PRODWARE GROUP

CONSOLIDATED FINANCIAL STATEMENTS

At December 31st, 2015

prodware

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1. CONSOLIDATED INCOME STATEMENT

(in € thousands)

		31/12/2015	31/12/2014
Net Revenue	*Note 7*	**181,828**	**174,824**
Consumed purchases		-59,725	-56,726
External costs		-30,613	-28,353
Personnel expenses	*Note 8*	-80,760	-85,771
Taxes and similar payments		-2,045	-1,917
Net amortisation, depreciation and provision charges		-12,071	-14,200
Other income and current operating costs	*Note 9*	18,758	25,661
Current operating income		**15,372**	**13,518**
Other income and operating costs	*Note 10*	-5,579	-4,589
Operating income		**9,793**	**8,929**
Cost of net financial debt	*Note 11*	-2,768	-2,895
Other financial income and expenses	*Note 11*	-780	-740
Profit		**-3,548**	**-3,635**
Taxes on profits	*Note 12*	-397	-183
Share in associated companies	*Note 14*	31	172
Net profit from continuing operations		**5,879**	**5,283**
Net income from discontinued operations	*Note 15*	-287	-
Net consolidated income		**5,592**	**5,283**
Income attributable to minority interests		83	-32
Net income - Group share		**5,675**	**5,251**
Basic earning per share (on mean) (in euros)	*Note 13*	**0.717**	**0.647**
Diluted earning per share (in euros)	*Note 13*	**0.668**	**0.618**

2. STATEMENT OF COMPREHENSIVE INCOME

(in € thousands)

	31/12/2015	31/12/2014
Net income (Group share)	**5,675**	**5,251**
Non-controlling interests	-83	32
NET CONSOLIDATED INCOME	**5,592**	**5,283**
Other comprehensive income that may not be recycled subsequently to net income:	**-**	**-**
Re-evaluation gains of tangible fixed assets		
Re-evaluation gains of intangible fixed assets		
Actuarial gains and losses on retirement benefit obligations	**313**	
Other comprehensive income that may be recycled subsequently to net income:	**-**	**-**
Currency translation differences for the Group	**174**	**-5**
Changes in fair value available for sale of financial assets		
Changes in fair value of cash flow hedges		
Tax on elements recognised directly in equity		
CHANGES IN COMPREHENSIVE INCOME RECOGNISED DIRECTLY IN EQUITY	**487**	**-5**
TOTAL COMPREHENSIVE INCOME RECOGNISED DIRECTLY IN EQUITY	**6,079**	**5,278**
OF WHICH		
GROUP SHARE	**6,128**	**5,246**
MINORITY SHARE	**-49**	**32**

3. CONSOLIDATED BALANCE SHEET

(in € thousands)

		31/12/2015	31/12/2014
Goodwill	*Note 16*	32,846	33,368
Intangible fixed assets	*Note 17*	91,360	69,299
Tangible fixed assets	*Note 17*	7,645	9,279
Financial fixed assets	*Note 18*	2,340	2,294
Investments in companies: associates and joint ventures	*Note 18*	575	694
Deferred tax assets	*Note 12*	10,465	10,615
TOTAL NON-CURRENT ASSETS		**145,231**	**125,549**
Inventories and work in progress	*Note 19*	135	2,021
Accounts receivable and other receivables	*Note 20*	52,484	66,242
Other current assets	*Note 20*	20,153	24,652
Cash and cash equivalents	*Note 21*	9,062	5,441
TOTAL CURRENT ASSETS		**81,833**	**98,355**
TOTAL ASSETS		**227,064**	**223,904**

		31/12/2015	31/12/2014
Share capital	*Note 22*	5,330	5,330
Share premiums and other reserves		47,487	47,429
Group reserves		51,609	46,455
Net income (Group share)		5,675	5,251
EQUITY ATTRIBUTABLE TO THE GROUP		**110,102**	**104,465**
NON-CONTROLLING INTERESTS		**378**	**321**
TOTAL EQUITY		**110,480**	**104,786**
Deferred tax liabilities	*Note 12*		
Current financial liabilities	*Note 23*	4,128	4,117
Other non-current financial liabilities	*Note 24*	37,295	29,760
TOTAL NON-CURRENT LIABILITIES		**41,423**	**33,877**
Current provisions	*Note 23*	3,953	2,939
Current financial liabilities	*Note 24*	18,290	16,853
Trade payables	*Note 25*	22,704	22,611
Other current liabilities	*Note 25*	30,215	42,839
TOTAL CURRENT LIABILITIES		**75,161**	**85,241**
TOTAL LIABILITIES		**227,064**	**223,904**

4. CONSOLIDATED CASH FLOW STATEMENT

(in € thousands)

		31/12/2015	31/12/2014
Consolidated net income (including noncontrolling interests)		**5,592**	**5,283**
Share of profit or loss of companies accounted for under the equity method	*Note 14*	-31	-172
Dividends received from companies accounted for under the equity method	*Note 14*	150	125
Depreciation and amortisation		17,058	14,217
Gains or losses on disposals	*Note 10*	1,437	99
Cash flows from operating activities after tax and financing costs		24,207	19,551
Cost of net financial debt	*Note 11*	2,768	2,895
Current and deferred tax expense	*Note 12*	397	183
Cash flows from operating activities before tax and financing costs		27,371	22,629
Change in working capital requirement		7,518	-9,145
NET CASH FLOWS (USED BY)/FROM OPERATING ACTIVITIES (I)		**34,889**	**13,484**
Acquisitions of capital assets	*Note 17*	-37,551	-21,242
Disposals of capital assets		14	277
Reduction in other financial assets		113	
Impact of changes in scope of consolidation		-27	-396
Net change in short-term investments		-2	
Cash flows tied to non-current assets held for sale/to be written off			
NET CASH FLOWS (USED BY)/FROM INVESTING ACTIVITIES (II)		**-37,454**	**-21,361**
New long-term borrowings	*Note 24*	18,592	21,110
Loan repayments	*Note 24*	-11,424	-11,835
Cost of net financial debt	*Note 24*	-2,768	-2,895
Dividends received/paid by the parent company		-245	
Capital increases/reductions		174	
Net share transfers/(repurchases)		14	13
NET CASH FLOWS (USED BY)/FROM FINANCING ACTIVITIES (III)		**4,343**	**6,393**
Effect of exchange rates on cash flows (IV)		36	14
EFFECT OF EXCHANGE RATES (IV)		**36**	**14**
NET CHANGE IN CASH		**1,814**	**-1,470**
Cash and cash equivalents at beginning of period	**Note 21**	**-11,039**	**-9,568**
Cash and cash equivalents at end of period	**Note 21**	**-9,224**	**-11,039**

	31/12/2014	31/12/2015
Inventories and work-in-progress	2,021	135
Trade and other receivables	66,242	52,484
Other current assets	24,652	20,153
Trade and other payables	22,611	22,704
Other current liabilities	42,839	30,215
Working capital requirement (WCR)	**27,465**	**19,852**
Change in WCR tied to operations (including provisions)		-7,613
Other changes	-	95
CHANGE IN WCR IN THE CASH FLOW STATEMENT		**-7,518**

5. CHANGES IN EQUITY

(in € thousands)

	Share capital	Share premiums	Consol-idated reserves	Trans-lation reserves	Net income (Group share)	Treasury shares	Equity (Group share)	Minority interests
Equity at 31/12/2013	**5,043**	**43,825**	**38,933**	**-85**	**7,722**	**-66**	**95,372**	**161**
Retained earnings N-1	-	-	7,722	-	-7,722	-	-	-
Capital increase	287	3,604	-162	-	-	-	3,729	172
Income	-	-	-	-	5,251	-	5,251	32
Reclassification	0	-	23	54	-	12	90	-23
Exchange difference	-	-	7	-4	-	-	4	-0
Change in interest rate	-	-	20	-	-	-	20	-21
Equity at 31/12/2014	**5,330**	**47,429**	**46,544**	**-35**	**5,251**	**-54**	**104,465**	**321**
Retained earnings N-1			5,251		-5,251		-	
Dividends paid N-1			-245				-245	
Capital increase		58	-37				21	153
Income					5,675		5,675	-83
Fair value			313				313	
Other adjustments			3			14	17	17
Deconsolidated entities			9	-9			-	-30
Exchange difference			-145				-145	
Change in interest rate							-	
Equity at 31/12/2015	**5,330**	**47,487**	**51,692**	**-44**	**5,675**	**-40**	**110,102**	**377**

6. NOTES

(Amounts are expressed in € thousands unless otherwise indicated).

General information — PRODWARE SA ("the Company") is a public limited company incorporated under French law. Its shares are listed on the AlterNext market of the Euronext stock exchange in Paris. The consolidated financial statements at 31 December 2015 reflect the financial position of PRODWARE SA and its subsidiaries (together "the Group") as well as the Group's interests in associates and joint ventures. They are presented in round € thousands.

On 10 March 2016, the Board of Directors approved the consolidated financial statements for the year ended 31 December 2015 and authorized their publication. These financial statements will be final only once they are approved by the shareholders' annual general meeting.

Note 1: Accounting policies

The Group's consolidated financial statements for the 2015 financial year were drawn up in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. These include the standards approved by the International Accounting Standards Board (IASB), namely, IFRS, International Accounting Standards (IAS) and the interpretations by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC).

These standards are available on the EU Commission's website at http://ec.europa.eu/finance/company-reporting/index_en.htm.

All the standards and interpretations applied by the Group in these financial statements comply with European directives on the one hand and the interpretations adopted by the European Union on the other hand.

Unless otherwise indicated, these principles were applied in a permanent manner to all financial years presented.

New standards and interpretations applicable from 1 January 2015:

- IFRIC 21 *Levies*
  This interpretation applies to financial years beginning on or after 1 January 2014.
- Annual improvements cycle 2011-2013
  This standard applies to financial years beginning on or after 1 July 2014.

The application of the above interpretation and standard had no material impact on the financial statements and notes.

The Group chose not to apply the following standards early:

- *Defined Benefit Plans: Employee Contributions (Amendment to IAS 19)*
  This amendment may be applied early to financial years beginning on or after 1 February 2015.
- *Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)*
  This amendment may be applied early to financial years beginning on or after 1 January 2016.
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)*
  This amendment may be applied early to financial years beginning on or after 1 January 2016.

The Group is assessing the impact of these amendments.

The main other standards, amendments and interpretations issued by the IASB and not yet adopted by the EU are as follows:

- IFRS 15 *Revenue from Contracts with Customers*
  On 28 May 2014, the IASB issued a new standard on the recognition of revenue which replaced several existing standards and interpretations, in particular IAS 11 and IAS 18.
  The new standard, not yet adopted by the EU, must be applied from 1 January 2018 onwards and may be applied early.
- IFRS 9 *Financial Instruments*
  On 24 July 2014, the IASB issued a new standard on the recognition and measurement of financial instruments which replaced IAS 39.
  The new standard, not yet adopted by the EU, must be applied from 1 January 2018 onwards and may be applied early.

The Group is studying the potential impact of these new standards on the financial statements.

Accounting estimates and assumptions: the consolidated financial statements were prepared according to the historical cost method except for certain categories of assets and liabilities in accordance with IFRS rules. The categories in question are mentioned in the following notes.

GENERAL CONSOLIDATION PRINCIPLES

1) Consolidation methods:

a) Subsidiaries (controlled entities) are fully consolidated. By control is meant the power to direct the financial and operating policies of an entity in order to derive benefits from its activities by virtue of holding over 50% of voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which the Group ceases to exercise control. All internal transactions are eliminated upon consolidation.

b) Associates are all entities not controlled by the Group but over which the Group exerts significant influence in general by virtue of holding between 20% and 50% of voting rights. Interests in associates are accounted for using the equity method and initially recognized at cost. The Group's stake in associates includes the goodwill (net of all accumulated losses in value) recorded at the time of acquisition. The Group's share of the net income of associates after acquisition is recorded under consolidated profit. When the Group's share in the losses of an associate is equal to or higher than its interest in the associate, including all unsecured debt, the Group recognizes no additional losses unless it has incurred an obligation or made payments on behalf of the associate. Unrealized gains on transactions between the Group and its associates are eliminated in proportion to the Group's interests in its associates. Unrealized losses are also eliminated unless, in the case of an asset disposal, the transaction indicates a loss in value. The accounting policies of associates were adjusted wherever necessary in order to align them with those adopted by the Group. The dilution gains and losses of associates are recognized in the income statement.

2) Closing date: entities included in the scope of consolidation are consolidated on the basis of financial statements prepared over the same accounting period as for those of the parent company.

3) Business combinations: business combinations are accounted for using the acquisition method. Thus, when a wholly controlled entity is first consolidated, the assets, liabilities and potential liabilities of the acquired entity are measured at fair value in accordance with IFRS guidance. Resulting valuation differences are recorded under the assets and liabilities in question; this applies to minority interests as well as acquired interests. The difference between the value of the consideration transferred and the fair value of the acquirer's equity interest minus the identifiable assets, liabilities and potential liabilities is recorded as an asset under goodwill. If, after an impairment test, the difference between the fair value of the acquirer's equity interest and the identifiable assets, liabilities and potential liabilities exceeds the value of the consideration transferred, the difference is recorded in profit or loss.

4) Minority interests: minority interests are recognized on the basis of the fair value of the net acquired assets. Asset sales to minority interests generate profits or losses recognized in the consolidated income statement. Share acquisitions from minority interests generate goodwill. This goodwill is the difference between the consideration transferred and the proportionate share acquired in the carrying amount of the net assets.

Similarly to disposals, the issuing of new shares reserved for minority interests without changing the consolidation method generates a dilution gain which is recorded under sundry income.

5) Translation of foreign currency: the Group's consolidated financial statements are drawn up in euros. Entities whose functional currency is not the euro have their balance sheets translated into euros at the closing exchange rate and their income statements and cash flow statements translated into euros at the average exchange rate for the period.

The resulting exchange difference is recorded in equity in the line item "Exchange differences". Goodwill and fair value adjustments arising from the acquisition of a foreign entity are considered assets and liabilities of the foreign entity. They are thus expressed in the functional currency of the entity and translated at the closing exchange rate.

6) Translation of foreign currency transactions: foreign currency transactions are translated at the exchange rate at the date of the transaction. At the end of the period, monetary assets denominated in foreign currency are translated at the closing exchange rate. Resulting exchange differences are recorded in profit or loss under other financial income and expenses.

VALUATION METHOLODOLOGIES

1) Property, plant and equipment and Intangible assets: in accordance with IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*, only items whose cost can be determined in a reliable manner and whose future economic benefits will most likely go to the Group are recorded as assets. In accordance with IAS 36 *Impairment of Assets*, when events or market changes indicate a risk of a loss of value of property, plant and equipment and intangible assets, a detailed impairment test of these assets is conducted in order to determine whether their carrying amount is lower than their recoverable amount. Recoverable amount is defined as the higher of an asset's fair value less costs of disposal and its value in use Value in use is determined by discounting the future cash flows expected to be derived from an asset and its disposal. If the carrying amount of an asset exceeds its recoverable amount, the difference is recognized as an impairment loss. Impairment losses on property, plant and equipment and intangible assets with finite useful lives can be reversed if the recoverable amount of an asset is higher than its carrying amount at a later stage (up to the initially recorded impairment).

2) Other intangible assets: intangible assets mostly comprise software programs. They are either acquired or developed internally. Intangible assets are usually amortized on a straight line basis over a period of eight years. No intangible asset has an indefinite useful life. All intangible assets (excluding goodwill) are amortized over their estimated useful lives.

Internally developed software is amortized from the internal acceptance date of the project over the expected commercial life of the software.

Development costs not meeting the criteria set out by IAS 38 are recorded as current operating expenses as and when they are incurred. Research costs are recorded as an expense.

3) Property, plant and equipment: property, plant and equipment is recognized at cost of acquisition for the Group less accumulated depreciation and impairment losses. It is usually depreciated over the following normal useful lives:

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

The Group applies the straight line depreciation method. Assets financed by a finance or operating lease, which in essence transfer all risks and benefits attached to the property to the tenant, are capitalized. The depreciable amount takes account of residual value when the latter is deemed significant. Different parts of an item of property, plant and equipment are recorded separately when their estimated useful lives, and thus their depreciation periods, are significantly different.

4) Goodwill: goodwill is the value of the consideration transferred less the fair value of the Group's proportionate interest in the identifiable net assets of the subsidiary or associate at the date of acquisition. Goodwill relating to the acquisition of associates is included in the carrying amounts of the interests in these associates. Separately recorded goodwill is subject to an annual impairment test. In the main, the recoverable amounts of each of the Group's operating entities are compared to their net assets (including goodwill). These recoverable amounts are mostly determined on the basis of discounted operating cash flow projections and an estimated terminal value. The assumptions with regard to changes in revenue and the estimated terminal value are reasonable and comply with available market data for each operating entity and their budgets approved by senior management.
Additional impairment tests are carried out if specific events or circumstances indicate a potential loss of value. Impairment losses on goodwill are irreversible.

5) Noncurrent financial assets: this item includes loans, unconsolidated interests and security deposits. Loans are recognized at their amortized cost. An impairment loss may be recognized if there is an objective indication of a loss of value in the loans. This impairment loss is the difference between the carrying and recoverable amounts of the loans and is recognized in profit or loss; it can be reversed if the recoverable amount changes favourably in future. An impairment test of other financial assets is conducted at each closing to ascertain whether objective indications of loss of value of these assets exist, in which case an impairment loss is recognized.

6) Inventories: inventories comprise IT equipment, licenses and work in progress. Goods and licenses are measured at cost or net realizable value. Cost is generally calculated using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.
Work in progress is measured using the percentage-of-completion method. Work in progress items are valued by adding social contributions to gross salary.

7) Trade and other receivables: trade and other receivables are recognized at cost of acquisition less value adjustments. Annual impairment tests are conducted for individual receivables; any impairment losses are recognized according to precedence.

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

Gains from the cancellation of treasury shares are recognized directly in equity and not in profit or loss.

9) Employee benefits: the Group contributes to pension schemes in accordance with the laws and conventions of the countries in which it is active. Contributions payable to basic and other defined-contribution plans are recorded as expenses when they are due; no provision is recognized since the Group is not liable beyond the contributions paid.

Provisions for defined-benefit plans are calculated as follows:

- The actuarial method used is the projected unit credit method which states that each period of service gives rise to a unit of benefit entitlement and measures each unit separately to build up the final obligation. These calculations include assumptions about mortality, staff turnover and future salary increases.

10) Hybrid financial instruments: certain financial instruments have both a liability component and an equity component. Convertible bonds fall into this category. The dual components of these instruments are recognized under equity and financial liabilities respectively as set out in IAS 32 *Financial Instruments: Presentation*. The liability component is measured at the date of issuance. It is equal to the value of the contractual future cash flows (including coupons and repayment) discounted at the market rate (taking issuance credit risk into account) of an ordinary instrument with the same maturity and cash flow conditions but without any conversion or share repayment options. The equity component is measured as the difference between the nominal issuance amount and the above-defined liability component.

11) Interest-bearing loans: interest-bearing loans are recorded at their nominal value less directly attributable transaction costs. They are then recognized at their amortized cost. The difference between the amortized cost and the repayment value is recorded in profit or loss depending on the effective interest rate over the duration of the loans.

12) Deferred taxes: deferred taxes are calculated on all temporary differences between the tax base and the consolidated value of assets and liabilities. These include the cancellation of entries in subsidiaries' individual financial statements in accordance with special tax treatments. The liability method is applied and the effects of changes in tax rates are recognized in equity or in profit or loss for the period in which rates are changed. Deferred tax assets are recorded in the balance sheet to the extent that they will more likely than not be recovered in the following years. Deferred tax assets and liabilities are not discounted. The following factors influence the Group's ability to recover these assets:

- Tax revenue forecasts for the next five years on the basis of budgets and plans approved by senior management;
- The share of one-time expenses included in previous tax losses;
- Historical tax revenue.

The Group offsets deferred tax assets and liabilities if the entity has the legal right to settle current tax amounts and if the deferred tax amounts are levied by the same tax authority.

13) Cash and cash equivalents: in accordance with IAS 7 *Statement of Cash Flows*, consolidated cash and cash equivalents comprise cash on hand as well as short-term and liquid investments that are readily convertible to a known amount of cash. Listed equity investments, investments with a maturity of more than three months without the possibility of early conversion to cash, and term deposits are excluded from cash in the cash flow statement. In accordance with IAS 39 *Financial Instruments: Recognition and Measurement*, marketable securities are measured at fair value. No financial asset is classified as a held-to-maturity investment. Changes in the fair value of available-for-sale financial assets are recognized in profit or loss. Bank overdrafts are presented as a component of cash and cash equivalents.

14) Revenue: revenue is made up of the sale of goods, the sale of services falling under the Group's main business, and licensing revenue (excl. VAT). It is measured at the fair value of the consideration received or receivable net of rebates or discounts. Revenue is recognized when the significant risks and rewards of ownership are transferred from the firm to the buyer. In general, revenue arising from the sale of goods is recognized when there is a formal agreement with the customer, when delivery has taken place, when the amount of revenue can be measured in a reliable manner, and when it is probable that any future economic benefits associated with the transaction will flow to the Group. In general, revenue arising from the licensing or sale of software, or other revenue from software, is recognized on delivery of the software. Revenue arising from the rendering of services is recognised over the period in which the services are provided according to the percentage-of-completion method.

15) Other noncurrent operating income and expenses: items which on account of their nature, frequency and/or relative importance are not current are grouped together under "Other noncurrent operating income and expenses". These include:

- Impairment losses on goodwill and impairment losses (or, where applicable, reversals of impairment losses) on intangible assets related to customer portfolios;
- Share-based payments;
- Capital gains/(losses) on the disposal of entities and consolidated interests;
- Other nonrecurring and material items not directly linked to current operations and transaction costs.

16) Financing costs: financing costs include interest income and expenses on financial debt (including amounts owing on finance leases) and total cash (cash, cash equivalents and marketable securities).

17) Operating segments: an operating segment is a distinct component of the Group:

- That engages in business activities from which it may earn revenues and incur expenses;
- Whose operating results are reviewed regularly by the Group'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 CEO is its chief operating decision maker and makes strategic operating decisions.

In accordance with IFRS 8 *Operating Segments*, information on operating segments is based on the internal structure of the Group's business. Accordingly, the Group's operating segments are as follows:

- Infrastructure and Software as a service (Saas);
- Software Development & Integration and Management Solutions.

Segment assets are operating assets used by a segment in its operations.

They include allocated goodwill, property, plant and equipment and intangible assets, and current assets used in operations.

18) Earnings per share (EPS): basic EPS is calculated by dividing net income (Group share) by the weighted average number of shares outstanding during the period excluding the average number of treasury shares. Diluted EPS is calculated in the same way as basic EPS but includes in shares outstanding all instruments giving deferred access to the parent company's share capital, whether issued by itself or one of its subsidiaries. Dilution is determined on a case-by-case basis, taking the conditions existing at the closing date into account and excluding antidilutive instruments.

In both cases, funds are accounted for in proportion to time during the year in which the dilutive instruments were issued and on the first day of the following year.

19) Financial risk management policy: the Group is not exposed to any foreign exchange risk because close to 90% of its revenue is generated in euros. Therefore, it does not hedge its foreign exchange risk.

However, the Group borrows at mostly variable rates. An assessment of the impact on profit or loss of changes in interest rates can be found in Note 24.

20) Net income from discontinued operations: revenue, expenses and pre-tax profit or loss from discontinued operations in the period are presented on separate lines.

21) Research tax credit: income from research tax credits is recognized in current operating margin under "Other operating income and expenses" when not linked to ongoing developments. Otherwise, it is deducted from the cost of ongoing developments.

Note 2: Main sources of uncertainty with regard to estimates

In preparing these consolidated financial statements in accordance with IFRS, the Group was led to make a certain number of estimates and assumptions which affect the value of asset (in particular goodwill) and liabilities, the notes on identifiable assets and liabilities at the closing date, and the income and expenses recorded over the period. Changes in events and circumstances may lead the Group to revise these estimates.

Note 3: Significant events of the period

The following significant events occurred in 2015:

- The takeover of Qurius Advanced Solutions GmbH (Germany) by its parent company Prodware Deutschland in August 2015 with retroactive effect at 1 January 2015;
- The merger between Prodware Business Solutions (Israel) and its sister company Prodware Israel in April 2015 with retroactive effect at 1 January 2015;
- A capital increase reserved for the benefit of a minority shareholder of Prodware Israel;
- 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 sale of Sage ERP X3 in March 2015.

Note 4: Events subsequent to closing

The following events occurred after 31 December 2015:

- Prodware announces entering into a Euro PP loan agreement for an amount of €79 million. It is 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 2016-20121 strategy on the other hand.

Note 5: Changes in the scope of consolidation

The following changes took place within the Group's scope of consolidation in 2015:

- The takeover of Prodware Advanced Solutions by its parent company Prodware Deutschland in September 2015 with retroactive effect at 1 January 2015;
- The takeover of Prodware Business Solutions by its sister company Prodware Israel in April 2015 with retroactive effect at 1 January 2015;
- A capital increase by Prodware Israel reserved for minority shareholders (local management);
- The disposal of the Group's entire stake in mAXimum on 30 April 2015;
- The disposal of the Group's entire stake in Watermark Belgium NV on 30 November 2015;
- The disposal of the Group's entire stake in Prodware Dynamics on 30 December 2015.

The scope of consolidation for 2015 is as follows:

Name of entity	Registered at	Closing date of individual fin. statements	Control (as a %)	Interest (as a %)	Consolidation method	Consolidation period
PRODWARE SA	Paris - France	31 Dec.	Parent company		Fully consolidated	01/01/15 - 31/12/15
CAP LEASE	Lyon - France	31 Dec.	50.00%	50.00%	Fully consolidated	01/01/15 - 31/12/15
IRIS Conseil Informatique	Béthune - France	31 Dec.	24.96%	24.96%	Not consolidated	01/01/15 - 31/12/15
CAP VISION	Soultzmat - France	31 Dec.	20.00%	20.00%	Not consolidated	01/01/15 - 31/12/15
Prodware Netherlands BV	Zaltbommel - Netherlands	31 Dec.	100.00%	100.00%	Fully consolidated	01/01/15 - 31/12/15
Qurius Czech Republic	Olomouc - Czech Republic	31 Dec.	100.00%	100.00%	Fully consolidated	01/01/15 - 31/12/15
Prodware Deutschland AG	Hamburg - Germany	31 Dec.	100.00%	100.00%	Fully consolidated	01/01/15 - 31/12/15
CKL Software Gmbh	Hamburg - Germany	31 Dec.	50.00%	50.00%	Equity method	01/01/15 - 31/12/15
Prodware UK Limited	Lancashire - United Kingdom	31 Dec.	100.00%	100.00%	Fully consolidated	01/01/15 - 31/12/15
Prodware Belgium	Enghien - Belgium	31 Dec.	100.00%	100.00%	Fully consolidated	01/01/15 - 31/12/15
Watermark Belgium NV	Kontich - Belgium	31 Dec.	100.00%	100.00%	Fully consolidated	01/01/15 - 30/11/15
Prodware Luxembourg	Pétange - Luxembourg	31 Dec.	100.00%	100.00%	Fully consolidated	01/01/15 - 31/12/15
Prodware East Europe	Bucharest - Romania	31 Dec.	100.00%	100.00%	Fully consolidated	01/01/15 - 31/12/15
Prodware Spain	Zamudio - Spain	31 Dec.	100.00%	100.00%	Fully consolidated	01/01/15 - 31/12/15
Otеara	Zamudio - Spain	31 Dec.	5.00%	5.00%	Not consolidated	01/01/15 - 31/12/15
Prodware Tunisie	Tunis - Tunisia	31 Dec.	80.00%	80.00%	Fully consolidated	01/01/15 - 31/12/15
Prodware Maroc	Casablanca - Morocco	31 Dec.	99.30%	99.30%	Fully consolidated	01/01/15 - 31/12/15
N2A SI	Casablanca - Morocco	31 Dec.	80.00%	80.00%	Fully consolidated	01/01/15 - 31/12/15
RENTASOFT	Ashdod - Israel	31 Dec.	100.00%	100.00%	Fully consolidated	01/01/15 - 31/12/15
Prodware Israel	Ashdod - Israel	31 Dec.	79.82%	79.82%	Fully consolidated	01/01/15 - 31/12/15
Prodware Dynamics Ltd	Ashdod - Israel	31 Dec.	50.00%	50.00%	Fully consolidated	01/01/15 - 15/12/15
mAXimum ERP Ltd	Ashdod - Israel	31 Dec.	100.00%	100.00%	Fully consolidated	01/01/15 - 30/04/15
Prodware West and Central East Africa	Abidjan - Ivory Coast	31 Dec.	51.00%	51.00%	Fully consolidated	01/01/15 - 31/12/15
Prodware Georgia	Georgia	31 Dec.	100.00%	100.00%	Fully consolidated	01/01/15 - 31/12/15

Note 6: Segment reporting

In accordance with IFRS 8 *Operating Segments*, the information disclosed below for each operating segment is identical to that presented to the Group's chief operating decision maker (the CEO) to make decisions about resources to be allocated to the segment and assess its performance.

Senior management assesses the performance of each operating segment on the basis of:

- The operating margin as defined in Note 1.17;
- Segment assets (defined as the sum of goodwill, property, plant and equipment and intangible assets, interests in associates, and trade and other receivables).

Segment data are compiled using the same accounting principles as those used by the Group to draw up its consolidated financial statements and described in the notes to the financial statements.

All transactions between segments are conducted on a market basis under similar terms and conditions as those applying to the provision of goods and services to third parties.

The following tables lay out operating segment information:

	31/12/2015	Infrastructure and Software as a service (Saas)	Software Development & Integration and Management Solutions
Revenue (1)	181,828	26,330	155,498
EBITDA	29,488	3,393	26,096
Current operating income	15,372	1,770	13,602
Operating income	9,793	1,770	8,023

(1): Software Development revenue came to €63,081,000 in 2015.

	31/12/2014	Infrastructure and Software as a service (Saas)	Software Development & Integration and Management Solutions
Revenue	174,824	26,245	148,579
EBITDA	29,635	2,202	27,433
Current operating income	13,518	580	12,938
Operating income	8,929	580	8,349

(1): Software Development revenue came to €59,879,000 in 2014.

Asset	31/12/2015	Infrastructure and Software as a service (Saas)	Software Development & Integration and Management Solutions
Goodwill	32,846	2,068	30,779
Intangible assets	91,360	2	91,358
Property, plant and equipment	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**

Asset	31/12/2014	Infrastructure and Software as a service (Saas)	Software Development & Integration and Management Solutions
Goodwill	33,368	2,068	31,299
Intangible assets	69,299	298	69,001
Property, plant and equipment	9,279	1,739	7,540
Segment assets	92,915	15,157	77,758
Other assets	19,044	3,271	15,774
TOTAL ASSETS	**223,904**	**22,532**	**201,372**

Note 7: Revenue

	31/12/2015	31/12/2014	Change	%
Sales of license and hardware	42,683	40,184	2,499	6.2%
Provision of services	81,063	78,911	2,152	2.7%
Maintenance and support contracts	45,481	43,208	2,273	5.3%
Hosting (Saas)	12,601	12,520	81	0.6%
Gross revenue	**181,828**	**174,824**	**7,004**	**4.0%**
Restatement of revenue as Net income from discontinued operations		4,397		
Revenue on a like-for-like basis	**181,828**	**170,426**	**11,402**	**6.7%**

Revenue from operations that were discontinued in 2015 amounted to €4,397,000 in 2014.

Breakdown of revenue by region:

	31/12/2015	%	31/12/2014	%
French-speaking region*	86,024	47.3%	87,744	50.2%
International	**95,804**	**52.7%**	**87,080**	**49.8%**

(*): Including the Maghreb.

Note 8: Employee benefits

HEADINGS	31/12/2015	31/12/2014
Wages, salaries and social contributions	81,368	86,171
Retirement benefits		
Profit-sharing and bonuses		194
Tax credit (CICE)	-609	-594
TOTAL	**80,760**	**85,771**

Retirement benefits in 2015 were recognized under the line item "Provisions" net of reversals.

The workforce figures below are at the close of each reporting period:

Staff	31/12/2015	31/12/2014
Managerial position	797	890
Non-managerial position	478	534
TOTAL	**1,275**	**1,424**

Note 9: Other net income and expenses

HEADINGS	31/12/2015	31/12/2014
Research tax credit for the year net of fees	11,561	13,169
Capitalised production	14,786	10,991
Inventoried products	-1,285	327
Other products and cost transfers	1,472	2,155
Other costs	-7,776	-981
Other current operating income and expenses	**18,758**	**25,661**

The Group obtained a research tax credit net of fees of €11,561,000 in 2015 against €13,169,000 in 2014.

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

Note 10: Other noncurrent operating income and expenses

Items which on account of their nature, frequency and/or relative importance are not current are grouped together under "Other noncurrent operating income and expenses".

These include:

- Impairment losses on goodwill and impairment losses (or, where applicable, reversals of impairment losses) on intangible assets related to customer portfolios;
- Share-based payments;
- Capital gains/(losses) on the disposal of entities and consolidated interests;
- Other nonrecurring and material items not directly linked to current operations and transaction costs.

This item breaks down as follows:

HEADINGS	31/12/2015	31/12/2014
Revenue from the disposal of property, plant and equipment and intangible assets	14	195
Net value of the disposal of property, plant and equipment and intangible assets	-966	-297
Other noncurrent income	451	238
Other noncurrent expenses	-1,644	-102
Restructuring costs	-3,434	-4,623
Other operating income and expenses	**-5,579**	**-4,589**

Note 11: Financial result

HEADINGS	31/12/2015	31/12/2014
Interest expenses	-2,768	-3,027
Cost of gross financial debt	-2,768	-3,027
Income on claims	0	133
Income from cash and cash equivalents	0	133
Cost of net financial debt	-2,768	-2,895
Other financial income and expenses	-780	-740
Profit	**-3,548**	**-3,635**

Note 12: Income taxes

Analysis of the income tax expense:

The theoretical and effective income tax expenses are reconciled as follows:

HEADINGS	31/12/2015	31/12/2014
Income tax payable (expense)	-251	-41
Deferred tax (income/expense)	-146	-142
TOTAL	**-397**	**-183**

* Deferred taxes that can be capitalized are measured on the basis of loss carryforwards, taxable temporary differences and consolidation temporary differences.

At closing, the Group had an unused tax loss carryforward of €82,816,000 to offset future taxable income. Capitalized loss carryforwards can be carried forward indefinitely for the most part.

HEADINGS	31/12/2015	31/12/2014
Earnings before tax (EBT)	**6,276**	**5,294**
Theoretical tax expense or income	**-2,092**	**-2,588**
Reconciliation		
Permanent differences	3,267	4,690
Temporary differences	9	-11
Use of unrecognised deferred tax assets	176	
Uncapitalised tax losses	-1,735	-2,275
Exchange difference	-22	
Tax credits	-	
TOTAL	**-397**	**-183**

(1): This item includes a permanent difference in the research tax credit recorded by Prodware France.

Sources of deferred taxes by nature of temporary difference:

	31/12/2015		31/12/2014		Change
HEADINGS	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability	2015/2014
Intangible assets					-
Other assets	144		223		-79
Retirement benefits and provisions	721		663		57
Other liabilities					-
Tax loss carryforwards	9,601		9,729		-128
TOTAL	**10,465**	**-**	**10,615**		**-150**

Certain tax assets and liabilities were offset in accordance with IFRS.

Note 13: Earnings per share (EPS)

Basic and diluted EPS attributable to ordinary shareholders of the parent company are calculated on the basis of the following data:

HEADINGS	31/12/2015	31/12/2014
Net profit from continuing operations	5,879	5,283
Number of shares at 1 January	8,200,560	7,758,960
Number of shares at 31 December	8,200,560	8,200,560
Average number of shares	8,195,363	8,168,417
Basic EPS (in euros)	**0.717**	**0.647**
Potential equity - convertible bonds		150,000
Potential equity - stock warrants granted to managers and strategic service providers	606,900	341,900
Total number of potential shares	8,802,263	8,660,317
Diluted EPS (in euros)	**0.668**	**0.618**

Treasury shares (5,197 Prodware shares) were excluded in proportion to time from the calculation of the average number of shares in accordance with 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.
In 2015, the Group received €150,000 in dividends from CKL SOFTWARE.
This entity's financial data are as follows:

- Revenue: €1,665,000;
- Net income: €69,000;
- Net debt: €1,002,000.

Note 15: Net income from discontinued operations

On 1 March 2015, the Group sold SAGE ERP X3, a management solutions vending and integration business line.

Before it was sold by the Group, the business line recorded a net loss of €287,000 on revenue of €383,000.

Note 16: Goodwill

This item breaks down as follows:

HEADINGS	TOTAL
Gross value	
At 1 January 2014	33,968
Acquisitions	
Reclassified as available for sale	
Disposals	269
Other changes and adjustments	
31 December 2014	34,237
Acquisitions	
Reclassified as available for sale	
Disposals	-132
Other changes and adjustments	-521
31 December 2015	**33,584**
Impairment losses	
At 1 January 2014	869
Depreciation and amortization over the period	
31 December 2014	869
Depreciation and amortization over the period	
Other changes and adjustments	-132
31 December 2015	737
Carrying amount at 31 December 2015	**32,847**
Carrying amount at 31 December 2014	33,368

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

- Cash flow projections of more than five years are determined on the basis of an estimated continuous growth rate of 1.5% (the same as the previous year);
- The discount rate is determined on the basis of the Group's weighted average cost of capital. The Group decided that its weighted average cost of capital would be based on a market risk premium of 6.5% to reflect the long-term assumptions used in the annual goodwill impairment test.

Consequently, a discount rate of 10.63% was used in 2015 against 10.62% in 2014.

Following the annual goodwill impairment test conducted at 31 December 2015, no impairment loss was recognized.

HEADINGS	31/12/2015	31/12/2014
Software Development & Integration and Management Solutions.	30,779	31,300
Infrastructure and Software as a service (Saas);	2,068	2,068
TOTAL	**32,847**	**33,368**

Sensitivity of impairment tests:

For the Software Development & Integration CGU, a revenue growth rate of less than 3% envisaged in the business plan combined with a discount rate of more than 11% and the same level of investment as that recorded in 2014 and 2015 could reduce the recoverable amount of the CGU to its carrying amount.

For the Infrastructure and Saas CGU, an operating margin (EBITDA/revenue) of less than 12% envisaged in the business plan combined with a discount rate of more than 14% and the same level of investment as that recorded in 2014 and 2015 could reduce the recoverable amount of the CGU to its carrying amount.

Note 17: Property, plant and equipment and Intangible assets

HEADINGS	Software	Other intangible assets	Total intangible assets	Property, plant and equipment	Total property, plant and equipment
Gross value					
At 1 January 2014	78,571	6,806	85,378	28,845	28,845
Acquisitions	16,845	41	16,886	4,172	4,172
Reclassified as available for sale	-8	129	121	171	171
Disposals	-297		-297	-152	-152
Change in scope of consolidation	-715		-715	-4	-4
Exchange difference	75	-	76	57	57
31 December 2014	94,471	6,976	101,449	33,089	33,089
Acquisitions	35,681	12	35,693	1,704	1,704
Reclassified as available for sale			-		-
Reclassifications	-2,560	-213	-2,773	-1	-1
Disposals	-587	-525	-1,112	-4,221	-4,221
Change in scope of consolidation	-262		-262	-51	-51
Exchange difference	361	98	460	139	139
31 December 2015	**127,106**	**6,347**	**133,455**	**30,660**	**30,660**
Depreciation and amortization					
At 1 January 2014	22,683	-	22,683	20,123	20,123
Other changes and adjustments					
Depreciation and amortization over the period	9,821		9,821	3,505	3,505
Reversal over the period	-130	-110	-240	-24	-24
Reclassification	-1,534	1,629	96	156	156
Change in scope of consolidation	-244		-244	-1	-1
Exchange difference	34		34	50	50
31 December 2014	30,630	1,519	32,150	23,809	23,809
Change in scope of consolidation and adjustments					
Depreciation and amortization over the period	12,497		12,497	3,144	3,144
Reversal over the period	-244	-33	-277	-4,012	-4,012
Reclassification	-2,160	-120	-2,280	3	3
Change in scope of consolidation	-142		-142	-43	-43
Exchange difference	147		147	113	113
31 December 2015	**40,728**	**1,367**	**42,095**	**23,013**	**23,013**
Carrying amount at 31 December 2015	**86,378**	**4,981**	**91,360**	**7,646**	**7,646**
Carrying amount at 31 December 2014	63,841	5,457	69,299	9,280	9,280

The "Software" item mainly comprises in-house software development costs.

Note 18: Noncurrent financial assets

HEADINGS	Gross value	Impairment loss	Net value
Gross value:			
At 1 January 2014	2,259	-	2,259
Acquisitions	151		151
Change in scope of consolidation	694		694
Disposals	-115		-115
Reclassification	-		-
31 December 2014	2,989	-	2,989
Acquisitions	153		153
Change in scope of consolidation			-
Net asset changes (equity method)	-119		-119
Disposals	-113		-113
Exchange difference	5		5
31 December 2015	**2,915**	**-**	**2,915**

Changes in financial assets break down as follows:

HEADINGS	31/12/2015	31/12/2014
Security deposits	942	886
Net value of unconsolidated interests	365	365
Interests in associates	575	694
Loans	1,033	1,043
TOTAL	**2,915**	**2,989**

The Group holds the following unconsolidated minority interests:

- 20% of the equity of CAPVISION since 2004, a firm based in eastern France that integrates Microsoft Business Solutions;
- 24.96% of the share capital of IRIS INFORMATIQUE following a personal loan of 140 shares;
- 5% of the shares of Oteara through the Group's Spanish subsidiary PRODWARE SPAIN.

Note 19: Inventories

HEADINGS	31/12/2015	31/12/2014
Work-in-progress		1,285
Hardware and software	135	736
Total at historical cost	**135**	**2,021**
Impairment losses		
At 1 January 2014		
Depreciation and amortization over the period		
Reversal over the period		
At 31 December 2014		-
TOTAL	**135**	**2,021**

Note 20: Trade and other receivables

HEADINGS	31/12/2015	31/12/2014
Trade receivables	53,817	71,375
Allowance for doubtful accounts	-1,334	-5,133
Net trade receivables	52,483	66,242
Other net receivables	18,610	21,415
Prepaid expenses	1,542	3,236
TOTAL	**72,636**	**90,894**

Payments schedule	Amount	Less than one year	One to five years
Employee receivables	89	89	-
Tax receivables	14,116	12,835	1,281
OSEO security deposit (research tax credit)	4,649	1,572	3,077
Other receivables	1,299	1,299	-
TOTAL	**20,153**	**15,795**	**4,358**

An allowance for doubtful accounts was recorded at €1,334,000. This allowance was determined according to factors identified at closing. Recorded net receivables correspond more or less to their fair value.

The Group's credit risk is tied for the most part to its trade receivables. The amounts presented in the balance sheet are net of impairment. An impairment loss is recognized 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.

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

HEADINGS	31/12/2015	31/12/2014
Receivables not yet due	27,719	35,138
Receivables due for 30 days	7,418	12,950
Receivables due for 60 days	3,104	5,260
Receivables due for 90 days	1,765	2,043
Receivables due for over 90 days	12,478	10,852
TOTAL	**52,483**	**66,242**

The following impairments were recorded:

HEADINGS	
Impairment losses at 31 December 2013	**4,562**
Change in scope of consolidation	
New impairment losses	915
Reversals of impairment losses incl. used impairment losses	-617
Exchange difference	3
Reclassification and adjustments	271
Impairment losses on trade receivables at 31 December 2014	**5,133**
Change in scope of consolidation	-116
New impairment losses	479
Reversals of impairment losses incl. used impairment losses	-4,178
Exchange difference	5
Reclassification and adjustments	**11**
Impairment losses on trade receivables at 31 December 2015	**1,334**

Other current receivables are as follows:

HEADINGS	31/12/2015	Up to one year	One to five years	31/12/2014	Up to one year	One to five years
Other net receivables	18,610	15,533	3,077	21,415	16,972	4,443
Prepaid expenses	1,542	1,542		3,236	3,236	
TOTAL	**20,153**	**17,076**	**3,077**	**24,651**	**20,208**	**4,443**

"Other net receivables" includes a tax receivable of €12,811,000 tied to the research tax credit for 2015. 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 2015, "Cash and cash equivalents" was made up of cash equivalents and cash on hand and changed as follows:

HEADINGS	31/12/2015	31/12/2014
Cash equivalents	2	
Cash on hand	9,060	5,441
TOTAL	**9,062**	**5,441**

Bank balances and cash include term deposits with a maturity of less than three months.

Cash and cash equivalents recorded in the cash flow statement break down as follows:

HEADINGS	31/12/2015	31/12/2014
Cash and available cash equivalents	9,060	5,441
Bank overdrafts and other lines of credit (Note 24)	-18,284	-16,479
Net cash in the cash flow statement	**-9,224**	**-11,039**

Credit risk:

The Group's main financial assets are cash and deposits and trade and other receivables.

Cash assets have limited credit risk since the counterparts are banks with high credit ratings from international ratings agencies. Credit risk is not significantly concentrated as the Group's exposure is widely spread among various market participants.

Note 22: Share capital

HEADINGS	31/12/2015	31/12/2014
Authorized share capital (in € thousands)	5,330	5,330
Number of ordinary shares with a par value of €0.65	**8,200,560**	**8,200,560**
Subscribed, called up and paid up share capital		
At opening	**8,200,560**	**7,758,960**
Shares issued		441,600
At closing	**8,200,560**	**8,200,560**

The number of shares that may be issued is described in Note 13.

Note 23: Provisions

HEADINGS	Retirement and other benefits	Current provisions	Total provisions
Opening	**4,117**	**2,939**	**7,056**
Allowance	205	5,969	6,174
Reversal	-184	-4,540	-4,724
Other changes	-313	23	-290
Exchange difference		-6	-6
Changes in scope of consolidation		-130	-130
Closing	**3,825**	**4,255**	**8,080**

Risk provision is intended to cover the risks of clearly defined industrial and trade disputes that past or current events render likely but whose outcome, timing and amount are uncertain.

When additional employee benefits give rise to a future liability, a provision for retirement benefits is calculated using an actuarial valuation method as described in paragraph 1.9.

Provisions recorded in the balance sheet are for net liabilities with regard to termination benefits (incl. social contributions).

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

HEADINGS	31/12/2015	31/12/2014
Discount rate	2.00%	2.50%
Annual salary increase	2.00%	2.00%

Staff turnover is determined by age.

Note 24: Financial liabilities

Changes in current and noncurrent financial liabilities are as follows:

In € thousands	31/12/2014	Change in scope of cons.	Reclassification	Exchange difference	Increase	Decrease	31/12/2015
Noncurrent debt	29,760	-	-	-	18,592	-11,056	37,295
Bank borrowings and bonds	28,143				18,508	-9,356	37,295
Convertible bonds (debt component)	1,617				84	-1,701	-0
Current debt	16,853	-0	-	22	1,786	-372	18,290
Interest on loans	377					-372	6
Bank overdrafts	16,476	-0		22	1,786		18,284
TOTAL	**46,613**	**-0**	**-**	**22**	**20,378**	**-11,428**	**55,585**

In € thousands	31/12/2015	Up to one year	One to five years	More than five years
Noncurrent debt	37,295	3,404	33,891	-
Bank borrowings and bonds	37,295	3,404	33,891	
Convertible bonds (debt component)	-0			
Current debt	18,290	18,290	-	-
Interest on loans	6	6		
Bank overdrafts	18,284	18,284		
TOTAL	**55,585**	**21,694**	**33,891**	**-**

The Group reckons that the carrying amount of financial liabilities (excl. bank loans) is a reasonable approximation of their fair value.

Bank overdrafts are negotiated at variable interest rates and thus expose the Group to the risk of fluctuation in these rates.

Bank overdrafts are repayable on demand.

Liquidity risks

The Group seeks to maintain a balance between the continuation and flexibility of financing through the use of bank overdrafts, receivables-backed loans, (Dailly Law), bank loans and bonds.

At December 2015, the main borrowings contracted by the Company were as follows:

Purpose	Date contracted	Principal	Type of interest rate	Interest rate	Repayments	Principal outstanding end 2015	Less than one year	One to five years	More than five years
Restructuring financing	03/08/2010	3,000	Variable	3.25%	Quarterly	1,050	600	450	
Restructuring financing	31/07/2014	19,000	Fixed	5.30%	Yearly	18,567		18,567	
Acquisition financing	22/06/2015	20,000	Variable	1.80%	Quarterly	16,714	2,354	14,360	
Restructuring financing		1,150	Variable	Euribor 3 months + 2.30	Monthly	614	291	323	
OSEO advance						266	75	191	
Financial debt on lease financing commitments						84	84		
						37,295	**3,404**	**33,891**	-

Financial covenants

Bank loan agreements include default clauses that stipulate the following financial ratios:

Financial ratios to be maintained by debt portion	Principal outstanding (in € thousands)
Net consolidated debt/consolidated equity < 1.3	35,282
Net consolidated debt/consolidated EBITDA < 2.5	35,282
EBITDA/cost of net financial debt > 3.5	35,282

All of the above covenants were maintained at 31 December 2015.

Convertible bonds

The main criteria of the bonds issued by the Group are as follows

Convertible bonds	Number of bonds	Issuance price in €	Repayment due at 31/12/2015 Debt component (in € thousands)	Repayment due at 31/12/2014 Debt component (in € thousands)
OC 10 2012	300	5,000	0	1617
Total				**1,617**

The Group had no more convertible bonds at 31 December 2015. The last one was repaid on its maturity date.

Interest rate risks

The Group reckons interest rate risk is low and has thus not put any interest rate hedging instruments in place.

Exchange rate risks

Given the low share of revenue generated in foreign currency, the Group's exposure to exchange rate risk is minimal.

Note 25: Other current liabilities

HEADINGS	31/12/2015	Up to one year	31/12/2014	Up to one year
Trade and other payables	22,704	22,704	22,611	22,611
Associate current accounts	29	29	23	23
Tax liabilities	11,082	11,082	19,895	19,895
Employee benefits	12,652	12,652	14,480	14,480
Other liabilities	1,707	1,707	2,965	2,965
Deferred income	4,745	4,745	5,475	5,475
TOTAL	**52,919**	**52,919**	**65,449**	**65,449**

Note 26: Related-party transactions and remuneration of corporate officers

The parent company presenting the financial statements is the Group's ultimate controlling entity. Transactions between the Company and its subsidiaries, which are related parties, are cancelled in consolidation. They are not presented in the notes to the financial statements.

The main transactions between the Group and its fully consolidated entities are as follows:

- Purchase/sale of goods;
- Rendering of services;
- Financial interest income and expenses on current accounts.

These transactions were cancelled in consolidation.

The following expenses were recorded as remuneration and other benefits awarded to corporate officers:

	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, Alain Conrard 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 claimed expenses of €74,000 in addition to their remuneration.

Note 27: Share-based payments (stock option plans)

The Group granted stock warrants to its employees and corporate officers. Different rules apply to different warrants. The exercise period varies by beneficiary. Whatever their exercise periods, stock warrants expire five years from their issue date. Stock options entitle the holder to shares only.

Employee stock option plans covered by IFRS 2 and changes in the number of options that can be recognized as an expense are as follows

STOCK WARRANTS AWARDED TO INDIVIDUALS (members of senior management, employees or Group corporate officers): the characteristics of this stock warrant issue were defined by Prodware's Board of Directors at its meeting of 2 July 2012. In accordance with the delegation of authorization given to the Board by the Annual General Meeting of 30 June 2011, the Board defined the conditions for the granting and exercise of these stock warrants.

- Number of stock warrants issued: 400,000 of which 341,9000 not yet vested;
- Exercise period: five years;
- Exercise conditions according to the type of individual: corporate officers or employees;
- Conversion: one stock warrant = one share;
- Stock warrant price: €0.29;
- Exercise price: €5.91 less the stock warrant price, i.e. €5.62.

The fair value of the underlying asset (i.e. a Prodware share) was determined according to the average share price over the 20 days preceding the issue (2 July 2012).

On the basis of the above data, an expense of €432,000 under IFRS 2 criteria was recorded in 2012 (the year in which the stock warrants were issued). This amount was recorded under "Other noncurrent operating income and expenses".

STOCK WARRANTS AWARDED TO INDIVIDUALS (members of senior management, employees or Group corporate officers): the characteristics of this stock warrant issue were defined by Prodware's Board of Directors at its meeting of 10 June 2015. In accordance with the delegation of authorization given to the Board by the Annual General Meeting of 25 June 2014, the Board defined the conditions for the granting and exercise of these stock warrants.

- Number of stock warrants issued: 265,000 of which 265,000 not yet vested;
- Exercise period: five years;
- Exercise conditions according to the type of individual: corporate officers or employees;
- Conversion: one stock warrant = one share;
- Stock warrant price: €0.22;
- Exercise price: €7.28 less the stock warrant price, i.e. €7.06.

The fair value of the underlying asset (i.e. a Prodware share) was determined according to the average share price over the 20 days preceding the issue.

On the basis of the above data, no expense under IFRS 2 criteria was recorded in 2015 (the year in which the stock warrants were issued).

Note 28: Undertakings

Off-balance sheet commitments related to scope of consolidation	Main characteristics (e.g. nature, date, counterpart) (a)	31/12/2015 Amount (€ thousands) (b)	31/12/2014 Amount (€ thousands) (b)
Investment undertakings	Guarantee from Prodware SA to Parcom (a private equity firm)	None	750
Specific undertakings			None

Financial instruments used for the receipt or delivery of a nonfinancial item ("own use")		None	None
Business undertakings	Contractual pledge of goodwill (1)	40,400	20,400
	Contractual pledge of the Prodware brand (1)	19,000	19,000
Service contract undertakings	Bank guarantee and joint surety (3)	None	150
	Rental undertakings (e.g. vehicles, hardware)	21,898	19,260
Tax undertakings	Undertakings to the Dutch and Belgian tax authorities (2)	None	6,303

(1): Financial institutions

(2): Guarantees given to the tax and social welfare authorities of the Netherlands (€5,100,000) and Belgium (€1,203,000).

(3): Guarantee to the bank of the Group's subsidiary Prodware Israel.

Note 29: Statutory Auditors' fees

	SARL C. TOURNOIS				EXCELIA AUDIT				R.S.P				B.D.O			
	Amount excl. VAT		%		Amount excl. VAT		%		Amount excl. VAT		%		Amount excl. VAT		%	
In € thousands	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Audit																
Statutory auditing																
Certification, examination of the																
Individual and																
Consolidated financial statements (b)																
•Issuer	163	145	100%	100%	163	145	100%	100%								
•Fully consolidated subsidiaries									15	27	100%	100%	294	192	100%	100%
Other due diligences and services																
Directly related to the mission																
Of the Statutory Auditor (c)																
•Issuer																
•Fully consolidated subsidiaries															0%	
Subtotal (1)	**163**	**145**	**100%**	**100%**	**163**	**145**	**100%**	**100%**	**15**	**27**	**100%**	**100%**	**294**	**192**	**100%**	**100%**
Other services rendered by																
The network to the fully consolidated																
Subsidiaries (d)																
Legal, tax, social welfare																
Others (specify if > 10%) of																
Audit fees)																
Subtotal (2)			**0%**	**0%**			**0%**	**0%**			**0%**	**0%**			**0%**	**0%**
TOTAL (1) + (2)	**163**	**145**	**100%**	**100%**	**163**	**145**	**100%**	**100%**	**15**	**27**	**100%**	**100%**	**294**	**192**	**100%**	**100%**

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