PRODWARE GROUP

CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2016

prodware

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1. CONSOLIDATED INCOME STATEMENT

(€k)

		31/12/2016	31/12/2015
Revenue	*Note 7*	**175,846**	**181,828**
Consumed purchases		-57,085	-59,725
External expenses		-32,848	-30,613
Employee benefits expense	*Note 8*	-54,806	-54,414
Taxes and similar payments		-1,707	-2,045
Depreciation and amortisation expenses, net of provision reversals		-14,444	-12,071
Other current operating income and expenses	*Note 9*	816	-7,589
Current operating income		**15,773**	**15,372**
Other operating income and expenses	*Note 10*	-1,020	-5,579
Operating profit		**14,754**	**9,793**
Net cost of financial debt	*Note 11*	-3,476	-2,768
Other financial income and expenses	*Note 11*	-2,125	-780
Financial income		**-5,601**	**-3,548**
Income tax expense	*Note 12*	-95	-397
Share of profit of associates and joint ventures	*Note 14*	65	31
Net income from continuing activities		**9,123**	**5,879**
Net income from transferred activities	*Note 15*	346	-287
Net consolidated income		**9,470**	**5,592**
Equity attributable to minority interests		-32	83
Net income, Group share		**9,438**	**5,675**
Basic earnings per share (on average number, €)	*Note 13*	**1.219**	**0.717**
Diluted earnings per share (€)	*Note 13*	**0.965**	**0.668**

2. CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(In €k)

	31/12/2016	31/12/2015
Net income, Group share	**9,438**	**5,675**
Non-controlling interests	32	-83
NET CONSOLIDATED INCOME	**9,470**	**5,592**
Other comprehensive income that may not be recycled subsequently to net income:	**-**	**-**
Net gain arising on revaluation of tangible assets		
Net gain arising on revaluation of intangible assets		
Actuarial gains and losses on retirement benefit obligations		**313**
Other comprehensive income that may be recycled subsequently to net income:		**-**
Currency translation differences - Group	**3,830**	**174**
Change in fair value of available-for-sale financial assets		
Change in fair value of cash flow hedge derivatives		
Income tax relating to components of other comprehensive income recognised directly in equity	**79**	
CHANGE IN GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY	**3,909**	**487**
TOTAL COMPREHENSIVE INCOME RECOGNISED DIRECTLY IN EQUITY	**13,379**	**6,079**
OF WHICH:		
GROUP SHARE	**13,327**	**6,128**
ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	**52**	**-49**

3. CONSOLIDATED BALANCE SHEET

(In €k)

		31/12/2016	31/12/2015
Goodwill	*Note 16*	32,847	32,847
Intangible assets	*Note 17*	60,642	91,360
Tangible assets	*Note 17*	4,909	7,645
Fixed asset investments	*Note 18*	2,476	2,340
Investments in associates and joint ventures	*Note 18*	64,875	575
Deferred tax assets	*Note 12*	10,478	10,465
NON-CURRENT ASSETS		**176,227**	**145,231**
Inventories and work in progress	*Note 19*	111	135
Trade and other receivables	*Note 20*	50,282	52,484
Other current assets	*Note 20*	20,508	20,153
Cash and cash equivalents	*Note 21*	24,482	9,062
CURRENT ASSETS		**95,382**	**81,833**
TOTAL ASSETS		**271,609**	**227,064**

		31/12/2016	31/12/2015
Issued capital	*Note 22*	5,330	5,330
Share premiums		47,628	47,487
Reserves		60,909	51,609
Net income, Group share		9,438	5,675
Treasury shares		-4,820	
EQUITY - GROUP SHARE		**118,484**	**110,102**
NON-CONTROLLING INTERESTS		**384**	**378**
TOTAL EQUITY		**118,868**	**110,480**
Deferred tax liabilities			
Retirement benefit obligation and similar	*Note 23*	4,316	4,128
Non-current debt	*Note 24*	69,194	37,295
NON-CURRENT LIABILITIES		**73,510**	**41,423**
Current provisions	*Note 23*	3,267	3,953
Current debt	*Note 24*	23,716	18,290
Trade and other payables	*Note 25*	21,387	22,704
Other current liabilities	*Note 25*	30,861	30,215
CURRENT LIABILITIES		**79,231**	**75,161**
TOTAL EQUITY AND LIABILITIES		**271,609**	**227,064**

4. CONSOLIDATED STATEMENT OF CASH FLOWS

(In €k)

		31/12/2016	31/12/2015
Total net income from consolidated entities		**9,470**	**5,592**
Elimination of the share of net profit of companies accounted for using the equity method	*Note 14*	-65	-31
Dividends received from companies accounted for using the equity method	*Note 14*	150	150
Depreciation and amortisation expenses, net of provision reversals		15,514	17,058
Elimination of capital gains and losses on the sale of assets	*Note 10*	958	1,437
Cash flows from operations after cost of financial debt		26,025	24,207
Cost of financial debt	*Note 11*	3,476	2,768
Income tax charge for the period, including deferred taxes	*Note 12*	95	397
Cash flows from operations before cost of financial debt and income tax		29,596	27,371
Change in working capital requirement attached to the activity (provisions included)		-590	7,518
NET CASH GENERATED BY OPERATING ACTIVITIES (I)		**29,006**	**34,889**
Payments to acquire fixed assets (1)	*Note 17*	-44,549	-37,551
Proceeds on sale of fixed assets		246	14
Reduction of other financial assets		-	113
Impact of consolidation scope changes		-36	-27
Net change in short-term investments		0	-2
Cash flows from non-current assets held for sale and discontinued activities		1,750	
NET CASH USED IN INVESTING ACTIVITIES (II)		**-42,589**	**-37,454**
Proceeds from new long-term borrowings	*Note 24*	72,313	18,592
Repayments of long-term loans	*Note 24*	-39,876	-11,424
Cost of financial debt	*Note 24*	-3,476	-2,768
Dividends received/paid by the parent company		-243	-245
Capital increases/reductions		310	174
Net proceeds from (payment for) sales (buyback) of treasury shares		-4,780	14
NET CASH GENERATED BY FINANCING ACTIVITIES (III)		**24,246**	**4,343**
Effects of exchange rate changes on the balance of cash held in foreign currencies (IV)		6	36
IMPACT OF EXCHANGE RATE CHANGES (IV)		**6**	**36**
NET CHANGE IN CASH AND CASH EQUIVALENTS (I + II + III + IV)		**10,669**	**1,814**
Net financial debt at beginning of period	**Note 21**	**-9,361**	**-11,039**
Net financial debt at end of period	**Note 21**	**1,308**	**-9,224**

(1): This item includes the sum of €22,283k in financial assets corresponding to the sum of receivables converted into capital in the company Retail and Digital Venture Ltd.

	31/12/2016	31/12/2015
Inventories and work in progress	111	135
Trade and other receivables	50,282	52,484
Other current assets	20,508	20,153
Trade and other payables	21,387	22,704
Other current liabilities	30,861	30,215
Working capital requirement	**18,652**	**19,852**
Change in working capital requirement attached to the activity (provisions included)		-1,200
Other variations		1,790
CHANGE IN WORKING CAPITAL REQUIREMENT ON THE CASH STATEMENT:	**-**	**590**

5. STATEMENT OF CHANGES IN EQUITY

(€k)

	Issued capital	Share premiums	Consol-idation reserves - Group	Currency translation reserves - Group	Net income, Group share	Treasury shares	Equity - Group share	Equity at-tributable to minority interests
Equity at 31/12/2014	**5,330**	**47,429**	**46,544**	**-35**	**5,251**	**-54**	**104,465**	**321**
Appropriation of earnings from N-1			5,251		-5,251		-	
Distribution of dividends N-1			-245				-245	
Capital increase		58	-37				21	153
Net profit					5,675		5,675	-83
Fair value			313				313	
Other changes and adjustments			3			14	17	17
Exits from the consolidation scope			9	-9			-	-30
Translation difference and impact of exchange rate changes			-145				-145	
Change in interest rate							-	
Equity at 31/12/2015	**5,330**	**47,487**	**51,693**	**-44**	**5,675**	**-40**	**110,101**	**378**
Appropriation of earnings from N-1			5,675		-5,675		-	
Distribution of dividends N-1			-243				-243	
Capital increase		141	455				595	-74
Fair value			-172				-172	
Net profit					9,438		9,438	32
Other changes and adjustments			-71			-4,780	-4,851	
Exits from the consolidation scope							-	
Translation difference and impact of exchange rate changes			-208	3,857			3,649	14
Change in interest rate			-33	-0			-34	34
Equity at 31/12/2016	**5,330**	**47,628**	**57,096**	**3,813**	**9,438**	**-4,820**	**118,485**	**384**

6. NOTES TO THE FINANCIAL STATEMENTS

(Unless otherwise indicated, all amounts are expressed in thousands of euros)

General information Prodware SA (hereafter "the Company") is a limited liability company incorporated under French law. The Company's shares are listed on NYSE Euronext's Alternext market in Paris. The consolidated financial statements for the financial year ended 31 December 2016 reflect the accounting situation of Prodware SA and its subsidiaries (hereafter "the Group") as well as the Group's interests in associates and joint ventures. They are presented in rounded thousands of euros.

The Board of Directors closed and approved the release of the consolidated financial statements for the financial year ended 31 December 2016 on 15 March 2017. These accounts will only become final upon being approved by the annual general shareholders' meeting.

Note 1: Accounting policies

The consolidated financial statements of PRODWARE SA and its subsidiaries (hereafter, "the Group"), published for the financial year 2016, are drawn up in compliance with the International Financial Reporting Standards (hereafter, "the IFRS") as adopted by the European Union. They include the standards approved by the International Accounting Standards Board (hereafter "the IASB"), i.e. the IFRS standards, the international accounting standards (hereafter "the IAS") and the interpretations by the International Financial Reporting Interpretation Committee (hereafter "the IFRIC") or by the former Standing Interpretation Committee (hereafter "the SIC").

These standards are available at the following address http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission.

All the standards and interpretations applied by the PRODWARE SA Group in these statements are in compliance with the EU directives on one hand, and with the standards and interpretations adopted by the European Union on the other hand.

Unless otherwise indicated, these methods have permanently been applied to all published financial statements.

New standards and interpretations applicable as from 1 January 2016:

The impact on the Group's financial statements of the adoption of new standards, interpretations and amendments to existing standards remains limited:

IFRS annual improvements (2010-2012 cycle):

- IFRS 2 - Share-based payment;
- IFRS 3 - Contingent consideration;
- IFRS 24 - Related Party Disclosures – key management personnel;
- IFRS 8 - Operating Segments:
- IAS 16 and IAS 38 - Revaluation method;

IFRS annual improvements (2012-2014 cycle):

- IFRS 5 – Non-current assets held for sale and discontinued operations;
- IFRS 7 – Financial instruments: disclosures;
- IFRS 19 – Employee benefits;
- IAS 34 - Interim financial reporting.

IFRS annual improvements (2012-2014 cycle):

- IAS 19 – Employee benefits: employees' contribution;
- IAS 1 – First section of the disclosure initiative: materiality, disaggregation of the lines of the income statement and balance sheet; order of presentation of the notes;
- IAS 16/IAS 18 – Clarification of acceptable methods of depreciation and amortisation;
- IFRS 11 – acquisition of an interest in a joint operation (May 2014);
- IAS 16/IAS 41 – Agriculture: bearer biological assets.

The Group has not chosen to apply the following standards before their entry into force:

- IAS 7 – Disclosure initiative;

The Group is currently studying the possible impact of these new standards and interpretations on the financial statements.

The Group considers that application of IFRS 15 should not have a material impact on the establishment of its annual financial statements.

Estimates and assumptions used for the financial statements preparation: the financial statements are the historical cost convention, with the exception of some categories of assets and liabilities, in accordance with the rules provided by the IFRS. The concerned categories are mentioned in the following notes.

GENERAL CONSOLIDATION PRINCIPLES

1) Consolidation methods:

a) The subsidiaries (controlled companies) are consolidated. Controlling a company means having the power of managing its financial and operating policies to get advantages from its activities; this power is characterised by the holding of more than half of the voting rights. The subsidiaries are fully consolidated from the date on which the control is transferred to the Group. They are deconsolidated from the date on which they are not controlled anymore. All the internal transactions are eliminated at consolidated level.

b) The affiliated companies are all the entities in which the Group has no controlling interest, but has a significant influence usually exercised when the Group holds 20 to 50% of their voting rights. The investments in affiliated companies are accounted for using the equity method and initially recorded at their cost. The Group's investment in an affiliated company includes the goodwill identified at the date of acquisition (net of all the accumulated losses). After the acquisition, the Group share in the affiliated companies' net result is recorded in the consolidated result. When the Group share in the losses of an affiliated company is higher or equal to its investment in this company, including any non-guaranteed receivable, the Group does not record any additional losses, except if it has incurred an obligation or made payments on the behalf of the affiliate. The unrealised gains on the transactions between the Group and its affiliates are eliminated in proportion to the Group's investment in these affiliates. The unrealised losses are also eliminated, except if, in the case an asset disposal, the transaction shows a loss of value. The affiliated accounting methods have been restated when necessary in order to conform to the ones applied by the Group. The dilution gains and losses in the affiliates are recorded in the income statement.

2) Accounts closing date: the companies included in the consolidation scope are consolidated on the basis of the accounts prepared over the same reference period as of the one retained for the parent company.

3) Business combinations: these combinations are recorded applying the acquisition method. Thus, when an exclusively controlled company is consolidated for the first time, the acquired company's identifiable assets and liabilities are measured at their fair value, in compliance with the IFRS prescriptions. The valuation differences resulting from this fair value measurement are recorded in the value of the concerned identified assets and liabilities, including the minority shareholders' part and not only for the percentage of acquired shares. The residual difference resulting from the excess of the cost of a business combination over the Group's interest in the net fair value of the identifiable assets and liabilities acquired at the acquisition date is recorded as a goodwill asset. If, after an impairment test, the acquirer's interests in the net fair value of the assets, liabilities and identifiable liabilities exceed the cost of the business combination, the excess is immediately recorded in the income statement.

4) Minority interest: they are recorded in accordance with the principle of the fair value of the net acquired assets. Disposals of controlling interests made to the benefit of minority interests generate profits or losses recorded by the Group in the income statement. Acquisitions of shares from minority interests generate a goodwill. This goodwill is the difference between the price paid and the corresponding interests acquired in the accounting value of the net assets.

As for the disposal process presented above, the opening of the capital to minority interests without a change in the consolidation method generates a dilution profit that will be recorded in other revenues.

5) Translation of statements in foreign currencies: the Group consolidated financial statements are stated in euros. The companies whose functional currency is not the euro have their balance sheets, income statements and cash flow statements translated using the closing exchange rate. The Group has chosen to apply the closing exchange rate instead of the average one to convert the income statement since the variation of the exchange rate during the 2013 financial year is not slight.

The related conversion difference is recorded in the net equity in the account "Conversion difference". The goodwill and fair value adjustments arising from the acquisition of a foreign entity are considered as assets and liabilities from the foreign entity. They are thus expressed in the functional currency of the entity and converted at the closing exchange rate.

6) Conversion of the transactions denominated in foreign currencies: the transactions denominated in foreign currencies are converted at the exchange rate prevailing at the transaction date. At the end of the financial year, the monetary assets and liabilities in foreign currencies are converted at the closing exchange rate. The related conversion differences are recorded in the income statement (as other financial incomes and expenses).

VALUATION METHODS

1) Intangible and tangible assets: in accordance with the IAS 16 standard "Property, plant and equipment" and with the IAS 38 standard "Intangible assets", only the items, which cost can be reliably determined and which future economic advantages will probably be for the Group, are recorded in fixed assets. In accordance with the IAS 36 standard "Impairment of assets", when events or changes in the market environment indicate they may be impaired, the fixed intangible and tangible assets are subject to a detailed review in order to determine if their recoverable value is higher than their carrying value. The recoverable value is defined as the higher of the fair value of an asset (less costs of disposal) and the value in use. The value in use is the present value of the discounted future cash flows expected to be derived from the use or the disposal of an asset. If the recoverable amount is inferior to the carrying value, the difference is recorded as an impairment loss. The impairment losses of intangible and tangible assets with finite useful lives can be recovered when the recoverable value becomes higher than the carrying value (within the limit of the initially recorded impairment).

2) Other intangible assets: items recorded in intangible assets are mainly software solutions. They are either acquired or internally created. Intangible assets are usually amortised on a straight-line basis of eight years. There is no intangible asset which useful life is indefinite. All the intangible assets (outside goodwill) are amortised on their estimated lives.

These internally created software solutions are amortised from the date of the internal "acceptance" of the project, and for during its whole expected trading life.

The development costs that do not comply with the criteria set by the IAS 38 standard are recorded in Current operating expenses as they are spent. The research costs are recorded in Expenses.

3) Tangible assets: Tangible assets are recorded at their historical acquisition cost for the Group after deducting accumulated depreciations and impairments losses. They are usually amortised over their usual useful life.

Fixtures and technical facilities	10 years
Transportation equipment	4 years
Office and computer equipment	3 years
Furniture	10 years

The basis of amortisation applied by the Group is the straight-line. The assets financed through a finance lease or an operating lease, which substantially transfers all the risks and rewards incident of ownership to the losses, are capitalised. The depreciable amount comprises the acquisition costs and the residual value if it is considered significant. The different components of a tangible asset are recorded separately when their estimated useful lives are significantly different.

4) Goodwill: goodwill represents the excess of the cost of a business combination over the Group's interest in the fair value of the identifiable net assets of the subsidiary (associate) at the acquisition date. Goodwill arising from the acquisition of associates is included in the carrying amount of the shares held in these associates. The separately recorded goodwill is subject to a yearly impairment test. The selected method mainly consists mainly in comparing the recoverable values of each of the Group's operating entities to their net assets (including the goodwill). These recoverable values are mostly determined by using discounted projections of the future operating cash flows and a final value. The selected assumptions in terms of revenue variation and final values are reasonable and in compliance with the market data available for each of the operating entities, and with their budgets validated by the executive management as well.

Further impairment tests are performed if some events or specific circumstances indicate it may be impaired. The goodwill impairment are irreversible.

5) Non-current financial assets: This item includes loans, non-consolidated securities and security deposits. Loans are recorded at their amortised cost. They can be depreciated if there is an objective indication of impairment. The depreciation, which corresponds to the difference between the net book value and the recoverable value is recorded in the income statement and is reversible if the recoverable value would change favourably in the future. At each closing, the other financial assets are examined to assess whether they may objectively be impaired or not; if they can, they may be depreciated.

6) Inventories: inventories are composed of IT equipment, licenses and work-in-progress. Inventories of goods and licenses are valued at their market or net realisable value. The market value is usually computed using the weighted average cost. The realisable value is the estimated yield price in the normal activity of the company less expected costs for the achievement or sale itself.

The work-in-progress inventory is valued using the completion method. The valuation of an item in progress is performed by adding social expenses to the gross salary.

7) Clients and other receivables: trade and other receivables are recorded using their acquisition cost less value adjustments. They are yearly individually reviewed and their impairment is recorded given their anteriority.

8) Treasury shares: treasury shares are cancelled in accordance with the IFRS standards.

The results of the disposals of these shares are recognised as deduction from equity and do not contribute to the profit for the year.

9) Provisions for pensions, post-employment indemnities and other benefits: In accordance with the laws and practices of each countries in which it is located, the Group contributes to some pension plans. The Group accounts the basic and other defined benefits as expenses when they are due, no provision being booked since the Group is not committed beyond the contributions paid.

The provisions of the defined benefit plans are determined as following:

- The actuarial method used by the Group is the so-called "Projected unit credit method", which states that each service period implies the increase by one unit of right to service and values these units separately to get the final provision. These calculations integrate estimations on death, staff turnover and future wages forecasts;

10) Hybrid Instruments: Some financial instruments comprise both a financial liability component and an equity one. This is particularly the case for bonds that can be converted into shares. These different components are respectively recorded in equity and financial liability as defined in the IAS 32 standard "Financial instruments: presentation". The financial liability component is valued at its issuance date. It corresponds to the agreed future cash flows (including coupons and repayment) discounted at the market rate (given the issuance credit risk) of an ordinary instrument with the same conditions (maturity, cash flows), but without any conversion or share repayment option. The equity component is the difference the nominal issuance amount and the value attributed to the financial component as defined above.

11) Interest-bearing loans: Interest-bearing loans are recorded at their nominal value less transactions costs directly chargeable. They are then recorded at their amortised cost. The difference between the amortised cost and the repayment value is recorded in the income statement depending of their effective interest rate on the loans maturity.

12) Deferred taxes: Deferred taxes are calculated on all temporary differences arising between the taxable and the consolidated value of the assets and liabilities. These differences especially include the elimination of tax entries recorded in the subsidiaries' individual accounts. The liability method is applied, and the effects of tax rates changes are recognised in equity or in the income statement of the financial year during which the tax rate change has been decided. Deferred tax assets are recorded in the balance sheet to the extent that it is probable that they will be reversed in the foreseeable future. Deferred tax assets and liabilities are not discounted. To assess the Group's capacity to recover these assets, the following elements are particularly taken into account:

- Tax revenues forecasts for the next five years, based on the budgets and plans set by the Management;
- Amount of extraordinary expenses that shall not be incurred again in the future included in the past tax losses;
- History of the past years' tax revenues.

The Group compensates the deferred tax assets and liabilities if the entity has a legal right to compensate the current tax assets and liabilities, and if the deferred tax assets and liabilities are controlled by the same tax authority.

13) Cash and cash equivalents: In accordance with the IAS 7 standard "Statement of Cash Flows", the cash displayed in the consolidated cash flow table comprises the cash on hand and the short-term, liquid and easily convertible investments in a determinable amount of cash. Listed equity investments, investments with a term longer than three months no possibility of anticipated cash conversion and bank accounts that are subject to restrictions are excluded from the cash displayed in the cash flow table. In accordance with the IAS 39 standard "Financial Instruments", the marketable securities are valued at their fair value. No investment is analysed as being held until its maturity date. The fair value variations of investments held for transaction purposes are systematically recorded in the income statement. For the purpose of the cash flow table, the bank overdrafts are displayed net from the cash and cash equivalents.

14) Revenue recognition: Revenue is composed of sales of goods, sales of services rendered within the framework of the Group's main activities, and revenues generated by licenses (excl. VAT). They are valued at the fair value of the cash received or to be received, net from rebates or discounts. An income is recorded in revenue when the company transferred to the buyer the important risks and advantages inherent to the ownership of the goods. Sale of goods and equipment revenue is usually recorded when there is a formal agreement with the client, when the goods are delivered, when the amount of revenue can be reliably measured, and when the transaction economic advantages will probably be for the Group. The license, sales or other related revenues are usually recognised by the Group upon delivery. Transactions incurring services are recorded as revenues by the Group for the period during which the services are performed using the completion method.

15) Other non-current operating incomes and expenses: The Group has decided to disclose in "Other non-current operating revenues and expenses" all the elements (incomes and expenses) which, because of their nature, frequency and/or relative importance, are not current. These incomes and expenses are:

- Goodwill impairments, impairments or, as the case may be, the reversals on impairments of intangible assets related to clients' portfolios;
- The share-based payments;
- The gains and losses on disposal of activities and consolidated investments;
- Other unusual and material elements which nature is not directly related to the normal course of business and transaction costs.

16) Financing cost: It includes interests expenses and incomes on financial debts (including finance lease agreements) and total cash (cash flow, cash flow equivalents and marketable securities).

17) Operating Segments: An operating segment is a Group's distinct component:

- That engages in business ordinary activities from which it may earn revenues and incur expenses,
- Whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance,
- and for which discrete financial information is available.

The Group's main Operating Decision Maker has been identified as the CEO, who takes the strategic operating decisions.

In accordance with the IFRS 8 Operating Segments, for each operating segment, the information is derived from the internal organisation of the Group's activities. The segments determined in compliance with the IFRS standard are:

- Infrastructure and Saas
- Own Software Solutions and integration of Business Software Solutions

Segment assets are operating assets used by a segment within the framework of its operating activities.

They include the allocated goodwill, the fixed tangible and intangible assets and the current assets used in the operating activities.

18) Earnings per share: The earning per share before dilution is obtained by dividing the net profit group share from continuing operations by the weighted average number of outstanding shares during the financial year, excluding the average number of treasury shares. The diluted earnings per share is calculated by retaining all the instruments giving a deferred access to the capital of the mother company, whether these instruments are issued by this company or by its subsidiaries. The dilution is determined per instrument, given the conditions existing at the closing date, and by excluding the anti-dilutive instruments.

In both cases, funds are taken into account on a pro rata basis in the issuing year of dilutive instruments and on the first day in subsequent years.

19) Financial risks management policy: The PRODWARE SA Group is not exposed to any exchange risk because the Group makes 90% of its revenue in euros. In this context, the company does not cover its exchange risks.

However, the Group mostly borrows at a variable rate. An analysis of the impact in income statement of the interests' variation is presented in note 24.

20) Net income from discontinued operations: The PRODWARE SA Group displays the incomes and expenses and the income from discontinued operations on separate lines. This income is submitted before taxes.

21) Research tax credit: The Group PRODWARE SA records the revenue of the research tax credit in current operational margin when it is not linked to activated developments. It is entered under Employee benefits expense (by way of a charge to Personnel costs). Otherwise, it is booked in the deduction of activated development costs.

Note 2: Main sources of uncertainty regarding estimations

The preparation of the consolidated financial statements in compliance with the IFRS standards implies for the Group to make a certain number of estimates and assumptions that affect the amounts of assets, especially the goodwill, of liabilities, the notes on identifiable assets and liabilities at the closing date and the revenues and charges recorded over the period. Changes in facts and circumstances may lead the Group to review these estimates.

Note 3: Significant financial year events

The significant events for the Group which occurred during the financial year in 2016 are the following:

- Subscription of a Euro PP loan for a total of €79,000k, aimed at financing the Group's development and refinancing current debt at the lowest cost,
- The acquisition of Prodware SA shares on the market during the year (714,336 treasury shares at 31 December 2016) following implementation of a share buyback programme;
- The disposal of our participation in Prodware Luxembourg on 22 March 2016,
- The subscription to the capital of a joint venture "Retail and Digital Venture",
- Capital increase reserved for a minority shareholder within Prodware Israel,
- The disposal of the Waste and Recycling business in March 2016.

Note 4: Events subsequent to the closing

The following events since 31 December 2016 are worth mentioning:

- Prodware strengthened its participation in its financing subsidiary Cap Lease, in which it now holds 90%, compared with 50% previously.
- The acquisition of the companies NEREA Belgium and Luxembourg, leader in MSCRM technologies in Belgium and Luxembourg.
- A capital increase reserved for minority shareholders in Prodware Maroc in the sum of 49%.

Note 5: Consolidation scope changes

Prodware's consolidation scope changed as follows in financial year 2016:

- The disposal of our participation in Prodware Luxembourg on 22 March 2016;
- The subscription to the capital of a joint venture "Retail and Digital Venture";
- Capital increase reserved for a minority shareholder within Prodware Israel;

For the 2016 financial year, the consolidation scope is as follows:

Name of company	Registered office	Company financial year-end date	% control	% holding	Consolidation method	Consolidation period
PRODWARE SA	Paris - France	31 December	Consolidating company		Full consolidation	01/01/2016 - 31/12/2016
CAP LEASE	Lyon - France	31 December	50.00%	50.00%	Full consolidation	01/01/2016 - 31/12/2016
IRIS Conseil Informatique	Béthune - France	31 December	23.16%	23.16%	Non-consolidated	01/01/2016 - 31/12/2016
CAP VISION	Soultzmat - France	31 December	20.00%	20.00%	Non-consolidated	01/01/2016 - 31/12/2016
Prodware Netherlands BV	Zaltbommel - Netherlands	31 December	100.00%	100.00%	Full consolidation	01/01/2016 - 31/12/2016
Qurius - Czech Republic	Olomouc - Czech Republic	31 December	100.00%	100.00%	Full consolidation	01/01/2016 - 31/12/2016
Prodware Deutschland AG	Hamburg - Germany	31 December	100.00%	100.00%	Full consolidation	01/01/2016 - 31/12/2016
CKL Software Gmbh	Hamburg - Germany	31 December	50.00%	50.00%	Equity	01/01/2016 - 31/12/2016
Prodware UK Limited	Lancashire - United Kingdom	31 December	100.00%	100.00%	Full consolidation	01/01/2016 - 31/12/2016
Prodware Belgium	Enghien - Belgium	31 December	100.00%	100.00%	Full consolidation	01/01/2016 - 31/12/2016
Prodware Luxembourg	Pétange - Luxembourg	31 December	100.00%	100.00%	Full consolidation	01/01/2016 - 22/03/2016
Prodware East Europe	Bucharest - Romania	31 December	100.00%	100.00%	Full consolidation	01/01/2016 - 31/12/2016
Prodware Spain	Zamudio - Spain	31 December	100.00%	100.00%	Full consolidation	01/01/2016 - 31/12/2016
Oteara	Zamudio - Spain	31 December	5.00%	5.00%	Non-consolidated	01/01/2016 - 31/12/2016
Prodware Tunisie	Tunis - Tunisia	31 December	80.00%	80.00%	Full consolidation	01/01/2016 - 31/12/2016
Prodware Maroc	Casablanca - Morocco	31 December	100.00%	100.00%	Full consolidation	01/01/2016 - 31/12/2016
N2A SI	Casablanca - Morocco	31 December	80.00%	80.00%	Full consolidation	01/01/2016 - 31/12/2016
RENTASOFT	Ashdod - Israel	31 December	100.00%	100.00%	Full consolidation	01/01/2016 - 31/12/2016
Prodware Israel	Rosh Hayin - Israel	31 December	77.24%	77.24%	Full consolidation	01/01/2016 - 31/12/2016
Prodware West and Central East Africa	Abidjan - Côte d'Ivoire	31 December	51.00%	51.00%	Full consolidation	01/01/2016 - 31/12/2016
Prodware Georgie	Georgia	31 December	100.00%	100.00%	Full consolidation	01/01/2016 - 31/12/2016
Retail and Digital Venture Ltd	Rosh Hayin - Israel	31 December	44.92%	44.92%	Equity	01/05/2016 - 31/12/2016

Note 6: Operating segment reporting

In accordance with IFRS 8, Operating Segments, the information presented hereafter for each operating segment is identical to that presented to the Group's chief operating decision maker (the chief executive officer) for the purpose of deciding how to allocate resources to and assess the performance of each segment.

Management measures each segment's performance based on:

- The operating margin as defined in note 1.17.
- the segment's assets (defined as the sum of goodwill, intangible and tangible assets, investments in associates and trade and other receivables).

Segment data reporting follows the same accounting rules that the Group uses to prepare its consolidated financial statements, as described in the notes to said statements.

All inter-segment commercial relationships are carried out on an arm's length basis, under similar terms and conditions to those governing the provision of goods and services to non-Group third parties.

The tables below disclose the information regarding the Group's segments of activities:

	31/12/2016	Infrastructure and SaaS	Own Software Solutions and Integration of Business Software Solutions
Revenue (1)	175,846	30,153	145,693
Operating income (EBITDA)	31,924	4,976	26,948
Taxes and similar payments	-		
Current operating income	15,773	3,312	12,462
Operating profit	14,754	3,312	11,442

(1): The Own Software Solutions revenue came to €61,417k in 2016

	31/12/2015	Infrastructure and SaaS	Own Software Solutions and Integration of Business Software Solutions
Revenue (1)	181,828	26,330	155,498
Operating income (EBITDA)	29,488	3,393	26,095
Current operating income	15,372	1,770	13,602
Operating profit	9,793	1,770	8,023

(1): The Own Software Solutions revenue came to €63,116k in 2015

Assets (€k)	31/12/2016	Infrastructure and SaaS	Own Software Solutions and Integration of Business Software Solutions
Goodwill	32,846	2,068	30,779
Intangible assets	60,642	3	60,639
Tangible assets	4,909	849	4,060
Segment assets	70,900	11,193	59,707
Other assets	102,839	6,454	96,384
TOTAL ASSETS	**272,137**	**20,568**	**251,569**

Assets (€k)	31/12/2015	Infrastructure and SaaS	Own Software Solutions and Integration of Business Software Solutions
Goodwill	32,846	2,068	30,779
Intangible assets	91,360	2	91,358
Tangible assets	7,645	1,385	6,260
Segment assets	72,771	11,767	61,004
Other assets	22,441	3,814	18,627
TOTAL ASSETS	**227,064**	**19,035**	**208,029**

Note 7: Revenue

	31/12/2016	31/12/2015	Change	%
Sale of licences and equipment (hardware)	25,823	42,683	-16,860	-39.5%
Provision of services	90,762	81,063	9,699	12.0%
Maintenance and support contracts	40,792	45,481	-4,689	-10.3%
Hosting (SaaS)	18,470	12,601	5,869	46.6%
Gross revenue	**175,846**	**181,828**	**-5,982**	**-3.3%**
Restatement of revenue reclassified as net income from transferred activities		4,412		
Like-for-like revenue	**175,846**	**177,416**	**-1,570**	**-0.9%**

Revenue corresponding to the discontinued operations in 2016 represented a business volume of €4,412k during financial year 2015.

Revenue breakdown by region

	31/12/2016	%	31/12/2015	%
French-speaking countries *	77,420	44.0%	86,024	47.3%
International	**98,427**	**56.0%**	**95,804**	**52.7%**

(*): including Maghreb.

Note 8: Employee benefits expense

HEADING	31/12/2016	31/12/2015
Payroll and social security expenses	-76,346	-80,151
Retirement benefit obligation		
Production capitalised	10,923	14,786
Research tax credit for the period, net of fees	11,096	11,561
Competitiveness and employment tax credit	-478	-609
TOTAL	**-54,806**	**-54,414**

Fixed assets production and the research tax credit for 2015 were not deducted from the employee benefits expense, which results in a change in the presentation of the 2015 income statement, compared with 2016.

The pension obligations have been booked in 2016 on the line Allowance of depreciation, amortisation and provisions (net of reversals).

PRODWARE SA has obtained a research credit tax, free of fees, of €11,096k for the financial year 2016 compared to €11,561k in 2015.

The counterparty in expense account of the research tax credit and of the fixed assets production is only total payroll.

The number of employees is as follows:

Headcount at:	31/12/2016	31/12/2015
TOTAL	**1,226**	**1,275**

Note 9: Other net incomes and expenses

HEADING	31/12/2016	31/12/2015
Production inventoried		-1,285
Other income and charges transferred	3,283	1,472
Other charges	-2,467	-7,776
Other current operating income and expenses	**816**	**-7,589**

Note 10: Other non-current operating incomes and expenses

The Group has decided to disclose in "Other non-current operating incomes and expenses" the elements (incomes and expenses) which, because of their nature, frequency and/or relative importance, are not current.

These incomes and expenses are:

- Goodwill impairments, impairments or, as the case may be, the reversals on impairments of intangible assets related to clients' portfolios;
- The share-based payments;
- The gains and losses on disposal of activities and consolidated investments;
- Other unusual and material elements which nature is not directly related to the normal course of business and transaction costs.

The other non-current operating incomes and expenses are as follows:

In €k	31/12/2016	31/12/2015
Proceeds from the transfer of tangible and intangible assets	12	14
Net value of transferred tangible and intangible assets	-778	-966
Other non-current income		451
Other non-current expenses		-1,644
Cost of restructuring	-253	-3,434
Other operating income and expenses	**-1,020**	**-5,579**

Note 11: Financial income

HEADING	31/12/2016	31/12/2015
Interest expense	-3,476	-2,768
Gross cost of financial debt	-3,476	-2,768
Income from receivables and transferable securities	-	0
Income from cash and cash equivalents	-	0
Net cost of financial debt	-3,476	-2,768
Other financial income and expenses	-2,125	-780
Financial income	**-5,601**	**-3,548**

Other financial income and expenses includes a one-off expense of €1,629k related to the subscription of the Euro PP and the restructuring of the financial debt.

Note 12: Income taxes

Analysis of the income tax charge:

The theoretical tax charge is reconciled with the actual tax charge as follows:

HEADING	31/12/2016	31/12/2015
Current tax (charge -)	-33	-251
Deferred tax (credit + / charge -)	-62	-146
TOTAL	**-95**	**-397**

*The deferred taxes that can be capitalised are valued on the basis of the carried forward losses, tax temporary differences and consolidation temporary differences.

At closing date, the Group accounted for a carried forward loss of €87,201k, available against future taxable profits. Most of the capitalised losses can indefinitely be carried forward.

HEADING	31/12/2016	31/12/2015
Profit before tax	**9,218**	**6,276**
Theoretical tax charge (+) or credit (-)	**-3,073**	**-2,092**
Reconciliation:		
Permanent differences (1):	4,576	3,267
Temporary differences:	-	9
Use of unrecognised deferred tax assets	67	176
Uncapitalised tax losses	-1,666	-1,735
Exchange difference		-22
Tax assets and credits		-
TOTAL	**-95**	**-397**

(1): This item includes a permanent difference in the research tax credit recognised at Prodware France

Sources of deferred taxes by nature of temporary difference:

	31/12/2016		31/12/2015		Change
HEADING	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	2016/2015
Intangible assets					-
Other assets	105		144		-39
Retirement benefit provisions and obligations	632		721		-89
Other liabilities					-
Tax loss carryforwards	9,741		9,601		140
TOTAL	**10,478**	**-**	**10,466**		**12**

Certain assets and liabilities of deferred tax have been offset in compliance with the reference documents IFRS.

Note 13: Earnings per share

The calculation of the basic and diluted earnings per share attributable to the parent company's ordinary shareholders is based on the following data:

HEADING	31/12/2016	31/12/2015
Net income from continuing activities	9,123	5,879
Number of shares at 1 January	8,200,560	8,200,560
Number of shares at 31 December	8,200,560	8,200,560
Average number of shares	7,486,224	8,195,363
Net earnings per share (on average number, €)	**1.219**	**0.717**
Potential share capital from managers' and strategic service providers' warrants	1,970,400	606,900
Total number of potential shares	9,456,624	8,802,263
Diluted earnings per share (€)	**0.965**	**0.668**

The treasury shares, i.e. the 714,636 Prodware shares, are excluded, prorata temporis, for the calculation of the average number of shares according to note 1.18.

Note 14: Proportionate interest in associates

The Group's share in the profit or loss of associates corresponds to:

- its proportionate interest in CKL SOFTWARE which is consolidated using the equity method.
- its proportionate interest in Retail and Digital Venture which is consolidated using the equity method.

In 2016, the Group received €150k in dividends from CKL SOFTWARE.

CKL SOFTWARE's financial data is as follows:

- Revenue: €1,870k;
- Net result: -€4k.
- Cash on the assets side: €1,029k;

RETAIL AND DIGTAL VENTURE's financial data is as follows:

- Revenue: €3,958k;
- Net result: €177k;
- Cash on the assets side: €44k;

Note 15: Net income from transferred activities

On 31 March 2016, Prodware SA sold its management solutions sales and integration activity in the area of waste. This business was also carried out from Prodware France and its subsidiaries Prodware UK, Prodware Belgium and Prodware Netherlands.

The net profit of the activity sold amounted to €346k for a business volume of €671k prior to its sale by the Group.

Note 16: Goodwill

The Goodwill breaks down as follows:

HEADING	TOTAL
Gross value:	
At 1 January 2015	34,237
Acquisitions	
Reclassifications as available for sale	
Disposals	-132
Other changes and adjustments	-521
At 31 December 2015	33,584
Acquisitions	
Reclassifications as available for sale	
Disposals	
Other changes and adjustments	
At 31 December 2016	**33,584**
Impairment:	
At 1 January 2015	869
Amortisation and depreciation for the period	
Other changes and adjustments	-132
At 31 December 2015	737
Amortisation and depreciation for the period	
Other changes and adjustments	
At 31 December 2016	737
Net carrying amount at 31 December 2016	**32,847**
Net carrying amount at 31 December 2015	32,847

The recoverable amount of a cash generating unit (CGU) is determined based on the calculation of its value in use. These calculations use cash flow projections based on the budgetary data approved by management. They are also based on the following assumptions:

- Cash flows after five years are determined based on a growth rate to infinity estimated at 1.5% (identical to last year);
- The discount rate is determined based on the Group's weighted average cost of capital. The Group has decided that the weighted average cost of capital would be based on a market risk premium of 5.69%, in order to reflect the long-term assumptions used for the goodwill impairment test.

Consequently, the discount rate used for the financial year 2016 rises to 8.5% compared to 10.63% in 2015.

The annual impairment test of the goodwill on 31 December 2016 did not register any loss in value.

HEADING	31/12/2016	31/12/2015
Own Software Solutions and Integration of Business Software Solutions	30,779	30,779
Infrastructure and SaaS	2,068	2,068
TOTAL	**32,847**	**32,847**

Depreciation test sensitivity:

For the CGU Own Software Solutions/Integration, a growth rate of the sales revenue lower than 3% as provided in the Business Plan combined with a discount rate higher than 16% and a investment level equivalent to the one recorded in 2015 and 2016, are all parameters that could re-establish the recoverable value of the CGU to its net carrying value.

For the CGU Infrastructure and SaaS, an operating margin rate (EBITDA/CA) lower than 12% as provided in the Business Plan combined with a discount rate higher than 33.5% and an investment level equivalent to the one recorded in 2015 and 2016, are all parameters that could re-establish the recoverable value of the CGU back to its net carrying value.

Note 17: Intangible and tangible assets

HEADING	Software	Other intangible assets	Total intangible assets	Tangible assets	Total tangible assets
Gross value					
At 1 January 2015	94,471	6,976	101,449	33,089	33,089
Acquisitions	35,681	12	35,693	1,704	1,704
Reclassifications as available for sale			-		-
Reclassifications	-2,560	-213	-2,773	-1	-1
Disposals	-587	-525	-1,112	-4,221	-4,221
Change in consolidation scope	-262		-262	-51	-51
Translation differences	361	98	460	139	139
At 31 December 2015	127,106	6,346	133,455	30,660	30,660
Acquisitions	20,099	1,454	21,553	485	485
Reclassifications as available for sale			-		-
Reclassifications	-51,879	-980	-52,859	-96	-96
Disposals	-4,010	-1,706	-5,717	-2,981	-2,981
Change in consolidation scope			-		-
Translation differences	-87	0	-87	-96	-96
At 31 December 2016	**91,229**	**5,114**	**96,346**	**27,972**	**27,972**
Amortisation and depreciation:					
At 1 January 2015	30,630	1,519	32,150	23,809	23,809
Change in consolidation scope and adjustments					
Amortisation and depreciation for the period	12,497		12,497	3,144	3,144
Reversal of amortisation and depreciation for the period	-244	-33	-277	-4,012	-4,012
Reclassification	-2,160	-120	-2,280	3	3
Change in consolidation scope	-142		-142	-43	-43
Translation differences	147		147	113	113
At 31 December 2015	40,728	1,367	42,095	23,013	23,013
Change in consolidation scope and adjustments					-
Amortisation and depreciation for the period	11,780		11,780	2,811	2,811
Reversal of amortisation and depreciation for the period	-3,416		-3,416	-2,571	-2,571
Reclassification	-13,148	-1,498	-14,646	-97	-97
Change in consolidation scope			-		-
Translation differences	-109		-109	-93	-93
At 31 December 2016	**35,835**	**-131**	**35,704**	**23,063**	**23,063**
Net carrying amount at 31 December 2016	**55,394**	**5,245**	**60,642**	**4,909**	**4,909**
Net carrying amount at 31 December 2015	86,378	4,981	91,360	7,646	7,646

The entry "Software" includes mainly the activation of the software development costs, developed by the company.

The amounts entered in the “Reclassification” lines correspond to the capital contributed within the company RETAIL DIGITAL VENTURE Ltd (joint venture).

Note 18: Non-current financial assets

The change in financial assets can be analysed as follows:

HEADING	Gross value	Impairment	Net value
Gross value:			
At 1 January 2015	**2,989**	**-**	**2,989**
Increase	153		153
Change in consolidation scope			
Change in net equity method situation	-119		-119
Decrease	-113		-113
Translation differences	5		5
Reclassification	-		-
At 31 December 2015	**2,915**	**-**	**2,915**
Increase	227		227
Change in consolidation scope	13		13
Change in net equity method situation	-85		-85
Decrease	-249		-249
Reclassification	60,846		60,846
Translation differences	3,684		3,684
At 31 December 2016	**67,351**	**-**	**67,351**

HEADING	31/12/2016	31/12/2015
Guarantee deposits	998	942
Net value of non-consolidated participating interests	365	365
Investments in associates and joint ventures	64,875	575
Loans	1,113	1,033
TOTAL	**67,351**	**2,915**

PRODWARE SA owns the following minority holdings which are non-consolidated with regard to the absence of control or specific influence on these entities:

- 20% of the share capital of the company CAPVISION since 2004, the Microsoft Business Solutions integrator in the east of the France;
- 23.16% of the share capital of the company IRIS INFORMATIQUE;
- 5% of the shares of the company Oteara through our Spanish subsidiary, PRODWARE SPAIN.

PRODWARE SA directly and indirectly owns the following holdings, consolidated using the equity method:

- 44.92% of the share capital of the joint venture RETAIL AND DIGITAL VENTURE Ltd,
- 50% of the share capital of CKL Software Gmbh.

The shareholding in the company RETAIL AND DIGITAL VENTURE Ltd is the result of a capital contribution through intangible assets and the conversion of trade receivables for a total sum of €60,502k. This transaction is posted to “Reclassifications” in the table above.

PRODWARE has signed an agreement for the creation of a joint venture with a US partner with a view to promoting its development and improving its margins. This agreement will enable Prodware to develop in a new economic region.

Note 19: Inventories

HEADING	31/12/2016	31/12/2015
Inventories of work in progress		
Inventories of equipment and software solutions	111	135
Total at historical cost:	**111**	**135**
Impairment:		
At 1 January 2016:		
Amortisation and depreciation for the period		
Reversal of amortisation and depreciation for the period		
At 31 December 2016:		
TOTAL	**111**	**135**

Note 20: Trade and other receivables

HEADING	31/12/2016	31/12/2015
Customer receivables	52,474	53,817
Doubtful customers provisions	-2,192	-1,334
Net amount of customer receivables	50,282	52,483
Other net receivables	18,848	18,610
Prepaid expenses	1,659	1,542
TOTAL	**70,790**	**72,636**

A provision for doubtful clients amounting to €2,192k was recorded for the amounts deemed as unrecoverable. This provision was determined given the factors identified at closing. The net receivables approximately correspond to their fair value.

The Group's credit risk is mainly related to its customer receivables. The amounts recorded in the balance sheet are net of provisions for impairment. An impairment loss is recognised when an event poses an identifiable risk of loss of value which, based on past experience, is sufficient evidence of the reduction of the recoverable amount of the receivable.

Customer receivables net of impairment in order of priority are as follows:

Customer receivables payment schedule (net)	31/12/2016	31/12/2015
Not due receivables	23,408	27,719
Receivables overdue for 30 days	8,033	7,418
Receivables overdue for 60 days	9,431	3,104
Receivables overdue for 90 days	2,053	1,765
Receivables overdue for more than 90 days	7,358	12,478
TOTAL	**50,282**	**52,483**

Payment schedule	Amount	< 1 year	1 to 5 years
Employee receivables	80	80	
Tax receivables	13,633	12,433	1,200
Security deposit (research tax credit)	4,649	1,429	3,220
Other receivables	2,146	2,146	
TOTAL	**20,508**	**16,088**	**4,420**

Analysis of the depreciated assets:

HEADINGS (In €k)	
Provisions for depreciation at 31 December 2014	**5,133**
Change in consolidation scope	-116
New depreciations	479
Reversals of impairment losses incl. used impairment losses	-4,178
Translation differences	5
Reclassification and adjustments	11
Impairment losses on customer receivables at 31 December 2015	**1,334**
Change in consolidation scope	
New depreciations	1,474
Reversals of impairment losses incl. used impairment losses	-605
Translation differences	-12
Reclassification and adjustments	
Impairment losses on customer receivables at 31 December 2016	**2,191**

Other current receivables are as follows:

HEADING	31/12/2016	Less than 1 year	1 to 5 years	31/12/2015	Less than 1 year	1 to 5 years
Other net receivables	18,848	14,428	4,420	21,415	16,972	4,443
Prepaid expenses	1,660	1,660		3,236	3,236	
TOTAL	**20,508**	**16,088**	**4,420**	**24,651**	**20,208**	**4,443**

The “Other net receivables” include the 2016 research tax credit receivable for €12 million. The maturity of less than one year of these receivables is on account of the Group's intention to use them by the end of the next reporting period.

Note 21: Cash and cash equivalents

At 31 December 2016, "Cash and cash equivalents" was made up of cash equivalents and cash on hand and changed as follows:

HEADING	31/12/2016	31/12/2015
Available cash equivalents	2	2
Cash	24,480	9,060
TOTAL	**24,482**	**9,060**

The bank balances and cash in hand include the bank deposits maturing within three months.

The cash and cash equivalents included in the statement of cash flows is as follows:

HEADING	31/12/2016	31/12/2015
Available cash and cash equivalents	24,480	9,060
Bank overdrafts and other lines of credit (Note 24)	-23,172	-18,284
Opening reclassification	-	-137
Net cash in cash flow statement	**1,308**	**-9,361**

Credit risk:

The Group's main financial assets are its bank accounts, cash, customer receivables and other receivables.

The credit risk on cash assets is limited, since the counterparts are banks highly rated by international credit rating agencies. Credit risk is not significantly concentrated, as the Group's exposure is widely spread among various market players.

Note 22: Share capital

HEADING	31/12/2016	31/12/2015
Authorised share capital (in €k)	5,330	5,330
Number of ordinary shares with a nominal value of €0.65	**8,200,560**	**8,200,560**
Subscribed, called up and paid up capital	-	
At opening:	**8,200,560**	**8,200,560**
Issued shares	-	
At closing:	**8,200,560**	**8,200,560**

The number of shares that may be issued is disclosed in note 13.

Note 23: Current and non-current provisions

HEADING	Retirement benefit obligation and similar	Current provisions	Total provisions
Opening	**4,128**	**3,953**	**8,081**
Allowance	295	234	529
Reversal	-39	-1,222	-1,261
Other changes	-66	303	237
Translation differences	-2	-1	-3
Changes in consolidation scope			-
Closing	**4,316**	**3,267**	**7,583**

The provision for risks corresponds to staff and trade disputes and is intended to cover risks that are likely to arise as a result of past or ongoing events, whose object is precisely defined, but of which the outcome, timing or amount are uncertain.

When the additional benefits granted to the employees have not been paid by the Group yet, a provision for pension undertakings is calculated according to the actuarial valuation method as described in paragraph 1.9.

The provisions recorded in the balance sheet correspond to the net obligation in terms of long-term employee benefits (including social security expenses).

The plans' actuarial valuations are based on the following main assumptions:

HEADING	31/12/2016	31/12/2015
Discount rate	1.25%	2.00%
Annual salary increase	2.00%	2.00%

The turnover is determined based on the employee's age.

Note 24: Financial liabilities

The table below shows the change in current and non-current financial liabilities:

In €k	31/12/2015	Change in consolidation scope	Translation differences	Increase	Decrease	31/12/2016
Non-current debt	37,295	-	-	71,769	-39,871	69,194
Bank loans and ordinary bonds	37,295			71,769	-39,871	69,194
Current debt	18,290	-	-	5,432	-6	23,716
Interest accrued on borrowings	6			544	-6	544
Bank overdrafts	18,284			4,888		23,172
TOTAL	**55,585**	**-**	**-**	**77,201**	**-39,876**	**92,909**

In €k	31/12/2016	Less than 1 year	1 to 5 years	More than 5 years
Non-current debt	69,194	5,500	18,694	45,000
Bank loans and ordinary bonds	69,194	5,500	18,694	45,000
Current debt	23,716	23,716	-	-
Interest accrued on borrowings	544	544		
Bank overdrafts	23,172	23,172		
TOTAL	**92,909**	**29,215**	**18,694**	**45,000**

The Group considers that the carrying value of the financial liabilities, excluding bank loans, corresponds to a reasonable approximation of their fair value.

As the overdrafts are subject to floating interest rates, the Group has to bear the risk that these rates might fluctuate.

The bank overdrafts are payable on demand by the bank.

Liquidity risks

The Group's objective is to maintain a balance between the continuity and flexibility of financing by using bank overdrafts, DAILLY receivables, a factoring agreement, bank borrowings and bonds.

In December 2016, the main borrowings contracted by the Group are the following:

Subject	Date contracted	Principal	Type of interest rate	Interest rate	Repayments	Principal outstanding end	< 1 year	1 to 5 years	>5 years
Restructuring financing	03/08/2010	3,000	Variable	3.25%	Quarterly	450	450		
Restructuring financing	15/01/2016	79,000	Fixed	2.2% - 4.5%	Yearly	68,384	4,715	18,669	45,000
Restructuring financing		1,150	Variable	EURIBOR 3 months + 2.30	Monthly	323	298	25	
Financial debt on lease financing commitments						36	36		
						69,194	**5,500**	**18,694**	**45,000**

Financial covenants

The bank loan agreements include some so called "default clauses". The ratio requirements are summed up as below:

Financial ratios to be maintained by debt portion	Principal outstanding (In €k)
Net consolidated debt / Consolidated equity	69,194
Net consolidated debt /consolidated EBITDA	69,194
EBITDA / Cost of net financial debt	69,194

All the abovementioned covenants were complied with as at 31 December 2016.

Interest rate risks

The Group considers that the interest rate risk is low and therefore did not use any hedging instrument for the interest rate.

Exchange rate risks

Given the slight part of the revenue generated in foreign currencies, the Group's exposure to an exchange rate risk is very slight.

Note 25: Other current liabilities

HEADING	31/12/2016	Less than 1 year	31/12/2015	Less than 1 year
Trade and other payables	21,387	21,387	22,704	22,704
Associate current accounts	66	66	29	29
Tax liabilities	6,917	6,917	11,082	11,082
Employee benefits	10,514	10,514	12,652	12,652
Other liabilities	8,018	8,018	1,707	1,707
Deferred income	5,347	5,347	4,745	4,745
TOTAL	**52,249**	**52,249**	**52,919**	**52,919**

Note 26: Transactions with related parties and remuneration of the corporate officers

The parent company who discloses the consolidated financial statements is the Group's ultimate controlling entity. Transactions between the Company and its subsidiaries, which are related parties, are eliminated in consolidation. They are not disclosed in the notes to the financial statements.

Transactions between the Group and the fully consolidated companies are mainly:

- The purchases/sales of goods,
- The provision of services,
- The financial interests expenses and incomes on current accounts.

These transactions have been eliminated in consolidation.

The table below shows the expenses recorded as payments and assimilated benefits granted to the corporate officers:

	31/12/2016	31/12/2015
Number of people involved	3	3
Remuneration	683,400	623,072
Short term benefits		
End of employment contract compensation		
Remunerations paid in shares		
TOTAL	**683,400**	**623,072**

Pursuant to a decision taken by the Board of Directors in 2003, Mr. Alain Conrard is entitled to a severance pay equivalent to two years of gross salary at his current function's termination date.

One of the corporate officers re-invoices his expenses for an amount of €72k.

Note 27: Share-based payments (share subscription or purchase options plans)

The Group has granted share subscription warrants to its employees and corporate officers. The applicable rules vary depending on the warrants. The accounting period varies given the beneficiaries. Regardless of its duration, the warrants will expire after five years from the granting date. An option to purchase shall only be exercised in return for a share.

The plans regulated by IFRS 2 and the variation of the number of options that can be recognised as an expense are as follows:

Issue date	Type of securities	Number of securities issued	Parity	Maximum number of potential shares at the end of the period	Subscription price of the security issued	Exercise price including the subscription price	Method for determining the fair value of the underlying asset	Amount of charge taken in the sense of IFRS 2 for previous years (€k)	Amount of charge taken in the sense of IFRS 2 for the period (€k)	Potential amount of charge taken in the sense of IFRS 2 for future years (€k)	Maximum maturity
July 2012	Stock warrants (BSA)	400,000	1 stock warrant (BSA) per share	341,900	0.29	5.91	Average share price over the 20 days prior to allocation	432	-	-	July 2017
June 2015	Stock warrants (BSAANE)	265,000	1 stock warrant (BSA) per share	265,000	0.22	7.28	Average share price over the 20 days prior to allocation	-			July 2020
March 2016	Stock warrants (BSAANE)	574,000	1 stock warrant (BSA) per share	562,000	0.25	8.10	Average share price over the 20 days prior to allocation		-		March 2026
December 2016	Bonus preferred shares convertible into ordinary shares	7,130	1 preferred share gives the right to 10 shares	713,000			Average share price over the 20 days prior to allocation		-	1,462	June 2027
December 2016	Ordinary bonus shares	88,500		88,500			Average share price over the 20 days prior to allocation		-	73	June 2021
				1,970,400				**432**	**-**	**1,534**	

Note 28: Commitments given or received

Off balance sheet commitments given and related to the Group scope	Main features (nature, date, counterparty,etc.)	31/12/2016 Amount (€k) (b)	31/12/2015 Amount (€k) (b)
Commitments to shares acquisitions	Guarantee given to financial institutions	None	None
Commitments received	Guarantee received as part of a loan	1,650	
Financial instruments used to receive or deliver a non financial item ("own use" agreement)		None	None
Commitments related to the development of the activity	Contractual pledge of goodwill (1)	79,000	40,400
	Contractual pledge of the brand Prodware (1)		19,000
Commitments related to the implementation of operating contracts	Bank guarantee and joint surety	None	None
	Commitment on rental contracts (cars, hardware)	19,133	21,898
Tax commitments	Commitment to tax authorities	None	None

(1): Financial institutions.

Note 29: Statutory Auditors' fees

	C. TOURNOIS				EXCELIA AUDIT				R.S.P				B.D.O			
	Amount excl. VAT		%		Amount excl. VAT		%		Amount excl. VAT		%		Amount excl. VAT		%	
In €k	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Audit																
Statutory auditing																
Certification, examination of the																
individual and																
consolidated financial statements (b)																
•Issuer	170	163	100%	100%	170	163	100%	100%								
•Fully consolidated subsidiaries									15	15	100%	100%	322	294	100%	100%
Other due diligences and services																
directly related to the mission																
Of the Statutory Auditor																
•Issuer																
•Fully consolidated subsidiaries															0%	0%
Subtotal (1)	**170**	**163**	**100%**	**100%**	**170**	**163**	**100%**	**100%**	**15**	**15**	**100%**	**100%**	**322**	**294**	**100%**	**100%**
Other services rendered by																
the networks to the fully consolidated																
Subsidiaries (d)																
Legal tax, social																
Other (to specify if > 10% of																
audit fees)																
Subtotal (2)	**-**	**-**	**0%**	**0%**	**-**	**-**	**0%**	**0%**	**-**	**-**	**0%**	**0%**	**-**	**-**	**0%**	**0%**
TOTAL (1) + (2)	**170**	**163**	**100%**	**100%**	**170**	**163**	**100%**	**100%**	**15**	**15**	**100%**	**100%**	**322**	**294**	**100%**	**100%**

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