2017 CONSOLIDATED FINANCIAL STATEMENTS

Linedata

CONSOLIDATED INCOME STATEMENT

(in € thousands)	Notes	12/31/2016	12/31/2017
Revenue	*4.1*	**166 812**	**179 001**
Purchases and external expenses	*4.5*	(34 165)	(40 224)
Taxes and duties		(2 922)	(2 838)
Employee expenses	*5.2*	(79 113)	(92 453)
Other recurring operating income and expenses	*4.6*	(992)	(531)
Depreciation, amortization, impairment and provisions		(10 572)	(12 874)
Recurring operating profit		**39 048**	**30 081**
As % of revenue		*23,4%*	*16,8%*
Other operating income and expenses	*4.7*	55	112
Operating profit		**39 103**	**30 193**
As % of revenue		*23,4%*	*16,9%*
Net borrowing costs	*8.2.1*	(1 879)	(2 590)
Other financial income	*8.2.2*	1 256	797
Other financial expenses	*8.2.2*	(2 547)	(6 092)
Income tax	*9.1*	(12 363)	(2 522)
Profit for the year from continuing operations		**23 570**	**19 786**
Profit for the year from discontinued operations		-	-
CONSOLIDATED PROFIT FOR THE YEAR		**23 570**	**19 786**
As % of revenue		*14,1%*	*11,1%*
Attributable to non-controlling interests		-	-
Attributable to owners of the Company		**23 570**	**19 786**

EARNINGS PER SHARE (in euros)			
Basic earnings per share	*10.2*	3,27	2,75
Diluted earnings per share	*10.2*	3,27	2,75

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in € thousands)	12/31/2016	12/31/2017
Consolidated profit for the year	**23 570**	**19 786**
Translation adjustments	(4 677)	(7 322)
Of which tax effects	*248*	*112*
Change in derivative financial instruments	(71)	24
Of which tax effects	*37*	*(13)*
Items that may be subsequently reclassified to profit or loss	**(4 748)**	**(7 298)**
Actuarial gains and losses on retirement benefit obligations	(323)	194
Of which tax effects	*67*	*(152)*
Items that will not be subsequently reclassified to profit or loss	**(323)**	**194**
Total other comprehensive income (loss) for the year, net of tax	**(5 071)**	**(7 104)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**18 499**	**12 682**

Translation reserves include translation differences between the operating currencies of Group entities and the reporting currency and the effects of hedges of net investments in foreign operations. Movements are recognised in “Other comprehensive income”. These translation reserves are also impacted by the sale of foreign operations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (in € thousands)	Notes	12/31/2016	12/31/2017
Goodwill	*6.1*	130 245	152 511
Intangible assets	*6.2*	23 771	29 600
Property, plant and equipment	*6.3*	20 796	21 675
Non-current financial assets	*8.1.5*	820	1 462
Other non-current assets	*4.4*	529	431
Deferred tax assets	*9.2*	5 133	4 148
Non-current assets		**181 294**	**209 827**
Trade and other receivables	*4.2*	43 926	42 119
Tax receivables		5 206	6 509
Cash and cash equivalents	*8.1.3*	32 219	17 881
Current assets		**81 351**	**66 509**
TOTAL ASSETS		**262 645**	**276 336**

EQUITY AND LIABILITIES (in € thousands)	Notes	12/31/2016	12/31/2017
Capital stock		7 341	7 294
Reserves		84 034	88 365
Profit for the year		23 570	19 786
Equity attributable to owners of the Company		**114 945**	**115 445**
Non-controlling interests		**-**	**-**
TOTAL EQUITY	*10*	**114 945**	**115 445**
Provisions for retirement and other post-employment benefits	*5.3*	7 856	8 113
Non-current provisions	*7.1*	14	-
Non-current loans and other financial liabilities	*8.1.2*	49 908	81 002
Deferred tax liabilities	*9.2*	12 287	8 344
Other non-current liabilities	*4.4*	1 120	1 482
Non-current liabilities		**71 185**	**98 941**
Current provisions	*7.1*	600	317
Current loans and other financial liabilities	*8.1.2*	22 022	14 588
Current operating liabilities	*4.3*	46 679	43 960
Current tax liabilities		7 214	3 085
Current liabilities		**76 515**	**61 950**
TOTAL EQUITY AND LIABILITIES		**262 645**	**276 336**

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 12/31/2015	**7 320 382**	**7 320**	**46 016**	**57 715**	**(2 555)**	**(5 545)**	**26 067**	**129 018**
Appropriation of profit for the year	-	-	-	25 332	154	581	(26 067)	**-**
Profit for the year	-	-	-	-	-	-	23 570	**23 570**
Capital stock transactions	21 000	21	393	-	-	-	-	**414**
Treasury stock transactions	-	-	-	-	(1 467)	-	-	**(1 467)**
Share-based payments	-	-	-	271	-	-	-	**271**
Dividends paid	-	-	(8 021)	(23 738)	-	-	-	**(31 759)**
Other comprehensive income (loss)	-	-	-	-	-	(394)	-	**(394)**
Foreign currency translation adjustments	-	-	-	-	-	(4 677)	-	**(4 677)**
Other movements	-	-	-	(31)	-	-	-	**(31)**
As of 12/31/2016	**7 341 382**	**7 341**	**38 388**	**59 549**	**(3 868)**	**(10 035)**	**23 570**	**114 945**
Appropriation of profit for the year	-	-	-	23 531	39	-	(23 570)	**-**
Profit for the year	-	-	-	-	-	-	19 786	**19 786**
Capital stock transactions	673	1		-	-	-	-	**1**
Treasury stock transactions	(48 026)	(48)	(1 095)	-	(573)	-	-	**(1 716)**
Share-based payments	-	-	-	306	-	-	-	**306**
Dividends paid	-	-		(10 775)	-	-	-	**(10 775)**
Other comprehensive income (loss)	-	-	-	-	-	218	-	**218**
Foreign currency translation adjustments	-	-	-	-	-	(7 322)	-	**(7 322)**
Other movements	-	-	-	2	-	-	-	**2**
As of 12/31/2017	**7 294 029**	**7 294**	**37 293**	**72 613**	**(4 402)**	**(17 139)**	**19 786**	**115 445**

CONSOLIDATED STATEMENT OF CASH FLOWS

(in € thousands)	Notes	12/31/2016	12/31/2017
Profit for the year from continuing operations - attributable to owners of the Company		**23 570**	**19 786**
Net amortization	*6.2 & 6.3*	10 088	11 512
Net depreciation and provisions	*5.2, 6.1 & 7.1*	812	1 508
Unrealized (gains) losses from changes in fair value		-	(54)
(Income) expenses from share-based compensation	*5.2*	271	306
Other non-cash income and expenses		-	-
Net (gain) loss on non-current assets sold or scrapped		7	16
Net borrowing costs	*8.2.1*	1 879	2 590
Deferred taxes	*9.2*	(1 026)	(2 588)
Corporate income tax paid		1 801	(5 145)
Net change in working capital		426	(1 389)
Net cash from (used in) operating activities		**37 828**	**26 542**
Acquisitions/disposals of property, plant and equipment and intangible assets	*6.2 & 6.3*	(4 159)	(10 540)
Acquisitions of long-term investments, net of cash acquired		(5 939)	(42 603)
Disposals of non-current financial assets		(9)	-
Change in other financial assets		(152)	(360)
Net cash from (used in) investing activities		**(10 259)**	**(53 503)**
Capital increase	*10.1.1*	473	39
Treasury stock transactions		(1 467)	(1 714)
Dividends paid	*10.1.3*	(31 760)	(10 775)
Increase in non-current loans and other liabilities	*8.1.2*	5 000	51 889
Repayment of non-current loans and other liabilities	*8.1.2*	(2 711)	(26 406)
Interest paid		(1 886)	(2 499)
Change in other receivables and financial liabilities		-	(97)
Net cash from (used in) financing activities		**(32 351)**	**10 437**
Effects of exchange rate fluctuations		(1 039)	2 186
NET INCREASE (DECREASE) IN NET CASH AND CASH EQUIVALENTS		**(5 821)**	**(14 338)**
Net cash and cash equivalents at beginning of year		**38 040**	**32 219**
Net cash and cash equivalents at end of year		**32 219**	**17 881**
Of which :			
Cash and cash equivalents	*8.1.2*	32 219	17 881
Bank overdrafts	*8.1.2*	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 SIGNIFICANT ACCOUNTING PRINCIPLES

Linedata Services is a French corporation (société anonyme) subject to the regulations applicable to commercial companies, whose registered office is at 27, 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, 2017 have been drawn up under the responsibility of the Board of Directors and examined during its meeting on February 12, 2018.

1.1. Accounting framework applied

The consolidated financial statements for the year ended December 31, 2017 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. These standards are available on the European Commission's website : http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm

1.1.1. New standards and interpretations whose application is mandatory

The new standards, amendments to existing standards and interpretations whose application is mandatory for accounting periods beginning on or after January 1, 2017 do not have a material impact on the Group's financial statements and earnings. They comprise mainly the amendments to IAS 12 «*Income taxes* » and to IAS 7 "Disclosure Initiative".

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

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

The Group has conducted a study into the new IFRS 15, notably concerning the recognition of revenue from perpetual licences and fixed-price contracts. The Group does not expect the application of IFRS 15 to have a material impact on revenue recognition.

In connection with IFRS 9, the Group has conducted a study into financial instruments as well as impairment provisions on trade receivables and does not expect the application of this standard to have a material impact.

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

The Group has not applied early the standards and interpretations published by the International Accounting Standards Board (IASB) but not adopted by the European Union as of December 31, 2017, i.e.the 2012-2014 IFRS annual improvements cycle.

1.2. Basis of preparation – Accounting estimates and judgments

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

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

NOTE 2 CONSOLIDATION SCOPE

2.1. Accounting principles related to the consolidation scope

2.1.1. Consolidation method

Linedata Services is the consolidating company.

The financial statements of companies under Linedata Services' exclusive control are fully consolidated. Control is deemed to exist where the parent company holds, directly or indirectly via subsidiaries, more than half of an entity's voting rights. Control is also deemed to exist where the parent company holds half or less than half of an entity's voting rights but has:

- ✓ power over more than half of the voting rights by virtue of an agreement with other investors,
- ✓ power to govern the entity's financial and operational policies by virtue of a regulation or contract,
- ✓ power to appoint or remove from office the majority of the members of the Board of Directors or equivalent managing body, if control over the entity is exercised by said Board or body, or

- ✓ power to control the majority of the voting rights at meetings of the Board of Directors or equivalent managing body, if control over the entity is exercised by said Board or body.

Intragroup transactions, balances and unrealized gains on transactions between Group companies are eliminated on consolidation.
The financial statements of all consolidated companies are drawn up to December 31 each year. They are, where relevant, adjusted to ensure the consistency of the accounting and measurement rules applied by the Group.

2.1.2. Foreign currency translation

Functional currency and financial statements' presentation currency

Items included in the financial statements of each Group entity are measured using the currency of the primary economic environment in which the entity operates ("functional currency").
The consolidated financial statements are presented in euros, the functional and presentation currency of the parent company Linedata Services.

Translation of financial statements of foreign subsidiaries

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

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

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

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

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

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

Translation of foreign currency transactions

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

2.1.3. Business combinations

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

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

The acquisition date is the date on which the Group obtains control of the acquiree.
The acquisition price of the acquiree corresponds to the fair value, as of the acquisition date, of the elements of the consideration transferred to the vendor in exchange for control of the acquiree, excluding any element which is consideration for a transaction that is separate from the acquisition of control.
In cases in which the business combination can only be recognized on a provisional basis by the end of the reporting period in which it occurs, the acquirer recognizes the business combination using provisional amounts. The acquirer must then recognize adjustments to these provisional amounts necessary to finalize recognition of the combination within the 12 months following the acquisition date.

2.2. List of consolidated companies

Company's name	Country	% control	Consolidation method
Linedata Services	France	-	Parent company
Linedata Services Asset Management	France	100%	Full consolidation
Linedata Services Leasing & Crédit	France	100%	Full consolidation
Linedata Services Luxembourg	Luxembourg	100%	Full consolidation
Linedata Services Lending & Leasing SL	Spain	100%	Full consolidation
Linedata Services Tunisie	Tunisia	100%	Full consolidation
Linedata Technologies Tunisie	Tunisia	100%	Full consolidation
Linedata Maroc	Morocco	100%	Full consolidation
Linedata Ltd	United Kingdom	100%	Full consolidation
Derivation Software Limited	United Kingdom	100%	Full consolidation
Linedata Services (UK) Ltd	United Kingdom	100%	Full consolidation
Linedata Limited	Ireland	100%	Full consolidation
Linedata Services (Latvia) SIA	Latvia	100%	Full consolidation
Linedata Services Inc	United States	100%	Full consolidation
LD Services Inc	United States	100%	Full consolidation
Linedata Services Lending & Leasing Inc	United States	100%	Full consolidation
Linedata L&C Inc	United States	100%	Full consolidation
Gravitas Technology Services LLC	United States	100%	Full consolidation
Linedata Services Lending & Leasing Corp	Canada	100%	Full consolidation
Linedata Services H.K. Limited	Hong Kong	100%	Full consolidation
QRMO	Hong Kong	100%	Full consolidation
Linedata Services India Private Limited	India	100%	Full consolidation
Gravitas Technology Private Limited	India	100%	Full consolidation

Linedata SA de C.V, Linedata Canada and Derivation Software Corp, did not trade and were not consolidated as of December 31, 2017.
Linedata L&C Inc, a US company, which was incorporated in December, has been consolidated as of December 31, 2017.

All Group companies were consolidated on the basis of their financial statements drawn up to December 31. All were for periods of 12 months with the exception of QRMO, which was acquired on August 7, 2017.

2.3. Acquisition of Gravitas Technology Services

On 27 January 2017, Linedata Services Inc. acquired 100% of the shares of Gravitas Technology Services LLC in the United States and its Indian subsidiary Gravitas Technology Private Limited.

Gravitas, a supplier of middle-office technological platforms and high value added cloud services for hedge funds, generated revenue of $26.4 million in 2016.

The work undertaken to identify and value the assets and liabilities acquired enabled the recognition of software in the amount of $0.4 million and customer relations in the amount of $0.5 million. The balance, i.e. $32 million, was recognised in goodwill, which is amortised for tax purposes over a period of 15 years, Gravitas being an LLC. The goodwill represents the value of the benefits the Group expects to derive from product and customer synergies. By combining the software platforms of Linedata with the services of Gravitas, the Group will be able to offer the market very high value services, specifically targeting its clients' business lines, and will enable Gravitas to distribute its services worldwide.

The shares' acquisition cost was valued at €0.6 million and written off during the period.

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

(in € thousands)	January 27, 2017
Purchase price	**39 159**
Fair value of the assets and liabilities as of the acquisition date:	
Intangible assets	8 723
- Software	*8 215*
- Customer relationships	*508*
Property, plant and equipment	1 341
Non-current financial assets	371
Trade receivables	925
Other receivables	724
Cash and cash equivalents	762
Provisions for retirement and other post-employment benefits	149
Non-current loans and other financial liabilities	129
Current loans and other financial liabilities	1 218
Trade payables	711
Tax and social security liabilities	228
Current operating liabilities	1 484
Goodwill before deferred taxes	30 669
Deferred tax liabilities	10 311
Goodwill as of the acquisition date	20 358
Foreign currency translation adjustments	6 323
Goodwill as of the reporting date	26 681

2.4. Acquisition de QRMO

Le 7 août 2017, Linedata Services Hong Kong acquired 100% of the shares of Quality Risk Management & Operation (QRMO), a supplier of outsourcing and risk control services for the asset management sector.

Founded in 2006, QRMO is a leading independent company specialising in outsourcing and risk control for the asset management sector. Its hedge fund clients collectively manage more than $5 billion of assets, which are very diversified in terms of strategic complexity, asset size and degree of maturity. QRMO enables its clients to fully or partially outsource their risk management and their middle- and back-office operations. The company is established in Hong Kong, has more than 30 employees and generated revenue of $3.2 million in 2016.

The work undertaken to identify and value the assets and liabilities acquired enabled the recognition of software in the amount of $1.1 million and customer relations in the amount of $0.8 million. The balance, , i.e. $3.6 million, recognized as goodwill, is not tax deductible and represents the value of the benefits the Group expects to derive from product and customer synergies. The acquisition of QRMO enables Linedata to enter a new phase in its strategic plan, enhance its ability to offer its services throughout the world 24/7, and thus assert its international presence in major markets.

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

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

(in € thousands)	**August 7, 2017**
Purchase price	**4 721**
Fair value of the assets and liabilities as of the acquisition date:	
Intangible assets	1 660
- Software	*992*
- Customer relationships	*667*
Property, plant and equipment	48
Non-current financial assets	47
Trade receivables	394
Other receivables	95
Cash and cash equivalents	123
Trade payables	437
Current operating liabilities	26
Goodwill before deferred taxes	2 880
Deferred tax liabilities	(274)
Goodwill as of the acquisition date	3 154
Foreign currency translation adjustments	(157)
Goodwill as of the reporting date	2 998

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

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

Description	Received/ given	Purpose	Start date	End date	Beneficiary	Ceiling
Acquisition of CapitalStream's assets	Received	Customary guarantees and representations: ownership of assets, intellectual property, and social security, tax, legal and financial aspects	03/21/2013	03/21/2020 for intellectual property, 60 days after the statutory date for taxes, 12/21/2014 for the other guarantees	Linedata Services SA and its subsidiaries	$22.5 million for the intellectual property $9 million for the other guarantees
Acquisition of the Derivation Software shares	Given	Standard validity guarantees	04/08/2016	04/08/2019	The vendors of the shares	0,5 M£
Acquisition of the Derivation Software shares	Received	Capacity to contract, capital and ownership of the shares, companies' legal compliance, intellectual property	04/08/2016	04/08/2022	Linedata Ltd	Purchase price paid by Linedata to each vendor
		Taxes	04/08/2016	04/08/2023	Linedata Ltd	2 M£
		Standard guarantees: ownership of the assets; financial, corporate, legal and environmental aspects	04/08/2016	04/08/2019	Linedata Ltd	2 M£
Acquisition of the Gravitas Technology Services LLC shares	Received	Standard guarantees	01/27/2017	01/27/2019	Linedata Services Inc	5.9 M$
Acquisition of the Quality Risk Management & Operations (QRMO) shares	Received	Standard guarantees: contractual capacity, capital and share ownership, intellectual property...	08/07/2017	For guarantees linked to share ownership and intellectual property: 07/08/2023 (6 years) or the end date applicable to the guarantee type concerned. For other guarantees: 07/08/2019 (2 years)	Linedata Services (HK) Limited	For guarantees relating to share ownership and intellectual property: 100% of the acquisition price (i.e. 5.6 M$). For other guarantees: 50% of the acquisition price (i.e. 2.8 M$).

NOTE 3 SEGMENT REPORTING

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

The reported segments correspond to the following business segments:

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

3.1. Segment results

3.1.1. Year ended December 31, 2016

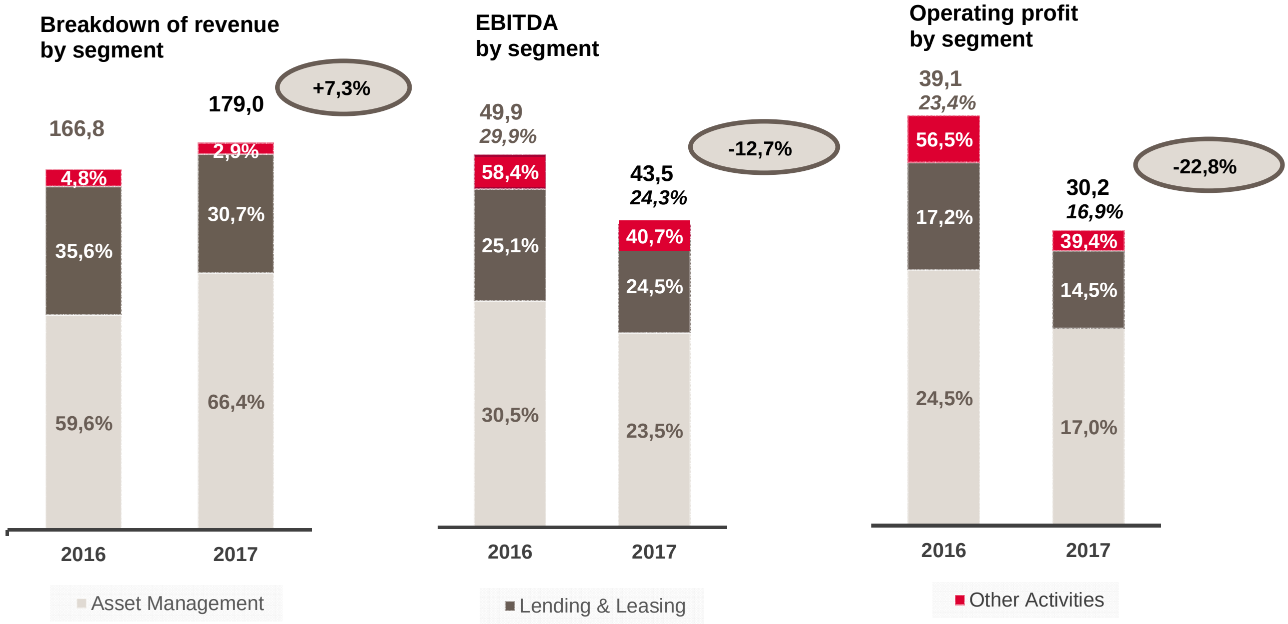
(in € thousands)	Asset Management	Lending & Leasing	Other Activities	Total Group
Revenue	99 389	59 452	7 971	**166 812**
EBITDA	30 297	14 950	4 653	**49 900**
Résultat opérationnel	24 380	10 223	4 500	**39 103**

3.1.2. Year ended December 31, 2017

(in € thousands)	Asset Management	Lending & Leasing	Other Activities	Total Group
Revenue	118 832	54 886	5 283	**179 001**
EBITDA	27 927	13 466	2 150	**43 543**
Operating profit	20 167	7 943	2 083	**30 193**

3.1.3. Sector data

(in €m and as % of revenue)



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

3.2. Breakdown of assets and liabilities by segment

3.2.1. As of December 2016

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

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

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

3.2.2. As of December 2017

(in € thousands)	Asset Management	Lending & Leasing	Other Activities	Total Group
Goodwill	98 569	47 005	6 937	**152 511**
Intangible assets	18 847	10 352	401	**29 600**
Property, plant and equipment	14 219	5 829	1 627	**21 675**
Non-current financial assets	777	149	536	**1 462**
Other non-current assets	431	-	-	**431**
Non-current assets	**132 843**	**63 335**	**9 501**	**205 679**
Current assets	**34 250**	**20 227**	**5 523**	**60 000**
SEGMENT ASSETS	**167 093**	**83 562**	**15 024**	**265 679**
UNALLOCATED ASSETS				**10 657**
TOTAL ASSETS				**276 336**

(in € thousands)	Asset Management	Lending & Leasing	Other Activities	Total Group
Non-current liabilities	3 351	4 660	1 584	**9 595**
Current liabilities	23 436	14 295	6 546	**44 277**
SEGMENT LIABILITIES	26 787	18 955	8 130	**53 872**
Equity				**115 445**
Loans and other financial liabilities				**95 590**
Other unallocated liabilities				**11 429**
EQUITY AND UNALLOCATED LIABILITIES				**222 464**
TOTAL EQUITY AND LIABILITIES				**276 336**

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

3.3. Breakdown of capital expenditure by segment

3.3.1. Year ended December 31, 2016

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

In 2016, Expenditure on property, plant and equipment corresponded mainly to the leasing by Linedata Services of property comprising land and buildings with a value of €13,347 thousand in which it plans to locate its registered office in 2017.

3.3.2. Year ended December 31, 2017

(in € thousands)	Asset Management	Lending & Leasing	Other Activities	Total Group
Intangible assets	5 470	1 188	193	**6 851**
Property, plant and equipment	2 713	833	150	**3 696**
TOTAL CAPITAL EXPENDITURE	8 183	2 021	343	**10 548**

In 2017, expenditure on intangible fixed assets corresponds mainly to the capitalisation of development costs for €5.1 million and expenditure on property, plant and equipment partly relates to work at Linedata Services' head office.

NOTE 4 ACTIVITY

4.1. Revenue

The applicable standard is IAS 18 "*Revenue*".

The Group's revenue comes from four main sources:

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

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

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

In the case of contracts composed of multiple elements (license, maintenance, related services, etc.), the revenue from the provision of the services is recognized separately from the license revenue, if the services provided are not essential to the functionality of the software license.
When the development and/or implementation services are deemed to be material or when the transaction requires a significant modification of the software, the revenue resulting from sales of licenses and the associated services is generally recognized in accordance with the percentage of completion method.

Revenue in respect of the provision of consultancy and training is recognized on completion of the corresponding service. Revenue from services provided under fixed-price contracts is recognized in accordance with the percentage of completion method.
Revenue from maintenance and ASP (Application Service Provider) services is recognized on a pro-rata basis over the term of the contract.

4.1.1 Revenue by nature

(in € thousands)	12/31/2016		12/31/2017	
ASP / Managed Services	36 150	21,7%	44 544	24,9%
Maintenance and support	50 141	30,1%	50 285	28,1%
Recurring licenses	34 911	20,9%	32 502	18,2%
Recurring revenue	**121 202**	**72,7%**	**127 331**	**71,1%**
Implementation, Consulting and Services	39 670	23,8%	46 124	25,8%
Perpetual licenses	5 940	3,6%	5 546	3,1%
Non-recurring revenue	**45 610**	**27,3%**	**51 670**	**28,9%**
REVENUE	**166 812**	**100,0%**	**179 001**	**100,0%**

4.1.2 Geographical breakdown of revenue

(in € thousands)	12/31/2016		12/31/2017	
Southern Europe	58 171	34,9%	55 960	31,3%
Northern Europe	36 271	21,7%	30 887	17,3%
North America	66 667	40,0%	84 804	47,4%
Asia	5 703	3,4%	7 350	4,1%
REVENUE	**166 812**	**100,0%**	**179 001**	**100,0%**

4.2. Trade and other receivables

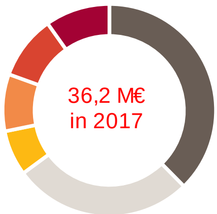
(in € thousands)	12/31/2016	12/31/2017
Trade receivables, gross	39 286	37 208
Impairment of trade receivables	(744)	(1 044)
Trade receivables, net	**38 542**	**36 164**
Tax receivables	2 068	1 506
Other receivables	75	120
Miscellaneous receivables	144	852
Prepaid expenses	3 097	3 477
Other operating receivables, gross	**5 384**	**5 955**
Provisions for impairment losses	-	-
Other operating receivables, net	**5 384**	**5 955**
TRADE AND OTHER RECEIVABLES	**43 926**	**42 119**

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

Accumulated impairment losses on trade receivables changed as follows:

(in € thousands)	12/31/2016	12/31/2017
Accumulated impairment losses on trade receivables as of January 1	847	744
Impairment losses	827	948
Reversals used	(197)	(455)
Reversals not used	(733)	(162)
Foreign currency translation adjustments	(1)	(31)
ACCUMULATED IMPAIRMENT LOSSES ON TRADE RECEIVABLES AS OF DECEMBER 31	**744**	**1 044**

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



(in € thousands)	12/31/2016	12/31/2017
38% - Not yet due	18 128	13 624
27% - Past due - less than 30 days	8 777	9 857
7% - Past due - between 30 and 60 days	4 429	2 483
9% - Past due - between 61 and 90 days	2 618	3 130
10% - Past due - between 91 and 180 days	2 333	3 513
10% - Pas due - more than 181 days	2 257	3 557
TRADE RECEIVABLES, NET AMOUNT	**38 542**	**36 164**

Trade receivables are monitored regularly by the Audit Committee. The Group conducted a review of its portfolio of past due receivables to calculate the necessary impairment based on its best estimate of anticipated recovery.

4.3. Current operating liabilities

(in € thousands)	12/31/2016	12/31/2017
Trade payables	10 481	10 358
Tax and social security liabilities	15 102	15 095
Employee profit-sharing and incentive bonuses	785	358
Other liabilities	1 556	2 443
Deferred income	18 755	15 706
CURRENT OPERATING LIABILITIES	**46 679**	**43 960**

4.4. Other non-current assets and liabilities

(in € thousands)	12/31/2016	12/31/2017
Gross amount	529	431
Provision for impairment losses	-	-
OTHER NON-CURRENT ASSETS	**529**	**431**

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

(in € thousands)	12/31/2016	12/31/2017
Other non-current liabilities	1 120	1 482
OTHER NON-CURRENT LIABILITIES	**1 120**	**1 482**

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 as well as to the guarantee retention in respect of the acquisitions of Derivation Software Limited in 2016 and of QRMO in 2017.

4.5. Purchases and external expenses

(in € thousands)	12/31/2016		12/31/2017	
Sub-contracting purchased: telecom, telematics and publishing	(9 419)	27,6%	(11 311)	28,1%
Other purchases	(1 022)	3,0%	(1 006)	2,5%
Property and other rental expenses	(7 607)	22,3%	(8 870)	22,1%
Temporary employees, service providers and sub-contracting	(5 863)	17,2%	(6 159)	15,3%
Professional fees and insurance	(4 190)	12,3%	(3 901)	9,7%
Traveling and transportation expenses	(3 128)	9,2%	(3 960)	9,8%
Telecommunication and postage	(649)	1,9%	(1 135)	2,8%
Bank charges	(194)	0,6%	(206)	0,5%
Other external expenses	(2 093)	6,1%	(3 676)	9,1%
PURCHASES AND EXTERNAL EXPENSES	**(34 165)**	**100,0%**	**(40 224)**	**100,0%**

At constant exchange rates, purchases and external expenses were broadly unchanged compared with 2016 despite the increase in fees stemming from the rebranding of Linedata in late 2017 and the cost of strategic studies.

4.6. Other recurring operating income and expenses

(in € thousands)	12/31/2016	12/31/2017
Operating foreign currency translation profit	416	827
Royalties	(1 007)	(1 009)
Losses on irrecoverable receivables	(133)	(209)
Attendance fees	(53)	(53)
Other recurring operating income and expenses	(215)	(87)
OTHER RECURRING OPERATING INCOME (EXPENSES)	**(992)**	**(531)**

4.7. Other operating income and expenses

(in € thousands)	12/31/2016	12/31/2017
Gains and losses on disposals of intangible assets and property, plant and equipment	-	(17)
Other non-recurring income	221	168
Other non-recurring expenses	(166)	(39)
OTHER OPERATING INCOME (EXPENSES)	**55**	**112**

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

4.8. Transactions with other related parties

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

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

(in € thousands)	12/31/2016	12/31/2017
Linedata Services' transactions with Invegendo (*)		
Amounts owed to related parties	14	2
Purchases of goods and services	38	8
Linedata Services' transactions with Tecnet Participations (*)		
Amounts owed to related parties	60	40
Purchases of goods and services	100	33
Linedata Services' transactions with Odigo Consulting LLC		
Amounts owed to related parties	-	-
Purchases of goods and services	-	24
Linedata Services' transactions with Amanaat		
Receivables due from related parties	10	26
Revenue	26	22

(*) Liabilities and purchases up to 27 April 2017, i.e. the end date of the term of office of the members of Linedata Services' Supervisory Board

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. Following the change of governance on 27 April 2017, Mr. Bentz and Rubaudo no longer hold a corporate office.
In late-December 2015, Linedata Services signed a contract for the provision of administrative and financial services with its parent company, Amanaat.
Lastly, on 11 December 2017, Linedata Services signed a services contract with Odigo Consulting LLC, whose Chairwoman is Mrs Shabrina Jiva, a member of Linedata Services' Board of Directors.

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

4.9. Fees payable to the statutory auditors

Fees payable to the statutory auditors and members of their networks recognised in 2017 by Linedata Services, together with its fully-consolidated subsidiaries, are as follows:

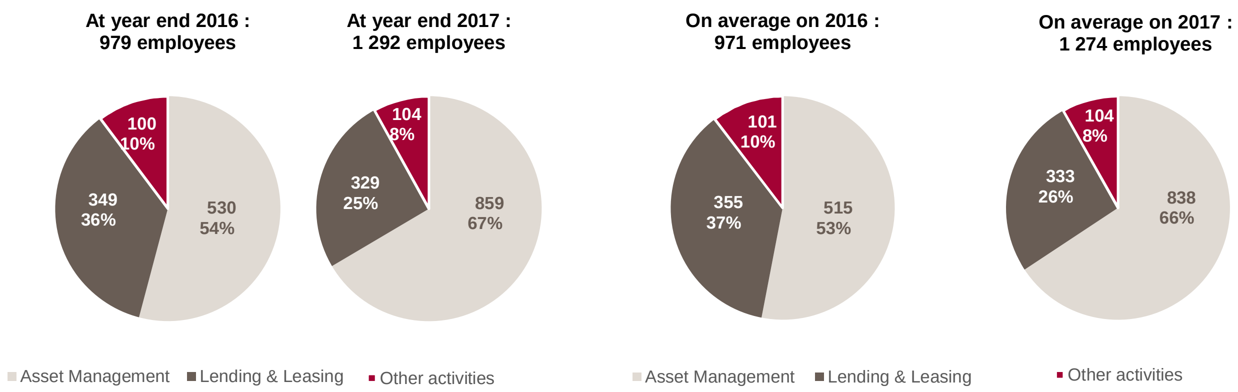
(in € thousands)	ERNST & YOUNG & Others		FINEXSI Audit	
	Amount	%	Amount	%
Certification of the company and consolidated financial statements and review	275	99%	143	99%
Services other than certification of the company financial statements	2	1%	2	1%
FEES PAYABLE TO THE STATUTORY AUDITORS	**276**	**100%**	**144**	**100%**

Services other than certification of the financial statements relate to certifications in respect of bank covenants provided in connection with Linedata Services' bank borrowings and bonds.

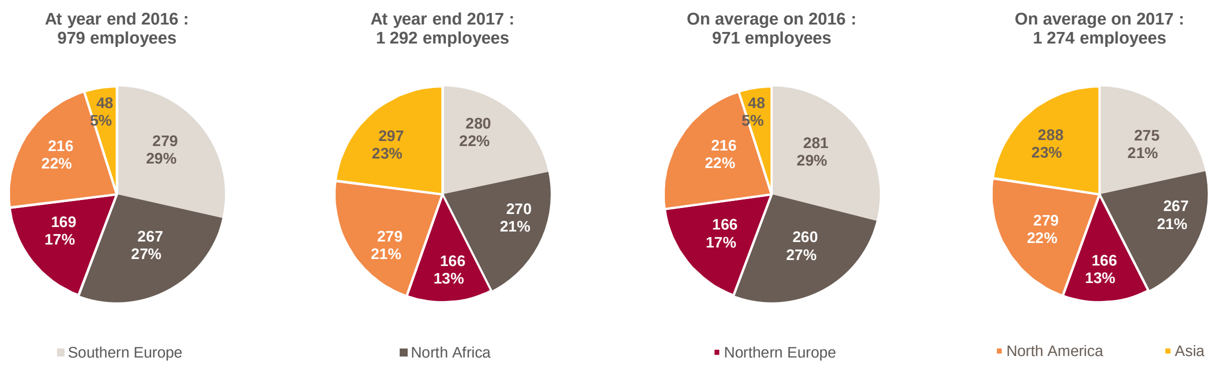
NOTE 5 EMPLOYEE EXPENSES AND BENEFITS

5.1. Workforce

5.1.1. Workforce by segment



5.1.2. Workforce by geographical area



5.2. Employee expenses

(in € thousands)	12/31/2016	12/31/2017
Salaries and wages	(63 886)	(79 579)
Social security contributions	(16 373)	(17 338)
Employee profit-sharing and incentive bonuses	(785)	(358)
Share-based compensation	(271)	(306)
Net additions to (reversals of) provisions for retirement benefit obligations	(225)	(478)
Capitalized development costs	1 724	5 072
Research tax credit	703	534
EMPLOYEE EXPENSES	**(79 113)**	**(92 453)**

Research and development costs, which consisted mainly of employee expenses and totaled €19.4 million (before capitalization), represented 10.8% of revenue in 2017, an increase over 2016 when it represented 10.4% of revenue (totaling €17.3 million before capitalization). A portion of this expenditure was capitalized (see Note 6.2).

5.3. Provisions for retirement and other post-employment benefits

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

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

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

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

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

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

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

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

In France and Tunisia, defined benefit plans concern the payment of retirement benefits. Gravitas Technology Private Limited is subject to a pension scheme in accordance with India's Payment of Gratuity Act of 1972.

5.3.1. Actuarial assuptions actuarielles en France

	12/31/2016	12/31/2017
Discount rate for retirement benefits	1,50%	1,25%
Discount rate for long-service awards	1,00%	1,00%
Rate of future salary increases	3,00%	3,00%
Actuarial life table	TG H/F 2005	TG H/F 2005
Retirement age:		
Managers born before 01/01/1950	64 ans	64 ans
Managers born after 01/01/1950	66 ans	66 ans
Other employees born before 01/01/1950	62 ans	62 ans
Other employees born after 01/01/1950	64 ans	64 ans

Turnover	12/31/2016	12/31/2017
Before 25 years	40%	Between 17% & 25%
25 to 29 years	29%	Between 13% & 18%
30 to 34 years	20%	Between 9% & 13%
35 to 39 years	12%	Between 6% & 9%
40 to 44 years	5%	Between 4% & 6%
45 to 49 years	2%	Between 2% & 4%
50 years and over	0%	< 2%

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, 2017 are:
- ✓ 1,25% by reference to the iBoxx € Corporates AA 10+ for retirement benefits,
- ✓ 1,00% by reference to the iBoxx € Corporates AA 7-10 for long service awards.

5.3.2. Change in the provisions

(en milliers d'euros)	Retirement benefits - France	Retirement benefits - Tunisia	Long-service awards	2016	Retirement benefits - France	Retirement benefits - India & Tunisia	Long-service awards	2017
Provision as of January 1	**6 680**	**69**	**498**	**7 247**	**7 302**	**69**	**485**	**7 856**
Changes in Group structure	-	-	-	-	-	149	-	149
Change in actuarial gains and losses	390	-	-	390	(345)	-	-	(345)
Benefits paid to employees	(292)	-	(29)	(321)	(104)	(15)	(24)	(143)
Foreign currency translation adjustments	-	(6)	-	(6)	-	(24)	-	(24)
Expense for the year	524	6	16	546	552	57	11	620
Cost of services rendered	*399*	*6*	*36*	*441*	*442*	*57*	*34*	*533*
Interest expense	*125*	-	*6*	*131*	*110*	-	*4*	*114*
Amortization of actuarial gains and losses	-	-	*(26)*	*(26)*	-	-	*(27)*	*(27)*
Other - transfers/reversals	-	-	-	-	-	-	-	-
PROVISION AS OF DECEMBER 31	**7 302**	**69**	**485**	**7 856**	**7 405**	**236**	**472**	**8 113**

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.

5.4. Share-based payments

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

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

5.4.1. Bonus share plans

Plan reference	2014 plan (No. 3)	2014 plan (No. 4)
Nature of shares	Linedata Services Shares	Preferred Shares (2)
Date of AGM	05/12/2014	05/12/2014
Date of Executive Board meeting that approved the granted bonus shares	06/13/2014	06/13/2014
Total number of bonus shares approved by the Executive Board	120 500	675
Total number of bonus shares available for acquisition at the end of the performance period, of which:	120 500	675
- for corporate officers (status at time of grant)	-	250
- for the first 10 employees (1)	67 500	425
Total number of beneficiaries, of whom:	32	13
- corporate officers	-	2
- Group employees	32	11
End date of vesting period for grantees resident in France		06/13/2017
End date of vesting period for grantees not resident in France	06/13/2018	
End date of lock-up period for grantees resident in France		06/13/2019
End date of lock-up period for grantees not resident in France	06/13/2018	
Number of bonus shares available for acquisition as of January 1, 2017	54 294	650
Number of bonus shares granted and available for acquisition in 2017	-	-
Number of bonus shares previously granted and acquired in 2017	-	-
Number of bonus shares previously granted and cancelled in 2017	(3 987)	-
Number of bonus shares available for acquisition as of December 31, 2017	**50 307**	**650**

(1) Includes the employees of all of the Group's companies and not just those of the parent company.
(2) A preferred share shall be converted into up to 90 Linedata Services ordinary shares.

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

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

The plan includes performance criteria for all or some of the shares to be awarded.

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

The expense recognized in 2017 for the share purchase option and free share allocation plans was €306 thousand (€271 thousand for 2016).

5.5. Remuneration of senior management (related parties)

(in € thousands)	12/31/2016	12/31/2017
Short-term benefits	2 369	2 583
TOTAL FOR THE YEAR	**2 369**	**2 583**

The Group's main corporate officers comprise members of the Management Board and Supervisory Board, then, with effect from 27 April 2017, of the Chief Executive Officer and members of the Board of Directors as well as members of the Executive Committee.

The Combined Annual General Meeting of April 27, 2017 approved directors' attendance fees of €200 thousand, to be divided between the members of the Board of Directors.

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

NOTE 6 GOODWILL, INTANGIBLE ASSETS AND PROPERTY, PLANT & EQUIPMENT

6.1. Goodwill

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

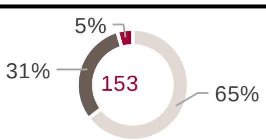
Subsequent to its initial recognition, this goodwill is not amortized but is tested for impairment as soon as there are indications of impairment and at least once a year. The procedures used to carry out the impairment tests in 2015 and 2016 are described in Note 6.4.

Goodwill changed as follows :

(in € thousands)	Gross amount	Accumulated impairment losses	Net carrying amount
As of 12/31/2015	**146 133**	**(16 335)**	**129 798**
Acquisition: Derivation Software Limited	3 043	-	3 043
Foreign currency translation adjustments	(2 534)	(62)	(2 596)
As of 12/31/2016	**146 642**	**(16 397)**	**130 245**
Acquisition: Gravitas Technology Services	30 356	-	30 356
Acquisition: QRMO	3 154		3 154
Foreign currency translation adjustments	(11 720)	476	(11 244)
As of 12/31/2017	**168 432**	**(15 921)**	**152 511**

Acquisitions staged during the year generated $31,998 thousand of goodwill on Gravitas and HK$28,093 thousand on QRMO.

The breakdown of goodwill by segment is as follows:



(in € thousands)	12/31/2016	12/31/2017
Asset Management	73 745	98 658
Lending & Leasing	49 576	46 914
Insurance/Pension Funds	6 924	6 939
GOODWILL, NET	**130 245**	**152 511**

6.2. Intangible assets

<u>Separately acquired intangible assets</u>
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.

<u>Intangible assets acquired as part of a business combination</u>
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.

<u>Internally-generated intangible assets</u>
Pursuant to IAS 38 "*Intangible Assets*":

✓ research costs are recognized as an expense in the period in which they are incurred,

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

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

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

Intangible assets changed as follows:

(in € thousands)	Purchased Software	Development costs	Customer relationships	Other intangible assets	INTANGIBLE ASSETS
Gross amount as of 12/31/2016	**44 791**	**29 397**	**20 265**	**2 182**	**96 635**
Changes in Group structure	9 207	-	1 176	-	10 383
Acquisitions	1 769	5 072	-	10	6 851
Disposals	(206)	-	-	-	(206)
Other movements	(571)	-	-	-	(571)
Foreign currency translation adjustments	(2 959)	(1 429)	(1 995)	(264)	(6 647)
GROSS AMOUNT AS OF 12/31/2017	**52 031**	**33 040**	**19 446**	**1 928**	**106 445**

The changes in consolidation scope related to the Gravitas Technology Services et QRMO acquisitions and, in particular, to the fair value of the software and customer relations acquired.

Acquisitions primarily relate to the capitalization of R&D totaling €5.1 million, the creation of an ASP platform and overhaul of the website.

(in € thousands)	Purchased Software	Development costs	Customer relationships	Other intangible assets	INTANGIBLE ASSETS
Accumulated amortization as of 12/31/2016	**(35 396)**	**(21 074)**	**(14 212)**	**(2 182)**	**(72 864)**
Amortization expense	(4 089)	(2 775)	(1 388)	(3)	(8 255)
Reversal of amortization expense	208	-	-	-	208
Other movements	(7)	-	-	-	(7)
Foreign currency translation adjustments	1 410	1 031	1 368	264	4 073
ACCUMULATED AMORTIZATION AS OF 12/31/2017	**(37 874)**	**(22 818)**	**(14 232)**	**(1 921)**	**(76 845)**

(in € thousands)	Purchased Software	Development costs	Customer relationships	Other intangible assets	INTANGIBLE ASSETS
Net amount as of 12/31/2016	**9 395**	**8 323**	**6 053**	**-**	**23 771**
NET AMOUNT AS OF 12/31/2017	**14 157**	**10 222**	**5 214**	**7**	**29 600**

6.3. Property, plant and equipment

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

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

- ✓ buildings 5 to 20 years
- ✓ improvements 5 to 20 years
- ✓ equipment and tools 2 to 5 years
- ✓ office furniture and equipment 2 to 5 years

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

Finance leases

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

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

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

Operating leases

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

Property, plant and equipment changed as follows:

(in € thousands)	Land, Buildings	Fixtures, furniture & other equipment	Computer hardware	PROPERTY, PLANT AND EQUIPMENT	Of which finance leases
Gross amount as of 12/31/2016	**15 104**	**15 293**	**28 230**	**58 627**	**14 331**
Changes in Group structure	85	918	4 033	5 036	2 431
Acquisitions	-	2 366	1 792	4 158	-
Disposals	-	(4 989)	(4 165)	(9 154)	-
Other movements	-	(185)	856	671	(125)
Foreign currency translation adjustments	(315)	(739)	(2 163)	(3 217)	(294)
GROSS AMOUNT AS OF 12/31/2017	**14 874**	**12 664**	**28 583**	**56 121**	**16 343**

Investments relate to servers, computer hardware and office equipment and work at Linedata's new head office at 27, Rue d'Orléans, 92200 Neuilly-sur-Seine, France.

Sales of fixtures and fittings essentially relate to the scrapping of fully amortised fixtures and fittings and furniture used by Linedata Services in its former head office.

(in € thousands)	Land, Buildings	Fixtures, furniture & other equipment	Computer hardware	PROPERTY, PLANT AND EQUIPMENT	Of which finance leases
Accumulated amortization as of 12/31/2016	**(745)**	**(12 774)**	**(24 312)**	**(37 831)**	**(1 033)**
Changes in Group structure	(37)	(541)	(3 069)	(3 647)	(1 933)
Amortization expense	(607)	(948)	(3 027)	(4 582)	(911)
Reversal of amortization expense	-	4 973	4 155	9 128	-
Other movements	-	62	(62)	-	78
Foreign currency translation adjustments	115	548	1 823	2 486	256
ACCUM. AMORTIZATION AS OF 12/31/2017	**(1 274)**	**(8 680)**	**(24 492)**	**(34 446)**	**(3 543)**

(in € thousands)	Land, Buildings	Fixtures, furniture & other equipment	Computer hardware	PROPERTY, PLANT AND EQUIPMENT	Of which finance leases
Net amount as of 12/31/2016	**14 359**	**2 519**	**3 918**	**20 796**	**13 298**
NET AMOUNT AS OF 12/31/2017	**13 600**	**3 984**	**4 091**	**21 675**	**12 800**

6.4. Impairment of assets

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

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

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

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

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

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

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

6.4.1. Impairment testing procedures

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

- ✓ the forecasts used were based on past experience, the order books and products under development, and they were calculated on a slightly less optimistic basis that those drawn up for each business segment,
- ✓ the growth rate to infinity was calculated at 1.5%, the same as that used for 2016,
- ✓ the discount rate was calculated at 11% after tax (the same as in 2016).

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

The tests carried out in respect of the business segments indicated that there was no need to recognize any impairment losses in goodwill for the year ended December 31, 2017.

6.4.2. Sensitivity of goodwill impairment tests

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

(in € millions)	Asset Management	Lending & Leasing	Other Activities
Difference between value in use and carrying amount	**19,3**	**21,3**	**2,2**
Impact on recoverable amount in the event of			
a 1-point increase in the discount rate	(14,4)	(7,5)	(1,5)
a 1-point fall in the perpetual growth rate	(9,7)	(4,9)	(1,0)
Combination of the two factors	(22,1)	(11,4)	(2,3)

The impact on the margin of the test combination of the two factors is noticeable for the Asset Management and Other Activities business segments, but it should be remembered that the projections used for the purposes of these tests factor in a prior deterioration of the projections compiled at the level of each business segment.

6.5. Off-balance sheet commitments related to operating activities

The group leases premises though operating leases.

As of December 31, 2017, the future minimum annual lease payments on non-cancellable operating leases were as follows:

	Liabilities by period				
(in € thousands)	Less than 1 year	1 to 5 years	More than 5 years	12/31/2017	12/31/2016
Operating lease contracts	**4 232**	**10 726**	**2 092**	**17 050**	**14 654**

NOTE 7 OTHER PROVISIONS AND CONTINGENT LIABILITIES

7.1. Other provisions

A provision is recognized when:

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

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

Changes in the provisions were as follows:

(in € thousands)	Provisions for legal proceedings	Other provisions	PROVISIONS
Provision as of 12/31/2016	614	-	614
Additions	41	-	41
Reversals - provision used	(117)	-	(117)
Reversals - provision not used	(219)	-	(219)
Effect of translation and other changes	(2)	-	(2)
PROVISION AS OF 12/31/2017	**317**	**-**	**317**
Of which non-current provisions	-	-	-
Of which current provisions	317	-	317

Provisions for disputes related mainly to staff disputes. Provision reversals related to several disputes that were resolved in early-2017.

7.2. Contingent liabilities

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

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

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

At the end of December 2012 and at the end of December 2015, the French companies received notification of a proposed tax reassessment following a tax audit of fiscal years 2009, 2010 and 2012 to 2014. Given the developments related to the tax litigation case concerning tax credit applicable to withholding tax levied on customers based in North Africa with regard to transactions that took place in 2009, 2010 and 2012 to 2014, the Group had decided to recognize a provision in respect of the full amount of the risk. In November 2017, Linedata Services SA, the head of the tax group and liable as such for the Group's corporation tax, provided a bank guarantee to the French tax authorities for an amount of €244 thousand.

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

NOTE 8 FINANCING AND FINANCIAL INSTRUMENTS

8.1. Financial assets and liabilities

The main components of financial assets and liabilities are:

- ✓ long-term financial liabilities, short-term loans and bank overdrafts that make up the Group's gross debt (see Note 8.1.2)
- ✓ loans and other long-term financial assets and cash and cash equivalents that are added to the gross debt to calculate the Group's net debt (see Note 8.1.3)
- ✓ derivative financial instruments (see Note 8.1.4)
- ✓ other current and non-current financial assets and liabilities (see Note 8.1.5)

8.1.1. Fair value of financial assets and liabilities

	12/31/2016		Breakdown by type of financial instrument				
(in € thousands)	Carrying amount	Fair value	Financial assets and liabilities at fair value through profit or loss	Available-for-sale financial assets	Loans, receivables and other liabilities	Financial liabilities at amortized cost	Derivative financial instruments
Non-current financial assets	820	820		-	820		
Other non-current assets	529	529			529		
Trade and other receivables	43 926	43 926			43 926		
Cash and cash equivalents	32 219	32 219	32 219				
FINANCIAL ASSETS	**77 494**	**77 494**	**32 219**	**-**	**45 275**	**-**	**-**
Non-current loans and financial liabilities	49 908	49 908				49 753	155
Other non-current liabilities	1 120	1 120			1 120		
Current loans and financial liabilities	22 022	22 022				22 022	
Current operating liabilities	46 679	46 679			46 679		
FINANCIAL LIABILITIES	**119 729**	**119 729**	**-**	**-**	**47 799**	**71 775**	**155**

	12/31/2017		Breakdown by type of financial instrument				
(in € thousands)	Carrying amount	Fair value	Financial assets and liabilities at fair value through profit or loss	Available-for-sale financial assets	Loans, receivables and other liabilities	Financial liabilities at amortized cost	Derivative financial instruments
Non-current financial assets	1 462	1 462	-	-	1 462		
Other non-current assets	431	431	-		431		
Trade and other receivables	42 119	42 119	-		42 119		
Cash and cash equivalents	17 881	17 881	17 881				
FINANCIAL ASSETS	**61 893**	**61 893**	**17 881**	**-**	**44 012**	**-**	**-**
Non-current loans and financial liabilities	81 002	81 002	-			80 938	64
Other non-current liabilities	1 482	1 482	-		1 482		
Current loans and financial liabilities	14 588	14 588	-			14 588	
Current operating liabilities	43 960	43 960	-		43 960		
FINANCIAL LIABILITIES	**141 032**	**141 032**	**-**	**-**	**45 442**	**95 526**	**64**

8.1.2. Gross debt

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

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

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

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

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

(in € thousands)	12/31/2016	Changes in Group structure	Additions	Repayments	Change in fair value	Reclassification	Foreign currency translation adjustments	12/31/2017
Bond loans	34 563	-	-	-	-	59	-	34 622
Syndicated loans	-	-	31 931	-	-	(3 742)	(1 177)	27 012
Other bank loans	3 333	-	8 000	-	-	(2 417)	-	8 916
Finance lease liabilities	11 760	129	-	(119)	-	(1 373)	(9)	10 388
Other financial liabilities	252	-	-	(97)	(91)	-	-	64
Non-current loans and other financial liabilities	**49 908**	**129**	**39 931**	**(216)**	**(91)**	**(7 473)**	**(1 186)**	**81 002**
Bond loans	(57)	-	-	57	-	(59)	-	(59)
Syndicated loans	18 640	-	7 957	(22 151)	-	3 742	(1 177)	7 011
Other bank loans	1 667	326	4 000	(2 721)	-	2 417	(22)	5 667
Finance lease liabilities	1 344	225	-	(1 471)	-	1 373	(22)	1 449
Accrued interest	428	-	92	-	-	-	-	520
Other financial liabilities	-	-	-	-	-	-	-	-
Bank overdrafts	-	667	-	(623)	-	-	(44)	-
Current loans and other financial liabilities	**22 022**	**1 218**	**12 049**	**(26 909)**	**-**	**7 473**	**(1 265)**	**14 588**
FINANCIAL GROSS DEBT	**71 930**	**1 347**	**51 980**	**(27 125)**	**(91)**	**-**	**(2 451)**	**95 590**

In connection with the acquisition of Gravitas Technology Services in January 2017, Linedata Services restructured its debt by means of the full early repayment of the €18.7 million of syndicated debt and by entering into a contract for syndicated loans of €20 million and $21.4 million, amortisable over five years and three years respectively.
In July 2017, Linedata repaid the first instalment of its $4.3 million loan.

Furthermore, in June and July 2017, Linedata Services contracted two bilateral loans for €5 million each, amortisable over five years, and repaid €2.5 million of existing bilateral loans.
Linedata also subscribed to a bilateral credit facility for a maximum amount of €5 million for a period of one year. At 31 December 2017, Linedata had used €2 million of this credit facility.
Lastly, Linedata repaid €1.3 million on the property lease from 2016 during the year.

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

At the end of December 2017, therefore, the Group had the following credit lines:

(in € thousands)	Grant date	Maturity date	Notional amount when granted	Authorized amount as of 12/31/2017
Bond loans	June 2015	May 2022	35 000	35 000
Syndicated loan - in EUR	January 2017	January 2022	20 000	20 000
Syndicated loan - in USD	January 2017	July 2019	14 278	14 278
Bilateral credit	April 2016	April 2019	5 000	3 333
Bilateral credit	June 2017	June 2022	5 000	4 500
Bilateral credit	January 2017	July 2019	5 000	4 750
Credit facility	August 2017	August 2018	5 000	5 000
			89 278	**86 861**

The applicable bank terms are as follows:

- ✓ the bond loan and bilateral credits contracted in June and July 2017 have a fixed interest rate
- ✓ the interest rate is equal to Euribor for the syndicated borrowing denominated in euros, and Libor for the syndicated borrowing denominated in US dollars 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 interest rate is equal to Euribor plus a margin for the prior bilateral credit

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

8.1.3. Net debt

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

(in € thousands)	12/31/2016	12/31/2017
Bond loans	34 506	34 563
Syndicated loans	18 640	34 023
Other bank loans	5 000	14 583
Finance lease liabilities	13 104	11 837
Accrued interest	428	520
Other financial liabilities	252	64
Bank overdrafts	-	-
Financial Gross Debt	**71 930**	**95 590**
Marketable securities	15 799	175
Cash	16 420	17 706
Cash and cash equivalents	**32 219**	**17 881**
FINANCIAL NET DEBT	**39 711**	**77 709**

8.1.4. Derivative financial instruments

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

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

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

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

8.1.5. Other financial assets and liabilities

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

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

(in € thousands)	**12/31/2016**	**12/31/2017**
Deposits and sureties	806	1 456
Other non-current financial assets	14	6
Gross amount	**820**	**1 462**
Provision for impairment losses	-	-
NON-CURRENT FINANCIAL ASSETS	**820**	**1 462**

The increase in deposits and guarantees essentially relates to the establishment of cash pledges in connection with the bilateral borrowings entered into in June and July 2017

8.2. Financial income and expenses

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

8.2.1. Net borrowing costs

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

(in € thousands)	**12/31/2016**	**12/31/2017**
Income from cash and cash equivalents	15	(52)
Interest expense	(1 852)	(2 416)
Gains (losses) on hedging instruments (interest rate differential)	(42)	(122)
NET BORROWING COSTS	**(1 879)**	**(2 590)**

The average amount of borrowings outstanding was €93.3 million in 2017, compared with €62.2 million in 2016, due mainly to the borrowings entered into to finance the acquisitions staged in 2017.
The average cost of borrowing after factoring in hedging instruments was 2.7% in 2016 compared with 3.0% in 2016.

8.2.2. Other financial income and expenses

(in € thousands)	12/31/2016	12/31/2017
Foreign currency translation gains	1 239	732
Change in the value of derivative financial instruments	-	54
Other financial income	16	11
Total other financial income	**1 255**	**797**
Foreign currency translation losses	(1 085)	(5 822)
Other financial expenses	(1 461)	(270)
Total other financial expenses	**(2 546)**	**(6 092)**
OTHER FINANCIAL INCOME (EXPENSES)	**(1 291)**	**(5 295)**

Foreign currency translation gains and losses related mainly to commercial transactions denominated in foreign currencies, mainly in US dollars, notably due to the repayment in 2017 of US dollar advances granted by Linedata Services to its American subsidiaries. At the end of 2017, the US dollar intra-Group borrowing granted in connection with the acquisition of the assets of CapitalStream was fully repaid.

8.3. Financial risk management policy

8.3.1. Market risks

Currency risk

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

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

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

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

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

As of December 31, 2016, the net carrying amount of the assets and liabilities recorded by the Group's entities in a currency other than their operating currency was as follows:

(in thousands)	USD	CAD	GBP	TND	HKD	MAD	INR	Total converted to EUR
Assets	85 135	6 686	40 347	11 588	27 245	3 104	19 654	137 225
Liabilities	26 670	2 895	10 980	3 312	15 192	563	3 435	39 891
Net position before hedging	**58 465**	**3 791**	**29 367**	**8 276**	**12 053**	**2 541**	**16 219**	**97 333**
Hedging financial instruments	3 450							1 409
NET POSITION AFTER HEDGING	**55 015**	**3 791**	**29 367**	**8 276**	**12 053**	**2 541**	**16 219**	**95 924**

The position at December 31, 2017 was as follows:

(in thousands)	USD	CAD	GBP	TND	HKD	MAD	INR	Total converted to EUR
Assets	131 670	6 765	37 141	6 835	87 247	3 927	103 253	169 482
Liabilities	25 568	2 322	8 932	2 922	35 080	365	66 570	38 569
Net position before hedging	**106 102**	**4 443**	**28 210**	**3 912**	**52 167**	**3 562**	**36 683**	**130 914**
Hedging financial instruments								
NET POSITION AFTER HEDGING	**106 102**	**4 443**	**28 210**	**3 912**	**52 167**	**3 562**	**36 683**	**130 914**

Sensibility analysis

A 10% fall in each exchange rate against the euro would have an impact of (-) €18,253 thousand on the net position as of December 31, 2017 compared with (-) €11,623 thousand as of December 31, 2016. A 10% increase in these exchange rates would have an impact of €14,589 thousand on the net position as of December 31, 2017, compared with €9,391 thousand as of December 31, 2016.

Interest rate risk

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

Loan hedging instruments

The Group entered into hedging agreements when it subscribed to the bond and syndicated loans in June 2015. These swaps were subject to early cancellation in January 2017. In parallel, two new hedging contracts were established in order to meet the obligations under the bank loans entered into in February 2017.
The interest rate applicable to the bank borrowing is Euribor for the borrowing denominated in euros and Libor for the part denominated in US dollars; the aim therefore is to protect against the risk of an increase in this rate.

As of December 31, 2017, the Group had a swap contract (3-month Euribor swappable for fixed rate of 0.165%) which represents a hedge of 75% of the syndicated loan in euros, or a notional hedged amount of €15 million maturing on January 24, 2022 and another swap contract (3-month Libor swappable for fixed rate of 1.455%) which represents a hedge of 74.75% of the syndicated loan in US dollars, or a notional hedged amount of $12.8 million maturing on January 24, 2019 .

As of December 31, 2017, these different hedging contracts were valued at (-) €64 thousand (carried entirely as a liability) compared with (-) €101 thousand as of December 31, 2016.

The valuation difference, i.e. (-) €37 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, 2017:

	Less than 1 year		1 to 5 years		More than 5 years		Total carrying amount		
(in € thousands)	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate	Total
Bond loans	(60)	-	34 623	-	-	-	34 563	-	34 563
Syndicated loans	-	7 013	-	27 011	-	-	-	34 023	34 023
Other bank loans	2 000	3 667	7 250	1 666	-	-	9 250	5 333	14 583
Finance lease liabilities	1 448	-	4 875	-	5 514	-	11 837	-	11 837
Accrued interest	-	520	-	-	-	-	-	520	520
Other financial liabilities	-	-	64	-	-	-	64	-	64
Bank overdrafts	-	-	-	-	-	-	-	-	-
Cash and cash equivalents	17 706	175	-	-	-	-	17 706	175	17 881
NET EXPOSURE BEFORE HEDGING	**21 094**	**11 375**	**46 812**	**28 677**	**5 514**	**-**	**73 420**	**40 051**	**113 471**
Interest rate hedging instruments	5 336	(5 336)	20 336	(20 336)		-	25 673	(25 673)	-
NET EXPOSURE AFTER HEDGING	**26 430**	**6 038**	**67 148**	**8 340**	**5 514**	**-**	**99 093**	**14 378**	**113 471**

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

For 2017, based on average loan outstandings and current bank overdrafts, a 100 basis point increase in interest rates would have resulted in a €78 thousand increase in the cost of the Group’s net debt, i.e. 3.0% of that cost.

Equity risk

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

8.3.2. Liquidity risk

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

As of December 31, 2017, the Group had gross cash and cash equivalents of €17.9 million and gross financial liabilities of €95.6 million. It also had an undrawn credit line of €3 million.

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

(in € thousands)	Carrying amount	Contractual cash flows						Total
		2018	2019	2020	2021	2022	2023 and beyond	
Bond loans	34 563	-	-	-	-	35 000	-	35 000
Syndicated loans	34 023	7 139	7 139	8 000	8 000	4 000	-	34 277
Other bank loans	14 583	5 667	3 666	2 000	2 000	1 250	-	14 583
Finance lease liabilities	11 837	1 448	1 335	1 335	1 252	953	5 514	11 837
Accrued interest	520	520	-	-	-	-	-	520
Other financial liabilities	64	-		64	-	-	-	64
Bank overdrafts	-	-				-	-	-
Financial Gross Debt	**95 590**	**14 774**	**12 140**	**11 399**	**11 252**	**41 203**	**5 514**	**96 281**
Cash and cash equivalents	17 881	17 881						17 881
FINANCIAL NET DEBT	**77 709**	**(3 108)**	**12 140**	**11 399**	**11 252**	**41 203**	**5 514**	**78 400**

8.3.3. Credit risk

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

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

8.4.1. Covenants

In connection with the bond contract established in June 2015 and the bank loan contract signed in January 2017, Linedata Services undertook, under the terms of covenants, to ensure that as of December 31, 2017, the leverage ratio, i.e. the amount of the net debt divided by the consolidated EBITDA, would not exceed 2.5.

As of December 31, 2017, the leverage ratio stood at 1.783.

8.4.2. Collateral

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

8.4.3. Other commitments

As part of its bond loan contracts, Linedata Services made a number of additional commitments to the banks when it signed its contract, which include a commitment not to subscribe to additional cumulated financial debt of more than €5 million on top of its existing loans, throughout the term of the loan contracts, or to limit the Group's total annual investment. With effect from 21 July 2017, the cap on the non-subscription commitment in respect of additional borrowings was increased by €5 million to €60 million.

NOTE 9 INCOME TAX

9.1. Income tax

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

9.1.1. Income tax expense

(in € thousands)	12/31/2016	12/31/2017
Current taxes	(13 389)	(5 110)
Deferred taxes	1 026	2 588
INCOME TAX EXPENSE	**(12 363)**	**(2 522)**

For the year ended December 31, 2017, the Group recognized a tax charge of €2.522 million, which corresponds to an effective tax rate of 11.31%. This tax rate essentially reflects the favourable effects of the American tax reform on deferred tax liabilities and those linked to currency losses recognised by Linedata Services SA during the year whose tax effects correspond to a rate of 8.1%.

The amount of losses not recognized at December 31, 2017 totaled €3.686 million, i.e. unrecognized assets of €774 thousand.

9.1.2. Analysis of the tax charge

(in € thousands)	12/31/2016		12/31/2017	
Profit (loss) before tax	**35 933**		**22 308**	
Theoretical tax expense	**(12 372)**	**34,43%**	**(7 681)**	**34,43%**
Reconciliation				
Other Permanent differences	686	(1,9%)	1 320	(5,9%)
Impact of unactivated tax losses	(28)	0,1%	(36)	0,2%
Impact of research tax credit	21	(0,1%)	-	-
Impact of share-based payments	(157)	0,4%	31	(0,1%)
Corporate value-added tax (CVAE)	(530)	1,5%	(410)	1,8%
Tax rate differences - France / other currencies	1 131	(3,1%)	2 066	(9,3%)
Withholding tax on services abroad	(996)	2,8%	(256)	1,1%
American tax reform: Repatriation tax		-	(1 771)	7,9%
American tax reform: cut in the tax rate			4 202	(18,8%)
Other	(118)	0,3%	13	(0,1%)
EFFECTIVE TAX EXPENSE / EFFECTIVE TAX RATE	**(12 363)**	**34,41%**	**(2 522)**	**11,31%**

The €2.4 million impact on taxation of the American tax reform consists of the recognition of an additional current tax charge of €1.8 million corresponding to tax on the repatriation of accumulated profits from overseas, i.e. from the Irish, British and Indian subsidiaries of the American companies, offset by deferred tax income of €4.2 million corresponding to the cut in the tax rate from 35% to 21% on the deferred tax liabilities recognised on the goodwill and intangible assets amortised for tax purposes in the United States. Other impacts on the effective tax rate relate almost exclusively to the lack of taxation on the results of the Tunisian subsidiaries notably.

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

(in € thousands)	12/31/2016		12/31/2017	
Southern Europe	(5 656)	41,70%	(844)	12,26%
Northern Europe	(1 344)	17,91%	(1 004)	16,66%
North America	(5 210)	37,47%	(518)	6,11%
Asia	(153)	15,87%	(156)	17,09%
EFFECTIVE TAX EXPENSE / EFFECTIVE TAX RATE	**(12 363)**	**34,41%**	**(2 522)**	**11,31%**

9.2. Deferred taxes

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

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

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

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

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

(in € thousands)	12/31/2016	12/31/2017
Retirement benefit obligations	2 045	1 901
Activated tax losses	-	576
Intangible assets	(11 211)	(7 421)
Other temporary differences	2 012	748
NET DEFERRED TAXES	**(7 154)**	**(4 196)**
Of which:		
Deferred tax assets in less than one year	5 133	4 127
Deferred tax assets in more than one year	-	21
Deferred tax liabilities in less than one year	(563)	(543)
Deferred tax liabilities in more than one year	(11 724)	(7 801)

The deferred tax liability due in more than one year declined significantly due to the US tax reform and, more specifically, the cut in the tax rate to 21%, which had an impact on deferred tax recognised on goodwill and intangible assets amortised for tax purposes of €4.2 million. This decline in the deferred tax liability due in more than one year was partly offset by the recognition of a deferred tax liability on the fair value valuation of intangible assets recognised as a result of the acquisition of Gravitas and QRMO.

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

(in € thousands)	12/31/2016	12/31/2017
As of January 1	(7 111)	(7 154)
Taxes recognized in profit or loss	1 026	2 588
Taxes recognized in equity	(904)	1 066
Foreign currency translation adjustments	(165)	(696)
AS OF DECEMBER 31	**(7 154)**	**(4 196)**

The deferred taxes recognized in equity comprised €612 thousand of deferred tax in respect of the intangible assets acquired as part of the Gravitas and QRMO acquisitions.

NOTE 10 EQUITY AND EARNINGS PER SHARE

10.1. Equity

Linedata Services had capital stock of €7,294,029 on December 31, 2017, comprising 7,294,029 shares with a par value of €1 of which 7,293,356 are class A shares and 673 are class B preference shares.

10.1.1. Change in capital stock

The share capital was increased by €673 following the issuance of 673 preference shares on 13 June 2017, in accordance with the Plan for the Allocation of Free Preference Shares in Linedata Services SA implemented in June 2014.

On 30 June 2017, Linedata Services' Board of Directors cancelled 48,026 treasury shares and reduced the nominal share capital accordingly by €48,026.

10.1.2. Treasury stock transactions

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

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

As of December 31, 2017, Linedata Services held 115,401 of its own shares, which it acquired as part of the buyback plans authorized by the Annual General Meeting for a total of €4,241 thousand, or an average purchase price of €36.75. These treasury shares were valued at €4,536 thousand (€39.31) at December 31, 2017.

All treasury stock transactions are recognized directly in equity. The impact over the year stands at (-) €1,716 thousand.

10.1.3. Dividends

The Combined Annual General Meeting of Linedata Services' shareholders on April 27, 2017 decided to pay, in respect of the year ended December 31, 2016, an ordinary dividend of €11,012 thousand (€1.50 per share). This dividend, excluding that in respect of treasury shares, totaled €10,775 thousand and was paid on July 7, 2017. The theoretical dividend in respect of the previous financial year was an ordinary dividend of €10,249 thousand (€1.40 per share), as well as an exceptional dividend of €21,961 thousand (€3 per share).

10.2. Earnings per share

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

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

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

	12/31/2016	12/31/2017
Profit for the year attributable to owners of the Company *(in € thousands)*	23 570	19 786
Weighted average number of common shares outstanding	7 208 132	7 202 011
BASIC EARNINGS PER SHARE (in €)	**3,27**	**2,75**

	12/31/2016	12/31/2017
Profit for the year attributable to owners of the Company *(in € thousands)*	23 570	19 786
Weighted average number of common shares outstanding	7 208 132	7 202 011
Weighted average number of shares retained in respect of dilutive items	7 477	-
Weighted average number of shares used to calculate diluted net earnings per share	7 215 609	7 202 011
DILUTED EARNINGS PER SHARE (in €)	**3,27**	**2,75**

10.3. Management of capital risk

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

The debt ratio changed as follows:

(in € thousands)	12/31/2016	12/31/2017
Loans and similar borrowings	71 678	95 526
Cash and cash equivalents	(32 219)	(17 881)
Net debt(*)	**39 459**	**77 645**
Equity attributable to owners of the Company	114 945	115 445
GEARING RATIO	**34,3%**	**67,3%**

(*) not including miscellaneaous other financial liabilities

NOTE 11 EVENTS AFTER THE REPORTING PERIOD

None.

NOTE 12 FOREIGN CURRENCY CONVERSION RATES

	Average rate for the year			Rate as of December 31		
	Exercice 2016	Exercice 2017	Change	Exercice 2016	Exercice 2017	Change
Tunisian Dinar	2,3731	2,7205	12,8%	2,4213	2,9416	17,7%
Moroccan dirham	10,8492	10,9414	0,8%	10,6540	11,1980	NA
US Dollar	1,1066	1,1293	2,0%	1,0541	1,1993	12,1%
Canadian Dollar	1,4664	1,4644	(0,1%)	1,4188	1,5039	5,7%
Hong Kong Dollar	8,5900	8,8012	2,4%	8,1751	9,3720	12,8%
Pound Sterling	0,8189	0,8761	6,5%	0,8562	0,8872	3,5%
Indian Rupee	74,3553	73,4980	(1,2%)	71,5935	76,6055	6,5%