2014 consolidated financial statements

Consolidated income statement

(in € thousands)	Notes	31/12/2013	31/12/2014
Revenue	*4*	**160 293**	**157 973**
Purchases and external expenses	*5*	(36 036)	(33 195)
Taxes and duties		(3 308)	(2 941)
Employee expenses	*6*	(79 673)	(79 031)
Other recurring operating income	*7*	976	544
Other recurring operating expenses	*7*	(1 298)	(2 131)
Depreciation, amortization, impairment and provisions	*8*	(10 643)	(9 744)
Recurring operating profit		**30 311**	**31 475**
As % of revenue excluding tax		*18,9%*	*19,9%*
Other operating income	*9*	340	215
Other operating expenses	*9*	(385)	(4 422)
Operating profit		**30 266**	**27 268**
As % of revenue excluding tax		*18,9%*	*17,3%*
Net borrowing costs	*10*	(2 289)	(1 923)
Other financial income	*10*	1 178	3 942
Other financial expenses	*10*	(2 681)	(1 067)
Income tax	*11*	(8 783)	(12 013)
Profit for the year from continuing operations		**17 691**	**16 207**
Profit for the year from discontinued operations		-	-
CONSOLIDATED PROFIT FOR THE YEAR		**17 691**	**16 207**
As % of revenue excluding tax		*11,0%*	*10,3%*
Attributable to non-controlling interests		-	-
Attributable to owners of the Company		**17 691**	**16 207**

EARNINGS PER SHARE *(in euros)*			
Basic earnings per share	*12*	2,35	2,26
Diluted earnings per share	*12*	2,33	2,26

Linedata

Consolidated statement of comprehensive income

(in € thousands)	Notes	31/12/2013	31/12/2014
Consolidated profit for the year		**17 691**	**16 207**
Translation adjustments resulting from the translation of subsidiaries' financial statements drawn up in foreign currencies		(2 920)	6 744
Change in derivative financial instruments		182	(68)
Tax effects	*11.4.*	(62)	170
Items that may be subsequently reclassified to profit or loss		**(2 800)**	**6 846**
Actuarial gains and losses on retirement benefit obligations	*21*	(171)	(1 320)
Other		(119)	(36)
Tax effects	*11.4.*	59	455
Items that will not be subsequently reclassified to profit or loss		**(231)**	**(901)**
Total other comprehensive income (loss) for the year, net of tax		**(3 031)**	**5 945**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**14 660**	**22 152**

Consolidated statement of financial position

ASSETS *(in € thousands)*	Notes	31/12/2013	31/12/2014
Goodwill	*13*	119 727	122 858
Intangible assets	*14*	28 504	27 091
Property, plant and equipment	*15*	7 954	9 260
Non-current financial assets	*16*	1 080	1 104
Other non-current assets	*16*	231	349
Deferred tax assets	*17*	4 678	5 450
Non-current assets		**162 174**	**166 112**
Trade and other receivables	*18*	38 204	42 135
Tax receivables		1 395	5 915
Cash and cash equivalents	*19*	29 274	15 392
Current assets		**68 873**	**63 442**
TOTAL ASSETS		**231 047**	**229 554**

EQUITY AND LIABILITIES (in € thousands)	Notes	31/12/2013	31/12/2014
Capital stock		7 830	7 849
Reserves		67 798	77 518
Profit for the year		17 691	16 207
Equity attributable to owners of the Company		**93 319**	**101 574**
Non-controlling interests		**-**	**-**
TOTAL EQUITY	*20*	**93 319**	**101 574**
Provisions for retirement and other post-employment benefits	*21*	5 753	7 532
Non-current provisions	*22*	125	51
Non-current loans and other financial liabilities	*23*	55 367	41 219
Deferred tax liabilities		6 492	9 473
Other non-current liabilities	*24*	576	575
Non-current liabilities		**68 313**	**58 850**
Current provisions	*22*	2 230	1 814
Current loans and other financial liabilities	*23*	14 776	14 933
Current operating liabilities	*25*	46 613	46 748
Current tax liabilities		5 796	5 635
Current liabilities		**69 415**	**69 130**
TOTAL EQUITY AND LIABILITIES		**231 047**	**229 554**

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 12/31/2012	**7 825 025**	**7 825**	**55 719**	**21 404**	**(2 069)**	**(13 149)**	**15 198**	**84 928**
Appropriation of profit for the year				15 209	(11)		(15 198)	**-**
Profit for the year							17 691	**17 691**
Capital stock transactions	5 000	5	80					**85**
Treasury stock transactions					(2 248)			**(2 248)**
Share-based payments				82				**82**
Dividends paid				(4 188)				**(4 188)**
Other comprehensive income (loss)						(112)		**(112)**
Foreign currency translation adjustments						(2 919)		**(2 919)**
Other movements								**-**
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**

Consolidated statement of cash flows

(in € thousands)	31/12/2013	31/12/2014
Profit for the year from continuing operations - attributable to owners of the Company	**17 691**	**16 207**
Net depreciation, amortization and provisions	10 830	14 688
Unrealized (gains) losses from changes in fair value	-	-
(Income) expenses from share-based compensation	43	518
Other non-cash income and expenses	(5)	(59)
Net (gain) loss on non-current assets sold or scrapped	(105)	(4)
Net borrowing costs	2 289	1 923
Deferred taxes	(1 927)	2 115
Corporate income tax paid	6 808	(4 698)
Net change in working capital	(88)	(4 207)
Net cash from (used in) operating activities	**35 536**	**26 483**
Acquisitions/disposals of property, plant and equipment and intangible assets	(37 273)	(8 023)
Acquisitions of long-term investments, net of cash acquired	-	-
Disposals of non-current financial assets	-	-
Change in other financial assets	313	63
Net cash from (used in) investing activities	**(36 960)**	**(7 960)**
Capital increase	86	329
Treasury stock transactions	(2 109)	(10 110)
Dividends paid	(4 189)	(4 634)
Increase in non-current loans and other liabilities	35 198	2 125
Repayment of non-current loans and other liabilities	(14 716)	(16 411)
Interest paid	(1 956)	(1 697)
Change in other receivables and financial liabilities	15	
Net cash from (used in) financing activities	**12 329**	**(30 398)**
Effects of exchange rate fluctuations	650	(2 009)
NET INCREASE (DECREASE) IN NET CASH AND CASH EQUIVALENTS	**11 555**	**(13 884)**
Net cash and cash equivalents at beginning of year	**17 671**	**29 226**
Net cash and cash equivalents at end of year	**29 226**	**15 342**

Notes to the consolidated financial statements

Contents

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, 2014 have been drawn up under the responsibility of the Executive Board. They were finalized by the Executive Board at its meeting on February 12, 2015 and were submitted for review to the Supervisory Board at its meeting on February 13, 2015.

SIGNIFICANT ACCOUNTING POLICIES

Note 1 Summary of main accounting methods

The main accounting methods applied in the preparation of the consolidated financial statements are detailed below. They have been consistently applied to all the financial years about which information is disclosed.

1.1. Basis of preparation

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_en.htm

1.2. Application of new standards and interpretations

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, 2014 do not have a material impact on the Group's financial statements and earnings. They comprise mainly the IAS 27R *«Consolidated and Separate Financial Statements»*, the amendments to IAS 32 *«Offsetting Financial Assets and Financial Liabilities»*, IFRS 10 *«Consolidated Financial Statements»*, IFRS 11 *« Joint Arrangements »* et IFRS 12 *« Disclosures of Interests in Other Entities »*.

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.

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, 2014, i.e.: the 2010-2012 IFRS annual improvements cycle, the 2012-2013 IFRS annual improvements cycle, the amendments to IAS 16 and IAS 38, the amendments to IAS 19 *"Defined Benefit Plans: Employee Contributions",* IFRS 9 and the additions to IFRS 9, and IFRS 15 "Revenue".

1.3. Basis of consolidation

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.

Details of the consolidation scope are provided in Note 2.

1.4. 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 31 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.

1.5. 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.

1.6. 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.

1.7. Goodwill

The Group recognizes post-January 1, 2004 business combinations in accordance with the acquisition method. Under this method, on the initial consolidation of an entity over which the Group has acquired exclusive control, the identifiable assets and liabilities acquired and contingent liabilities assumed are recognized at their fair value on the acquisition date. On that date, goodwill is measured at its cost, which is the excess of the cost of the business combination over the acquirer's share of the fair value of the identifiable assets, liabilities and contingent liabilities acquired.

When the calculation of the goodwill results in a negative difference (a bargain purchase), the Group recognizes the full amount of the gain in profit or loss.

Goodwill is allocated to the cash-generating units for the purposes of carrying out impairment testing as described in Note 1.11. Such testing is carried out as soon as there is an indication of impairment and systematically as of the reporting date (December 31).

1.8. 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.

1.9. 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.

1.10. Leases

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.

1.11. Asset impairment

Impairment of intangible assets and property, plant and equipment

IAS 36 "*Impairment of Assets*" requires entities to assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity must estimate the recoverable amount of the asset.

At the reporting date, irrespective of whether there is any indication of impairment, an entity must test for impairment:
- ✓ intangible assets with indefinite useful lives,
- ✓ goodwill acquired in a business combination.

Impairment tests are carried out at the level of the cash generating units (CGUs) to which the assets are allocated. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The Group adopts a segmentation into cash-generating units that is consistent with the operating structure of its businesses, its management and reporting system and its segment information. 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.

1.12. Financial assets

The Group classifies its financial assets according to the following categories:
- ✓ financial assets at fair value through profit or loss,
- ✓ held-to-maturity financial assets,
- ✓ loans and receivables,
- ✓ available-for-sale financial assets,
- ✓ cash and cash equivalents.

Classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets on initial recognition and reconsiders it at each reporting date.

When first stated on the statement of financial position, financial assets are recognized at their initial fair value. Their subsequent measurement corresponds, depending on their classification, to either their fair value or their amortized cost.

Financial assets at fair value through profit or loss

This category comprises financial assets held for trading (assets acquired principally for the purpose of reselling them in the short term) and those financial assets that are upon initial recognition designated as at fair value through profit or loss. Changes in fair value of assets in this category are recognized in profit or loss.

Although held for trading, marketable securities held by the Group are not accounted for in accordance with IAS 39. Since they are very liquid investments complying with the definition of cash equivalents specified in IAS 7, these assets are included on the consolidated balance sheet under the heading "*Cash and cash equivalents*".

Held-to-maturity financial assets

This category comprises non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the intention and ability to hold to maturity. The sale of a portion of these assets before maturity would result in the mandatory removal from this category of all assets currently classified within it. Held-to-maturity financial assets are subsequently measured at amortized cost.

Loans and receivables

In this category, the Group distinguishes between:
- ✓ long-term loans and receivables classified as non-current financial assets (receivables due from unconsolidated investees and guarantee deposits paid in respect of leased premises).
- ✓ short-term commercial receivables. Short-term trade receivables continue to be measured at the amount of the original invoice, since face value normally corresponds to the fair value of the consideration to be received.

Initially recognized at their fair value, loans and receivables are subsequently measured at amortized cost using the effective interest method. An impairment loss is recognized at once if their recoverable amount falls below their carrying amount.

Available-for-sale financial assets

The main components of this category are investments in unconsolidated entities and marketable securities that do not comply with any of the definitions applicable to the other categories of financial assets. Changes in the fair value of these assets are recognized directly in equity, with the exception of impairment losses and foreign currency translation gains and losses recognized in profit or loss. When there is an indication that these securities have suffered significant or long-term impairment, the accumulated loss that has been recognized in equity is transferred to profit or loss.

Cash and cash equivalents

The "*Cash and cash equivalents*" heading comprises cash, bank deposits payable on demand, other very liquid investments with initial maturities of three months or less, and bank overdrafts. Bank overdrafts are stated on the statement of financial position within current liabilities, under the heading "Current loans and other financial liabilities".

IAS 7 defines cash equivalents as short-term, highly-liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are recognized at their fair value. Changes in their fair value are recognized in profit or loss under "*Other financial income" or "Other financial expenses".*

1.13. 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.

1.14. 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.

1.15. Share-based payments

Stock options

Linedata Services stock options have been awarded to certain employees, subject to the condition that they are still employed by the Group on the exercise date. The benefit awarded in respect of stock option plans constitutes additional compensation measured and recognized in accordance with the provisions of IFRS 2. Pursuant to the option offered by this standard, only those options awarded on or after November 7, 2002 and whose exercise date is after January 1, 2005 have been recognized in accordance with the IFRS 2 provisions.

Beneficiaries of options may exercise their rights:
- ✓ five years after the grant date and during a period of five years, in the case of Plan No. 4
- ✓ 50% two years and 50% four years after the grant date and during a period of ten years as from the grant date, in the case of Plan No. 5 and Plan No. 6.

The fair value of these options on the grant date is determined by a third-party specialist using a Black & Scholes model, taking into account discrete dividends, the use of an interest rate curve and the anticipated exercise rate. This value may not be amended during the plan's duration.

The value of the options, deemed to be the cost of services rendered by employees in return for the options received, is recognized:
- ✓ on a straight-line basis over the rights' vesting periods, i.e. at the rate of one-fifth per year in the case of Plan No. 4,
- ✓ 50% after two years and the balance at the end of the rights' vesting period, i.e. after four years in the case of Plan No. 5 and Plan No. 6.

Recognition in the income statement is under the heading "*Share-based compensation*", the corresponding credit being recorded directly in equity. There is therefore no net impact on consolidated equity.

Under the regulations governing the various stock option plans, shares resulting from the exercise of options may not be converted into bearer shares or sold during the statutory lock-up period.

The dilution effect of non-vested share option plans is reflected in the calculation of diluted earnings per share. Options and share warrants only have a dilutive effect when the average share price over the period exceeds the exercise price of the options or warrants.

Bonus shares

The expense recognized pursuant to IFRS 2 in respect of a bonus share allocation plan is equal to the fair value of the shares granted to employees multiplied by the probable number of shares to be allocated to those beneficiaries who will be employed by the Group on the shares' acquisition date (this number of shares is revised during the rights' vesting period in line with changes in estimates of employee turnover rates and the achievement of the performance conditions stipulated in the plan).

The fair value of the bonus shares is determined once for all grants on the grant date based on the market price of the share adjusted to reflect the terms and conditions of the share grants. This amount is not subsequently revalued in the event of changes in the fair value.

The expense corresponding to the benefit granted to employees in respect of the bonus shares is recognized in profit or loss on a straight-line basis over the rights' vesting period under the heading "*Share-based compensation*".

1.16. Treasury stock

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.

1.17. Employee 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.

1.18. Provisions

A provision is recognized when the Group has an obligation to a third party that arose prior to the reporting date and when the loss or liability is probable and can be measured in a reliable manner.

This obligation may be of a legal, regulatory or contractual nature. It may also result from the Group's practices or commitments having created a legitimate expectation on the part of the third parties concerned that the Group will assume certain responsibilities.

The estimated amount recognized as a provision corresponds to the probable outflow of resources the Group will have to incur to extinguish its liability. If no reliable estimate can be made of this amount, no provision is recognized and a disclosure is made in the notes to the consolidated financial statements.

To the extent that this loss or liability is not probable or may not be measured reliably, a contingent liability is disclosed in the Group's commitments.

In the case of restructurings, an obligation is recognized if, prior to the reporting date, the restructuring has been announced, a detailed restructuring plan has been drawn up or its implementation has begun.

Provisions are discounted where the discounting effect is material.

1.19. Loans and other financial liabilities

The main components of loans and other financial liabilities are:

- ✓ bank loans: these are initially recognized at their fair value, net of transaction costs incurred. Loans are subsequently recognized at their amortized cost; any difference between the income (net of transaction costs) and the redemption value is recognized in the income statement over the term of the loan in accordance with the effective interest rate method,
- ✓ finance lease liabilities: a liability is recognized at the inception of each lease, the amount of which is equal to the discounted value of future lease payments (discounted at the interest rate implicit in the lease),

- ✓ bank overdrafts.

The portion of the loans and other financial liabilities due to be settled within 12 months of the reporting date is classified within current liabilities.

1.20. Revenue recognition

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.

1.21. 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.

1.22. 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.

1.23. Related party transactions

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.

Note 2 Highlights and consolidation scope

2.1. Major events

The Executive Board of Linedata Services granted two free share allocation plans on June 13, 2014. Linedata Services ordinary shares were granted to 32 employees representing a maximum of 120,500 shares, and preferred shares were granted to 13 employees, including two Executive Directors, representing a maximum of 675 preferred shares convertible into a maximum of 67,500 ordinary Linedata Services shares. Linedata Services signed a chargeback agreement with its subsidiaries to charge back to them the costs incurred by Linedata Services relating to the plans benefitting personnel from these other companies.

Given the exercise of stock options during 2014 by employees of the Group, the Executive Board noted on June 13, 2014 that the capital had increased at the end of 2014 by 19,000 shares, to reach €7,849,025 at December 31, 2014.

2.2. List of consolidated companies

Company's name	Country	% control	Consolidation method
SOUTHERN EUROPE			
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 SERVICES GmbH	Germany	100%	Full consolidation
NORTHERN EUROPE			
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
NORTH AMERICA			
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
ASIA			
LINEDATA SERVICES (BFT) (H.K.) Limited	Hong Kong	100%	Full consolidation
LINEDATA SERVICES INDIA Private Limited	India	100%	Full consolidation

Linedata Services Canada Inc., which is exclusively controlled by the Group but does not trade and has no material assets or liabilities, is not consolidated. Linedata Services GmbH, which is exclusively controlled by the Group, has not traded since 2005. JTS Inc. and Vie SE, which are not controlled by Linedata Services, are not consolidated.

All Group companies are consolidated on the basis of their financial statements drawn up for the 12 months to December 31.

Note 3 Segment reporting

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 instead of by region.

The Group therefore provides, for reasons of comparability, information for the year allocated by business segment as well as by region.

3.1. Segment results

Other activities include the Insurance and Pension Funds, and Employee Savings businesses

Year ended December 31, 2013

(in € thousands)	Asset Management	Lending & Leasing	Other Activities	Total Group
Revenue	85 440	56 114	18 739	**160 293**
EBITDA	21 025	16 814	3 446	**41 285**
As % of revenue excluding tax	*24,6%*	*30,0%*	*18,4%*	*25,8%*
Operating profit	15 002	13 268	1 996	**30 266**
As % of revenue excluding tax	*17,6%*	*23,6%*	*10,7%*	*18,9%*

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**
As % of revenue excluding tax	*24,3%*	*29,8%*	*23,3%*	*26,3%*
Operating profit	15 288	14 033	(2 053)	**27 268**
As % of revenue excluding tax	*17,7%*	*23,0%*	*-19,3%*	*17,3%*

3.2. Geographical breakdown of results

To correspond to the information provided by the Group's internal reports, revenue invoiced by a region in respect of customers supported by another region is reallocated to the latter region.

EBITDA and operating profit of Linedata Services Tunisie and Linedata Technologies Tunisie, sub-contractors for Group companies, are included in each region pro rata to the revenue generated with each. EBITDA and operating profit of Linedata Services India, sub-contractor of the North American companies, are included in the North America region.

Year ended December 31, 2013

(in € thousands)	Southern Europe	Northern Europe	North America	Asia	Total Group
Revenue	69 850	27 587	59 658	3 198	**160 293**
EBITDA	19 392	7 251	14 223	419	**41 285**
As % of revenue excluding tax	*27,8%*	*26,3%*	*23,8%*	*13,1%*	*25,8%*
Operating profit	14 347	4 491	11 174	254	**30 266**
As % of revenue excluding tax	*20,5%*	*16,3%*	*18,7%*	*7,9%*	*18,9%*

Year ended December 31, 2014

(in € thousands)	Southern Europe	Northern Europe	North America	Asia	Total Group
Revenue	61 322	30 201	63 195	3 255	**157 973**
EBITDA	17 462	8 465	15 327	368	**41 622**
As % of revenue excluding tax	*28,5%*	*28,0%*	*24,3%*	*11,3%*	*26,3%*
Operating profit	9 900	5 420	11 713	235	**27 268**
As % of revenue excluding tax	*16,1%*	*17,9%*	*18,5%*	*7,2%*	*17,3%*

3.3. Breakdown of assets and liabilities by segment

As of December 31, 2013

(in € thousands)	Asset Management	Lending & Leasing	Other Activities	Total Group
Goodwill	64 034	44 540	11 153	**119 727**
Intangible assets	9 563	18 743	198	**28 504**
Property, plant and equipment	4 118	1 933	1 903	**7 954**
Non-current financial assets	365	97	618	**1 080**
Other non-current assets	231	-	-	**231**
Non-current assets	**78 311**	**65 313**	**13 872**	**157 496**
Current assets	**27 143**	**21 858**	**18 477**	**67 478**
SEGMENT ASSETS	105 454	87 171	32 349	**224 974**
UNALLOCATED ASSETS				**6 073**
TOTAL ASSETS				**231 047**

(in € thousands)	Asset Management	Lending & Leasing	Other Activities	Total Group
Non-current liabilities	1 880	2 540	2 034	**6 454**
Current liabilities	19 621	19 363	9 859	**48 843**
SEGMENT LIABILITIES	21 501	21 903	11 893	**55 297**
Equity				**93 319**
Loans and other financial liabilities				**70 143**
Other unallocated liabilities				**12 288**
EQUITY AND UNALLOCATED LIABILITIES				**175 750**
TOTAL EQUITY AND LIABILITIES				**231 047**

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**

3.4. Geographical breakdown of assets and liabilities

As of December 31, 2013

(in € thousands)	Southern Europe	Northern Europe	North America	Asia	Total Group
Goodwill	55 267	26 502	37 958	-	**119 727**
Intangible assets	6 915	6 185	15 381	23	**28 504**
Property, plant and equipment	4 921	799	1 962	272	**7 954**
Non-current financial assets	632	273	85	90	**1 080**
Other non-current assets	-	-	231	-	**231**
Non-current assets	**67 735**	**33 759**	**55 617**	**385**	**157 496**
Current assets	**35 887**	**9 280**	**21 002**	**1 309**	**67 478**
SEGMENT ASSETS	103 622	43 039	76 619	1 694	**224 974**
UNALLOCATED ASSETS					**6 073**
TOTAL ASSETS					**231 047**

(in € thousands)	Southern Europe	Northern Europe	North America	Asia	Total Group
Non-current liabilities	5 816	-	638	-	**6 454**
Current liabilities	24 518	9 199	14 275	851	**48 843**
SEGMENT LIABILITIES	30 334	9 199	14 913	851	**55 297**
Equity					**93 319**
Loans and other financial liabilities					**70 143**
Other unallocated liabilities					**12 288**
EQUITY AND UNALLOCATED LIABILITIES					**175 750**
TOTAL EQUITY AND LIABILITIES					**231 047**

As of December 31, 2014

(in € thousands)	Southern Europe	Northern Europe	North America	Asia	Total Group
Goodwill	51 077	28 703	43 078	-	**122 858**
Intangible assets	8 199	4 228	14 639	25	**27 091**
Property, plant and equipment	5 505	756	2 759	240	**9 260**
Non-current financial assets	609	296	97	102	**1 104**
Other non-current assets	-	-	349	-	**349**
Non-current assets	**65 390**	**33 983**	**60 922**	**367**	**160 662**
Current assets	**24 668**	**11 813**	**19 657**	**1 389**	**57 527**
SEGMENT ASSETS	**90 058**	**45 796**	**80 579**	**1 756**	**218 189**
UNALLOCATED ASSETS					**11 365**
TOTAL ASSETS					**229 554**

(in € thousands)	Southern Europe	Northern Europe	North America	Asia	Total Group
Non-current liabilities	7 583	-	575	-	**8 158**
Current liabilities	23 474	9 502	14 556	1 030	**48 562**
SEGMENT LIABILITIES	**31 057**	**9 502**	**15 131**	**1 030**	**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.

3.5. Breakdown of capital expenditure by segment

Year ended December 31, 2013

(in € thousands)	Asset Management	Lending & Leasing	Other Activities	Total Group
Intangible assets	2 079	31 167	123	**33 369**
Property, plant and equipment	2 497	879	650	**4 026**
TOTAL CAPITAL EXPENDITURE	4 576	32 046	773	**37 395**

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**

3.6. Geographical breakdown of capital expenditure

Year ended December 31, 2013

(in € thousands)	Southern Europe	Northern Europe	North America	Asia	Total Group
Intangible assets	1 941	605	30 799	24	**33 369**
Property, plant and equipment	1 862	480	1 494	190	**4 026**
TOTAL CAPITAL EXPENDITURE	3 803	1 085	32 293	214	**37 395**

Year ended December 31, 2014

(in € thousands)	Southern Europe	Northern Europe	North America	Asia	Total Group
Intangible assets	3 321	291	385	16	**4 013**
Property, plant and equipment	2 145	330	1 499	67	**4 041**
TOTAL CAPITAL EXPENDITURE	5 466	621	1 884	83	**8 054**

NOTES TO THE CONSOLIDATED INCOME STATEMENT

Note 4 Revenue

4.1. Activity by customer segment

(in € thousands)	2013		2014	
Asset Management	85 440	46,0%	71 612	38,6%
Lending and leasing	56 114	35,0%	74 175	47,0%
Savings and Insurance	18 739	11,7%	12 186	7,7%
REVENUE	**160 293**	**100,0%**	**157 973**	**100,0%**

4.2. Activity by nature

(in € thousands)	2013		2014	
ASP / Facilities Management	35 411	22,1%	32 476	20,6%
Maintenance and support	42 483	26,5%	47 269	29,9%
Recurring licenses	31 213	19,5%	32 180	20,4%
Recurring revenue	**109 107**	**68,1%**	**111 925**	**70,9%**
Implementation, Consulting and Services	41 141	25,7%	38 775	24,5%
Perpetual licenses	10 045	6,3%	7 273	4,6%
Non-recurring revenue	**51 186**	**31,9%**	**46 048**	**29,1%**
REVENUE	**160 293**	**100,0%**	**157 973**	**100,0%**

Note 5 Purchases and external expenses

(in € thousands)	31/12/2013		31/12/2014	
Sub-contracting purchased: telecom, telematics and publishing	(11 514)	32,0%	(9 611)	29,0%
Other purchases	(862)	2,4%	(1 148)	3,5%
Property and other rental expenses	(7 278)	20,2%	(7 205)	21,7%
Temporary employees, service providers and sub-contracting	(6 703)	18,6%	(6 248)	18,8%
Capitalized development costs	272	(0,8%)	-	-
Professional fees and insurance	(3 610)	10,0%	(3 030)	9,1%
Traveling and transportation expenses	(3 020)	8,4%	(2 877)	8,7%
Telecommunication and postage	(981)	2,7%	(839)	2,5%
Bank charges	(108)	0,3%	(127)	0,4%
Other external expenses	(2 232)	6,2%	(2 110)	6,4%
PURCHASES AND EXTERNAL EXPENSES	**(36 036)**	**100,0%**	**(33 195)**	**100,0%**

Sub-contracting decreased due to lower volumes of activity in Employee Savings in France.

The decrease in professional fees was due mainly to the professional fees paid in connection with the acquisition of the CapitalStream business in March 2013 and to the costs of strategic reviews carried out in 2013.

Note 6 Employee expenses

6.1. Employee expenses

(in € thousands)	31/12/2013	31/12/2014
Salaries and wages	(63 210)	(63 423)
Social security contributions	(17 285)	(17 313)
Employee profit-sharing and incentive bonuses	(1 664)	(1 045)
Share-based compensation	(82)	(518)
Net additions to (reversals of) provisions for retirement benefit obligations	(460)	(421)
Capitalized development costs	2 356	2 905
Research tax credit	672	784
EMPLOYEE EXPENSES	**(79 673)**	**(79 031)**

Research and development costs, which consisted mainly of employee expenses and totaled €15.6 million (before capitalization), represented 9.9% of revenue in 2014, a significant increase over 2013 when it represented 8.7% of revenue (totaling €13.9 million before capitalization). A portion of this expenditure was capitalized (see Note 14).

6.2. Workforce

Number of employees	At year end 2013	At year end 2014	Average number of 2013	Average number of 2014
Asset Management	486	493	502	487
Lending & Leasing	351	357	312	366
Other activities	138	115	144	118
TOTAL	**975**	**965**	**959**	**971**

6.3. Workforce

Number of employees	At year end 2013	At year end 2014	Average number of 2013	Average number of 2014
Southern Europe	505	516	511	502
Northern Europe	160	144	166	156
North America	283	271	254	283
Asia	27	34	28	30
TOTAL	**975**	**965**	**959**	**971**

The Southern Europe workforce includes the workforces of Linedata Services Tunisie and Linedata Technologies Tunisie.

Note 7 Other recurring operating income and expenses

(in € thousands)	31/12/2013	31/12/2014
Operating foreign currency translation gains	563	372
Other recurring operating income	413	173
Total other recurring operating income	**976**	**545**
Attendance fees	(20)	(48)
Royalties	(687)	(728)
Operating foreign currency translation losses	(299)	(497)
Other recurring operating expenses	(292)	(860)
Total other recurring operating expenses	**(1 298)**	**(2 132)**
OTHER RECURRING OPERATING INCOME (EXPENSES)	**(322)**	**(1 587)**

Other recurring operating expenses consist mainly of losses on irrecoverable receivables.

Note 8 Depreciation, amortization, impairment and provisions

(in € thousands)	31/12/2013	31/12/2014
Intangible assets	(7 503)	(7 467)
Property, plant and equipment	(2 930)	(3 105)
Net depreciation and amortization expense	**(10 433)**	**(10 572)**
Impairment of current assets	(189)	334
Provisions for liabilities and expenses	(21)	494
Net additions to (reversals of) provisions and accumulated impairment losses	**(210)**	**828**
NET DEPRECIATION, AMORTIZATION, IMPAIRMENT AND PROVISIONS	**(10 643)**	**(9 744)**

Note 9 Other operating income and expenses

(in € thousands)	31/12/2013	31/12/2014
Other non-recurring income	133	183
Proceeds from disposals of property, plant and equipment and intangible assets	123	32
Reversals of provisions	84	-
Other operating income	**340**	**215**
Carrying amount of non-current assets sold or scrapped	(17)	(26)
Other non-recurring expenses	(368)	(206)
Depreciation, amortization and provisions	-	(4 190)
Other operating expenses	**(385)**	**(4 422)**
OTHER OPERATING INCOME (EXPENSES)	**(45)**	**(4 207)**

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.

Note 10 Financial income and expenses

10.1. Net borrowing costs

(in € thousands)	31/12/2013	31/12/2014
Income from cash and cash equivalents	202	109
Interest expense	(2 232)	(1 821)
Gains (losses) on hedging instruments (interest rate differential)	(259)	(211)
NET BORROWING COSTS	**(2 289)**	**(1 923)**

The increase in financial expenses is chiefly due to repayment of the senior debt.. Average loan outstandings came to €64.9 million in 2014 compared with €70.5 million in 2013.

The average cost of borrowing after factoring in hedging instruments was 3.1% in 2014 compared with 3.5% in 2013.

10.2. Other financial income and expenses

(in € thousands)	31/12/2013	31/12/2014
Foreign currency translation gains	1 113	3 858
Other financial income	65	84
Total other financial income	**1 178**	**3 942**
Foreign currency translation losses	(1 881)	(331)
Other financial expenses	(800)	(736)
Total other financial expenses	**(2 681)**	**(1 067)**
OTHER FINANCIAL INCOME (EXPENSES)	**(1 503)**	**2 875**

Foreign currency translation gains and losses mainly relate to commercial transactions in foreign currencies.

Note 11 Income tax

11.1. Tax expense

(in € thousands)	31/12/2013	31/12/2014
Current taxes	(10 709)	(9 898)
Deferred taxes	1 926	(2 116)
INCOME TAX EXPENSE	**(8 783)**	**(12 013)**

11.2. Reconciliation between the theoretical and effective tax expense

(in € thousands)	31/12/2013		31/12/2014	
Profit (loss) before tax	**26 474**		**28 220**	
Theoretical tax expense	**(9 115)**	**34,43%**	**(9 716)**	**34,43%**
Reconciliation				
Permanent differences - Impairment losses			(1 443)	5,1%
Other Permanent differences	(238)	0,9%	(30)	0,1%
Activation of previous tax loss carryforwards	881	(3,3%)		-
Impact of research tax credit	4	(0,0%)	177	(0,6%)
Impact of share-based payments	(4)	0,0%	(135)	0,5%
Corporate value-added tax (CVAE)	(597)	2,3%	(490)	1,7%
Tax rate differences - France / other currencies	890	(3,4%)	302	(1,1%)
Withholding tax on services abroad	(922)	3,5%	(143)	0,5%
Other	318	(1,2%)	(535)	1,9%
EFFECTIVE TAX EXPENSE / EFFECTIVE TAX RATE	**(8 783)**	**33,18%**	**(12 013)**	**42,57%**

The effective tax rate in 2014 was mainly impacted by a 5.1% increase related to impairment of goodwill, not deductible for tax purposes.

11.3. Breakdown of the tax expense

(in € thousands)	31/12/2013		31/12/2014	
Southern Europe	(5 311)	50,48%	(5 815)	56,21%
Northern Europe	(421)	12,08%	(771)	16,05%
North America	(3 023)	24,63%	(5 389)	41,92%
Asia	(28)	14,43%	(38)	17,59%
EFFECTIVE TAX EXPENSE / EFFECTIVE TAX RATE	**(8 783)**	**33,18%**	**(12 013)**	**42,57%**

11.4. Tax effects on other comprehensive income

(in € thousands)	31/12/2013	31/12/2014
Foreign currency translation adjustments	1	146
Change in derivative financial instruments	(63)	24
Tax effects on reclassified items	**(62)**	**170**
Actuarial gains (losses) on retirement benefit obligations	59	455
Tax effect of non-reclassified items	**59**	**455**
TAX EFFECTS ON OTHER COMPREHENSIVE INCOME (LOSS)	**(3)**	**625**

Note 12 Earnings per share

	31/12/2013	31/12/2014
Profit for the year attributable to owners of the Company *(in € thousands)*	17 691	16 207
Weighted average number of common shares outstanding	7 527 439	7 172 414
BASIC EARNINGS PER SHARE *(in €)*	**2,35**	**2,26**

	31/12/2013	31/12/2014
Profit for the year attributable to owners of the Company *(in € thousands)*	17 691	16 207
Weighted average number of common shares outstanding	7 527 439	7 172 414
Weighted average number of shares retained in respect of dilutive items	50 984	14 095
Weighted average number of shares used to calculate diluted net earnings per share	7 578 423	7 186 509
DILUTED EARNINGS PER SHARE *(in €)*	**2,33**	**2,26**

The method used to calculate earnings per share is described in Note 1.22. The only dilutive instruments are the stock options presented in Note 20.2.

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

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Note 13 Goodwill

13.1. Changes in goodwill

(in € thousands)	Gross amount	Accumulated impairment losses	Net carrying amount
As of 12/31/2012	**116 001**	**(11 454)**	**104 547**
Acquisitions: CapitalStream	17 482		17 482
Foreign currency translation adjustments	(2 442)	140	(2 302)
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**

13.2. Breakdown of goodwill by cash generating unit (CGU)

The Group opted to segment its activities into CGUs in accordance with the operational structure of the businesses, the system used for management and reporting and information with segment.

The following is a summary of the carrying value of goodwill allocated to the CGUs:

(in € thousands)	31/12/2013	31/12/2014
Asset Management	64 036	69 136
Lending & Leasing	44 536	46 771
Employee Savings	4 190	-
Insurance/Pension Funds	6 965	6 951
GOODWILL, NET	**119 727**	**122 858**

13.3. Impairment tests

The impairment tests carried out on December 31, 2014 led to loss recognition for the Employee Savings CGU totaling €4.2 million. As a result, the asset value, excluding working capital, of the CGU is nil at December 31, 2014.

They were performed under the conditions described in Note 1.11 based on the following parameters:

- ✓ discount rate: 11%
- ✓ perpetual growth rate: 1.5%

Sensitivity tests

(in € millions)	Asset Management	Lending & Leasing	Other Activities	Total Group
Difference between value in use and carrying amount	**26,3**	**26,6**	**7,2**	**60,1**
Threshold value*:				
Discount rate	14,0%	14,7%	18,0%	
Perpetual growth rate	(3,9%)	(5,4%)	(15,5%)	
EBITDA compound annual growth rate	(7,7%)	(10,7%)	(13,0%)	
Impact on recoverable amount in the event of				
a 1-point increase in the discount rate	(10,4)	(9,0)	(1,6)	
a 1-point fall in the perpetual growth rate	(6,9)	(6,0)	(1,1)	
a 1-point fall in the EBITDA compound annual growth rate	NA	NA	(0,4)	

* *The threshold value is that which would give rise to a value in use equal to the carrying amount.*

Note 14 Intangible assets

Acquisitions primarily relate to the capitalization of R&D totaling €2.9 million. Development costs of €2.4 million were capitalized in 2014 for projects completed during the period.

(in € thousands)	Software	Customer relationships	Other intangible	INTANGIBLE ASSETS	Of which development
Gross amount as of 12/31/2013	**55 303**	**16 403**	**3 555**	**75 261**	**20 937**
Changes in Group structure	-	-	-	-	-
Acquisitions	1 218	-	2 795	4 013	2 905
Disposals	-	-	-	-	-
Other movements	2 250	-	(2 250)	-	-
Foreign currency translation adjustments	2 922	1 733	286	4 941	1 236
GROSS AMOUNT AS OF 12/31/2014	**61 693**	**18 136**	**4 386**	**84 215**	**25 078**

(in € thousands)	Software	Customer relationships	Other intangible	INTANGIBLE ASSETS	Of which development
Accumulated amortization as of 12/31/2013	**(37 094)**	**(7 995)**	**(1 668)**	**(46 757)**	**(11 010)**
Changes in Group structure	-	-	-	-	-
Amortization expense	(5 950)	(1 518)	-	(7 468)	(2 878)
Reversal of amortization expense	-	-	-	-	-
Other movements	-	-	-	-	-
Foreign currency translation adjustments	(1 721)	(952)	(226)	(2 899)	(757)
ACCUMULATED AMORTIZATION AS OF 12/31/2014	**(44 765)**	**(10 465)**	**(1 894)**	**(57 124)**	**(14 645)**

(in € thousands)	Software	Customer relationships	Other intangible	INTANGIBLE ASSETS	Of which development
Net amount as of 12/31/2013	**18 209**	**8 408**	**1 887**	**28 504**	**9 927**
NET AMOUNT AS OF 12/31/2014	**16 928**	**7 671**	**2 492**	**27 091**	**10 433**

Note 15 Property, plant and equipment

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 12/31/2013	**1 835**	**13 214**	**22 149**	**37 198**	**2 958**
Changes in Group structure	-	-	-	-	-
Acquisitions	-	1 435	2 614	4 049	125
Disposals	-	(121)	(1 165)	(1 286)	(1 159)
Other changes	-	108	(108)	-	(108)
Foreign currency translation adjustments	17	521	1 240	1 778	-
GROSS VALUE AT 12/31/2014	**1 852**	**15 157**	**24 730**	**41 739**	**1 816**

(in € thousands)	Land and buildings	Fixtures, furniture and equipment	Computer hardware	PROPERTY, PLANT AND EQUIPMENT	Of which finance leases
Accumulated depreciation as of 12/31/2013	**(341)**	**(10 608)**	**(18 295)**	**(29 244)**	**(2 918)**
Changes in Group structure	-	-	-	-	-
Depreciation expense	(98)	(1 002)	(2 003)	(3 103)	(31)
Reversal of depreciation expense	-	94	1 165	1 259	1 159
Other movements	-	(88)	88	-	88
Foreign currency translation adjustments	(11)	(338)	(1 042)	(1 391)	-
ACCUMULATED DEPRECIATION AS OF 12/31/2014	**(450)**	**(11 942)**	**(20 087)**	**(32 479)**	**(1 702)**

(in € thousands)	Land and buildings	Fixtures, furniture and equipment	Hardware	PROPERTY, PLANT AND EQUIPMENT	Of which finance leases
Net amount as of 12/31/2013	**1 494**	**2 606**	**3 854**	**7 954**	**40**
NET AMOUNT AS OF 12/31/2014	**1 402**	**3 215**	**4 643**	**9 260**	**114**

Note 16 Financial assets and other non-current assets

(in € thousands)	31/12/2013	31/12/2014
Investments in unconsolidated entities	13	14
Deposits and sureties	1 067	1 090
Other non-current financial assets	-	-
Gross amount	**1 080**	**1 104**
Provision for impairment losses	-	-
NON-CURRENT FINANCIAL ASSETS	**1 080**	**1 104**

Investments in unconsolidated entities concern the shares owned by Linedata Services Asset Management in companies whose activity, assets and commitments are not material at the Group level.

(in € thousands)	31/12/2013	31/12/2014
Gross amount	231	349
Provision for impairment losses	-	-
OTHER NON-CURRENT ASSETS	**231**	**349**

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

Note 17 Deferred tax assets and liabilities

17.1. Breakdown by maturity

(in € thousands)	31/12/2013	31/12/2014
In less than one year	4 678	5 450
Deferred tax assets	**4 678**	**5 450**
In less than one year	(533)	(1 538)
In more than one year	(5 959)	(7 935)
Deferred tax liabilities	**(6 492)**	**(9 473)**
NET DEFERRED TAXES	**(1 814)**	**(4 023)**

17.2. Change in net deferred tax

(in € thousands)	31/12/2013	31/12/2014
As of January 1	(5 448)	(1 814)
Taxes recognized in profit or loss	1 926	(2 116)
Taxes recognized in equity	1 534	479
Foreign currency translation adjustments	174	(572)
AS OF DECEMBER 31	**(1 814)**	**(4 023)**

17.3. Breakdown of net deferred tax by type

(in € thousands)	31/12/2013	31/12/2014
Retirement benefit obligations	1 779	2 386
Activated tax losses	985	1 119
Intangible assets	(6 875)	(7 894)
Other temporary differences	2 297	366
NET DEFERRED TAXES	**(1 814)**	**(4 023)**

Note 18 Trade and other receivables

(in € thousands)	31/12/2013	31/12/2014
Trade receivables, gross	34 538	37 949
Impairment of trade receivables	(1 219)	(956)
Trade receivables, net	**33 319**	**36 993**
Tax receivables	1 627	1 945
Other receivables	671	210
Miscellaneous receivables	153	188
Prepaid expenses	2 434	2 799
Other operating receivables, gross	**4 885**	**5 142**
Provisions for impairment losses	-	-
Other operating receivables, net	**4 885**	**5 142**
TRADE AND OTHER RECEIVABLES	**38 204**	**42 135**

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.

The changes in accumulated impairment losses on trade receivables are presented in Note 27.1.

Note 19 Cash and cash equivalents

(in € thousands)	31/12/2013	31/12/2014
Marketable securities	10 400	974
Cash	18 874	14 418
Cash and cash equivalents	**29 274**	**15 392**
Bank overdrafts	(48)	(50)
NET CASH AND CASH EQUIVALENTS	**29 226**	**15 342**

Net cash and cash equivalents includes cash, marketable securities qualified as cash equivalents as indicated in Note 1.12, bills of exchange presented for collection whose maturity date falls before the reporting date and bank accounts temporarily in credit. It is linked to movements in medium-term loans. Net debt, which is presented in Note 27.2, is more representative of the Group's financial position.

Note 20 Equity

20.1. Change in capital stock

Linedata Services had capital stock of €7,849,025 on December 31, 2014, comprising 7,849,025 fully paid-up shares with a par value of €1. The exercise of 19,000 stock options during 2014 led to a €19,000 increase in the capital stock compared with 2013.

20.2. Stock option plan

Plan reference	2000 plan (No. 4)	2005 plan (No. 5)	2005 plan (No. 6)	TOTAL PLANS
Date of AGM	04/25/2000	06/30/2005	06/30/2005	
Date of Executive Board meeting that approved the granted options	05/21/2004	11/10/2005	06/11/2007	
Total number of subscribable shares, of which:	66 000	174 000	195 000	
- for corporate officers (status at time of grant)	5 000	50 000	20 000	
- for the first 10 employees(1)	61 000	95 000	100 000	
Total number of beneficiaries, of which:	22	27	51	
- corporate officers	1	1	2	
- employees who received options among the first 10 grantees, taking particular account of equivalent holdings exceeding 10(1)	21	15	17	
Vesting date	05/21/2009	11/10/2007	06/11/2009	
Expiration date	05/21/2014	11/10/2015	06/11/2017	
Exercise price	14,71 €	18,48 €	19,70 €	
Fair value of options at grant date	5,76 €	5,47 €	6,72 €	
Number of options outstanding as of January 1, 2014	6 000	39 500	48 000	93 500
Number of options granted in 2014				-
Number of options exercised in 2014	6 000	13 000		19 000
Number of options cancelled in 2014				-
Number of options outstanding as of December 31, 2014	-	26 500	48 000	74 500
Potential (aggregate) dilution if the options were exercised at December 31, 2014	**0,00%**	**0,34%**	**0,95%**	**0,95%**

(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 2014 was €23.34.

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. 4: presence rate of 90% five years after the grant, on which all of the options are vested,
  - ✓ 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.

20.3. Bonus share plan

Plan reference	2011 plan (No. 2)	2014 plan (No. 3)	2014 plan (No. 3)
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, 2014	63 239		
Number of bonus shares granted and available for acquisition in 2014		120 500	675
Number of bonus shares previously granted and acquired in 2014			
Number of bonus shares previously granted and cancelled in 2014	12 194	13 635	57
Number of bonus shares available for acquisition as of December 31, 2014	51 045	106 865	618

(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 100 Linedata Services ordinary shares.*

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

In accordance with IFRS 2 "Share-based payments", the fair value of the bonus share awards calculated on the grant date is recognized as an expense over the acquisition period, which is three to four years. In 2013 this expense came to €82 thousand.

The main assumptions used to calculate the fair value of the shares are as follows:

✓ plan n°2: a presence rate of 95% and a dividend payout rate of 5%.

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

Definitive awarding of the performance shares to the beneficiaries is subject to the rate of success in achieving the performance conditions related to the Group's consolidated revenue and EBITDA margin over a period of three years, from 2011 to 2013, calculated as follows:

Year	Target performance	Revenue (in €m)	Quota (%)	% EBITDA	Quota (%)
2011	Low	Revenue < 132	0%	EBITDA < 18%	0%
	Median	132 <= Revenue < 142	between 0% and 100%	18% <= EBITDA < 20%	between 0% and 100%
	High	Revenue >= 142	100%	EBITDA >= 20%	100%
2012	Low	Revenue < 145	0%	EBITDA < 19%	0%
	Median	145 <= Revenue < 160	between 0% and 100%	19% <= EBITDA < 21%	between 0% and 100%
	High	Revenue >= 160	100%	EBITDA >= 21%	100%
2013	Low	Revenue < 160	0%	EBITDA < 20%	0%
	Median	160 <= Revenue < 180	between 0% and 100%	20% <= EBITDA < 22%	between 0% and 100%
	High	Revenue >= 180	100%	EBITDA >= 22%	100%

✓ plans n°3 and 4: 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 (en%)	Group Revenue (en M€)			AM Revenue (en M€)			LL Revenue (en 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 (en%)	% 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%

20.4. Treasury stock transactions

As of December 31, 2014, Linedata Services held 672,458 of its own shares, which it acquired as part of the buyback plans authorized by the Annual General Meeting for a total of €13,792 thousand, or an average purchase price of €20.51. These treasury shares were valued at €15,077 thousand (€22.42) at December 31, 2014.

All treasury stock transactions are recognized directly in equity. The impact over the year stands at -€10,110 thousand.

20.5. Dividends

Linedata Services' Combined General Meeting, which was held on May 12, 2014, voted to pay an ordinary dividend excluding treasury shares of €4,634 thousand for fiscal year 2013, i.e. €0.65 per share. This dividend was paid on July 7, 2014. Dividends totaling €4,188 thousand, or €0.55 per share, were paid for the previous year.

Note 21 Provisions for retirement and other post-employment benefits

(in € thousands)	31/12/2013	Additions	Reversals - provision used	Reversals - provision not used	Change in actuarial gains and losses	31/12/2014
Retirement benefits - France	5 170	511	(70)	-	1 320	6 931
Retirement benefits - Tunisia	-	12	-	-	39	51
Long-service awards	583	8	(41)			550
TOTAL PROVISION	**5 753**	**531**	**(111)**	**-**	**1 359**	**7 532**

In France, defined benefit plans concern the payment of retirement benefits. The provision for retirement benefits and long service awards is valued based on actuarial assumptions as described in Note 1.17.

The main actuarial assumptions used to calculate these plans are shown below:

	31/12/2013	31/12/2014
Discount rate for retirement benefits	3,30%	2,00%
Discount rate for long-service awards	2,40%	1,25%
Rate of future salary increases	3,00%	3,00%
Actuarial life table	Insee 2006-08	TG H/F 2005
Retirement age:		
Managers born before 01/01/1950	64 years	64 ans
Managers born after 01/01/1950	66 years	66 ans
Other employees born before 01/01/1950	62 years	62 ans
Other employees born after 01/01/1950	64 years	64 ans

Turnover	31/12/2013	31/12/2014
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, 2014 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 (-) €504 thousand / (+) €551 thousand in this obligation. A +/- 0.5-point variation in future salary increases would give rise to a variation of (+) €522 thousand / (-) €482 thousand in the retirement benefit obligation.

The change in the provision for retirement benefits and long service awards is as follows:

(in € thousands)	Retirement benefits	Long-service awards	31/12/2013	Retirement benefits	Long-service awards	31/12/2014
Obligation as of January 1	**4 896**	**617**	**5 513**	**5 170**	**583**	**5 753**
Cost of services rendered during the year	345	55	400	341	48	389
Interest expense	151	12	163	170	13	183
Change in actuarial gains and losses	(119)	(74)	(193)	1 320	(73)	1 247
Benefits paid to employees	(55)	(27)	(82)	(70)	(21)	(91)
Other - transfers/reversals	(48)		(48)			-
Obligation as of December 31	**5 170**	**583**	**5 753**	**6 931**	**550**	**7 481**
Unrecognized past service costs			-			-
Unrecognized actuarial gains and losses			-			-
PROVISION AS OF DECEMBER 31	**5 170**	**583**	**5 753**	**6 931**	**550**	**7 481**
Cost of services rendered during the year	345	55	400	341	48	389
Interest expense	151	12	163	170	13	183
Amortization of past service costs			-			-
Amortization of actuarial gains and losses		(74)	(74)		(73)	(73)
Past service costs			-			-
EXPENSE FOR THE YEAR	**496**	**(7)**	**489**	**511**	**(12)**	**499**

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 (experience adjustments detailed below).

The actuarial gain of €1,320 thousand recognized in 2014 mainly results from:
- ✓ decrease in the discount rate (obligation increased by €1,060 thousand)
- ✓ change in the mortality table (obligation increased by €580 thousand)
- ✓ experience adjustments on liabilities (reduction of €320 thousand),

In 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.

Note 22 Other provisions

(in € thousands)	31/12/2013	Additions	Reversals - provision used	Reversals - provision not used	Effect of translation and other changes	31/12/2014
Provisions for legal proceedings	125	7	(41)	(44)	4	51
Other non-current provisions	-	-	-	-	-	-
NON-CURRENT PROVISIONS	**125**	**7**	**(41)**	**(44)**	**4**	**51**
Provisions for legal proceedings	1 690	440	(139)	(578)	1	1 414
Other current provisions	540	400	-	(540)	-	400
CURRENT PROVISIONS	**2 230**	**840**	**(139)**	**(1 118)**	**1**	**1 814**

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

Other current provisions at 12/31/2013 mainly covering risks related to the renovation of premises in France were entirely reversed in the first half of 2014. A new risk relating to the renovation of other premises in France is recognized for an amount totaling €400 thousand at 12/31/2014.

Note 23 Loans and other financial liabilities

(in € thousands)	Current	Non-current	12/31/2013	Current	Non-current	12/31/2014
Bank loans	14 291	54 939	69 230	14 219	40 660	54 879
Finance lease liabilities	13	-	13	15	63	78
Bank overdrafts	48		48	50		50
Accrued interest	424		424	649		649
Other financial liabilities	-	428	428	-	496	496
LOANS AND OTHER FINANCIAL LIABILITIES	**14 776**	**55 367**	**70 143**	**14 933**	**41 219**	**56 152**

Non-current loans and other financial liabilities have maturities of between two and five years.

Loans and other financial liabilities changed as follows:

(in € thousands)	12/31/2013	Additions	Repayments	Change in fair value	Reclassification	12/31/2014
Bank loans	54 939	-	(1 383)	-	(12 896)	40 660
Other financial liabilities	428	-	-	68	-	496
NON-CURRENT LOANS AND OTHER FINANCIAL LIABILITIES	**55 367**	**70**	**(1 383)**	**68**	**(12 903)**	**41 219**
Bank loans	14 291	2 000	(14 968)	-	12 896	14 219
Finance lease liabilities	13	55	(60)	-	7	15
Bank overdrafts	48	2	-	-	-	50
Accrued interest	424	225	-	-	-	649
Other financial liabilities	-	-	-	-	-	-
CURRENT LOANS AND OTHER FINANCIAL LIABILITIES	**14 776**	**2 282**	**(15 028)**	**-**	**12 903**	**14 933**

Linedata Services repaid €10 million in senior debt, €4.3 million of debt secured for external growth in April and October 2014 and €2 million on a revolving loan, renewable over periods of one to six months, in the second half of 2014.

Linedata Services also repaid a bilateral revolving loan of €0.5 million in July 2014.

Other financial liabilities mainly consist of financial instruments comprising interest rate hedges (see Note 27.4).

At the end of December 2014, therefore, the Group had the following credit lines:

(in € thousands)	Grant date	Maturity date	Notional amount when granted	Authorized amount as of 12/31/2014
Senior debt - Tranches A2 and B	March 2012	March 2017	50 600	25 600
Senior debt - credit line for acquisition in US	March 2013	February 2018	35 000	29 178
Revolving credit from banking pool	March 2012	March 2017	5 000	5 000
Bilateral revolving credit	July 2013	July 2016	1 500	1 000
			92 100	**60 778**

The applicable bank terms are as follows:

- ✓ 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.

Linedata must comply with three financial ratios under its agreed bank covenants (see Note. 29.4).

Note 24 Other non-current liabilities

(in € thousands)	**31/12/2013**	**31/12/2014**
Other non-current liabilities	576	575
OTHER NON-CURRENT LIABILITIES	**576**	**575**

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.

Note 25 Current operating liabilities

(in € thousands)	**31/12/2013**	**31/12/2014**
Trade payables	10 053	8 640
Tax and social security liabilities	16 170	15 254
Employee profit-sharing and incentive bonuses	1 202	1 130
Other liabilities	1 026	1 481
Deferred income	18 162	20 243
CURRENT OPERATING LIABILITIES	**46 613**	**46 748**

ADDITIONAL INFORMATION

Note 26 On-balance sheet financial instruments

(in € thousands)	31/12/2013 Carrying amount	31/12/2013 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	1 080	1 080		13	1 067		
Other non-current assets	231	231			231		
Trade and other receivables	38 204	38 204			38 204		
Cash and cash equivalents	29 274	29 274	29 274				
FINANCIAL ASSETS	**68 789**	**68 789**	**29 274**	**13**	**39 502**	**-**	**-**
Non-current loans and financial liabilities	55 367	55 367				55 036	331
Other non-current liabilities	576	576			576		
Current loans and financial liabilities	14 776	14 776				14 776	
Current operating liabilities	46 613	46 613			46 613		
FINANCIAL LIABILITIES	**117 332**	**117 332**	**-**	**-**	**47 189**	**69 812**	**331**

(in € thousands)	31/12/2014 Carrying amount	31/12/2014 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	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 other financial liabilities	41 219	41 219				40 820	399
Other non-current liabilities	575	575			575		
Current loans and other 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**

Note 27 Financial risks

27.1. Credit risk

Trade receivables ageing balance

(in € thousands)	Net amount	Not yet due	Past due but not impaired at the reporting date: Less than 30 days	Between 30 and 60 days	Between 61 and 90 days	Between 91 and 180	More than 181 days
Trade receivables in 2013	33 319	10 884	12 581	3 211	826	2 995	2 822
Trade receivables in 2014	36 993	11 142	15 252	4 478	1 355	2 488	2 278

Net trade receivables increased due to a specific receivable account of €3.1 million relating to the Insurance business, which was partly offset by collection efforts, notably concerning aged receivables in Southern Europe and North America. Trade receivables are monitored regularly by the Audit Committee.

Changes in the accumulated impairment losses on trade receivables

(in € thousands)	31/12/2013	31/12/2014
Accumulated impairment losses on trade receivables as of January 1	1 035	1 219
Impairment losses	699	850
Reversals used	(421)	(980)
Reversals not used	(89)	(207)
Reclassification	25	
Foreign currency translation adjustments	(30)	74
ACCUMULATED IMPAIRMENT LOSSES ON TRADE RECEIVABLES AS OF DECEMBER 31	**1 219**	**956**

27.2. Liquidity risk

Based on the definition of the French Financial Markets Authority (AMF), liquidity risk occurs when the assets are held for longer than the liabilities, reflecting an inability to repay debts in the short term because it is impossible to realize the assets or obtain new bank loans.

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, 2014, the Group had gross cash and cash equivalents of €15.4 million and gross financial liabilities of €56.2 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	Total contractual cash flows	Less than 6 months	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years
Bank loans	54 879	56 080	7 138	7 650	15 514	14 600	11 178	-
Finance lease liabilities	78	78	8	7	16	9	38	-
Bank overdrafts	50	50	50					
Accrued interest	649	649	649					
Miscellaneous other financial liabilities	496	399	-	-	-	-	399	-
Loans and other financial liabilities	**56 152**	**57 256**	**7 845**	**7 657**	**15 530**	**14 609**	**11 615**	**-**
Marketable securities	(974)	(974)	(974)					
Cash	(14 418)	(14 418)	(14 418)					
CONSOLIDATED NET DEBT	**40 760**	**41 864**	**(7 547)**	**7 657**	**15 530**	**14 609**	**11 615**	**-**

27.3. 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)	31/12/2013	31/12/2014
Loans and similar borrowings	69 667	55 606
Bank overdrafts	48	50
Cash and cash equivalents	(29 274)	(15 392)
Net debt(*)	**40 441**	**40 264**
Equity attributable to owners of the Company	93 319	101 574
GEARING RATIO	**43,3%**	**39,6%**

(*) not including miscellaneous other financial liabilities

This ratio of 39.6% is still reasonable and in line with bank covenants concerning this debt.

27.4. Market risks

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 set up hedges parallel to its subscription to the syndicated credit lines.

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

As of December 31, 2014, the Group had three outstanding swap contracts (3-month Euribor swappable for fixed rates of 0.8925%, 0.975% and 0.470% respectively). They represent a hedge of more than 60% of the senior debt, or a notional hedged amount of €10 million for the first two and of €14 million for the last contract maturing on January 18, 2017.

As of December 31, 2014, these different hedging contracts were valued at (-) €399 thousand (carried entirely as a liability) compared with (-) €331 thousand as of December 31, 2013.

The valuation difference, i.e. (-) €68 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, 2014:

(in € thousands)	Interest rate	31/12/2014	Less than 6 months	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years
Bank loans	Fixed rate	(302)	(138)	(150)	(14)	-	-	-
	Variable rate	(54 577)	(6 697)	(7 234)	(15 098)	(14 385)	(11 163)	-
Finance lease liabilities	Fixed rate	(78)	(8)	(7)	(16)	(9)	(38)	-
Bank overdrafts	Variable rate	(50)	(50)					
Accrued interest	Variable rate	(649)	(649)					
Miscellaneous other financial liabilities	Fixed rate	(496)	(14)	(14)	(28)	(28)	(412)	-
Financial liabilities	**Fixed rate**	**(876)**	**(160)**	**(171)**	**(58)**	**(37)**	**(450)**	**-**
	Variable rate	**(55 276)**	**(7 396)**	**(7 234)**	**(15 098)**	**(14 385)**	**(11 163)**	**-**
Marketable securities	Variable rate	974	974					
Cash	Fixed rate	14 418	14 418					
Financial assets	**Fixed rate**	**14 418**	**14 418**	**-**	**-**	**-**	**-**	**-**
	Variable rate	**974**	**974**	**-**	**-**	**-**	**-**	**-**
NET EXPOSURE BEFORE HEDGING	**Fixed rate**	**13 542**	**14 258**	**(171)**	**(58)**	**(37)**	**(450)**	**-**
	Variable rate	**(54 302)**	**(6 422)**	**(7 234)**	**(15 098)**	**(14 385)**	**(11 163)**	**-**
Interest rate hedging instruments	**Floating to fixed rate swaps**	**42 000**	**4 000**	**4 000**	**8 000**	**8 000**	**18 000**	**-**
NET EXPOSURE AFTER HEDGING	**Fixed rate**	**(28 458)**	**10 258**	**(4 171)**	**(8 058)**	**(8 037)**	**(18 450)**	**-**
	Variable rate	**(12 302)**	**(2 422)**	**(3 234)**	**(7 098)**	**(6 385)**	**6 837**	**-**

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

For 2014, 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 €209 thousand, or 10.9%.

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.

As of December 31, 2013, 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	LVL	INR	Total converted to
Assets	101 370	8 924	32 130	5 698	18 199	100	4 023	122 538
Liabilities	27 195	2 736	7 169	1 415	9 101	109	372	31 820
Net position before hedging	**74 175**	**6 188**	**24 961**	**4 283**	**9 098**	**(9)**	**3 651**	**90 719**
Hedging financial instruments	8 000							6 084
NET POSITION AFTER HEDGING	**66 175**	**6 188**	**24 961**	**4 283**	**9 098**	**(9)**	**3 651**	**84 635**

The position at December 31, 2014 was as follows:

(in thousands)	USD	CAD	GBP	TND	HKD	INR	Total converted to
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**

Sensitivity analysis

A 10% fall in each exchange rate against the euro would have an impact of (-) €8,622 thousand on the net position as of December 31, 2014 compared with (-) €10,997 thousand as of December 31, 2013. A 10% increase in these exchange rates would have an impact of €7,187 thousand on the net position as of December 31, 2014, compared with €8,919 thousand as of December 31, 2013.

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.

Note 28 Transactions with related parties

28.1. Remuneration of senior management

(in € thousands)	31/12/2013	31/12/2014
Short-term benefits	3 069	3 715
Termination benefits	118	36
Share-based payments		474
TOTAL FOR THE YEAR	**3 187**	**4 225**

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

The Combined Annual General Meeting of May 12, 2014 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 (see Notes 1.17 and 21). No commitments exist with regard to the management concerning post-employment or other long-term benefits.

28.2. Transactions with other related parties

(in € thousands)	31/12/2013	31/12/2014
Linedata Services' transactions with Invegendo		
Amounts owed to related parties	10	11
Purchases of goods and services	33	33
Linedata Services' transactions with Tecnet		
Amounts owed to related parties	24	24
Purchases of goods and services	100	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.

Note 29 Off-balance sheet commitments and contingent liabilities

29.1. Contractual obligations

The group leases premises though operating leases.

As of December 31, 2014, the future minimum annual lease payments on non-cancellable operating leases were as follows:

(in € thousands)	Liabilities by period			31/12/2014	31/12/2013
	Less than 1 year	1 to 5 years	More than 5 years		
Operating lease contracts	**3 657**	**11 425**	**1 417**	**16 499**	**12 295**

As part of its senior debt loan contract, 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 €15 million on top of its existing loan, throughout the term of the loan contract, or to limit the Group's total annual investment.

29.2. Asset and liability 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

29.3. Collateral

<u>Shares pledged by registered shareholders</u>

Name of registered shareholder	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	March 2012	February 2018	Repayment of the senior debt	4 512 801	100,0%
Linedata Services Leasing & Credit	Banking pool	March 2012	February 2018		905 889	100,0%
Linedata Services Inc.	Banking pool	March 2012	February 2018		3 608 000	100,0%
Linedata Ltd	Banking pool	March 2012	February 2018		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 loan.

29.4. Covenants

As part of the syndicated loan taken out in March 2012 and modified in 2013, Linedata Services entered into covenants guaranteeing that as of December 31, 2014:

- ✓ the leverage ratio, i.e. net debt divided by consolidated EBITDA, would be lower than 1.20,
- ✓ the gearing ratio, i.e. net debt divided by consolidated equity, would be lower than 0.75,
- ✓ the interest cover ratio, i.e. consolidated EBIT divided by consolidated net financial expenses, would be higher than 6.

As of December 31, 2014, the leverage ratio stood at 0.967, the gearing ratio at 0.396 and the interest cover ratio at 10.590.

29.5. Contingent liabilities

Outstanding disputes were analyzed and provisions were recorded where relevant, having been estimated by the Group's Management based on the facts and circumstances, in accordance with IAS 37. The residual uncertainty inherent in any of the disputes is not likely to have a material impact on profit.

At the end of December 2012, the French companies received notification of a proposed tax reassessment following a tax audit of fiscal years 2009 and 2010 and of the research tax credit concerning fiscal years 2007 to 2010. In the first half of 2013, the tax administration revised the reassessments concerning the research tax credit for fiscal years 2007 to 2010. These reassessments, which were accepted by the Group, were fully provisioned as of December 31, 2012, and were not fully recovered by the end of 2013.
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 and 2010, the Group revised its risk estimate and recorded a provision of €0.5 million to cover the possible impact on transactions carried out from 2009 until December 31, 2014. For certain amounts for which the tax administration proposed a reassessment, a provision was not recorded as the Group is disputing the amounts claimed and believes it has solid arguments to prove it acted within its rights.

Note 30 Events after the reporting period

None.

Note 31 Foreign currency conversion rates

	Average rate for the year			Rate as of December 31		
(in € thousands)	2013	2014	Change	2013	2014	Change
Tunisian Dinar	2,1463	2,2458	4,4%	2,2606	2,2590	(0,1%)
US Dollar	1,3281	1,3288	0,1%	1,3791	1,2141	(13,6%)
Canadian Dollar	1,3685	1,4669	6,7%	1,4671	1,4063	(4,3%)
Hong Kong Dollar	10,3018	10,3052	0,0%	10,6933	9,4170	(13,6%)
Latvian Lat	0,7015	NA		0,7028	NA	
Pound Sterling	0,8493	0,8064	(5,3%)	0,8337	0,7789	(7,0%)
Indian Rupee	84,6311	81,0689	(4,4%)	85,3660	76,7190	(11,3%)