Act;
- Review of amendments to the rules of procedure;
- Authorisation for the formation of the tax consolidation scope;
- Proposed improvements following on from the survey of the Board's practices.

### **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. The result is as follows:

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": It relates to:
  - In 2013, one information session was held outside the Board Meeting. Do you consider this sufficient ?

In response to the opportunities for improvement found, the Chairman of the Board of Directors called two annual working meetings to focus on these economic objectives. He also wants a review of current business operations to be discussed during each Board meeting.

### **Establishment of committees**

In accordance with recommendation No. 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 2014, 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 DUSSEYRE 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 Committee.

The Audit Committee met four times during the 2014 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 2014 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 and French 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 2015 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.**

#### **The Finance and Personnel Management Committee**

There are eight members on this committee.

Full name	Position(s)
Mr. Dominique PAUTRAT	Managing Director
Mr. Thierry PONNELLE	Deputy Managing Director Sales and Business Strategy Director
Mr. Denis SUPPLISSON	Deputy Managing Director Pharmacy France business 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 9 times in 2014 with an attendance rate of 97%.

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 directors' fees, set in accordance with recommendation No. 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 2014, director's fees were allocated to Board Members with no operational functions in the WELCOOP Group according to the criteria above, and then to the members of the Audit Committee for a fixed annual amount of €4,000. An additional €10,000 was paid to Mr. Michel DUSSERE in respect of his specific responsibilities related to his 'specific financial or accounting expertise'.

The attendance fees for 2014 were paid on 31 December 2014.

For 2015, the total proposed for the approval of the shareholders at the Annual General Meeting of 26 June 2015 is €33,000.

#### Employment contract in conjunction with corporate office

In accordance with recommendation No. 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.

Fixed salaries may be upgraded in line with general wage increases or according to the scope of the person's responsibilities. If a substantial change is made to an employment contract, fixed salaries are amended accordingly, once authorised by the Board of Directors.

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) Compensation for Mr. Thierry CHAPUSOT's 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) PHARMAGEST INTERACTIVE has no bonus share plans. A new stock option plan authorised by the EGM on 27 June 2014, was established by the Board Directors at its meeting 5 December 2014. Pursuant to recommendation No. 5 of the MiddleNext Code, the executive corporate officers, Managing Directors, Deputy Managing Directors and Board Members of PHARMAGEST INTERACTIVE and its subsidiaries, as well as the members of the PHARMAGEST INTERACTIVE's Finance and Personnel Management Committee are not eligible for the plan.



**Table 1 : Summary of compensation, stock options and bonus shares allocated to corporate officers (in €)**

In €	31/12/2014	31/12/2013
<b>CHAPUSOT Thierry - Chairman of the Board of Directors</b>		
Compensation due in respect of the financial year	24,000	24,000
Value of multi-year bonuses granted during the financial year	0	0
Value of stock options granted during the financial year	0	0
Value of bonus shares	0	0
<b>TOTAL</b>	<b>24,000</b>	<b>24,000</b>
<b>PAUTRAT Dominique - Managing Director/Board Member</b>		
Compensation due in respect of the financial year	223,612	201,408
Value of multi-year bonuses granted during the financial year	30,000	30,000
Value of stock options granted during the financial year	0	0
Value of bonus shares	0	0
<b>TOTAL</b>	<b>253,612</b>	<b>231,408</b>
<b>PONNELLE Thierry - Deputy Managing Director/Board Member</b>		
Compensation due in respect of the financial year	129,052	121,652
Value of multi-year bonuses granted during the financial year	22,000	8,000
Value of stock options granted during the financial year	0	0
Value of bonus shares	0	0
<b>TOTAL</b>	<b>151,052</b>	<b>129,652</b>
<b>SUPPLISSON Denis - Deputy Managing Director/Board Member</b>		
Compensation due in respect of the financial year	163,953	157,561
Value of multi-year bonuses granted during the financial year	42,250	10,250
Value of stock options granted during the financial year	0	0
Value of bonus shares	0	0
<b>TOTAL</b>	<b>206,203</b>	<b>167,811</b>

**Table 2: Summary of compensation paid to each corporate officer - In €**

CHAPUSOT Thierry Chairman of the Board of Directors	2014		2013	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Salary	0	0	0	0
Annual bonus	0	0	0	0
Multi-year bonus	0	0	0	0
Exceptional compensation	0	0	0	0
Corporate office	24,000	24,000	24,000	24,000
Directors' fee	0	0	0	0
Benefit in kind (car)	0	0	0	0
<b>TOTAL</b>	<b>24,000</b>	<b>24,000</b>	<b>24,000</b>	<b>24,000</b>



PAUTRAT Dominique Managing Director / Board Member	2014		2013	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Salary	146,004	146,004	135,000	135,000
Annual bonus	49,000	27,000	37,800	37,800
Multi-year bonus	30,000	0	30,000	0
Exceptional compensation	0	0	0	13,000
Corporate office	24,000	24,000	24,000	24,000
Directors' fee	0	0	0	0
Benefit in kind (car)	4,608	4,608	4,608	4,608
<b>TOTAL</b>	<b>253,612</b>	<b>201,612</b>	<b>231,408</b>	<b>214,408</b>

PONNELLE Thierry Deputy Managing Director and Board Member	2014		2013	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Salary	92,652	92,652	89,652	89,652
Annual bonus	22,400	19,750	20,000	21,750
Multi-year bonus	22,000	0	8,000	0
Exceptional compensation	2,000	2,000	0	0
Corporate office	12,000	12,000	12,000	12,000
Directors' fee	0	0	0	0
Benefit in kind (car)	0	0	0	0
<b>TOTAL</b>	<b>151,052</b>	<b>126,402</b>	<b>129,652</b>	<b>123,402</b>

SUPPLISSON Denis Deputy Managing Director and Board Member	2014		2013	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Salary	105,600	105,600	105,600	105,600
Annual bonus	42,000	28,500	36,000	36,000
Multi-year bonus	42,250	0	10,250	0
Exceptional compensation	0	0	0	0
Corporate office	12,000	12,000	12,000	12,000
Directors' fee	0	0	0	0
Benefit in kind (car)	4,353	4,353	3,961	3,961
<b>TOTAL</b>	<b>206,203</b>	<b>150,453</b>	<b>167,811</b>	<b>157,561</b>



**Table 3: Directors' fees and other compensation paid to non-executive corporate officers (in €)**

Full name	2014	2013
<b>MOREAUX Hugues - (Representing GROUPE WELCOOP Board Member)</b>		
Directors' fee	0	0
Other compensation	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>
<b>ANTOINE Daniel</b>		
Directors' fee	900	750
Other compensation	4,000	4,000
<b>TOTAL</b>	<b>4,900</b>	<b>4,750</b>
<b>DUSSERRE Michel</b>		
Directors' fee	450	600
Other compensation	14,000	14,000
<b>TOTAL</b>	<b>14,450</b>	<b>14,600</b>
<b>JACQUEL François</b>		
Directors' fee	1,500	750
Other compensation	4,000	4,000
<b>TOTAL</b>	<b>5,500</b>	<b>4,750</b>
<b>LHOTE Anne</b>		
Directors' fee	0	0
Other compensation	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>
<b>MAYEUX Sophie</b>		
Directors' fee	750	450
Other compensation	0	0
<b>TOTAL</b>	<b>750</b>	<b>450</b>

**Table 4: Stock options or bonus shares allotted by the issuer and by Group companies to each executive corporate officer during the financial year**

Not applicable, since executive corporate officers are excluded from the new stock option plan.

**Table 5: Stock options exercised during the year by each executive corporate officer**

Not applicable

**Tables 6 and 7: Bonus share grants to corporate officers**

Not applicable

**Table 8: History of stock options granted**

Information sur les options de souscription ou d'achat	Plan no. 2	Plan no. 1
Date of Board Meeting	05/12/2014	10/09/2004
Total number of shares that may be subscribed or purchased	47,891	53,150
Of which the number that may be subscribed or purchased by the corporate officers (*):		
- Thierry CHAPUSOT	0	1,000
- Dominique PAUTRAT	0	1,000
- Thierry PONNELLE	0	1,000
- Denis SUPPLISSON	0	1,000
- William LE BELLEGO	0	1,000
Earliest exercise date	05/12/2018	10/09/2008
Last exercise date	04/12/2022	09/09/2012
Subscription price	100.57 €	28.79 €
Number of shares issued on exercise of options as at 31/12/2014	0	43,300
Aggregate number of options cancelled, expired or forfeited	0	9,850
Remaining options	47,891	0

\* During the stock option exercise period. Note that corporate officers were excluded from plan No. 2 and that Mr. LE BELLEGO left the Group on 31 December 2012.

**Table 9: Options granted to or exercised by the top ten employee grantees (other than corporate officers)**

	Plan no. 2		Plan no. 1	
	Total number of options granted/ shares subscribed or purchased	Weighted average price	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	5,000	100.57 €	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		0	

\* Plan 1 closed on 9 September 2012

**Table 10: History of bonus share grants**

Not applicable



**Table 11: Executive 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
<b>CHAPUSOT Thierry</b>								
Chairman of the Board of Directors  <b>Term of office start date:</b> 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.  <b>Term of office expires on:</b> 31/12/2019		X	X			X		X
<b>PAUTRAT Dominique</b>								
Managing Director Board Member  <b>Term of office start date:</b> Appointed Board Member on 19/06/2009 and Managing Director and Board Member on 05/11/2009 with effect from 01/01/2010  <b>Term of office expires on:</b> 31/12/2019 (duties as Managing Director)	X		X			X		X <sup>(1)</sup>
<b>PONNELLE Thierry</b>								
Deputy Managing Director and Board Member  <b>Term of office start date:</b> Appointed Deputy Managing Director and Board Member on 30/05/2002  <b>Term of office expires on:</b> 31/12/2019	X		X			X		X
<b>SUPLISSON Denis</b>								
Deputy Managing Director and Board Member  <b>Term of office start date:</b> Appointed Deputy Managing Director (non-Board Member) on 09/11/2010 and Deputy Managing Director and Board Member on 1/1/2013  <b>Term of office expires on:</b> 31/12/2019 (duties as Deputy Managing Director)	X		X			X		X

<sup>(1)</sup> 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 20.3 of the Articles of Association and are governed by Article R. 225-85 of the French Commercial Code.

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 AMF's guides and recommendations, "Implementation guide for the reference framework for small- and mid-caps", updated in July 2010, "Chairman's report on internal control and risk management procedures", issued in November 2013, recommendation 2015-01 of 12 January 2015 (available on the website of the AMF: [www.amf-france.org](http://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 PHARMAGEST Group.

Risk management procedures aim to identify and analyse the main risks to which the PHARMAGEST Group 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 three 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 and prioritised 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 PHARMAGEST 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. It is not limited to only those procedures aimed at increasing the reliability of accounting and financial information.

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 PHARMAGEST Group concern:

- Purchasing and logistics services;
- Sales and marketing;
- Customer service (installation, training, telephone help line, 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 2014.

### **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 2014, the main actions in this regard targeted:

- 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 main actions for 2015 will be:

- 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;
- Updating the PHARMAGEST Group's risk map and prioritisation of risks.



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 ADI, MALTA INFORMATIQUE and equity-consolidated companies following the instructions provided by Group 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:

#### **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 Personal Health Data Host business, on foot of the three accreditations obtained by a decision of the French Ministry of Social Affairs, Health and Women's Rights 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 PHARMAGEST INTERACTIVE's knowledge, no such proceedings are pending or threatened.



### **Industrial and environmental 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.

### **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 36% of consolidated sales in 2014, with 35% of this through leasing companies working with HEALTHLEASE (primarily BNP Lease, Siemens and FRANFINANCE);

Trade receivables not depreciated at 31 December 2014 were analysed individually, and payment was received after the balance sheet date for the majority (see notes to the consolidated financial statements in Section 20.3.1.5 - Note 7.4 of this Registration Document).

### **Operating risks / inherent to 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 PHARMAGEST Group's customers.

The Pharmacy France business line accounts for more than 80% of our 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, we have consistently demonstrated that our 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.

#### **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 Global Services® software in France. Our subsidiaries, DIATELIC, INTECUM, KAPELSE 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).

##### **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 introduced in 2013 in the departments considered to be the most critical.

These risks are monitored by general management within the Finance and Personnel Management Committee.



#### Social risks:

As at 31 December 2014, the PHARMAGEST Group employs 801 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.

#### 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.

#### Insurance risks

All risks are covered and policies include no major excess.

The PHARMAGEST Group is fully covered by the insurance policies subscribed by GROUPE WELCOOP and considers that these insurance policies 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.

### **Liquidity risks**

The PHARMAGEST Group conducted a specific review of its liquidity risk and concluded it is in a position to meet future payment dates.

As at 31 December 2014, the Group had €12 million in net available cash.

In addition to this cash flow available in the short term, we have undrawn bank overdraft facilities totalling of €8 million, as well as a balance of €35 million in available-for-sale securities (the penalty for early exit only concerns the interest incurred).

With €55 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 the notes to the consolidated financial statements in Note 6.5, 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 PHARMAGEST 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
<b>Non-derivative financial liabilities</b>						
Secured bank loans	1,014	142	143	292	437	
Unsecured bank loans	76	26	27	23		
Overdrafts	200	200				
Other financial liabilities	285				285	
Trade creditors	6,303	6,303				
Other payables	0	0				
<b>Total</b>	<b>7,878</b>	<b>6,671</b>	<b>170</b>	<b>315</b>	<b>722</b>	
Interest rate swaps*	0					
Exchange rate swaps	0					
<b>Total</b>	<b>0</b>					

\* No further swaps as at 31 December 2014

### Market risk

#### Interest rate risk

PHARMAGEST Group's exposure to interest rate risk relates to floating-rate loans (sensitivity to rate increases). Note: there are no short- or long-term floating-rate loans at 31 December 2014.

#### Analysis of gross debt by maturity and type of rate

In €K	Fixed rate					Floating rate
	Carrying amount	Less than 3%	3-4%	More than 4%		
<b>Maturing:</b>						
2015	337	219	47	71	0	
2016	316	226	16	74	0	
2017	300	222	0	78	0	
2018	81	0	0	81	0	
2019	56	0	0	56	0	
Thereafter	0	0	0	0	0	
<b>Total</b>	<b>1 090</b>	<b>667</b>	<b>63</b>	<b>360</b>	<b>0</b>	

### Foreign exchange risk

The PHARMAGEST 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.

### Financial instruments and shares risk

No exposure to this risk has been identified by the PHARMAGEST Group. Nonetheless, we closely monitor the financial position of AXA, responsible for managing the capital bond (available-for-sale securities).



## 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 2014.

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 disclosures required by Article L. 225-37 of the French Commercial Code.

In Vandœuvre-lès-Nancy and Courbevoie, on 23 April 2015

The Statutory Auditors,

**BATT AUDIT**  
Statutory Auditor

**Stéphane RONDEAU**

**MAZARS**  
Statutory Auditor

**Laurence FOURNIER**





## 24.7 Draft resolutions

### FIRST RESOLUTION

#### **Approval of the individual financial statements**

The Ordinary General Meeting,

Having considered:

- The Board of Directors' Management Report on the activities and results of PHARMAGEST INTERACTIVE and its subsidiaries during the financial year ended on 31 December 2014 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 €18,041,507.20.

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 €124,529 and giving rise to €41,510 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 2014, 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 €18,041,507.20 in profit for the period as follows:

Net profit for the year	18,041,507.20 €
Retained earnings	27,240,918.75 €
<b>Amount available to shareholders</b>	<b>45,282,425.95 €</b>
<b>Dividend of €2.90 per share</b>	
The balance:	8,800,992.50 €
is appropriated to retained earnings	36,481,433.45 €



Equity will then amount to €59,543,240.38.

The dividend per share is €2.90.

The dividend will be available for payment with effect from 03 July 2015 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 agreement), 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 21% compulsory withholding (prélèvement obligatoire non libérateur - Article 117 C (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)
31/12/2011	1.80 €	1.80 €	1.80 €
31/12/2012	2.10 €	2.10 €	2.10 €
31/12/2013	2.50 €	2.50 €	2.50 €

## 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 authorised on 5 December 2014 concerning the inclusion of DIATELIC in the scope of the tax consolidation group formed by PHARMAGEST INTERACTIVE as of 1 January 2015.

## 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 authorised on 5 December 2014 concerning the inclusion of CP INTER@CTIVE in the scope of the tax consolidation group formed by PHARMAGEST INTERACTIVE as of 1 January 2015.



## SEVENTH 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.

## EIGHTH RESOLUTION

### ***Authorisation for the Company to buy back shares***

The Ordinary General Meeting,

Ruling under the conditions of quorum and majority required for Ordinary General Meetings, after having reviewed the information in the Board of Directors' Management Report 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 PHARMAGEST INTERACTIVE's Articles of Association, to purchase its own shares within the limit of 10% of the share capital, i.e. up to a maximum of 303,482 shares, or 1,507,410 shares if the fourteenth resolution concerning the five-for-one split is approved by the Meeting.

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 agreement 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 (€40 if the fourteenth resolution concerning the five-for-one split is approved);
- 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, 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 25 December 2016. It cancels and replaces the authorisation previously granted by the ninth resolution of the PHARMAGEST INTERACTIVE General Meeting of 27 June 2014.

In its Management Report, the Board of Directors will report annually to the Ordinary General Meeting on the transactions carried out under this authorisation.



#### NINTH RESOLUTION

##### **Directors' fee**

The Ordinary General Meeting,

Resolves to set directors' fees to be allocated to Board Members for 2015 at €33,000.

#### TENTH RESOLUTION

##### **Re-appointment of Mr. Dominique PAUTRAT as Board Member**

The Ordinary General Meeting,

Having noted the expiration of Mr. Dominique PAUTRAT's term of office, decides to re-appoint him 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 2020.

#### ELEVENTH RESOLUTION

##### **Re-appointment of Mr. Denis SUPPLISSON as Board Member**

The Ordinary General Meeting,

Having noted the expiration of Mr. Denis SUPPLISSON's term of office, decides to re-appoint him 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 2020.

#### TWELFTH RESOLUTION

##### **Appointment of a new independent Board Member**

The Ordinary General Meeting,

Decides to appoint a new independent Board Member to replace Mr. Michel DUSSERE whose term of office has expired:

- Mrs. Marie-Louise LIGER  
Residing at 11 rue Edouard Pierson, 54000 NANCY

The appointment will run for a six-year period, i.e. until the Ordinary General Meeting called to approve the financial statements for the year ended on 31 December 2020.

#### THIRTEENTH RESOLUTION

##### **Proposed capital increase reserved for employees under a company savings scheme**

The Extraordinary General Meeting,

Having reviewed the Board of Directors' report and the Statutory Auditors' report resolves, pursuant to Article L. 225-129-6 of the French Commercial Code, to reserve a capital increase through the issue of cash shares for employees under the conditions of Articles L. 3332-18 to L. 3332-24 of the French Labour Code.

If this resolution is adopted, the General Meeting resolves:

- That the Managing Director shall have a maximum of six months to introduce a company savings scheme in accordance with the provisions of Articles L. 3332-1 to L. 3332-8 of the French Labour Code;
- To authorise the Board of Directors, on one or more occasions, within one year at most from this date, to carry out a capital increase within the limit of €50,000, to be reserved for employees who are members of the company savings scheme, in accordance with Articles L. 3332-18 to L. 3332-24 of the French Labour Code.



As a result of this authorisation, the shareholders automatically waive their pre-emptive rights.

The issue price shall be set in accordance with Article L.3332-19 of the French Labour Code.

The General Meeting grants all powers to the Board Directors to implement this delegation of authority, and to:

- Decide the length of service conditions required to participate in the rights issue, within the limits set by law, and where applicable, the maximum number of shares that may be subscribed by each employee;
- Decide the number of new shares to be issued and their dated date;
- Decide, within the limits set by law, the issue price of the new shares as well as the time frames for employees to exercise their rights;
- Set the deadlines and terms and conditions for paying up new shares;
- Record the capital increase(s) and amend the Articles of Association accordingly;
- Perform all administrative formalities required as a result of the capital increase.

*(Note that your Board of Directors has not approved this resolution and requests that you vote against it. The resolution is put to the Meeting to comply with current laws and regulations.)*

#### FOURTEENTH RESOLUTION

##### **Stock split**

The Extraordinary General Meeting,

Having reviewed the Board of Directors' report, resolves on a five-for-one share split, with the share value reduced to €0.20 from the current €1.

The shares outstanding will therefore increase by a multiple of 5. The share capital will be made up of 15,174,125 shares at €0.20 each, instead of 3,044,825 shares at €1.

This decision shall take effect after the payment of the dividend.

Consequently the Extraordinary General Meeting resolves that Article 7 of the Articles of Association will read as follows:

##### **ARTICLE 7 - SHARE CAPITAL**

The share capital shall be THREE MILLION, THIRTY-FOUR THOUSAND, EIGHT HUNDRED AND TWENTY-FIVE (3,034,825) EURO,

divided into 15,174,125 (FIFTEEN MILLION, ONE HUNDRED AND SEVENTY-FOUR THOUSAND, ONE HUNDRED AND TWENTY-FIVE) SHARES at €0.20 each, all in the same class.

#### FIFTEENTH RESOLUTION

##### **Non-introduction of double voting rights**

The Extraordinary General Meeting,

Having reviewed the Board of Directors' report and Article 7 of Law 2014-384 of 29 March 2014 aimed at boosting the real economy in France, and considering that the Company's shares are traded on a regulated market, resolves not to institute double voting rights for the shareholders indicated in paragraph 3 of Article L. 225-133 of the French Commercial Code, and therefore confirms the one-share-one-vote rule for the Company's General Meetings.

Consequently the Extraordinary General Meeting resolves that Article 10 of the Articles of Association will read as follows:

##### **ARTICLE 10 - RIGHTS AND OBLIGATIONS ATTACHING TO SHARES**

1 - Each share shall confer the right to a portion of the profits, corporate assets and liquidation dividends proportional to the amount of the capital which it represents.



Each share also gives its holder the right to vote and to be represented at shareholders' meetings, to be informed about the running of the Company and to obtain disclosure of certain corporate documents at the times and in the manner provided for by law and the Articles of Association.

2 - Under the terms of the fifteenth resolution to the Extraordinary General Meeting on 26 June 2015, it was resolved not to introduce double voting rights as provided by Law 2014-384 of 29 March 2014 to the holders of those shares indicated in Article L. 225-123 - 3 of the French Commercial Code.

Each Company share confers the right to one vote in General Meetings.

3 - Shareholders' corporate liabilities do not exceed the amount of their investment.

The rights and obligations attached to shares remain attached thereto irrespective of the transferee.

Shareholders are automatically bound by the Articles of Association and the decisions of the General Meetings.

### SIXTEENTH RESOLUTION

#### ***Distribution of voting rights in the event of stripping***

The Extraordinary General Meeting,

Having reviewed the Board of Directors' report, resolves to establish a specific distribution of voting rights between the beneficiary and the bare owner when shares are stripped following a transfer without valuable consideration under the exemption system in Article 787 B of the French General Tax Code. As a result, Article 13, paragraph 2 of the Articles of Association shall read as follows:

#### **ARTICLE 13 - UNDIVIDED SHARES, BARE OWNERSHIP, BENEFICIARY**

(first part of the article remains unchanged)

2. In the ownership of a share is stripped, the bare owner and beneficiary have the right to participate in collective decisions. The voting right is distributed as follows:

When securities are stripped following the transfer for no valuable consideration under the exemption system provided in Article 787 B of the French General Tax Code, the beneficiary's voting rights, pursuant to the above-mentioned article, are limited to decisions relating to the appropriation of earnings, and the bare owner has sole voting rights pertaining to all other decisions.

In all other cases, the voting rights belong to the beneficiary in Ordinary General Meetings, and to the bare owner in Extraordinary General Meetings. However, and excluding the case referred to above, the owners of stripped shares may themselves agree any other distribution of voting rights for General Meetings. In this case, they must inform the Company of the agreement in writing by recorded delivery registered letter sent to the registered office for the attention of the Chairman of the Board of Directors. The Company is obliged to comply with this agreement for all decisions made one month following first presentation of the recorded delivery registered letter. The date of first presentation shall be the date as postmarked on the letter.



### SEVENTEENTH RESOLUTION

#### ***Amendments to the Articles of Association***

The Extraordinary General Meeting,

Resolves to delete the fourth paragraph of Article 4 of the Articles of Association (head office) "the Board of Directors may establish, transfer and close any establishment, office, branch and stores in France and elsewhere".

### EIGHTEENTH RESOLUTION

#### ***Amendments to the Articles of Association***

The Extraordinary General Meeting,

Resolves to add a paragraph at the end of Article 12 entitled "Transfer of shares - legal thresholds":

"Failure to file the required notifications when the legal thresholds are crossed will result in forfeiting the voting rights for shareholders exceeding the undeclared fraction, in accordance with Article L. 233-14 of the French Commercial Code".

### NINETEENTH RESOLUTION

#### ***Amendments to the Articles of Association***

The Extraordinary General Meeting,

Resolves to amend Article 15 "Board practices and deliberations":

- In paragraph IV - Representation:  
That the Board Member may also appoint another Board Member as proxy "by e-mail";
- To paragraph VI - Minutes of meetings:  
Add that "the name of the Board Members represented and those present by videoconference must be included in the minutes".

### TWENTIETH RESOLUTION

#### ***Amendments to the Articles of Association***

The Extraordinary General Meeting,

Resolves to amend Articles 17, "General management":

- In paragraph I - Organisation principles:  
A material error is corrected by adding "the Board of Directors shall decide the term of the option";
- In paragraph III - Deputy Managing Directors:  
A new paragraph is added at the end: "The Deputy Managing Director's appointment may be revoked by the Board of Directors at any time, on the Managing Director's suggestion. Compensation may be payable if the appointment is revoked without just cause".



## TWENTY-FIRST RESOLUTION

### **Amendments to the Articles of Association**

The Extraordinary General Meeting,

Resolves to harmonise Article 18 "Regulated agreements" with current legal and regulatory provisions. Article 18 will now read as follows:

#### **ARTICLE 18 - REGULATED AGREEMENTS**

With the exception of agreements related to current operations concluded under normal conditions, agreements between two companies, one of which directly or indirectly owns all of the capital of the other, where applicable less the minimum number of shares required to fulfil the requirements of Article 1832 of the French Civil Code or Article 225-38 of the French Commercial Code and agreements prohibited by law, all agreements entered into under the conditions specified by Article L. 225-38 of the French Commercial Code are subject to the prior authorisation and approval required by law.

## TWENTY-SECOND RESOLUTION

### **Amendments to the Articles of Association**

The Extraordinary General Meeting,

Resolves to amend and harmonise Article 20 in line with current law.

Accordingly, the paragraphs below will read as follows (amendments in italics):

#### **Paragraph 20-1. Notice and venue of General Meetings**

New fourth paragraph: "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 receive notice by registered letter, *provided the Company is sent the amount of the registration costs*".

New sixth paragraph: 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-five days* before the date of the Meeting.

New seventh paragraph: 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 *ten 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.

#### **Paragraph 20-3. Access to Meetings - Powers**

This paragraph will now read as follows:

*The right to participate in General Meetings is subject to registration in the securities account in the name of the shareholder or the intermediary registered on the shareholder's behalf, on the second working day before the Meeting at midnight Paris time, in the registered shares account kept by the Company, or in the bearer shares account kept by an authorised intermediary.*

*If attending the Meeting in person,*

- *For bearer shares, the shareholder must show the certification of attendance issued by the authorised intermediary;*
- *Owners of registered shares will be admitted to Meetings on providing proof of identity.*

Shareholders may choose to be represented *by another shareholder, their spouse or civil partner or by another individual or legal entity of their choice*. In this case, the proxy must provide written proof of their authorisation.





Legal representatives of legally incompetent shareholders and individuals representing legal entity shareholders take part in the Meetings whether they are shareholders or not.

*When shareholders are represented by a person other than their spouse or civil partner, they must be informed by the proxy of all relevant facts to enable them to assess the risk of the latter acting in interests other than the shareholders'. Information on appointing or revoking the proxy must be provided in accordance with current legal and regulatory provisions.*

*All those actively soliciting proxies must publish their voting policy in accordance with current law and regulations.*

Shareholders may *vote remotely* 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.

*Votes submitted remotely using an electronic voting form or by proxy granted using electronic signature must comply with the current regulations, either in the form of a secure electronic signature, under the meaning of Decree 2001-272 of 30 March 2001, or in the form of a reliable identification process that guarantees the link with the document to which it is attached.*

#### **Paragraph 20-5. Attendance sheet - bureau - minutes**

In this paragraph, the term "postal vote" is replaced by "remote vote".

#### **Paragraph 20-6. Ordinary General Meeting,**

In the third paragraph, the quorum of one-quarter of the shares with voting rights is replaced by a quorum of one-fifth of the shares with voting rights.

#### **Paragraph 20-7. Extraordinary General Meeting,**

In the second paragraph, the quorum, on first convening, of one-third of the shares with voting rights is replaced by a quorum of one-quarter of the shares with voting rights. And on second convening, the quorum of one-quarter of the shares with voting rights is replaced by a quorum of one-fifth of the shares that voting rights.

### **TWENTY-THIRD RESOLUTION**

#### ***Amendments to the Articles of Association***

The Extraordinary General Meeting,

Resolves to harmonise Article 22 with current legal and regulatory provisions. Accordingly:

- The second and third paragraphs are now merged into one paragraph as follows, "At the end of each financial year, the Board of Directors prepares the inventory, financial statements and notes to supplement the information provided in the balance sheet and the income statement";
- The fourth paragraph is deleted;
- The last paragraph is deleted.

### **TWENTY-FOURTH 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 2015 sales	13 May 2015
Second-quarter 2015 sales	06 August 2015
2015 interim results	22 September 2015
Third-quarter 2015 sales	12 November 2015
Fourth-quarter 2015 sales	11 February 2016
2015 annual results	Before 31 March 2016

## 25 INFORMATION ON SHAREHOLDINGS

PHARMAGEST INTERACTIVE's subsidiaries and equity holdings are presented in the notes to the individual financial statements in Section 20.3.2.3.5 of this Registration Document.





REGISTRATION DOCUMENT 2014  
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