

PRODWARE SA

PARENT COMPANY FINANCIAL STATEMENTS

At December 31st, 2015

prodware 

BALANCE SHEET – ASSETS

From 01/01/15 to 31/12/15

Headings	Gross	Depreciation & Amortization	Net (N) 31/12/2015	Net (N-1) 31/12/2014
SUBSCRIBED CAPITAL NOT CALLED UP				
INTANGIBLE ASSETS (NOTE 4)				
Start-up costs				
Development costs				
Licences, patents and other rights	118,583,753	35,088,071	83,495,681	53,861,858
Goodwill	26,278,294	345,681	25,932,613	26,399,653
Other intangible assets				3,750,575
Advance payments and instalments on intangible assets				
TOTAL intangible assets	144,862,047	35,433,752	109,428,294	84,012,087
PROPERTY, PLANT AND EQUIPMENT (NOTE 5)				
Land				
Buildings				
Plant and equipment	9,850,238	4,760,129	5,090,108	6,019,775
Other property, plant and equipment	3,983,772	2,682,100	1,301,672	1,448,749
Construction work-in-progress				
Advance payments and instalments				
TOTAL property, plant and equipment	13,834,009	7,442,230	6,391,780	7,468,523
FINANCIAL ASSETS (NOTE 6)				
Participating interests measured using the equity method				
Other interests	41,333,348	229,550	41,103,798	32,688,119
Receivables from participating interests	8,434,716	67,365	8,367,351	9,607,989
Other long-term investments				
Loans	1,018,519		1,018,519	893,116
Other financial assets	567,995		567,995	607,096
TOTAL financial assets	51,354,578	296,915	51,057,663	43,796,320
CAPITAL ASSETS	210,050,634	43,172,897	166,877,737	135,276,930
INVENTORIES AND WORK-IN-PROGRESS				
Raw materials and supplies				
Goods in process inventory				1,284,522
Services in process inventory				
Intermediate and finished goods inventory				
Merchandise inventory	17,469		17,469	736,123
TOTAL inventories and work-in-progress	17,469		17,469	2,020,645
ACCOUNTS RECEIVABLE (NOTE 7)				
Advances and down payments				
Trade and other receivables	23,699,006	367,502	23,331,504	34,931,719
Other receivables	18,054,712		18,054,712	19,979,958
Subscribed, called up and not paid up capital				
TOTAL accounts receivable	41,753,718	367,502	41,386,216	54,911,676
CASH AND CASH EQUIVALENTS				
Marketable securities	42,040		42,040	55,989
Cash	11,278,590		11,278,590	8,310,711
Prepaid expenses (NOTE8)	724,256		724,256	2,162,995
TOTAL cash and cash equivalents	12,044,886		12,044,886	10,529,696
CURRENT ASSETS	53,816,073	367,502	53,448,571	67,462,017
Bond issuance costs to be amortised (NOTE 8)	1,629,489		1,629,489	640,479
Bond redemption premiums				58,540
Exchange gain				
OVERALL TOTAL	265,496,195	43,540,399	221,955,797	203,437,966

BALANCE SHEET LIABILITIES

From 01/01/15 to 31/12/15

Headings	Net (N) 31/12/2015	Net (N-1) 31/12/2014
NET FINANCIAL POSITION		
Paid up capital	5,330,364	5,330,364
Share/acquisition premiums	46,063,631	46,005,331
Revaluation adjustments (incl. equity method)		
Legal reserves	533,036	504,332
Reserves set by the articles of association		
Capital gains tax reserves		
Other reserves		
Retained earnings	68,113,715	52,563,145
Profit (loss) for the period	10,379,095	15,825,321
TOTAL net financial position	130,419,841	120,228,493
CAPITAL GRANTS		
REGULATED PROVISIONS	865,153	637,693
SHAREHOLDERS' EQUITY (NOTE 9)	131,284,994	120,866,185
OTHER EQUITY		
Income from the issuance of participating bonds		
Conditional advances		
OTHER EQUITY		
PROVISIONS FOR RISKS AND LIABILITIES		
Provisions for risks (NOTE 10)	1,187,789	1,025,499
Provisions for liabilities	0	
PROVISIONS FOR RISKS AND LIABILITIES	1,187,789	1,025,499
FINANCIAL DEBTS (NOTE 11)		
Convertible bonds		1,721,940
Other bonds	19,000,000	24,424,040
Bank borrowings	36,467,602	18,345,979
Other loans and financial debt	1,828,124	2,897,454
TOTAL financial debts	57,295,726	47,389,412
ADVANCES AND DOWN PAYMENTS ON CURRENT ORDERS	5,682	154,502
OTHER DEBTS (NOTE 11)		
Trade and other payables	13,785,296	11,342,084
Tax liabilities and employee benefits	18,205,209	22,004,256
Amounts payable on property, plant and equipment and related accounts		
Other payables	191,100	253,679
TOTAL other debts	32,181,605	33,600,018
DEFERRED INCOME		402,350
DEBTS	89,483,014	81,546,282
Exchange loss		
OVERALL TOTAL	221,955,797	203,437,966

INCOME STATEMENT

From 01/01/15 to 31/12/15

FIRST PART

Headings	France	International	Net (N) 31/12/2015	Net (N-1) 31/12/2014
Sale of merchandise	44,834,236		44,834,236	42,601,659
Sale of finished goods				
Rendering of services	38,775,332	25,971,441	64,746,773	53,638,743
Net revenue (NOTE 12)	83,609,568	25,971,441	109,581,009	96,240,402
Inventoried products			(1,284,522)	327,362
Capitalised production			11,930,000	8,988,400
Operating grants				
Reversals of impairment losses, expense transfers			3,985,958	535,582
Other income			912,926	452,206
OPERATING INCOME (NOTE 13)			125,125,371	106,543,952
EXTERNAL COSTS				
Purchase of merchandise [and duties]			26,203,614	22,670,119
Change in merchandise inventory			718,654	73,287
Purchase of raw materials and other supplies			(21,405)	
Change in inventory [raw materials and supplies]				
Other external purchases and costs			34,552,354	25,596,956
TOTAL external costs			61,453,216	48,340,361
TAXES			1,992,002	1,862,960
PERSONNEL EXPENSES				
Wages and salaries			27,295,762	28,315,222
Social contributions			11,616,343	12,254,757
TOTAL personnel costs			38,912,105	40,569,979
OPERATING EXPENSES				
Depreciation and amortization of assets			13,301,153	10,592,573
Impairment losses on noncurrent assets				
Impairment losses on current assets			367,502	372,592
Provisions for risks and liabilities				
TOTAL operating expenses			13,668,655	10,965,165
OTHER OPERATING EXPENSES			5,738,516	119,268
OPERATING EXPENSES			121,764,494	101,857,734
OPERATING INCOME			3,360,878	4,686,218

INCOME STATEMENT

From 01/01/15 to 31/12/15

SECOND PART

Headings	Net (N) 31/12/2015	Net (N-1) 31/12/2014
OPERATING INCOME	4,686,218	4,686,218
Gain allocated or loss transferred		
Loss borne or gain transferred		
FINANCIAL INCOME		
Income from participating interests	146,497	
Income from other securities and noncurrent receivables		
Other interest income	50,234	494,611
Reversals of impairment losses and expense transfers	281,552	304,674
Exchange gains	103,232	33,959
Net income from the disposal of securities	7	2,618
	581,523	835,862
FINANCIAL EXPENSES		
Amortisation and impairment losses	108,679	136,542
Interest and other financial expenses	2,948,103	2,813,189
Exchange losses	130,247	37,510
Net expenses from the disposal of securities	42,359	96,712
	3,229,388	3,083,953
FINANCIAL INCOME (NOTE 14)	(2,647,865)	(2,248,091)
EARNINGS BEFORE INTEREST AND TAXES (EBIT)	713,012	2,438,126
NONRECURRING INCOME		
Nonrecurring gains from management transactions	47,002	7,673
Nonrecurring gains from capital transactions	1,025,622	303,876
Reversals of impairment losses and expense transfers	362,338	115,000
	1,434,962	426,548
NONRECURRING EXPENSES		
Nonrecurring losses from management transactions	2,225,084	1,076,552
Nonrecurring losses from capital transactions	1,164,595	42
Nonrecurring amortisation and impairment losses	993,620	382,461
	4,383,299	1,459,055
NONRECURRING FINANCIAL INCOME (NOTE 15)	(2,948,337)	(1,032,507)
Employee profit-sharing (NOTE 16)		
Income taxes	(12,614,419)	(14,419,701)
TOTAL INCOME	127,141,856	107,806,362
TOTAL EXPENSES	116,762,762	91,981,041
PROFIT (LOSS)	10,379,095	15,825,321

PRODWARE SA

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

For the financial year ending 31 December 2015

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NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2015

The information presented below is part and parcel of the parent company financial statements.

Note 1: Significant events of the period

The following significant events occurred in 2015:

- The sale of Sage ERP X3;
- The sale of maXimum ERP in April 2015;
- The sale of Watermark Belgium in November 2015;
- The sale of Prodware Dynamics in December 2015;
- The subscription to a bank loan of €20 million in June 2015;
- The repayments (incl. interest) in 2015 of:
 - » The bond issued in 2009 for an amount of €5.5 million;
 - » The last convertible bond issued for €1.8 million and the extinguishment of the potential dilution caused by the 150,000 shares tied to the bond.

Note 2: Accounting principles and policies

The parent company financial statements at 31 December 2015 were prepared in accordance with the French Commercial Code (articles L123-12 to L123-28), ANC Regulation no. 2014-03 of 5/06/2014 relating to the *Plan Comptable Général* (PCG – French GAAP), and CRC regulations (*Comité de la Réglementation Comptable* – French accounting authority).

The following policies were applied in compliance with the prudence concept in accordance with the following basic principles:

- Going concern;
- Cut-off;
- Consistency in the use of accounting policies from one period to the next except for the changes in valuation methods or presentation indicated below

and with the general principles on the preparation and presentation of financial statements.

The following main policies were applied:

2.1 Intangible assets

Acquired intangible assets are measured at cost of acquisition (price of purchase plus incidental costs).

Intangible assets developed in-house are measured in accordance with article 321-17 of the PCG.

✂ Start-up costs

Start-up costs are the issuance costs of stock warrants. They are measured at cost of acquisition and amortised on a straight line basis over five years.

✂ Software development costs

Acquired software is recognised at cost of acquisition and amortised over its useful life, i.e. eight years.

Software is measured at cost of production on the basis of the time taken to develop the corresponding software packages.

They are capitalised in accordance with French GAAP guidelines under which the costs of production of software packages (production hours are valued on the basis of salaries plus social contributions) are recorded as a capital asset if the project is technically viable and commercially profitable and if the entity has given a firm indication of its intention to produce the software in question and to use it sustainably to meet the needs of its customers.

These software packages are amortised on a straight line basis over eight years starting on their activation date.

If development costs are not capitalised, the total research and development costs are recorded as an expense.

✓ **Goodwill**

Goodwill amounts to the considerations transferred and the technical (false) losses incurred in the course of the mergers and acquisitions (transfers of the total value of assets and liabilities) conducted by the Company between 2005 and 2014.

A technical loss amounts to the difference between the true economic value and the net asset value of an acquired entity (unrealized capital gain).

A technical loss is impaired when the recoverable amount of the underlying asset to which it is tied falls below the carrying amount of said asset.

The Company determines at each closing whether there are any significant indications of a loss of value in these intangible assets.

In the case of such indications, an impairment test is conducted in order to assess whether the asset's carrying amount exceeds its recoverable amount, defined as the higher of an asset's fair value less costs of disposal (net fair value) and its value in use.

Value in use is generally determined by discounting the future cash flows expected to be derived from an asset.

If the carrying amount of an asset exceeds its recoverable amount, the difference is recognized as an impairment loss in the income statement. If the recoverable amount of an asset is higher than its carrying amount at a later stage, the impairment loss is reversed in the income statement.

An impairment loss is recognized if the recoverable amount of an asset is less than its carrying amount.

2.2 Property, plant and equipment

Property, plant and equipment is recognized at cost of acquisition taking into account the costs of bringing these assets into service and after deducting deposits and trade and cash discounts.

In accordance with new accounting regulations on the recognition of assets, the Company has chosen to include incidental costs in the the cost of acquisition of property, plant and equipment.

Property, plant and equipment is depreciated on a straight line basis according to the useful life of each asset. The depreciation periods and methods of the main assets are as follows:

Machinery and equipment.	Five years straight line
Building improvements.	Ten years straight line
Transport equipment	Four years straight line
Office and IT equipment	Three years straight line
Furniture.	Ten years straight line

2.3 Participating and other interests

Participating interests are recorded in the balance sheet at cost of acquisition.

In accordance with new accounting regulations on the recognition of assets, the Company has chosen to include incidental costs (transfer taxes, fees or commissions and legal fees) in the the cost of acquisition of financial assets.

These costs of acquisition are depreciated on a declining balance basis over five years.

Participating interests are recorded in the balance sheet at cost of acquisition. An impairment loss is recognized when the cost of acquisition exceeds the carrying amount.

The carrying amount is determined by taking account of Prodware SA's equity interest in these entities and estimated future profits relative to unrealized gains and/or management earnings forecasts.

2.4 Merchandise inventory

Merchandise inventory is measured on the basis of weighted average cost per unit. The gross value of merchandise and supplies includes cost of acquisition and incidental expenses.

2.5 Measurement of accounts receivable and payable

Accounts receivable and payable are measured at their nominal value.

An impairment loss on receivables is recognized when the nominal value of a receivable exceeds its carrying amount and/or when repayment difficulties are clearly identified.

Impairment losses on trade receivables are then determined in order of priority and on the basis of the risks of non-repayment identified by senior management and external consultants hired by Prodware SA.

Participating interest receivables are financial flows between Prodware SA and its subsidiaries as part of their business development.

2.6 Foreign currency translations

Accounts receivable and payable denominated in foreign currency are measured on the basis of the exchange rate at the close of the reporting period. Exchange differences are recorded as gains/losses in the balance sheet.

2.7 Marketable securities and cash

Marketable securities are measured at cost of acquisition and are amortised where applicable on the basis of their market value at the close of the reporting period.

The disposal of trade receivables as surety for receivables-backed loans is recorded under "Daily receivables-backed loans".

2.8 Equity

The Company records costs tied to capital increases under "Share premiums" in accordance with regulations in force.

2.9 Declining balance amortisation

The costs of acquisition of participating interests are included in cost of acquisition. These costs of acquisition are depreciated on a declining balance basis over five years.

2.10 Provisions for risks and liabilities

These provisions are recorded in accordance with ANC Regulation no. 2014-03. Accordingly, provisions for risks and liabilities are set aside to cover probable payments to third parties without consideration for Prodware SA. These provisions are estimated on the basis of the most likely assumptions at closing.

Prodware SA sets aside no provisions for employee long-term benefits. Retirement benefits form part of off-balance sheet commitments.

2.11 Recognition of revenue

✓ **Technical assistance, consulting and software integration**

Revenue from these services is recognized as and when they are rendered. Revenue is measured on the basis of the contractual sales price and hours billable. Early invoicing and deferred income are recognized if invoicing is not in line with the state of work.

✓ **Software licensing and maintenance**

Sales of licenses are recognized when the following three conditions are met: there is an agreement, the product is delivered, and the selling price is agreed.

Revenue from maintenance contracts (annual licenses) is recorded in its totality as soon as it is invoiced and not in proportion to time.

✓ **Packaged services**

Revenue is recognized as and when work progresses on the basis of costs incurred and costs to be incurred. Early invoicing and deferred income are recognized if invoicing is not in line with the state of work.

✓ **Hardware sales and related system integrations**

Revenue from hardware sales not tied to services is recognized when the risk is transferred to the customer on delivery of the product.

The share of revenue from the hardware component of system integrations related to hardware sales is recorded when the risks and benefits are transferred to the customer on delivery of the product. In cases when a project is unusually complex and is liable to incur specific risks pertaining to its completion, the project is considered in its entirety and revenue is recognized as a percentage of completion.

The share of revenue from services provided is recorded as a percentage of completion on the basis of costs incurred and costs to be incurred.

2.12 Nonrecurring income

Nonrecurring income and expenses comprise items which, on account of their nature and irregular frequency, are not considered inherent to the Company's operations.

Note 3: Events subsequent to closing

In January 2016 Prodware entered into a Euro PP loan agreement for an amount of €79 million made up of a new bond issue for €51 million and a new senior bank credit facility of €28 million. This financing will enable the Group to refinance all of its existing debt (bank and bonds) on the one hand and ensure the financing of its 2016-2021 strategy on the other hand.

As part of its efforts to refocus its business, Prodware sold its subsidiary in Luxembourg (the entity was inactive since the end of the first quarter of 2015).

Note 4: Intangible assets

Change in gross values, depreciation and amortization

Intangible assets comprise goodwill and the Frameworks acquired or developed in-house.

Gross value in € thousands	01/01/2015	Increase	Reclassification	Decrease	Completed intangible assets	31/12/2015
Licenses and patents	77,956	36,641	2,016	-252	2,223	118,584
Lease renewal	2					2
Goodwill	26,743	12		-479		26,276
Other intangible assets	2,016		-2,016			0
Intangible assets in progress	2,223				-2,223	0
Total	108,940	36,653	0	-731	0	144,862

Amortisation in € thousands	01/01/2015	Increase	Reclassification	Decrease	Completed intangible assets	31/12/2015
Licenses and patents	-24,096	-10,630	-488	126		-35,088
Other intangible assets	-488		488			0
Total	-24,584	-10,630	0	126		-35,088

Impairment losses in € thousands	01/01/2015	Increase	Reclassification	Decrease	Completed intangible assets	31/12/2015
Goodwill	-345					-345
Total	-345	-	-	-	-	-345

Net value	84,011	26,023	0	605	0	109,429
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Goodwill

In € thousands	31/12/2013
Goodwill acquired	7,630
Technical losses on mergers and acquisitions	19,100
Total	26,730

Goodwill amounts to the considerations transferred (less disposals) and the technical (false) losses incurred in the course of the mergers and acquisitions (transfers of the total value of assets and liabilities) conducted by the Company between 2005 and 2014.

Note 5: Property, plant and equipment

Gross value in € thousands	01/01/2015	Increase	Decrease	31/12/2015
Plant and equipment	8,947	909	-6	9,850
Building improvements	1,983	246	-242	1,987
Transport equipment	375	17	-21	371
Office equipment and furniture	769	25	-364	430
IT equipment	4,507	10	-3,322	1,196
Total	16,582	1,206	-3,955	13,834

Depreciation in € thousands	01/01/2015	Increase	Decrease	31/12/2015
Plant and equipment	-2,927	-1,839	6	-4,760
Other property, plant and equipment		-44		-44
Building improvements	-1,077	-142	237	-982
Transport equipment	-374		20	-354
Office equipment and furniture	-668	-51	358	-361
IT equipment	-4,067	-181	3,307	-941
Total	-9,113	-2,257	3,928	-7,442

Net value	7,469	-1,051	-27	6,392
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Note 6: Financial assets

The list of subsidiaries and participating interests is given in Note 22.

Gross value in € thousands	01/01/2015	Increase	Decrease	31/12/2015
Participating interests	32,918	8,821	-406	41,333
Receivables from participating interests	9,907	19,553	-21,025	8,435
Loans	894	143	-18	1,019
Deposits and guarantees	607	8	-47	568
Total	44,326	28,525	-21,496	51,355

Impairment losses in € thousands	01/01/2015	Increase	Decrease	31/12/2015
Participating interests	229			229
Receivables from participating interests	299	50	-282	67
Total	528	50	-282	296

Net value	43,798	28,475	-21,214	51,059
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The main changes in participating interests relate to the following capital increases:

- Prodware Deutschland €2,421,000;
- Prodware Belgium €1,200,000;
- Prodware Spain €200,000;
- Prodware NV Netherlands €5,000,000.

Changes in cash and trade flows are recognized under "Receivables from participating interests".

Note 7: Accounts receivable

In € thousands	31/12/2015	Up to one year	More than one year	31/12/2014
Trade and other receivables	23,699	22,597	1,102	38,427
Employee receivables	28	28		69
Tax receivables	13,440	13,440		15,028
Other receivables	4,586	1,572	3,014	4,888
Total	41,753	43,637	4,116	58,412

Impairment losses in € thousands	31/12/2015	Up to one year	More than one year	31/12/2014
Trade receivables	-368	0	-368	-3,495
Employee receivables	0	0		-6
Total	-368	-	-368	-3,501

Net value	41,385	37,637	3,605	54,911
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The balance of "Trade receivables" includes the disposal of trade receivables backing Dailly receivables-backed loans for an amount of €6 million.

"Tax receivables" includes a research tax credit of €12,614,000. The maturity of less than one year on this receivable is on account of its use by the Group.

Note 8: Adjustment accounts

Prepaid expenses

Headings in € thousands	31/12/2015	31/12/2014
Prepaid expenses	724	2,162

Prepaid expenses are operating expenses incurred during the year and carried forward to the following year.

Deferred expenses

Headings in € thousands	Gross value 31/12/2014	Accumulated amortisation at 31/12/2014	Increase 2015	Amortisation 2015	Net 31/12/2015
Bond issuance costs	1,674	-1,034	1,403	-414	1,629
Total	1,674	-1,034	1,403	-414	1,629

Deferred expenses are bond issuance costs and are spread over several reporting periods.

These costs are amortised over the duration of the bond.

Note 9: Equity

At 31 December 2015 the share capital comprised 8,200,560 shares with a par value of €0.65.

In accordance to the Company's articles of association, certain shares carry double voting rights. There were 2,403,306 such shares at 31 December 2015.

Share capital

Headings in € thousands	01/01/2015	Increase	Decrease	Dividends	31/12/2015
Share capital	5,330				5,330
Share premium	45,618				45,618
Stock warrants	387	58			445
Legal reserves	505	29			534
Retained earnings	52,563	15,551			68,114
Profit (loss) 2014	15,825		15,579	246	-
Profit (loss) for the period		10,379			10,379
Regulated provisions	638	227			865
Total	120,866	26,244	15,579	246	131,285

At 31 December 2015, the parent company held 5,197 treasury shares under the liquidity contract against 7,780 treasury shares at 31 December 2014.

Share premium

No change was recorded in this item at 31 December 2015.

Stock warrants

Stock warrants break down as follows:

Nature	
Number of stock warrants issued at 01/01/2014	341,900
Issuance price	0.29
Exercise price	5.91
Issuance amount	€99,000
Expiry date	02/07/2017
Number of stock warrants exercised in 2015	265,000
Issuance price	0.22
Exercise price	7.28
Expiry date	09/06/2020
Number of stock warrants outstanding at 31/12/2015	606,900
Potential capital increase (no. of shares)	606,900
Potential capital increase (nominal value)	€394,000

Note 10: Provisions for risks and liabilities

In € thousands	01/01/2015	Allowance	Reversals used	Reversals not used	31/12/2015
Provisions for industrial disputes	771	671	-350		1,092
Provisions for trade disputes	254	95	-254		95
Total provisions for disputes	1,025	766	-604		1,187

Reversals of provisions correspond to diminished risks of industrial and trade disputes. Impairment losses and reversals of provisions relating to the risks of trade disputes are recorded under operating income.

Note 11: Loans and other financial liabilities

The Company contracted the following loans and financial liabilities:

In € thousands	Gross amount	Up to one year	One to five years	More than five years
Convertible bonds				
Interest on convertible bonds				
Other bonds	19,000		19,000	
Interest on other bonds				
Bank borrowings	37,512	22,739	14,773	
Debts from participating interests	512	512		
Total	57,024	23,251	33,773	-

✂ Bonds

Bonds	Number of bonds	Issuance price in € thousands	Issuance amount in € thousands	Annual interest rate	Date interest paid	Total amount repayable in € thousands	Latest expiry date
NOVO 2	100	100,000	10,000	5.30%	Quarterly	10,000	11/04/2019
NOVO 2	90	100,000	9,000	5.30%	Quarterly	9,000	31/07/2019
Total			19,000			19,000	

✂ Financial covenants

Bank loan agreements include default clauses some of which are triggered by the failure to maintain financial ratios calculated on the basis of financial data for the Group.

The ratio requirements are as follows:

Financial ratios to be maintained by debt portion	Principal outstanding (in € thousands)
Net consolidated debt/consolidated equity < 1.3	32,647
Net consolidated debt/consolidated EBITDA < 2.5	32,647
EBITDA/cost of net financial debt > 3.5	32,647

All of the above covenants were maintained in December 2015.

✂ Accounts payable

All accounts payable are due within one year.

In € thousands	31/12/2015	Of which expenses payable 31/12/2015	31/12/2014
Trade payables	13,785	417	11,342
Employee benefits	8,908	4,721	11,731
Tax liabilities	9,296	358	10,273
Other debts	191	191	254
Total	32,180	5,687	33,600

NOTES TO THE INCOME STATEMENT

Note 12: Revenue

Business in € thousands	31/12/2015	%	31/12/2014	%
Sale of merchandise and licensing	44,834	41	42,602	44
Rendering of services;	64,747	59	53,638	56
Total	109,581	100	96,240	100
Breakdown of revenue by region				
	31/12/2015	%	31/12/2014	%
France	83,610	76	85,528	89
International	25,971	24	10,712	11
Total	109,581	100	96,240	100

Note 13: Other operating income

Other operating income includes the following:

- Self-constructed assets amounting to €11,930,000;
- Reversals of impairment losses on doubtful accounts amounting to €3,495,000;
- Transfer of expenses amounting to €220,000.

Note 14: Financial result

Headings	31/12/2015	31/12/2014
Interest and other financial income	146	494
Reversals of financial provisions	282	305
Disposal of securities	50	
Exchange gain	103	33
Other financial income	-	3
Total financial income	581	835
Interest and other financial expenses	2,948	2,813
Impairment losses on financial provisions	109	136
Cost of disposal of securities		
Exchange loss	130	37
Other financial expenses	42	97
Total financial expenses	3,229	3,083

Note 15: Nonrecurring income

Headings in € thousands	31/12/2015	31/12/2014
Nonrecurring gains from management transactions	47	8
Nonrecurring gains from capital transactions	1,025	304
Reversals of provisions	362	115
Total nonrecurring income	1,434	427
Nonrecurring losses from management transactions	2,225	1,077
Nonrecurring losses from capital transactions	1,165	
Provisions	993	382
Total nonrecurring expenses	4,383	1,459

Nonrecurring income from capital transactions correspond mostly to the disposal of a non-strategic business for €1,000,000.

Impairment losses and reversals of provisions correspond mainly to the resolution of industrial and trade disputes.

Nonrecurring losses from management transactions correspond to the sums paid to settle industrial and trade disputes amounting to €1,824,000.

Note 16: Income tax

A research tax credit €12,614,000 was obtained in 2015. Fees relating to the obtaining of this research tax credit are recorded under "Other external purchases and expenses" and amounted to €1,250.

Payroll is the main expense consideration for the research tax credit and self-constructed assets.

Headings in € thousands	31/12/2015
Research tax credit	12,614
Total tax	12,614

OTHER SIGNIFICANT INFORMATION

Note 17: Workforce and the CICE

	2015	2014
Average workforce	556	608
Of which managerial positions	394	420
Of which non-managerial positions	162	188

The CICE (Competitiveness and Employment Tax Credit) had an impact of €608,000.

In accordance with article 76 of the 2015 Budget, it is specified that the purpose of the CICE being to finance the improvement of the competitiveness of firms, it was used to bolster the Company's working capital.

Note 18: Remuneration of corporate officers

The total remuneration of corporate officers amounted to €623,072 in 2015.

	31/12/2015	31/12/2014
Number of officers	3	3
Remuneration	623,072	431,172
Short-term benefits		
Termination benefits		
Share-based remuneration		
TOTAL	623,072	431,172

In accordance with the decision taken by the Board of Directors in 2003, one of the corporate officers is entitled to severance pay equivalent to two years gross salary at the date of the termination of his term of office.

One of the corporate officers invoiced the Company an amount of €74,000 for subcontracting work in addition to their remuneration.

Note 19: Off-balance sheet commitments

✓ Undertakings (deposits and guarantees) at 31 December 2015

Fees outstanding in € thousands	Other intangible assets	TOTAL
Up to one year	5,436	5,436
One to five years	12,494	12,494
More than five years	-	-
Subtotal	17,930	17,930

✓ Rental undertakings (vehicles and hardware)

Amount at 31.12.2015	Other intangible assets	Total
TOTAL	17,930	17,930

✓ Contractual pledges

Contractual pledge of goodwill against loans	Amounts (in € thousands)	Principal outstanding (in € thousands)
Banks and financial institutions (4)	40,400	19,019

Contractual pledge of the Prodware brand against loans	Amounts (in € thousands)
Banks and financial institutions (4)	19,000

✓ Other undertakings

The disposal of trade receivables backing Dailly receivables-backed loans amounted to €6 million.

✓ Retirement benefits

Retirement benefits were not recognised.

Given the fairly low average age of the workforce and staff turnover, retirement benefits amount to €1,849,000 determined as follows:

- Syntec collective bargaining agreement;
- Discount rate: 2%;
- Accumulated rights with projected salary increases: 2%;
- Estimated retirement age: 66 years (managerial) or 64 years (non-managerial).

Note 20: Related-party transactions

In € thousands	Amount
Participating interests net of provisions	365
Trade payables	8
Trade receivables	9
Sales to related-party transactions	95
Purchases from related-party transactions	283

In accordance with regulations, transactions with virtually wholly-owned entities are not disclosed.

Likewise, transactions with related parties occurring under normal market conditions are not disclosed.

Note 21: Scope of consolidation

The Prodware Group is obliged to publish a set of consolidated financial statements. Prodware SA is the parent company and consolidating entity of this group.

The list of subsidiaries belonging to the scope of consolidation is as follow:

In euros	Share capital	Equity capital	Interest	Gross value of part. interests	Net value of part. interests	Revenue for the period (excl. VAT)	Profit (loss) for the period
Subsidiaries in which the Company has a direct or indirect interest of more than 50%							
Cap Lease	40,000	221,415	50%	20,779	20,779	4,031,110	14,159
Prodware Netherlands BV	11,800,000	3,116,269	100%	17,565,488	17,565,488	22,579,802	-1,053,631
Prodware Czech Republic	7,299	249,931	100%			1,255,402	149,448
Prodware Deutschland AG	51,150	-1,960,440	100%	12,982,113	12,982,113	13,348,760	-3,373,923
Prodware UK Limited	240	-787,726	100%	2,000,000	2,000,000	6,948,067	-991,696
Ckl (under subsidiary)	26,500	1,149,727	50%			1,665,232	69,198
Prodware Belgium	1,200,000	1,175,207	100%	4,155,013	4,155,013	6,335,260	166,125
Prodware Luxembourg	15,000	23,817	100%	15,000	-	23,045	516,948
Prodware East Europe	807	19,141	100%	1,000	1,000	114,192	18,508
Prodware Spain	152,010	2,363,012	100%	2,800,000	2,800,000	19,926,104	741,043
Prodware Tunisie	22,167	148,289	80%	25,000	25,000	558,378	23,777
Prodware Maroc	45,070	-378	99.30%	44,337	44,337	1,395,928	76,426
N2A SI	18,028	-55,659	80%	14,550	-	-	-278
Rentasoft	21	-148,327	100%	200,000	-	260,191	40,669
Prodware West & Central East Africa	15,245	12,335	51%	7,775	7,775	517,647	-4,916
Prodware Georgia	-	40,189	100%			148,419	21,688
Prodware Israel	117,344	1,546,761	79.82%			11,028,193	107,252
Subsidiaries in which the Company has an interest of less than 50%							
Cap Vision (unconsolidated)	10,000		20%	20,000	20,000	Not disclosed	Not disclosed
IRIS (unconsolidated)	625,920	988,888	25%	344,990	344,900	Not disclosed	Not disclosed



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