REGISTRATION DOCUMENT 2015

PHARMAGEST

WELCOOP SOLUTION

AMF
AUTORITÉ DES MARCHÉS FINANCIERS

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 2016, 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 2013 and 31 December 2014, which are contained in the 2013 Registration Document, filed under number D. 14-0427 on 29 April 2014, and the 2014 Registration Document, filed under number D. 15-0429 on 29 April 2015, respectively.

SUMMARY

1 PERSONS RESPONSIBLE

1.1 Person responsible for the information contained in the Registration Document

Mr. Dominique PAUTRAT
Managing Director and Member of the Board of Directors of PHARMAGEST INTERACTIVE
5, allée de Saint Cloud
54 600 VILLERS LES NANCY
Tel: + 33 (0)3 83 15 95 95

This Registration Document is also our 2015 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 2015 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 an audit completion memorandum 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 2014, presented in section 20.4 and incorporated herein by reference to the financial year ended on 31 December 2015, have been audited by the statutory auditors.

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

The Statutory Auditors' Report on the consolidated financial statements for FY 2014 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 2015 includes a comment on the note, "Accounting principles, texts applied" with regard to the new mandatory International Financial Reporting Standards (IFRS).

Dominique PAUTRAT, Managing Director, 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
54 600 VILLERS LES NANCY
Member of the *Nancy Compagnie Régionale des Commissaires aux Comptes (CRCC)*
First appointed on 19 June 2008 and renewed 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
Member of the *Versailles Compagnie Régionale des Commissaires*
First appointed on 23 June 2005 and renewed on 16 June 2011 until the Annual General Meeting convened to approve the financial statements for the financial year ended on 31 December 2016,
Represented by Laurence FOURNIER since 2014.

Substitute statutory auditors

REVILEC AUDIT ET ASSOCIES
25, rue du Bois de la Champelle
54 600 VILLERS LES NANCY
Member of the *Nancy Compagnie Régionale des Commissaires aux Comptes (CRCC)*
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
Member of the *Rennes Compagnie Régionale des Commissaires*
First appointed on 23 June 2005 and renewed on 16 June 2011 until the Annual General Meeting convened to approve the financial statements for the financial year ended on 31 December 2016.

2.2 Statutory auditors who resigned or were not re-appointed

Antoine MERCIER opted to exercise his retirement entitlement at the end of 2015. His replacement will be submitted for the approval of the shareholders during the General Shareholders' Meeting on 23/06/2016.

3 SELECTED FINANCIAL INFORMATION

3.1 Consolidated financial information relative to past years

In €M*	2015	2014	2013
Net turnover	113.48	114.56	113.41
Current operating profit	28.28	25.51	23.12
Operating profit	28.28	25.51	23.12
Consolidated profit/(loss) attributable to equity holders of the parent	18.79	17.01	15.83
Equity capital - Group share	90.65	81.34	75.64
Net cash	54.89	47.51	44.76
Fixed assets net of amortisation/provisions	46.05	44.39	43.75
Balance sheet total	**123.98**	**113.55**	**109.41**
Gearing (1)	-58.48%	-56.47%	-56.55%
ROE (2)	21%	21%	21%
Full-time equivalent workforce - Group	817	801	793
Dividend before the stock split (3)	/	2.90	2.50
Dividend after the stock split (3)	0.60	0.58	0.50
Basic earnings per share before the stock split (3)	**/**	**5.68**	**5.22**
Proforma basic earnings per share after the stock split (3)	**1.25**	**1.14**	**1.04**

** except the dividend and the basic earnings per share (in euro).*
(1) Net debt to equity ratio.
(2) Net profit to equity ratio.
(3) The dividend per share given for the 2015 financial year is the dividend that will be proposed to the AGM on 23 June 2016. The Extraordinary General Meeting on 26/06/2015 voted to approve the stock split, reducing the share value to €0.20 from €1. The decision was effective on 05/08/2015.

3.2 Individual financial information relative to past years

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

4 RISK FACTORS

The PHARMAGEST Group reviewed the risks 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 24.3 of this Registration Document.

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

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 Registered office, legal form and applicable law

The Company has its registered office at 5 allée de Saint-Cloud, VILLERS-LES-NANCY (54 600), FRANCE.
Tel.: + 33 (0)3 83 15 95 95

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: Founding of ROUSSEAU CPI.
Founded by Thierry CHAPUSOT, Thierry PONNELLE and Vincent PONNELLE. 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: Capital backing of pharmaceutical distributor CERP Lorraine.
PHARMAGEST INTERACTIVE conducted an operational merger with its MIRABEL IT subsidiary. CERP Lorraine was renamed the GROUPE WELCOOP in 2008.

2000: Market listing.
On 20 October, PHARMAGEST INTERACTIVE launched on the Nouveau Marché of the PARIS stock exchange.

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 became the leader in pharmaceutical information systems 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 2009) in Belgium.

2008 / 2009: New expertise: IT systems for elderly residential care homes (EHPAD by the French acronym).
Following an initial strategic acquisition of the software publisher MALTA INFORMATIQUE, the Group extended its expertise to care homes. The acquisition of AZUR SOFTWARE's goodwill in April 2009 further deepened its footprint in the sector.

2010 / 2012: Equity investments to expand the line-up of products and services.

- **March 2010:** Creation of HEALTHLEASE, in which PHARMAGEST INTERACTIVE has a 35% equity stake. The company leases equipment under long-term leases to operators in the pharmaceutical industry, and to pharmacies in particular;

- **September 2010:** Acquisition of a 41.6% stake in DIATELIC, providing it with complementary expertise in telemedicine and expert systems for home monitoring of patients;

- **December 2010:** Acquisition of a 49% equity stake in INTECUM, beefing up PHARMAGEST INTERACTIVE's line-up for pharmacies with the addition of the SELLEN automated dispensing system;

- **May 2011:** PHARMAGEST INTERACTIVE acquired 35% of the Canadian DOMEDIC Group, which develops and markets a smart electronic pill dispenser. It granted exclusive distribution rights in Europe (extended to China and Japan in 2015) and a brand licence for the dispenser to the French company, DOMEDIC EUROPE, in which PHARMAGEST INTERACTIVE has a 65% share.

5.1.5.2 Recent events (2013 - 2015)

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

2013: Creation of a subsidiary and increase in equity interests:

- Founding of the KAPELSE subsidiary, designer of smart e-Health solutions for remote monitoring of patients;
- Majority equity investments in the DIATELIC and INTECUM subsidiaries;
- Equity investments in:
  - HEALTHLEASE, giving the PHARMAGEST Group autonomy and security in terms of client financing;
  - SABCO, increasing its 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 registered 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 Guyana.
- Acquisition of additional equity in DIATELIC, bringing PHARMAGEST INTERACTIVE's share in the capital to 95.29% from 68.58%.

2014: Divestments and dilutions:

- Dilution of the holding in QUALITY FLUX, reducing 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.

2015: Stronger, more streamlined, increased equity stakes:

- Creation of NANCEO, a simplified joint stock company (SAS) with capital of €1,000,000 with its registered office in Paris, offering financing solutions for leased assets in the services sector;
- Acquisition of 100% of the equity in INTECUM, bringing PHARMAGEST INTERACTIVE's share in the capital to 100% from 63.99%.

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	2015	2014	2013
Intangible assets	3,161	2,545	2,874
Tangible assets	1,499	783	949
TOTAL	**4,660**	**3,328**	**3,823**

The majority of the PHARMAGEST Group's capital expenditure is channelled into R&D and innovation to ensure Group companies retain their lead across a range of projects.

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

- fitting out the new premises for some of the employees of the PHARMAGEST INTERACTIVE registered office in VILLERS-LES-NANCY (FRANCE);
- developing KAPELSE's business.

The Group's acquisitions and renewals are self-funded.

5.2.1.2 Financial investments

Growth transactions in the past three years:

- Initial equity investments
  - None.

- Creation of wholly-owned subsidiaries:
  - **January 2014:** CPSI - CARAÏBES PHARMA SERVICES INFORMATIQUES, with €100,000 in capital;
  - **January 2015:** NANCEO with capital of €1 million.

- Increased equity stake:

  - **In 2013:**
    - **January:** following a capital increase and share buyback, the holding in INTECUM was increased from the initial 49% to 63.99%;
    - **November:** takeover of 100% of HEALTHLEASE;
    - **December :** holding in the LUXEMBOURG subsidiary SABCO increased from 90 to 100%.

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

  - **In 2015:**
    - **June:** GROUPE DOMEDIC INC. capital increase followed by the Group, with no impact on the breakdown of capital;
    - **December:** following a share buyback, the holding in INTECUM was increased from 63.99% to 100%.

5.2.2 Main current capital expenditure

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

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

- Its recent accreditations as a Personal Health Data Host;
- E-health national and regional calls for projects in FRANCE, in which the Group is a participant;
- The development of its subsidiaries in their respective fields.

In addition, the PHARMAGEST Group is also pursuing its acquisition strategy, examining domestic and international opportunities for external growth, giving priority to innovative services and technologies in health. In first-quarter 2016, MALTA INFORMATIQUE, a PHARMAGEST Group subsidiary, acquired all the equity in DICSIT, a company that develops applications. This equity investment was funded by MALTA INFORMATIQUE through standard external financing.

5.2.3 Main future capital expenditure

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

5.3 Financial reporting

Information policy

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 registered office for the duration of validity of the document.

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

Gilbert Dupont (the market maker firm) has a research commitment on PHARMAGEST INTERACTIVE, first signed on 20 October 2003 and continued this year.

6 BUSINESS OVERVIEW

6.1 The PHARMAGEST Group

The PHARMAGEST Group consists of PHARMAGEST INTERACTIVE and its subsidiaries. The Group has specialist expertise in advanced information technologies in health and related specialist sectors.

Membership of a Pharmacists' Cooperative
A pharmacists' cooperative, the GROUPE WELCOOP, is the majority shareholder in PHARMAGEST INTERACTIVE. As a result of this specific structure, the Group's customers may also be shareholders in the Group. This strong connection with the pharmacy profession provides the entire Group with the vision and foresight it needs to anticipate developments in the role played by pharmacists and to develop the tools to support our customers.

6.1.1 Operations and main activities

To sharpen the focus on strategy and its activities as a whole, and in the interests of better legibility, the PHARMAGEST Group renamed its businesses and created four Divisions structured into business lines. They are supported by the full range of corporate functions required for the smooth and efficient operation of a major IT company:

- Solutions for Pharmacy Division - Europe, which includes the Pharmacy FRANCE and Pharmacy BELGIUM and LUXEMBOURG Business Lines;
- Solutions for e-Health Division, which includes the e-Pharma, e-Patients and e-Connect Business Lines (the latter two were formerly within the scope of the e-Health Business Line);
- Solutions for sanitary and medico-social establishments (encompassing the Care Homes business operated by its subsidiary, MALTA INFORMATIQUE);
- Fintech Division: created in 2015, the aim of the new entity is to build a sales financing marketplace for equipment and services. It takes in the activities of the new subsidiary, NANCEO.

Breakdown of turnover under IFRS by business and region:

	2015	
In €K	Turnover	Group share
Solutions for Pharmacy Division - Europe	98,665	86.95%
- of which, in FRANCE	*95,466*	*84.13%*
- of which, in BELGIUM and LUXEMBOURG	*3,199*	*2.82%*
Solutions for e-Health Division (FRANCE)	6,418	5.66%
Solutions for sanitary and medico-social establishments (FRANCE)	6,873	6.06%
Fintech Division (FRANCE)	1,520	1.34%

Internal skills base
As a developer of IT solutions, the PHARMAGEST Group delivers comprehensive expertise in pharmacy information technology. Its business is structured into:

- Software publication: design, development, maintenance and upgrades;
- Product distribution: direct marketing through the PHARMAGEST Group network of agencies and subsidiaries;
- 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.

6.1.1.1 Solutions for Pharmacy Division - Europe

The Group's historical business, the Solutions for Pharmacy Division - Europe contributed 87% of total turnover in 2015 (under IFRS).

The division consists of the Pharmacy FRANCE and Pharmacy BELGIUM and LUXEMBOURG Business Lines.

Pharmacy FRANCE Business Line

PHARMAGEST INTERACTIVE's flagship software suite, **LGPI Global Services®**, runs in close to 9,000 or 40% of pharmacies in FRANCE. The number one pharmacy management software in FRANCE, LGPI Global Services® delivers a set of functions required for the operation and management of pharmacies, to control purchases, optimise price policy and efficiently manage the business. Additional solutions and satellite products can be added on to LGPI Global Services®. As well as pharmacy management, the product can be used by pharmacists to keep abreast of developments in their profession and provides efficient options for advising and supporting patients inside and outside the pharmacy.

LGPI Global Services®, software developed specifically for pharmacists
In addition to the basic billing and stock management functions, LGPI Global Services® also features tools to optimise profit and track business volumes:

- **OffiCentral®:** as the number of strategic mergers between pharmacies grows, OffiCentral® is the ideal system for pharmacies seeking new profit drivers. It is designed to help them optimise grouped orders and harmonise their sales policies;

- **My Pilot®:** this high-performance and intuitive statistical tool helps users to manage every aspect of their business using the clear, interactive dashboards and graphs covering both front and back office;

- **Officonnect, Offishop® Para** and **Offishop® Premium:** 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 catalogue. These new products are designed to give pharmacies the option to extend their on-line offering with sales and inventory integration in LGPI Global Services®;

- **Offidose 2.0:** under the terms of agreements with elderly residential care homes, pharmacies pre-prepare medication doses for administration to patients, and are investing in automated packaging systems to prepare the sachets with the dosage times. This software to manage and schedule PDA (Preparation of Doses to be Administered) will computerise communications between LGPI Global Services®, care homes and PDA automated systems;

- **Offisecure®** offers professional, and secure Internet access, designed specifically for pharmacies, as well as an unlimited professional telephone service and a 3G back-up service. The tool is configured for optimum security of pharmacies' local IT infrastructure;

- **Officash®** offers speed, simplicity and security at all stages of the cash management process. The closed-circuit payment terminal reduces costs (by eliminating errors, forged notes, etc.) and saves time for both customers and staff, while optimising security;

- **Offiseen®**: this video protection system is integrated into the pharmacy software suite and provides protection against unauthorised markdowns by flagging videos related to events in the LGPI software. It also optimises security in the pharmacy and provides a secure environment for customers and staff.

A raft of solutions to strengthen patient support and advice

PHARMAGEST Group tailors its solutions to provide support for pharmacists' vital information and advisory role with patients, particularly since the French healthcare reform act (Loi HPST - Hospitals, Patients, Health and Territory Act) is set to expand this advisory and prevention function:

- **Ma Pharmacie Mobile® :** as mobile use continues to grow, patients can use this free app, available on iPhone™ and Android™, to find the nearest open pharmacy, send a scan of their prescription, access their medication history or receive reminders to take their medication. Ma Pharmacie Mobile® gives pharmacists more opportunity to offer support for patients;

- **OffiMédia®** is a point-of-sale marketing and communication system for pharmacies. The tool analyses patient data, prescriptions and inventory to send accurate messages. As of 2013, pharmacies equipped with LGPI Global Services® can also automatically relay the promotions created in their management software to the OffiMédia® screens;

- **SELLEN and SELLEN TWIST robots:** developed by its INTECUM subsidiary, the Group offers automated dispensing systems. Located in the centre of the pharmacy, the robots optimise the space available and free up the pharmacies team to advise customers, instead of spending time searching through drawers for medicines.

PHARMAGEST Consulting, new high value-added range of services

In 2014, PHARMAGEST introduced a new service offering to help pharmacists accommodate changes in their business and exploit all available growth levers. It hired a team of consultants to offer support to pharmacists, according to a structured model: review of the current position, preparation of an action plan, follow-up and support, and results measurement.

PHARMAGEST Consulting is backed by **My Pilot®**, a software package available in SaaS. The analytics and management tool uses dashboards that are updated each day to facilitate devising action plans in many areas, such as the pharmacy's financials, profitability of products by category and by range, price policy, customer knowledge and point-of-sale organisation.

Equipment financing solution

The PHARMAGEST Group introduced a range of financing services for computer and other professional equipment through its HEALTHLEASE FRANCE subsidiary.

BELGIUM and LUXEMBOURG Pharmacy Business Line

In BELGIUM

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

SABCO® ULTIMATE is an efficient system combining improved patient support and optimised pharmacy management on a user-friendly platform to address the current trends in the health market (rising fixed and variable costs, shrinking margins, lower footfall in traditional pharmacies in favour of larger retail pharmacies, lower average spend, etc.).

Integrating the use of exclusive technology, it features powerful analytics and smart dashboard functions leveraging all key pharmacy data, this solution offers pharmacists 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 and expanding needs of Belgian pharmacists.

Moreover, the development teams in FRANCE and BELGIUM are working closely together on adapting satellite solutions (OffiCentral®, OffiMédia®, Ma Pharmacie Mobile® etc.) developed by the PHARMAGEST Group to SABCO software in order to offer a comprehensive line-up to pharmacies in BELGIUM.

LUXEMBOURG

In 2015, SABCO consolidated its leadership in the Grand Duchy of LUXEMBOURG and has a 44% share *(source: SABCO)* of the pharmacy IT market through its flagship **Officine 2016** product. In addition to the usual functions of a pharmacy management software package, Officine 2016 also includes management of compound solutions, direct orders and billing of veterinary customers for pharmacists in LUXEMBOURG. The product also offers exclusive access to an information portal and the Delphi Care database. Other features include a robot interface option, document scanning, an SMS function, an interface with electronic labelling, and financial order functions to calculate margins.

6.1.1.2 Solutions for e-Health Division

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 not just pharmacists) and patients alike.

The PHARMAGEST Group's growth strategy focuses on improving patient health and treatment delivery, and thereby reducing healthcare costs. The Group has consistently looked ahead and concentrated on growth through innovation with a view to sharpening its competitive edge in FRANCE and the international market.

The objectives of the new Solutions for e-Health Division are to design and roll out these new services and systems and to assess the savings generated for the National Health Insurance System.

The added value created by this Division resides in the relevance of its leadership of stakeholders, and its organisational and functional expertise in all aspects of health. E-Health combines the excellence and expertise of PHARMAGEST INTERACTIVE, DIATELIC, DOMEDIC EUROPE and KAPELSE, as well as technology suppliers with substantial experience in health and the ability to deliver services to meet the demand from healthcare professionals for improved care for patients.

Created in 2012 and following a phase of intensive investment, the Solutions for e-Health Division contributed 5.66% of total PHARMAGEST Group turnover in 2015.

The Division is subdivided into three business lines: e-Patients, e-Connect and e-Pharma to focus on achieving its objectives.

e-Patients business line

To maintain its capability to offer innovative services to pharmacists to help them in the various aspects of their new role introduced by the French healthcare reform act (HPST - Hospitals, Patients, Health and Territory Act), the Group is investing in ICTs and e-Health to develop the tools pharmacies need to consolidate their position in the healthcare ecosystem and cooperate effectively with other healthcare professionals in this new patient-centred environment.

Improving patient compliance with treatment regimens: DO-Pill SecuR™

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

The dispenser, which reminds patients to take the right medication at the right time with a visual and audible alert, is a valuable addition to the range of services to aid pharmacies to support patients suffering from chronic conditions and the elderly. It provides reliable and accurate summaries of patient compliance with their treatment programme and in turn helps to improve quality of life for both patients and families.

The rise of artificial intelligence and expert systems to improve medical monitoring and aid diagnosis

In December 2014, the PHARMAGEST Group upped its initial minority shareholding in the innovative French company DIATELIC, acquired in December 2010, to a majority 95.29% of the capital.

DIATELIC specialises in artificial intelligence applied to tele-monitoring and monitoring of patient compliance. This highly innovative product range was developed from the work of specialists in the field of expert systems research. It generates automatic alerts and sophisticated diagnostic aids based on artificial intelligence for use by healthcare professionals as part of therapeutic monitoring of patients. This innovation provides a response to the crucial issue of the sheer volume of health information generated by the acquisition of data in 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.

The relevance of these innovative solutions is apparent in the selection of the Group for a number of major calls for projects, the trials for which have now advanced to the operational stage:

- **The e-Chronic/e-Nephro project:** this pre-screening and care program for chronic renal failure at all stages of the illness has seen the development of new expert systems (post-transplant follow-up) and improvements to existing systems (peritoneal dialysis and haemodialysis).

- **The SATELOR project:** working in cooperation with research laboratories, industry, innovative start-ups and medical structures, SATELOR involves developing software to prevent falls and monitor the activity levels of elderly or sick people.

- **"36 more months at home"** ***("36 mois de plus à domicile")*** **project:** the PHARMAGEST Group was selected by the Lorraine Region under the *'Pacte Lorraine'* as an e-Health partner for this innovative programme, with other companies in the industry (SMEs and start-ups), academics, stakeholders from the medical world and local authorities. The objective is to develop innovative, multi-service offerings for the elderly to stave off approaching dependency approaches, based on new technologies. The goal is to help people to remain in a suitably equipped home for an additional 36 months, while minimising the risk of accidents and anticipating potential health problems.

- **The PAERPA project (Elderly at risk of losing their independence)** tackles the challenge of ensuring coordination between different health sectors to mitigate the risks of disrupting the care pathway and improve compliance. The submission by the Lorraine ARS (regional health board) for this project was selected by the French Ministry of Social Affairs, Health and Women's Rights for the entire Greater Nancy urban area. The DO-Pill SecuR™ smart pill dispenser has been given priority for the "promoting healthy ageing" strategic project objective.

Optimising data sharing and protection of personal health data

The PHARMAGEST Group's raison d'etre from the outset has been to provide its customers with innovative applications built on tried and tested technology. Continuity of service and ongoing smooth operation of both the technical infrastructure and enterprise applications call for ever greater security for data and the pharmacy management package, Logiciel de Gestion Officinal (LGO).

Health professionals in general - and dispensing pharmacies in particular - must have the new tools to fulfil emerging needs for dispensing safety, traceability and personal health data security.

The Group beefed up its structure and was granted Hosting of Health Data (HHD) accreditation by the French Minister of Social Affairs and Health in 2012 for:

- **Outsourced storage of health data:** the PHARMAGEST Group delivers a powerful and highly secure outsourced backup service for health professionals, for all their databases and all types of files containing personal health data. What's more, when combined with the Offisecure® ISP (Internet Services Provider), security levels are optimised further, since data do not transit through the public network;

- **Hosting applications with direct access by patients to their information:** the new TELE100T®-APS (*Accès Patient Sécurisé* - Secure Patient Access) service is now offered by the Group to its professional healthcare customers. TELE100T®-APS hosts applications that are managed and administered by its professional customers - notably pharmacy customers - to create a website for on-line sales of medicines, in accordance with the latest regulatory requirements. Thanks to this new accreditation, these applications containing personal healthcare data intended for medical follow-up will be directly accessible by patients.

Aware that general Data Centers (which operate according to a totally different business model) cannot meet the requirements of the healthcare sector, the PHARMAGEST Group established a proprietary **Data Center** in 2012. This strategic addition guarantees robust quality and strict data security to offer high value-added services to its customers in the healthcare and pharmacy sectors.

e-Connect business line

January 2013 saw the founding of KAPELSE, a PHARMAGEST INTERACTIVE subsidiary that designs, develops, produces, installs and operates innovative e-Health solutions for secure monitoring of patients and optimised care pathways.

It is positioned in the following main markets:

- Tele-health, which includes medical tele-monitoring, tele-assistance and medical-social tele-assistance;
- Digitisation and enhanced security of administration for health professionals, robust authentication protocols to access tele-services and shared records, and patient monitoring.

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 four devices as at 31 December 2015:

- **KAP&CARE®:** an e-Health box (SATEBOX) specially designed for in-home patient monitoring, it facilitates tele-monitoring and medical tele-assistance. Patient authentication and data security are guaranteed;

- **KAP&LINK®:** a card reader suitable for all pharmacies based on innovated patented technology, for remote transmission, updating SESAM-Vitale cards and more;

- **KAP&GO®:** the mobile version of the e-Health box;

- **eS-KAP-Ad®:** a mobile device with pre-loaded software and a SESAM-Vitale billing programme to create and sign electronic healthcare data sheets during home calls to patients.

KAPELSE also contributes to projects led by the e-Patients business line by offering comprehensive, straightforward and secure systems for remote patient monitoring, as well as functionalities that are critical to treatment compliance and optimising the care pathway.

e-Pharma business line

The PHARMAGEST Group has a 30-year track record in providing software services and solutions to pharmacies. Beyond the sphere of IT, the Group's deep knowledge and expertise position it as the ideal partner for pharmacists at every project stage.

PHARMAGEST is also the provider of choice for pharmaceutical companies keen to establish a customer/patient-focused marketing model. By creating new bridges between pharmaceutical companies and pharmacies and developing multi-dimensional links in both their interests, PHARMAGEST is a key partner for the pharma sector.

Working closely with pharmacists, the Group offers training, information and communication services and solutions.
Pharmaceutical companies have become keenly aware of the vital role played by pharmacists in the healthcare landscape and are now including them in their promotional and marketing strategy. The LGPI Global Services® portal is a crucial and interactive information channel through which the pharmaceutical company can provide the specific information the pharmacy team needs to fulfil their role. Pharma companies can present targeted information on new products, specific information on medicines, promotions and its support programs.

LGPI Global Services® also means they can show and offer their products at the right time, especially as part of an upselling strategy, or contextual information. LGPI Global Services® is a resource to build brand image and customer loyalty, increase sales and foster a special relationship between pharmas and pharmacies.

POS display advertising, in addition to other promotional channels, is a vital tool to capture customers' attention at the right time to trigger a purchase. Pharmacists leverage the powerful potential of on-screen advertising technology to modernise their image, enhance the retail environment and increase sales. The PHARMAGEST Group also offers advertising space for audiovisual, product or corporate campaigns by pharmaceutical companies to advertise contextual and promotional messages promoting the sale of their products to the pharmacies' customers.

With its focus on patients, the Group's offering for pharmaceutical companies includes solutions to facilitate pharmacists to fulfil their new roles.
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. In a changing healthcare delivery environment, pharmaceutical companies are shifting from product marketing to patient-focused marketing. Pharmas can adopt new promotional strategies and adjust the information they provide, based on knowledge of the context for the prescription of one or more of its products and behavioural data.

The PHARMAGEST Group's health observatories, prevention and information campaigns are another means of demonstrating its public health expertise and its ability to mobilise pharmacy teams. Since 2013, 19 awareness campaigns were run, almost 35,000 were people surveyed and 4,800 patients received advice leaflets. In 2015, pharmacies with LGPI Global Services® had the opportunity to participate in a number of campaigns, including chronic kidney failure, Parkinson's disease, diabetes, Alzheimer's disease, depression and psoriasis.

6.1.1.3 Solutions for sanitary and medico-social establishments Division

This division accounted for 6.1% of the Group's total turnover under IFRS.

Group subsidiary 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;
- Tracking therapeutic and occupational activities;
- Very accurate and integrated management of residents' personal care and support plan;
- Computerised patient records including the various components of the care and medication pathways;
- Mobile treatment record and traceability on touch-screen tablets;
- Invoicing, tracking receipts and posting to accounts;
- Managing attendants;
- Managing personnel rosters;
- Tracing barcodes;
- Coordination with local and in-house pharmacies;
- Management of groups of facilities with a single database, TITAN GROUPE.

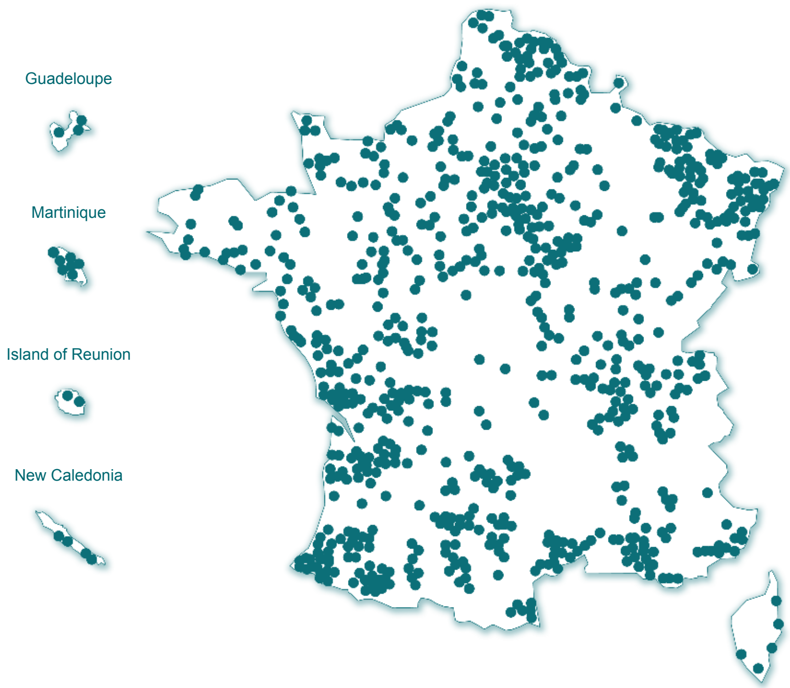
A commitment to investment in R&D is written into MALTA INFORMATIQUE's DNA. All software modules are upgraded on a regular basis ensuring a mature standard offering aligned with the requirements of the business.

- In 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 completed two major projects in 2014:
    - 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 - *Haute Autorité de Santé*).
    - In addition, a new TITAN NOMADE module will provide existing and potential customers with the ability to monitor healthcare, medication and support schemes on Android tablet.

In 2015, MALTA INFORMATIQUE continued to invest in and develop a new module, TITAN WEB ENTOURAGE, designed for care homes to keep relevant people informed about care for residents (extended families and friends of residents, close family, care assistants and their trusted contacts). The module is in development and will constitute a relevant response to a very marked prominent market need.

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 2015, 1,339 elderly residential care homes ran MALTA INFORMATIQUE software.



6.1.1.4 FinTech Division

NANCEO was formed in February 2015 to arrange financing solutions for leased assets in the services sector and adds a new area of expertise for the Group:

- Expertise in financial products,
- Giving it independence from other technology suppliers,
- Providing it with a margin on the provision of the technical services,
- Enabling the Group to offer its technical infrastructure to other companies as a white-label product.

6.1.2 New products and/or services

6.1.2.1 Solutions for Pharmacy Division - Europe

Pharmacy FRANCE Business Line

Start of the roll-out phase for the compliance monitoring software (LSO): introduced in 2014, the Group continued developing its compliance monitoring software this year. The package helps pharmacists in their new roles and is particularly useful for keeping track of in-store advice to customers. It is our initial response to tackling the public health challenge of compliance.

LSO is a fully fledged module integrated into the pharmacy management software. Its functions include appointment scheduling, connections with solutions and devices to monitor readings, and secure data storage using the Group's Personal Health Data Host infrastructure. This package confirms the PHARMAGEST Group's position as the only software company with the ability to offer comprehensive industry software for pharmacists.

OffiPass security and traceability: offers RFID badge authentication for pharmacy staff, which enhances security, prevents identity theft, and speeds up access to LGPI functions.

Launch of SELLEN TWIST: this automated dispensing system is the first pharmacy robot between back and front office. Previously idle space can now be used to generate revenue and store thousands of packs. Not only is counter space freed up, but, with minimum work, all the functions of SELLEN can also become available (saving time and space for the pharmacy team and improving service).

VIDAL database: The PHARMAGEST Group's alliance with the VIDAL Group, the global reference for information on medicines and pharmacy-related products for all healthcare professionals, further enriches the content of its flagship LGPI Global Services® software.

As of December 2015, pharmacies running LGPI will have access to a new products and services database, the VIDAL database. VIDAL's database services are accredited by the French National Authority for Health (HAS) and meet all the requirements for medicinal products databases, namely neutral, comprehensive, accurate, up-to-date and complete information.

Because the database guarantees the quality of the product updates and the safety of dispensing in pharmacies, it is fundamental to the overall quality of the pharmacy management software.

Synergies with the Group's other business lines and subsidiaries: the Group's long-established Pharmacy FRANCE Business Line continues to develop and is the unifying component ensuring consistency with and between the investments made by the other Group subsidiaries. The Business Line products for pharmacists include:

- DOMEDIC EUROPE's DO-Pill SecuR™ smart pill dispenser;
- KAPELSE's SESAM-Vitale card readers and the Kap&Care terminal to update the cards;
- the software to manage and schedule PDA (Preparation of Doses to be Administered) for 500 of the largest pharmacies in FRANCE, creating synergy with MALTA INFORMATIQUE's activities.

BELGIUM and LUXEMBOURG Pharmacy Business Line

In BELGIUM:

SABCO teams are constantly upgrading its line-up in response to the transformation of the healthcare market, new legislative requirements for the pharmaceutical sector, and to meet the growing and expanding needs of Belgian pharmacists. The main upgrades to the software in BELGIUM in 2015 were:

- Inclusion of Chapter IV (reimbursement of medicines in BELGIUM is divided into chapters; medicinal products in the scope of Chapter IV are subject to specific reimbursement conditions) in SABCO solutions enabling the consultant physician to check the reimbursement criteria;
- Development of the **Vitalink** unit pricing module for residents of care homes, mandatory under law as of 1 September 2015;
- Addition of Recip-e in SABCO® NEW and SABCO® OPTIMUM to manage electronic prescriptions;
- Roll-out of AssurPharma, with compliance certification for SABCO solutions to send detailed receipt data electronically and securely to the patient's supplementary insurance provider.

In LUXEMBOURG:
In 2015, **Officine 2016**, the new version of Officine II, was launched in the Grand Duchy of LUXEMBOURG to deliver greater performance and connectivity. It offers brand new features and modules: integrated mobile apps, statistics, care home management, preparation of individual medicines, supplier relations and patient monitoring.

In BELGIUM and LUXEMBOURG:
The development teams in FRANCE, BELGIUM and LUXEMBOURG work closely together on adapting satellite solutions (OffiCentral®, OffiMédia®, etc.) developed by the PHARMAGEST Group to SABCO software to offer a comprehensive line-up to pharmacies in BELGIUM and LUXEMBOURG.

- The free **FarmaMobile** app can be used to find the nearest open pharmacy, check opening hours, send a scanned prescription and receive reminders of dosage instructions and times.
- The new **OffiBoard** app for mobiles and tablets gives key pharmacy data in real time.

6.1.2.2 Solutions for e-Health Division

e-Patients business line

PHARMAGEST is a participant in several trials that are now in the operational phase.

Project	Overview of project objectives
E-CHRONIC/E-NEPHRO	Care programme for chronic renal failure at all stages of the illness.
SATELOR/36 MORE MONTHS AT HOME	To develop a solution to provide a secure care path for patients with multiple pathologies and/or losing independence in their homes.
PAERPA	Project to improve coordination between different parts of the health system to prevent the risk of disrupting the care pathway for older people at risk of dependency.

e-Connect business line

Marketing of a new innovative card reader: eS-KAP-Ad®
eS-KAP-Ad® is designed for medical auxiliaries to simplify the administrative procedures at the patient's home and in the office.

Like all KAPELSE's e-Health solutions, the eS-KAP-Ad® terminal runs on the latest-generation communication, display and security technologies. Its large colour tactile screen, rechargeable battery, powerful microprocessor and upgrade potential make it an impressive and high-performance tool.

eS-KAP-Ad® was approved by SESAM Vitale EIG.

e-Pharma Business Line

The business line was not immune from the economic and structural shocks affecting the industry in 2015 and adapted its line-up in response to the far-reaching regulatory changes:

- Communication products and services were revamped in response to the minimum security requirements dictated by the French National Authority for Health (HAS) for certification of dispensing software;
- Sales teams were reoriented towards an advice and support role, reflecting e-Pharma's new tagline stressing its customised support for different needs: *"vos besoins sont différents de ceux des autres, notre accompagnement aussi";*
- e-Pharma canvassing drive concentrates on advanced or restricted-prescription products that call for advice from the pharmacist at the point of dispensing and longitudinal patient monitoring.

6.1.2.3 Solutions for sanitary and medico-social establishments Division

The commercial success of TITAN was boosted by software upgrades:

- **TITAN INTENDANCE: a brand new offering for managing orders for medical devices for care homes.** MALTA INFORMATIQUE is positioned as the only operator in the market to offer a paperless system to manage supplier prices and orders and facilitate relations with suppliers of medical devices. This new service was up and running in 51 sites in 2015 and is expected to be a resounding success.

- **TITAN NOMADE: new and improved features with the new tablet module.** The module was developed at the end of 2014 and has been on the market since early-2015. It has received a very positive reception and more than 273 licences were installed during the year. The TITAN NOMADE module runs on tablet and therefore has the significant advantage of being completely independent. All that is needed is a WiFi connection and TITAN NOMADE will synchronise the data with the facility's server. It is simple and intuitive and can be used as the main tool to trace all care actions and to supplement TITAN ZAPETTE.

- **TITAN DMP: organises residents' personal medical records.** Developed in 2014 and on the market since early-2015, the module can be used to create, input and consult residents' personal medical records. Popular with regional health boards in FRANCE, we expect strong demand in the coming months. MALTA INFORMATIQUE rolled out 30 sites in 2015, including the ABRAPA association (13 elderly residential care homes) in the Bas-Rhin region, with strong support from the health cooperation organisation, e-Santé Alsace.

6.1.2.4 FinTech Division

During its first financial year in operation, NANCEO built Leasa, a hub to:

- Access all the most representative financial partners in the market;
- Automatically manage all sales financing processes.

The system dialogues with lenders on multiple aspects of finance.

NANCEO followed this with migrating and taking over all computerised management of financing for PHARMAGEST INTERACTIVE's sales.

6.2 PHARMAGEST Group's main markets

6.2.1 The French pharmacy market

Context: French national health strategy
The world has changed and we no longer live the same way people did decades ago; our health systems must also change and adapt to tackle new and emerging challenges. The most recent report in 2015 from the French Directorate for Research, Studies, Evaluation, and Statistics (DREES by its French acronym) on health in FRANCE shows that the French are in better overall health than their European neighbours. But, it also points out the three most pressing health issues for FRANCE:

- French people are living longer: their life expectancy is one of the highest in Europe and they will need their health system to provide the appropriate care;
- increase in chronic conditions: while French people are living longer, the number of chronic conditions is also increasing;
- persistent health equalities: social inequalities have an even greater impact on health.

In response to these three priorities, Marisol TOURAINE French Minister of Social Affairs and Health, launched a vast overhaul of the French health system in her National Health Strategy to define the public health framework for the next decade. Prevention is now a priority. Injustices and inequalities in health and access to the health system will be tackled. FRANCE's national health system will pivot to centre on patients' needs and adapt to the major transformations in the health ecosystem, such as an ageing population, the increase in chronic illnesses, the demand for more information, and denser regional coverage.
(Source: http://www.gouvernement.fr/action/la-loi-de-sante)

These ambitions naturally have an impact on pharmacists' market, profession and roles.

Impact on the French pharmacy market
One of the key reforms for pharmacies was introduced during 2015.

Little more than a year after signature of the new "pharmaceutical agreement", the transformation of dispensing pharmacies and their business model has picked up pace. The new method of payment for dispensing reimbursable medicines, which includes a dispensing fee, the authorisation of e-pharmacies, the introduction of payment for consultations in the pharmacy, the challenge to commercial discounts and commercial cooperation agreements, the Decree on SPF-PL, which was finally published, etc.

A new era has begun for pharmacies, bringing with it further opportunities for growth as they expand into new activities and services for patients.

(Source : https://www.lesechos-etudes.fr/etudes/pharmacie-sante/pharmacie-officine/)

- **Numbers:** at the end of 2015, there were close to 22,200 pharmacies in FRANCE and in the French Overseas Departments *(Source: French Chamber of Pharmacists).*

- **Turnover:** continuing the trend from last year, pharmacies saw negative growth again in 2015. However, given the new payment methods including dispensing fees and the resulting structural shift in pharmacies' revenue, this can no longer be taken as a relevant metric of volume in the pharmacy sector.

- **Margin: persistent erosion as revenues fall.** The slightly positive uptick in remuneration weakens the impact of lower prices on margins.

- **Outlook for growth:** while medical devices and pharmacy-related products are sources of growth, pharmacy-related retail sales and products registered on the French List of Refundable Products and Services (LPPR) account for only a very small percentage of turnover.
  The increase in generic-related activities is the sole decisive advantage for dispensing pharmacies, a development that should be seen in light of changes in service provision.

  (Sources: Le Moniteur des Pharmacies - no. 3106/3107 of 05.12.2015 and Le Pharmacien de FRANCE - no. 1277 of February 2016)

6.2.2 The BELGIUM and LUXEMBOURG pharmacy market

6.2.2.1 In BELGIUM

As at 31 December 2015, there were 4,937 pharmacies open to the public in BELGIUM, representing a slight decline on 2014. The geographical breakdown is as follows:

Flanders	53%
Wallonia	35%
Brussels	12%

(Sources: Belgian Pharmaceutical Association - APB)

The country has one of the densest networks of pharmacies in Europe. Given the over-supply, a moratorium on opening new pharmacies was imposed that was due to expire in December 2014, but has been extended to the end of 2019.

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.

The payment system consists of a fee for pharmaceutical care activities of 80% of pharmacists' income (75% of basic fees and 5% of additional fees) and a margin on the pharmaceutical product (20%) (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.

6.2.2.2 LUXEMBOURG

There were 91 pharmacies open to the public in LUXEMBOURG in 2015, including 68 private concessions and 23 State concessions *(Source: Syndicat des Pharmaciens luxembourgeois).*
The pharmacy market is restricted by significant barriers to entry, thus limiting competition. Their number is strictly controlled by the Ministry of Health.
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.

6.2.3 The e-Health market

After its first hesitant steps in 2012, the e-Health market took centre stage in 2015 and is of major social and economic importance.

The explosion of connected devices and the spread of new service models and new technologies continue to boost the sector as even the most modest health, medical and social facilities embrace 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 as the population greys (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 prevention campaigns, the emergence of connected health devices and self-monitoring practices (quantified self);
- The challenge of managing health insurance accounts and the need for substantial savings through multiple efficiency gains (e.g. avoiding duplication in medical interventions).

FRANCE is embracing e-Health: for 81% of French, it can improve coordination of care between professionals, while for 77%, it can help to monitor vital indicators, such as pulse, blood pressure and weight. 74% of French people see e-Health as a way to reduce the cost of medical transportation and patient travel. 72% think it can improve medical treatment and care by professionals. For 66% in FRANCE, e-Health can help to counter the flight of doctors from some regions in FRANCE.

The French e-Health sector (telemedicine, health information systems) is expected to be valued at €3.5 - 4 billion by 2020, growing between 4% and 7% per year in this period, according to a study by market research firm Precepta

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

6.2.4 The elderly residential care homes and day centres market 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 facilities 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)*

6.2.5 Financing solutions for leased assets in the services sector

Lease financing can be arranged for practically all equipment. The equipment must be durable, identifiable and suitable for depreciation. Financing is most commonly used for vehicles, computer hardware, building plant and agricultural machinery.

The business equipment financing market is dominated by banks, which have a legal monopoly on bank loans. Banks are also active in the lease financing and rental sectors through specialist subsidiaries, where many companies are active, including carmakers, large computer groups, industrial conglomerates, as well as independents like NANCEO.

The business and professional equipment financing market by specialist companies represented in excess of €27.5 billion in 2015, up 10% from 2014.

(Source: Association Française des Sociétés Financières (association of financial companies), 2015 management chart)

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 of Directors' composition, organisation and practices, as well as the internal control and risk management procedures in Section 24.3 of this Registration Document. Specific information on Research and Development, patents and licences is given in Section 11 herein.

6.5 The competition

6.5.1 The European pharmacy market

In FRANCE

The market in computer systems for pharmacies is shared between three main operators:

- PHARMAGEST INTERACTIVE is the French market leader with a 40% market share. The flagship software suite LGPI Global Services® is run by practically all PHARMAGEST INTERACTIVE's customers;
- The Group's 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 in December 2015)

In BELGIUM

SABCO SERVICES has a nationwide presence with a 5% market share in Flanders (the Dutch-speaking region), a 17% market share in Wallonia (French-speaking region) and 18% of the market in the Brussels area (bilingual). SABCO SERVICES has a total Belgian market share of 11% with three software suites (SABCO® ULTIMATE, SABCO® NEW and SABCO® OPTIMUM).
(Source: SABCO estimates).

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

In LUXEMBOURG

In 2015, SABCO consolidated its leadership in the Grand Duchy of LUXEMBOURG with a 44% market share in the pharmacy IT sector through its flagship Officine 2016 product. *(Source: SABCO estimates).*
PROPHALUX is its main competitor.

6.5.2 The e-Health market

E-Patients Business Line
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).

E-Connect Business Line
Established in 2013, KAPELSE was positioned as a challenger in 2015 in a market dominated by companies specialising in payment solutions. KAPELSE's products are aimed at a range of health professionals, from pharmacists to nursing services providers.

Its main competitor in the SESAM-VITALE market is the INGENICO Group.

E-pharma Business Line
The E-pharma Business Line has no direct competitor with a similar line-up to the PHARMAGEST Group's. The business line offers solutions in a niche market with a range of different specialist operators (information for the general public or patients, studies and observatories, recruitment and training of pharmacy staff, patient inclusion in monitoring programs, etc).

6.5.3 The Elderly residential care homes and Day Centres market

MALTA INFORMATIQUE was the second-largest player in this market in 2015 and holds almost 14% of the market. *(Source: MALTA INFORMATIQUE estimates)*

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

6.5.4 The financing solutions for leased assets market

Set up in 2015, NANCEO is a new challenger in this market for financing leased assets. The market is very much dominated by banks or their specialist financing subsidiaries (lease financing and leasing).

NANCEO operates according to a "Vendor" model, which consists of financing professional equipment sold by partners to their customers. It concentrates primarily on financing high tech assets that quickly become obsolete, such as printers, document management, telephony, security and medical equipment. NANCEO increases its own volumes by facilitating these sales.

7 ORGANISATIONAL STRUCTURE

7.1 Description of GROUPE WELCOOP and PHARMAGEST INTERACTIVE's place in the Group

At 31 December 2015, MARQUE VERTE SANTE was the majority shareholder with 60.51% of the capital of PHARMAGEST INTERACTIVE. The GROUPE WELCOOP Cooperative, MARQUE VERTE SANTE's parent, holds 6.12% of PHARMAGEST INTERACTIVE's capital directly.

The GROUPE WELCOOP has developed a set of diversified activities providing efficient solutions for pharmacies, healthcare organisations and the pharmaceutical industry. It 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:

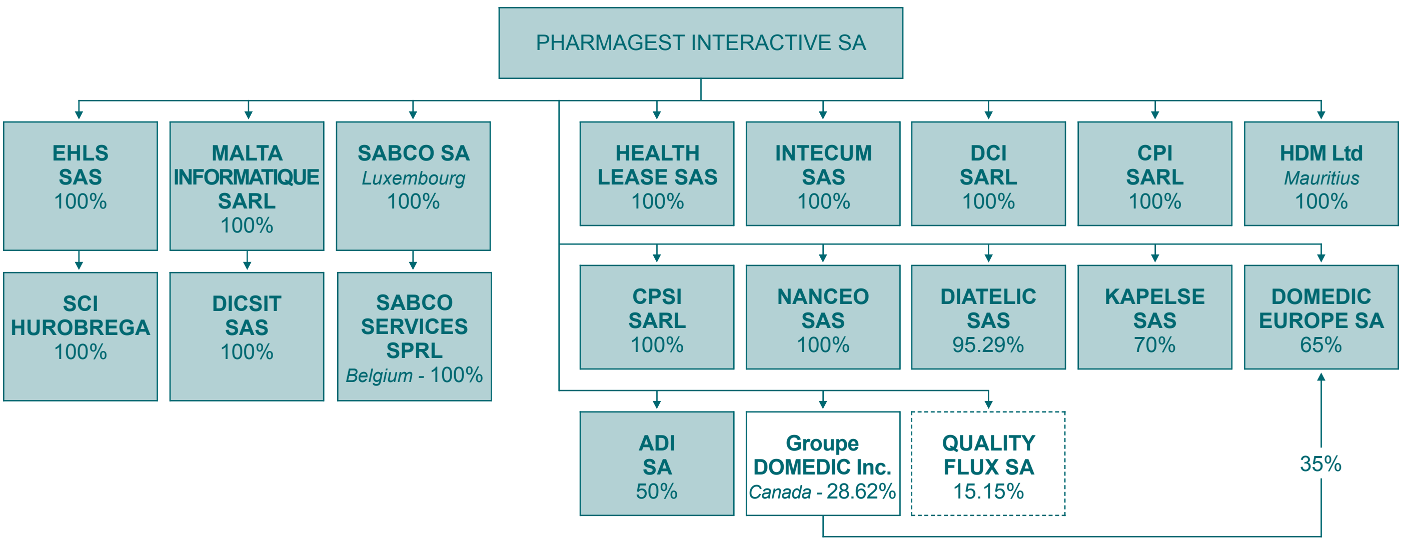
- An economic focus with generics, OTC (over-the-counter) medicines, medical devices, pharmacy-related products, and access to European medicines;
- A service focus with Home Care products and sales support solutions (merchandising, referencing, etc.);
- A technology focus enabling pharmacists to fulfil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

The GROUPE WELCOOP has a presence in FRANCE and in Europe.

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

With consolidated equity capital of €125 million as at 31 December 2015, MARQUE VERTE SANTE posted €836 million in consolidated sales for 2015 (French GAAP).

7.2 PHARMAGEST Group Organisation Chart on 31th March 2016*



* *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 2015:

MALTA INFORMATIQUE acquired all the equity in DICSIT, a company that develops applications, registered in the Nancy Trade and Companies Register under entry number 400 504 387.

GROUPE DOMEDIC INC., a subsidiary of PHARMAGEST INTERACTIVE, signed a strategic partnership agreement with TELUS Santé, which will gradually take equity over an 18-month period. Following its investment in TELUS Santé, the PHARMAGEST Group retains a 26.05% stake.

17 companies were fully consolidated in the PHARMAGEST Group in 2015, including PHARMAGEST INTERACTIVE:

ADI, a 50%-owned subsidiary of PHARMAGEST INTERACTIVE, a French company 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, a French company 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, a French company registered in the POINTE-A-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 Guiana.

DCI, a wholly-owned subsidiary of PHARMAGEST INTERACTIVE, a French company 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, a French company registered in the NANCY Trade and Companies Register under number 443 656 350. The company's business is the provision and sales of tele-monitoring services and diagnostic aids.

DOMEDIC EUROPE, a 65%-owned subsidiary of PHARMAGEST INTERACTIVE, a French company 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 in Europe, China and Japan.

EHLS, a wholly-owned subsidiary of PHARMAGEST INTERACTIVE, a French company 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 its registered office at PORT LOUIS (MAURITIUS). The company provides IT services.

HEALTHLEASE, a wholly-owned subsidiary of PHARMAGEST INTERACTIVE, a French company 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.

SCI HUROBREGA, a wholly-owned subsidiary of EHLS, a French company registered in the LORIENT Trade and Companies Register under number 320 201 575. The company is the owner of the premises located at ZAC du Mourillon in QUEVEN.

INTECUM, a wholly-owned subsidiary of PHARMAGEST INTERACTIVE, a French company 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, a French company 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, a French company registered in the BORDEAUX Trade and Companies Register under number 444 587 356. The company researches, designs and markets software and related products for elderly residential care homes.

NANCEO, a wholly-owned subsidiary of PHARMAGEST INTERACTIVE, a French company registered in the PARIS Trade and Companies Register under number 809 217 748. The company offers financing solutions for at least assets for the services sector.

SABCO, a wholly-owned subsidiary of PHARMAGEST INTERACTIVE, a LUXEMBOURG company 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 PHARMAGEST INTERACTIVE, a Belgian company 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, a Canadian company registered in the QUEBEC Trade and Companies Register under number 659696-7. The company develops and markets medical devices, particularly the DO-Pill Secure™ smart pill dispenser and its accessories.

8. REAL ESTATE, PLANTS AND EQUIPMENT

8.1 Real estate assets

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

REGISTERED OFFICES:

Geographies	Regions PHARMAGEST	REGISTERED OFFICES		
		Cities	Company	Status of real estate assets
MAINLAND FRANCE	East	VILLERS-LES-NANCY	PHARMAGEST INTERACTIVE	Owner
			DIATELIC, DOMEDIC EUROPE, KAPELSE.	Tenants
		DIJON	CPI	Tenant
	West	QUÉVEN	EHLS, SCI HUROBREGA	Owners
	Ile-de-FRANCE	SACLAY	ADI	Tenant
		PARIS	NANCEO, HEALTHLEASE	Tenants
	South-West	MÉRIGNAC	MALTA INFORMATIQUE	Owner
			DCI	Owner
	South-East	BASTIA	INTECUM	Tenant
French Overseas Departments	Overseas Domains and Territories	BAIE MAHAULT (Guadeloupe)	CPSI	Tenant
BELGIUM	BELUX	SPY (Wallonia)	SABCO SERVICES	Tenant
LUXEMBOURG	BELUX	WINDHOF	SABCO	Tenant
MAURITIUS	/	PORT LOUIS	HDM	Tenant

BRANCHES

Geographies	Regions PHARMAGEST	BRANCHES	
		Cities	Status of real estate assets
MAINLAND FRANCE	East	LUDRES, DIJON, REIMS, STRASBOURG, COLMAR and CHARLEVILLE MAIZIERES	Tenants
	West	QUÉVEN	Rented from SCI HUROBREGA, the owner
		NANTES, RENNES, SAINT LO and TREGUEUX	Tenants
	Ile-de-FRANCE	RUNGIS and SAINT-CLOUD	Tenants
	North	ROUEN and CUINCY	Tenants
	Rhône-Alpes	VILLEFRANCHE	Tenant
	Centre	BOURGES, POITIERS, LIMOGES and CLERMONT FERRAND	Tenants
	South-West	TOULOUSE, ANGOULEME and LONS	Tenants
		PESSAC	Tenant
	South-East	MEYREUIL, ANTIBES and MONTPELLIER	Tenants
French Overseas Departments	Overseas Domains and Territories	LE LAMENTIN (MARTINIQUE)	Tenant
BELGIUM	BELUX	GAND (FLANDERS)	Tenant

The fee-owned premises represent 37% of the area of premises used by the PHARMAGEST Group. Rented premises are covered by operating leases and (like all operating leases) are not restated under intangible assets (see 20.3.1.5 - Note 4.3).

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.

11 RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES

11.1 Research and Development (R&D)

The PHARMAGEST Group's R&D policy aims to design innovative software and satellite solutions, to offer new products, to maintain and upgrade existing solutions, and to meet internal development needs.

The policy is underpinned by a thorough knowledge of the needs and expectations of its customer base, which is 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).

The PHARMAGEST Group's 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 French Healthcare Reform Act (HPST), or the New Payment System in BELGIUM. These baseline functions are developed in accordance with the mandatory specifications of the SESAM VITALE authority, 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, and the Medical College in LUXEMBOURG.

As a Digital Services company, the Group undertakes to develop new features, in addition to mandatory features, and to offer new, innovative functionalities to meet the needs of its clients and anticipate emerging opportunities for the profession.

In a complex environment for pharmacies, PHARMAGEST seeks to provide practical solutions to the challenges facing pharmacists, namely their new roles and new profit drivers.

R&D is a cross-disciplinary function reaching across all the PHARMAGEST Group's divisions. It is based around 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.
- **Architecture, Tools and Methods**, responsible for promoting and developing the overall architecture (including infrastructure), development methods and development tools across the product range.
- **Pharmacy Publishing for FRANCE, BELGIUM and LUXEMBOURG**, responsible for pharmacy and pharmacy management software solutions: LGPI Global Services® and Offidose, SABCO® NEW, SABCO® OPTIMUM and SABCO® ULTIMATE for BELGIUM, Officine 2016 for LUXEMBOURG and OffiCentral® for FRANCE and BELGIUM.
- **Mobile Internet and Device**, responsible for OffiMédia® and Pharmattitude® satellite products, Communicating Services and other web and mobility products.
- **Enterprise Resorts Planning** (ERP), responsible for PHARMAGEST Group's IT system and the development of the NANCEO Leasa platform.
- **e-Health & Data**, responsible for patient monitoring software and the development of expert systems.

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.

11.2 Patents

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

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

12 INFORMATION ON TRENDS

12.1 Main trends

12.1.1 Turnover by Division

The **Solutions for Pharmacy Division - Europe** accounted for 86.95% of the PHARMAGEST Group's total turnover, at €98.66 million as of 31 December 2015, an increase of 1.10% compared with 31 December 2014.

- Turnover rose slightly in the Pharmacy FRANCE Business Line to €95.47 million, up +1.5% over the same period in 2014. This rise was mainly due to recurring revenues;
- The Pharmacy BELGIUM and LUXEMBOURG Business Line sustained the steady recovery to more stable business volumes, with turnover totalling €3.2 million.

Restated for Communication Services, the **e-Health Division** reported €6.42 million in turnover as of 31 December 2015, a jump of 134.87% compared with 31 December 2014. Growth in this division was fuelled by strong performances delivered by all of its business lines:

- In 2014, the e-Pharma Business Line discontinued Communication Services and its turnover with long-standing customers declined 82.48% as a result. After restating the impact of this change, turnover for the e-Pharma Business Line fell 3.99% (€1.84 million) compared with 2014, despite the impact of the economic and structural changes affecting the sector.
- The e-Patients and e-Connect Business Lines continue their successful marketing of connected devices and reported €4.58 million in turnover.

Solutions for e-Health contributed 5.66% of the PHARMAGEST Group's total turnover in 2015.

Turnover momentum continued strong in the **Solutions for sanitary and medico-social establishments Division** with significant organic growth. Turnover grew 21.87% to €6.87 million as of 31 December 2015, compared with the same period in 2014.
This division accounted for 6.06% of the Group's total turnover at the end of 2015.

In its first financial year, the **Fintech Division** reported turnover of €1.52 million and represented 1.34% of the PHARMAGEST Group's total turnover.

12.1.2 Key points for 2015

PHARMAGEST INTERACTIVE's stock split
The Extraordinary General Meeting of Shareholders of PHARMAGEST INTERACTIVE on 26 June 2015 resolved to divide PHARMAGEST INTERACTIVE's nominal share value by five (5) to increase stock liquidity and continue to diversify the shareholder base. As a result, for every old share with a nominal value of one euro (€1), the shareholders received five new shares in exchange with a nominal value of 20 euro cents (€0.20).
The share capital is now divided into 15,174,125 shares at €0.20 each, instead of 3,034,825 at €1 each.
The new shares have been listed under a new ISIN code, FR0012882389, as of 5 August 2015.

Creation of the Fintech Division
The aim of the new division is to build a sales financing marketplace for equipment and services. It takes in the activities of the new subsidiary, NANCEO.

Acquisition of additional INTECUM shares
Acquisition of additional equity in INTECUM, bringing PHARMAGEST INTERACTIVE's share in the capital to 100% from 63.99%, with no impact on control.

French "Customer relations" standard certification

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

Selection for the "TECH 40" label and inclusion in the new ENTERNEXT TECH 40 index

PHARMAGEST INTERACTIVE is one of the first companies to be awarded this new TECH 40 label, launched by EnterNext on 27 April 2015. It was selected for the label's BioTech / MedTech young technology stocks.
EnterNext chose 40 out of the 320 companies listed on its markets to carry the Tech 40 label, with the assistance of a committee of independent European experts. The first 40 innovative European SMEs listed on the markets covered by EnterNext were selected on the basis of their business, financial and stock market performance.

ENTERNEXT also announced the launch of the new EnterNext Tech 40 index stock market index to coincide with the label. PHARMAGEST INTERACTIVE is included in this new index exclusively for Tech 40 companies. The EnterNext Tech 40 launched on 4 May 2015.

DO-Pill SecuR™ wins first Business FRANCE SILVER ECONOMY PRIZE

In June 2015, PHARMAGEST INTERACTIVE scooped the award for its innovations to improve treatment compliance for DO-Pill SecuR™ particularly. The Business FRANCE Silver Economy Award focuses attention on innovative companies in the sector and rewards start-ups with substantial international potential.

36 more months at home *(36 mois de plus à domicile)*

The Lorraine Regional Council (Conseil Régional de Lorraine) and the European Regional Development Fund (ERDF) agreed to grant a total subsidy of €1.5 million to support the Group's project to extend the time people can be cared for in their home.
The “36 more months at home" project aims to demonstrate the on-the-ground effectiveness of innovative technological solutions for allowing individuals who have lost some independence to remain at home and, ultimately, effective care for loss of independence in the future.

The PHARMAGEST Group is part of the cross-border Franco-German Silver Economy

The PHARMAGEST Group is involved in establishing the Franco-German cross-border Silver Valley. Thierry CHAPUSOT, Chairman of GROUPE WELCOOP and PHARMAGEST INTERACTIVE, was appointed as co-Chair of the Strategy Committee for the Lorraine region Silver Economy network.

The objectives of this Strategy Committee for the region include implementing practical action programs to develop a series of innovative solutions to increase independence and facilitate an ageing population to stay longer in their homes.
The creation of a Franco-German cluster is also part of the Silver Economy industry contract in FRANCE to promote the emergence of a Silver Valley in the Lorraine region. The Group is part of the cross-border cluster that will facilitate interaction with all stakeholders in the Silver Economy in FRANCE and Germany. It will support innovation and promote project development.

DIALAB

In light of the positive outcomes of some of the trials involving the Group and the increasing importance of connected health, it will concentrate further on data analysis using expert systems to generate predictive warnings for healthcare professionals, patients or carers. Its new DIATELIC artificial intelligence subsidiary is part of this pivot towards AI.

12.2 Potential developments

Outlook for the Solutions for Pharmacy Division – Europe

Pharmacy FRANCE Business Line

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

BELGIUM and LUXEMBOURG Pharmacy Business Line

The Pharmacy BELGIUM and LUXEMBOURG Business Line is aiming for continued growth throughout BELGIUM and LUXEMBOURG and forecasts an increase in the number of pharmacies running its software.

Generally speaking, the Solutions for Pharmacy Division - Europe is going in the direction of more global solutions, or comprehensive industry software for pharmacists. These programs will handle management (Pharmacy Management Software such as LGPI), as well as also offering business solutions (Compliance with DO-Pill and Compliance Monitoring).

Outlook for the Solutions for sanitary and medico-social establishments Division

MALTA INFORMATIQUE expects growth in 2016 comparable to 2015. It also decided on a methodical strategy for the intermediate care facilities and specialist care facilities market. They provide care for the disabled and they have similar needs to elderly residential care homes. The potential market would increase by more than 2,000 sites in FRANCE.

Outlook for the Solutions for e-Health Division

The Division expects growth to continue.

E-Patients Business Line

The e-Patients Business Line intends to continue to deploy its solutions in the framework of national and regional calls for projects and trials for which the PHARMAGEST Group was selected.

The "36 more months at home" project is a promising growth driver for the Group. Currently being tested in Lorraine, the project should be rolled out across all of FRANCE, and includes the construction of fully equipped retirement homes.

After having been selected as part of the French Government’s investments for the future programme and being successful in the export market with its DO-Pill SecuR™ electronic pill dispenser, the PHARMAGEST Group is expanding its scope to cover the new sector known as the Silver Economy, in which the Group intends to position itself and take on a leading role. The e-Patients Business Line will also sell DO-Pill SecuR™ in the international market.

E-Connect Business Line

The outlook for the E-Connect Business Line can be summarised as follows:

- Maintain growth levels,
- Address a new category of healthcare professionals,
- Be selected for new telehealth projects.

e-Pharma Business Line

The e-Pharma Business Line strikes a more cautious note on its outlook for 2016, as pharmas tighten up on investments in both marketing and communication aimed at pharmacies.

The e-Pharma Business Line plans to combine all the various components of PHARMAGEST Group's 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.

Outlook for the Fintech Division

Launched in Q2 2015, the Fintech Division aims to gain market share in financing sales of equipment and services to a broader market in addition to healthcare. Prospects are good, based on the initial partnership contacts made since this division was formed.

External growth policy

The PHARMAGEST Group is maintaining its external growth policy by exploring avenues - both in FRANCE and overseas - in the following development areas:

- Services and technologies it could offer to its pharmacist customers to help them in their new advisory role;
- The technological areas that are promising for the development of new products or services to enhance the profitability of pharmacies and/or the efficiency of health systems.

13 PROFIT FORECASTS OR ESTIMATES

As in previous financial years, the company does not include any profit forecasts or 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 2015

Member's full name or Company Name and their roles	Date term of office expires [1]
Mr. Thierry CHAPUSOT *Chairman of the Board of Directors*	31 December 2019
Mr. Dominique PAUTRAT *Managing Director*	31 December 2019 (MD) 31 December 2020 (Board Member)
Mr. Thierry PONNELLE *Deputy Managing Director and Board Member*	31 December 2019 (DMD) 31 December 2019 (Board Member)
Mr. Denis SUPPLISSON *Deputy Managing Director and Board Member*	31 December 2019 (DMD) 31 December 2020 (Board Member)
Mr. Daniel ANTOINE *Board Member*	31 December 2019
Ms. Marie-Louise LIGER *Independent Board Member*	31 December 2020
Mr. François JACQUEL *Board Member*	31 December 2019
Ms. Anne LHOTE *Board Member*	31 December 2016
Ms. Sophie MAYEUX *Independent Board Member*	31 December 2017
GROUPE WELCOOP *represented by Mr. Hugues MOREAUX, Board Member*	31 December 2019

(1) The term of office ends at the close of the Annual General Meeting convened to approve the financial statements for the financial year shown.

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

BOARD MEMBERS

Mr. Thierry CHAPUSOT: Born on 29 April 1959 in NANCY (FRANCE).
An engineer by training (ESSTIN), he obtained his DESS (Master's degree) in Biomedical Engineering in 1982.
Thierry CHAPUSOT began his career in 1983 as a micro-electronics design engineer with TEXET Corporation in Dallas, Texas (US).
On his return to FRANCE, he founded CP INFORMATIQUE in 1986 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 GROUPE WELCOOP 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: He held the position of 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 GROUPE WELCOOP 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 Sales and Marketing 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.

Ms. Marie-Louise LIGER: Born on 24 January 1952 in BAGNEUX (FRANCE).
Graduated from Institut Commercial de Nancy in 1973.
1979 to 2012: Chartered accountant, Statutory Auditor (managing partner in accounting firm SECEF) until 31/12/2012 - Honorary managing partner since 01/01/2013.
Since 1982: Legal expert accredited by the NANCY Appeal Court, registered on the *Cour de Cassation*'s national list of legal experts from 2005. Expert attached to the NANCY Administrative Appeal Court from 2015.
1994 to 1996: Regional advisor to the LORRAINE Institute of Chartered Accountants.
Since 1996: Member of the Board of Directors of the Compagnie des Experts Judiciaires at the NANCY Appeal Court, Treasurer and then Chairperson from 2003 to 2006 - Honorary Chairperson since 2007.
1999 to 2015: Chairperson of the Compagnie des Experts-Comptables Judiciaires, NANCY-METZ section.
2005 to 2015: Member of the Board of Directors of the Conseil National des Experts de Justice (French national counsel of legal experts), Treasurer from 2007 to 2015, and Treasurer of the MOSELLE inter-company mediation centre (CMIM - Centre de Médiation Inter-Entreprises de Moselle).
2007 to 2012: Member of FRANCE's social housing committee, the Commission HLM and CIL at the national auditing body, Compagnie Nationale des Commissaires aux Comptes.
As of 26 June 2015: Member of PHARMAGEST INTERACTIVE's Board of Directors and member of the Audit Committee, Chairperson of the Audit Committee since 1 July 2015.

Mr. François JACQUEL: Born on 26 December 1958 in PERPIGNAN (FRANCE).
He qualified as a Pharmacist from the University of NANCY in 1985.
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.
1995 to 2001: Director of the CERP TROYES branch.
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 MARQUE VERTE SANTE since September 2005.
Member of the Executive Committee of GROUPE WELCOOP effective on 1 January 2010.
Member of the Board of PHARMAGEST INTERACTIVE since 16 June 2011.

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

Mr. Hugues MOREAUX: Born on 10 June 1953 in Canderan (FRANCE).
Doctor of Pharmacy, community Pharmacist, graduated from Bordeaux University, and established in Capbreton (FRANCE) since 1987.
Chairman of the Supervisory Board of GROUPE WELCOOP as of 1 January 2011.
Chairman of the Supervisory Board of MARQUE VERTE SANTE as of 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

Company	Terms of office
PHARMAGEST INTERACTIVE	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 *(formerly WELCOOP PHARMA)*	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	Board Member from 13/05/2009 to 31/12/2012, then Chairman of the Board of Directors as of 01/01/2013
OBJECTIF PHARMA *(formerly PHARMA MOSELLE)*	Chairman of the Executive Committee from 05/10/2010
DEVELOPPEMENT PROMOTION CRISTERS	Chairman from 22/11/2013
QUALITY FLUX *(Belgian company)*	Board Member from 30/10/2009 to 15/06/2011
LABORATOIRE MARQUE VERTE *(formerly SEMES)*	Representing Board Member of GROUPE WELCOOP from 01/01/2010
SCI CERP IMMO 2	Representative of 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. *(Canadian company)*	Board Member from 05/05/2011
DOMEDIC EUROPE	Chairman of the Board of Directors until 23/05/2012, then Board Member
PLANT ADVANCED TECHNOLOGIES - PAT	Board Member from 30 June 2015

Mr. Dominique PAUTRAT

Company	Terms of office
PHARMAGEST INTERACTIVE	Managing Director and Board Member from 01/01/2010
ADI - APPLICATIONS ET DEVELOPPEMENTS INFORMATIQUES	Representing Board Member of CP INTERACTIVE from 01/01/2010
DC INFORMATIQUE	Manager from 01/01/2010
CP INTERACTIVE *(formerly AF INFORMATIQUE)*	Manager from 01/01/2010
CIP *(company wound up by transfer of all assets and liabilities on 30/06/2011)*	Representative of the Chairman of PHARMAGEST INTERACTIVE from 01/01/2010 until 30/06/2011
EUROPEAN HEALTH LOGISTIC SOURCING - EHLS *(formerly MICRO MAINTENANCE FRANCE - MMF)*	Representative of the Chairman of PHARMAGEST INTERACTIVE from 01/01/2010
SCI HUROBREGA	Manager from 01/01/2010
HDM *(Mmauritius)*	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 representative 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	Representative of the Chairman of PHARMAGEST INTERACTIVE from 18/12/2012
GROUPE WELCOOP	Executive Committee Member from 01/01/2013
MARQUE VERTE SANTE *(formerly WELCOOP PHARMA)*	Executive Committee Member from 01/01/2013
LABORATOIRE MARQUE VERTE *(formerly SEMES)*	Chairman of the Board of Directors from 01/01/2013

Mr. Thierry PONNELLE

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

Mr. Denis SUPPLISSON

Company	Terms of office
PHARMAGEST INTERACTIVE	Deputy Managing Director (non-Board Member) from 9/11/2010 to 31/12/2012, then Deputy Managing Director and Board Member from 01/01/2013
DOMEDIC EUROPE	Board Member from 10/06/2011, then Managing Director and Board Member as of 24/01/2014
SABCO *(Luxembourg company)*	Board Member from 11/06/2012
INTECUM	Chairman from 01/01/2013
CPSI	Manager from 30/01/2014

Mr. Daniel ANTOINE

Company	Terms of office
PHARMAGEST INTERACTIVE	Board Member from 30/05/2002
GROUPE WELCOOP	Vice-Chairman of the Supervisory Board
MARQUE VERTE SANTE *(formerly WELCOOP PHARMA)*	Representative 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

Ms. Marie-Louise LIGER

Company	Terms of office
PHARMAGEST INTERACTIVE	Board Member from 26/06/2015
SECEF SARL	Manager until 31/12/2012

Mr. François JACQUEL

Company	Terms of office
PHARMAGEST INTERACTIVE	Board Member from 01/01/2011
GROUPE WELCOOP	Member of the Supervisory Board
SELARL FRANCOIS JACQUEL	Manager
SA PHARMA 10	Member of the Supervisory Board to 31/03/2014
SCI CRAPAUDINE	Joint Manager

Ms. Anne LHOTE

Company	Terms of office
PHARMAGEST INTERACTIVE	Board Member from 16/06/2011
GROUPE WELCOOP	Executive Committee Member from 01/01/2010
MARQUE VERTE SANTE *(formerly WELCOOP PHARMA)*	Member of the Executive Committee since September 2005
INVESTIPHARM FRANCE	Chairman of the Board of Directors from 01/01/2010
D'MEDICA	Board Member
UK PHARMA *(English company)*	Board Member
ESPAFARMED *(Spanish company)*	Board Member
ITAFARM *(Italian company)*	Board Member
SOFAREX *(Belgian company)*	Managing Director
INVESTIPHARM BELGIUM (*Belgian company)*	Managing Director
ALPHA FINANCE REPARTITION *(Belgian company)*	Managing Director
BELGIUM INVESTMENT DISTRIBUTION *(Belgian company)*	Representing Board Member of STALLION MANAGEMENT until 09/12/2014
STALLION MANAGEMENT *(Luxembourg company)*	Board Member until 09/12/2014
OBJECTIF PHARMA	Member of the Executive Committee since 25/06/2009
AUXI EXPORT *(Belgian company)*	Manager
PHARMALAB INTERNATIONAL Ltd *(Hong Kong)*	Director since 28/11/2014

Ms. Sophie MAYEUX

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

Mr. Hugues MOREAUX

Company	Terms of office
PHARMAGEST INTERACTIVE	Representing Board Member of GROUPE WELCOOP from 01/01/2011
GROUPE WELCOOP	Chairman of the Supervisory Board from 01/01/2011
MARQUE VERTE SANTE *(formerly WELCOOP PHARMA)*	Chairman of the Supervisory Board from 01/01/2011
D'MEDICA	Representing 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
LABORATOIRE MARQUE VERTE *(formerly SEMES)*	Board Member from 01/01/2011
INVESTIPHARM FRANCE	Representing 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 are set out in the report on internal control and risk management in Section 24.3 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/or the report on internal control and risk management in Section 24 herein.

Nonetheless, we draw your attention to the following:

Minimum number of shares for each Board member
Each Board Member must hold one share, in accordance with the Articles of Association and the Board's internal rules.

Board of Directors
The operating methods for the Board of Directors are set out in the report on internal control and risk management in Section 24.3 of this Registration Document.

Independent Board Members
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 Ordinary and Extraordinary General Meeting of Shareholders on 26 June 2015 appointed Ms. Marie-Louise LIGER 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 24.3 herein.

Audit Committee
In 2015, the Audit Committee comprised:

- Mr. Daniel ANTOINE, Board Member;
- Mr. Michel DUSSERRE, Independent Board Member until 26 June 2015;
- Ms. Marie-Louise LIGER, Independent Board Member as of 26 June 2015;
- Mr. François JACQUEL, Board Member.

Ms. Marie-Louise LIGER was appointed Chair of the Audit Committee as of 1 July 2015 to replace Mr. Michel DUSSERRE.

The operating methods for the Audit Committee are set out in the report on internal control and risk management in Section 24.3 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 24.3.

Corporate governance
PHARMAGEST INTERACTIVE has followed the MiddleNext Corporate Governance Code as the most appropriate corporate governance framework for its size and shareholder structure.

17 EMPLOYEES

17.1 Human resources

Human resources and the labour relations environment are described in Corporate Social Responsibility report in Section 24.12 of this Registration Document.

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 stock option plan was introduced 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 €986,893 in fiscal 2015, as against €1,088,833 in 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).

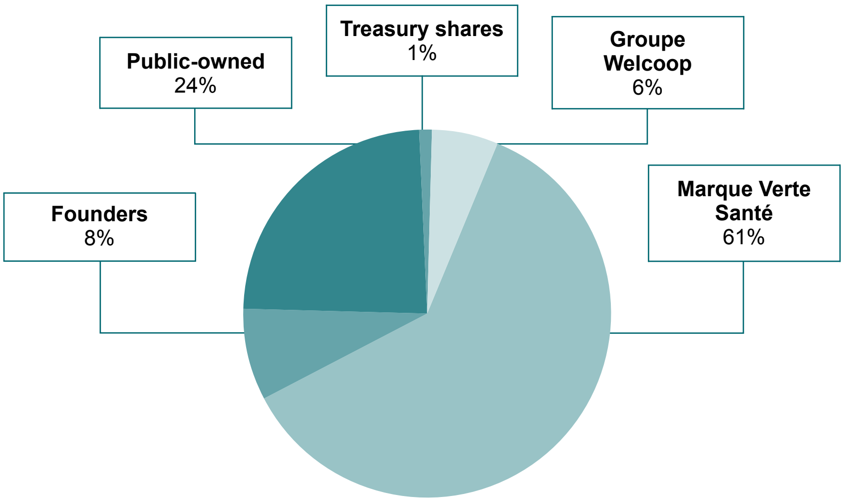
The amounts constituting the profit-sharing reserve are paid into the following corporate mutual funds (FCPE): *"Perspective Monétaire A", "Perspective Obligations MT A", "Perspective Confiance 90 A", "Avenir Tempéré", "Avenir Equilibre", "Perspective Actions Europe A"* and *"Social Active Solidaire"*, which are managed ny 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 the second quarter of 2016 by the PHARMAGEST Group in respect of the 2015 financial year: €2,010,396.

18 MAIN SHAREHOLDERS

18.1 Shareholding structure

Capital breakdown as at 31 March 2016:



The Extraordinary General Meeting of Shareholders on 26 June 2015 voted for a 5-for-1 stock split that reduces the share price for €1 to €0.20. As a result, on 5 August 2015, shareholders held five times more shares, but with no change to their percent holding.

Voting rights as at 31 December 2015

Shareholder	Number of shares	% capital	Theoretical voting rights	Voting rights exercisable at AGM	Voting rights (%)
SC Ermitage Saint Joseph *(Thierry CHAPUSOT)**	772,200	5.09	772,200	772,200	5.16
Thierry PONNELLE*	457,950	3.02	457,950	457,950	3.06
Subtotal founding directors	**1,230,150**	**8.11**	**1,230,150**	**1,230,150**	**8.21**
MARQUE VERTE SANTE *(formerly WELCOOP PHARMA)*	9,182,595	60.51	9,182,595	9,182,595	61.32
GROUPE WELCOOP	929,260	6.12	929,260	929,260	6.21
Sub-total GROUPE WELCOOP	**10,111,855**	**66.64**	**10,111,855**	**10,111,855**	**67.52**
Treasury shares	198,279	1.31	198,279	0	0.00
Public share	3,633,841	23.95	3,633,841	3,633,841	24.26
TOTAL	**15,174,125**	**100**	**15,174,125**	**14,975,846**	**100**

** Founding shareholders*

The shareholder officers are Messrs. Thierry CHAPUSOT and Thierry PONNELLE.

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:

- 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%;
  - The WELCOOP Group purchased 27,812 shares in the market and now holds 6.12%.

- There were no significant disposals in 2015 crossing the legal thresholds and declared to the AMF.

All transfers in 2013 and 2014 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 2015 and the date of issue of this Registration Document.

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	91,590	91,590	3.06
Subtotal founding directors	**246,030**	**8.11**	**246,030**	**246,030**	**8.21**
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
Sub-total GROUPE WELCOOP	**2,022,371**	**66.64**	**2,022,371**	**2,022,371**	**67.52**
Treasury shares	39,709	1.31	39,709	0	0
Public share	726,715	23.95	726,715	726,715	24.26
TOTAL	**3,034,825**	**100**	**3,034,825**	**2,995,116**	**100**

Voting rights as at 31 December 2013

Shareholder	Number of shares	% capital	Theoretical voting rights	Voting rights exercisable at AGM	Voting rights (%)
SC Ermitage Saint Joseph *(Thierry CHAPUSOT)*	154,440	5.09	154,440	154,440	5.09
Thierry PONNELLE	91,590	3.02	91,590	91,590	3.02
Subtotal founding directors	**246,030**	**8.11**	**246,030**	**246,030**	**8.11**
MARQUE VERTE SANTE *(formerly WELCOOP PHARMA)*	1,860,519	61.31	1,860,519	1,860,519	61.32
GROUPE WELCOOP	158,040	5.21	158,040	158,040	5.21
Sub-total GROUPE WELCOOP	**2,018,559**	**66.51**	**2,018,559**	**2,018,559**	**66.53**
Treasury shares	830	0.03	830	0	0
Public share	769,406	25.35	769,406	769,406	25.36
TOTAL	**3,034,825**	**100**	**3,034,825**	**3,033,995**	**100**

18.2 Control

The GROUPE WELCOOP 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 WELCOOP's 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 pacts, and no 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 - Note 15, Information on related party transactions, to the individual financial statements in this Registration Document.

Details of financial flows between the PHARMAGEST Group and related parties are detailed in Section 20.3.1.5 - Note 12, Transactions with related parties, to the consolidated financial statements in this Registration Document.

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

20.1 Financial information relative to past years

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 2013 and 31 December 2014, which are contained in the 2013 Registration Document, filed under number D. 12-0427 on 29 April 2014, and the 2014 Registration Document, filed under number D. 15-0429 on 29 April 2015, respectively.

20.2 Pro forma financial information

Given that changes in scope and application of new standards had little impact, no pro forma financial statements were prepared.

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	31/12/2015	31/12/2014
Intangible assets	3.4.1/2	12,333	11,279
Goodwill	3.4.1/2	27,744	27,744
Property, plant and equipment	4.1/2	4,988	4,386
Non-current financial assets	6.1.1/2	313	262
Securities valued by the equity method	2.1.2	669	716
Deferred tax assets	9.2.2	364	482
Total non-current assets		**46,411**	**44,868**
Current assets			
Stocks and work-in-progress	7.5	2,384	2,300
Trade receivables	7.4	15,991	15,284
Other receivables	7.4	4,069	3,389
Securities available for sale	6.2	41,177	35,236
Other financial assets	6.3	0	0
Cash and cash equivalents	6.4	13,949	12,475
Total current assets		**77,569**	**68,684**
TOTAL		**123,981**	**113,552**

Statement of Financial Situation - Equity capital and Liabilities - In €K	Notes	31/12/2015	31/12/2014
Equity capital			
Capital Consolidated reserves Profit for the year		3,035 68,822 18,792	3,035 61,299 17,011
Equity capital - Group share		**90,649**	**81,345**
Reserves - Minority interests Earnings - Minority interests		703 204	396 -46
Minority interests		**907**	**350**
Total equity capital (consolidated)	**10**	**91,557**	**81,695**
Non-current liabilities			
Long-term provisions Long-term liabilities Deferred tax liability Other long-term payables	11.1 6.5 9.2.2 7.6	2,363 1,103 476 1,295	2,027 1,037 350 0
Total non-current liabilities		**5,237**	**3,415**
Current liabilities			
Short-term provisions Financial liabilities owed within a year Trade accounts payable Tax liability Other short-term payables	11.1 6.5 7.6 7.6 7.6	210 478 6,696 786 19,017	70 538 6,303 566 20,966
Total current liabilities		**27,187**	**28,443**
TOTAL		**123,981**	**113,552**

20.3.1.2 Consolidated profit and loss statement - IFRS

Profit and loss account - In €K	Notes	31/12/2015	31/12/2014
Turnover	7.1	113,477	114,560
Other business income		0	0
Subtotal Operating revenue		**113,477**	**114,560**
Purchases consumed		-24,080	-28,408
Personnel expenses		-42,232	-41,533
Purchases and external expenses		-13,898	-14,411
Taxes and duties		-2,533	- 2,624
Depreciation allowance	7.7	-2,957	-2,519
Allocation to provisions	7.7	174	164
Other income and expenditure		330	277
Subtotal Operating expenses		**-85,196**	**-89,054**
Current operating profit		**28,281**	**25,506**
Other operating income		0	0
Other operating expenses		0	0
Operating profit		**28,281**	**25,506**
Income from cash flow and equivalents	6.6	1,192	1,143
Cost of gross financial debt	6.6	-159	-157
Cost of net financial debt		**1,033**	**986**
Other financial income and expenditure	6.6	0	-1
Tax expense		-10,274	-9,392
Share of net profit/(loss) from equity-accounted entities		-42	-135
Net profit/(loss) from continuing operations		**18,996**	**16,965**
Net profit/(loss) from discontinued operations		**0**	**0**
Net profit/(loss) for the year		**18,996**	**16,965**
Profit/(loss) attributable to equity holders of the parent		18,792	17,011
Net profit/(loss) Minority share		204	-46
Basic earnings per share (group share)	10.4	1.25	5.68
Diluted earnings per share (group share)	10.4	1.24	5.60 [(1)]

[(1)] *The amount stated in the intermediary report published on 30/06/2015 contained an error.*

Statement of net profit/(loss) and gains and losses recorded directly in equity In €K	Notes	31/12/2015	31/12/2014
Net profit/(loss)		**18,996**	**16,965**
Items subsequently reclassified to net profit/(loss)			
Translation adjustments Changes in fair value of derivative hedging instruments Financial assets available for sale Related taxes		2 0 0 0	-6 0 0 0
Items not subsequently reclassified to net profit/(loss)			
Revaluation of fixed assets Revaluation/actuarial differences for defined contribution pension plans Stock option expense over the period Related taxes		0 -413 125 138	0 98 9 -33
Total gains and losses recorded directly in equity		**-148**	**69**
Net profit/(loss) and gains and losses recorded directly in equity		**18,848**	**17,034**
Net profit/(loss) and gains and losses recorded directly in equity - Group share		**18,644**	**17,080**
Net profit/(loss) and total gains and losses recorded directly in equity - Minority share		**204**	**-46**
Basic earnings per share and total gains and losses recorded directly in equity - Group share		1.24	5.70
Diluted earnings per share and net total gains and losses recorded directly in equity - Group share		1.23	5.61

20.3.1.3 Consolidated cash flow statement - IFRS

Consolidated cash flow statement - In €K	31/12/2015	31/12/2014
I. Operating activities and investments		
Operating profit	**28,281**	**25,506**
Net amortisation expense and provisions, excluding tax and financial items	2,940	2,329
Other estimated expenses, excluding financial items	125	9
Capital gains or losses on disposals of fixed assets	-67	-22
Other adjustments	0	0
Cash flow from operating activities	**31,279**	**27,824**
Gross financial debt, interest paid	-159	-157
Taxes paid	-10,060	-9,684
Cash flow after interest and tax	**21,059**	**17,983**
Stock variation	-85	-394
Change in trade receivables	-706	-763
Change in trade payables	392	-1,571
Change in other receivables and payables	-700	1,433
Change in working capital requirement	**-1,098**	**-1,295**
Change in cash flow from operations	**19,961**	**16,688**
Acquisitions of intangible assets and property, plant and equipment	-4,660	-3,329
Disposals of intangible assets and property, plant and equipment	127	44
Security deposits and other cash flows from operating investments	534	-10
Operating investment	**-4,000**	**-3,295**
Change in cash flow from operations and operating investments	**15,961**	**13,393**
II. Financial investments		
Acquisitions of financial investments	0	0
Disposals of financial investments	0	0
Impact of acquisitions and disposals of investments in consolidated entities	-285	0
Change in cash flow from financial investments	**-285**	**0**
III. Capital transactions		
PHARMAGEST INTERACTIVE capital increase	0	0
Capital increase of subsidiaries by minority interests	0	0
Acquisitions and disposals of PHARMAGEST INTERACTIVE shares (treasury shares)	-6	-3,867
Dividends received from equity-accounted entities	0	0
Dividends paid by PHARMAGEST INTERACTIVE	-8,686	-7,582
Dividends paid to minority interests by consolidated subsidiaries	-174	-205
Acquisitions and disposals of minority interests	0	237
Change in cash flow from capital transactions	**-8,865**	**-11,417**
IV. Financing operations		
Loan issues or borrowings and financial liabilities	0	284
Repayments of borrowings and financial liabilities	-626	-647
Acquisitions and disposals of financial investments (securities available for sale/other financial assets)	-5,941	-5,826
Income from cash flow and equivalents, interest received	1,192	1,143
Change in cash flow from financing operations	**-5,375**	**-5,046**
V. Impact of translation adjustments/financial instruments and other financial income/expenses	**0**	**0**
Cash at bank and in hand	1,473	-3,610
Bank overdrafts	37	-540
Change in net cash position	**1,436**	**-3,070**

Closing cash flow statement - In €K	31/12/2015	31/12/2014	Changes in scope	Change
Cash at bank and in hand Bank overdrafts	13,949 237	12,475 200	0 0	1,473 37
Change in net cash position	**13,712**	**12,275**	**0**	**1,436**

20.3.1.4 Statement of changes in equity - IFRS

Statement of changes in equity	Group share					Equity – minority share	Total equity
In €K	Capital	Conso-lidated reserves and retained earnings	Treasury shares	Gains and losses recorded directly in equity	**Equity capital – Group share**		
Equity capital as at 01/01/2014	**3,035**	**73,086**	**-76**	**-407**	**75,640**	**431**	**76,071**
Changes in accounting methods							
Equity capital as at 01/01/2014, adjusted	**3,035**	**73,086**	**-76**	**-407**	**75,640**	**431**	**76,071**
Capital transactions Share-based payments Purchases and sales of treasury shares Dividends	 	 -7,582	 -3,867 	 	 -3,867 -7,582	 -205	 -3,867 -7,787
Net profit/(loss) for the year Gains and losses recorded directly in equity **Net profit/(loss) and gains and losses recorded directly in equity** **Other**		17,011 **17,011** **6**		 69 	17,011 69 **17,080** **6**	-46 	16,965 69 **17,034** **6**
Changes in scope						**0**	**0**
Change in equity interests in subsidia-ries with no loss of control		**67**			**67**	**170**	**237**
Equity capital as at 31/12/2014	**3,035**	**82,588**	**-3,943**	**-338**	**81,345**	**350**	**81,695**
Changes in accounting methods [(1)] **Equity capital as at 01/01/2015**	 **3,035**	**168** **82,756**	 **-3,943**	 **-338**	**168** **81,513**	**3** **353**	**171** **81,866**
Capital transactions Share-based payments Purchases and sales of treasury shares Dividends		 - 8,686	 -6 		 -6 -8,686	 -174	 -6 -8,860
Net profit/(loss) for the year Gains and losses recorded directly in equity **Net profit/(loss) and gains and losses recorded directly in equity** **Other**		18,792 **18,792** **-5**		 -150 	18,792 -150 **18,642** **-5**	204 	18,996 -150 **18,846** **-5**
Changes in scope							
Change in equity interests in subsidiaries with no loss of control		**-809**			**-809**	**524**	**-285**
Equity capital as at 31/12/2015	**3,035**	**92,047**	**-3,949**	**-448**	**90,649**	**907**	**91,557**

[(1)] *Impacts of the application of IFRIC 21*

20.3.1.5 Notes to the consolidated financial statements

The financial statements show a statement of financial situation amounting to €123,981 K and a total net profit of €18,848 K.

NOTE 1 - Accounting principles

1.1 Applicable texts

1.1.1 Change in accounting polices in 2015

The PHARMAGEST Group's annual consolidated financial statements at 31 December 2015 have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as published by the IASB and approved by the European Union (published in the OJEU).

The accounting principles applied are identical to those applied by the Group to prepare the financial statements at 31 December 2014, with the exception of the following standards, amendments and interpretations mandatory as of 1 January 2015:

- **Annual improvements:** Annual improvements (2011-2013);
- **IFRIC 21** interpretation on recognition of levies.

The effects of applying IFRIC 21 were a €171 K increase in consolidated reserves as at 1 January 2015 and a €115 K reduction in operating profit as at 31 December 2015.

Application of these texts did not have any significant impact on the 2015 consolidated financial statements.

1.1.2 Standards, amendments and interpretations with mandatory application as at 1 january 2016

The standards applicable to the PHARMAGEST Group as of 1 January 2016 are:

- **Amendment to IAS 19** relative to the recognition of employee contributions to post-employment benefits;
- **Annual improvements:** 2010-2012 and 2012-2014 annual improvement cycles;
- **Amendments to IAS 16 and 38** on clarification of acceptable depreciation and amortisation methods;
- **Amendment to IAS 1** Presentation of Financial Statements, "Disclosure Initiative";
- **Amendments to IFRS 10, 11, 12** on exemption from the duty to prepare consolidated financial statements;
- **Amendments to IFRS 10 and IAS 28** on sales and contributions of assets between the Group and equity-accounted entities.

These texts were not early-applied at 31 December 2015, where authorised by the texts.

Application of these standards had no material impact on the PHARMAGEST Group's consolidated financial statements.

1.1.3 Other changes to standards effective after 1 january 2016

The PHARMAGEST Group formed working groups in 2016 and will continue to assess the impacts of application of the following standards:

- IFRS 9 Financial Instruments, as of 1 January 2018;
- IFRS 15 Revenue from Contracts with Customers, as of 1 January 2018;
- IFRS 16 Leases, as of 1 January 2019.

1.1.4 First-time adoption in IFRS

The Group prepared financial statements in accordance with IFRS for the first time on 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:

- The previous accounting treatment (acquisition method or pooling of interests) is retained;
- 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 gains and losses on pension liabilities, the option offered by IFRS 1 in this regard was not retained.

Stock options

The PHARMAGEST Group has 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 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. Specifically, these items 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 to the consolidated financial statements.

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 it is exposed or entitled to variable returns and in which it has the capacity to influence these returns because of the Group's decision-making rights (in terms of financial and operating policies).

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

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.

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 2015 consolidation are those as at 31 December 2015.

2.1.1 Fully consolidated companies

Company	Address	% control	% interest
PHARMAGEST INTERACTIVE	Villers-lès-Nancy (54)	Consolidating company	Consolidating company
ADI [(1)]	Saclay (91)	50	50
CPI	Dijon (21)	100	100
CPSI	Baie Mahault (97)	100	100
DCI	Mérignac (33)	100	100
DIATELIC	Villers-lès-Nancy (54)	95.29	95.29
DOMEDIC EUROPE	Villers-lès-Nancy (54)	65	65
EHLS	Quéven (56)	100	100
HEALTHLEASE	Paris (75)	100	100
HDM LIMITED	Mauritius	100	100
INTECUM	Bastia (20)	100	100
KAPELSE	Villers-lès-Nancy (54)	70	70
MALTA INFORMATIQUE	Mérignac (33)	100	100
NANCEO	Paris (75)	100	100
SABCO	Luxembourg	100	100
SABCO SERVICES	Belgium	100	100
SCI HUROBREGA	Quéven (56)	100	100

[(1)] Given the economic and contractual relationship between PHARMAGEST INTERACTIVE and ADI (which distributes LGPI Global Services® products), and the control of the company (equal distribution of Board members, Chairman's 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

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

GROUPE DOMEDIC INC.'s corporate purpose is to improve the quality of life of people with health problems requiring regular medical treatment. GROUPE DOMEDIC INC. develops products to support people who are aware of the importance for their health of closely monitoring their medical treatments.
As at 31 December 2015, it reported losses of CAD 172 K and its net position was positive at CAD 12 K.
PHARMAGEST INTERACTIVE considers that it does not have significant influence.

Balance sheet items - In €K	Gross value as at 31/12/2014	Increase	Decrease	Reclassification	Changes in scope	Gross value as at 31/12/2015
Securities valued by the equity method [(1)]	716		47		0	669
TOTAL	**716**		**47**			**669**

[(1)] 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
GROUPE DOMEDIC INC	8	187	65	603	669
TOTAL				**603**	**669**

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 disposed of its interest in SFLD during the financial year.

QUALITY FLUX was removed from the scope of consolidation in 2014 due to the PHARMAGEST Group's small shareholding (15.15%) and its non-material nature.

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 2015

- Creation of NANCEO, a simplified joint stock company (SAS) with capital of €1,000,000 with its registered office in Paris, offering financing solutions for leased assets in the services sector;
- Acquisition of additional equity in INTECUM, bringing PHARMAGEST INTERACTIVE's share in the capital to 100% from 63.99%, with no impact on 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

- 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 removed from the scope of consolidation 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 registered 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 Guyana.
- Acquisition of additional equity in DIATELIC, bringing PHARMAGEST INTERACTIVE's 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.

2.3 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 - Intangible assets

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 for the assessment at 31 December 2015.

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	Amortisation 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 at 31/12/2014	Increase	Decrease	Reclassification	Changes in scope	Gross value at 31/12/2015
R&D costs	15,736	2,789				18,525
Customer relations [1]	1,493					1,493
Other intangible assets	6,605	372	26	-50		6,901
Goodwill	27 744					27,744
TOTAL	**51,578**	**3,161**	**26**	**-50**		**54,663**

[1] *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 with indefinite useful lives.
Accordingly, and since there is no impairment to be reversed, the recoverable amount of CGUs is not disclosed, in accordance with IAS 36 revised (see 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 (in €K):

SOLUTIONS FOR PHARMACY DIVISION - EUROPE	Pharmacy FRANCE Business Line			24,781
	CIP MIRABEL EHLS TECHNILOG OSIS DCI INTECUM	13,136 1,072 3,816 179 213 415 635	ADI DDI VIP PHARMA CSSI FICHORGA ROUSSEAU CPI Bourges	87 886 35 366 3,666 243 32
	BELGIUM and LUXEMBOURG Pharmacy Business Line			2,164
	SABCO/SABCO SERVICES	2,164		
	PME			15
	CPI Dijon	15		
	Sub-total Division			**26,961**
SOLUTIONS FOR SANITARY AND MEDICO-SOCIAL ESTABLISHMENTS DIVISION	Sub-total Division	255	AZUR SOFTWARE	300
	Sous-total Division			**555**
SOLUTIONS FOR E-HEALTH DIVISION	DIATELIC	228		
	Sous-total Division			**228**
TOTAL				**27,744**

3.4.2 Amortisation and depreciation

Balance sheet items - In €K	Value at 31/12/2014	Allowances	Decreases	Reclassification	Changes in scope	Value at 31/12/2015
Other intangible assets Research and Development Customer relations	2,792 8,673 1,095	331 1,622 149	26	-45		3,052 10,295 1,245
TOTAL	**12,560**	**2,102**	**26**	**-45**		**14,592**

NOTE 4 - Property, plant and equipment

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	Value at 31/12/2014	Increases	Decreases	Reclassification	Changes in scope	Value at 31/12/2015
Land	631					631
Buildings	6,179	79	6			6,252
Equipment	342	501	1			843
Other property, plant and equipment	4,674	918	272			5,321
TOTAL	**11,826**	**1,499**	**278**			**13,046**

4.2 Amortisation and depreciation

Applying 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:

Property, plant and equipment	Useful life	Depreciation method
Buildings	15 to 30 years	Straight line
Fittings	8 to 30 years	Straight line
General facilities	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 at 31/12/2014	Allowances	Decreases	Reclassification	Changes in scope	Value at 31/12/2015
Property, plant and equipmen	7,440	855	232	5	0	8,058
TOTAL	**7,440**	**855**	**232**	**5**	**0**	**8,058**

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 PHARMAGEST 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 to the consolidated financial statements for related off-balance sheet commitments.

NOTE 5 - Impairment test methods

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

Such evidence may include:

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

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

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

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

Impairment losses for goodwill cannot be reversed.

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

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

Thus, all intangible assets not subject to depreciation and goodwill are allocated to each business line (Note 3.4 to the consolidated financial statements).

The valuation method is based on discount cash-flow valuation with flows for 2016 to 2019 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 4 years.

Impairment tests carried out in 2015 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

In €K	Value at 31/12/2014	Increases	Decreases	Reclassification	Changes in scope	Value at 31/12/2015
Loans, deposits and sureties Other investments	262 5	51 0	0 5	0 0	0 0	313 0
TOTAL	**267**	**51**	**5**	**0**	**0**	**313**

6.1.2 Impairment

In €K	Value at 31/12/2014	Allowances	Decreases	Reclassification	Changes in scope	Value at 31/12/2015
Other investments	5	1	5	0	0	1
TOTAL	**5**	**1**	**5**	**0**	**0**	**1**

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	31/12/2015	31/12/2014
Capital bond [(1)]	41,177	35,236
TOTAL	**41,177**	**35,236**

[(1)] *This is a euro fund investment contract subscribed with AXA, which has an investment profile similar to French government bonds (OAT by their French acronym) 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 time, 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	31/12/2015	31/12/2014
Open-end investment fund/Time deposit accounts	6,134	7,217
Cash at bank and in hand	3,807	5,258
Financial advance [1]	4,008	0
TOTAL	**13,949**	**12,475**

[1] The PHARMAGEST Group provided an advance to MARQUE VERTE SANTE, which was authorised by its governance.

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	31/12/2015				31/12/2014
	Gross amount	Less than 1 year	1 to 5 years	More than 5 years	Gross amount
Bank overdrafts	237	237			200
Bank borrowings	464	239	225		1,090
Sureties [1]	878		878		284
Loans and financial liabilities					1
TOTAL	**1,581**	**478**	**1,103**		**1,575**

[1] These other financial liabilities are reclassified in non-current liabilities and consist of the surety received under the SESAM-Vitale update service.

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

In €K	Financial debt		
Maturities	Fixed rate	Floating rate	Total
Less than 1 year 1 to 5 years More than 5 years	239 225 0	0 0 0	239 225 0
TOTAL	**464**	**0**	**464**

None of these loans are subject to covenant.

6.6 Financial earnings

In €K	31/12/2015	31/12/2014
Income from cash flow Capital gains from disposals of short-term investments Revenue from short-term investments/Financial investments Other financial income Reversals of provisions	**1,192** 0 1,133 54 5	**1,143** 1 1,138 4 0
Cost of gross debt Expenses on disposals of short-term investments Financial interest paid and discounts obtained Other financial expenses Allowances for financial provisions	**159** 0 144 15 1	**157** 0 159 0 -2
Other financial income and expenditure Currency hedging gains Currency hedging losses Other financial income and expenditure	**0** 0 0 0	**-1** 0 -1 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 2015, the PHARMAGEST Group had €14 million in net available cash.

In addition to this cash flow available in the short term, the PHARMAGEST Group has undrawn bank overdraft facilities totalling of €8 million, as well as a balance of €41 million in available-for-sale securities (the penalty for early exit only concerns the interest incurred).

With €63 million in net available liquidity, the Group has sufficient financial resources to fund current operations, make the investments necessary for its future development, and address exceptional events that may arise.

The loan maturities are detailed in Note 6.5 to the consolidated financial statements.

The financing sources used by the PHARMAGEST Group are bank overdraft facilities, 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.

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 2015.

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%	
Maturing:					
2016	239	223	16	0	0
2017	225	225	0	0	0
2018	0	0	0	0	0
2019	0	0	0	0	0
2020	0	0	0	0	0
Thereafter	0	0	0	0	0
TOTAL	**464**	**448**	**16**	**0**	**0**

Note the early redemption during the financial year of the loan carrying interest of more than 4%, without penalty, in the amount of €360 K, €289 K of which matured after 2015.

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 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 two months). Invoices financed by leasing companies accounted for 36% of consolidated sales in 2015, with 97% of this through leasing companies working with HEALTHLEASE.
- Trade receivables not depreciated at 31 December 2015 were analysed individually, and payment was received after the balance sheet date for the majority (see Note 7.4 to the consolidated financial statements).

6.8 Off balance-sheet commitments relating to Group financing

In €K	31/12/2015	31/12/2014
Pledges, mortgages and security interests on property*	440	1,014
Assigned receivables not yet due	0	0
Other financial commitments given	0	0
TOTAL	**440**	**1,014**

** All pledges were subscribed for bank borrowings. The amount shown corresponds to the balance of relevant borrowings at 31 December 2015.*

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 2015, the PHARMAGEST Group is unaware of any significant off-balance sheet commitments other than those set out above.

NOTE 7 - Operating data

7.1 Turnover

The PHARMAGEST Group's turnover consists primarily of revenue from the following activities:

- Hardware sales;
- Software sales;
- Maintenance 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.

7.1.1 Net sales

In €K	31/12/2015	31/12/2014
Maintenance and sale of databases Other services, including e-advertising [1] Sales of configurations and hardware Training and new product services	35,840 1,843 61,776 14,017	34,086 10,519 56,272 13,683
TOTAL	**113,477**	**114,560**

[1] Following a change to regulations, the e-Pharma Business Line discontinued its Communication Services business in 2014.

7.2 Segment reporting

In the interests of better legibility of its businesses and strategy, the PHARMAGEST Group renamed its businesses in 2015 and created four Divisions structured into business lines:

- **Solutions for Pharmacy Division - Europe:** essentially computer systems for pharmacies. The division includes the former Pharmacies FRANCE and BeLux activities, as well as CPI's SME business;
- **Solutions for e-Health Division:** combines innovative technological infrastructures for e-Health, including applications for medical telemetry monitoring and services to the pharmaceutical industry. This division is made up of the former Pharmaceutical companies Division's and e-Health Division's businesses;
- **Solutions for sanitary and medico-social establishments Division:** this is the IT for care homes segment, mainly associated with MALTA INFORMATIQUE. It corresponds to the former Care Homes business;
- **Fintech Division:** financing solutions for leased assets in the services sector offered by the new subsidiary, NANCEO.

These Divisions bring together business lines, departments, agencies and legal entities involved in the same business.

7.2.1 Operating statement by business line

2015 - In €K	Divisions		IFRS restatement **	Total
	Pharmacy Europe	Other*		
Turnover	98,061 *87%*	14,812 *13%*	+604	113,477
Depreciation and amortisation of tangible and intangible assets	-1,098 *56%*	-848 *44%*	-1,011	-2,957
Operating income	24,906 *85%*	4,490 *15%*	-1,116	28,281
Recurring income	26,004 *85%*	4,501 *15%*	-1,193	29,312
Share of businesses consolidated by equity method	0	-42	0	-42
Income tax liability or income	-8,524 *85%*	-1,440 *15%*	-310	-10,274
Net profit/(loss)	**15,585** *84%*	**2,972** *16%*	**+439**	**18,996**

2014 - In €K	Divisions		IFRS restatement **	Total
	Pharmacy Europe	Other*		
Turnover	97,670 *85%*	16,972 *15%*	-82	114,560
Depreciation and amortisation of tangible and intangible assets	-1,280 *79%*	-334 *21%*	-905	-2,519
Operating income	24,479 *90%*	2,858 *10%*	-1,831	25,506
Recurring income	25,466 *90%*	2,904 *10%*	-1,878	26,492
Share of businesses consolidated by equity method	-135	0	0	-135
Income tax liability or income	-8,376 *91%*	-839 *9%*	-177	-9,392
Net profit/(loss)	**15,269** *89%*	**1,916** *11%*	**-220**	**16,965**

** The 'Other' section corresponds to the Solutions for e-Health Division, Solutions for sanitary and medico-social establishments Division and the Fintech Division. None of these divisions accounted for more than 10% of sales, assets, or consolidated profit/(loss).*
*** Restatement in view of the option not to capitalise the Group's pharmacy business R&D in the consolidated financial statements prepared under French GAAP.*

The figures by business line are derived from internal reporting drawn up in accordance with French GAAP 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	31/12/2015			31/12/2014
	Net amount	1 year	+ 1 year	Net amount
Customers (1) Other receivables	15,991 4,069	15,991 4,069		15,284 3,389

(1) All trade receivables making up the consolidated ageing balance below have been individually examined and are provisioned according to an assessment of a proven risk of individual non-recovery using the following rules

Receivables < 180 days Receivables between 180 and 360 days Receivables > 360 days	0% provision 50% provision 100% provision

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

The provision recorded at end-2015 is €361 compared to €454 K at end-2014.

The customer balance breaks down as follows (in €K):

Net amount	Not yet due	<60 days	60<X<180 days	> 180 days
15,991	9,776	5,896	304	15

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	31/12/2014	Allocation	Reversal used	Reversal not used	31/12/2015
Provision for impairment of trade accounts receivable	454	55	98	50	361

7.5 Inventories

Inventories and work in progress are recognised at the acquisition cost. Serialised equipment is measures 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	31/12/2015			31/12/2014
	Gross amount	Impairment	Net amount	Net amount
Components	105		105	67
Equipment	2,080	222	1,857	1,927
Supplies	199	9	190	146
Parts and after-sales service	290	94	197	159
In progress	35		35	1
TOTAL	**2,709**	**324**	**2,384**	**2,300**

7.6 Trade accounts payable and other liabilities

In €K	31/12/2015				31/12/2014
	Gross amount	Less than 1 year	1 to 5 years	More than 5 years	Gross amount
Trade accounts payable	6,696	6,696	0		6,303
Other payables	21,098	19,803	1,188	107	21,532
TOTAL	**27,794**	**26,499**	**1,188**	**107**	**27,835**

7.7 Net amortisation expense and operating provisions

€K	31/12/2015	31/12/2014
	2,783	**2,355**
Depreciation allowance	2,957	2,519
Provisions for fixed assets	0	0
Provisions for current assets	-161	26
Provisions for contingencies and charges	-13	-190

All reversals of provision are presented less allowances.

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

In €K	31/12/2015	31/12/2014
Contractual obligation on property finance leasing	0	0
Contractual obligation on equipment operating lease	1,494	1,407
Contractual obligation on property operating lease	6,935	5,506
Irrecoverable purchasing obligation	0	0
Other contractual obligations	0	0
Commitments given in relation to business development	0	0
Tax commitments	0	0
TOTAL	**8,429**	**6,914**

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

As at the reporting date of 31 December 2015, the PHARMAGEST Group is unaware of any significant off-balance sheet commitments other than those set out above.

NOTE 8 - Employee salaries and benefits

8.1 Workforce and payroll

The PHARMAGEST Group employed a total of 539 non-executive personnel in 278 executive personnel (817 full-time equivalent). Personnel expenses mainly comprise gross pay, social charges and payroll subsidies amounting to €40,222 K and a contributions totalling €2,010 K.

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 to the consolidated financial statements 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 was set aside in the 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 €500 K and the amount recognised in FY 2015 is €125 K.

8.3.1 FY 2014 stock option plan

Stock option information	Historical information	Proforma information (1)
Date of Board Meeting	05/12/2014	05/12/2014
Total number of shares that may be subscribed or purchased	47,891	239,455
Of which the number that may be subscribed or purchased by:		
- Corporate officers, Board Members and Finance and Personnel Management Committee members.	*0*	*0*
- Top ten employee grantees (other than corporate officers)	*5,000*	*25,000*
Earliest exercise date	05/12/2018	05/12/2018
Last exercise date	04/12/2022	04/12/2022
Subscription price	100.57 €	20.11 €
Number of shares subscribed as at 31/12/2015	0	0
Number of shares lost as at 31/12/2015	- 3,264	- 16,320
Remaining stock options	44,627	223,135

(1) The Extraordinary General Meeting on 26/06/2015 voted to approve the stock split, reducing the share value to €0.20 from €1. The decision was effective on 05/08/2015.

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 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 ans
Volatility (1)	20.00%
Risk-free rate	0.45%
Expected dividends	2.61%
Turnover	5.00%
Fair value of the option (2)	12.83 €

(1) Estimated from historic volatility based on the PHARMAGEST INTERACTIVE share price
(2) Assessed in 2014, before the 5-for-1 stock split.

8.4 Management compensation

Gross compensation received by management bodies in 2015 totalled €513 K. 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 €37 K. No advances or loans were granted to members of management bodies by PHARMAGEST INTERACTIVE and controlled companies.

Furthermore, the provision for retirement benefits includes €140 K 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 corporation tax contribution, also limited to this base (added value). Thus, the CVAE is recognised in the income statement similarly to the allocation of the former corporation tax and therefore does not generate any deferred tax liability (see the statement by the French National Accounting Council (CNC) (now the French Accounting Standards Board), dated 14 January 2010).

9.1.2 Tax credit for competitiveness and employment (CICE)

The tax credit as of 2014 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 from personnel expenses (€1,020 K at 31 December 2015).
The CICE income for fiscal 2013 was applied in accordance with the aims of the measure, i.e. to improve the Group's 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	31/12/2015
Current tax	9,645
Contribution on dividends	333
Deferred tax	296
Total tax expense	**10,274**

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	31/12/2015
Net profit/(loss) from consolidated companies	18,996
Tax on earnings	10,274
Pre-tax earnings from consolidated companies	**29,270**
Theoretical tax expense at the statutory corporate income tax rate (33.33%)	**9,756**
Permanent differences	191
Rate differences	-44
Tax deficits not capitalised	158
Company consolidated under the equity method	14
Additional contribution	205
CICE	-340
Contribution on dividends	333
Actual tax expense	**10,274**
Effective tax rate	35.10%

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
Changes affecting 2014	88	123	-34
At 31 December 2014	**482**	**350**	**132**
Changes affecting 2015	-118	126	-244
At 31 December 2015	**364**	**476**	**-112**

Deferred taxes are recognised by company in equity.

The main deferred tax assets and liabilities are as follows:

In €K	31/12/2014	Change	Changes in scope	31/12/2015
Impact of losses carried forward [(1)]	**325**	**-117**		**208**
Tax effect of timing differences related to:				
Provisions for pensions	536	141		677
Company liabilities	649	21		670
Tax liabilities	85	-83		2
Stock margin adjustment	32	-5		27
Other temporary differences	57	-19		38
Revaluation adjustment	2	-2		0
Sales adjustment	232	-123		109
R&D activation	-1,788	-54		-1,842
Other adjustments	2	-2		0
Total temporary differences	**-193**	**-127**		**-320**
Gross deferred tax assets (liabilities)	**132**	**-244**		**-112**
Provision				
Net deferred tax assets (liabilities)	**132**	**-244**		**-112**

[(1)] *The tax deficits capitalised mainly relate to tax losses for CPI, DIATELIC and NANCEO. 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 €2,885 K balance of INTECUM deficits, giving a potential deferred tax asset of €961 K.*

By the authorisation of the Board of Directors meeting on 5 December 2014, the tax consolidation group was formed on 1 January 2015, with PHARMAGEST INTERACTIVE as the parent. The other company in addition to the parent is DIATELIC. The tax consolidation agreement provides that tax is calculated in each subsidiary as though no tax consolidation existed, in accordance with the principle of neutrality, and the profits and losses of the tax consolidation are recognised by the parent company, PHARMAGEST INTERACTIVE. DIATELIC reported a tax loss of €(117) K in 2015.

NOTE 10 - Equity and earnings per share

10.1 Share capital and reserves

On 5 August 2015, PHARMAGEST INTERACTIVE went ahead with a 5-for-1 stock split that reduced the share price from €1 to €0.20. The share capital is now divided into 15,174,125 shares at €0.20 each, instead of the current 3,034,825 at €1 each. There is only one share category and one voting right per share. The number of outstanding shares did not change over the year.
PHARMAGEST Group reserves stand at €68,822 K, of which €13,207 K in issue premium, €(14) K translation adjustment, €309 K in legal reserve and €55,320 K in other reserves.

10.2 Treasury shares held by PHARMAGEST INTERACTIVE

10.2.1 Treasury shares

The item comprises 198,279 PHARMAGEST INTERACTIVE shares, wholly owned by the company.
The share price of PHARMAGEST INTERACTIVE was €21.32 at 31 December 2015.

10.2.1.1 Liquidity contract

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 made are framed by the annual authorisation given by the General Meeting on the redemption programme.

In 2015, the following movements took place on the liquidity contract:

- Purchases: 123,771 shares at an average price of €22.71;
- Sales: 123,682 shares at an average price of €22.59;

Evaluations are calculated using the weighted average price.

At 31 December 2015, 2,769 shares were listed in the liquidity account and the cash balance was €69 K.

10.2.1.2 Share buyback programme (outside the liquidity contract)

PHARMAGEST INTERACTIVE acquired 39,102 shares at an average price of €99.45 per share in fiscal 2014, giving a pro forma amount of 195,510 shares at an average price of €19.89. This purchase volume must be seen in light of the stock option plan introduced in 2014 (c.f. Note 8.3.1 to the consolidated financial statements).

10.3 Dividends

The dividend paid out in 2015 on the 2014 earnings was €8.686 K, amounting to €0.58 per share (equating to €2.90 per share before the split).

A dividend of €0.60 (€3 pro forma for 2014) per share will be proposed to the Annual General Meeting.
The distribution of dividends to non-Group shareholders amounting to €174 K 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	31/12/2015	31/12/2014 Proforma	31/12/2014 Company history
Net profit/(loss) for the year (in €)	**18,792,270**	**17,011,038**	**17,011,038**
Number of shares	**15,174,125**	**15,174,125**	**3,034,825**
Number of treasury shares held Weighted average number of ordinary shares to calculate basic earnings per share	198,279 14,975,846	198,190 14,975,935	39,638 2,995,187
Basic earnings per share (in €)	**1.25**	**1.14**	**5.68**
Stock options outstanding Weighted average number of ordinary shares to calculate diluted earnings per share	0 15,174,125	0 15,174,125	0 3,034,825
Diluted earnings per share (in €)	**1.24**	**1.12** (1)	**5.60** (1)

(1) *The amount stated in the interim report published on 30/06/2015 contained an error.*

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.

Provisions for contingencies and charges

In €K	Value at 31/12/2014	Allocation	Reversal (provision used)*	Reversal (provision redundant)	Other movements	Changes in scope	Value at 31/12/2015
Provisions for disputes (1) Provisions for contingencies (2) Provisions for charges Provisions for termination benefit (3)	**88** **402** **0** **1,607**	138 296 443	49 299 19	33			**144** **399** **0** **2,031**
Provisions for contingencies in respect of securities valued by the equity method	**0**						0
TOTAL	**2,097**	**876**	**367**	**33**			**2,573**

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

(1) Provisions for disputes: €144 K:
- Provisions for ongoing labour disputes: €123 K;
- Provisions for ongoing client disputes: €21 K.

(2) Provisions for risks: €399 K
In the main, this is a provision to guarantee technical back-up subsequent to the sale of RENTPHARM contracts (hardware maintenance).

(3) Provision for termination benefits: €2,031 K
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 according to the discount rate used to value the commitment rather than the expected rate of return was identified as non-significant and was therefore not restated for 2015 and in prior periods.

In €K	31/12/2015	31/12/2014
Commitment at start of period	**2,509**	**2,491**
Service cost Financial cost Cost of past services and change of method Actuarial gains (+)/Actuarial losses (-) generated during the financial year	81 76 0 413	39 78 0 -98
Real commitment at end of period	**3,079**	**2,509**
Fair value of assets at start of period	**902**	**640**
Expected return on assets Contributions Benefits paid Actuarial gains (+)/Actuarial losses (-)	17 197 -68 0	30 256 -24 0
Fair value of assets at end of period **Provision at start of period** **Provision at end of period**	**1,048** **1,607** **2,031**	**902** **1,850** **1,607**

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 years;*
- *Turnover: depending on age bracket;*
- *Discount rate: 2.56%;*
  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).
- *Wage growth: 1%;*
- *Recognition of annuity contingency.*

The PHARMAGEST Group conducted an evaluation of the sensitivity of the provision for termination benefit to changes in the discount rate and wage growth rate. A change of +/-0.5 points in the discount rate or the wage growth rate would have an impact of +/-9% on the commitment.

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	31/12/2015	31/12/2014
Trade accounts payable	-8	6
Operating expenses for the period	158	0
Trade receivables	0	0
Operating revenue for the period	0	0

12.2 Nature of relations with other companies in GROUPE WELCOOP

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

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

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

In 2015, the PHARMAGEST Group provided an advance to MARQUE VERTE SANTE, which was authorised by its governance.

In €K	31/12/2015	31/12/2014
Trade accounts payable	134	115
Operating expenses for the period	980	1,280
Trade receivables	239	442
Operating revenue for the period	820	5,476
MARQUE VERTE SANTE financial advance	4,008	0

NOTE 13 - Other disclosures

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

Amount in €K (2015)	Statutory mandate	Work carried out as part of diligence procedures directly related to the mandate
PHARMAGEST INTERACTIVE	78	
ADI	7	
CPI	0	
CPSI	0	
DCI	0	
DIATELIC	3	
DOMEDIC EUROPE	1	
EHLS	11	
HDM	2	
HEALTHLEASE	8	
INTECUM	3	
KAPELSE	5	
MALTA INFORMATIQUE	6	
NANCEO	2	
SABCO	3	
SABCO SERVICES	4	
SCI HUROBREGA	0	
GROUPE DOMEDIC INC.	3	
TOTAL	**134**	

NOTE 14 - Events after the reporting period

- MALTA INFORMATIQUE acquired all the equity in DICSIT, a company that develops applications, registered in the NANCY Trade and Companies Register under entry number 400 504 387;

- GROUPE DOMEDIC INC., a subsidiary of PHARMAGEST INTERACTIVE, signed a strategic partnership agreement with TELUS Santé, which will gradually take equity over an 18-month period. Following its investment in TELUS Santé, the PHARMAGEST Group retains a 26.05% stake.

20.3.2 PHARMAGEST INTERACTIVE individual financial statements

20.3.2.1 Balance Sheet

Balance sheet assets - In €K	Notes	31/12/2015			31/12/2014
		Gross	Depreciation and provisions	Net	Net
Fixed assets					
Intangible assets	1.4/5	19,040	1,810	17,230	17,219
Property, plant and equipment	1.4/5	8,378	5,583	2,794	2,631
Financial fixed assets	2.3/4	16,136	799	15,336	14,117
Total		**43,554**	**8,193**	**35,361**	**33,967**
Current assets					
Stocks and work-in-progress	3	391	139	252	297
Trade receivables	4 and 5	12,728	225	12,502	13,163
Other receivables	4 and 5	8,008		8,008	3,458
Short-term investments	6.1	47,126	1	47,125	42,275
Cash at bank and in hand	6.1	1,171		1,171	1,856
Total		**69,423**	**365**	**69,058**	**61,048**
Prepaid expenses	4 and 5	**356**		**356**	234
Conversion losses		**3**		**3**	5
TOTAL ASSETS		**113,336**	**8,558**	**104,778**	**95,254**

Balance sheet liabilities - In €K	Notes	31/12/2015	31/12/2014
Equity capital			
Capital	7	3,035	3,035
Reserves and retained earnings		56,624	47,268
Profit for the year		16,152	18,042
Total		**75,811**	**68,344**
Provisions for contingencies and charges	**8**	**2,586**	**2,372**
Debts			
Loans and financial liabilities	9.1	7,064	4,137
Trade payables	9.1	6,918	6,993
Other payables	9.1	12,127	12,676
Total		**26,109**	**23,806**
Prepaid income		**272**	**731**
TOTAL LIABILITIES		**104,778**	**95,254**

20.3.2.2 Profit & Loss account

In €K	Notes	2015	2014
Operating revenue			
Net turnover	10	87,486	96,228
Expense transfers	11	2,320	2,299
Other operating revenue	11	1,494	1,253
Reversals of provisions and depreciations	11	796	1,064
Total		**92,095**	**100,844**
Operating expenses			
Purchases consumed		19,646	27,176
Purchases and external expenses		14,093	14,792
Taxes and duties		2,048	2,171
Personnel expenses	12.1	32,647	32,592
Depreciation allowance		680	810
Allocation to provisions		965	821
Other operating expenses		121	73
Total		**70,200**	**78,436**
Operating income		**21,895**	**22,407**
Current financial income		3,440	4,776
Current financial expenses		90	52
Financial earnings		**3,351**	**4,724**
Recurring income		**25,246**	**27,131**
Extraordinary income		39	334
Extraordinary expenses		29	331
Extraordinary earnings	**13**	**10**	**2**
Corporate income tax	14.2	7,238	7,244
Employee profit-sharing		1,866	1,847
Net profit/(loss)		**16,152**	**18,042**

20.3.2.3 Notes to the individual financial statements

Total balance sheet before appropriation: €104,778,092. Net profit/(loss): €16,152,017.

The notes indicated below form an integral part of the annual financial statements drawn up by the Board Directors on 1 April 2016.

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.

Highlights:

- PHARMAGEST INTERACTIVE performed a 5-for-1 stock split. The share capital is now divided into 15,174,125 shares at €0.20 each, instead of the previous 3,034,825 at €1 each
- Acquisition of additional equity in INTECUM, bringing the share in the capital to 100% from 63.99%, with no impact on control.
- Creation of NANCEO, a simplified joint stock company (SAS) with capital of €1,000,000 with its registered office in Paris, offering financing solutions for leased assets in the services sector.

Note 1 - Intangible assets and property, plant and equipment

1.1 Value of intangible assets and property, plant and equipment

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

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, amounted to €3,668 K in 2015.

1.2 Amortisation and depreciation of intangible assets and property, plant and equipment

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

1.3 Evaluation of non-depreciable assets

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 (discounted cash flow) per business line. If the recoverable amount is lower than the carrying amount, an impairment is recognised on the shortfall.

1.4 Movements over the year are as follows

Gross values - In €K	At start of period	Increase	Decrease	At end of period
Intangible assets	**18,834**	**211**	**5**	**19,040**
Property, plant and equipment	**7,850**	**673**	**145**	**8,378**
Land Leasehold improvements Equipment and tooling General facilities Transport equipment Office material and equipment Fixed assets in progress Other property, plant and equipment	423 3,409 35 1,028 329 2,619 0 6	0 58 2 26 73 514 0 0	0 11 0 5 66 64 0 0	423 3,456 37 1,050 336 3,069 0 6
Total intangible assets and property, plant and equipment	**26,684**	**884**	**150**	**27,418**

1.5 Amortisation, depreciation and provisions for intangible assets and property, plant and equipment

Depreciations and provisions - in €K	At start of period	Increase	Decrease	At end of period
Amortisation of intangible assets	1,595	195	0	1,790
Provisions for intangible assets	21	0	0	21
Total amortisation and provisions for intangible assets	**1,615**	**195**	**0**	**1,810**
Depreciation of property, plant and equipment: *- Leasehold improvements* *- Equipment and tooling* *- General facilities* *- Transport equipment* *- Office material and equipment*	*1,878* *31* *932* *183* *2,194*	*154* *2* *29* *55* *246*	*11* *0* *4* *47* *59*	*2,021* *33* *957* *192* *2,381*
Total depreciation and provisions for property, plant and equipment	**5,219**	**485**	**121**	**5,583**
Amortisation, depreciation and provisions for intangible assets and property, plant and equipment	**6,834**	**680**	**121**	**7,394**

Note 2 - Financial fixed assets

2.1 Valuation of financial fixed assets

Gross value relates to the acquisition cost excluding associated expenses.

2.2 Depreciation of financial fixed assets

Equity investments are valued based on the same impairment tests as those used for business and similar assets. See Note 1.3 to the individual financial statements.

2.3 The movements in the year are as follows

Gross values - In €K	At start of period	Increase	Decrease	At end of period
Equity investments *(details below)*	14,567	1,285	5	15,847
Debenture loan	100	0	100	0
Security deposits and guarantees	253	40	5	288
Total financial fixed assets	**14,921**	**1,325**	**110**	**16,136**

Breakdown of equity investments:

Company	Gross amount of securities In €K	Percentage held
ADI	352	50.00%
CPI	137	100.00%
CPSI	100	100.00%
DCI	816	100.00%
DIATELIC	467	95.29%
DOMEDIC EUROPE	78	65.00%
EHLS	4,690	100.00%
GROUPE DOMEDIC INC	1,120	35.00%
HDM	30	100.00%
HEALTHLEASE	1,407	100.00%
INTECUM	1,115	100.00%
KAPELSE	700	70.00%
MALTA INFORMATIQUE	186	100.00%
NANCEO	1,000	100.00%
QUALITY FLUX	160	15.15%
SABCO	3,490	100.00%
TOTAL	**15,847**	

For more information on the PHARMAGEST Group's equity investments in subsidiaries, please see the table in Note 15.5.

2.4 Amortisation/provisions on securities and other financial fixed assets

Amortisation and provisions - in €K	At start of period	Increase	Decrease	At end of period
Amortisation of financial fixed assets	0	0	0	0
Provisions for financial fixed assets	804	0	5	799
Total amortisation and provisions for financial fixed assets	**804**	**0**	**5**	**799**

The impairment tests did not reveal any additional impairment.

SABCO securities were written down by €639 K.
QUALITY FLUX securities were written off in full.

Note 3 - Inventories of goods

3.1 Inventory valuation

At the end of each period, a physical stock-take is carried out and checked against the permanent inventory.

- Serialised inventories are valued according to the individual cost principle;
- low-value repairable non-serialised inventories are valued at the weighted average unit cost.

In €K	31/12/2015			31/12/2014
	Gross amount	Impairment	Net amount	Net amount
Serialised inventory Non-serialised inventory	296 94	52 86	244 8	281 16
TOTAL	**391**	**139**	**252**	**297**

3.2 Allowance for inventory obsolescence

Serialised inventory is depreciated if the equipment is listed in inventory for over six months after the date of acquisition by PHARMAGEST INTERACTIVE.
Non-serialised repairable inventory is depreciated according to the inventory rotation periods.

In €K	At start of period	Increase	Decrease	At end of period
Inventory provisions	177	21	59	139

Note 4 - Operating receivables

4.1 Valuation of operating receivables

Trade receivables are stated at face value.

In €K	31/12/2015			31/12/2014
	Gross amount	1 year	> 1 year	Gross amount
Trade receivables	12,728	12,455	273	13,397
Other receivables and accruals	8,364 (1)	8,364	0	3,692

(1) including €4,008 K in a current account advance to MARQUE VERTE SANTE, PHARMAGEST INTERACTIVE'S parent company. This cash advance was granted under the terms of a regulated agreement, in the interests of both parties.

4.2 Impairment of operating receivables

A provision for impairment is booked when the inventory value is lower than the face value.

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 Receivables between 180 and 360 daysn Receivables > 360 days	0% provision 50% provision 100% provision

In €K	At start of period	Increase	Decrease	At end of period
Provisions for receivables	234	30	39	225

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

Note 5 - Accrued income included in balance sheet items (in €K)

Financial fixed assets Trade payables Trade receivables Other receivables Cash at bank and in hand	0 55 1,222 1,456 0

Note 6 - Cash and short-term investments

6.1 Table of Cash and short-term investments

Gross values - In €K	31/12/2015	31/12/2014
Treasury shares - liquidity contract(1) Treasury shares - stock option plan(1) Open-end investment fund/Time deposit accounts Capital bonds	60 3,889 2,000 41,177	55 3,889 3,098 35,236
Sub-total short-term investments	**47,126**	**42,277**
Cash at bank and in hand	1,171	1,856
TOTAL	**48,297**	**44,132**

(1) Evaluations are calculated using the weighted average price.

6.2 Treasury shares

This account includes:

- 2,769 PHARMAGEST INTERACTIVE Treasury shares held under the liquidity contract managed by Gilbert DUPONT;
- 195,510 Treasury shares at an average price of €19.89, held under the stock option plan introduced by the Board of Directors on 5 December 2014.

6.3 Liquidity contract

Movements in 2015 relating to the liquidity contract, wholly-owned by PHARMAGEST INTERACTIVE, were as follows:

- Purchases: 123,771 shares at an average price of €22.71;
- Sales: 123,682 shares at an average price of €22.59.

No shares were purchased under the stock option plan.

6.4 Capitalisation bond

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.

Note 7 - Share capital

	Number	Face value in €
Securities at the start of the period	3,034,825	1.00
Securities issued	0	
Securities redeemed or cancelled	0	
Stock split on 5 August 2015	15,174,125	0.20
Securities at the end of the period	15,174,125	0.20

One share is entitled to one vote.

In its press release of 7 July 2015, the PHARMAGEST Group announced that in order to increase stock liquidity and continue to diversify its shareholder base, the Extraordinary General Meeting of Shareholders on 26 June 2015 decided to divide PHARMAGEST INTERACTIVE's nominal share value by five (5). Therefore, the share capital was split into 15,174,125 shares of €0.20 each, all of the same class, compared with 3,034,825 shares of €1 previously.

Note 8 - Provisions for contingencies and charges

In €K	Value at 31/12/2014	Allocation	Reversal (provision used)	Reversal (provision redundant)	Change of Method	Changes in scope / Other	Value at 31/12/2015
Provisions for disputes	50	128	49	1	0	0	128
Provisions for contingencies	869	493	648	0	0	0	714
Provisions for termination benefit	1,448	293	0	0	0	0	1,741
Provisions for exchange rate losses	5	0	2	0	0	0	3
TOTAL	**2,372**	**914**	**699**	**1**	**0**	**0**	**2,586**
Operating income	2,367	914	697	1	0	0	2,583
Financial earnings	5	0	2	0	0	0	3
Extraordinary earnings	0	0	0	0	0	0	0

8.1 Provisions for contingencies

Provisions for contingencies mainly comprise:

- Provisions related to specific equipment maintenance contracts for the Pharmacy business in the amount of €390 K;
- Provisions relating to the marketing of e-business licenses and LGPI Global Services® with free software maintenance for up to 30 months. This corresponds to the costs of software back-up over the period, i.e. €324 K.

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.

Environmental aspects

PHARMAGEST INTERACTIVE's main activity is publishing software. Hence no classified environmental facilities are operated by the Group that could have a significant impact on the environment. Therefore it is not materially exposed to environmental risk, insofar as it recycles all the equipment it takes back through its EHLS subsidiary.

Please refer to Section 24.1.1 for the analysis of the industrial and environmental risks to which the PHARMAGEST Group is exposed.

8.2 Provisions for retirement benefits

The provision for retirement benefits amounted to €,1741 K. It 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 years;
- Discount rate: 2.56% (*);
- 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 partially outsource contingencies for retirement benefits. €180 K was paid out in 2015. The amount of the provision represents the remaining contingency (gross commitments less hedged items, which were €972 K at 31/12/2015).

The variation and sensitivity tests are in Section 20.3.1.5 – Note 11.1 of the Registration Document.

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.

Stock options

PHARMAGEST INTERACTIVE does not recognise a provision for stock options. It acquired 195,510 Treasury shares at an average price of €19.89 in 2014. This number represents the actual exercise of options under the plan. Accordingly, PHARMAGEST INTERACTIVE considers it reasonable not to set aside provisions for this item. For further information, please see Note 10.2.1.2. to the consolidated financial statements.

Note 9 - Debts

9.1 Statement of liabilities

In €K	31/12/2015				31/12/2014
	Gross amount	Of which less than 1 year	Of which more than 1 year	Of which more than 5 years	Gross amount
Credit institutions [1][2]	248	123	125	0	368
Miscellaneous financial liabilities	0	0	0	0	0
Advances and pre-payments	185	185	0	0	327
Trade accounts payable	6,918	6,918	0	0	6,993
Social and income tax liabilities	11,940	11,523	417	0	12,344
Group and partners [3]	6,816	6,816	0	0	3,769
Other payables	2	2	0	0	5
Prepaid income	272	272	0	0	731
TOTAL	**26,381**	**25,839**	**542**	**0**	**24,537**

[1] *All borrowings are fixed rate.*
[2] *Borrowings repaid over the year: €120 K.*
[3] *In 2015, PHARMAGEST INTERACTIVE made two cash pooling agreements with its main banks to optimise cash flow.*

PHARMAGEST has no debt represented by commercial paper.

9.2 Accrued expenses included in balance sheet items

Accrued expenses - In €K	2015
Loans and borrowings with credit institutions	1
Miscellaneous loans and financial liabilities	0
Trade payables	1,632
Social and income tax liabilities	9,371
Other payables	32

9.3 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 2015 but not yet fully paid. These fell from €731 K in 2014 to €272 K in 2015.

Note 10 - Turnover

Breakdown of turnover - In €K	2015	2014
Turnover - maintenance and services	29,040	28,526
Turnover - other services, including e-advertising	1,722	10,385
Turnover - configurations	47,289	46,577
Turnover - training services and new products	9,435	10,739
TOTAL	**87,486**	**96,228**
Turnover in FRANCE	87,486	96,228
Exports and deliveries within the EU	0	0

Note 11 - Other operating revenue

In €K	2015	2014
Subsidy	91	104
Reversals of depreciations and provisions	796	1,064
Expense transfers [1]	2,320	2,299
Other income	1,403	1,149
TOTAL	**4,609**	**4,616**

[1] Expense transfer is related to:

- *Re-invoicing of personnel costs to other PHARMAGEST Group and GROUPE WELCOOP companies amounting to €414 K;*
- *Re-invoicing of service to other PHARMAGEST Group and GROUPE WELCOOP companies amounting to €1,594 K;*
- *Reimbursement of personal expenses (including vehicle expenses) in the amount of €221 K;*
- *Repayment of structural expenses for €91 K.*

Note 12 - Personnel expenses

12.1 Breakdown of personal expenses

In €K	31/12/2015	31/12/2014
Wages and salaries	21,991	21,650
Social charges	9,869	9,710
Other personnel expenses	1,628	2,046
Tax credit for competitiveness and employment (CICE) [1]	-841	-814
TOTAL	**32,647**	**32,592**

[1] PHARMAGEST INTERACTIVE treats the tax credit for competitiveness and employment as an item of compensation. It is therefore recognised as a reduction from personnel expenses.

Individual training account

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.

This individual training account means that each employee or jobseeker is entitled to receive training. The account follows the person throughout their career until retirement.

Training hours under the company's collective bargaining agreement are credited to the employee's account as follows: each employee is credited with 24 hours of training per year on a full-time basis (for the first five years) up to 120 hours. After this, they are credited with 12 hours per year full-time (for the next three years), with the overall total capped at 150 hours. Some periods of absence are fully taken into account to calculate the individual training account. These include maternity, adoption, parental, family support, parental education and paternity leave, as well as time off due to occupational illness or occupational accident. If an employee has not worked full-time hours during the year, the training credit is calculated pro rata to the hours worked.

12.2 Directors' compensation

Gross compensation received by management bodies in 2015 totalled €513 K. 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 €37 K. No advances or loans were granted to members of management bodies by PHARMAGEST INTERACTIVE and controlled companies.

Furthermore, the provision for retirement benefits includes €140 K for members of management bodies.

12.3 Workforce (full-time equivalent - FTE)

31/12/2015	Salaried personnel	Seconded personnel *
Managers	216	0
Supervisors / Senior technicians	56	0
Employees	355	0
TOTAL	**627**	**0**

** Personnel are seconded to PHARMAGEST INTERACTIVE.*

Note 13 - Extraordinary earnings

In €K	31/12/2015	31/12/2014
Extraordinary income	**39**	**334**
On management transactions Net value of disposals Charges to provisions Other extraordinary income	0 39 0 0	0 334 0 0
Extraordinary expenses	**29**	**331**
On management transactions Net value of disposals Charges to provisions Other extraordinary expenses	0 29 0 0	0 331 0 0

Extraordinary earnings/(loss) mainly concern disposals of fixed assets. These were non-material in 2015. In 2014, they related in the main to the disposal of 30% of KAPELSE'S capital.

Note 14 - Taxes

14.1 Tax consolidation

A tax consolidation group was formed on 1 January 2015, with PHARMAGEST INTERACTIVE as the parent. The other company in addition to the parent is DIATELIC. The tax consolidation agreement provides that tax is calculated in each subsidiary as though no tax consolidation existed, in accordance with the principle of neutrality, and the profits and losses of the tax consolidation are recognised by the parent company, PHARMAGEST INTERACTIVE.

14.2 Breakdown of income tax payable by PHARMAGEST INTERACTIVE companies

In €K	Earnings before tax	Tax	Net profit/(loss) after tax
Recurring income	25,246	7,512	17,733
Extraordinary earnings	10	3	7
Employee profit-sharing	-1,866	-622	-1,244
Tax credit	0	-80	80
Social contribution	0	202	-202
Contribution on dividends	0	261	-261
Settlement of corporate income tax N-1	0	0	0
Tax consolidation	0	-39	39
Profit/(loss)	**23,390**	**7,238**	**16,152**

14.3 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 is recognised as a tax expense (€261 K at 31 December 2015).

14.4 Impact of adverse tax assessments (in €K)

Profit for the year	16,152
Tax on earnings	- 7,238
Earnings before tax	23,390
Change in regulated provisions	0
Earnings before tax, excluding adverse tax assessments	23,390

14.5 Increases and reductions in future tax liability

Type - In €K	31/12/2014		Changes		31/12/2015	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Provisions that are not deductible in the year of recognition:	**0**	**2,169**	**0**	**-81**	**0**	**2,088**
Employee profit-sharing	*0*	*1,847*	*0*	*18*	*0*	*1,866*
Social solidarity contribution	*0*	*150*	*0*	*-40*	*0*	*110*
Non-deductible provisions	*0*	*172*	*0*	*-59*	*0*	*113*
Provision for retirement benefits	**0**	**1,448**	**0**	**293**	**0**	**1,741**
TOTAL	**0**	**3,617**	**0**	**211**	**0**	**3,829**

In €K	Total	Taxes
Increases:	**0**	**0**
Regulated provisions	0	0
Grants to be reincorporated in earnings	0	0
Decreases:	**0**	**0**
Provisions that are not deductible in the year of recognition	2,088	696
Provision for retirement benefits	1,741	580
Total operating deficits carried forward	0	0
Total deferred depreciations	0	0
Total long-term capital losses	0	0

Note 15 - Other information

15.1 Identity of the consolidating parent company of PHARMAGEST INTERACTIVE

MARQUE VERTE SANTE - 7 allée de Vincennes - 54 500 VANDOEUVRE-LES-NANCY.
MARQUE VERTE SANTE is a subsidiary of **GROUPE WELCOOP**.

15.2 Items concerning related companies

Balance sheet items - In €K	GROUPE WELCOOP companies	Fully consolidated subsidiaries	Fully consolidated sub-subsidiaries
Gross contributions	0	14,567	0
Receivables	243	8,965 [1]	2
Trade payables	125	4,090	19
Other payables	0	0	0
Other liabilities - current account	0	6,085	731
Other receivables	4,008	2,330	0
Financial earnings - In €K	GROUPE WELCOOP	Subsidiaries	Sub-subsidiaries
Financial expenses	0	25	3
Financial income	8	2,355	0
Total financial earnings	**8**	**2,330**	**-3**

[1] *of which €7,425 K 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, with the exception of the specific regulated agreement between MARQUE VERTE SANTE, PHARMAGEST INTERACTIVE's parent company, and PHARMAGEST INTERACTIVE covering the cash advance granted by the latter to the parent.

PHARMAGEST INTERACTIVE and its subsidiaries do not discount trade receivables.

15.3 Off-balance sheet commitments

In €K	31/12/2015	31/12/2014
Cross-guarantees on contracts	0	0
Assigned receivables not yet due	0	0
Pledges, mortgages and security interests on property [*]	248	367
Sureties, endorsements and guarantees given	0	0
Other commitments given	0	0
TOTAL	**248**	**367**

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

Off-balance sheet commitments do not concern directors, subsidiaries, companies in which PHARMAGEST INTERACTIVE has an interest, or other related companies.

Contractual obligations - In €K	Total (incl. tax)	Payments due per period		
		Less than 1 year	1-5 years	More than 5 years
Long-term liabilities	248	123	125	0
Leasing transactions	0	0	0	0
Operating leases	1,388	832	556	0
Property leases	5,880	1,360	3,267	1,253
Other long-term obligations				
TOTAL	**7,516**	**2,315**	**3,948**	**1,253**

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

As at the reporting date of 31 December 2015, PHARMAGEST INTERACTIVE is unaware of any significant off-balance sheet commitments other than those set out above.

15.4 Events after the reporting period

GROUPE DOMEDIC INC., a subsidiary of PHARMAGEST INTERACTIVE, signed a strategic partnership agreement with TELUS Santé, which will gradually take equity over an 18-month period. Following its investment in TELUS Santé, the PHARMAGEST Group retains a 26.05% stake.

15.5 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)									
ADI 4 rue René Chazel Le Diamant 91 400 SACLAY	48	697	50.00%	352			4,443	307	173
CPI 25 bd Champ aux Métiers 21 800 QUETIGNY	8	546	100.00%	137			1,675	112	
DCI Avenue Henri Becquerel 33 700 MERIGNAC	38	728	100.00%	816			91	64	
DOMEDIC EUROPE 5 allée de Saint Cloud 54 600 VILLERS LES NANCY	120	-50	65%	78			205	13	
EHLS 1 impasse Per Jakez Helias Parc d'activité de la Bienvenue 56 530 QUEVEN	144	5,115	100.00%	4,690			19,625	928	800
HDM (1) 5 President Kennedy Street PORT LOUIS *(Mauritius)*	30	177	100.00%	30			518	108	80
MALTA 9 rue de Montgolfier 33 700 Mérignac	200	3,789	100.00%	186			6,872	1,680	
SABCO Rue d'Arlon 2 8399 WINDHOF *(Luxembourg)*	39	1,142	100.00%	3,490			3,175	281	
DIATELIC 5 allée de Saint Cloud 54 600 VILLERS LES NANCY	37	-3	95.29%	467	595		297	-95	
KAPELSE 5 allée de Saint Cloud 54 600 VILLERS LES NANCY	1,000	625	70.00%	700	12		5,425	988	

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									
INTECUM Z.I de Erbajolo - lieu-dit Pastoreccia 20 600 BASTIA	464	-1 869	100.00%	1,115	1,676		467	-610	
HEALTHLEASE 1 bis rue de Havre 75 008 PARIS	1,000	1,344	100.00%	1,407			42,390	1,240	1,260
CPSI 448 rue de la Chapelle ZI de Jarry 97 122 BAIE MAHAULT	100	-25	100.00%	100			554	23	
NANCEO 1 bis rue de Havre 75 008 PARIS	1,000	-106	100.00%	1,000			1,957	-106	
B.Equity interests (10% to 50% owned)									
GROUPE DOMEDIC INC. 2500 rue Jean Perrin - local 190 QUEBEC (QC) G2C 1X1 (Canada)	2,070	- 2,183	35.00%	1,120	26		168	-121	
2° General information on subsidiaries or equity interests									
A. Subsidiaries not listed in paragraph 1: a) French subsidiaries (total) b) Foreign subsidiaries (total)									
B. Equity interests not listed in paragraph 1: a) In French companies (total) b) In foreign companies (total)									
QUALITY FLUX (2) Rue de la terre à briques 7522 Tournai (Belgium)	181	-252	15.15%	160			19	-63	0
TOTAL	**6,479**	**9,675**		**15,847**	**2,309**	**0**	**87,883**	**4,748**	**2,313**

(1) *Operating income*
(2) *Accounts as at 31/12/2013*

20.4 Auditing of financial information

20.4.1 Statutory Auditors' report on the consolidated financial statements (Year ended 31 December 2015)

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 2015, 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 and of the results of its operations for the year 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 mandatory 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 €27.7 million at 31 December 2015 is tested for impairment as set out in the note "Accounting principles - Methods used for performing impairment tests".
  We have examined the conditions under which these tests were performed and the assumptions used to draw up the cash flow projections and sensitivity tests and we have verified that the notes to the financial statements provide appropriate disclosures.

- ***Provisions for contingencies and charges***
  Your company records provisions for contingencies and charges using the methods set out in the note "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 observation to make regarding the fair presentation of this information, and its consistency with the consolidated financial statements.

Drawn up in Vandœuvre-lès-Nancy and Courbevoie, 22 April 2016

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 (Year ended 31 December 2015)

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 2015 on:

- the audit of the accompanying annual financial statements of PHARMAGEST INTERACTIVE, presented 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, 2015 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:

- ***Non-depreciable assets***
  Once a year, the company performs an impairment test on non-depreciable assets as set out in Note 1.3 "Evaluation of non-depreciable assets" 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.

- ***Equity investments***
  Note 2 "Financial fixed assets" 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 Note 8 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***
  Note 8.2 "Provision for retirement benefits" 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 observations to make as to the fairness and consistency with the annual financial statements of the information provided in the Board of Directors' Management Report and in the documents addressed to the shareholders with respect to the Company's financial position and statements.

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

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

Drawn up in Vandœuvre-lès-Nancy and Courbevoie, 22 April 2016

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 with related parties.

It is our responsibility to report to you, based on the information provided to us, on the main terms and provisions and reasons for 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 execution of the agreements and commitments that have already been approved by the General Meeting during the financial year just ended.

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

• Agreements and commitments submitted for approval by the General Meeting

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

• With MARQUE VERTE SANTE

Financial advance

Relevant persons:

- Mr. Thierry CHAPUSOT, Chairman of the Board of Directors of PHARMAGEST INTERACTIVE and Chairman of the Executive Committee of MARQUE VERTE SANTE;
- Dominique PAUTRAT, Managing Director of PHARMAGEST INTERACTIVE and member of the Executive Committee of MARQUE VERTE SANTE;
- Ms. Anne L'HOTE, Board Member of PHARMAGEST INTERACTIVE and member of the Executive Committee of MARQUE VERTE SANTE;
- Mr. Daniel ANTOINE, Board Member of PHARMAGEST INTERACTIVE and permanent representative of GROUPE WELCOOP on the Supervisory Board of MARQUE VERTE SANTE;
- Mr. Hugues MOREAUX, representing the Board member GROUPE WELCOOP on the PHARMAGEST INTERACTIVE Board of Directors and Chairman of the Supervisory Board of MARQUE VERTE SANTE.

Nature and purpose:

The Board of Directors' meeting of 10 December 2015 authorised PHARMAGEST INTERACTIVE to grant a cash advance in the amount of €4 million to MARQUE VERTE SANTÉ.

Terms and conditions:

MARQUE VERTE SANTÉ has given a firm undertaking to repay the advance in whole or in part, on PHARMAGEST INTERACTIVE's request, within a maximum of three months from the date of the request.
The advance carries interest at a minimum guaranteed rate of 1.5%. Interest is calculated quarterly and payable in cash on invoice. This rate they be revised upwards in line with market rates.
The agreement term runs from the date of the agreement to 31 December 2016, and may be renewed annually by tacit agreement.

Reasons and merit for the company:

The 1.5% interest on the advance payable by MARQUE VERTE SANTÉ to PHARMAGEST INTERACTIVE is higher than the market rate for short-term, guaranteed-capital investments. Therefore this agreement is in the Company's interests.

Agreements and commitments already approved by the General Meeting

a) which were ongoing during the financial year just ended

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 DIATELIC

Tax consolidation agreement

Relevant persons:

Dominique PAUTRAT, Managing Director and Board Member, representing PHARMAGEST INTERACTIVE, Chairman of DIATELIC.

Nature and purpose:

The Board of Directors' meeting of 5 December 2014 authorised PHARMAGEST INTERACTIVE to include DIATELIC in the tax consolidation scope, governed by Articles 223-A to 223-U of the French General Tax Code.

Terms and conditions:

The principle of neutrality has been retained: only the parent company is liable for the tax expense and charges its subsidiary for the tax if there is no tax consolidation agreement.

• With Mr. PAUTRAT, Mr. PONNELLE and Mr. SUPPLISSON

Long-term bonus agreement

Relevant persons:

Mr. Dominique PAUTRAT, Mr. Thierry PONNELLE and Mr. Denis SUPPLISSON, respectively Managing Director and Deputy Managing Directors, all of whom are members of the Board of Directors of your Company.

Nature and purpose:

The Board of Directors, meeting on 12 December 2013, decided to award bonuses to the Managing Director and the Deputy Managing Directors, i.e. Mr. PAUTRAT, Mr. PONNELLE and Mr. SUPPLISSON, under their contracts of employment and subject to achieving the targets set over a four-year period, for the period 2013-2016.
The targets to be achieved relate to the Group business plan and are subject to the interested parties' continued employment with PHARMAGEST INTERACTIVE when the bonuses are paid on 31 March 2017.

Financial terms and conditions:

The bonuses are defined as follows:

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

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

Provisions are made in the financial statements for the incentive bonuses each financial year on a pro-rata basis, according to progress towards achieving the targets over the four-year period. At 31 December 2015, the amounts set aside for this purpose were €67,500 gross for Mr. PAUTRAT (including €7,500 gross in respect of 2015), €33,000 gross for Mr. PONNELLE (including €3,000 gross in respect of 2015) and €72,750 gross for Mr. SUPPLISSON (including €20,250 gross in respect of 2015).

b) that were not ongoing during the financial year just ended

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, were ongoing during the financial year just ended.

• 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:
PHARMAGEST INTERACTIVE can opt for tax consolidation effective as of 1 January 2015 for a period of five years, based on the neutrality principle.
This option was not applied, since the expected benefit for the Company no longer exists.

Drawn up in Vandœuvre-lès-Nancy and Courbevoie, 28 April 2016

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 which financial information was audited was 2015, ending on 31 December 2015.

20.6 Intermediary 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 23 June 2016 will be asked to approve a dividend distribution of €0.60 per share.

The Extraordinary General Meeting on 26/06/2015 voted to approve the stock split, reducing the share value to €0.20 from €1. By way of comparison, taking the new number of shares, the €2.90 dividend per share paid for 2014 would have been €0.58.

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

Year	Dividend per share	Dividend eligible for 40% tax credit (paid to individuals)	Dividend not eligible for 40% tax credit (paid to legal entities)
31/12/2012	€2.10	€2.10	€2.10
31/12/2013	€2.50	€2.50	€2.50
31/12/2014	€2.90	€2.90	€2.90

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 117 quater (new), of the French General Tax Code). Income is taken at gross value to calculate this amount. However, individuals belonging to a tax household where the reference tax income of the year before last, as defined in 1 of IV of Article 1417 is less than €50,000 for single, divorced or widowed taxpayers and less than €75,000 for taxpayers subject to joint taxation, can apply for an exemption, under the conditions provided in Article 242 quater. 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

There are no state or legal proceedings or arbitration of which the PHARMAGEST Group is aware to date that could have a material impact on its financial position or profitability.

At 31 December 2015, total provisions for contingencies and charges stood at: *Of which:*	€2,573 K
a) Provision for retirement benefits	€2,031 K
b) Provisions for disputes, including in particular: • *Provisions for ongoing customer disputes* • *Provisions for ongoing supplier disputes*	€144 K *€21 K* *€123 K*
c) Provision for contingencies *	€399 K

** In the main, this is a provision to guarantee technical support 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 2015, 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 15,174,125 shares with a par value of €0.20, 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 2015.

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 2015 is presented herein in Section 20.3.1.5, note 10.2 to the consolidated financial statements.

PHARMAGEST INTERACTIVE's shares are traded on the NYSE Euronext PARIS™. The ISIN code is FR 0012882389.

PHARMAGEST INTERACTIVE securities were transferred to compartment B of NYSE Euronext PARIS™ with effect from 17 January 2013, as its market capitalisation rose to €182.08 million. Compartment B covers listed companies with a market capitalisation of €150 million to €1 billion.

Share price since April 2015

Month	Low (in €)	High (in €)	Volume	Amount (in €)
April 2015	111.92	117.79	21,379	2,424,086
May 2015	106.00	115.09	19,868	2,188,898
June 2015	102.00	110.87	13,441	1,436,384
July 2015	104.11	116.30	9,998	1,126,545
August 2015 [1]	20.80	25.90	132,052	3,349,143
September 2015	22.00	25.58	55,874	1,310,319
October 2015	24.15	25.50	112,218	2,794,356
November 2015	22.30	24.70	93,624	2,168,752
December 2015	19.84	24.30	279,136	5,961,122
January 2016	20.00	21.99	100,456	2,111,715
February 2016	19.95	22.40	69,538	1,477,151
March 2016	20.80	23.91	60,704	1,372,992

[1] The Extraordinary General Meeting on 26/06/2015 voted to approve the stock split, reducing the share value to €0.20 from €1. The decision was effective on 05/08/2015. (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 14 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 Share class

There is one class of shares (Article 7).

One voting right attached to each share. 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.

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 registered 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 registered 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 receive notice by registered letter, provided the Company is sent the amount of the registration costs.
All owners of full shares are notified are notified in the same manner when their rights are recorded within the time frame provided in the previous paragraph for a registered shareholding.
The Company publishes the notice provided in Article R 225-73 of the French Commercial Code in the official and legal notices bulletin (BALO in FRANCE), at least 35 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 10 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

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.

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 remote 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-fifth 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-quarter 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.

Failure to file the required notifications when the legal thresholds are crossed will result in shareholders exceeding the undeclared fraction forfeiting their voting rights, in accordance with Article L. 233-14 of the French Commercial Code.

21.2.8 Provisions relating to changes in share capital, when such conditions are stricter than those laid down by law

The share capital may be changed, subject to compliance with applicable law (see Article 9 of the Articles of Association). There are no provisions in the Articles that are stricter than those laid down by law.

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 26 June 2015, 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 26 June 2015.

As at 31 March 2016, the April 1 2015 programme resulted in:

- Purchases: 114,057 shares at an average price of €22.45;
- Sales: 110,532 shares at an average price of €22.40.

At the next Ordinary and Extraordinary General Meeting on 23 June 2016, a new programme for a further 18-month period will be submitted for the approval of shareholders in the seventh resolution.

The features of this programme are detailed in the Management Report of the Board of Directors presented to the Ordinary General Meeting on 23 June 2016.

21.2.11 Pledging of the issuer's securities and pledging of assets

No such pledges exist.

22 MAJOR CONTRACTS

PHARMAGEST INTERACTIVE has no major contracts that place a significant obligation or commitment on any member of the PHARMAGEST Group for the whole of the Group, on the date of filing of this Registration Document, apart from bank loans with pledges or covenants detailed under Section 20.3.1.5 - Note 6.5 to the consolidated financial statements 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.

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
REGISTERED OFFICE: TECHNOPOLE DE NANCY BRABOIS
05 ALLEE DE SAINT CLOUD 54600 VILLERS LES NANCY
SIREN 403 561 137 NANCY TRADE AND COMPANIES REGISTER (RCS)

MANAGEMENT REPORT
TO THE ORDINARY ANNUAL GENERAL MEETING
ON 23 JUNE 2016

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, prepared in accordance with Article L.225-102-1 of the French Commercial Code, 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 2015, approved by the Board of Directors at its meeting of 1 April 2016.

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 [(1)]	Saclay (91)	50	50
CPI	Dijon (21)	100	100
CPSI	Baie Mahault (97)	100	100
DCI	Mérignac (33)	100	100
DIATELIC	Villers-lès-Nancy (54)	95.29	95.29
DOMEDIC EUROPE	Villers-lès-Nancy (54)	65	65
EHLS	Quéven (56)	100	100
HEALTHLEASE	Paris (75)	100	100
HDM LIMITED	IMauritius	100	100
INTECUM	Bastia (20)	100	100
KAPELSE	Villers-lès-Nancy (54)	70	70
MALTA INFORMATIQUE	Mérignac (33)	100	100
NANCEO	Paris (75)	100	100
SABCO	Luxembourg	100	100
SABCO SERVICES	Belgium	100	100
SCI HUROBREGA	Quéven (56)	100	100

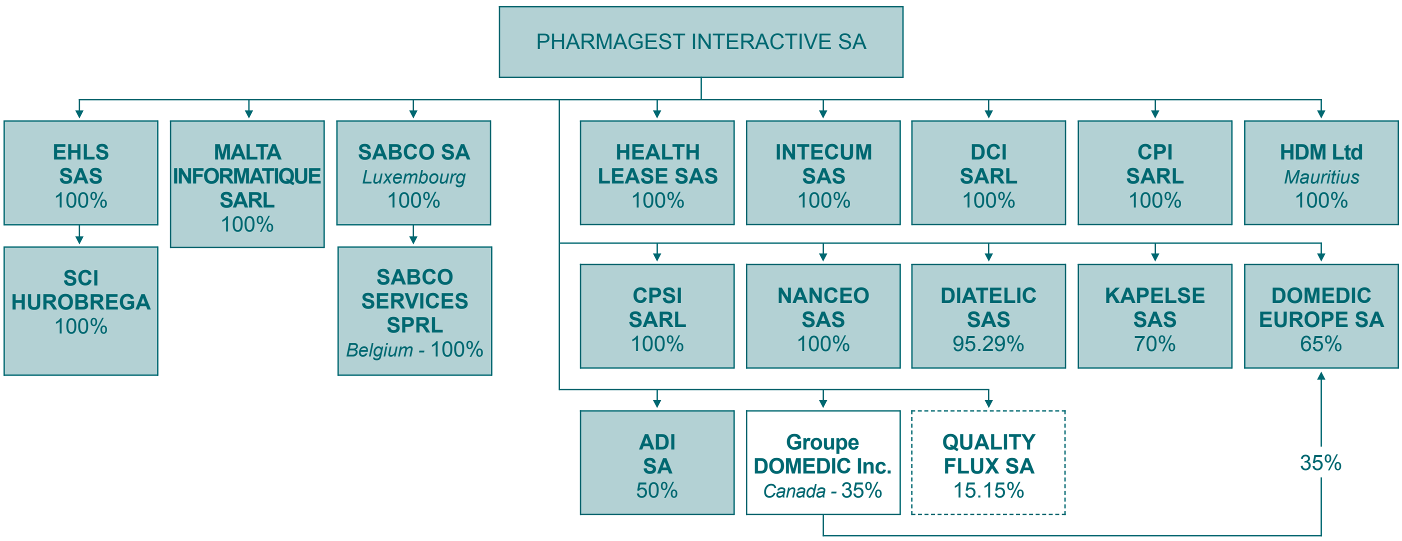
[(1)] Given the economic and contractual relationship between PHARMAGEST INTERACTIVE and ADI (which distributes LGPI Global Services® products), and the control of the company (equal distribution of Board members, Chairman's nomination subject to the express agreement of the PHARMAGEST Group), ADI which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

Companies consolidated under the equity method

Company	Address	% control	% interest
GROUPE DOMEDIC INC.	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:



* *Green background: Fully consolidated companies*
White background: Companies consolidated under 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 scope during 2015

- Creation of NANCEO, a simplified joint stock company (SAS) with capital of €1,000,000 with its registered office in Paris, offering financing solutions for leased assets in the services sector;
- Acquisition of additional equity in INTECUM, bringing PHARMAGEST INTERACTIVE's share in the capital to 100% from 63.99%, with no impact on 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.

- **Solutions for Pharmacy Division - Europe:**
  - Distribution of pharmacy management software and related packages;
  - Distribution of IT equipment, turnkey installation and training;
  - After-sales services: helpline and maintenance;
  - Data back-up.

- **Solutions for e-Health Division:**
  - In the e-Patients Business Line:
    . Medical tele-monitoring system to prevent deterioration in the state of health of chronic and dependent 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.
  - In the e-Connect Business Line:
    . Solutions for secure monitoring of patients in the home and for optimising their care pathway.
  - In the e-Pharma Business Line:
    . 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.

- **Solutions for sanitary and medico-social establishments:**
  - Distribution of IT equipment, turnkey installation and training;
  - Distribution of new-generation software (TITAN mainly) to MALTA INFORMATIQUE's customers;
  - After-sales services: helpline and maintenance.

- **FinTech Division:**
  - Provision of a financing platform to facilitate management of lessors.

Key figures for the consolidated group - IFRS

Activities and results of the PHARMAGEST Group, its subsidiaries and companies it controls.

Amounts - In €K	2015	2014	Change
Sales of configurations	61,776	56,272	10%
Maintenance and sale of databases	35,840	34,086	5%
Other services, including e-advertising	1,843	10,519	-82%
Training and new product services	14,017	13,683	2%
Total turnover	113,477	114,560	-1%
Current operating profit	28,281	25,506	11%
Operating profit	28,281	25,506	11%
Net profit/(loss)	18,996	16,965	12%
Net profit attributable to equity holders of the parent	18,792	17,011	10%
Basic earnings per share before the stock split*	/	€5.68	
Basic earnings per share after the stock split*	€1.25	€1.14	+ 10.46%

** The Extraordinary General Meeting on 26/06/2015 voted to approve the stock split, reducing the share value to €0.20 from €1. The decision was effective on 05/08/2015.*

Under IFRS, consolidated sales for fiscal 2015 fell 1% year-on-year. The gross sales margin came to €89,396 K in 2015, down from €86,152 K in 2014.

Hardware and software maintenance and renewal of equipment installed under contract account for roughly 67% of the Group's sales and provide extremely good visibility of annual revenue.

Operating expense (payroll expense + general expense + taxes) amounted to €58,663 K. They remained constant relative to 2014, which is mainly due to the €700 K increase in payroll costs and tight control over general costs, which were down €514 K.

Operating profit therefore rose 10.9% to €28,281 K compared with the operating profit generated in the prior year.

The financial result is positive at €1,033 K, breaking down into €1,191 K in financial income and €159 K in financial expense.

The Group generated consolidated net profit of €18,996 K, with the Group share amounting to €18,792 K and minority interests to €204 K. The increase in the Group share of net profit was 10.5%.

The 2015 financial year saw the PHARMAGEST Group increase net cash flow to €1,436 K, following an increase of €5,941 K in securities available for sale, and €19,961 K in operating cash flow (under IFRS).

The Group enjoys a very sound financial structure. At year-end, equity capital amounted to €90,649 K (Group share) and net earnings (i.e. securities available for sale, other financial assets, cash flow and cash flow equivalents minus financial liabilities) were €54,888 K. Cash net of current financial liabilities totalled €54,648 K.

PHARMAGEST INTERACTIVE (individual financial statements):

Amounts - In €K	2015	2014	Change
Sales of configurations	47,289	46,577	2%
Maintenance and sale of databases	29,040	28,526	2%
Other services, including e-advertising	1,722	10,385	-83%
Training and new product services	9,435	10,739	-12%
Total turnover	**87,486**	**96,228**	**-9%**
Operating income	21,895	22,407	-2%
Net profit/(loss)	16,152	18,042	-10%

Main subsidiaries (individual financial statements)

In €M	EHLS	ADI	SABCO	MALTA INFORMATIQUE	HEALTHLEASE	KAPELSE
Turnover	19.63	4.44	3.17	6.87	42.39	5.42
Operating income	1.31	0.45	0.40	2.48	1.89	1.33
Recurring income before tax	1.48	0.45	0.41	2.52	1.90	1.30
Net profit/(loss)	0.93	0.31	0.28	1.68	1.24	0.99

Information on non-tax-deductible expense

In accordance with Article 223 quater of the French General Tax Code (Code Général des Impôts), we hereby inform you that during the financial year ended on 31 December 2015, PHARMAGEST INTERACTIVE incurred expenses that are non-deductible from corporation tax, covered by Article 39-4 of the aforementioned Code for a total of €115,921, giving rise to €38,641 in tax.

Research and development activities

There are 123 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 2015 was:

- €1,583 K for projects resulting in future income (sales and services to customers);
- €135 K for projects from which future economic benefits are expected (production of in-house software).

In addition, €1,168 K was capitalised for outsourcing R&D services.

Highlights of the financial year

- PHARMAGEST INTERACTIVE performed a 5-for-1 stock split. The share capital is now divided into 15,174,125 shares at €0.20 each, instead of 3,034,825 at €1 each.
- The Fintech Division was created in a new subsidiary, NANCEO, specialising in sales financing for equipment and services.
- PHARMAGEST INTERACTIVE raised its stake in INTECUM with the acquisition of additional equity, bringing its share in the capital, to 100% from 63.99%, with no impact on control.
- PHARMAGEST INTERACTIVE was the first healthcare software provider to be granted French "Customer relations" standard certification for its centralised software support service.
- PHARMAGEST INTERACTIVE was also selected for the "TECH 40" label and for inclusion in the new ENTERNEXT TECH 40 index.
- DO-Pill SecuR™ won the first Business FRANCE Silver Economy prize.
- The Lorraine Regional Council (Conseil Régional de Lorraine) and the European Regional Development Fund (ERDF) agreed to grant a total subsidy of €1.5 million to support the Group's 36 more months at home project.
- The PHARMAGEST Group is part of the cross-border cluster that will facilitate interaction with all stakeholders in the Silver Economy in FRANCE and Germany.
- An artificial intelligence lab, DIALAB, is now part of DIATELIC.

Events after the reporting period

- MALTA INFORMATIQUE acquired all the equity in DICSIT, a company that develops applications, registered in the NANCY Trade and Companies Register under entry number 400 504 387;
- GROUPE DOMEDIC INC., a subsidiary of PHARMAGEST INTERACTIVE, signed a strategic partnership agreement with TELUS Santé, which will gradually take equity over an 18-month period. Following its investment in TELUS Santé, the PHARMAGEST Group retains a 26.05% stake.

Outlook and strategic guidelines provided by the Board of Directors

2015 was a year of change for pharmacies in FRANCE. Connected objects are increasingly part of the health landscape to improve monitoring of compliance and patient health.

Compliance is a major issue for the PHARMAGEST Group going forward. Health systems and economies are being revolutionised by new technologies and digital. The PHARMAGEST Group has long anticipated these upheavals. Very early on, it grasped the crucial importance of how to process the data collected by connected objects, using AI to analyse and monitor changes in patient health over time.

Through its innovations and forward-looking policy, the PHARMAGEST Group is proactive in this connected health revolution. Backed by its investments and its unique global know-how, it has the capability to respond to the needs of the patient-centred connected health market. It has developed the expertise needed to take a leading role in this field.

The decision to bring the e-Pharma, e-Patients and e-Connect Business Lines together under the umbrella of the Solutions for e-Health Division fits perfectly with this new environment and illustrates the astuteness of the Group's strategy for the past four years. The Group will now be positioned for large-scale roll-out of its products and services in these new e-Health fields.

A range of projects have brought the Solutions for e-Health Division to industrial maturity and position it as a major growth driver for the Group. These include the "36 more months at home" project (financed by the Lorraine Region and led by GROUPE WELCOOP, the Group's parent), and the nationwide availability of the DO-Pill SecuR™ smart pill dispenser in pharmacies.

Employing over 800 people, the PHARMAGEST Group boasts specialist expertise in all advanced information technologies in health and related sectors, including pharmacy information systems, solutions for e-Health, care homes, pharmaceutical companies and patients.

To recap: these businesses are now divided into four divisions: the Solutions for Pharmacy Division - Europe, the Solutions for sanitary and medico-social establishments, the Solutions for e-Health Division and the Fintech Division. These divisions are in turn broken down into business lines and are supported by all the corporate functions required for the operation of a major IT company.

Ownership of share capital as at 31 December 2015

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.

Pursuant to Article 223-26 of the AMF General Regulation, we hereby confirm that no transactions on PHARMAGEST INTERACTIVE securities during the financial year just ended, in accordance with Article L 621-18-2 of the French Monetary and Financial Code *(code monétaire et financier)*, were reported to the AMF.

Authorisation for buyback of shares by PHARMAGEST INTERACTIVE

1) At the General Meeting of Shareholders on 26 June 2015, 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. 225-217 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 26 June 2015 until 25 December 2016.

At 31 December 2015, PHARMAGEST INTERACTIVE held the following treasury shares, directly or indirectly:

- 2,769 under a liquidity contract;
- 195,510 (39,102 x 5) under a share buyback programme;

giving 198,279 shares in total equating to 1.3% of the current share capital.

At 31 December 2015, under this programme, used via the liquidity contract, 123,771 shares were purchased for an average share price of €22.71, and 123,682 were sold for an average of €22.59.

PHARMAGEST INTERACTIVE holds 100% of the current liquidity contract.

The Board of Directors reports to you on the completion of the share buyback programme authorised by the General Meeting on 26 June 2015 for the period 1 April 2015 to 31 March 2016.

As at 31 March 2016, the April 1 2015 programme resulted in:

- Purchases: 114,057 shares at an average price of €22.45;
- Sales: 110,532 shares at an average price of €22.40;

As at 31 March 2016, the company directly or indirectly holds 202,070 shares.

2) The shareholders will be asked to renew this authorisation and the new programme.

The purpose of the current share buyback programme was as follows in decreasing order of priority:

- To promote trading and ensure the liquidity of the share via an investment services provider, under the terms of a liquidity contract that complies with the Ethics Charter recognised by the AMF;
- To purchase shares and retain them for subsequent tendering in exchange or payment for acquisitions;
- To grant shares to the employees or corporate officers of PHARMAGEST INTERACTIVE or the PHARMAGEST Group, in accordance with the terms and conditions provided by law, notably as part of a profit-sharing plan, to cover stock options, as part of a company savings plan or to be used to grant performance-based bonus shares to employees pursuant to the provisions of Articles L. 225-197-1 et seq. of the French Commercial Code.

The Board of Directors considers it appropriate to request that you approve the new programme to replace the share buyback programme established by the General Meeting of 26 June 2015, to be effective from 23 June 2016.

The aims of the new share buyback programme will be the following:

- To promote trading and ensure the liquidity of the share via an investment services provider, under the terms of a liquidity contract that complies with the Ethics Charter recognised by the AMF;
- To purchase shares and retain them for subsequent tendering in exchange or payment for acquisitions;
- To grant shares to the employees or corporate officers of PHARMAGEST INTERACTIVE or the PHARMAGEST Group, in accordance with the terms and conditions provided by law, notably as part of a profit-sharing plan, to cover stock options, as part of a company savings plan or to be used to grant performance-based bonus shares to employees pursuant to the provisions of Articles L. 225-197-1 et seq. of the French Commercial Code.

The term of the new programme will be 18 months, i.e. until 22 December 2017.

The maximum price per share may not exceed €40.

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. Following the 5-for-1 share split approved by the Extraordinary General Meeting of 26 June 2015, 1,517,410 is the maximum number of stock options.

Please note that at its meeting of 5 December 2014, the Board of Directors drew up the regulations governing this stock option plan which were sent to the beneficiaries 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 2015.

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:

2015

Trade creditors / due dates - In €K	< 30 d	> 30 d and < 60 d	> 60 d	Total (incl. tax)
Amounts falling due *	4,072	332	0	4,403
Amounts overdue **	882	0	0	882
Total trade creditors (incl. tax)	**4,641**	**645**	**0**	**5,286**
Invoices not received	0	0	0	1,632
Total trade creditors on the balance sheet (incl. tax)				**6,918**

2014

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

** payment date after year-end.*
*** payment date before year-end.*

II/ PURSUANT TO ARTICLES L. 225-100, L. 225-102-1, R. 225-104 AND L. 820-3 OF THE FRENCH COMMERCIAL CODE, WE REPORT TO YOU AS FOLLOWS:

A/ INFORMATION ON PERSONNEL

Employee-related information for PHARMAGEST Group is provided in the Corporate Social Responsibility Report appended to this report, and includes information on:

- Personnel;
- Organisation of working hours;
- Compensation;
- Labour relations and a summary of collective bargaining agreements;
- Health and safety conditions;
- Training;
- Employment and integration of disabled employees;
- Social work;
- External sub-contracting.

B/ INFORMATION ON THE ENVIRONMENT

The environmental information concerning the PHARMAGEST Group is provided in the Corporate Social Responsibility Report appended to this report, and includes information on:

- Polluting and risk-generating activities;
- Sustainable development.

C/ USE OF FINANCIAL INSTRUMENTS

The details are given below in paragraph E: E/ Risk assessment

D/ FEES PAID TO THE STATUTORY AUDITORS

Audit - in €	MAZARS				BATT AUDIT			
	Amount before tax		%		Amount before tax		%	
	2015	2014	2015	2014	2015	2014	2015	2014
Statutory auditors - PHARMAGEST INTERACTIVE - Consolidated subsidiaries	37,550 14,450	37,000 14,600	73% 27%	72% 28%	37,550 19,700	37,000 15,900	58% 42%	70% 30%
Ancillary engagements	-	-	0%	0%	-	-	0%	0%
Sub-total	**52,000**	**51,600**	**100%**	**100%**	**57 250**	**52 900**	**100%**	**100%**
Other services provided to subsidiaries	-	-	0%	0%			0%	0%
Legal, tax, social	-	-	0%	0%			0%	0%
Information technologies	-	-	0%	0%			0%	0%
Internal audit	-	-	0%	0%			0%	0%
Other (indicate if greater than 10% of audit fees)	-	-	0%	0%			0%	0%
Sub-total			**0%**	**0%**			**0%**	**0%**
TOTAL	**52,000**	**51,600**	**100%**	**100%**	**57,250**	**52,900**	**100%**	**100%**

E/ RISK ASSESSMENT

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 below and discussed on the Chairman's report.

Operating risks inherent to the business:
- The competition:
- The economic environment - indirect risks related to government decisions;
- Information systems and network security;
- Social risks;
- Risk of fraud and errors;
- Insurance risks.

Regulatory and legal risks:
- Risk of losing the SESAM-VITALE accreditation;
- Risk of losing the personal health data host accreditation;
- Technological risks related to intellectual property.

Industrial and environmental risks

Financial risks:
- Liquidity risk;
- Interest rate risk;
- Foreign exchange risk;
- Financial instruments and shares risk;
- Credit/counterparty 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 2015 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 2015	Gross compensation in 2014
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: €34,000 - Benefit in kind (car): €4,608	* ** - 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
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: €93,252 Bonus: €17,184 - Benefit in kind (car): €0	* ** - 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
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: €114,000 Bonus: €27,000 - Benefit in kind (car): €4,464	* ** - 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): €4,353
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: €900 Member of the Audit Committee: €4,000
Mr. Michel DUSSERRE	Independent Board Member until 26/06/2015	Directors' fee: €450 Member of the Audit Committee: €12,000	Directors' fee: €450 Member of the Audit Committee: €14,000
Ms. Marie-Louise LIGER	Independent Board Member As of 26/06/2015	Directors' fee: €450 Member of the Audit Committee: €6,000	None
Mr. François JACQUEL	Board Member	Directors' fee: €1,500 Member of the Audit Committee: €4,000	Directors' fee: €1,500 Member of the Audit Committee: €4,000
Ms. Anne LHOTE	Board Member	None	None
Ms. Sophie MAYEUX	Independent Board Member	Directors' fee: €600	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 Swiss Life.*

*** 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 2015	Gross compensation in 2014
Mr. Thierry CHAPUSOT	Chairman of the Executive Committee	None	None
Mr. Dominique PAUTRAT	Member of the Managing Board	None	None
Ms. Anne LHOTE	Member of the Managing Board	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 the GROUPE WELCOOP	Gross compensation in 2015	Gross compensation in 2014
Mr. Thierry CHAPUSOT	Chairman of the Executive Committee (holds an employment contract)	* ** - Corporate office: €54,000 - and employment contract: Salary: €243,000 Bonus: €0 - Benefit in kind (car): €7,824	* ** - Corporate office: €54,000 - and employment contract: Salary: €243,000 Bonus: €50,000
Mr. Dominique PAUTRAT	Member of the Managing Board	- 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: €9,000 - Benefit in kind (car): €2,124	* ** - Corporate office: €24,000 - and employment contract: Salary: €145,000 Bonus: €30,000 - Benefit in kind (car): €2,124
Mr. Hugues MOREAUX	Chairman of the Supervisory Board	Corporate officer: €113,784	Corporate officer: €113,784
Mr. Daniel ANTOINE	Vice-Chairman of the Supervisory Board	Directors' fee: €1,113	Directors' fee: €1,113
Mr. François JACQUEL	Member of the Supervisory Board	Directors' fee: €1,874	Directors' fee: €1,874

** 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 GROUPE WELCOOP pays all costs and the total contributions to Swiss Life, 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. LHOTE a long-term (2013-2016) signing bonus, in line with the objectives of the GROUPE WELCOOP'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 €16,152,017.26 and we propose to allocate it as follows:

Net profit for the year Retained earnings	€16,152,017.26 €36,596,804.15
Amount available to shareholders	**€52,748,821.41**
Dividend of €0.60 per share The balance: is appropriated to retained earnings	**€9,104,475.00** €43,644,346.41

Equity will then amount to €66,706,153.34.

The Extraordinary General Meeting on 26/06/2015 voted to approve the 5-for-1 stock split, thereby increasing the number of shares making up the share capital by the same multiple. Taking these items into account, the proposed dividend rose 3.45%.

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 current rate of 15.50%;
- A compulsory non-definitive withholding of 21% (Article 117 quater (new), of the French General Tax Code). Income is taken at gross value to calculate this amount. However, individuals belonging to a tax household where the reference tax income of the year before last, as defined in 1 of IV of Article 1417 is less than €50,000 for single, divorced or widowed taxpayers and less than €75,000 for taxpayers subject to joint taxation, can apply for an exemption, under the conditions provided in Article 242 quater. 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 1 July 2016 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 243 bis 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)
31/12/2012	€2.10	€2.10	€2.10
31/12/2013	€2.50	€2.50	€2.50
31/12/2014	€2.90	€2.90	€2.90

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

You are hereby informed that no Director's or Statutory Auditor's term of office has expired; therefore no new candidates for appointment have been presented to the Board.

Nonetheless, since Mr. Antoine MERCIER has decided to take retirement, he will be replaced. We propose to appoint:

- Mr. Christian EINHORN
  20 avenue de la Paix - 67000 STRASBOURG

as new substitute Statutory Auditor for the remainder of his predecessor's term, i.e. until the Ordinary General Meeting called to approve the financial statements for the year ended on 31 December 2016.

Related party agreements

You are hereby informed that during the financial year one new regulated agreement was authorised by the Board at its meeting on 10 December 2015. This agreement will be reported on 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.

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. To the Company's knowledge, 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 2016.

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. of the French Commercial Code, 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;

Having considered the reports of the Statutory Auditors (on the consolidated financial statements, on the annual financial statements, on the special report on the Chairman's report and on the special report on related-party agreements) prepared by BATT AUDIT and MAZARS, we will answer your questions.

Following this discussion, the text of the resolutions will be read out and we encourage you to approve them and all their provisions.

The Board of Directors

Results of the past five financial years	31/12/2015	31/12/2014	31/12/2013	31/12/2012	31/12/2011
Share capital	3,034,825	3,034,825	3,034,825	3,034,825	3,034,825
Number of ordinary shares	**15,174,125**	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*
Pre-tax sales	**87,485,500**	**96,227,680**	**98,138,886**	**94,818,067**	**85,117,542**
Earnings before taxes, employee profit-sharing and provisions	26,098,235	27,679,445	25,360,848	21,169,713	17,234,563
Corporate income taxes	7,238,280	7,244,003	7,368,965	6,417,341	5,280,298
Employee profit-sharing	1,865,738	1,847,404	2,018,662	1,840,381	1,973,487
Earnings after tax, employee profit-sharing and provisions	16,152,017	18,041,507	15,075,829	12,949,922	8,365,303
Income distributed decided by the General Meeting [(1)]	9,104,475	8,800,993	7,587,063	6,373,133	5,462,685
Earnings per share after tax and before provisions	1.12	6.13	5.26	4.25	3.29
Earnings per share after tax and provisions	1.06	5.94	4.97	4.27	2.76
Dividend per share [(1)]	**0.60**	2.90	2.50	2.10	1.80
Average workforce for the financial year	627	619	612	601	582
Total payroll	21,990,893	21,649,914	20,646,710	20,567,362	17,593,369
Social security contributions and benefits	10,656,424	10,942,075	10,383,230	11,525,166	11,143,086

[(1)] Proposal put to the AGM on 23 June 2016 in respect of the financial year ended on 31 December 2015.

PHARMAGEST INTERACTIVE
A FRENCH SOCIETE ANONYME WITH CAPITAL OF €3,034,825
REGISTERED OFFICE: TECHNOPOLE DE NANCY BRABOIS - 05 ALLEE DE SAINT CLOUD
54600 VILLERS LES NANCY
SIREN 403 561 137 NANCY TRADE AND COMPANIES REGISTER (RCS)

ORDINARY GENERAL MEETING ON 23 JUNE 2016
LIST OF DIRECTORSHIPS AND POSITIONS HELD BY THE COMPANY'S CORPORATE OFFICERS
IN OTHER COMPANIES IN 2015
(article L 225-102-1-3 of the French Commercial Code)

Company	Thierry CHAPUSOT	Dominique PAUTRAT	Thierry PONNELLE	Denis SUPPLISSON	Daniel ANTOINE
* **PHARMAGEST INTERACTIVE (SA) listed company**	Chairman of the Board of Directors	Managing Director and Board Member (holds an employment contract)	Deputy Managing Director and Board Member (holds an employment contract)	Deputy Managing Director and Board Member (holds an employment contract)	Board Member
GROUPE WELCOOP (SA)	Chairman of the Executive Committee (holds an employment contract)	Member of the Executive Committee			Vice-Chairman of the Supervisory Board
* **MARQUE VERTE SANTE (SA)** ***(formerly Welcoop Pharma) (SA)***	Chairman of the Executive Committee	Member of the Executive Committee			Representing GROUPE WELCOOP, Member of the Supervisory Board
* **EUROPEAN HEALTH LOGISTIC SOURCING - EHLS (SAS)**		Representing the Chairman of PHARMAGEST INTERACTIVE			
* **A.D.I. APPLICATIONS ET DEVELOPPEMENTS INFORMATIQUES (SA)**		Representing board member of CP INTER@CTIVE	Representing the Chairman of PHARMAGEST INTERACTIVE		
* **DIATELIC (SAS)**		Representing the Chairman of PHARMAGEST INTERACTIVE			
* **DOMEDIC EUROPE (SA)**	Board Member	Chairman of the Board of Directors		Managing Director and Board Member	
* **DC INFORMATIQUE (SARL)**		Manager			
* **CP INTER@CTIVE (SARL)**		Manager			
* **SABCO (SA)** (LUXEMBOURG)		Chairman and Board Member		Board Member	
* **HDM** (MAURITIUS)		Director			
* **SABCO SERVICES** (BELGIUM)		Manager			
* **INVESTIPHARM FRANCE (SA)**					Board Member
* **QUALITY FLUX** (BELGIUM)		Board Member			
* **GROUPE DOMEDIC INC.** (CANADA)	Board Member	Board Member			
* **INTECUM (SAS)**				Chairman	
* **UK PHARMA** (BRITAIN)					
* **ESPAFARMED** (SPAIN)					
* **ITAFARM** (ITALY)					
* **SOFAREX** (BELGIUM)					

Hugues MOREAUX	Michel DUSSERRE	Francois JACQUEL	Anne LHOTE	Sophie MAYEUX	Marie-Louise LIGER
Representing Board Member of GROUPE WELCOOP	Board Member until 26/06/2015	Board Member	Board Member	Board Member	Board Member from 26/06/2015
Chairman of the Supervisory Board		Member of the Supervisory Board	Member of the Executive Committee (holds an employment contract)		
Chairman of the Supervisory Board			Member of the Executive Committee		
Representing Board Member of GROUPE WELCOOP			Chairman of the Board of Directors		
			Board Member		
			Board Member		
			Board Member		
			Managing Director		

Company	Thierry CHAPUSOT	Dominique PAUTRAT	Thierry PONNELLE	Denis SUPPLISSON	Daniel ANTOINE
* **INVESTIPHARM BELGIUM** (BELGIUM)					
* **PHARMALAB INTERNATIONAL LTD** (HONG KONG)					
* **ALPHA FINANCE REPARTITION** (BELGIUM)					
***AUXI EXPORT** (BELGIUM)					
* **LABORATOIRE MARQUE VERTE (Formerly SEMES) (SA)**	Representing Board Member of GROUPE WELCOOP	Chairman of the Board of Directors			
* **D'MEDICA (SA)**	Chairman of the Board of Directors				
* **OBJECTIF PHARMA (SA)**	Chairman of the Executive Committee				Member of the Supervisory Board
* **DEVELOPPEMENT PROMOTION CRISTERS (SAS)**	Chairman				
* **KAPELSE (SAS)**		Representing the Chairman, PHARMAGEST INTERACTIVE			
SC DE L'HERMITAGE SAINT JOSEPH	Manager				
* **SCI HUROBREGA**		Manager			
SCI JADD					Manager
SNC MOREAUX DUCASSOU					
* **SCI CERP IMMO 2**	Representing GROUPE WELCOOP Manager				
PLANT ADVANCED TECHNOLOGIES - PAT (SA) Listed company	Board Member from 26/06/2015				
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	
SELARL FRANCOIS JACQUEL					
SCI CRAPAUDINE					

Hugues MOREAUX	Michel DUSSERRE	Francois JACQUEL	Anne LHOTE	Sophie MAYEUX	Marie-Louise LIGER
			Managing Director		
			Director		
			Managing Director		
			Manager		
Board Member					
Representing Board Member of GROUPE WELCOOP			Board Member		
Vice-Chairman of the Supervisory Board			Member of the Executive Committee		
Joint Manager					
Manager					
		Manager			
		Joint Manager			

** Companies in "GROUPE WELCOOP"*

24.1.2 Corporate Social Responsibility Report

PHARMAGEST INTERACTIVE
A FRENCH SOCIETE ANONYME WITH CAPITAL OF €3,034,825
REGISTERED OFFICE: TECHNOPOLE DE NANCY BRABOIS
05 ALLEE DE SAINT CLOUD 54600 VILLERS LES NANCY
SIREN 403 561 137 NANCY TRADE AND COMPANIES REGISTER (RCS)

CORPORATE SOCIAL RESPONSIBILITY REPORT
TO THE ORDINARY ANNUAL GENERAL MEETING
ON 23 JUNE 2016

In accordance with French **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 corporate social responsibility in the PHARMAGEST Group. This report is an Appendix to and forms an integral part of the Management Report.

It 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. of the CSR report. The PHARMAGEST Economic and Social Unit (ESU) is referred to throughout and comprises PHARMAGEST INTERACTIVE, CPI, EHLS, DIATELIC AND CPSI). It accounts for 83% of the total workforce.

The information in this CSR Report was prepared on the basis of contributions from inside the Group, for data on 2015 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 836 people at 31 December 2015 (817 FTE (full-time equivalent)), up 2.08% from the 819 employees at year-end 2014 (801 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 and managers.

STATUT	Men				Women				Total			
	2013	2014	2015	Change 2014 -2015	2013	2014	2015	Change 2014 -2015	2013	2014	2015	Change 2014 -2015
Fixed-term contract	**13**	**14**	**13**	**-7%**	**9**	**12**	**3**	**-75%**	**22**	**26**	**16**	**-38%**
EMPLOYEES	3	1	4	300%	7	6	3	-50%	10	7	7	0%
TECHNICIANS	10	12	9	-25%	2	5	0	-100%	12	17	9	-47%
SUPERVISORS / SENIOR TECH	0	1	0	-100%	0	1	0	-100%	0	2	0	-100%
MANAGERS	0	0	0	/	0	0	0	/	0	0	0	/
Permanent contract	**557**	**567**	**578**	**2%**	**214**	**226**	**242**	**7%**	**771**	**793**	**820**	**3%**
EMPLOYEES	69	73	63	-14%	80	86	95	10%	149	159	158	-1%
TECHNICIANS	249	242	250	3%	68	69	71	3%	317	311	321	3%
SUPERVISORS / SENIOR TECH	45	48	44	-8%	16	18	18	0%	61	66	62	-6%
MANAGERS	194	204	221	8%	50	53	58	9%	244	257	279	9%
TOTAL	**570**	**581**	**591**	**2%**	**223**	**238**	**245**	**3%**	**793**	**819**	**836**	**2%**

As the nature of the PHARMAGEST Group's business requires highly trained staff with in-depth knowledge of the business and customers' professional and legal environment, the ratio of fixed-term contracts is very low (16, including two professional training, compared with 820 on permanent contracts).
98.09% of the Group's workforce are permanent employees, with practically no difference in this percentage between men (97.80%) and women (98.78%).

At 31 December 2015, PHARMAGEST Group employed 44 part-time staff (practically unchanged from the 55 part-time staff at year-end 2014).

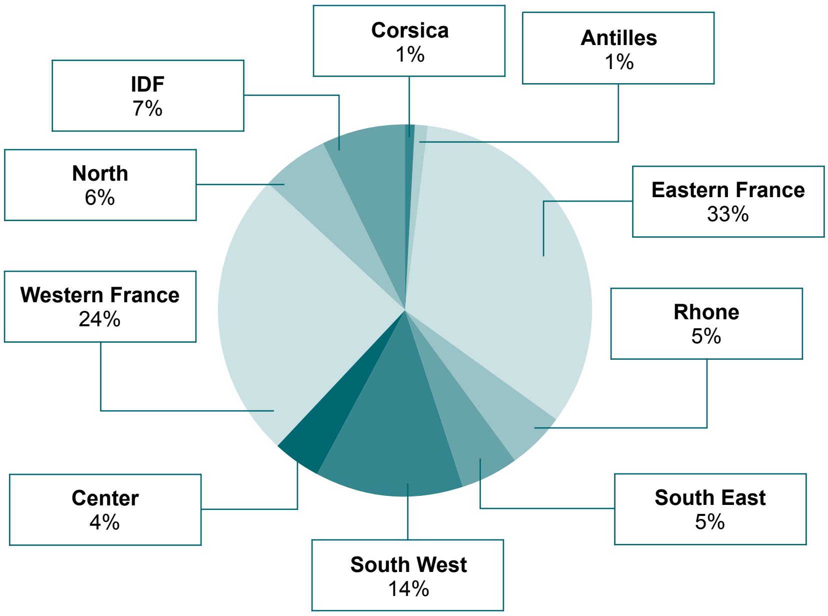
The gender breakdown is 245 women (or 29% of the total), which remained stable year-on-year and is within the average for the industry (IT, research and development).

1.1.1.2 Breakdown of the workforce by region

The geographical breakdown in 2015 was:

- 94% of the workforce worked in FRANCE;
- 3% worked in MAURITIUS;
- 2% worked in BELGIUM;
- 1% worked in LUXEMBOURG.

The French workforce broke down as follows:

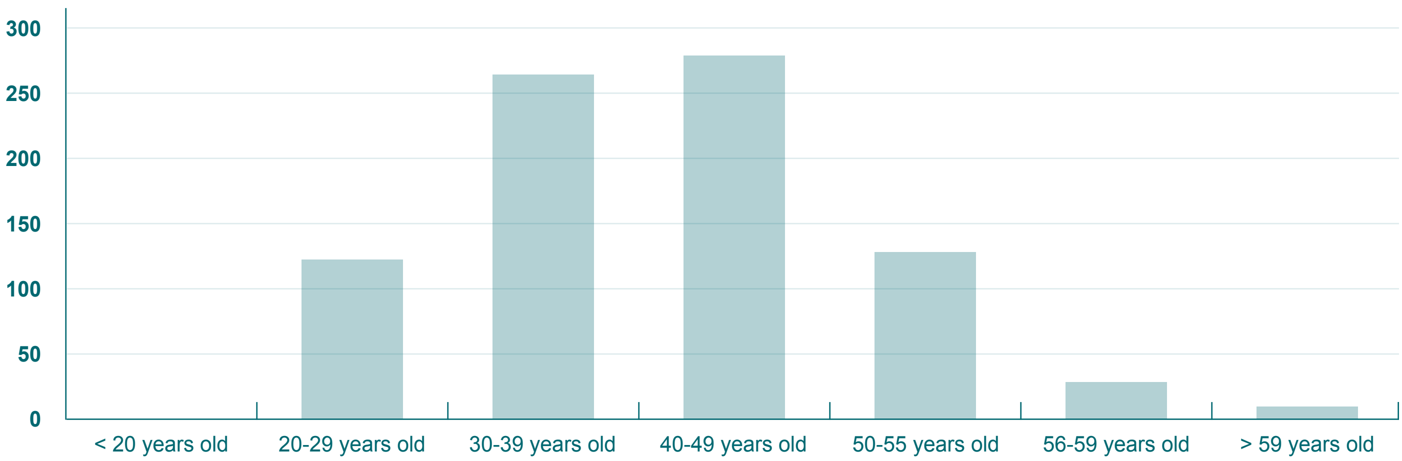


The high concentration in two regions is due to:

- The location of PHARMAGEST INTERACTIVE's headquarters in eastern FRANCE;
- The site of the former headquarters of the CIP subsidiary (taken over in June 2011) in the west of FRANCE, housing the administration departments, part of the IT development departments and the majority of customer services.

1.1.1.3 Workforce by age

PHARMAGEST Group age pyramid:



In 2015, the average age in the Group was 41 and the average length of service was 11 years, which increased by one year relative to the previous year.

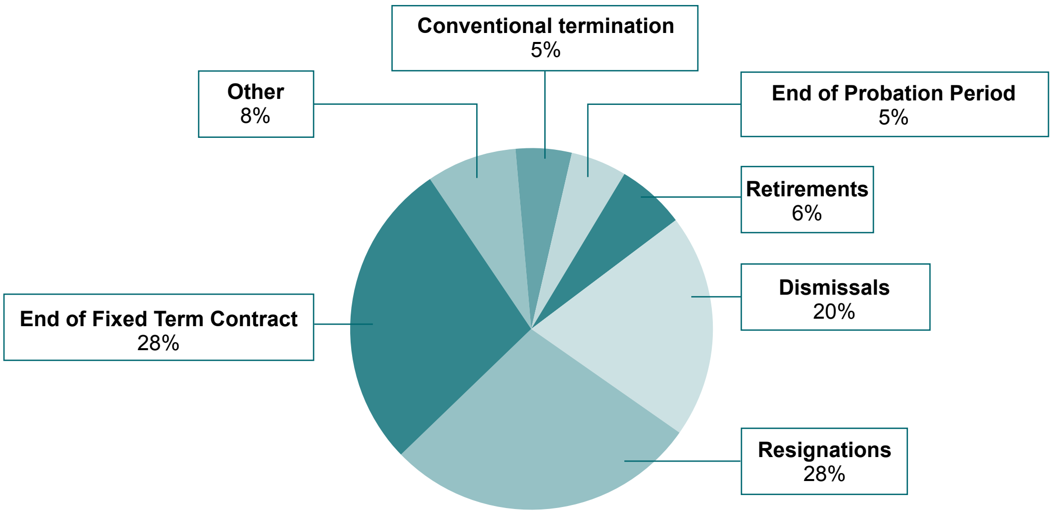
1.1.2 Hiring and lay-offs

The Group hired 100 people in 2015 (vs. 106 in 2014), and 83 people left the Group (vs. 80 in 2014), including:

- Four mutually agreed departures (two each at PHARMAGEST INTERACTIVE and MALTA INFORMATIQUE);
- Seventeen lay-offs (13 at PHARMAGEST INTERACTIVE, one each at INTECUM and SABCO SERVICES and two at MALTA INFORMATIQUE) ;
- Five retirements (two each at PHARMAGEST INTERACTIVE and SABCO and one at EHLS).

No industrial disputes were initiated in 2015.

Breakdown of departures by typology:



1.1.3 Annual wage reviews

In the PHARMAGEST Group, only the PHARMAGEST ESU is subject to compulsory annual pay negotiations (NAO).

The ESU awarded an annual across-the-board increase in 2015, based on a system of wage increases and merit bonuses calculated according to gross wage brackets and designed to boost the earnings of the lowest paid workers.

The Group's other subsidiaries apply a similar compensation policy to the PHARMAGEST ESU's, namely:

- Across-the-board increase;
- Individual increase;
- Bonus and discretionary profit-sharing incentives to reward performance;
- Merit bonuses;
- Ancillary benefits (mutual insurance, restaurant vouchers, etc.).

The PHARMAGEST Group's total payroll came to €29,139,263 for gross salaries and €13,175,872 in employer's social charges in 2015 *(source: DADS).*

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

		2012-2013	2013-2014	2014-2015
Managers	Men Women	0.90% -2.30%	- 2.97% 4.47%	- 0.91% - 3.65%
Non-managers	Men Women	1.16% 2.21%	2.10% 0.91%	- 1.25% - 0.70%
Overall average **		**0.73%**	**0.03%**	**0.33%**

** In the interests of fair presentation, only full-time staff at 31 December 2015, employed from 1 January 2015 to 31 December 2015, 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 lower average compensation by category is due to the change in the ESU's scope (inclusion of DIATELIC and CPSI), combined with the effects of the Group's internal promotion policy. The promotion of supervisors and senior technicians to management roles (an increase of 8% for men and of 9% for women) involves salaries within a wider bracket relative to more experienced managers.

Mechanically, these new managers were replaced by more junior profiles on lower wage scales, which accounts for the lower average wage for non- management categories.

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:

- 35-hour week; ADI, HEALTHLEASE, INTECUM, KAPELSE and NANCEO;
- 38.2-hour week; HDM (MAURITIUS):
- 39-hour week; CPSI, MALTA INFORMATIQUE and SABCO SERVICES (BELGIUM);
- 40-hour week; SABCO (LUXEMBOURG).

Starting in 2013, PHARMAGEST INTERACTIVE 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 for the PHARMAGEST Group in 2015 was 4.64%. It is calculated by dividing the number of hours absent by the number of contractual hours.

The main reasons for absences were illness (75%), parental leave (10%), occupational accidents (5%), family events (5%), and miscellaneous (5%).

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. CPSI and DIATELIC);
- The 200 Joint Committee 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 registered office. The attendance rate in 2015 was 85%;
- Monthly meetings of personnel representatives are organised in the regions (50 meetings in eight regions in FRANCE).

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

Personnel representatives met twice in 2015 in MALTA INFORMATIQUE.

Personnel representatives met twice in 2015 in ADI.

For HDM, personnel representatives met five times in 2015.

The workforce in the other Group companies (HEALTHLEASE, INTECUM, KAPELSE, NANCEO, SABCO and SABCO SERVICES) 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 totalled €218 K in 2015, down 4% from €227 K in 2014. Note that this Works Council budget includes the dedicated HDM budget (€4 K).

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 four new agreements in 2015, giving a total of 32) is testimony to the Group's commitment to social dialogue.

1.3.2.2 Summary of 2015 collective bargaining agreements for the PHARMAGEST ESU

- Agreement on compulsory annual negotiations in the ESU (the most recent on 22/06/2015);
- Amendment to the agreement on the harmonisation of leave for family events in the ESU (25/06/2015);
- Amendment to the profit-sharing agreement for the ESU's staff for 2014-2016 (25/06/2015);
- Amendment to the agreement on additional health costs cover in the ESU (22/12/2015).

1.4 Health and safety

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

As part of this policy, it continued to work on a wide-ranging project started in 2014 to establish an Occupational Health and Safety management policy, taking 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 2015 with an attendance rate of 88%.
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. It is based on a safety management system, which includes a regularly updated document and regulatory database, oversight, tools, procedures for warnings and risk assessments, all based on OHSAS 18001;
- A review of the safety master document was finalised in 2015;
- Audits are carried out at the Group's sites and infrastructure on a regular basis, and practically implemented as a result (works, reorganisation);
- Workstations are evaluated with the aid of the occupational medicine department's ergonomics unit;
- Road-related risks are still the top risk category, in light of the number of employees on the road. The number of accidents remains low, but prevention and management systems are being revamped.

1.4.2 Summary of agreements signed with personnel representatives

No health and safety agreements were signed in 2015.

1.4.3 Occupational accidents

The PHARMAGEST Group reported no occupational illness, but six occupational accidents in 2015, which generated a total of 131 days' absence, broken down as follows:

- In the PHARMAGEST ESU, four occupational accidents resulted in a total of 119 days absence, giving a total of 30 days on average;
- Two occupational accidents in MALTA resulted in lost time of 12 days.

The accident frequency rate was 4.01 and the severity rate was 0.09.

No accident in the Group resulted in permanent disability.

1.5 Training policy

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

1.5.1 Policies implemented

The PHARMAGEST ESU prepares an annual training plan. The priorities for 2015 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 the 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 in the Group fulfil all their legal training requirements.

1.5.2 Summary of training in the year

The occupational training reforms took effect in FRANCE in 2015. The main impact was the elimination of the mandatory 0.9% contribution to the training plan and the introduction of new contributions. Under these new provisions, the Group was liable for €297,931.

The total continuing professional development budget was €166,808, excluding management fees, which was 0.60% of payroll in 2015 and breaks down into €109,390 for external training and €57,418 for on-the-job training.

241 ESU employees received a total of 4,337 training hours, giving an average of almost 18 hours per employee.

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):

	2013	2014	2015
Female managers	80%	86%	84%
Female non-managers	95%	94%	95%

** Scope: PHARMAGEST ESU (full time, employed from 1 January to 31 December 2015)*

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) and were stable overall from 2014 to 2015.

Note that 33.37% of the Group's employees were classed as managers in 2015 (versus 31.38% in 2014). 6.94% of these were women and 26.44% were men, and both increased from 2014. The remainder of the workforce consists of 22.37% women and 44.26% men not in managerial roles.

The Group continued its policy of strengthening the organisation by introducing middle-management positions and adding new skills sets, with a two-fold objective:

- Boost its expertise in innovation and skills as part of its Strategic employment and skills management plan (GPEC by the French acronym);
- 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:

- **Access to employment:**
  - Neutral and equal hiring process;
  - Mixed recruitment of employee/technician and supervisor categories;
  - Increasing the number of women in management positions and rebalancing the promotion ratios.

- **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.

- **Compensation and career development:**
  - Compensation based on skills, experience, responsibilities, results and expertise in the position;
  - Ensure that pay gaps do not arise as a result of personal life events;
  - Promotion based solely on skills and results, etc.

- **Work-life balance:**
  - Working hours and organisation (whenever possible opt for teleconferencing during working hours, flexible working hours, etc.);
  - Commitment to ensuring that parental leave does not hinder career advancement;
  - Specific measures for pregnant women (reduced working hours and counting time off for mandatory appointments as working hours);
  - Family leave (four days paid leave to look after sick or hospitalised children).

- **Professional mobility.**

The ESU set up formal indicators to monitor achievement of these objectives.

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

During the 2015 financial year, the PHARMAGEST Group employed 24 disabled workers (19 in 2014) and continued a series of measures to promote the employment and integration of people with disabilities:

- Developing partnerships with the AGEFIPH (Association for managing funds for the employment of the disabled) and Occupational Health to extend consideration of the arrangements required to equip workstations for disabled employees. For example, the Human Resources Department worked with the Health, Safety and Working Conditions Committee to develop a standard for furniture and a type of chair suited to the problems of disabled employees;
- Regular participation in trade fairs and forums for the employment and integration of disabled employees;
- Sub-contracting management of network and telephone incidents to a company approved for employment of the disabled;
- Sub-contracting preparation and publication of catalogues and communications media and office supplies to a company approved for employment of the disabled.

1.6.3 *Anti-discrimination policy*

The hiring policies applied in the PHARMAGEST Group are informed by the guiding principle of non-discrimination according to which candidates are assured that there is neither positive or negative discrimination in the recruitment process.

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.

10 nationalities in addition to French are represented in the PHARMAGEST Group.

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

The Group's presence is almost exclusively in FRANCE and Europe, where it complies with all agreements on international labour law.

The PHARMAGEST Group confirms that it respects the provisions of the ILO conventions on freedom of association, protection of the right to organise, and the right to collective bargaining, the elimination of discrimination in employment and occupation, the elimination of forced or compulsory labour and the effective abolition of child labour.

The teams in the Mauritian HDM subsidiary apply European rules insofar as they comply with local laws. HDM is structured along the lines of the organisation in FRANCE, with personnel representation, a structured compensation system, strategic employment and skills management, job descriptions and annual career development appraisals.

2 Environmental information

2.1 General policy

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

2.1.1 *Consideration of environmental issues*

Bearing in mind the non-significant environmental impact of its businesses, the PHARMAGEST Group has not introduced specific environmental assessment or certification measures.

2.1.2 *Measures to train and inform employees about protecting the environment*

No particular measures were introduced during 2015 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 Group does not recognise provisions for environmental risks.

2.2 Pollution and waste management

2.2.1 Measures to prevent, reduce or remedy emissions into the air, water or ground

The Group's activities do not create pollution or generate emissions into the air, water or ground.

2.2.2 Measures to prevent, recycle or eliminate waste

The main category of waste generated by the PHARMAGEST Group's activity, besides ordinary industrial waste, consists of IT hardware.

The Group has successfully established a process for the recovery of computer hardware from its 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). This is the first step in a policy to promote the circular economy. Quantity of WEEE:

(In tonnes)	2013	2014	2015	Change 2014-2015
Recycled WEEE	20.92	17.58	33.68	91.56%

The selection of a new provider and improved monitoring of the recycling rates in 2014 account for the change in WEEE recycling.
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 noise pollution and other forms of pollution specific to the business

The PHARMAGEST Group does not generate noise or specific forms of pollution in its business.

Its server room generates significant sound, which is treated by confinement and the provision of protective headsets for employees.

2.3 Sustainable use of resources

2.3.1 Water consumption

The Group does not use water resources. Water consumption is limited to normal everyday consumption (bathrooms).
PHARMAGEST installs mains supplied water fountains in all its sites, because of their low footprint, replacing bottled water dispensers.

2.3.2 Consumption of raw materials and measures to improve their efficiency

The Group does not use raw materials directly in its activities.

2.3.3 Energy consumption and measures to improve energy efficiency

Electricity consumption went up 6% from 2014 to 2015, from 1,994,587 KWh to 2,115,433 KWh (excluding the Lyon and Montpellier branch, as bills were not issued by the supplier). The highest consumption was by the PHARMAGEST INTERACTIVE registered office in VILLERS-LES-NANCY (721,609 kWh) and the QUEVEN site (241,630 kWh). These two alone accounted for 46% Group electricity consumption.

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

The Group does not use renewable energy sources.

2.3.4 Use of land

There was no significant land use in the business.

2.4 Climate change

2.4.1 Greenhouse gas emissions

2.4.1.1 Vehicles

The main source of GHG (Greenhouse Gas) emissions is the Group's fleet of 429 vehicles (an increase of 2.1% on the 420 vehicles in 2014). They travelled 14,152,513 km in 2015, 2.9% more than the 13,754,279 km in 2014.

PHARMAGEST INTERACTIVE and MALTA INFORMATIQUE account for 77% and 6%, respectively, of the total fleet, mainly for sales and technical personnel.

The PHARMAGEST Group's head office at VILLERS-LES-NANCY is a member of the Inter-company Transport Scheme of the Technopole of NANCY-BRABOIS (PDIE) 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.

As it is concerned by French Law no. 2013-619 of 16 July 2013 transposing European Directive 2012/27/EU on energy efficiency into French law, the Group carried out an energy audit in December 2015. In accordance with the requirements of the regulation, the energy audit must cover at least 65% of the Group's energy bill over a rolling 12-month period. Since fuel consumption is more than 65% of the total energy bill, the audit consisted of two transport audits.

2.4.1.2 Travel management

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

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

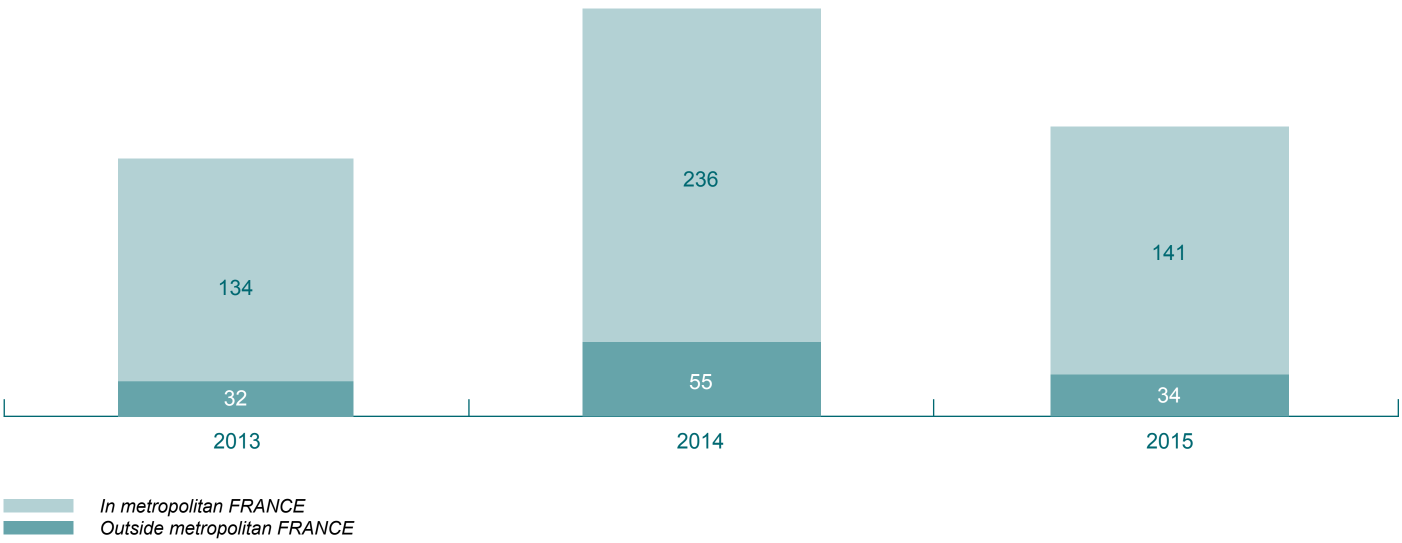
For the PHARMAGEST ESU, the number of single trips by train increased in the past three years:

	2013	2014	2015	Change 2013-2014	Change 2014-2015
Number of trips	2,263	2,534	2,746	12%	8%

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

Air travel fell a steep 40% in 2015. The spike in the number of flights in 2014 was due to the start-up of the INTECUM subsidiary in Corsica, and the formation of CPSI in the French Antilles.

Air travel:



2.4.1.3 Server rooms

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

2.4.1.4 Estimated greenhouse gas (GHG) emissions

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

- Direct GHG emissions (Scope 1) amounted to 144 tonnes CO2 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 165 tonnes CO2 eq.; The indirect emissions are generated through the purchase of electricity;
- Other indirect GHG emissions (Scope 3) amounted to 2,435 tonnes CO2 eq. They are calculated solely on the basis of travel by air and rail (excluding ADI and MALTA INFORMATIQUE) 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 Group has not introduced a policy to protect biodiversity.
The Group's sites are primarily located in integrated development zones or special industrial zones, and no office is located in a protected area where it might generate an impact on biodiversity.

3 Information on corporate changes to promote sustainable development

3.1 The community, economic and social impact of the PHARMAGEST Group 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. The Group has 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) and BASTIA (Haute Corse).

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

- The PHARMAGEST Group produces positive impacts by employing local staff for its secondary offices;
- Its activities help to counter the flight of people and medical facilities from rural areas by facilitating the work of healthcare professionals:
  - PHARMAGEST INTERACTIVE's Pharmacy business and the SELLEN robotic system offer pharmacists the opportunity to optimise pharmacy management;
  - MALTA INFORMATIQUE's software suites facilitate the management and development of elderly residential care homes;
  - The products of the Group's e-Patients Business Line optimise monitoring and care in the home for the elderly and the chronically ill.

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

3.2 Stakeholder relations

3.2.1 Conditions of dialogue with stakeholders

3.2.1.1 Employees

In addition to its legal personnel representation obligations, set out in 1.3 of this report, the PHARMAGEST Group is committed to on-going dialogue with its employees.

In 2015, the Group continued its efforts to introduce participatory and cross-discipline project management involving the employees of the PHARMAGEST ESU, from the registered 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

NF SERVICES Certification

PHARMAGEST INTERACTIVE decided in 2013 to embark on a certification process for its services. Certification aims to improve the quality of interaction with customers and as a result, enhance customer satisfaction overall. This cross-disciplinary project was completed in 2015 and the Group obtained AFNOR NF SERVICES Customer Relations certification for its Centralised Software Support, making it the first pharmacy IT partner to be granted the certification for this service.

3.2.2 Teaching organisations and associations

The PHARMAGEST Group is involved with these bodies at three levels in the main:

- The Solutions for Pharmacy Division - Europe 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 2015, in DIJON);
  - 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 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;
  - The Group gave donations to "*Ouvrir les yeux*", "Pharmacists without Borders" and "Rando Muco".

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 that are committed to a CSR policy and 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 €1,006,780 (excl. tax) in fiscal 2015, while intra-Group sub-contracting was €2,151,668.

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 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;
- Main logistics and transport companies working with the PHARMAGEST Group are either ISO 14001 certified or actively engaged in a CSR policy;
- The Group closely monitors the 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 and/or are committed to promoting integration in the workplace of the unemployed.

3.4 Fair operating practices

3.4.1 Actions undertaken to prevent corruption

In view of the fact that the PHARMAGEST Group's main business is publishing and marketing pharmacy management software, which is not governed by the rules of calls for tender, in principle, the Group is not exposed to corruption risk.

Nonetheless, PHARMAGEST remains extremely vigilant and pays close attention to the practices of employees and companies within the Group to ensure we lead by example. Trust is one of the PHARMAGEST Group core values.

The Group's main sites are in FRANCE or elsewhere in Europe and no specific corruption prevention measures are required. The only site that is in a country where there is potential risk is the HDM subsidiary, based in MAURITIUS. MAURITIUS moved from 47th to 45th 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 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 Divisions operate in the Health sector:

• For pharmacists and their teams, the Solutions for Pharmacy Division - Europe provides:

- 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);

It has also developed the free app for the general public, Ma Pharmacie Mobile®, to find the nearest open pharmacy, send a scan of their prescription, access their medication history or receive reminders to take their medication.

• The Solutions for sanitary and medico-social establishments develops software to improve care of dependent patients;
• The Solutions for e-Health Division helps to improve health systems:
  - The e-Pharma Business Line positions the Group in the public health sector 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-Patients Business Line aims to use the new technologies in its software and products to maintain the elderly and chronically ill in their home and improve outcomes by increasing compliance.

Data protection is extremely important for PHARMAGEST, and the Health Data Hosting business has developed a customised and highly secure architecture to guarantee data security, the quality of which has been recognised through the two accreditations granted by the French Ministry of Social Affairs, Health and Women's Rights.

3.5 Measures taken in favour of human rights

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

Nonetheless, PHARMAGEST acknowledges and reaffirms its firm commitment to the values of the Universal Declaration of Human Rights, the principles of the ILO's core conventions (see 1.7 of this report), as well as its commitment to respecting national and international laws, principles, standards and regulations.

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

No incidence of discrimination has been reported for any of the entities of the PHARMAGEST Group.

4 Methodology, scope and definition of indicators

In accordance with the recommendations of the AMF report on social and environmental responsibility information published by listed companies, dated 5 November 2013, the PHARMAGEST Group presents information to facilitate understanding of the information reported.

4.1 Methodology

General management, and particularly the Human Resources Department and Administration and Finance Department, have specific responsibility for oversight of the process of gathering, validating and consolidating CSR information in the Group. This review helps to continuously improve internal data-collection procedures.

4.2 Scope

All quantitative or qualitative data disclosed in the CSR report are defined according to the following two scopes:

- PHARMAGEST ESU: the Economic and Social Unit comprising PHARMAGEST INTERACTIVE, CP INTERACTIVE (CPI) and EUROPEAN HEALTH LOGISTIC SOURCING (EHLS). CPSI and DIATELIC joined the ESU as of 1 January 2015 by amendment to the collective agreement on the establishment of the ESU, dated 29 December 2014;

- The PHARMAGEST Group, comprising the PHARMAGEST ESU, INTECUM, KAPELSE, SABCO, SABCO SERVICES, HDM, MALTA INFORMATIQUE, APPLICATIONS ET DEVELOPPEMENTS INFORMATIQUES (ADI), HEALTHLEASE and NANCEO (formed in 2015).

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 2015;

- **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;

- **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 2015 to 31 December 2015, 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 health insurance board (CPAM - *Caisse Primaire d'Assurance Maladie*);

- **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;

- **Occupational accident frequency rate:** the number of accidents was lost time, 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 of contractual hours;

- **Circular economy:** economy founded on reduced and responsible consumption of natural resources and primary raw materials and, in order of priority, on preventing waste generation, especially by reusing products, and, in accordance with the hierarchy of waste processing methods, on recycling or energy recovery from waste (Article L.110-1-1 of the French Energy Code (*Code de l'énergie*), based on the law of 17-8-2015);

- **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 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 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, PHARMAGEST includes a summary table of the information which, given the nature of its activities or its organisation, cannot be provided or does not seem relevant.

Summary of undisclosed information:

Information not produced	Grounds
2.1.1. The organisation of the Company so as to take environmental questions into consideration	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	As the PHARMAGEST Group has no industrial site or facility classified for the protection of the environment, it is not concerned by this type of risk and therefore does not set aside resources for their prevention.
2.1.4. Amount of provisions and guarantees for environmental risks	In view of its business, the Group does not recognise provisions for environmental risks.
2.2.1. Measures to prevent, reduce or remedy emissions into the air, water or ground	The Group's activities do not create pollution or generate emissions into the air, water or ground.
2.2.3. Response to noise 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.
2.3.1. Consumption and supply of water according to local constraints	The Group does not use water resources in its activities.
2.3.2. Consumption of raw materials and measures to improve usage efficiency	The Group does not use raw materials directly in its activities.
2.3.4. Soil use	Not applicable to the business.
2.4.2 Adapting to the consequences of climate change	Potential climate change does not have an impact on PHARMAGEST's businesses.
2.5. Measures to preserve or develop biodiversity	The Group has not introduced a policy to protect biodiversity. The Group's sites are primarily located in integrated development zones or special industrial zones, and no office is located in a protected area where it might generate an impact on biodiversity.

24.2 Report of the independent third party on the consolidated social and environmental information in the Management Report

Financial year ended 31 December 2015

To the shareholders,

In our capacity as independent auditors of PHARMAGEST INTERACTIVE, accredited by COFRAC (under number 3-1048)[1], we hereby present our report on the consolidated social, environmental and societal information for the financial year ended on 31 December 2015, included in the Management Report as a CSR Report (hereafter the CSR information), pursuant to Article L. 225-102-1 of the French Commercial Code.

Company's responsibility

The Board of Directors is responsible for the preparation of consolidated social, environmental and societal reporting pursuant to Article R. 225-105-1 of the French Commercial Code in accordance with the reporting framework (hereafter the Reporting framework) used by the company, which is summarised in the Management Report and available on request from the company's registered office.

Independence and quality control

Our independence is defined by the regulations, the professional code of conduct and the provisions of Article L. 822-11 of the French Commercial Code. Moreover, we implement a quality control system consisting of documented policies and procedures to ensure compliance with the code of ethics, professional standards and applicable laws and regulations.

Independent auditor's responsibility

On the basis of our work, it is our responsibility to:

- Certify that the Information required is included in the Management Report, or if missing, is covered by an explanation pursuant to Article R. 225-105-3 of the French Commercial Code (certificate of completeness);
- Express a conclusion of moderate assurance that the Information, presented, in all material respects, is fairly and accurately presented in accordance with the Reporting framework (limited assurance report).

Our work was conducted by a team of three auditors for a week-long period in February/March 2016. We drew on the expertise of our Corporate Social Responsibility experts to complete this assignment.
We conducted our work in accordance with professional standards applicable in FRANCE and with the Order of 13 May 2013 setting out the conditions under which independent auditors conduct their assignment and, with respect to the limited assurance report, in accordance with the International Standard on Assurance Engagements ISAE 3000[2].

1. Certificate of completeness

Nature and scope of work

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 in the Management Report.

Conclusion

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 three 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[3] :

- For the consolidating entity and audited entities, we reviewed the source documents and conducted interviews to corroborate and assess the fairness of the qualitative information (organisation, policies actions). We assessed the indicators using analytical sampling techniques to check the calculations and reconcile them with the data in the management report;

- For a representative sample of entities we selected based on their activity, contribution to consolidated indicators, location and a risk assessment, we conducted interviews to verify proper application of procedures, and conducted detailed tests on samples to check the calculations performed and to reconcile data with supporting evidence. The sample selected represents 83% of the workforce and 46 - 100% of the environmental and social indicators presented.

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, 1 April 2016

Independent Auditors,

DELOITTE & ASSOCIÉS

Anne Philipona-Hintzy
Partner

Julien Rivals
Partner, Sustainable Development

(1) The scope of which may be consulted on www.cofrac.fr
(2) ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information
(3) Social indicators: Breakdown of the total workforce by type of employment contract, status and gender; Number of new hires; Number of lay-offs; Absenteeism rate; Number of occupational illnesses; Number of occupational and commuting accidents and days lost as a result; Occupational and commuting accident frequency rate; Occupational and commuting accident accident severity rate; Total number of training hours.
Environmental indicators: quantity of WEEE; Annual Group electricity consumption; Distance travelled (total km); Number of vehicles (total); Direct and indirect GHG emissions (Scopes 1, 2 and 3).
Societal indicator: External and intra-Group subcontracting.
Qualitative information: Summary of 2015 collective bargaining agreements for the PHARMAGEST ESU; Policies implemented (training); 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 stake-holders; Inclusion of social and environmental responsibility of sub-contractors and suppliers; Measures taken benefiting the health and safety of consumers.
(4) PHARMAGEST ESU

24.3 Chairman's Report on the composition, preparation and organisation of the work of the Board of Directors and the Company's internal control and risk management procedures

In accordance with Article L. 225-37 of the French Commercial Code, the Chairman of the Board of Directors reports to you, as part of the annual Management Report on:

- The composition of the Board of Directors and application of the principle of balanced representation of men and women on the Board;
- The conditions related to the preparation and organisation of the work of the Board of Directors;
- Any limits on the powers of the Managing Director;
- As well as the internal control and risk management procedures in place in the PHARMAGEST Group.

The report also presents:

- The principles and rules for determining compensation and benefits of all types paid to corporate officers;
- Items that could have an impact in the event of a public tender offer (information required by Article L. 225-100-3) and the procedures for participating in General Meetings.

Prepared following discussions and interviews with the Finance Department, the Group's legal counsel and the Audit Committee, the report was approved by the Board of Directors meeting on 01 April 2016.

I. CORPORATE GOVERNANCE

At its meeting of 25 March 2010, the Board of Directors of PHARMAGEST INTERACTIVE voted to adopt the MiddleNext Corporate Governance Code of December 2009 as the most appropriate corporate governance framework for its size and shareholder structure. The MiddleNext Code is available on the MiddleNext website (www.middlenext.com).

It includes recommendations on the areas of vigilance to be addressed by the Board to ensure good corporate governance. PHARMAGEST INTERACTIVE's Board of Directors familiarised itself with these vigilance points when adopting the Code.

PHARMAGEST INTERACTIVE 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).

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 2015, the Board of Directors comprised 10 members, two of whom are independent.

Member's full name or Company Name and their roles	Date term of office expires [1]
Mr. Thierry CHAPUSOT *Chairman of the Board of Directors*	31 December 2019
Mr. Dominique PAUTRAT *Managing Director*	31 December 2019 (MD) 31 December 2020 (Board Member)
Mr. Thierry PONNELLE *Deputy Managing Director and Board Member*	31 December 2019 (DMD) 31 December 2019 (Board Member)
Mr. Denis SUPPLISSON *Deputy Managing Director and Board Member*	31 December 2019 (DMD) 31 December 2020 (Board Member)
Mr. Daniel ANTOINE *Board Member*	31 December 2019
Ms. Marie-Louise LIGER *Independent Board Member*	31 December 2020
Mr. François JACQUEL *Board Member*	31 December 2019
Ms. Anne LHOTE *Board Member*	31 December 2016
Ms. Sophie MAYEUX *Independent Board Member*	31 December 2017
GROUPE WELCOOP, *represented by Mr. Hugues MOREAUX,* *Board Member*	31 December 2019

[1] The term of office ends at the close of the Annual General Meeting convened to approve the financial statements for the financial year shown.

Changes in the composition of the Board

The Ordinary and Extraordinary General Meeting of Shareholders on 26 June 2015 appointed Ms. Marie-Louise LIGER as an independent board member for a term of six years.

In accordance with recommendation number 7 of the MiddleNext Code, Board Members who are managers do not accept more than three positions as directors in other listed companies, including in foreign companies or companies outside the Group.

Information on positions held is given in section 14.1.3 of this Registration Document.
Information on the competencies and roles of Board Members is given in section 14.1.2.

Application of the principles of balanced representation of men and women

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

Following the appointment of a new female Board Member on 26 June 2015, the percentage of women on the Board increased from 20 to 30%.
The Board of Directors will work towards maintaining this 30% 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 2.

Independent Board Members

The concept of independent Board Member complies with the criteria of recommendation number 8 of the MiddleNext Code, namely:

- They must not be a salaried employee or corporate officer and manager of the company or of a company in its group, and must not have held such a position within the last three years;
- They must not be a significant client, supplier or banker of the company or its group, or a client, supplier or banker for whom the company or its group represents a significant share of its business;
- They must not be a majority shareholder of the company;
- They must not have a close family relationship with a corporate officer or majority shareholder;
- They must not have been an auditor of the company in the course of the previous three years.

Appointment of Board members by personnel

As the Company's Articles of Association do not provide for the appointment of one or more Board Members by personnel, there is no member representing personnel on the Board.

The Company, which has a Works Council, does not meet the criteria for the number of employees set out in Article L.225-27-1 based on the Law of 14 June 2013 of the French Commercial Code 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

Since the Company does not meet the conditions in Article L 225-23-1 of the French Commercial Code (shares held by the employees represent more than 3% of the company's share capital), a Board Member representing employee shareholders has not been appointed.

Terms of office

Directors serve for a term of six years, as permitted by law and the Company's Articles.

In accordance with recommendation number 10 of the MiddleNext Code, the Board ensures that the statutory terms of office are in line with the Company's needs, within the limits set by the law. In view of the size and composition of its Board, the Company considers that six-year terms do not limit Board Members' experience and knowledge of the Company, its markets and businesses when making decisions.

Ethical rules

In accordance with recommendation number 7 of the MiddleNext Code, each Board Member, both existing and newly appointed, received information on Group governance and their responsibilities.

Board Members must respect the following ethical rules:

- Before taking up their appointment, they must be informed of their general or specific obligations. They must ensure they have read all the relevant legal or regulatory texts, the Articles of Associations and rules of procedure, as well as any additions to same by the Board;
- Although Board Members are themselves shareholders, they represent the shareholders as a whole and must act in the corporate interest in all circumstances;
- They must inform the Board of Directors about any conflict of interests, including potential conflicts and must abstain from voting or taking part in the relevant deliberations. 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 three 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) in the dedicated General Shareholders' Meeting section under Investor Relations, and is sent to shareholders on request, in accordance with Article R. 225-83 of the said Code.

The appointment of each Board Member is the subject of a separate resolution, in accordance with recommendation number 9 of the MiddleNext Code.

I.2 CONDITIONS RELATED TO THE PREPARATION AND ORGANISATION OF THE WORK OF THE BOARD OF DIRECTORS

Rules of procedure

In accordance with recommendation number 6 of the MiddleNext Code, the Board of Directors introduced rules of procedure on 16 June 2011, which set out:

• The role and powers of the Board of Directors and limits to the powers of the Managing Director;
• The rules for the composition of the Board and the independence criteria applicable to Board Members;
• Members' duties and the ethical rules that apply;
• 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), under Investor Relations / Corporate Governance.

Information provided to Board members

The Board Members consider that they received sufficient information to perform their duties. In order to facilitate preparation for meetings, the Chairman endeavoured to send the documentation and information required at least eight days in advance.

Moreover, Board Members are regularly updated between meetings whenever appropriate in light of developments in the company, in accordance with recommendation number 11 of the MiddleNext Code.

Board meetings

Board practices (convening, meetings, quorum and information provided to its members) are in line with the provisions of applicable law and the Company's Articles of Association. These provisions have been included in and supplemented in the rules of procedure.

The Board's role is to determine the Company's strategic guidelines and to oversee their application. Subject to those powers expressly granted to General Shareholders' Meetings and within the limits of the Company's corporate purpose, the Board of Directors addresses all issues relating to the Company's operations and handles all its affairs (Article L. 225-35-1 of the French Commercial Code).

Moreover, in accordance with the rules of procedure, the Board of Directors may refer matters to the General Shareholders' Meeting if they concern a large majority of the Group's assets or activities.

The Board meets at least four times a year, in compliance with recommendation number 13 of the MiddleNext Code.

The members of the Board of Directors and the Works Council were given sufficient advance notification to arrange to attend meetings and were provided with the documents they needed to ensure the efficient working of the Board.

The Statutory Auditors were invited to all meetings of the Board of Directors.

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 Board of Directors met six times in fiscal 2015, including two working meetings, with an attendance rate of 92%. The table below indicates Board Members' attendance at meetings.

BOARD MEMBER	26/03/2015	26/06/2015	26/06/2015	11/09/2015	10/12/2015	10/12/2015
Thierry CHAPUSOT	Attended	Attended	Attended	Attended	Attended	Attended
Dominique PAUTRAT	Attended	Attended	Attended	Attended	Attended	Attended
Thierry PONNELLE	Attended	Attended	Attended	Excused	Attended	Attended
Denis SUPPLISSON	Attended	Attended	Attended	Attended	Attended	Attended
Daniel ANTOINE	Attended	Attended	Attended	Attended	Attended	Attended
Michel DUSSERRE, member until 26/06/2015	Attended	Attended	Attended	/	/	/
François JACQUEL	Attended	Attended	Attended	Attended	Attended	Attended
Anne LHOTE	Attended	Attended	Attended	Attended	Excused	Excused
Sophie MAYEUX	Excused	Excused	Attended	Attended	Attended	Attended
GROUPE WELCOOP, represented by Hugues MOREAUX	Attended	Attended	Attended	Attended	Attended	Attended
Marie-Louise LIGER, member as of 26/06/2015	/	Invited	Invited	Attended	Attended	Attended

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 2015;
- Proposed appropriation of earnings;
- Review of management forecast documents;
- Review of the Board Members' (and renewal) and Statutory Auditors' terms of office;
- Proposed appointment of a new independent Board Member;
- Proposal to determine the amount and breakdown of director's fees for Board Members;
- Proposed stock split;
- Proposed amendments to the Articles of Association;
- Proposed capital increase reserved for employees under a company savings scheme;
- 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;
- Authorisation for a cash pooling agreement in the PHARMAGEST Group;

- Review of quarterly and half-yearly positions;
- Review of the interim report;
- Appointment of a new Audit Committee member;
- Discussion of the policy on gender equality and equal pay;
- Authorisation of a new regulated agreement;
- Review of agreements covered by Articles L. 225-38 et seq. of the French Commercial Code and the regulated agreements charter;
- Review of the proposed dissolution without liquidation of DEVELOPPEMENT CONSEIL INFORMATIQUE – DCI through the transfer of all assets and liabilities.

Assessment of the Board's Performance

The most recent assessment took place during the meeting held on 13 December 2013, using an individual questionnaire sent to each member. The next assessment will take place no later than December 2016.
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 meeting (miscellaneous questions) without the need to update the agenda. When points are raised during a meeting, the minutes record the discussion.

In response to the opportunities for improvement found during the last survey, 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 number 12 of the MiddleNext Code, we report to you on PHARMAGEST INTERACTIVE'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.

In 2015, the Audit Committee comprised:

- Mr. Daniel ANTOINE, Board Member;
- Mr. Michel DUSSERRE, Independent Board Member until 26 June 2015;
- Ms. Marie-Louise LIGER, Independent Board Member as of 26 June 2015;
- Mr. François JACQUEL, Board Member.

The Committee's members are appointed by the Board of Directors.

Ms. Marie-Louise LIGER was appointed Chair of the Audit Committee to replace Mr. Michel DUSSERRE as of 1 July 2015. She is an independent Board Member under the criteria of the MiddleNext Code and has the requisite financial and accounting expertise.

She 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 2015 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 during the Board meeting 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 2015 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;
- Continued to analyse internal control procedures with the relevant Departments to present the areas of risk and of fraud in their sectors;
- Examined the risk mapping and action plans arising as a result.

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 2016 financial year are summarised below:

- 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;
- Presentation by general management, encompassing:
    - growth plans,
    - main contracts.
- Monitor priority technology action programmes;
- Review internal audit procedures.

A number of specific operating committees also report to general management.

Operating Committees

The Finance and Personnel Management Committee

There are nine permanent members on this committee.

Full Name	Position(s)
Mr. Dominique PAUTRAT	Managing Director
Mr. Thierry PONNELLE	Deputy Managing Director Sales and Marketing Strategy Director
Mr. Denis SUPPLISSON	Deputy Managing Director Director of Solutions for Pharmacy Division - Europe
Ms. Liza NATAN	Director of E-pharma business line
Mr. Yannis NAHAL	Director of Solutions for e-Health Division
Mr. Thierry POIVEY	Deputy Managing Director, SABCO Director of BELGIUM and LUXEMBOURG Pharmacy Business
Mr. Gregory ROUSSEAU	R&D Technical Director
Mr. Jean-Yves SAMSON	Chief Financial Officer (CFO)
Mr. Rodolphe ZIMMER	Human Resources Director

This Management Committee met 11 times in 2015 with an attendance rate of 97%.
It is a permanent committee. It is tasked with examining the company's general policy and strategy, as well as the financial impact of decisions on the company's results.

Each business (operating activities: Pharmacy FRANCE, Pharmacy BELGIUM and LUXEMBOURG, Pharmaceutical companies, e-Health, Care Homes and the R&D Business) of the PHARMAGEST Group has its own Management Committee. It is responsible for implementing the strategy of the PHARMAGEST Group and, in particular, the decisions made regarding the business.

In addition, the company has adopted a cross-functional working method involving a representative from each of the participating departments on a project-by-project basis, from design through to end-of-life, working in various steering committees. The project managers then report to the Finance and Personnel Management Committee.

I.3 COMPENSATION OF CORPORATE OFFICERS

Compensation of non-executive Board Members

Non-executive Board Members receive director's fees.

Director's fees are set in accordance with recommendation number 14 of the MiddleNext Code as follows:

- Directors' fees are paid to Board Members who do not have operating positions in the GROUPE WELCOOP 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 2015, a flat €4,000 in attendance fees was paid to one Board Member who does not have an operational role in the WELCOOP Group according to the criteria above, and to the members of the Audit Committee. An additional €12,000 and €6,000, respectively, was paid to Mr. Michel DUSSERRE and Ms. Marie-Louise LIGER in respect of their specific responsibilities related to specific financial or accounting expertise.

The attendance fees for 2015 were paid on 31 December 2015.

For 2016, the total proposed for the approval of the shareholders at the Annual General Meeting of 23 June 2016 is €33,000.

Employment contract in conjunction with corporate office

In accordance with recommendation number 1 of the MiddleNext Code, the Board of Directors decided to authorise Mr. Dominique PAUTRAT to hold an employment contract concurrent with his corporate office.

Its decision was based on the Board Member's length of service with the company (since he already held an employment contract when he was appointed to the Board), his employment benefit intended to retain him in his role within the company and the low compensation paid for the role as corporate officer in view of the actual risks incurred.

Compensation of executive corporate officers

Pursuant to Article L. 225-102-1 of the French Commercial Code, the Management Report details all compensation and benefits paid to the members of the Board of Directors of PHARMAGEST INTERACTIVE.

The company complies with the standard presentation of compensation of corporate officers proposed in the AMF recommendation.

In addition, the Board of Directors also complies with the principles of recommendation number 2 of the MiddleNext Code in determining compensation of corporate officers, ensuring it is exhaustive, balanced, benchmarked, consistent, clear, measured and transparent.

1) In general terms, compensation paid to the Managing Director and Deputy Managing Directors consists of fixed compensation in respect of their corporate office, fixed compensation in respect of their employment contract, as well as a benefit in kind (a company car, where applicable) and a bonus, established on the basis of results achieved, which are assessed based on the sector, Group-wide performance targets and factors related to each financial year.

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:

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 for the Pharmacy FRANCE business, as well as qualitative objectives (management of PHARMAGEST Consulting and the internal communication plan) for Mr. Thierry PONNELLE;
  - According to operating profit targets for the Pharmacy FRANCE business, operating profit targets for their Pharmacy BELGIUM and LUXEMBOURG business, and on the PHARMAGEST Group's pre-tax operating profit 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. DominiquePAUTRAT'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 €	2015	2014
CHAPUSOT Thierry - Chairman of the Board of Directors		
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
TOTAL	**24,000**	**24,000**
PAUTRAT Dominique - Managing Director/Board Member		
Compensation due in respect of the financial year	208,612	223,612
Value of multi-year bonuses granted during the financial year	7,500	30,000
Value of stock options granted during the financial year	0	0
Value of bonus shares	0	0
TOTAL	**216,112**	**253,612**
PONNELLE Thierry - Deputy Managing Director/Board Member		
Compensation due in respect of the financial year	126,652	129,052
Value of multi-year bonuses granted during the financial year	3 000	22,000
Value of stock options granted during the financial year	0	0
Value of bonus shares	0	0
TOTAL	**129,652**	**151,052**
SUPPLISSON Denis - Deputy Managing Director/Board Member		
Compensation due in respect of the financial year	156,964	163,953
Value of multi-year bonuses granted during the financial year	20,250	42,250
Value of stock options granted during the financial year	0	0
Value of bonus shares	0	0
TOTAL	**177,214**	**206,203**

Table 2: Table 2_Summary of compensation paid to each corporate officer (In €)

CHAPUSOT Thierry Chairman of the Board of Directors	2015		2014	
	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
TOTAL	**24,000**	**24,000**	**24,000**	**24,000**

PAUTRAT Dominique Managing Director / Board Member	2015		2014	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Salary	146,004	146,004	146,004	146,004
Annual bonus	34,000	34,000	49,000	27,000
Multi-year bonus	7,500	0	30,000	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)	4,608	4,608	4,608	4,608
TOTAL	**216,112**	**208,612**	**253,612**	**201,612**

PONNELLE Thierry Deputy Managing Director and Board Member	2015		2014	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Salary	93,252	93,252	92,652	92,652
Annual bonus	21,400	17,184	22,400	19,750
Multi-year bonus	3,000	0	22,000	0
Exceptional compensation	0	0	2,000	2,000
Corporate office	12,000	12,000	12,000	12,000
Directors' fee	0	0	0	0
Benefit in kind (car)	0	0	0	0
TOTAL	**129,652**	**122,436**	**151 052**	**126,402**

SUPPLISSON Denis Deputy Managing Director and Board Member	2015		2014	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Salary	114,000	114,000	105,600	105,600
Annual bonus	26,500	27,000	42,000	28,500
Multi-year bonus	20,250	0	42,250	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)	4,464	4,464	4,353	4,353
TOTAL	**177,214**	**157,464**	**206,203**	**150,453**

Table 3: Directors' fees and other compensation paid to non-executive corporate officers (in €)

Full Name	2015	2014
MOREAUX Hugues (Representing the GROUPE WELCOOP Board Member)		
Directors' fee Other compensation	0 0	0 0
TOTAL	**0**	**0**
ANTOINE Daniel		
Directors' fee Other compensation	900 4,000	900 4,000
TOTAL	**4,900**	**4,900**
DUSSERRE Michel		
Directors' fee Other compensation	450 12,000	450 14,000
TOTAL	**12,450**	**14,450**
LIGER Marie-Louise		
Directors' fee Other compensation	450 6,000	0 0
TOTAL	**6,450**	**0**
JACQUEL François		
Directors' fee Other compensation	1,500 4,000	1,500 4,000
TOTAL	**5,500**	**5,500**
LHOTE Anne		
Directors' fee Other compensation	0 0	0 0
TOTAL	**0**	**0**
MAYEUX Sophie		
Directors' fee Other compensation	600 0	750 0
TOTAL	**600**	**750**

Table 4: Stock options or bonus shares allotted by the issuer and by Group companies to each corporate officer during the financial year

Not applicable, 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 to corporate officers (current plan)

Not applicable: the stock option plan approved by the Meeting on 27 June 2014, and approved by the Board of Directors on 5 December 2014 does not concern executive corporate officers, since they are excluded from the new stock option plan.

Table 9: Options granted to or exercised by the top ten employee grantees, other than corporate officers (current plan)

	Total number of options granted/shares subscribed or purchased	Weighted average price
Options granted during the year by the issuer and any company included in the scope of the stock option plan to the ten employees of these companies to whom the most options were granted.	0	/
Options granted by the Company and any companies included in the plan and exercised during the year by the ten employees of these companies having exercised the most options.	0	/

Table 10: History of bonus share grants

Not applicable.

Table 11: 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
CHAPUSOT Thierry								
Chairman of the Board of Directors **Term of office start date:** Appointed Managing Director and Board Member on 30/05/2002, then Chairman of the Board of Directors on 05/11/2009 with effect from 01/01/2010. **Term of office expires on:** 31/12/2019		X	X			X		X
PAUTRAT Dominique								
Managing Director Board Member **Term of office start date:** Appointed Board Member on 19/06/2009 and Managing Director and Board Member on 05/11/2009 with effect from 01/01/2010 **Term of office expires on**: 31/12/2019	X		X			X	X[(1)]	
PONNELLE Thierry								
Deputy Managing Director and Board Member **Term of office start date:** Appointed Deputy Managing Director and Board Member on 30/05/2002 **Term of office expires on**: 31/12/2019	X		X			X		X
SUPPLISSON Denis								
Deputy Managing Director and Board Member **Term of office start date:** Appointed Deputy Managing Director (non-Board Member) on 09/11/2010 and Deputy Managing Director and Board Member on 1/1/2013 **Term of office expires on**: 31/12/2019	X		X			X		X

[(1)] Non-compete clause with financial compensation amounting to 50% of monthly salary for 12 months, calculated based on average salary for the last 12 months.

I.4 OTHER ITEMS UNDER ARTICLE L. 225-37 OF THE FRENCH COMMERCIAL CODE

The methods of participation in Annual General Meetings are specified in Article 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) and on the contributions of the Internal Audit Department, the Finance Department and the Audit Committee.

II.1 Principles of risk management and internal control

Sensitive information

In essence, the risks to which the Group is exposed are potential vulnerabilities. By their nature, this is sensitive information. Pursuant to Article 223-2-II of the AMF General Regulation, issuers can legitimately defer publication of sensitive information, provided they can ensure the confidentiality of this information. Hence, the PHARMAGEST Group seeks to achieve a fair balance between providing accurate information to the markets and investors and potential damage to its legitimate interests through the disclosure of some sensitive information.

Scope of risk management and internal control

The risk management and internal control systems are applied in the companies under direct management. Accordingly, consistency checks and once-off controls are performed on ADL, MALTA INFORMATIQUE, KAPELSE and NANCEO, as well as equity-consolidated companies, according to the instructions of the Group's general management.

The PHARMAGEST Group wishes to stress that the risks it takes are no cause for anxiety, but rather reflect the search for opportunity and the intention to grow its business in an environment that is quite naturally subject to certain risks.

Limits of risk management and internal control

The context inside and outside the Company may change; therefore, the information on risks reflects risk at a particular point in time. We do not claim that the information provided in this report is exhaustive. It does not cover all the risks to which the Company may be exposed in conducting its business, but only what are considered to be the specific most sensitive risks.

Risk management and internal control procedures provide further control over the activities of the Group and aims to ensure that all risks are understood. Like any control system, however, it can only provide a reasonable guarantee that risks are eliminated.

Objectives of risk management and internal control

System	Objectives
Risk management	• Create and safeguard the company's value, assets and reputation; • Establish secure decision-making and corporate processes to attain the PHARMAGEST Group's objectives; • Promote actions that reflect the company's values; • Mobilise personnel around a shared vision of the main risks.
Internal control	• 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.

II.2 Oversight of risk management and internal control

The role of governance

Governance in the PHARMAGEST Group to oversee risk management and internal control consists of:

Missions	Actors
Risk identification and management	• Internal audit; • Management control; • Operations managers according to their area of competence; • The Finance and Personnel Management Committee; • The Management Committees for the businesses and the Steering Committees operating in project mode.
Supervision of risk management	• Administration and Finance Department.
Risk review	• The Audit Committee; • General management; • The Board of Directors.

Internal control and risk management

Risk mapping

The risk management process focuses on identifying risks in each operating and functional department. Once identified, risks are mapped and prioritised based on probability of occurrence and their potential financial impact on the PHARMAGEST Group. The Internal Audit Department maps risks at least every three years and updates may be performed at any time. In response to business developments, the environment, or changes in management organisation, which could lead to a change in how risk is identified.

The risk maps are presented and commented on to general management and the Audit Committee.

The approach to addressing risk is then analysed in order to select the most appropriate action programmes for the Group. To contain risks within acceptable limits for departments, measures may be initiated to reduce, transfer, eliminate or indeed accept the risk. An internal control process is established to deal with the risks identified.

Internal procedures

The PHARMAGEST Group continues to work on a manual of internal procedures. The manual is provided to all personnel with access rights to be implemented as required. The aim of the manual is to improve the PHARMAGEST Group operations and in particular to describe:

- The stages to follow for the PHARMAGEST Group's main activities;
- The conditions for conducting operations;
- The responsibilities assigned to personnel for each stage of operations;
- The tools provided;
- The checks to be carried out to ensure operations are carried out correctly (self-assessment, management checks, internal and external audits, etc.).

The procedures manual is not listed limited to only those procedures aimed at increasing the reliability of accounting and financial information (operating cycle, investment cycle, financing cycle and cash cycle, amongst others) and includes the various processes identified by the Group, such as:

- Purchasing and logistics services;
- Sales and marketing;
- Customer service (installation, training, telephone help line, after-sales service);
- 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 2015.

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 2015, the main actions in this regard targeted:

- Updating the PHARMAGEST Group's risk map and prioritisation of risks;
- 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.

The main actions for 2016 will be:

- Continued control of risks of fraud and errors by random checks on procedural compliance;
- Continued critical analysis of the relevance and correct application of existing provisions relating to the organisation, procedures and information systems;
- Reinforcement of steering tools for financial risk in the subsidiaries;
- Monitoring of priority action programmes by the Audit Committee;
- Evaluation and management of the risks of newly consolidated or newly formed company;
- Accelerating the process of updating suppliers' IBAN numbers.

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.

Preparation and control of financial and accounting information for shareholders

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, the PHARMAGEST Group, 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.

II.3 Description of the main risks and uncertainties and then prevention

The management of the PHARMAGEST Group considers the main risks and uncertainties presented hereinafter to be such as to pose a risk to continuity of operation or material for the business and/or the Company's development. You are further reminded that Article L.225-100 of the French Commercial Code requires that the report to the General Meeting include a description of the main risks and uncertainties that the Company faces.

Operating risks inherent to the Group's business

Risks	Description of the risk	Preventive measures and remedial actions
The competition	Loss of market share.	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.
Government decisions	Impacts related to government decisions that directly affect the PHARMAGEST Group's customers.	The Group's 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.
Information systems and network security	• Data irretrievably lost or altered rendering them unusable; • Data or processing unavailable for a long period of time, leading to shutdown of a service; • Disclosure of confidential or mistaken information that could benefit competing companies or damage the Group's image.	The PHARMAGEST Group introduced three completely separate architectures: one for its internal needs, one for customer products and services, and one for its personal health 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 with 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	Labour movements, strikes as a result of a deterioration of the Labour relations environment that could tarnish the Group's image in the media.	As at 31 December 2015, the PHARMAGEST Group employs 817 (full-time equivalent - FTE) staff and has a very active profit-sharing policy (in addition to sharing in profits: in addition to profit-sharing, the ESU also has an incentive agreement. Other Group companies that are not party to this agreement have their own incentive-based systems. 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 error	Financial impact as a result of failure to detect fraud or error.	This risk is monitored by the Administration and Finance Department within the Finance and Personnel Management Committee which reports to general management.
Insurance risks	Insurance risks related to an event which, should it occur, may result in bodily or other injury.	All risks are covered and policies include no major excess. The PHARMAGEST Group is fully covered by the insurance policies subscribed by the 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.

Regulatory and 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, a certain number of legal and regulatory factors are closely monitored:

Risks	Description of the risk	Preventive measures and remedial actions
Loss of the SESAM-VITALE accreditation	Inability to offer pharmacy solutions that are compatible with the French Health and Social Security Network (sending e-forms, etc.).	This risk is monitored by the Technical Department with responsibility for R&D in the Financial and Personnel Management Committee, which reports to general management.
Loss of the personal health data host accreditation	Inability to offer pharmacy solutions requiring personal health data hosting to ensure: secure processing, protection and confidentiality of the data to guarantee data protection, system availability and continuity of services.	The department responsible for hosting personal 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.
Lack of intellectual property protection	Lack of intellectual property protection Introduction of a strategy to protect intellectual property that is not suitable for the Group's markets.	The Group owns the patent for the LGPI Global Services® software in FRANCE. Its 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).

The PHARMAGEST Group has no concession contract, marketing or distribution licence that would expose it to legal risk. PHARMAGEST INTERACTIVE holds all the assets required for its operation and is not subject to specific tax conditions.

During the last twelve months, there have been no government, legal or arbitration proceedings which may have, or have had in the recent past, significant effects on the Group's and/or the Company's financial position or profitability, and to the best of the Group's knowledge, no such proceedings are pending or threatened.

Industrial and environmental risks

The PHARMAGEST Group is not engaged in industrial activities and is not exposed to industrial or environment risks. (see the CSR report in Section 24.1).

Financial risks

The PHARMAGEST Group considers that it is not particularly exposed to financial risks. Nonetheless, it includes a study of the main financial risks in Section 20.3.1.5 - Note 6.7 of this Registration Document, namely:

- Liquidity risk;
- Interest rate risk;
- Foreign exchange risk;
- Financial instruments and shares risk;
- Credit/counterparty risk.

24.4 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 2015.

It is the Chairman's responsibility to prepare and submit for the Board's approval a report on internal control and risk management procedures implemented by the company and to provide the other information required by article L. 225-37 of the French Commercial Code relating to matters such as corporate governance.

Our role is to:

- Report to shareholders our comments on the information contained in the Chairman's report concerning the internal control and risk management procedures related to the preparation and processing of accounting and financial information, and
- confirm that the report also includes the other information required by article L. 225-37 of the French Commercial Code. It should be noted that our role is not to verify the fairness of this information.

We conducted our work in accordance with professional standards applicable in FRANCE.

Information on the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's Report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information.

These procedures consist mainly in:

- Obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and of the existing documentation;
- Obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- Determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we may have detected in the course of our work have been properly disclosed in the Chairman's Report.

On the basis of our work, we have no matters to report on the information concerning the company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Board of Directors in accordance with article L. 225-37 of the French Commercial Code.

Other information

We confirm that the Chairman's report contains the other information required by Article L. 225-37 of the French Commercial Code.

Drawn up in Vandœuvre-lès-Nancy and Courbevoie, 22 April 2016

The Statutory Auditors

BATT AUDIT
Statutory Auditor
Stéphane RONDEAU

MAZARS
Statutory Auditor
Laurence FOURNIER

24.5 Draft resolutions

FIRST RESOLUTION

Approval of the individual financial statements

The Ordinary General Meeting,

Having considered:

- The Management Report of the Board of Directors on the activities and results of PHARMAGEST INTERACTIVE and its subsidiaries during the financial year ended on 31 December 2015 and on the financial statements for this period, the Corporate Social Responsibility report and the Chairman's Special Report in accordance with Article L. 225-37 of the French Commercial Code,
- Reports of the Statutory Auditors on the annual financial statements and the Chairman's report,

Hereby approves the annual financial statements as they are presented showing a profit of €16,152,017.26.

In accordance with Article 223 quater 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 €115,921 and giving rise to €38,641 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 2015, as presented.

FOURTH RESOLUTION

Appropriation of earnings

The Ordinary General Meeting,

Approves the recommendation made by the Board of Directors and resolves to appropriate the €16,152,017.26 in profit for the period as follows:

Net profit for the year Retained earnings	€16,152,017.26 €36,596,804.15
Amount available to shareholders	**€52,748,821.41**
Dividend of €0.60 per share The balance: is appropriated to retained earnings	€9,104,475.00 €43,644,346.41

Equity will then amount to €66,706,153.34.

The dividend per share will amount to €0.60. The Extraordinary General Meeting on 26/06/2015 voted to approve the 5-for-1 stock split, thereby increasing the number of shares making up the share capital by the same multiple. Taking these items into account, the proposed dividend rose 3.45%.

The dividend will be available for payment with effect from 1 July 2016 at the BNP PARIBAS Bank responsible for managing the securities.

If PHARMAGEST INTERACTIVE holds shares in treasury at the time of the dividend payment (under a liquidity contract), the amount of unpaid dividends as a result will be appropriated to retained earnings.

The above dividends entitle individuals to 40% tax relief on the total amount. Furthermore, it is specified that pursuant to current law, the following withholdings at source will be made by the company from dividends paid to individuals who are French tax residents:

- A compulsory social security withholding: at the current rate of 15.5%;
- A compulsory non-definitive withholding of 21% (Article 117 quater (new), of the French General Tax Code). Income is taken at gross value to calculate this amount. However, individuals belonging to a tax household where the reference tax income of the year before last, as defined in 1 of IV of Article 1417 is less than €50,000 for single, divorced or widowed taxpayers and less than €75,000 for taxpayers subject to joint taxation, can apply for an exemption, under the conditions provided in Article 242 quater. 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)
31/12/2012	€2.10	€2.10	€2.10
31/12/2013	€2.50	€2.50	€2.50
31/12/2014	€2.90	€2.90	€2.90

FIFTH RESOLUTION

New agreement governed by Article L. 225-38 of the French Commercial Code

The Ordinary General Meeting,

Having reviewed the Statutory auditors' special report on regulated agreements, covered by Articles L. 225-38 et seq. of the French Commercial Code, hereby approves the new agreement set out in this report, but not yet approved by the General Meeting.

SIXTH 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.

SEVENTH RESOLUTION

Authorisation for the Company to buy back shares

The Ordinary General Meeting,

Having reviewed the report of the Board of Directors, in accordance with the provisions of Articles L. 225-209 et seq. of the French Commercial Code, hereby authorises the Board, with the option to sub-delegate in accordance with the law and regulations applicable at the time of the transaction, and in particular, in accordance with the conditions imposed by the said Articles L. 225-209 et seq. and by European Commission Regulation no. 2273/2003 of 22 December 2003, and by the AMF General Regulation, for PHARMAGEST INTERACTIVE to purchase its own shares within the limit of 10% of the share capital, i.e. up to a maximum of 1,517,412 shares.

The General Meeting resolves that the purpose of this share buy-back authorisation with the option to sub-delegate in accordance with the law is:

- To promote trading and ensure the liquidity of the share via an investment services provider, under the terms of a liquidity contract that complies with the Ethics Charter recognised by the AMF;
- To purchase shares and retain them for subsequent tendering in exchange or payment for acquisitions;
- To grant shares to the employees or corporate officers of PHARMAGEST INTERACTIVE or its Group, in accordance with the terms and conditions provided by law, notably as part of a profit-sharing plan, to cover stock options, as part of a company savings plan or to be used to grant performance-based bonus shares to employees pursuant to the provisions of Articles L. 225-197-1 et seq. of the French Commercial Code.

The General Meeting resolves that:

- The maximum price per share may not exceed €40;
- The maximum amount that may be invested by PHARMAGEST INTERACTIVE under the programme is €60,696,480 for 10% of the share capital.

In the event of a capital increase by a capitalisation issue and a grant of bonus shares, as well as in the event of a share split or reverse share split, the prices given above will be adjusted by a multiplier factor equal to the ratio between the number of shares making up the share capital before and after the transaction.

The purchase, sale or transfer of shares may be carried out by any means authorised by applicable regulations, in the market, by mutual agreement and including through block purchases, at any time, including while a public tender offer is in progress.

The Ordinary General Meeting grants full powers to the Board of Directors, with the option to sub-delegate in accordance with the law, 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 as of the date of this Meeting, until 22 December 2017. It terminates and replaces all prior authorisations for the same purpose, as of this date.

In its Management Report, the Board of Directors will report annually to the General Meeting on the transactions carried out under this authorisation.

EIGHTH RESOLUTION

Directors' fee

The Ordinary General Meeting,

Resolves to set the amount of directors' fees to be allocated to Board Members for 2016 at €33,000.

NINTH RESOLUTION

Appointment of a new substitute Statutory Auditor

The Ordinary General Meeting,

Having noted that Mr. Antoine MERCIER, substitute Statutory Auditor, has opted to retire, hereby appoints as new substitute Statutory Auditor:

- Mr. Christian EINHORN
  20 avenue de la Paix - 67000 STRASBOURG

As new substitute Statutory Auditor for the remainder of his predecessor's term, i.e. until the Ordinary General Meeting called to approve the financial statements for the year ended on 31 December 2016.

TENTH RESOLUTION

Powers for formalities

The Ordinary 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.

24.6 Upcoming publications

First-quarter 2016 sales	12 May 2016
First-quarter 2016 sales	10 August 2016
2016 intermediary results	12 September 2016
Third-quarter 2016 sales	16 November 2016
2016 annual turnover	15 February 2017
2016 annual results	No later than 30 April 2017

25 INFORMATION ON SHAREHOLDINGS

PHARMAGEST INTERACTIVE's subsidiaries and equity holdings are presented in the notes to the individual financial statements in 20.3.2.3 Note 15.5.

REGISTRATION DOCUMENT 2015

PHARMAGEST

WELCOOP SOLUTION

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