2015 consolidated financial statements

Consolidated income statement

(in € thousands)	Notes	31/12/2014	31/12/2015
Revenue	*4.1*	**157 973**	**172 328**
Purchases and external expenses	*4.5*	(33 195)	(36 608)
Taxes and duties		(2 941)	(3 186)
Employee expenses	*5.2*	(79 031)	(82 754)
Other recurring operating income and expenses	*4.6*	(1 587)	(1 536)
Depreciation, amortization, impairment and provisions		(9 744)	(10 742)
Recurring operating profit		**31 475**	**37 502**
As % of revenue		*19,9%*	*21,8%*
Other operating income and expenses	*4.7*	(4 207)	448
Operating profit		**27 268**	**37 950**
As % of revenue		*17,3%*	*22,0%*
Net borrowing costs	*8.2.1*	(1 923)	(2 099)
Other financial income	*8.2.2*	3 942	5 975
Other financial expenses	*8.2.2*	(1 067)	(2 730)
Income tax	*9.1*	(12 013)	(13 029)
Profit for the year from continuing operations		**16 207**	**26 067**
Profit for the year from discontinued operations		-	-
CONSOLIDATED PROFIT FOR THE YEAR		**16 207**	**26 067**
As % of revenue		*10,3%*	*15,1%*
Attributable to non-controlling interests		-	-
Attributable to owners of the Company		**16 207**	**26 067**

EARNINGS PER SHARE (in euros)		
Basic earnings per share	2,26	3,50
Diluted earnings per share	2,26	3,49

Linedata

Consolidated statement of comprehensive income

(in € thousands)	31/12/2014	31/12/2015
Consolidated profit for the year	**16 207**	**26 067**
Translation adjustments	6 890	4 921
Of which tax effects	*146*	*89*
Change in derivative financial instruments	(44)	231
Of which tax effects	*24*	*(121)*
Others	-	73
Of which tax effects	-	*(38)*
Items that may be subsequently reclassified to profit or loss	**6 846**	**5 225**
Actuarial gains and losses on retirement benefit obligations	(865)	46
Of which tax effects	*455*	*(135)*
Others	(36)	
Of which tax effects	-	
Items that will not be subsequently reclassified to profit or loss	**(901)**	**46**
Total other comprehensive income (loss) for the year, net of tax	**5 945**	**5 271**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**22 152**	**31 338**

Consolidated statement of financial position

ASSETS *(in € thousands)*	Notes	31/12/2014	31/12/2015
Goodwill	*6.1*	122 858	129 798
Intangible assets	*6.2*	27 091	23 529
Property, plant and equipment	*6.3*	9 260	9 624
Non-current financial assets	*8.1.5*	1 104	640
Other non-current assets	*4.4*	349	509
Deferred tax assets	*9.2*	5 450	4 222
Non-current assets		**166 112**	**168 322**
Trade and other receivables	*4.2*	42 135	43 146
Tax receivables		5 915	5 495
Cash and cash equivalents	*8.1.3*	15 392	38 255
Current assets		**63 442**	**86 896**
TOTAL ASSETS		**229 554**	**255 218**

EQUITY AND LIABILITIES *(in € thousands)*	Notes	31/12/2014	31/12/2015
Capital stock		7 849	7 320
Reserves		77 518	95 631
Profit for the year		16 207	26 067
Equity attributable to owners of the Company		**101 574**	**129 018**
Non-controlling interests		-	-
TOTAL EQUITY	*10*	**101 574**	**129 018**
Provisions for retirement and other post-employment benefits	*5.3*	7 532	7 247
Non-current provisions	*7.1*	51	33
Non-current loans and other financial liabilities	*8.1.2*	41 219	52 345
Deferred tax liabilities	*9.2*	9 473	11 333
Other non-current liabilities	*4.4*	575	410
Non-current liabilities		**58 850**	**71 368**
Current provisions	*7.1*	1 814	997
Current loans and other financial liabilities	*8.1.2*	14 933	4 063
Current operating liabilities	*4.3*	46 748	43 985
Current tax liabilities		5 635	5 787
Current liabilities		**69 130**	**54 832**
TOTAL EQUITY AND LIABILITIES		**229 554**	**255 218**

Consolidated statement of changes in equity

(in € thousands)	Number of shares	Capital stock	Additional paid-in capital	Consolidated reserves	Treasury stock	Other comprehensive income (loss)	Profit for the year	Total equity
As of 12/31/2013	**7 830 025**	**7 830**	**55 799**	**32 507**	**(4 328)**	**(16 180)**	**17 691**	**93 319**
Appropriation of profit for the year	-	-	-	17 758	(67)	-	(17 691)	**-**
Profit for the year	-	-	-	-	-	-	16 207	**16 207**
Capital stock transactions	19 000	19	310	-	-	-	-	**329**
Treasury stock transactions	-	-	-	-	(10 110)	-	-	**(10 110)**
Share-based payments	-	-	-	518	-	-	-	**518**
Dividends paid	-	-	-	(4 634)	-	-	-	**(4 634)**
Other comprehensive income (loss)	-	-	-	-	-	(945)	-	**(945)**
Foreign currency translation adjustments	-	-	-	-	-	6 890	-	**6 890**
Other movements	-	-	-	-	-	-	-	**-**
As of 12/31/2014	**7 849 025**	**7 849**	**56 109**	**46 149**	**(14 505)**	**(10 235)**	**16 207**	**101 574**
Appropriation of profit for the year	-	-	-	15 666	541	-	(16 207)	**-**
Profit for the year	-	-	-	-	-	-	26 067	**26 067**
Capital stock transactions	53 500	53	968	-	-	-	-	**1 021**
Treasury stock transactions	(582 143)	(582)	(11 061)	(2)	11 409	-	-	**(236)**
Share-based payments	-	-	-	564	-	-	-	**564**
Dividends paid	-	-	-	(4 662)	-	-	-	**(4 662)**
Other comprehensive income (loss)	-	-	-	-	-	350	-	**350**
Foreign currency translation adjustments	-	-	-	-	-	4 921	-	**4 921**
Other movements	-	-	-	-	-	(581)	-	**(581)**
As of 12/31/2015	**7 320 382**	**7 320**	**46 016**	**57 715**	**(2 555)**	**(5 545)**	**26 067**	**129 018**

Consolidated statement of cash flows

(in € thousands)	Notes	31/12/2014	31/12/2015
Profit for the year from continuing operations - attributable to owners of the Company		**16 207**	**26 067**
Net amortization	*6.2 & 6.3*	10 572	11 751
Net depreciation and provisions	*5.2, 6.1 & 7.1*	4 116	(943)
Unrealized (gains) losses from changes in fair value		-	-
(Income) expenses from share-based compensation	*5.2*	518	565
Other non-cash income and expenses		(59)	(30)
Net (gain) loss on non-current assets sold or scrapped		(4)	(530)
Net borrowing costs	*8.2.1*	1 923	2 099
Deferred taxes	*9.2*	2 115	2 139
Corporate income tax paid		(4 698)	578
Net change in working capital		(4 207)	(4 680)
Net cash from (used in) operating activities		**26 483**	**37 016**
Acquisitions/disposals of property, plant and equipment and intangible assets	*6.2 & 6.3*	(8 023)	(6 400)
Acquisitions of long-term investments, net of cash acquired		-	-
Disposals of non-current financial assets		-	223
Change in other financial assets		63	525
Net cash from (used in) investing activities		**(7 960)**	**(5 652)**
Capital increase	*10.1.1*	329	923
Treasury stock transactions		(10 110)	(652)
Dividends paid	*10.1.3*	(4 634)	(4 662)
Increase in non-current loans and other liabilities	*8.1.2*	2 125	54 581
Repayment of non-current loans and other liabilities	*8.1.2*	(16 411)	(53 924)
Interest paid		(1 697)	(2 314)
Change in other receivables and financial liabilities		-	-
Net cash from (used in) financing activities		**(30 398)**	**(6 048)**
Effects of exchange rate fluctuations		(2 009)	(2 618)
NET INCREASE (DECREASE) IN NET CASH AND CASH EQUIVALENTS		**(13 884)**	**22 698**
Net cash and cash equivalents at beginning of year		**29 226**	**15 342**
Net cash and cash equivalents at end of year		**15 342**	**38 040**
Of which :			
Cash and cash equivalents		15 392	38 255
Bank overdrafts		(50)	(215)

Notes to the consolidated financial statements

Contents

Note 1 Significant accounting policies

Linedata Services is a French corporation (société anonyme) subject to the regulations applicable to commercial companies, whose registered office is at 19, Rue d'Orléans, 92200 Neuilly-sur-Seine, France. Linedata Services is listed on Euronext Paris.
Linedata Services and its subsidiaries in France and abroad (hereafter "the Group") are major players in the development and distribution of financial software, solutions integration, product development, consultancy and training for its software products.

Its areas of expertise are Asset Management (including Savings and Insurance) and Lending and Leasing.
The consolidated financial statements for the year ended December 31, 2015 have been drawn up under the responsibility of the Executive Board. They were finalized by the Executive Board at its meeting on February 11, 2016 and were submitted for review to the Supervisory Board at its meeting on February 11, 2016.

1.1. Accounting framework applied

The consolidated financial statements for the year ended December 31, 2014 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. These standards are available on the European Commission's website:
http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm

1.1.1. New standards and interpretations whose application is mandatory

The new standards, amendments to existing standards and interpretations whose application is mandatory for accounting periods beginning on or after January 1, 2015 do not have a material impact on the Group's financial statements and earnings. They comprise mainly the 2011-2013 IFRS annual improvements cycle, the amendments to IAS 1 « *Presentation of financial statements - Disclosure initiative* » and IFRIC 21 « *Levies* ».

1.1.2. Standards and interpretations adopted by the European Union which may be adopted early

The Group has chosen not to adopt early those standards and interpretations.

1.1.3. Standards and interpretations published by the IASB but not yet adopted by the European Union

The Group has not applied early the standards and interpretations published by the International Accounting Standards Board (IASB) but not adopted by the European Union as of December 31, 2015, i.e.: IFRS 9 «*Financial instruments* » and the additions to IFRS 9, and IFRS 15 «*Revenue*».

1.2. Basis of preparation - Accounting estimates and judgments

When preparing the financial statements, Management is required to make estimates and adopt assumptions concerning the measurement of certain assets and liabilities stated in the consolidated statement of financial position, as well as certain items in the income statement. Management is also required to exercise its judgment when applying the Group's accounting methods.

These estimates and judgments, which are continually updated, are based partly on historical information and partly on expected future events judged reasonable in view of the prevailing circumstances. Given the uncertainty surrounding assumptions used in respect of future events and circumstances, the resulting accounting estimates may differ from the actual amounts when they are known.

Note 2 Consolidation scope

2.1. Accounting principles related to the consolidation scope

2.1.1. Consolidation method

Linedata Services is the consolidating company.

The financial statements of companies under Linedata Services' exclusive control are fully consolidated. Control is deemed to exist where the parent company holds, directly or indirectly via subsidiaries, more than half of an entity's voting rights. Control is also deemed to exist where the parent company holds half or less than half of an entity's voting rights but has:
- ✓ power over more than half of the voting rights by virtue of an agreement with other investors,
- ✓ power to govern the entity's financial and operational policies by virtue of a regulation or contract,
- ✓ power to appoint or remove from office the majority of the members of the Board of Directors or equivalent managing body, if control over the entity is exercised by said Board or body, or
- ✓ power to control the majority of the voting rights at meetings of the Board of Directors or equivalent managing body, if control over the entity is exercised by said Board or body.

Intragroup transactions, balances and unrealized gains on transactions between Group companies are eliminated on consolidation.

The financial statements of all consolidated companies are drawn up to December 31 each year. They are, where relevant, adjusted to ensure the consistency of the accounting and measurement rules applied by the Group.

2.1.2. Foreign currency translation

Functional currency and financial statements' presentation currency

Items included in the financial statements of each Group entity are measured using the currency of the primary economic environment in which the entity operates ("functional currency").

The consolidated financial statements are presented in euros, the functional and presentation currency of the parent company Linedata Services.

Translation of financial statements of foreign subsidiaries

The subsidiaries have as their functional currency their local currency, in which most of their transactions are denominated. The financial statements of all Group entities whose functional currency is different from the presentation currency are translated into euros as follows:

- ✓ assets and liabilities are translated at the closing exchange rate,
- ✓ revenues, expenses and cash flows are translated at the average exchange rate for the financial year,
- ✓ all resulting translation differences are recognized as a separate component of equity under the heading "*Translation reserves*".

Translation differences resulting from the translation of net investments in foreign operations are recognized as a separate component of equity under the heading "*Translation reserves*", in accordance with IAS 21. Translation differences relating to intragroup loans are regarded as forming an integral part of the Group's net investment in the foreign subsidiaries concerned.

The goodwill and fair value adjustments resulting from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing exchange rate.

The Group does not consolidate any entity operating in a hyperinflationary economy.

Details are provided in Note 12 of the rates used to translate foreign currencies.

Translation of foreign currency transactions

Transactions in foreign currencies are translated into the functional currency at the exchange rate ruling on the date of the transaction. Foreign currency translation gains and losses resulting from the settlement of these transactions and those caused by the translation at the closing exchange rate of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

2.1.3. Business combinations

The Group applies revised IFRS 3 to the purchase of assets and the assumption of liabilities that constitute a business. The acquisition of assets or groups of assets that do not constitute a business is recognized in accordance with the standards applicable to such assets (IAS 16, IAS 38 and IAS 39).

The Group recognizes all business combinations in accordance with the acquisition method, which involves:

- ✓ measuring and recognizing at fair value on the acquisition date the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The Group identifies and allocates these items on the basis of contractual provisions, economic conditions and its accounting and management policies,
- ✓ measuring and recognizing on the acquisition date the difference, known as "goodwill", between:
  - ✓ the acquisition price of the acquiree, to which is added the amount of any non-controlling interest in the acquiree, and
  - ✓ the net amount of the identifiable assets acquired and liabilities assumed.

The acquisition date is the date on which the Group obtains control of the acquiree.

The acquisition price of the acquiree corresponds to the fair value, as of the acquisition date, of the elements of the consideration transferred to the vendor in exchange for control of the acquiree, excluding any element which is consideration for a transaction that is separate from the acquisition of control.

In cases in which the business combination can only be recognized on a provisional basis by the end of the reporting period in which it occurs, the acquirer recognizes the business combination using provisional amounts. The acquirer must then recognize adjustments to these provisional amounts necessary to finalize recognition of the combination within the 12 months following the acquisition date.

2.2. List of consolidated companies

Company's name	Country	% control	Consolidation method
LINEDATA SERVICES S.A.	France	-	Parent company
LINEDATA SERVICES ASSET MANAGEMENT SAS	France	100%	Full consolidation
LINEDATA SERVICES LEASING & CREDIT SAS	France	100%	Full consolidation
LINEDATA SERVICES LUXEMBOURG S.A.	Luxembourg	100%	Full consolidation
FIMASYS ESPAÑA S.L.	Spain	100%	Full consolidation
LINEDATA SERVICES TUNISIE S.A.	Tunisia	100%	Full consolidation
LINEDATA TECHNOLOGIES TUNISIE S.A.	Tunisia	100%	Full consolidation
LINEDATA Ltd	United Kingdom	100%	Full consolidation
LINEDATA SERVICES (UK) Ltd	United Kingdom	100%	Full consolidation
LINEDATA Limited	Ireland	100%	Full consolidation
LINEDATA SERVICES (Latvia) SIA	Latvia	100%	Full consolidation
LINEDATA SERVICES Inc	United States	100%	Full consolidation
LD SERVICES Inc	United States	100%	Full consolidation
LINEDATA SERVICES (BFT) Inc	United States	100%	Full consolidation
LINEDATA LENDING & LEASING Corp.	Canada	100%	Full consolidation
LINEDATA SERVICES H.K. Limited	Hong Kong	100%	Full consolidation
LINEDATA SERVICES INDIA Private Limited	India	100%	Full consolidation

Linedata Services Maroc, which was incorporated in July 2015, did not trade during the financial year. Since it is not material to the Group, its financial statements were not consolidated in 2015.
All Group companies are consolidated on the basis of their financial statements drawn up for the 12 months to December 31.

2.3. Off-balance sheet commitments related to the consolidation scope

In connection with asset acquisitions, the Group has given the following guarantees:

Description	Received/ given	Purpose	Start date	End date	Beneficiary	Ceiling
Acquisition of GIS' assets	Received	Taxes, environment and salary benefits	09/30/2005	6 months after the statutory limitation period	Linedata Services Inc., LD Services Inc. and their subsidiaries	
Acquisition of CapitalStream's assets	Received	Customary guarantees and representations: ownership of assets, intellectual property, and social security, tax, legal and financial aspects	03/21/2013	03/21/2020 for intellectual property, 60 days after the statutory date for taxes, 12/21/2014 for the other guarantees	Linedata Services SA and its subsidiaries	$22.5 million for the intellectual property $9 million for the other guarantees

Note 3 Segment reporting

Pursuant to IFRS 8, segment information is based on the internal management information used by the main decision-makers, i.e. the Chairman of the Executive Board and the Management Committee.

In 2014, as part of the implementation of the corporate plan RISE, the Group adapted its operating structure to move towards an organization by business segment.

The reported segments correspond to the following business segments:

- ✓ Asset Management,
- ✓ Lending & Leasing,
- ✓ Others, including Employee Savings and Insurance and Pension Funds.

3.1. Segment results

3.1.1. Year ended December 31, 2014

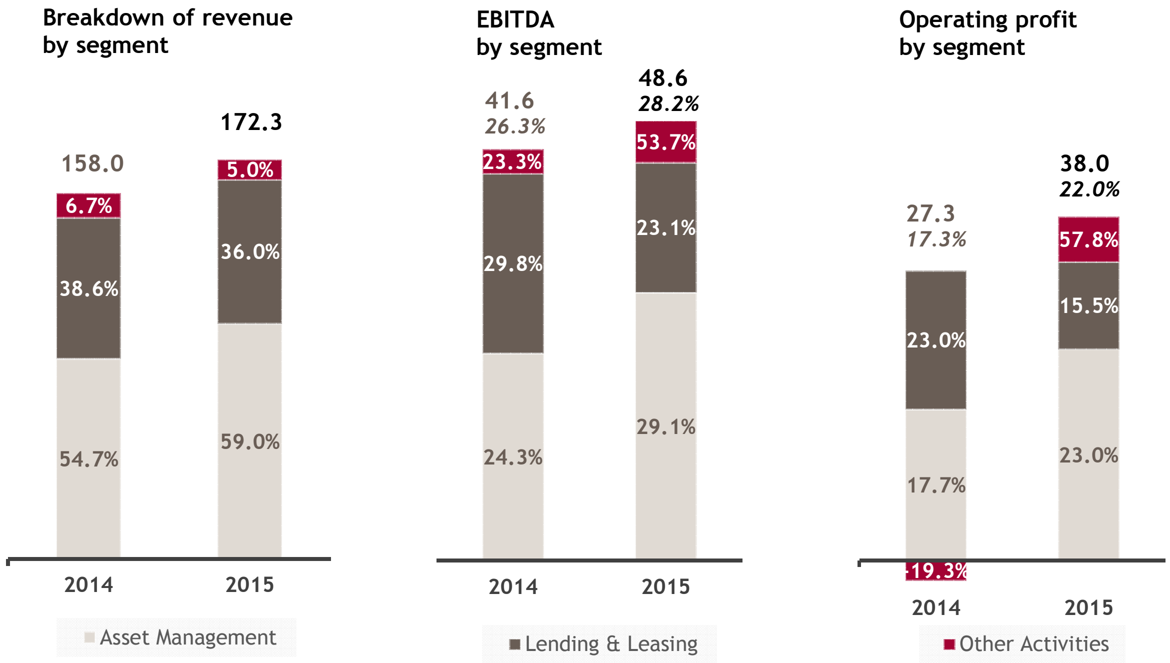
(in € thousands)	Asset Management	Lending & Leasing	Other Activities	Total Group
Revenue	86 361	60 961	10 651	**157 973**
EBITDA	20 952	18 192	2 478	**41 622**
Operating profit	15 288	14 033	(2 053)	**27 268**

3.1.2. Year ended December 31, 2015

(in € thousands)	Asset Management	Lending & Leasing	Other Activities	Total Group
Revenue	101 593	62 101	8 634	**172 328**
EBITDA	29 579	14 371	4 637	**48 587**
Operating profit	23 334	9 622	4 994	**37 950**

3.1.3. Sector data

(in €m and as % of revenue)



EBITDA, the Group's key indicator, is defined as operating income before net charges to depreciation and amortization and to current and non-current provisions.

3.2. Breakdown of assets and liabilities by segment

3.2.1. As of December 31, 2014

(in € thousands)	Asset Management	Lending & Leasing	Other Activities	Total Group
Goodwill	69 134	46 775	6 949	**122 858**
Intangible assets	8 181	18 810	100	**27 091**
Property, plant and equipment	5 094	2 302	1 864	**9 260**
Non-current financial assets	398	102	604	**1 104**
Other non-current assets	349	-	-	**349**
Non-current assets	**83 156**	**67 989**	**9 517**	**160 662**
Current assets	**29 404**	**18 760**	**9 363**	**57 527**
SEGMENT ASSETS	**112 560**	**86 749**	**18 880**	**218 189**
UNALLOCATED ASSETS				**11 365**
TOTAL ASSETS				**229 554**

(in € thousands)	Asset Management	Lending & Leasing	Other Activities	Total Group
Non-current liabilities	2 302	3 617	2 239	**8 158**
Current liabilities	21 170	18 071	9 321	**48 562**
SEGMENT LIABILITIES	23 472	21 688	11 560	**56 720**
Equity				**101 574**
Loans and other financial liabilities				**56 152**
Other unallocated liabilities				**15 108**
EQUITY AND UNALLOCATED LIABILITIES				**172 834**
TOTAL EQUITY AND LIABILITIES				**229 554**

The unallocated assets comprise the deferred tax assets and the tax receivables. The unallocated liabilities correspond to the current and deferred tax liabilities.

3.2.2. As of December 31, 2015

(in € thousands)	Asset Management	Lending & Leasing	Other Activities	Total Group
Goodwill	73 977	48 921	6 900	**129 798**
Intangible assets	6 022	17 240	267	**23 529**
Property, plant and equipment	5 336	2 320	1 968	**9 624**
Non-current financial assets	423	115	102	**640**
Other non-current assets	411	-	98	**509**
Non-current assets	**86 169**	**68 596**	**9 335**	**164 100**
Current assets	**33 587**	**23 077**	**24 737**	**81 401**
SEGMENT ASSETS	**119 756**	**91 673**	**34 072**	**245 501**
UNALLOCATED ASSETS				**9 717**
TOTAL ASSETS				**255 218**

(in € thousands)	Asset Management	Lending & Leasing	Other Activities	Total Group
Non-current liabilities	2 132	3 675	1 883	**7 690**
Current liabilities	23 228	17 013	4 741	**44 982**
SEGMENT LIABILITIES	25 360	20 688	6 624	**52 672**
Equity				**129 018**
Loans and other financial liabilities				**56 408**
Other unallocated liabilities				**17 120**
EQUITY AND UNALLOCATED LIABILITIES				**202 546**
TOTAL EQUITY AND LIABILITIES				**255 218**

The unallocated assets comprise the deferred tax assets and the tax receivables. The unallocated liabilities correspond to the current and deferred tax liabilities.

3.3. Breakdown of capital expenditure by segment

3.3.1. Year ended December 31, 2014

(in € thousands)	Asset Management	Lending & Leasing	Other Activities	Total Group
Intangible assets	1 948	2 019	46	**4 013**
Property, plant and equipment	2 376	945	720	**4 041**
TOTAL CAPITAL EXPENDITURE	4 324	2 964	766	**8 054**

3.3.2. Year ended December 31, 2015

(in € thousands)	Asset Management	Lending & Leasing	Other Activities	Total Group
Intangible assets	1 541	1 181	171	**2 893**
Property, plant and equipment	2 413	713	731	**3 857**
TOTAL CAPITAL EXPENDITURE	3 954	1 894	902	**6 750**

Note 4 Activity

4.1. Revenue

The applicable standard is IAS 18 "*Revenue*".
The Group's revenue comes from four main sources:

- ✓ the right of use under license of the software
- ✓ maintenance
- ✓ related services: development, implementation, configuration, customization, training, etc.
- ✓ the provision of consultancy and training

A license is recognized as an asset when there is objective evidence that the material risks and rewards incidental to ownership of the license have been transferred to the purchaser, that the price has been or may be determined, that the costs incurred or to be incurred in respect of the transaction may be measured in a reliable manner, that all contractual obligations have been satisfied and that recovery of the associated receivable is probable.

Revenue in respect of a license granted for a specified term is recognized on a straight-line basis over said term.

In the case of contracts composed of multiple elements (license, maintenance, related services, etc.), the revenue from the provision of the services is recognized separately from the license revenue, if the services provided are not essential to the functionality of the software license.

When the development and/or implementation services are deemed to be material or when the transaction requires a significant modification of the software, the revenue resulting from sales of licenses and the associated services is generally recognized in accordance with the percentage of completion method.

Revenue in respect of the provision of consultancy and training is recognized on completion of the corresponding service. Revenue from services provided under fixed-price contracts is recognized in accordance with the percentage of completion method.

Revenue from maintenance and ASP (Application Service Provider) services is recognized on a pro-rata basis over the term of the contract.

4.1.1 Revenue by nature

(in € thousands)	31/12/2014		31/12/2015	
ASP / Facilities Management	32 476	20,6%	35 482	20,6%
Maintenance and support	47 269	29,9%	50 185	29,1%
Recurring licenses	32 180	20,4%	36 367	21,1%
Recurring revenue	**111 925**	**70,9%**	**122 034**	**70,8%**
Implementation, Consulting and Services	38 775	24,5%	43 215	25,1%
Perpetual licenses	7 273	4,6%	7 079	4,1%
Non-recurring revenue	**46 048**	**29,1%**	**50 294**	**29,2%**
REVENUE	**157 973**	**100,0%**	**172 328**	**100,0%**

4.1.2 Geographical breakdown of revenue

(in € thousands)	31/12/2014		31/12/2015	
Southern Europe	61 322	38,8%	57 566	33,4%
Northern Europe	30 201	19,1%	36 415	21,1%
North America	63 195	40,0%	73 737	42,8%
Asia	3 255	2,1%	4 610	2,7%
REVENUE	**157 973**	**100,0%**	**172 328**	**100,0%**

4.2. Trade and other receivables

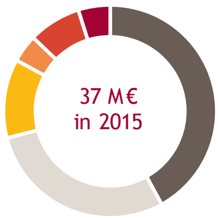
(in € thousands)	31/12/2014	31/12/2015
Trade receivables, gross	37 949	37 881
Impairment of trade receivables	(956)	(847)
Trade receivables, net	**36 993**	**37 034**
Tax receivables	1 945	2 840
Other receivables	210	205
Miscellaneous receivables	188	145
Prepaid expenses	2 799	2 922
Other operating receivables, gross	**5 142**	**6 112**
Provisions for impairment losses	-	-
Other operating receivables, net	**5 142**	**6 112**
TRADE AND OTHER RECEIVABLES	**42 135**	**43 146**

The Group conducted a review of its portfolio of past due receivables to calculate the necessary impairment based on its best estimate of anticipated recovery.

Accumulated impairment losses on trade receivables changed as follows:

(in € thousands)	31/12/2014	31/12/2015
Accumulated impairment losses on trade receivables as of January 1	1 219	956
Impairment losses	850	272
Reversals used	(980)	(170)
Reversals not used	(207)	(273)
Foreign currency translation adjustments	74	62
ACCUMULATED IMPAIRMENT LOSSES ON TRADE RECEIVABLES AS OF DECEMBER 31	**956**	**847**

Set out below is a breakdown by age of the Company's trade receivables at the reporting date:



(in € thousands)	31/12/2014	31/12/2015
42% - Not yet due	11 142	15 513
29% - Past due - less than 30 days	15 252	10 754
12% - Past due - between 30 and 60 days	4 478	4 462
4% - Past due - between 61 and 90 days	1 355	1 558
8% - Past due - between 91 and 180 days	2 488	2 967
5% - Pas due - more than 181 days	2 278	1 780
TRADE RECEIVABLES, NET AMOUNT	**36 993**	**37 034**

At constant exchange rates, net trade receivables decreased, due mainly to a specific €3.1 million receivable related to the Insurance business in 2014 and cleared in 2015, and to the collection initiatives carried out by the Group.
Trade receivables are monitored regularly by the Audit Committee.

4.3. Current operating liabilities

(in € thousands)	31/12/2014	31/12/2015
Trade payables	8 640	8 620
Tax and social security liabilities	15 254	15 880
Employee profit-sharing and incentive bonuses	1 130	902
Other liabilities	1 481	716
Deferred income	20 243	17 867
CURRENT OPERATING LIABILITIES	**46 748**	**43 985**

4.4. Other non-current assets and liabilities

(in € thousands)	31/12/2014	31/12/2015
Gross amount	349	509
Provision for impairment losses	-	-
OTHER NON-CURRENT ASSETS	**349**	**509**

The other non-current assets correspond to the research tax credit in North America which can be recovered over more than one year.

(in € thousands)	31/12/2014	31/12/2015
Other non-current liabilities	575	410
OTHER NON-CURRENT LIABILITIES	**575**	**410**

Other non-current liabilities correspond to the proportion over one year of partial repayments received from lessors for development and installation work in North America.

4.5. Purchases and external expenses

(in € thousands)	31/12/2014		31/12/2015	
Sub-contracting purchased: telecom, telematics and publishin	(9 611)	29,0%	(10 435)	28,5%
Other purchases	(1 148)	3,5%	(843)	2,3%
Property and other rental expenses	(7 205)	21,7%	(7 614)	20,8%
Temporary employees, service providers and sub-contracting	(6 248)	18,8%	(7 057)	19,3%
Professional fees and insurance	(3 030)	9,1%	(3 637)	9,9%
Traveling and transportation expenses	(2 877)	8,7%	(3 607)	9,9%
Telecommunication and postage	(839)	2,5%	(717)	2,0%
Bank charges	(127)	0,4%	(134)	0,4%
Other external expenses	(2 110)	6,4%	(2 564)	7,0%
PURCHASES AND EXTERNAL EXPENSES	**(33 195)**	**100,0%**	**(36 608)**	**100,0%**

At constant exchange rates, purchases and external expenses remained stable compared with 2014.
At constant exchange rates, the slight increase in professional fees was due mainly to the costs of the strategic reviews carried out in 2015.

4.6. Other recurring operating income and expenses

(en milliers d'euros)	31/12/2014	31/12/2015
Operating foreign currency translation profit	(125)	(239)
Royalties	(728)	(912)
Losses on irrecoverable receivables	(604)	(220)
Attendance fees	(48)	(48)
Other recurring operating income and expenses	(82)	(117)
OTHER RECURRING OPERATING INCOME (EXPENSES)	**(1 587)**	**(1 536)**

4.7. Other operating income and expenses

(en milliers d'euros)	31/12/2014	31/12/2015
Gains and losses on disposals of intangible assets and property, plant and equipment	6	427
Depreciation, amortization and provisions	(4 190)	-
Reversals of provisions	-	1
Other non-recurring income	183	275
Other non-recurring expenses	(206)	(255)
OTHER OPERATING INCOME (EXPENSES)	**(4 207)**	**448**

Other non-recurring expenses consist mainly of the expenses incurred in connection with industrial disputes in France.

Provisions in 2014 relate to goodwill impairment arising from the Employee Savings business.

4.8. Transactions with other related parties

The Group's related parties are the companies over which the Group has significant influence or which are not consolidated, companies that have one of the Group's directors as a director, and the Group's senior management.

To determine the transactions carried out with related parties, a review of contracts is carried out covering those entered into with related parties before the start of the year and all contract entered into during the year.

(in € thousands)	31/12/2014	31/12/2015
Linedata Services' transactions with Invegendo		
Amounts owed to related parties	11	11
Purchases of goods and services	33	33
Linedata Services' transactions with Tecnet Participations		
Amounts owed to related parties	24	24
Purchases of goods and services	80	80

Linedata Services signed service contracts with Invegendo, whose managing director is Mr. Francis Rubaudo, and with Tecnet, whose managing director is Mr. Jacques Bentz. Both are members of Linedata Services' Supervisory Board.

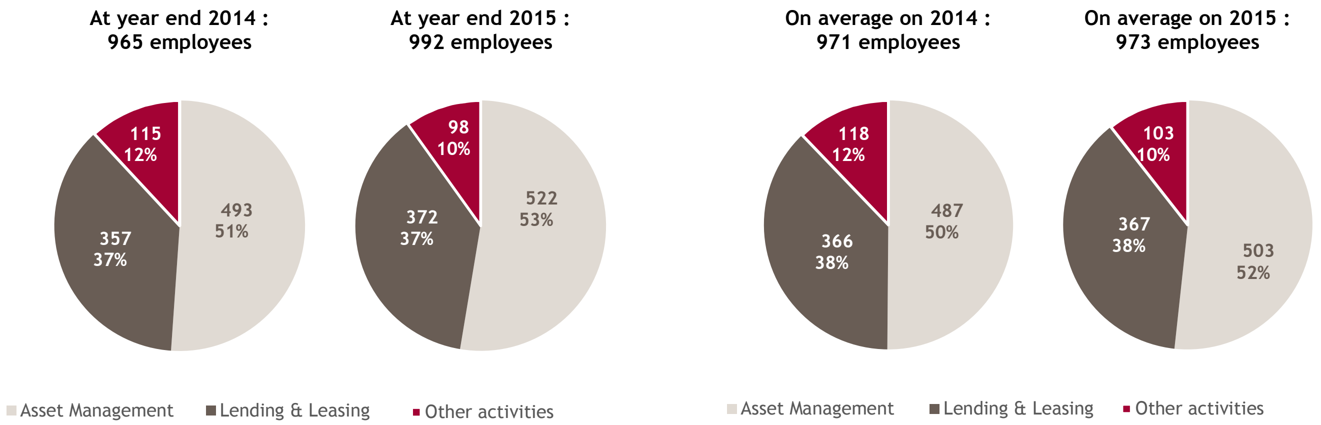
Purchases from related parties are based on market conditions. No guarantees were received concerning amounts owed to related parties.

Linedata

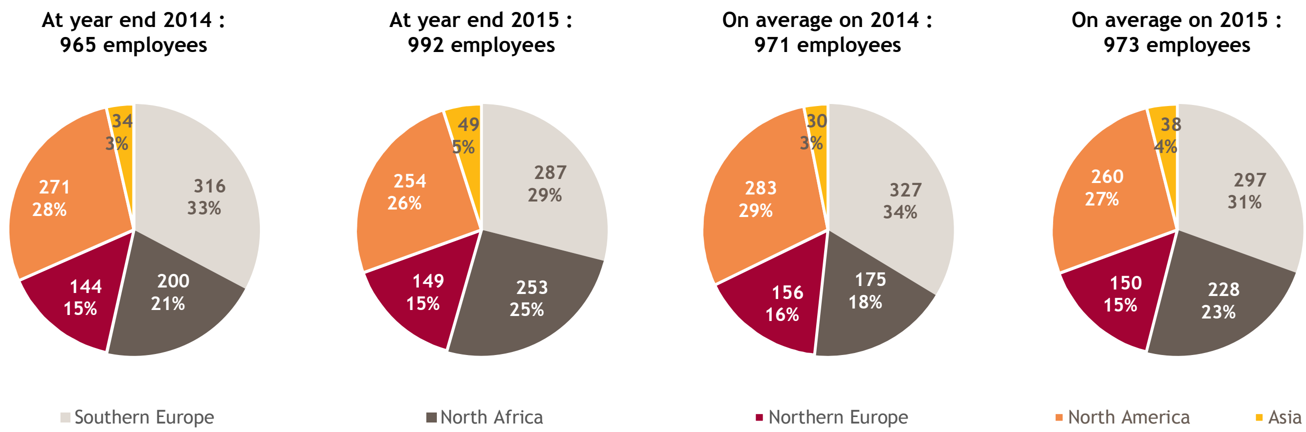
Note 5 Employee expenses and benefits

5.1. Workforce

5.1.2 Workforce by segment



5.1.3 Workforce by geographical area



5.2. Employee expenses

(in € thousands)	31/12/2014	31/12/2015
Salaries and wages	(63 423)	(67 549)
Social security contributions	(17 313)	(17 146)
Employee profit-sharing and incentive bonuses	(1 045)	(896)
Share-based compensation	(518)	(565)
Net additions to (reversals of) provisions for retirement benefit obligations	(421)	105
Capitalized development costs	2 905	2 302
Research tax credit	784	995
EMPLOYEE EXPENSES	**(79 031)**	**(82 754)**

Research and development costs, which consisted mainly of employee expenses and totaled €16.8 million (before capitalization), represented 9.7% of revenue in 2015, stable over 2014 when it represented 9.9% of revenue (totaling €15.6 million before capitalization). A portion of this expenditure was capitalized (see Note 6.2).

5.3. Provisions for retirement and other post-employment benefits

In accordance with the laws and practices of each country, the Group offers certain benefits that guarantee to the employees fulfilling the required conditions the payment of retirement benefits or lump-sum payments to which they are entitled as a result of their length of service (long-service award plan). These plans, known as defined benefit plans, relate mainly to France.

The costs associated with defined benefit plans are born directly by the Group, which recognizes provisions in its financial statements for the cost of benefits to be provided in accordance with the procedures detailed below.

The Group uses the projected unit credit method to determine the value of its obligation in respect of defined benefits: this method stipulates that each period of service gives rise to an additional unit in terms of benefit entitlement and that each unit is assessed separately so as to calculate the final obligation.

These calculations include various actuarial assumptions such as the employee’s expected length of service, the level of future compensation, life expectancy and employee turnover.

The commitment thus calculated is discounted at the interest rate applicable to investment-grade corporate bonds, denominated in the payment currency and whose term is close to the estimated average term of the retirement obligation concerned.

Changes in these estimates and assumptions are likely to result in a significant change in the amount of the commitment.

The amount of the provision set aside in respect of retirement benefit and similar obligations corresponds to the discounted value of the obligation in respect of defined benefits. The actuarial differences resulting from the change in the value of the discounted obligation in respect of the defined benefits include both the effects of the differences between the former actuarial assumptions and the actual amounts, and the effects of changes in the actuarial assumptions.

The application of revised IAS 19 does not have any impact on the Group since it already recognizes its commitments in accordance with that standard.

In France and Tunisia, defined benefit plans concern the payment of retirement benefits. The Group recorded provisions for the first time in 2014 for its commitments to employees in accordance with the Tunisian Electricity and Electronics collective agreement

5.3.1. Actuarial assumptions

	31/12/2014	31/12/2015
Discount rate for retirement benefits	2,00%	2,00%
Discount rate for long-service awards	1,25%	1,25%
Rate of future salary increases	3,00%	3,00%
Actuarial life table	TG H/F 2005	TG H/F 2005
Retirement age:		
Managers born before 01/01/1950	64 years	64 years
Managers born after 01/01/1950	66 years	66 years
Other employees born before 01/01/1950	62 years	62 years
Other employees born after 01/01/1950	64 years	64 years

Turnover	31/12/2014	31/12/2015
Before 25 years	40%	40%
25 to 29 years	29%	29%
30 to 34 years	20%	20%
35 to 39 years	12%	12%
40 to 44 years	5%	5%
45 to 49 years	2%	2%
50 years and over	0%	0%

These obligations are discounted at a rate corresponding to the yield on European AA-rated investment grade corporate bonds of the same duration as the obligations. The Group uses the International Index Company's iBoxx index rates for AA-rated corporate bonds.

The approximate rates applied on December 31, 2015 are:

- ✓ 2.00% by reference to the iBoxx € Corporates AA 10+ for retirement benefits,
- ✓ 1.25% by reference to the iBoxx € Corporates AA 7-10 for long service awards.

A 0.5-point increase or decrease in the discount rate would give rise to a variation of (-) €391 thousand / (+) €424 thousand in this obligation. A +/- 0.5-point variation in future salary increases would give rise to a variation of (+) €399 thousand / (-) €371 thousand in the retirement benefit obligation.

5.3.2. Change in the provisions

(in € thousands)	Retirement benefits - France	Retirement benefits - Tunisia	Long-service awards	31/12/2014	Retirement benefits - France	Retirement benefits - Tunisia	Long-service awards	31/12/2015
Provision as of December 31	**5 170**	**-**	**583**	**5 753**	**6 931**	**51**	**550**	**7 532**
Change in actuarial gains and losses	1 320	39	(73)	1 286	(181)			(181)
Benefits paid to employees	(70)	-	(21)	(91)	(94)		(29)	(123)
Foreign currency translation adjustments	-	-	-	-		1		1
Expense for the year	511	12	61	584	24	17	(23)	18
Cost of services rendered	*341*	*12*	*48*	*401*	*422*	*17*	*43*	*482*
Interest expense	*170*	-	*13*	*183*	*128*	-	*6*	*134*
Amortization of actuarial gains and losses	-	-	-	-	-	-	*(41)*	*(41)*
Other - transfers/reversals	-	-	-	-	*(526)*	-	*(31)*	*(557)*
PROVISION AS OF DECEMBER 31	**6 931**	**51**	**550**	**7 532**	**6 680**	**69**	**498**	**7 247**

Recognized actuarial gains and losses include the effect of changes in actuarial assumptions and of differences between the actuarial assumptions used and the actual experience.

The actuarial gain of €181 thousand recognized in 2015 mainly results from experience adjustments on liabilities.

5.4. Share-based payments

Certain employees, provided they remain in the Group's employment, receive equity-settled share-based remuneration.

The costs of free share allocation plans and share purchase and share subscription option plans are recognized in employee expenses. This expense, which corresponds to the fair value of the instrument issued, is spread over the rights' vesting period. Fair value is determined on the basis of valuation models adapted to the instruments' features (Black & Scholes model in the case of options). The Group periodically reviews the number of options that could potentially be exercised. Where relevant, it recognizes the consequences of any revised estimates in the income statement.

5.4.1. Stock options plans

Plan reference	2005 plan (No. 5)	2005 plan (No. 6)	TOTAL PLANS
Date of AGM	06/30/2005	06/30/2005	
Date of Executive Board meeting that approved the granted options	11/10/2005	06/11/2007	
Total number of subscribable shares, of which:	174 000	195 000	
- for corporate officers (status at time of grant)	50 000	20 000	
- for the first 10 employees(1)	95 000	100 000	
Total number of beneficiaries, of which:	27	51	
- corporate officers	1	2	
- employees who received options among the first 10 grantees, taking particular account of equivalent holdings exceeding 10(1)	15	17	
Vesting date	11/10/2007	06/11/2009	
Expiration date	11/10/2015	06/11/2017	
Exercise price	18,48 €	19,70 €	
Fair value of options at grant date	5,47 €	6,72 €	
Number of options outstanding as of January 1, 2015	26 500	48 000	74 500
Number of options granted in 2015	-	-	-
Number of options exercised in 2015	26 500	27 000	53 500
Number of options cancelled in 2015	-	-	-
Number of options outstanding as of December 31, 2015	**-**	**21 000**	**21 000**
Potential (aggregate) dilution if the options were exercised at December 31, 2015	**0,00%**	**0,29%**	**0,29%**

(1) *This includes the employees of all of the Group's companies, not just those of the parent company.*

Linedata Services S.A. is the only Group company to have granted stock options.

Linedata Services' average share price in 2015 was €26.95.

Beneficiaries of options may exercise their rights: 50% two years and 50% four years after the grant date and during a period of ten years as from the grant date.

The main assumptions used to calculate the overall fair value of the stock options are as follows:

- ✓ expected volatility (measured at the annualized standard deviation of expected Linedata Services share price returns over a period of around 5 and 5.5 years on the grant dates): between 34.5% and 42.8%
- ✓ expected dividend growth rate: between 1.0% and 2.0%
- ✓ risk-free interest rate: between 3.0% and 4.5%
- ✓ expected presence of grantees at the end of the vesting period:
  - ✓ Plan No. 5: presence rate of 80% applied for the portion of options that can be exercised after two years and 60% for the portion of options that can be exercised after four years,
  - ✓ Plan No. 6: presence rate of 96% applied for the portion of options that can be exercised after two years and 92% for the portion that can be exercised after four years.

Turnover rates are discounted at each year-end based on departures and the fair value of the options is recalculated accordingly.

5.4.2. Bonus share plans

Plan reference	2011 plan (No. 2)	2014 plan (No. 3)	2014 plan (No. 4)
Nature of shares	Linedata Services Shares	Linedata Services Shares	Preferred Shares (2)
Date of AGM	05/12/2011	12/05/2014	12/05/2014
Date of Executive Board meeting that approved the granted bonus shares	10/04/2011	13/06/2014	13/06/2014
Total number of bonus shares approved by the Executive Board	96 250	120 500	675
Total number of bonus shares available for acquisition at the end of the performance period, of which:	85 500	120 500	675
- for corporate officers (status at time of grant)	40 000	-	250
- for the first 10 employees(1)	45 500	67 500	425
Total number of beneficiaries, of whom:	9	32	13
- corporate officers	2	-	2
- Group employees	7	32	11
End date of vesting period for grantees resident in France	10/04/2014		13/06/2017
End date of vesting period for grantees not resident in France	10/04/2015	13/06/2018	
End date of lock-up period for grantees resident in France	10/04/2016		13/06/2019
End date of lock-up period for grantees not resident in France	10/04/2017	13/06/2018	
Number of bonus shares available for acquisition as of January 1, 2015	7 281	106 865	675
Number of bonus shares granted and available for acquisition in 2015	-	-	-
Number of bonus shares previously granted and acquired in 2015	7 281	-	-
Number of bonus shares previously granted and cancelled in 2015	-	30 158	
Number of bonus shares available for acquisition as of December 31, 2015	**-**	**76 707**	**675**

(1) *Includes the employees of all of the Group's companies and not just those of the parent company.*
(2) *A preferred share shall be converted into up to 93 Linedata Services ordinary shares.*

Linedata Services S.A. is the only Group company that awarded bonus shares.

The main assumptions used to calculate the fair value of the shares of plans n°3 and 4 are as follows: a turnover rate of 5%, a dividend of €0.65 for 2014, growing by €0.05 annually to reach €0.85 in 2018.

The plan includes, for all or some of the shares to be awarded, performance criteria and/or a co-payment by the beneficiaries.

Definitive awarding of performance shares to the beneficiaries is 70% subject to the attainment of performance criteria relating to the Group's consolidated revenue and EBITDA margin determined at the end of each annual period from 2014 to 2016, and 30% subject to the change in Linedata Services share price.

Target thresholds for revenue and EBITDA margin are, depending on the beneficiaries, those of the Group, or those of the "Lending & Leasing" (LL) or "Asset Management" (AM) business segments and are the following:

Target performance	Quota (in%)	Group Revenue (in €m)			AM Revenue (in €m)			LL Revenue (in €m)		
		2014	2015	2016	2014	2015	2016	2014	2015	2016
Low	0%	155	160	165	85	87	91	61	66	69
Median	50%	160	170	180	87	92	99	63	70	75
High	100%	165	175	185	90	95	102	65	72	77

Target performance	Quota (in%)	% EBITDA Group			% EBITDA AM			% EBITDA LL		
		2014	2015	2016	2014	2015	2016	2014	2015	2016
Low	0%	22,0%	23,0%	23,0%	20,0%	21,5%	23,0%	24,0%	25,0%	26,0%
Median	50%	23,0%	23,5%	24,0%	21,0%	22,5%	24,0%	25,0%	26,0%	27,0%
High	100%	24,0%	24,5%	25,0%	23,0%	24,0%	26,0%	26,0%	28,0%	29,0%

The expense recognized in 2015 for the share purchase option and free share allocation plans was €565 thousand (€518 thousand for 2014).

5.5. Remuneration of senior management (related parties)

(in € thousands)	31/12/2014	31/12/2015
Short-term benefits	3 715	3 973
Termination benefits	36	71
Share-based payments	474	-
TOTAL FOR THE YEAR	**4 225**	**4 044**

The Group's senior management comprises the members of the Executive Board, Supervisory Board and Executive Committee.

The Combined Annual General Meeting of June 29, 2015 approved directors' attendance fees of €200 thousand, to be divided between the members of the Supervisory Board.

The share-based payments in 2014 corresponded to the delivery of free shares under the 2011 plan.

Post-employment benefits correspond to contractual retirement benefits. No commitments exist with regard to the management concerning post-employment or other long-term benefits.

Note 6 Goodwill, intangible assets and property, plant and equipment

6.1. Goodwill

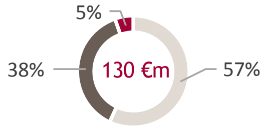
Goodwill is initially recognized at the time of a business combination as described in Note 2.1.3.

Subsequent to its initial recognition, this goodwill is not amortized but is tested for impairment as soon as there are indications of impairment and at least once a year. The procedures used to carry out the impairment tests in 2014 and 2015 are described in Note 6.4.

Goodwill changed as follows:

(in € thousands)	Gross amount	Accumulated impairment losses	Net carrying amount
As of 12/31/2013	**131 041**	**(11 314)**	**119 727**
Impairment losses	-	(4 190)	(4 190)
Foreign currency translation adjustments	7 745	(424)	7 321
As of 12/31/2014	**138 786**	**(15 928)**	**122 858**
Foreign currency translation adjustments	7 347	(407)	6 940
As of 12/31/2015	**146 133**	**(16 335)**	**129 798**

The breakdown of goodwill by segment is as follows:



(in € thousands)	31/12/2014	31/12/2015
Asset Management	69 136	73 976
Lending & Leasing	46 771	48 919
Insurance/Pension Funds	6 951	6 903
GOODWILL, NET	**122 858**	**129 798**

6.2. Intangible assets

Separately acquired intangible assets

These assets correspond to purchased software recognized at acquisition cost. They are amortized on a straight-line basis over a period of one to ten years in accordance with their estimated useful lives.

Intangible assets acquired as part of a business combination

The main components of this category are software and customer base measured at their fair value in connection with the allocation of the acquisition price of entities acquired as part of a business combination. These assets are amortized on a straight-line basis over eight years in accordance with their estimated useful lives.

Internally-generated intangible assets

Pursuant to IAS 38 "*Intangible Assets*":

- ✓ research costs are recognized as an expense in the period in which they are incurred,
- ✓ software development costs are recognized as an intangible asset if the Group can demonstrate the following:
  - ✓ the technical feasibility of completing development of the software so that it will be available for use or sale,
  - ✓ its intention to complete development of the software and use or sell it,
  - ✓ its ability to use or sell the software,
  - ✓ how the software will generate probable future economic benefits,
  - ✓ the availability of adequate technical, financial and other resources to complete development and to use or sell the software,
  - ✓ its ability to measure reliably the expenditure attributable to the software during its development.

Fulfillment of these criteria is determined on a product-by-product basis. Software development costs that cannot be capitalized are immediately expensed.

These assets are amortized on a straight-line basis over five years in accordance with their estimated useful lives, which are reviewed at each reporting date.

Intangible assets changed as follows:

(in € thousands)	Purchased Software	Development costs	Customer relationships	Other intangible	INTANGIBLE ASSETS
Gross amount as of 12/31/2014	**39 106**	**22 587**	**18 136**	**4 386**	**84 215**
Acquisitions	707	2 302	-	-	3 009
Disposals	(592)	-	-	-	(592)
Other movements	-	2 492	-	(2 492)	-
Foreign currency translation adjustments	1 684	1 189	1 406	219	4 498
GROSS AMOUNT AS OF 12/31/2015	**40 905**	**28 570**	**19 542**	**2 113**	**91 130**

Acquisitions primarily relate to the capitalization of R&D totaling €2.3 million. The €2.5 million in research and development costs capitalized at December 31, 2014 have been reclassified from the "Other intangible assets" heading to the "Development costs" heading.
Development costs of €0.7 million were capitalized in 2015 for projects completed during the period.

The disposals corresponded to the WebEpargne software, whose source codes were sold early in 2015.

(in € thousands)	Purchased Software	Development costs	Customer relationships	Other intangible	INTANGIBLE ASSETS
Accumulated amortization as of 12/31/2014	**(30 120)**	**(14 645)**	**(10 465)**	**(1 894)**	**(57 124)**
Amortization expense	(3 450)	(3 044)	(1 690)	-	(8 184)
Reversal of amortization expense	592	-	-	-	592
Other movements	-	-	-	-	-
Foreign currency translation adjustments	(997)	(781)	(888)	(219)	(2 885)
ACCUMULATED AMORTIZATION AS OF 12/31/2015	**(33 975)**	**(18 470)**	**(13 043)**	**(2 113)**	**(67 601)**

(in € thousands)	Purchased Software	Development costs	Customer relationships	Other intangible	INTANGIBLE ASSETS
Net amount as of 12/31/2014	**8 986**	**7 942**	**7 671**	**2 492**	**27 091**
NET AMOUNT AS OF 12/31/2015	**6 930**	**10 100**	**6 499**	**-**	**23 529**

6.3. Property, plant and equipment

Property, plant and equipment are recognized at their acquisition cost excluding financial expenses, less accumulated depreciation and any impairment losses. They have not been revalued.

Depreciation is calculated using the straight-line method and the expected useful lives of the various categories of property, plant and equipment:

- ✓ buildings 5 to 20 years
- ✓ Improvements 5 to 20 years
- ✓ Equipment and tools 2 to 5 years
- ✓ Office furniture and equipment 2 to 5 years

Depreciation is calculated based on the acquisition cost, reduced by any residual value. Residual values and expected useful lives are reviewed at each reporting date.

Finance leases

Leases of intangible assets and property, plant and equipment under the terms of which the Group retains substantially all the risks and rewards incidental to ownership of the assets are classified as finance leases. These leases are recognized as assets at the fair value of the leased asset or, if lower, at the discounted value of the minimum payments due in respect of the lease.

Each finance lease payment is apportioned between the interest expense and the reduction of the outstanding liability so as to produce a constant periodic interest rate on the remaining balance of the liability.

Assets acquired under finance leases are amortized or depreciated over the estimated useful lives of the assets concerned.

Operating leases

Operating leases under the terms of which the lessor retains substantially all the risks and rewards incidental to ownership are classified as operating leases. Payments under these leases are recognized as an expense on a straight-line basis over the lease term.

Capital expenditures chiefly concern servers, computer hardware and office equipment.

(in € thousands)	Land, Buildings	Fixtures, furniture & other	Computer hardware	PROPERTY, PLANT AND EQUIPMENT	Of which finance leases
Gross amount as of 12/31/2014	**1 852**	**15 157**	**24 730**	**41 739**	**1 816**
Acquisitions	-	779	2 738	3 517	-
Disposals	-	(772)	(736)	(1 508)	-
Other movements	-	(124)	-	(124)	-
Foreign currency translation adjustments	50	532	1 250	1 832	-
GROSS AMOUNT AS OF 12/31/2015	**1 902**	**15 572**	**27 982**	**45 456**	**1 816**

(in € thousands)	Land, Buildings	Fixtures, furniture & other	Computer hardware	PROPERTY, PLANT AND EQUIPMENT	Of which finance leases
Accumulated amortization as of 12/31/2014	**(450)**	**(11 942)**	**(20 087)**	**(32 479)**	**(1 702)**
Amortization expense	(104)	(935)	(2 528)	(3 567)	(25)
Reversal of amortization expense	-	769	736	1 505	-
Other movements	-	124	-	124	-
Foreign currency translation adjustments	(17)	(345)	(1 053)	(1 415)	-
ACCUMULATED AMORTIZATION AS OF 12/31/2015	**(571)**	**(12 329)**	**(22 932)**	**(35 832)**	**(1 727)**

(in € thousands)	Land, Buildings	Fixtures, furniture & other	Computer hardware	PROPERTY, PLANT AND EQUIPMENT	Of which finance leases
Net amount as of 12/31/2014	**1 402**	**3 215**	**4 643**	**9 260**	**114**
NET AMOUNT AS OF 12/31/2015	**1 331**	**3 243**	**5 050**	**9 624**	**89**

6.4. Impairment of assets

Property, plant and equipment and intangible assets with a finite useful life are tested for impairment as soon as there are objective indications of impairment. Goodwill and intangible assets not yet ready to be brought into service are tested for impairment as soon as there are indications of impairment and systematically at December 31, the Company's reporting date.

Impairment tests are carried out at the level of the cash generating units (CGUs) to which the assets are allocated. The CGUs are operational entities generating independent cash flows.

The CGUs adopted by the Group correspond to the following business segments:
- ✓ Asset Management,
- ✓ Lending & Leasing,
- ✓ Others, including Employee Savings and Insurance and Pension Funds.

The impairment tests involve comparing the carrying amount of the CGUs with their recoverable amount. A CGU's recoverable amount is the higher of its fair value (generally its market value) less costs to sell and its value in use.

A CGU's value in use is determined using the discounted cash flow method, incorporating the following cash flows:
- ✓ cash flows for a plan period of five years, with cash flows for the first year based on the budget,
- ✓ cash flows beyond the five-year plan period, which are calculated by applying a perpetual growth rate.

Cash flows are discounted using an average discount rate equal to:
- ✓ the ten-year risk-free money rate,
- ✓ plus the market risk premium adjusted by a risk coefficient specific to the asset or CGU.

If the CGU's carrying amount exceeds its recoverable amount, an impairment loss is recognized to reduce the assets' carrying amount to their recoverable amount. The impairment loss is allocated first to reduce the carrying amount of the goodwill and recorded in profit or loss under *"Other operating expenses"*. The reversal of impairment losses on goodwill in respect of fully-consolidated subsidiaries is prohibited. The reversal of impairment losses on property, plant and equipment and intangible assets (excluding goodwill) is permitted, up to the limit of the impairment loss initially recognized, if the recoverable amount subsequently becomes higher than carrying amount.

6.4.1. Impairment testing procedures

The tests were carried out in accordance with the following assumptions:

- ✓ the forecasts used were based on past experience, the order books and products under development, and they were calculated on a slightly less optimistic basis that those drawn up for each business segment,
- ✓ the growth rate to infinity was calculated at 1.5%, the same as that used for 2014,
- ✓ the discount rate was calculated at 11% after tax (the same as in 2014).

These key assumptions concerning the growth rate to infinity and the discount rate were the same for each CGU to which goodwill had been allocated.

The tests carried out in respect of the business segments indicated that there was no need to recognize any impairment losses in goodwill for the year ended December 31, 2015. In 2014, the tests carried out had indicated the need to recognize an impairment loss for the Epargne Entreprise CGU totaling €4.2 million, thereby reducing the value of that CGU's assets, excluding working capital, to zero.

6.4.2. Sensitivity of goodwill impairment tests

The margin for testing, which corresponds to the difference between the value in use and the carrying amount, as well as the impacts of changes in the key assumptions on this margin, are shown separately for each business segment in the following table:

(in € millions)	Asset Management	Lending & Leasing	Other Activities
Difference between value in use and carrying amount	**118,3**	**33,1**	**8,2**
Impact on recoverable amount in the event of			
a 1-point increase in the discount rate	(19,4)	(9,9)	(1,5)
a 1-point fall in the perpetual growth rate	(13,0)	(6,6)	(1,0)
Combination of the two factors	(29,7)	(15,1)	(2,2)

6.5. Off-balance sheet commitments related to operating activities

The group leases premises though operating leases.

As of December 31, 2015, the future minimum annual lease payments on non-cancellable operating leases were as follows:

(in € thousands)	Liabilities by period			31/12/2015	31/12/2014
	Less than 1 year	1 to 5 years	More than 5 years		
Operating lease contracts	**3 931**	**11 460**	**327**	**15 718**	**16 499**

Note 7 Other provisions and contingent liabilities

7.1. Other provisions

A provision is recognized when:

- ✓ the Group has a legal, contractual or constructive obligation resulting from a past event,
- ✓ it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation,
- ✓ the amount of the obligation can be measured reliably.

Provisions are measured in accordance with IAS 37 based on the most probable assumptions.

Changes in the provisions during the 2014 and 2015 financial years were as follows:

(en milliers d'euros)	Provisions for legal proceedings	Other provisions	PROVISIONS
Provision as of 12/31/2014	1 465	400	1 865
Additions	190	-	190
Reversals - provision used	(239)	(165)	(404)
Reversals - provision not used	(389)	(235)	(624)
Effect of translation and other changes	3	-	3
PROVISION AS OF 12/31/2015	**1 030**	**-**	**1 030**
Of which non-current provisions	33	-	33
Of which current provisions	997	-	997

The provisions for legal proceedings primarily cover labor-related disputes.

Other current provisions mainly covering risks related to the renovation of premises in France were entirely reversed in the first half of 2015.

7.2. Contingent liabilities

In contrast to the above definition of a provision, a contingent liability is:

✓ a possible obligation arising from a past event whose existence will be confirmed only by the occurrence or non-occurrence of an uncertain event not within the Group's control, or

✓ a present obligation arising from a past event for which either the amount of the obligation cannot be measured reliably or it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

At the end of December 2012 and at the end of December 2015, the French companies received notification of a proposed tax reassessment following a tax audit of fiscal years 2009, 2010 and 2012. Given the developments related to the tax litigation case concerning tax credit applicable to withholding tax levied on customers based in North Africa with regard to transactions that took place in 2009, 2010 and 2012, the Group did not recorded a provision for certain amounts recovered or for which the tax administration proposed a reassessment in 2015 as the Group believes it has solid arguments to prove it acted within its rights.

Note 8 Financing and financial instruments

8.1. Financial assets and liabilities

The main components of financial assets and liabilities are:

✓ long-term financial liabilities, short-term loans and bank overdrafts that make up the Group's gross debt (see Note 8.1.2)

✓ loans and other long-term financial assets and cash and cash equivalents that are added to the gross debt to calculate the Group's net debt (see Note 8.1.3)

✓ derivative financial instruments (see Note 8.1.4)

✓ other current and non-current financial assets and liabilities (see Note 8.1.5)

8.1.1. Fair value of financial assets and liabilities

	31/12/2014		Breakdown by type of financial instrument				
(in € thousands)	Carrying amount	Fair value	Financial assets and liabilities at fair value through profit or loss	Available-for-sale financial assets	Loans, receivables and other liabilities	Financial liabilities at amortized cost	Derivative financial instruments
Non-current financial assets	1 104	1 104		14	1 090		
Other non-current assets	349	349			349		
Trade and other receivables	42 135	42 135			42 135		
Cash and cash equivalents	15 392	15 392	15 392				
FINANCIAL ASSETS	**58 980**	**58 980**	**15 392**	**14**	**43 574**	**-**	**-**
Non-current loans and financial liabilities	41 219	41 219				40 820	399
Other non-current liabilities	575	575			575		
Current loans and financial liabilities	14 933	14 933				14 933	
Current operating liabilities	46 748	46 748			46 748		
FINANCIAL LIABILITIES	**103 475**	**103 475**	**-**	**-**	**47 323**	**55 753**	**399**

(in € thousands)	31/12/2015		Breakdown by type of financial instrument				
	Carrying amount	Fair value	Financial assets and liabilities at fair value through profit or loss	Available-for-sale financial assets	Loans, receivables and other liabilities	Financial liabilities at amortized cost	Derivative financial instruments
Non-current financial assets	640	640		-	640		
Other non-current assets	509	509			509		
Trade and other receivables	43 146	43 146			43 146		
Cash and cash equivalents	38 255	38 255	38 255				
FINANCIAL ASSETS	**82 550**	**82 550**	**38 255**	**-**	**44 295**	**-**	**-**
Non-current loans and financial liabilities	52 345	52 345				52 298	47
Other non-current liabilities	410	410			410		
Current loans and financial liabilities	4 063	4 063				4 063	
Current operating liabilities	43 985	43 985			43 985		
FINANCIAL LIABILITIES	**100 803**	**100 803**	**-**	**-**	**44 395**	**56 361**	**47**

8.1.2. Gross debt

Gross debt comprises bonds and bank borrowings as well as other borrowings, short term loans and bank overdrafts.

Loans are initially recognized at their fair value, net of transaction costs incurred. Loans are subsequently recognized at their amortized cost. The amount of interest recognized in financial expenses is determined by applying the borrowing's effective interest rate to its carrying amount. The difference between the expense calculated using the effective interest rate and the coupon affects the value of the liability.

Financial liabilities hedged by interest rate swaps are generally recognized using hedge accounting.

The finance lease liabilities are recognized at the inception of each lease, the amount of which is equal to the discounted value of future lease payments

Changes in the Group's gross debt during the financial year are broken down as follows:

(in € thousands)	31/12/2014	Additions	Repayments	Change in fair value	Reclassification	31/12/2015
Bond loans	-	34 478	-	-	28	34 506
Syndicated loans	40 146	20 799	-	-	(43 297)	17 648
Other bank loans	514	-	-	-	(514)	-
Finance lease liabilities	63	-	-	-	(16)	47
Other financial liabilities	496	-	-	(352)	-	144
Non-current loans and other financial liabilities	**41 219**	**55 277**	**-**	**(352)**	**(43 799)**	**52 345**
Bond loans	-	(227)	200	-	(28)	(55)
Syndicated loans	13 431	(469)	(53 320)	-	43 297	2 939
Other bank loans	788	-	(789)	-	514	513
Finance lease liabilities	15	-	(15)	-	16	16
Accrued interest	649	-	(214)	-	-	435
Other financial liabilities	-	-	-	-	-	-
Bank overdrafts	50	165	-	-	-	215
Current loans and other financial liabilities	**14 933**	**(531)**	**(54 138)**	**-**	**43 799**	**4 063**
FINANCIAL GROSS DEBT	**56 152**	**54 746**	**(54 138)**	**(352)**	**-**	**56 408**

Linedata Services repaid in full the €54.8 million syndicated senior debt in two installments, in April 2015 and June 2015.

To finance the public share buyback offer launched in July 2015 and to refinance its existing borrowings, Linedata took out a €35 million bond loan maturing in May 2022 and a loan, of which one tranche is repayable in installments over six years and the other, at maturity in November 2021. The arrangement costs for these borrowings, which totaled €2.4 million, have been included in their effective interest rate.

In addition, Linedata had a €5 million revolving credit line at December 31, 2015, renewable for periods of one to six months.

Other financial liabilities mainly consist of financial instruments comprising interest rate hedges.

At the end of December 2015, therefore, the Group had the following credit lines:

(in € thousands)	Grant date	Maturity date	Notional amount when granted	Authorized amount as of 12/31/2015
Bond loans	June 2015	May 2022	35 000	35 000
Refinancing loan - Tranche A	June 2015	May 2021	20 000	20 000
Refinancing loan - Tranche B	June 2015	November 2021	2 000	2 000
Revolving credit from banking pool	June 2015	May 2021	5 000	5 000
Bilateral revolving credit	July 2013	July 2016	1 500	500
			63 500	**62 500**

The applicable bank terms are as follows:

- ✓ the bond loan has a fixed interest rate
- ✓ interest rate equal to the Euribor applicable during the drawdown period, plus a margin that is adjusted half-yearly based on the leverage ratio (consolidated net debt to EBITDA ratio),
- ✓ the credit lines are subject to a non-utilization fee.

Details of the covenants relating to the financial liabilities are provided in Note 8.4.1.

8.1.3. Net debt

Net debt comprises bonds and bank borrowings, other borrowings, short term loans and bank overdrafts less cash and cash equivalents. The "Cash and cash equivalents" heading comprises cash, marketable securities and bills of exchange presented for collection whose maturity date falls before the reporting date. All of the items included under this heading qualify as cash equivalents since they are readily convertible to known amounts of cash whilst being subject to an insignificant risk of changes in value. These current financial assets, recognized at their fair value through profit or loss, are held to help the Group meet its short-term cash requirements.

(in € thousands)	31/12/2014	31/12/2015
Bond loans	-	34 451
Syndicated loans	53 577	20 587
Other bank loans	1 302	513
Finance lease liabilities	78	63
Accrued interest	649	435
Other financial liabilities	496	144
Bank overdrafts	50	215
Financial Gross Debt	**56 152**	**56 408**
Marketable securities	974	14 224
Cash	14 418	24 031
Cash and cash equivalents	**15 392**	**38 255**
FINANCIAL NET DEBT	**40 760**	**18 153**

8.1.4. Derivative financial instruments

The Group uses derivative financial instruments for hedging purposes, to protect itself against fluctuations in interest rates, since its medium-term borrowings are at variable rates.

Most of the derivative financial instruments used by the Group are deemed to be cash flow hedging instruments. As regards changes in the fair value of these hedging instruments, those relating to the effective portion of the hedge are recognized in equity whereas those relating to the ineffective portion (or when the hedged item is itself recognized in profit or loss) are recognized in the income statement under *"Other financial income"* or *"Other financial expenses"*.

In the case of derivatives that do not qualify for hedge accounting, any gain or loss resulting from changes in fair value is recognized in the income statement under *"Other financial income" or "Other financial expenses"*.

Derivative financial instruments are recognized within financial assets or liabilities by reference to their value.

8.1.5. Other financial assets and liabilities

The main components of other non-current assets and liabilities are guarantee deposits and available-for-sale financial assets. Guarantee deposits are measured at fair value with changes in fair value being recognized through profit or loss. Available-for-sale financial assets comprise investments in unconsolidated entities and are recognized initially at fair value. Any change in this fair value is subsequently recognized in other comprehensive income or in the profit or loss for the year in the event of a significant or prolonged fall in their fair value. Unrealized gains and losses recognized in other comprehensive income are recognized in profit or loss when the securities concerned are sold.

Other current financial assets and liabilities comprise trade receivables and payables, which are initially recognized at fair value and subsequently at their amortized cost, minus any impairment. The fair value of trade receivables and trade payables is considered to be the same as their face value, given their due dates for payment.

(en milliers d'euros)	31/12/2014	31/12/2015
Titres de participations non consolidés	14	-
Dépôts et cautionnements	1 090	638
Autres actifs financiers non courants	-	2
Valeur brute	**1 104**	**640**
Provision pour dépréciation	-	-
ACTIFS FINANCIERS NON COURANTS	**1 104**	**640**

Investments in unconsolidated entities mainly concerned the investments held by Linedata Services Asset Management, which were liquidated at the end of 2015.

8.2. Financial income and expenses

Financial income and expenses comprise, on the one hand, interest income and expenses related to the cost of the net debt and, on the other hand, other financial income and expenses.

8.2.1. Net borrowing costs

Interest expenses correspond to the amount of interest recognized in respect of financial liabilities, and interest income corresponds to the amount of interest received on cash investments.

(in € thousands)	31/12/2014	31/12/2015
Income from cash and cash equivalents	109	12
Interest expense	(1 821)	(1 737)
Gains (losses) on hedging instruments (interest rate differential)	(211)	(374)
NET BORROWING COSTS	**(1 923)**	**(2 099)**

The change in the financial expense was due mainly to the repayment of the senior debt and the implementation of the bond and syndicated loans, as well as the early settlement of interest rate hedges previously implemented.

Average loan outstandings came to €55.8 million in 2015 compared with €64.9 million in 2014.
The average cost of borrowing after factoring in hedging instruments was 3.8% in 2015 compared with 3.1% in 2014.

8.2.2. Other financial income and expenses

(in € thousands)	31/12/2014	31/12/2015
Foreign currency translation gains	3 858	5 787
Proceeds from the sale of financial assets	-	130
Other financial income	84	58
Total other financial income	**3 942**	**5 975**
Foreign currency translation losses	(331)	(1 017)
Additional provisions recognized	-	(19)
Carrying amounts of financial assets sold	-	(17)
Other financial expenses	(736)	(1 677)
Total other financial expenses	**(1 067)**	**(2 730)**
OTHER FINANCIAL INCOME (EXPENSES)	**2 875**	**3 245**

Foreign currency translation gains and losses related mainly to commercial transactions denominated in foreign currencies, mainly in US dollars, and in particular to the intra-Group loan granted in US dollars in 2013 by Linedata Services SA to an American subsidiary for the acquisition of CapitalStream's assets.

8.3. Financial risk management policy

8.3.1. Market risks

Currency risk

The currency risk mainly concerns conversion of the foreign subsidiaries' financial statements. No specific hedges are in place for this risk.

The risk of fluctuations in foreign currency denominated commercial transactions is low as each entity predominantly intervenes in their country and currency.

Moreover, as part of intragroup transactions, Linedata Services is exposed to foreign exchange risk with regard to:

- ✓ short-term current commercial transactions, mainly with Group entities located outside the euro zone. These exchange rate fluctuations have no material impact on profit.
- ✓ loans denominated in foreign currencies, notably loans granted to the US subsidiary during the acquisition of CapitalStream's assets. The impact of these currency variations is recorded under equity. A specific hedge is taken out for these financial flows.

The hedging instruments the Group normally uses are forward purchases and sales of foreign currencies, swaps and options. The derivative products used by the Group to hedge its foreign exchange risk do not generally qualify as hedging instruments as defined by IAS 39.

As of December 31, 2014, the net carrying amount of the assets and liabilities recorded by the Group's entities in a currency other than their operating currency was as follows:

(in thousands)	USD	CAD	GBP	TND	HKD	INR	Total converted to EUR
Assets	95 235	8 543	31 595	8 000	16 530	7 648	130 476
Liabilities	27 039	2 245	6 896	2 313	9 826	1 492	34 808
Net position before hedging	**68 196**	**6 298**	**24 699**	**5 687**	**6 704**	**6 156**	**95 668**
Hedging financial instruments							
NET POSITION AFTER HEDGING	**68 196**	**6 298**	**24 699**	**5 687**	**6 704**	**6 156**	**95 668**

The position at December 31, 2015 was as follows:

(in thousands)	USD	CAD	GBP	TND	HKD	INR	Total converted to EUR
Assets	89 860	7 057	32 564	6 138	22 896	12 109	137 225
Liabilities	25 018	4 089	8 373	2 760	12 868	2 014	39 891
Net position before hedging	**64 842**	**2 968**	**24 191**	**3 378**	**10 028**	**10 095**	**97 333**
Hedging financial instruments	1 508						1 409
NET POSITION AFTER HEDGING	**63 334**	**2 968**	**24 191**	**3 378**	**10 028**	**10 095**	**95 924**

Sensibility analysis

A 10% fall in each exchange rate against the euro would have an impact of (-) €9,027 thousand on the net position as of December 31, 2015 compared with (-) €8,622 thousand as of December 31, 2014. A 10% increase in these exchange rates would have an impact of €7,507 thousand on the net position as of December 31, 2015, compared with €7,187 thousand as of December 31, 2014.

Interest rate risk

Interest rate risk is managed by the Group's Finance division in collaboration with its main partner banks. The Group's available cash is invested in money market funds, certificates of deposit or interest-bearing accounts, which have little exposure to market fluctuations and pose no capital risk.

Loan hedging instruments

The Group entered into hedging agreements when it subscribed to the syndicated credit lines in 2012. These agreements, which were swap agreements, were cancelled early in 2015. During the second half of 2015, two new hedging agreements were entered into to meet the Group's obligations pertaining to the bond and syndicated loans entered into in June 2015.

The interest rate applicable to the bank loan is the Euribor; the aim therefore is to protect against the risk of an increase in this rate.

As of December 31, 2015, the Group had two outstanding swap contracts (3-month Euribor swappable for fixed rates of 0.120% and 0.085% respectively). They represent a hedge of 68.18% of the bank loan, or a notional hedged amount of €15 million maturing on July 31, 2019.

As of December 31, 2015, these different hedging contracts were valued at (-) €44 thousand (carried entirely as a liability) compared with (-) €399 thousand as of December 31, 2014.

The valuation difference, i.e. €355 thousand, has an impact on equity when it concerns contracts that are qualified as perfect hedges pursuant to IAS 39, which is all of these contracts.

Summary of interest rate risk exposure

The following table shows the Group's exposure to interest rate risk based on outstanding commitments at December 31, 2015:

	Less than 1 year		1 to 5 years		More than 5 years		Total carrying amount		
(in € thousands)	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate	Total
Bond loans	-	-	(234)	-	34 685	-	34 451	-	34 451
Syndicated loans	-	2 939	-	12 383	-	5 265	-	20 587	20 587
Other bank loans	13	500	-	-	-	-	13	500	513
Finance lease liabilities	16	-	47	-	-	-	63	-	63
Accrued interest	-	435	-	-	-	-	-	435	435
Other financial liabilities	-	-	144	-	-	-	144	-	144
Bank overdrafts	-	215	-	-	-	-	-	215	215
Cash and cash equivalents	24 031	14 224	-	-	-	-	24 031	14 224	38 255
NET EXPOSURE BEFORE HEDGING	**24 060**	**18 313**	**(43)**	**12 383**	**34 685**	**5 265**	**58 702**	**35 961**	**94 663**
Interest rate hedging instruments	15 000	(15 000)		-		-	15 000	(15 000)	-
NET EXPOSURE AFTER HEDGING	**39 060**	**3 313**	**(43)**	**12 383**	**34 685**	**5 265**	**73 702**	**20 961**	**94 663**

Sensitivity analysis on the net borrowing costs to changes in interest rates

For 2015, based on average loan outstandings and current bank overdrafts, a 100 basis point interest rate increase would lead to a deterioration in the Group's net borrowing costs of €91 thousand, or 4.3%.

Equity risk

The group holds no shares in other companies and no equity UCITS. Its available cash is invested mainly in money market funds or interest-bearing accounts. All transactions that concern treasury shares are recognized directly in equity.

8.3.2. Liquidity risk

The Group conducted a specific review of its liquidity risk and believes it is in a position to meet its future maturities.

As of December 31, 2015, the Group had gross cash and cash equivalents of €38.3 million and gross financial liabilities of €56.4 million. It also had an undrawn credit line of €5 million.

The table below shows contractual cash flows undiscounted for consolidated net debt:

(in € thousands)	Carrying amount	Contractual cash flows						Total
		2016	2017	2018	2019	2020	2021 and beyond	
Bond loans	34 451	-	(55)	(57)	(60)	(62)	34 685	34 451
Syndicated loans	20 587	2 939	2 998	3 060	3 125	3 200	5 265	20 587
Other bank loans	513	513	-	-	-	-	-	513
Finance lease liabilities	63	16	9	38	-	-	-	63
Accrued interest	435	435						435
Other financial liabilities	144	3			44			47
Bank overdrafts	215	215						215
Financial Gross Debt	**56 408**	**4 121**	**2 952**	**3 041**	**3 109**	**3 138**	**39 950**	**56 311**
Cash and cash equivalents	38 255	38 255						38 255
FINANCIAL NET DEBT	**18 153**	**(34 134)**	**2 952**	**3 041**	**3 109**	**3 138**	**39 950**	**18 056**

8.3.3. Credit risk

Due to the nature of its business, the Group is exposed to credit risk, especially the risk of its customers defaulting. Details are provided in Note 4.2 of the amounts of the Group's trade receivables and their age.

8.4. Off-balance sheet commitments related to the Group's financing

8.4.1. Covenants

As part of the loans taken out in June 2015, Linedata Services entered into covenants guaranteeing that as of December 31, 2015:

- ✓ the leverage ratio, i.e. net debt divided by consolidated EBITDA, would be lower than 1.20,
- ✓ the interest cover ratio, i.e. consolidated EBITDA divided by consolidated net financial expenses, would be higher than 6.
- ✓ The Debt-Service Coverage Ratio (DSCR), i.e. the consolidated net cash flow divided by the debt service, would be greater than 1

As of December 31, 2015, the leverage ratio stood at 0.371, the interest cover ratio at 13.068 and the DSCR ratio at 1.398.

8.4.2. Collateral

<u>Pledges of the issuer's assets</u>

Name of pledged asset	Beneficiary	Pledge start date	Pledge expiration date	Condition for release of pledge	Number of shares pledged by issuer	% of capital pledged by issuer
Linedata Services Asset Management	Banking pool and Bond subscribers	May 2015	May 2022	Repayment of bond and syndicated loans	4 512 801	100,0%
Linedata Services Leasing & Credit					905 889	100,0%
Linedata Services Inc					3 608 000	100,0%
Linedata Ltd					1 725 812	100,0%

<u>Collateral pledged as security</u>

To guarantee its senior debt, Linedata Services pledged to the banking pool the intragroup loans granted to its subsidiary Linedata Services (BFT) Inc. to finance the acquisition of CapitalStream. This pledge will be released on final repayment of the loans.

8.4.3. Other commitments

As part of its bond and syndicated loan contracts, Linedata Services made a number of additional commitments to the banks when it signed its contract, which include a commitment not to subscribe to additional cumulated financial debt of more than €5 million on top of its existing loans, throughout the term of the loan contracts, or to limit the Group's total annual investment.

Note 9 Income tax

9.1. Income tax

The income tax charge comprises the consolidated companies' current and deferred tax charges. Tax on items recognized directly in other comprehensive income is recognized in other comprehensive income rather than in the income statement.

9.1.1. Income tax expense

(in € thousands)	31/12/2014	31/12/2015
Current taxes	(9 897)	(10 890)
Deferred taxes	(2 116)	(2 139)
INCOME TAX EXPENSE	**(12 013)**	**(13 029)**

For the year ended December 31, 2015, the Group recognized a tax charge of €13.029 million, which corresponds to an effective tax rate of 33.33%.

This tax rate included favorable effects related to the differences between the tax rates in France and those in other countries, offset by the cancellation of the recognition as assets of a US subsidiary's tax losses due to the fact that their offset against future profits in the short term is uncertain.

The amount of losses not recognized at December 31, 2015 totaled €4.061 million, i.e. unrecognized assets of €1.381 million.

9.1.2. Analysis of the tax charge

(in € thousands)	31/12/2014		31/12/2015	
Profit (loss) before tax	**28 220**		**39 096**	
Theoretical tax expense	**(9 716)**	**34,43%**	**(13 461)**	**34,43%**
Reconciliation				
Permanent differences - Impairment losses	(1 443)	5,1%		-
Other Permanent differences	(30)	0,1%	626	(1,6%)
Cancelation of activation of previous tax loss carryforwards		-	(1 054)	2,7%
Impact of research tax credit	177	(0,6%)	7	(0,0%)
Impact of share-based payments	(135)	0,5%	(179)	0,5%
Corporate value-added tax (CVAE)	(490)	1,7%	(505)	1,3%
Tax rate differences - France / other currencies	302	(1,1%)	1 447	(3,7%)
Withholding tax on services abroad	(143)	0,5%	(354)	0,9%
Other	(535)	1,9%	444	(1,1%)
EFFECTIVE TAX EXPENSE / EFFECTIVE TAX RATE	**(12 013)**	**42,57%**	**(13 029)**	**33,33%**

The following table provides a breakdown of the tax charge by main geographical area:

(in € thousands)	31/12/2014		31/12/2015	
Southern Europe	(5 815)	56,21%	(5 357)	34,95%
Northern Europe	(771)	16,05%	(1 669)	19,13%
North America	(5 389)	41,92%	(5 900)	40,28%
Asia	(38)	17,59%	(103)	25,94%
EFFECTIVE TAX EXPENSE / EFFECTIVE TAX RATE	**(12 013)**	**42,57%**	**(13 029)**	**33,33%**

9.2. Deferred tax

The Group recognizes deferred tax, in accordance with the liability method, for all temporary differences between the carrying amount and tax basis of its assets and liabilities recognized in the consolidated financial statements.

Deferred tax is measured by entity or tax group using the tax rates that have been enacted or substantially enacted as of the reporting date and that are expected to apply when the tax asset concerned is realized or the tax liability settled.

Deferred tax assets corresponding to temporary differences and tax losses carried forward are only recognized to the extent that it is probable that they will result in future tax savings.

Tax relating to items recognized directly in equity is recognized in equity, rather than in the income statement.

The following table provides a breakdown of deferred taxes by category of temporary difference:

(in € thousands)	31/12/2014	31/12/2015
Retirement benefit obligations	2 386	2 227
Activated tax losses	1 119	-
Intangible assets	(7 894)	(9 596)
Other temporary differences	366	258
NET DEFERRED TAXES	**(4 023)**	**(7 111)**
Of which:		
Deferred tax assets in less than one year	5 450	4 222
Deferred tax liabilities in less than one year	(1 538)	(1 738)
Deferred tax liabilities in more than one year	(7 935)	(9 595)

The increase in deferred tax liabilities was related, on the one hand, to the cancellation of the recognition as assets of a US subsidiary's tax losses due to the fact that their offset against future profits in the short term is uncertain and, on the other hand, to the foreign exchange impact on the deferred tax liabilities on intangible assets located mainly in North America.

Changes in net deferred tax during the financial year were as follows:

(in € thousands)	31/12/2014	31/12/2015
As of January 1	(1 814)	(4 023)
Taxes recognized in profit or loss	(2 116)	(2 139)
Taxes recognized in equity	479	(294)
Foreign currency translation adjustments	(572)	(655)
AS OF DECEMBER 31	**(4 023)**	**(7 111)**

Note 10 Equity and earnings per share

10.1. Equity

Having approved the principle on 13 May 1015 [*sic*: 2015], at its meeting on June 8, 2015, Linedata Services' Supervisory Board approved the filing with the French securities regulatory authority (the *Autorité des Marchés Financiers,* or AMF) of a draft public share offer to buy back its own shares from its shareholders for a maximum of 1,600,000 shares, i.e. 21.74% of its share capital, at a price of €25 per share, including the 2014 dividend, with a view to cancelling said shares.

Following the AMF's compliance statement dated June 23, 2015 and the approval by the Combined Annual General Meeting of Linedata Services' shareholders on June 29, 2015, the public offer was opened for the period from July 16 to August 4, 2015 inclusive.

In addition, on July 15, 2015 the AMF published the results of the simplified public purchase offer covering Linedata Services' shares, at the end of which 5,631 shares were contributed to Amanaat, and Amanaat undertook to contribute these shares to the public share buyback offer initiated by Linedata Services.
The AMF published the results of the public share buyback offer on August 7, 2015 and the number of shares tendered in response to this offer was 9,319.
On August 12, 2015, the Executive Board carried out a capital reduction for Linedata Services by cancelling the 9,319 repurchased shares.

Following this transaction, Linedata Services had share capital of €7,349,706, composed of 7,349,706 shares.

10.1.1. Change in capital stock

Linedata Services had capital stock of €7,320,382 on December 31, 2015, comprising 7,320,382 shares of which 5,000 are not fully paid-up shares, with a par value of €1.

The share capital was reduced by €528,643 as compared to 2014 as a result, on the one hand, of the exercise of 53,500 share subscription options and, on the other hand, of the cancellation during the first half of 2015 of 492,000 treasury stock and 90,143 treasury stock, including 9,319 in respect of the public offer, during the second half of 2015.

10.1.2. Treasury stock transactions

All Linedata Services shares held by the parent company are recognized at their acquisition cost as a deduction from equity.

Gains or losses, net of tax, resulting from the sale of treasury stock are added to or deducted from consolidated reserves.

As of December 31, 2015, Linedata Services held 90,538 of its own shares, which it acquired as part of the buyback plans authorized by the Annual General Meeting for a total of €2,212 thousand, or an average purchase price of €24.43.

These treasury shares were valued at €2,966 thousand (€32.76) at December 31, 2015.

All treasury stock transactions are recognized directly in equity. The impact over the year stands at -€23 thousand.

10.1.3. Dividends

Linedata Services' Combined General Meeting, which was held on June 29, 2015, voted to pay an ordinary dividend excluding treasury shares of €4,662 thousand for fiscal year 2014, i.e. €0.65 per share. This dividend was paid on September 14, 2015. Dividends totaling €4,634 thousand, or €0.65 per share, were paid for the previous year.

10.2. Earnings per share

Earnings per share as stated in the income statement are calculated on the basis of the profit for the year attributable to owners of the Company:

- ✓ basic earnings per share are determined on the basis of the weighted average number of common shares outstanding during the period, based on the shares' issue or repurchase date, less treasury stock.
- ✓ diluted earnings per share are calculated by adjusting the weighted average number of common shares outstanding for the dilutive effect of the stock option plans in force as of the reporting date.

Only common shares with a potentially dilutive effect are included in the calculation of diluted earnings per share, while shares with an accretive effect are excluded. Potential common shares resulting from stock options exercised at a strike price higher than the average share price are considered accretive.

	31/12/2014	31/12/2015
Profit for the year attributable to owners of the Company (in € thousands)	16 207	26 067
Weighted average number of common shares outstanding	7 172 414	7 444 046
BASIC EARNINGS PER SHARE (in €)	**2,26**	**3,50**

	31/12/2014	31/12/2015
Profit for the year attributable to owners of the Company (in € thousands)	16 207	26 067
Weighted average number of common shares outstanding	7 172 414	7 444 046
Weighted average number of shares retained in respect of dilutive items	14 095	17 315
Weighted average number of shares used to calculate diluted net earnings per share	7 186 509	7 461 361
DILUTED EARNINGS PER SHARE (in €)	**2,26**	**3,49**

10.3. Management of capital risk

The Group's purpose is to preserve business continuity while maximizing returns for its shareholders through capital structure and debt management.

The debt ratio changed as follows:

(in € thousands)	31/12/2014	31/12/2015
Loans and similar borrowings	55 606	56 049
Bank overdrafts	50	215
Cash and cash equivalents	(15 392)	(38 255)
Net debt(*)	**40 264**	**18 009**
Equity attributable to owners of the Company	101 574	129 018
GEARING RATIO	**39,6%**	**14,0%**

(*) not including miscellaneous other financial liabilities

This ratio of 14.0% is particularly reasonable and in line with bank covenants concerning this debt.

Note 11 Events after the reporting period

To the Group’s knowledge, no events have occurred since December 31, 2015 that are likely to have a significant influence on the Group’s business, financial position or assets and liabilities.

Note 12 Foreign currency conversion rates

	Average rate for the year			Rate as of December 31		
	Exercice 2014	Exercice 2015	Change	Exercice 2014	Exercice 2015	Change
Tunisian Dinar	2,2458	2,1769	(3,2%)	2,2590	2,2148	(2,0%)
US Dollar	1,3288	1,1096	(19,8%)	1,2141	1,0887	(11,5%)
Canadian Dollar	1,4669	1,4176	(3,5%)	1,4063	1,5116	7,0%
Hong Kong Dollar	10,3052	8,6023	(19,8%)	9,4170	8,4376	(11,6%)
Pound Sterling	0,8064	0,7260	(11,1%)	0,7789	0,7340	(6,1%)
Indian Rupee	81,0689	71,1752	(13,9%)	76,7190	72,0215	(6,5%)