2016 consolidated financial statements

Consolidated income statement

(in € thousands)	Notes	31/12/2015	31/12/2016
Revenue	*4.1*	**172 328**	**166 812**
Purchases and external expenses	*4.5*	(36 608)	(34 165)
Taxes and duties		(3 186)	(2 922)
Employee expenses	*5.2*	(82 754)	(79 113)
Other recurring operating income and expenses	*4.6*	(1 536)	(992)
Depreciation, amortization, impairment and provisions		(10 742)	(10 572)
Recurring operating profit		**37 502**	**39 048**
As % of revenue		*21,8%*	*23,4%*
Other operating income and expenses	*4.7*	448	55
Operating profit		**37 950**	**39 103**
As % of revenue		*22,0%*	*23,4%*
Net borrowing costs	*8.2.1*	(2 099)	(1 879)
Other financial income	*8.2.2*	5 975	1 256
Other financial expenses	*8.2.2*	(2 730)	(2 547)
Income tax	*9.1*	(13 029)	(12 363)
Profit for the year from continuing operations		**26 067**	**23 570**
Profit for the year from discontinued operations		-	-
CONSOLIDATED PROFIT FOR THE YEAR		**26 067**	**23 570**
As % of revenue		*15,1%*	*14,1%*
Attributable to non-controlling interests		-	-
Attributable to owners of the Company		**26 067**	**23 570**

EARNINGS PER SHARE (in euros)			
Basic earnings per share	*10.2*	3,50	3,27
Diluted earnings per share	*10.2*	3,49	3,27

Consolidated statement of comprehensive income

(in € thousands)	31/12/2015	31/12/2016
Consolidated profit for the year	**26 067**	**23 570**
Translation adjustments	4 921	(4 677)
Of which tax effects	*89*	*248*
Change in derivative financial instruments	231	(71)
Of which tax effects	*(121)*	*37*
Others	73	-
Of which tax effects	*(38)*	-
Items that may be subsequently reclassified to profit or loss	**5 225**	**(4 748)**
Actuarial gains and losses on retirement benefit obligations	46	(323)
Of which tax effects	*135*	*67*
Others	-	-
Of which tax effects	-	-
Items that will not be subsequently reclassified to profit or loss	**46**	**(323)**
Total other comprehensive income (loss) for the year, net of tax	**5 271**	**(5 071)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**31 338**	**18 499**

Consolidated statement of financial position

ASSETS *(in € thousands)*	Notes	31/12/2015	31/12/2016
Goodwill	*6.1*	129 798	130 245
Intangible assets	*6.2*	23 529	23 771
Property, plant and equipment	*6.3*	9 624	20 796
Non-current financial assets	*8.1.5*	640	820
Other non-current assets	*4.4*	509	529
Deferred tax assets	*9.2*	4 222	5 133
Non-current assets		**168 322**	**181 294**
Trade and other receivables	*4.2*	43 146	43 926
Tax receivables		5 495	5 206
Cash and cash equivalents	*8.1.3*	38 255	32 219
Current assets		**86 896**	**81 351**
TOTAL ASSETS		**255 218**	**262 645**

EQUITY AND LIABILITIES *(in € thousands)*	Notes	31/12/2015	31/12/2016
Capital stock		7 320	7 341
Reserves		95 631	84 034
Profit for the year		26 067	23 570
Equity attributable to owners of the Company		**129 018**	**114 945**
Non-controlling interests		-	-
TOTAL EQUITY	*10*	**129 018**	**114 945**
Provisions for retirement and other post-employment benefits	*5.3*	7 247	7 856
Non-current provisions	*7.1*	33	14
Non-current loans and other financial liabilities	*8.1.2*	52 345	49 908
Deferred tax liabilities	*9.2*	11 333	12 287
Other non-current liabilities	*4.4*	410	1 120
Non-current liabilities		**71 368**	**71 185**
Current provisions	*7.1*	997	600
Current loans and other financial liabilities	*8.1.2*	4 063	22 022
Current operating liabilities	*4.3*	43 985	46 679
Current tax liabilities		5 787	7 214
Current liabilities		**54 832**	**76 515**
TOTAL EQUITY AND LIABILITIES		**255 218**	**262 645**

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 12/31/2014	**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**
Appropriation of profit for the year	-	-	-	25 332	154	581	(26 067)	**-**
Profit for the year	-	-	-	-	-	-	23 570	**23 570**
Capital stock transactions	21 000	21	393	-	-	-	-	**414**
Treasury stock transactions	-	-	-	-	(1 467)	-	-	**(1 467)**
Share-based payments	-	-	-	271	-	-	-	**271**
Dividends paid	-	-	(8 021)	(23 738)	-	-	-	**(31 759)**
Other comprehensive income (loss)	-	-	-	-	-	(394)	-	**(394)**
Foreign currency translation adjustments	-	-	-	-	-	(4 677)	-	**(4 677)**
Other movements	-	-	-	(31)	-	-	-	**(31)**
As of 12/31/2016	**7 341 382**	**7 341**	**38 388**	**59 549**	**(3 868)**	**(10 035)**	**23 570**	**114 945**

Consolidated statement of cash flows

(in € thousands)	Notes	31/12/2015	31/12/2016
Profit for the year from continuing operations - attributable to owners of the Company		**26 067**	**23 570**
Net amortization	*6.2 & 6.3*	11 751	10 088
Net depreciation and provisions	*5.2, 6.1 & 7.1*	(943)	812
Unrealized (gains) losses from changes in fair value		-	-
(Income) expenses from share-based compensation	*5.2*	565	271
Other non-cash income and expenses		(30)	
Net (gain) loss on non-current assets sold or scrapped		(530)	7
Net borrowing costs	*8.2.1*	2 099	1 879
Deferred taxes	*9.2*	2 139	(1 026)
Corporate income tax paid		578	1 801
Net change in working capital		(4 680)	426
Net cash from (used in) operating activities		**37 016**	**37 828**
Acquisitions/disposals of property, plant and equipment and intangible assets	*6.2 & 6.3*	(6 400)	(4 159)
Acquisitions of long-term investments, net of cash acquired		-	(5 939)
Disposals of non-current financial assets		223	(9)
Change in other financial assets		525	(152)
Net cash from (used in) investing activities		**(5 652)**	**(10 259)**
Capital increase	*10.1.1*	923	473
Treasury stock transactions		(652)	(1 467)
Dividends paid	*10.1.3*	(4 662)	(31 760)
Increase in non-current loans and other liabilities	*8.1.2*	54 581	5 000
Repayment of non-current loans and other liabilities	*8.1.2*	(53 924)	(2 711)
Interest paid		(2 314)	(1 886)
Change in other receivables and financial liabilities		-	-
Net cash from (used in) financing activities		**(6 048)**	**(32 351)**
Effects of exchange rate fluctuations		(2 618)	(1 039)
NET INCREASE (DECREASE) IN NET CASH AND CASH EQUIVALENTS		**22 698**	**(5 821)**
Net cash and cash equivalents at beginning of year		**15 342**	**38 040**
Net cash and cash equivalents at end of year		**38 040**	**32 219**
Of which :			
Cash and cash equivalents	*8.1.2*	38 255	32 219
Bank overdrafts	*8.1.2*	(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, 2016 have been drawn up under the responsibility of the Executive Board. They were finalized by the Executive Board at its meeting on February 9, 2017 and were submitted for review to the Supervisory Board at its meeting on February 10, 2017.

1.1. Accounting framework applied

The consolidated financial statements for the year ended December 31, 2016 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, 2016 do not have a material impact on the Group's financial statements and earnings. They comprise mainly the 2012-2014 IFRS annual improvements cycle, the amendments to IAS 1 « *Presentation of financial statements - Disclosure initiative* » and to IAS 16 and IAS 38 «*Clarification of Acceptable Methods of Depreciation and Amortization* »

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.
In connection with IFRS 15, the Group is currently undertaking a review of the new IFRS 15 standard, particularly as regards the recognition of revenue from perpetual licenses and fixed-price contracts.
The Group does not expect the application of IFRS 15 to have a material impact on the revenue recognized.

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, 2016, i.e.: amendments to IAS 7 « *Disclosure Initiative*».

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
LINEDATA SERVICES LENDING & LEASING SL	Spain	100%	Full consolidation
LINEDATA SERVICES TUNISIE S.A.	Tunisia	100%	Full consolidation
LINEDATA TECHNOLOGIES TUNISIE S.A.	Tunisia	100%	Full consolidation
LINEDATA MAROC SARL	Morocco	100%	Full consolidation
LINEDATA Ltd	United Kingdom	100%	Full consolidation
DERIVATION SOFTWARE Limited	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 LENDING & LEASING 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 Maroc, which was incorporated in July 2015, has been consolidated as from January 1, 2016. Linedata SA de C.V, a Mexican subsidiary incorporated in April 2016, did not trade and was not consolidated as of December 31, 2016.

Linedata Services BFT Inc.'s Asset Management business was transferred to LDS Inc. as of January 1, 2016 for its carrying amount. Linedata Services BFT Inc., which focuses on the Lending and Leasing business, has been renamed Linedata Lending & Leasing Inc.

Fimasys España also changed its name, becoming Linedata Lending & Leasing S.L.

All Group companies were consolidated on the basis of their financial statements drawn up to December 31. All were for periods of 12 months with the exception of Derivation Software Limited, which was acquired on April 8, 2016.

2.3. Acquisition of Derivation Software Limited

On April 8, 2016, Linedata Ltd acquired 100% of the shares of Derivation Software Limited in the United Kingdom and of its US subsidiary, Derivation Software Corp., which did not trade and was not consolidated as of December 31, 2016.

Derivation Software Limited, which specializes in portfolio management and risk management solutions, generated revenue of €2.1 million in respect of its 12-month accounting period ended September 30, 2015.

The work undertaken to identify and value the assets and liabilities acquired enabled the recognition of software in the amount of €4.3 million and customer relations in the amount of €0.7 million. The balance, recognized as goodwill, is not tax deductible and represents the value of the benefits the Group expects to derive from product and customer synergies.

The shares' acquisition cost was valued at €0.1 million and written off during the period.

The provisional fair value of the assets and liabilities acquired, which have been valued in accordance with IFRS 3 *Business Combinations*, is shown below:

(in € thousands)	April 8, 2016
Purchase price	**7 227**
Fair value of the assets and liabilities as of the acquisition date:	
Intangible assets	5 035
- *Software*	*4 293*
- *Customer relationships*	*742*
Property, plant and equipment	48
Trade receivables	33
Other receivables	81
Cash and cash equivalents	180
Trade payables	(307)
Tax and social security liabilities	(37)
Deferred income	(173)
Goodwill before deferred taxes	4 051
Deferred tax liabilities	(1 007)
Goodwill as of the acquisition date	3 043
Foreign currency translation adjustments	(174)
Goodwill as of the reporting date	2 870

2.4. 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 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
Acquisition of the Derivation Software shares	Given	Standard validity guarantees	04/08/2016	04/08/2019	The vendors of the shares	0,5 M£
Acquisition of the Derivation Software shares	Received	Capacity to contract, capital and ownership of the shares, companies' legal compliance, intellectual property	04/08/2016	04/08/2022	Linedata Ltd	Purchase price paid by Linedata to each vendor
		Taxes	04/08/2016	04/08/2023	Linedata Ltd	2 M£
		Standard guarantees: ownership of the assets; financial, corporate, legal and environmental aspects	04/08/2016	04/08/2019	Linedata Ltd	2 M£

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.

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, 2015

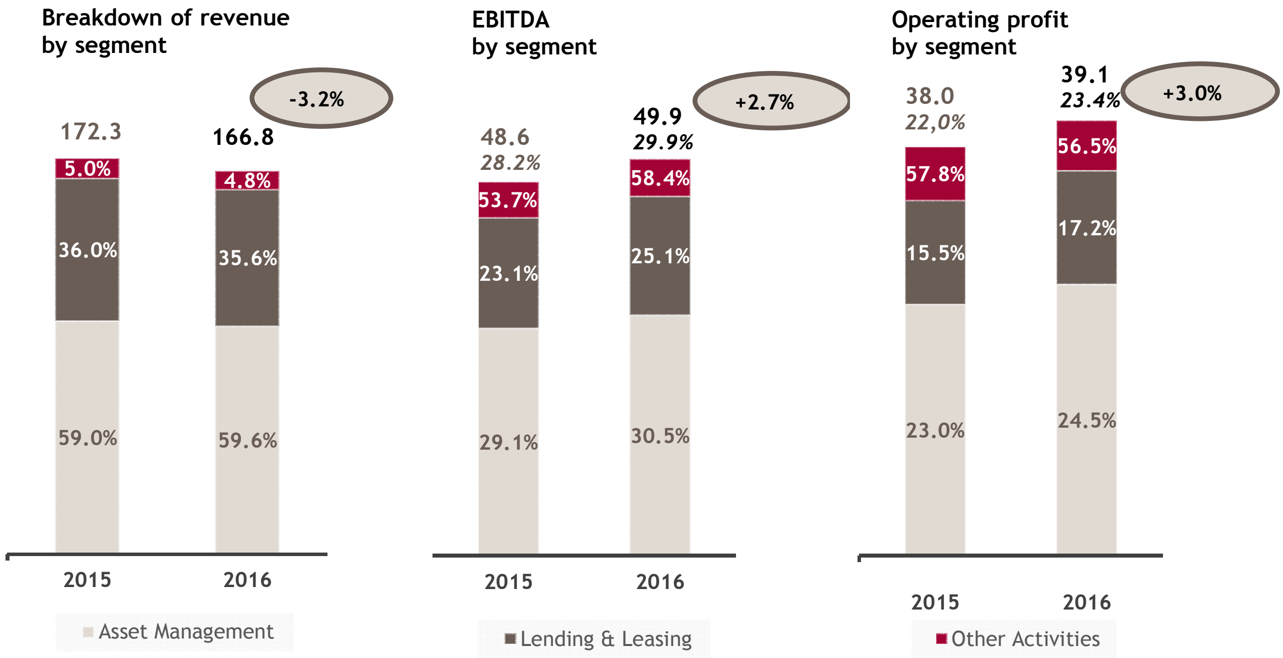
(in € thousands)	Asset Management	Lending & Leasing	Other Activities	Total Group
Revenue	101 593	62 101	8 634	**172 328**
EBITDA	29 579	14 371	4 637	**48 587**
Operating profit	23 334	9 622	4 994	**37 950**

3.1.2. Year ended December 31, 2016

(in € thousands)	Asset Management	Lending & Leasing	Other Activities	Total Group
Revenue	99 389	59 452	7 971	**166 812**
EBITDA	30 297	14 950	4 653	**49 900**
Operating profit	24 380	10 223	4 500	**39 103**

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, 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.

3.2.2. As of December 31, 2016

(in € thousands)	Asset Management	Lending & Leasing	Other Activities	Total Group
Goodwill	73 745	49 578	6 922	**130 245**
Intangible assets	9 368	14 025	378	**23 771**
Property, plant and equipment	12 016	6 643	2 137	**20 796**
Non-current financial assets	520	173	127	**820**
Other non-current assets	490	-	39	**529**
Non-current assets	**96 139**	**70 419**	**9 603**	**176 161**
Current assets	**34 221**	**19 361**	**22 563**	**76 145**
SEGMENT ASSETS	**130 360**	**89 780**	**32 166**	**252 306**
UNALLOCATED ASSETS				**10 339**
TOTAL ASSETS				**262 645**

(in € thousands)	Asset Management	Lending & Leasing	Other Activities	Total Group
Non-current liabilities	2 877	4 480	1 633	**8 990**
Current liabilities	24 610	17 747	4 922	**47 279**
SEGMENT LIABILITIES	27 487	22 227	6 555	**56 269**
Equity				**114 945**
Loans and other financial liabilities				**71 930**
Other unallocated liabilities				**19 501**
EQUITY AND UNALLOCATED LIABILITIES				**206 376**
TOTAL EQUITY AND LIABILITIES				**262 645**

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, 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**

3.3.2. Year ended December 31, 2016

(in € thousands)	Asset Management	Lending & Leasing	Other Activities	Total Group
Intangible assets	1 658	516	75	**2 249**
Property, plant and equipment	9 069	5 323	865	**15 257**
TOTAL CAPITAL EXPENDITURE	10 728	5 839	940	**17 506**

Expenditure on property, plant and equipment corresponded mainly to the leasing by Linedata Services of property comprising land and buildings with a value of €13,347 thousand in which it plans to locate its registered office in 2017.

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)	31/12/2015		31/12/2016	
ASP / Facilities Management	35 482	20,6%	36 150	21,7%
Maintenance and support	50 185	29,1%	50 141	30,1%
Recurring licenses	36 367	21,1%	34 911	20,9%
Recurring revenue	**122 034**	**70,8%**	**121 202**	**72,7%**
Implementation, Consulting and Services	43 215	25,1%	39 670	23,8%
Perpetual licenses	7 079	4,1%	5 940	3,6%
Non-recurring revenue	**50 294**	**29,2%**	**45 610**	**27,3%**
REVENUE	**172 328**	**100,0%**	**166 812**	**100,0%**

4.1.2 Geographical breakdown of revenue

(in € thousands)	31/12/2015		31/12/2016	
Southern Europe	57 566	33,4%	58 171	34,9%
Northern Europe	36 415	21,1%	36 271	21,7%
North America	73 737	42,8%	66 667	40,0%
Asia	4 610	2,7%	5 703	3,4%
REVENUE	**172 328**	**100,0%**	**166 812**	**100,0%**

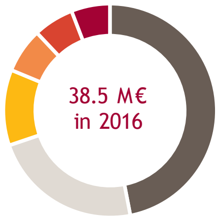
4.2. Trade and other receivables

(in € thousands)	31/12/2015	31/12/2016
Trade receivables, gross	37 881	39 286
Impairment of trade receivables	(847)	(744)
Trade receivables, net	**37 034**	**38 542**
Tax receivables	2 840	2 068
Other receivables	205	75
Miscellaneous receivables	145	144
Prepaid expenses	2 922	3 097
Other operating receivables, gross	**6 112**	**5 384**
Provisions for impairment losses	-	-
Other operating receivables, net	**6 112**	**5 384**
TRADE AND OTHER RECEIVABLES	**43 146**	**43 926**

Accumulated impairment losses on trade receivables changed as follows:

(in € thousands)	31/12/2015	31/12/2016
Accumulated impairment losses on trade receivables as of January 1	956	847
Impairment losses	272	827
Reversals used	(170)	(197)
Reversals not used	(273)	(733)
Foreign currency translation adjustments	62	(1)
ACCUMULATED IMPAIRMENT LOSSES ON TRADE RECEIVABLES AS OF DECEMBER 31	**847**	**744**

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



(in € thousands)	31/12/2015	31/12/2016
47% - Not yet due	15 513	18 128
23% - Past due - less than 30 days	10 754	8 777
12% - Past due - between 30 and 60 days	4 462	4 429
7% - Past due - between 61 and 90 days	1 558	2 618
6% - Past due - between 91 and 180 days	2 967	2 333
6% - Pas due - more than 181 days	1 780	2 257
TRADE RECEIVABLES, NET AMOUNT	**37 034**	**38 542**

Trade receivables are monitored regularly by the Audit Committee. 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.

4.3. Current operating liabilities

(in € thousands)	31/12/2015	31/12/2016
Trade payables	8 620	10 481
Tax and social security liabilities	15 880	15 102
Employee profit-sharing and incentive bonuses	902	785
Other liabilities	716	1 556
Deferred income	17 867	18 755
CURRENT OPERATING LIABILITIES	**43 985**	**46 679**

4.4. Other non-current assets and liabilities

(in € thousands)	31/12/2015	31/12/2016
Gross amount	509	529
Provision for impairment losses	-	-
OTHER NON-CURRENT ASSETS	**509**	**529**

The other non-current assets correspond to the research tax credit in North America which can be recovered over more than one year as well as to the guarantee retention in respect of the acquisition of Derivation Software Limited.

(in € thousands)	31/12/2015	31/12/2016
Other non-current liabilities	410	1 120
OTHER NON-CURRENT LIABILITIES	**410**	**1 120**

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)	31/12/2015		31/12/2016	
Sub-contracting purchased: telecom, telematics and publishin	(10 435)	28,5%	(9 419)	27,6%
Other purchases	(843)	2,3%	(1 022)	3,0%
Property and other rental expenses	(7 614)	20,8%	(7 607)	22,3%
Temporary employees, service providers and sub-contracting	(7 057)	19,3%	(5 863)	17,2%
Professional fees and insurance	(3 637)	9,9%	(4 190)	12,3%
Traveling and transportation expenses	(3 607)	9,9%	(3 128)	9,2%
Telecommunication and postage	(717)	2,0%	(649)	1,9%
Bank charges	(134)	0,4%	(194)	0,6%
Other external expenses	(2 564)	7,0%	(2 093)	6,1%
PURCHASES AND EXTERNAL EXPENSES	**(36 608)**	**100,0%**	**(34 165)**	**100,0%**

At constant exchange rates, purchases and external expenses decreased by 4.4% compared with 2015, mainly due to the reduction of the professional fees and costs of the strategic reviews.

4.6. Other recurring operating income and expenses

(en milliers d'euros)	31/12/2015	31/12/2016
Operating foreign currency translation profit	(239)	416
Royalties	(912)	(1 007)
Losses on irrecoverable receivables	(220)	(133)
Attendance fees	(48)	(53)
Other recurring operating income and expenses	(117)	(215)
OTHER RECURRING OPERATING INCOME (EXPENSES)	**(1 536)**	**(992)**

4.7. Other operating income and expenses

(en milliers d'euros)	31/12/2015	31/12/2016
Gains and losses on disposals of intangible assets and property, plant and equipment	427	-
Reversals of provisions	1	-
Other non-recurring income	275	221
Other non-recurring expenses	(255)	(166)
OTHER OPERATING INCOME (EXPENSES)	**448**	**55**

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

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)	31/12/2015	31/12/2016
Linedata Services' transactions with Invegendo		
Amounts owed to related parties	11	14
Purchases of goods and services	33	38
Linedata Services' transactions with Tecnet Participations		
Amounts owed to related parties	24	60
Purchases of goods and services	80	100
Linedata Services' transactions with Amanaat		
Receivables due from related parties		10
Revenue		26

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.

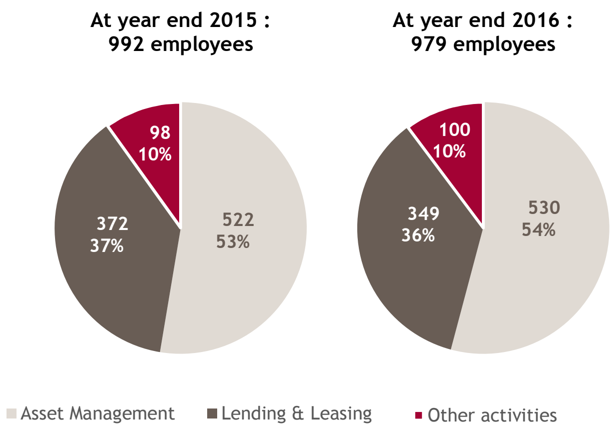
In late-December 2015, Linedata Services signed a contract for the provision of administrative and financial services with its parent company, Amanaat.

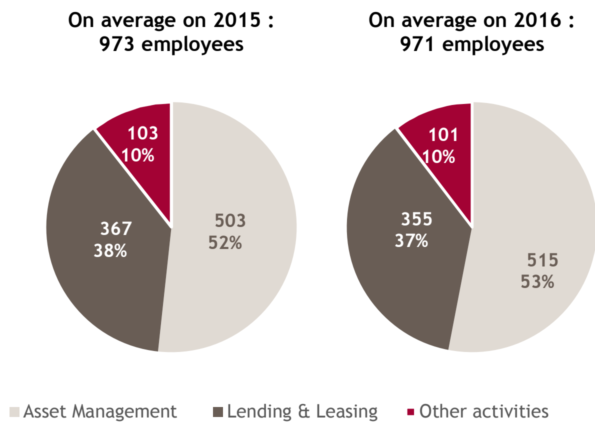
Purchases from and revenue-generating transactions with related parties are at arm's length. No guarantees have been given or received in respect of the liabilities due to or receivables due from related parties.

Note 5 Employee expenses and benefits

5.1. Workforce

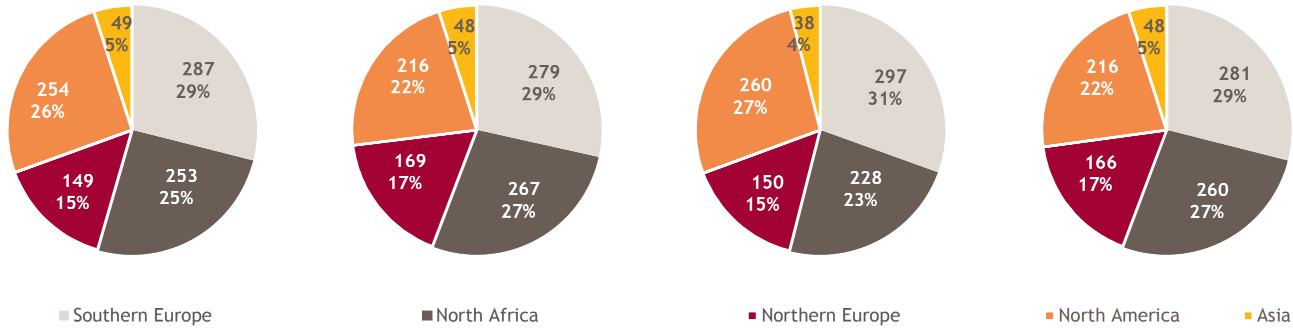
5.1.2 Workforce by segment





5.1.3 Workforce by geographical area

At year end 2015 : 992 employees | At year end 2016 : 979 employees | On average on 2015 : 973 employees | On average on 2016 : 971 employees



5.2. Employee expenses

(in € thousands)	31/12/2015	31/12/2016
Salaries and wages	(67 549)	(63 886)
Social security contributions	(17 146)	(16 373)
Employee profit-sharing and incentive bonuses	(896)	(785)
Share-based compensation	(565)	(271)
Net additions to (reversals of) provisions for retirement benefit obligations	105	(225)
Capitalized development costs	2 302	1 724
Research tax credit	995	703
EMPLOYEE EXPENSES	**(82 754)**	**(79 113)**

Research and development costs, which consisted mainly of employee expenses and totaled €17.3 million (before capitalization), represented 10.4% of revenue in 2016, stable over 2015 when it represented 9.7% of revenue (totaling €16.8 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.

5.3.1. Actuarial assumptions

	31/12/2015	31/12/2016
Discount rate for retirement benefits	2,00%	1,50%
Discount rate for long-service awards	1,25%	1,00%
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 ans	64 ans
Managers born after 01/01/1950	66 ans	66 ans
Other employees born before 01/01/1950	62 ans	62 ans
Other employees born after 01/01/1950	64 ans	64 ans

Turnover	31/12/2015	31/12/2016
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, 2016 are:
- ✓ 1.50% by reference to the iBoxx € Corporates AA 10+ for retirement benefits,
- ✓ 1.00% by reference to the iBoxx € Corporates AA 7-10 for long service awards.

5.3.2. Change in the provisions

(in € thousands)	Retirement benefits - France	Retirement benefits - Tunisia	Long-service awards	31/12/2015	Retirement benefits - France	Retirement benefits - Tunisia	Long-service awards	31/12/2016
Provision as of December 31	**6 931**	**51**	**550**	**7 532**	**6 680**	**69**	**498**	**7 247**
Change in actuarial gains and losses	(181)			(181)	390			390
Benefits paid to employees	(94)		(29)	(123)	(292)		(29)	(321)
Foreign currency translation adjustments		1		1		(6)		(6)
Expense for the year	24	17	(23)	18	524	6	16	546
Cost of services rendered	*422*	*17*	*43*	*482*	*399*	*6*	*36*	*441*
Interest expense	*128*	*-*	*6*	*134*	*125*	*-*	*6*	*131*
Amortization of actuarial gains and losses	*-*	*-*	*(41)*	*(41)*	*-*	*-*	*(26)*	*(26)*
Other - transfers/reversals	*(526)*	*-*	*(31)*	*(557)*		*-*		*-*
PROVISION AS OF DECEMBER 31	**6 680**	**69**	**498**	**7 247**	**7 302**	**69**	**485**	**7 856**

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 €390 thousand recognized in 2016 mainly results from the update of the discount rate.

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. 6)	TOTAL PLANS
Date of AGM	06/30/2005	
Date of Executive Board meeting that approved the granted options	06/11/2007	
Total number of subscribable shares, of which:	195 000	
- for corporate officers (status at time of grant)	20 000	
- for the first 10 employees(1)	100 000	
Total number of beneficiaries, of which:	51	
- corporate officers	2	
- employees who received options among the first 10 grantees, taking particular account of equivalent holdings exceeding 10(1)	17	
Vesting date	06/11/2009	
Expiration date	06/11/2017	
Exercise price	19,70 €	
Fair value of options at grant date	6,72 €	
Number of options outstanding as of January 1, 2016	21 000	21 000
Number of options granted in 2016	-	-
Number of options exercised in 2016	21 000	21 000
Number of options cancelled in 2016	-	-
Number of options outstanding as of December 31, 2016	**-**	**-**

(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 2016 was €39.61.

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.

All of the stock options had been exercised by December 31, 2016.

5.4.2. Bonus share plans

Plan reference	2014 plan (No. 3)	2014 plan (No. 4)
Nature of shares	Linedata Services Shares	Preferred Shares (2)
Date of AGM	12/05/2014	12/05/2014
Date of Executive Board meeting that approved the granted bonus shares	13/06/2014	13/06/2014
Total number of bonus shares approved by the Executive Board	120 500	675
Total number of bonus shares available for acquisition at the end of the performance period, of which:	120 500	675
- for corporate officers (status at time of grant)	-	250
- for the first 10 employees(1)	67 500	425
Total number of beneficiaries, of whom:	32	13
- corporate officers	-	2
- Group employees	32	11
End date of vesting period for grantees resident in France		13/06/2017
End date of vesting period for grantees not resident in France	13/06/2018	
End date of lock-up period for grantees resident in France		13/06/2019
End date of lock-up period for grantees not resident in France	13/06/2018	
Number of bonus shares available for acquisition as of January 1, 2016	76 707	675
Number of bonus shares granted and available for acquisition in 2016	-	-
Number of bonus shares previously granted and acquired in 2016	-	-
Number of bonus shares previously granted and cancelled in 2016	22 413	25
Number of bonus shares available for acquisition as of December 31, 2016	**54 294**	**650**

(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 88 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 performance criteria for all or some of the shares to be awarded.

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 2016 for the share purchase option and free share allocation plans was €271 thousand (€565 thousand for 2015).

5.5. Remuneration of senior management (related parties)

(in € thousands)	31/12/2015	31/12/2016
Short-term benefits	3 973	2 369
Termination benefits	71	-
TOTAL FOR THE YEAR	**4 044**	**2 369**

The Group's senior management comprises the members of the Executive Board, Supervisory Board and Executive Committee. In 2016, in connection with the implementation of the "Linedata 2018" project, the Group changed the membership of its Executive Committee to include mainly the members of the Executive Board and the operations managers. On this basis, executive remuneration for the year ended December 31, 2015 would have totaled €2,218 thousand.

The Combined Annual General Meeting of May 12, 2016 approved directors' attendance fees of €200 thousand, to be divided between the members of the Supervisory Board.

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.

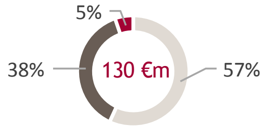
Subsequent to its initial recognition, this goodwill is not amortized but is tested for impairment as soon as there are indications of impairment and at least once a year. The procedures used to carry out the impairment tests in 2015 and 2016 are described in Note 6.4.

Goodwill changed as follows:

(in € thousands)	Gross amount	Accumulated impairment losses	Net carrying amount
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**
Acquisition: Derivation Software Limited	3 043	-	3 043
Foreign currency translation adjustments	(2 534)	(62)	(2 596)
As of 12/31/2016	**146 642**	**(16 397)**	**130 245**

The acquisition of Derivation Software Limited generated goodwill of £2,457 thousand, i.e. €3,043 thousand.

The breakdown of goodwill by segment is as follows:



(in € thousands)	31/12/2015	31/12/2016
Asset Management	73 976	73 745
Lending & Leasing	48 919	49 576
Insurance/Pension Funds	6 903	6 924
GOODWILL, NET	**129 798**	**130 245**

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 12/31/2015	**40 905**	**28 570**	**19 542**	**2 113**	**91 130**
Changes in Group structure	4 293	-	742	-	5 035
Acquisitions	978	1 724	-	-	2 702
Disposals	(86)	-	-	-	(86)
Other movements	57	-	-	-	57
Foreign currency translation adjustments	(1 356)	(897)	(19)	69	(2 203)
GROSS AMOUNT AS OF 12/31/2016	**44 791**	**29 397**	**20 265**	**2 182**	**96 635**

The changes in consolidation scope related to the Derivation Software Limited acquisition and, in particular, to the fair value of the software and customer relations acquired.

Acquisitions primarily relate to the capitalization of R&D totaling €1.7 million.
Development costs of €4.1 million were capitalized in 2016 for projects completed during the period.

(in € thousands)	Purchased Software	Development costs	Customer relationships	Other intangible	INTANGIBLE ASSETS
Accumulated amortization as of 12/31/2015	**(33 975)**	**(18 470)**	**(13 043)**	**(2 113)**	**(67 601)**
Amortization expense	(2 708)	(3 285)	(1 350)	-	(7 343)
Reversal of amortization expense	86	-	-	-	86
Foreign currency translation adjustments	1 201	681	181	(69)	1 994
ACCUMULATED AMORTIZATION AS OF 12/31/2016	**(35 396)**	**(21 074)**	**(14 212)**	**(2 182)**	**(72 864)**

(in € thousands)	Purchased Software	Development costs	Customer relationships	Other intangible	INTANGIBLE ASSETS
Net amount as of 12/31/2015	**6 930**	**10 100**	**6 499**	**-**	**23 529**
NET AMOUNT AS OF 12/31/2016	**9 395**	**8 323**	**6 053**	**-**	**23 771**

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.

Property, plant and equipment changed as follows:

(in € thousands)	Land, Buildings	Fixtures, furniture & other	Computer hardware	PROPERTY, PLANT AND EQUIPMENT	Of which finance leases
Gross amount as of 12/31/2015	**1 902**	**15 572**	**27 982**	**45 456**	**1 816**
Changes in Group structure	-	22	315	337	-
Acquisitions	13 347	649	1 124	15 120	13 347
Disposals	-	(333)	(941)	(1 274)	(832)
Other movements	-	(331)	274	(57)	-
Foreign currency translation adjustments	(145)	(286)	(524)	(955)	-
GROSS AMOUNT AS OF 12/31/2016	**15 104**	**15 293**	**28 230**	**58 627**	**14 331**

In October 2016, Linedata Services entered into a 12-year lease of property comprising land and buildings with a value of €13,347 thousand, located at 27, rue d'Orléans, Neuilly-sur-Seine, France, in which it plans to locate its registered office in 2017.
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
Accumulated amortization as of 12/31/2015	**(571)**	**(12 329)**	**(22 932)**	**(35 832)**	**(1 727)**
Changes in Group structure	-	-	(256)	(256)	-
Amortization expense	(209)	(1 025)	(2 512)	(3 746)	(138)
Reversal of amortization expense	-	326	941	1 267	832
Foreign currency translation adjustments	35	254	447	736	-
ACCUMULATED AMORTIZATION AS OF 12/31/2016	**(745)**	**(12 774)**	**(24 312)**	**(37 831)**	**(1 033)**

(in € thousands)	Land, Buildings	Fixtures, furniture & other	Computer hardware	PROPERTY, PLANT AND EQUIPMENT	Of which finance leases
Net amount as of 12/31/2015	**1 331**	**3 243**	**5 050**	**9 624**	**89**
NET AMOUNT AS OF 12/31/2016	**14 359**	**2 519**	**3 918**	**20 796**	**13 298**

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 2015,
- ✓ the discount rate was calculated at 11% after tax (the same as in 2015).

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, 2016.

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	**87,8**	**23,5**	**7,5**
Impact on recoverable amount in the event of			
a 1-point increase in the discount rate	(17,6)	(8,4)	(1,8)
a 1-point fall in the perpetual growth rate	(11,8)	(5,6)	(1,2)
Combination of the two factors	(27,0)	(12,8)	(2,8)

6.5. Off-balance sheet commitments related to operating activities

The group leases premises though operating leases.

As of December 31, 2016, the future minimum annual lease payments on non-cancellable operating leases were as follows:

(in € thousands)	Liabilities by period			31/12/2016	31/12/2015
	Less than 1 year	1 to 5 years	More than 5 years		
Operating lease contracts	**3 680**	**10 063**	**911**	**14 654**	**15 718**

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 were as follows:

(en milliers d'euros)	Provisions for legal proceedings	Other provisions	PROVISIONS
Provision as of 12/31/2015	1 030	-	1 030
Additions	199	-	199
Reversals - provision used	(458)	-	(458)
Reversals - provision not used	(154)	-	(154)
Effect of translation and other changes	(3)	-	(3)
PROVISION AS OF 12/31/2016	**614**	**-**	**614**
Of which non-current provisions	14	-	14
Of which current provisions	600	-	600

Provisions for disputes related mainly to staff disputes. Provision reversals related to several disputes that were resolved in late-2016. The amount paid in early-2017 is reported within reversals of provisions used.

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 to 2014. 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 to 2014, the Group had decided to recognize a provision in respect of the full amount of the risk.

The other ongoing disputes have been analyzed. Where necessary, provisions have been recognized in respect of these disputes, estimated by the Group's Management on the basis of the relevant facts and circumstances, in accordance with IAS 37. The residual uncertainty inherent in any dispute would not have a material impact on profit or loss.

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

(in € thousands)	31/12/2015 Carrying amount	Fair value	Breakdown by type of financial instrument: 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**

(in € thousands)	31/12/2016 Carrying amount	Fair value	Breakdown by type of financial instrument: 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	820	820		-	820		
Other non-current assets	529	529			529		
Trade and other receivables	43 926	43 926			43 926		
Cash and cash equivalents	32 219	32 219	32 219				
FINANCIAL ASSETS	**77 494**	**77 494**	**32 219**	**-**	**45 275**	**-**	**-**
Non-current loans and financial liabilities	49 908	49 908				49 753	155
Other non-current liabilities	1 120	1 120			1 120		
Current loans and financial liabilities	22 022	22 022				22 022	
Current operating liabilities	46 679	46 679			46 679		
FINANCIAL LIABILITIES	**119 729**	**119 729**	**-**	**-**	**47 799**	**71 775**	**155**

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)	31/12/2015	Additions	Repayments	Change in fair value	Reclassification	31/12/2016
Bond loans	34 506	-	-	-	57	34 563
Syndicated loans	17 648	-	-	-	(17 648)	-
Other bank loans	-	3 333	-	-	-	3 333
Finance lease liabilities	47	12 057	-	-	(344)	11 760
Other financial liabilities	144	-	-	108	-	252
Non-current loans and other financial liabilities	**52 345**	**15 390**	**-**	**108**	**(17 935)**	**49 908**
Bond loans	(55)	-	55	-	(57)	(57)
Syndicated loans	2 939	-	(1 947)	-	17 648	18 640
Other bank loans	513	1 667	(513)	-	-	1 667
Finance lease liabilities	16	1 290	(306)	-	344	1 344
Accrued interest	435	-	(7)	-	-	428
Bank overdrafts	215	-	(215)	-	-	-
Current loans and other financial liabilities	**4 063**	**2 957**	**(2 933)**	**-**	**17 935**	**22 022**
FINANCIAL GROSS DEBT	**56 408**	**18 347**	**(2 933)**	**108**	**-**	**71 930**

At the time of the Derivation Software Limited acquisition, in April 2016 Linedata Services entered into a €5 million bilateral loan, repayable over three years.
In addition, in July 2016, Linedata Services repaid one installment of the syndicated loan in the amount of €3.3 million and repaid the €0.5 million balance of the bilateral loan taken out in 2013.

In October 2016, Linedata Services entered into a lease of property comprising land and buildings, in which it plans to locate its registered office in 2017. The value of the leased assets (€13,347 thousand) is being amortized on a reducing-balance basis over 12 years.

During January 2017, Linedata Services entered into discussions with its lenders with a view to repaying a portion of its bank finance early and to restructuring its debt in connection with the acquisition of Gravitas Technology Services, LLC. On January 26, 2017, the Company repaid in full tranches A and B of the refinancing loan, as a result of which the bank finance concerned was reclassified as current borrowings and financial liabilities.

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

At the end of December 2016, 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	16 666
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 credit	April 2016	April 2019	5 000	5 000
			67 000	**63 666**

Tranches A and B of the refinancing loan were repaid in January 2017 and refinanced by a loan repayable over five years.

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)	31/12/2015	31/12/2016
Bond loans	34 451	34 506
Syndicated loans	20 587	18 640
Other bank loans	513	5 000
Finance lease liabilities	63	13 104
Accrued interest	435	428
Other financial liabilities	144	252
Bank overdrafts	215	-
Financial Gross Debt	**56 408**	**71 930**
Marketable securities	14 224	15 799
Cash	24 031	16 420
Cash and cash equivalents	**38 255**	**32 219**
FINANCIAL NET DEBT	**18 153**	**39 711**

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.

(in € thousands)	31/12/2015	31/12/2016
Deposits and sureties	638	807
Other non-current financial assets	2	13
Gross amount	**640**	**820**
Provision for impairment losses	-	-
NON-CURRENT FINANCIAL ASSETS	**640**	**820**

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)	31/12/2015	31/12/2016
Income from cash and cash equivalents	12	15
Interest expense	(1 737)	(1 852)
Gains (losses) on hedging instruments (interest rate differential)	(374)	(42)
NET BORROWING COSTS	**(2 099)**	**(1 879)**

The change in the financial expense was due mainly to the repayment of the installment of the syndicated loan in July 2016, as well as to the lower interest rates on the bank and lease finance taken out in 2016.

The average amount of borrowings outstanding was €62.2 million in 2016, compared with €55.8 million in 2015, due mainly to the property lease entered into during the second half of 2016.

The average cost of borrowing after factoring in hedging instruments was 3.0% in 2016 compared with 3.8% in 2015.

8.2.2. Other financial income and expenses

(in € thousands)	31/12/2015	31/12/2016
Foreign currency translation gains	5 787	1 239
Proceeds from the sale of financial assets	130	-
Other financial income	58	16
Total other financial income	**5 975**	**1 255**
Foreign currency translation losses	(1 017)	(1 085)
Additional provisions recognized	(19)	-
Carrying amounts of financial assets sold	(17)	-
Other financial expenses	(1 677)	(1 461)
Total other financial expenses	**(2 730)**	**(2 546)**
OTHER FINANCIAL INCOME (EXPENSES)	**3 245**	**(1 291)**

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, 2015, 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	MAD	INR	Total converted to
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**

The position at December 31, 2016 was as follows:

(in thousands)	USD	CAD	GBP	TND	HKD	MAD	INR	Total converted to
Assets	85 135	6 686	40 347	11 588	27 245	3 104	19 654	141 286
Liabilities	26 670	2 895	10 980	3 312	15 192	563	3 435	43 493
Net position before hedging	**58 465**	**3 791**	**29 367**	**8 276**	**12 053**	**2 541**	**16 219**	**97 793**
Hedging financial instruments	3 450							3 218
NET POSITION AFTER HEDGING	**55 015**	**3 791**	**29 367**	**8 276**	**12 053**	**2 541**	**16 219**	**94 575**

Sensibility analysis

A 10% fall in each exchange rate against the euro would have an impact of (-) €11,623 thousand on the net position as of December 31, 2016 compared with (-) €9,027 thousand as of December 31, 2015. A 10% increase in these exchange rates would have an impact of €9,391 thousand on the net position as of December 31, 2016, compared with €7,507 thousand as of December 31, 2015.

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 bond and syndicated loans 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, 2016, the Group had two swap contracts (3-month Euribor swappable for fixed rates of 0.120% and 0.085% respectively). They represent a hedge of 66.97% of the bank loan, or a notional hedged amount of €12.5 million maturing on July 31, 2019.

As of December 31, 2016, these different hedging contracts were valued at (-) €101 thousand (carried entirely as a liability) compared with (-) €44 thousand as of December 31, 2015.

The valuation difference, i.e. (-) €57 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, 2016:

	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	-	-	(244)	-	34 750	-	34 506	-	34 506
Syndicated loans	-	18 640	-	-	-	-	-	18 640	18 640
Other bank loans	-	1 667	-	3 333	-	-	-	5 000	5 000
Finance lease liabilities	1 344	-	5 295	-	6 465	-	13 104	-	13 104
Accrued interest	-	428	-	-	-	-	-	428	428
Other financial liabilities	151	-	101	-	-	-	252	-	252
Bank overdrafts	-	-	-	-	-	-	-	-	-
Cash and cash equivalents	16 420	15 799	-	-	-	-	16 420	15 799	32 219
NET EXPOSURE BEFORE HEDGING	**17 915**	**36 534**	**5 152**	**3 333**	**41 215**	**-**	**64 282**	**39 867**	**104 149**
Interest rate hedging instruments	12 500	(12 500)		-		-	12 500	(12 500)	-
NET EXPOSURE AFTER HEDGING	**30 415**	**24 034**	**5 152**	**3 333**	**41 215**	**-**	**76 782**	**27 367**	**104 149**

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

For 2016, based on average loan outstandings and current bank overdrafts, a 100 basis point increase in interest rates would have resulted in a €68 thousand decrease in the cost of the Group's net debt.

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, 2016, the Group had gross cash and cash equivalents of €32.2 million and gross financial liabilities of €71.9 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
		2017	2018	2019	2020	2021	2022 and beyond	
Bond loans	34 506	-	-	-	-		35 000	35 000
Syndicated loans	18 640	18 666	-	-	-	-	-	18 666
Other bank loans	5 000	1 667	1 667	1 666	-	-	-	5 000
Finance lease liabilities	13 104	1 344	1 373	1 335	1 335	1 252	6 465	13 104
Accrued interest	428	428	-	-	-	-	-	428
Other financial liabilities	252	151		101	-	-	-	252
Bank overdrafts	-	-				-	-	-
Financial Gross Debt	**71 930**	**22 256**	**3 040**	**3 102**	**1 335**	**1 252**	**41 465**	**72 450**
Cash and cash equivalents	32 219	32 219						32 219
FINANCIAL NET DEBT	**39 711**	**(9 963)**	**3 040**	**3 102**	**1 335**	**1 252**	**41 465**	**40 231**

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

With regard to the early repayment in January 2017 of the syndicated loan taken out in June 2015 and the signing of a new loan agreement in January 2017, Linedata Services undertook, under the terms of covenants, to ensure that as of December 31, 2016, the leverage ratio, i.e. the amount of the net debt divided by the consolidated EBITDA, would not exceed 2.5.

As of December 31, 2016, the leverage ratio stood at 0.791.

8.4.2. Collateral

Following the early repayment in January 2017 of the syndicated loan taken out in June 2015, the pledges of the issuer’s assets and of the issuer’s receivables granted by way of guarantee over the bond and syndicated loans were removed in full as of January 26, 2017.

8.4.3. Other commitments

As part of its bond 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)	31/12/2015	31/12/2016
Current taxes	(10 890)	(13 389)
Deferred taxes	(2 139)	1 026
INCOME TAX EXPENSE	**(13 029)**	**(12 363)**

For the year ended December 31, 2016, the Group recognized a tax charge of €12.363 million, which corresponds to an effective tax rate of 34.41%.

This tax rate included favorable effects related to the differences between the tax rates in France and those in other countries, offset by the recognition within the tax charge of the risk associated with the treatment of the withholding taxes deducted by customers in the Maghreb region in respect of the financial years 2009 to 2016.

The amount of losses not recognized at December 31, 2016 totaled €4.194 million, i.e. unrecognized assets of €1.426 million.

9.1.2. Analysis of the tax charge

(in € thousands)	31/12/2015		31/12/2016	
Profit (loss) before tax	**39 096**		**35 933**	
Theoretical tax expense	**(13 461)**	**34,43%**	**(12 372)**	**34,43%**
Reconciliation				
Other Permanent differences	626	(1,6%)	686	(1,9%)
Impact of unactivated tax losses		-	(28)	0,1%
Cancelation of activation of previous tax loss carryforwards	(1 054)	2,7%		-
Impact of research tax credit	7	(0,0%)	21	(0,1%)
Impact of share-based payments	(179)	0,5%	(157)	0,4%
Corporate value-added tax (CVAE)	(505)	1,3%	(530)	1,5%
Tax rate differences - France / other currencies	1 447	(3,7%)	1 131	(3,1%)
Withholding tax on services abroad	(354)	0,9%	(996)	2,8%
Other	444	(1,1%)	(118)	0,3%
EFFECTIVE TAX EXPENSE / EFFECTIVE TAX RATE	**(13 029)**	**33,33%**	**(12 363)**	**34,41%**

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

(in € thousands)	31/12/2015		31/12/2016	
Southern Europe	(5 357)	34,95%	(5 656)	41,70%
Northern Europe	(1 669)	19,13%	(1 344)	17,91%
North America	(5 900)	40,28%	(5 210)	37,47%
Asia	(103)	25,94%	(153)	15,87%
EFFECTIVE TAX EXPENSE / EFFECTIVE TAX RATE	**(13 029)**	**33,33%**	**(12 363)**	**34,41%**

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)	31/12/2015	31/12/2016
Retirement benefit obligations	2 227	2 045
Activated tax losses	-	
Intangible assets	(9 596)	(11 211)
Other temporary differences	258	2 012
NET DEFERRED TAXES	**(7 111)**	**(7 154)**
Of which:		
Deferred tax assets in less than one year	4 222	5 133
Deferred tax liabilities in less than one year	(1 738)	(563)
Deferred tax liabilities in more than one year	(9 595)	(11 724)

The increase in non-current deferred tax liabilities was related mainly to the deferred tax liability recognized in respect of the Derivation Software Limited acquisition, resulting from the valuation at fair value of the intangible assets. In addition, the decrease in current deferred tax liabilities corresponded mainly to the impact of the accelerated amortization of the cost of the syndicated loan, repaid in January 2017 instead of in 2021.

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

(in € thousands)	31/12/2015	31/12/2016
As of January 1	(4 023)	(7 111)
Taxes recognized in profit or loss	(2 139)	1 026
Taxes recognized in equity	(294)	(904)
Foreign currency translation adjustments	(655)	(165)
AS OF DECEMBER 31	**(7 111)**	**(7 154)**

The deferred taxes recognized in equity comprised €1,108 thousand of deferred tax in respect of the intangible assets acquired as part of the Derivation Software Limited acquisition.

Note 10 Equity and earnings per share

10.1. Equity

Linedata Services had capital stock of €7,341,382 on December 31, 2016, comprising 7,341,382 shares.

10.1.1. Change in capital stock

Linedata Services had capital stock of €7,341,382 on December 31, 2016, comprising 7,341,382 shares of which 2,000 are not fully paid-up shares, with a par value of €1.

The share capital was increased by €21,000 as compared to 2015 as a result of the exercise of 21,500 share subscription options during the second half of 2016.

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, 2016, Linedata Services held 119,470 of its own shares, which it acquired as part of the buyback plans authorized by the Annual General Meeting for a total of €3,398 thousand, or an average purchase price of €28.44. These treasury shares were valued at €5,588 thousand (€46.77) at December 31, 2016.

All treasury stock transactions are recognized directly in equity. The impact over the year stands at (-) €1,467 thousand.

10.1.3. Dividends

The Combined Annual General Meeting of Linedata Services' shareholders on May 12, 2016 decided to pay, in respect of the year ended December 31, 2015, an ordinary dividend of €10,249 thousand (€1.40 per share), as well as an exceptional dividend of €21,961 thousand (€3 per share). This dividend, excluding that in respect of treasury shares, totaled €31,760 thousand and was paid on July 8, 2016. The theoretical dividend in respect of the previous financial year was €4,783 thousand (€0.65 per share) and the amount paid was €4,634 thousand.

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.

	31/12/2015	31/12/2016
Profit for the year attributable to owners of the Company (in € thousands)	26 067	23 570
Weighted average number of common shares outstanding	7 444 046	7 208 132
BASIC EARNINGS PER SHARE (in €)	**3,50**	**3,27**

	31/12/2015	31/12/2016
Profit for the year attributable to owners of the Company (in € thousands)	26 067	23 570
Weighted average number of common shares outstanding	7 444 046	7 208 132
Weighted average number of shares retained in respect of dilutive items	17 315	7 477
Weighted average number of shares used to calculate diluted net earnings per share	7 461 361	7 215 609
DILUTED EARNINGS PER SHARE (in €)	**3,49**	**3,27**

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)	31/12/2015	31/12/2016
Loans and similar borrowings	56 049	71 678
Bank overdrafts	215	-
Cash and cash equivalents	(38 255)	(32 219)
Net debt(*)	**18 009**	**39 459**
Equity attributable to owners of the Company	129 018	114 945
GEARING RATIO	**14,0%**	**34,3%**

(*) not including miscellaneous other financial liabilities

This ratio of 34.3% is particularly reasonable and in line with bank covenants concerning this debt.

Note 11 Events after the reporting period

On January 27, 2017, the Group signed an agreement for the acquisition of Gravitas, a company supplying high value-added middle-office technology platforms and cloud services to hedge funds. The Group operates mainly in New York (USA) and Mumbai (India).
With a workforce of more than 80 in the USA and 180 in India, Gravitas is one of the leading players in its sector. The company provides assistance to more than 80 hedge funds of all sizes in the North American market.
According to the 2016 financial statements currently being audited, the company generated revenue of USD 26.5 million in 2016.

Note 12 Foreign currency conversion rates

	Average rate for the year			Rate as of December 31		
	Exercice 2015	Exercice 2016	Change	Exercice 2015	Exercice 2016	Change
Tunisian Dinar	2,1769	2,3731	8,3%	2,2148	2,4213	8,5%
Moroccan dirham	10,8020	10,8492	0,4%	NA	10,6540	NA
US Dollar	1,1096	1,1066	(0,3%)	1,0887	1,0541	(3,3%)
Canadian Dollar	1,4176	1,4664	3,3%	1,5116	1,4188	(6,5%)
Hong Kong Dollar	8,6023	8,5900	(0,1%)	8,4376	8,1751	(3,2%)
Pound Sterling	0,7260	0,8189	11,3%	0,7340	0,8562	14,3%
Indian Rupee	71,1752	74,3553	4,3%	72,0215	71,5935	(0,6%)