Sword Group
2015 Financial Report

More than 1,400 employees as at 31/12/2015

20 countries

Revenue 2015: €137.6 million

EBITDA: 15.7%

MAZARS

To the Board of Directors of
SWORD GROUP S.E.
Société Européenne

R.C.S. Luxembourg B 168.244

2-4, rue d'Arlon
L-8399 WINDHOF

AUDITOR'S REPORT RELATED TO THE AGREEED UPON PROCEDURES PERFORMED ON THE TRANSLATED CONSOLIDATED ACCOUNTS AND STATUTORY ACCOUNTS

We have performed the procedures agreed with you and enumerated below with respect to the translated consolidated accounts prepared under IFRS as adopted by the European Union and statutory annual accounts prepared in accordance with Luxembourg legal and regulatory requirements of **Sword Group S.E.** as at 31 December 2015, set forth in the accompanying schedules. Our engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements. The procedures were performed solely to assist you in evaluating the validity of the translated consolidated accounts prepared under IFRS as adopted by the European Union and statutory annual accounts prepared in accordance with Luxembourg legal and regulatory requirements for the year ended 31 December 2015 and are summarized as follows:

1. We obtained and read the free translation from French to English of the consolidated accounts prepared under IFRS as adopted by European Union and the statutory annual accounts prepared in accordance with Luxembourg legal and regulatory requirements, and we identified the discrepancies which could be misleading for the users of these financial statements.
2. We suggested a wording deemed more appropriate in the circumstances.
3. We checked the final translation based on our comments.

We report our findings below:
With respect to item 1, 2 and 3 we find the Sword Group 2015 financial report to be consistent with the original French version.

We remind you, in accordance with our engagement terms, that in case of any discrepancy which may be noted between the English translation and the French original version, only the French original version shall be considered the legal binding document on which our audit opinions have been signed.

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the translated consolidated accounts prepared under IFRS as adopted by the European Union and statutory annual accounts prepared in accordance with Luxembourg legal and regulatory requirements for the year ended 31 December 2015. Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties.

Luxembourg, 1 July 2016

For MAZARS LUXEMBOURG, Cabinet de révision agréé
10A, rue Henri M. Schnadt
L-2530 LUXEMBOURG

Michaël MEURET
Réviseur d'entreprises agréé

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1 STATEMENT BY THE PERSONS IN CHARGE OF THE FINANCIAL REPORT 2015

Pursuant to Article 3 (2) c) of the Law of 11 January 2008 on transparency requirements for information about issuers whose securities are admitted to trading on a regulated market, we declare that these financial statements have been prepared in accordance with applicable accounting standards and that the financial statements present fairly, to our knowledge, a true and fair view of the financial position as at 31 December 2015, financial performance and cash flows of the Company and a description of the principal risks and uncertainties the Company faces. The management report, to our knowledge, describes the true development, results and financial position of the Company.

Windhof, 24 March 2016

Jacques Mottard
Executive Chairman

2 INDEPENDENT AUDITORS

Mazars Luxembourg SA, with head office at 10a, rue Henri M. Schnadt, L-2530 Luxembourg

Appointed by the Annual General Meeting on 3 May 2013, renewed at the Annual General Meeting on 28 April 2015 for a duration expiring at the Annual General Meeting called to approve the financial statements at 31 December 2015 (renewal will be proposed at the AGM on 28 April 2016).

3 DIRECTORS

Board of Directors

Jacques Mottard, Executive Chairman, Director

François Barbier, Independent Director

Frédéric Goosse, Director, General Manager

Nicolas Mottard, Director

François Régis Ory, Independent Director,

PACBO Europe (represented by Patrice Crochet), Independent Director

4 COMPANY INFORMATION

Sword Group SE is a European limited company with head office located at Luxembourg, Rue d'Arlon 2-4, L-8399 Windhof.

The purpose of the Company is to acquire interests, taking any form whatsoever, in any commercial, industrial, or financial company, economic interest grouping or other, whether governed by Luxembourg or foreign law.

The Company was incorporated on 22 June 2001. Article 5 of the articles of incorporation provides that the Company has an unlimited duration.

The Company's shares are listed on Euronext Paris under ISIN reference: FR0004180578.

5 SELECTED FINANCIAL INFORMATION

Consolidated financial statements:

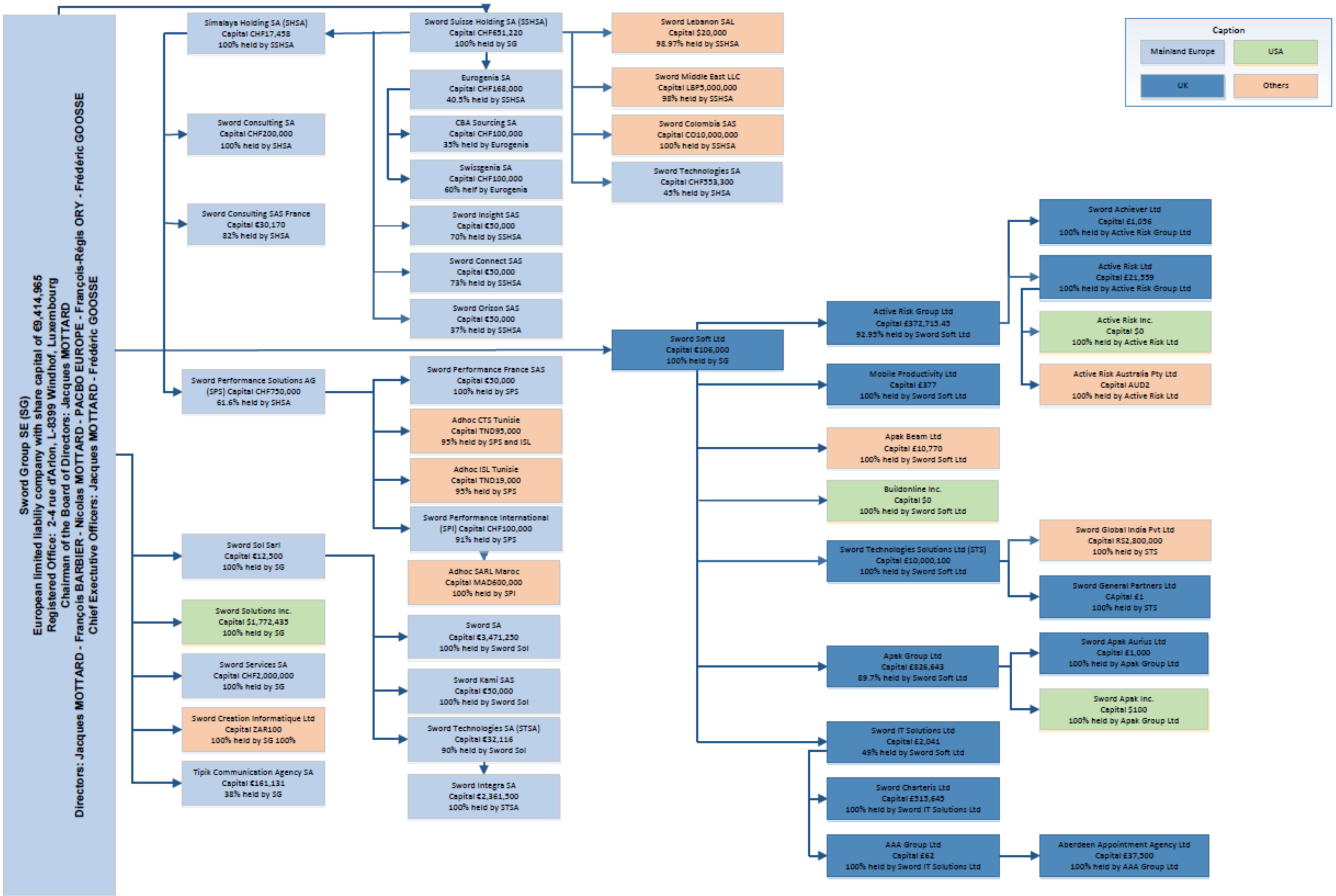
In €'000	At 31/12/2015	At 31/12/2014	At 31/12/2013 Restated
Revenue	137,564	117,069	106,500
EBITDA	21,552	18,852	16,264
Profit for the financial year	10,792	13,317	17,119
Non-current assets	128,747	111,164	100,103
Cash and cash equivalents	62,112	104,301	109,567
Consolidated equity	161,293	161,778	153,390
Balance sheet total	246,782	264,820	263,081

Annual accounts:

In €'000	At 31/12/2015	At 31/12/2014	At 31/12/2013
Revenue and other operating income	3,165	2,691	1,968
Operating profit	498	236	-576
Profit or loss	42,405	101,337	38,233
Non-current assets	206,890	195,161	88,794
Cash and marketable securities	21,907	65,754	73,109
Equity	242,087	210,251	117,344
Balance sheet total	263,387	302,434	221,008

6 GROUP ORGANISATION CHART

A 31/12/2015:



7 OVERVIEW OF ACTIVITIES

OUR GROUP

Sword (established in June 2001) is a computer engineering services company with more than 1,400 employees. It provides its customers with high-added-value consulting and integration services.

Sword takes an information systems approach and leverages powerful project management methodologies to deliver innovative solutions that address its customers' strategic challenges and their needs to upgrade their information systems.

To this end, Sword has developed an industrialised production model organised around specialist service centres providing its customers with local services, high-value-added know-how, high production capacity and optimised economic approaches.

Our business covers two main areas:

- **IT Services:** a centre of excellence that accounts for 68% of the Group's revenue;
- **Software:** accounts for 32% of the Group's revenue.

OUR MARKETS

Sword's range of services is designed for all large accounts and public institutions, both local and international. With its technological and methodological expertise, Sword occupies a leading position in some countries.

Sword has developed unique expertise in targeted markets:

- ✓ Institutions and Government Authorities
- ✓ Healthcare
- ✓ Banking and Insurance
- ✓ Intellectual Property
- ✓ Sports Federations

In these markets, Sword is a day-to-day partner to these organisations across its entire range of services, supporting their IT strategy and their key operational issues.
Generally, Sword operates in highly regulated markets where knowledge of current regulations is critical.

OUR RANGE OF SERVICES

As a systems integrator and consultancy, Sword offers a range of specialised, high-added-value solutions and services. We combine an understanding of our customers' businesses with market knowledge and technical expertise to develop competitive advantages for our customers.

Sword's range of services is built around technology niches:

- Enterprise Content Management (ECM) – electronic documents, document management and workflow, DTP.
- Leveraging information – enterprise portal deployment, web content management, process management, collaborative work, enterprise social networking, customer relationship management, information retrieval, repository management, natural language processing,
- EAI/ESB: interconnection and interoperability of information systems – process organisation and synchronisation,
- Geographic Information System (SIG) – integrating the cartographic dimension in information systems,
- Business Intelligence (BI) – deployment of decision-making systems for managing and analysing enterprise data,
- Management consulting, IT strategy consulting, project management, quality assurance & testing, digital marketing & CRM, as well as information systems performance engineering,
- Specific and business intranet development – healthcare, nuclear energy, pharmaceuticals and industry.
- Development of web and mobile applications.

Sword generates more than 80% of its revenue through fixed-price contracts (guaranteed results).

SWORD
UPGRADE YOUR BUSINESS

OUR SOFTWARE

Sword delivers scalable, complete and customised software products. It can collaborate with clients in SaaS mode, offering easy-to-use software solutions that can be deployed quickly.
Our collaborative tools are used by a host of clients and on highly regulated markets.

Sword offers three Software ranges:

Sword Achiever/Sword Active Risk Specialising in Governance, Risk and Compliance
Sword Apak/Sword Mobile Specialising the management of Asset Financing
Sword Intellect Solution for managing intellectual property rights

And four software component ranges:

Sword Connect Enterprise information search solution
Sword Insight Deployment of visual investigation solutions
Sword Orizon Turnkey telemedicine solution
Sword Seek & Share Market intelligence and information sharing solution

8 CORPORATE SOCIAL RESPONSIBILITY

In 2011 Sword Group signed the United Nations Global Compact, thereby pledging to abide by the 10 principles related to human rights and labour, the environment and corruption.

By joining the Global Compact, the company wants to show that it is a good corporate citizen in the global economy.

Sword chose the Global Compact as it ensures a globally recognised framework as well as sustainability.

The Group ensures compliance with the 10 principles set out by the UN Global Compact.

Human rights
1 Businesses should support and respect the protection of internationally proclaimed human rights; and
2 Should make sure that they are not complicit in human rights abuses.

Labour law
3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4 the elimination of all forms of forced and compulsory labour;
5 the effective abolition of child labour; and
6 eliminate discrimination in respect of employment and occupation.

Environment
7 Business should support a precautionary approach to environmental challenges;
8 undertake initiatives to promote greater environmental responsibility; and
9 encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption
10 Businesses should work against corruption in all its forms, including extortion and bribery.

9 CORPORATE GOVERNANCE

Governance

- At its meeting on 11 April 2012, the Board of Directors resolved:
  - to adhere voluntarily to the Ten Principles of Corporate Governance of the Luxembourg stock exchange;
  - to reappoint the previous Audit Committee, namely:
  - Mr Francis Regis Ory, independent director and chairman of the Audit Committee
  - Mr François Barbier, independent director.

- The Board of Directors of 28 August 2012 adopted the Governance Charter and the Internal Rules of the Board of Directors and the Audit Committee.

  Following the transfer of the Company's headquarters to Luxembourg (General Meeting of 26 March 2012), the Board of Directors of Sword Group adopted, on 28 August 2012, the Charter of Governance that provides the framework for governance of Sword Group's activities, as per the ten principles of corporate governance of the Luxembourg Stock Exchange with which the Company voluntarily complies, with the exception of certain principles set out in this Charter. It aims to clarify the powers and responsibilities of the various entities that make up the governance of Sword Group.

  The Governance Charter supplements the existing following documents:

✓ a management manual that sets out all of the Group's internal control procedures, a welcome manual for each employee, detailing his/her rights, obligations and position in the operations of Sword Group;
✓ an IFRS accounting principles manual (currently being updated), drafted by an independent firm;
✓ one technical manual per country, that includes all applicable quality standards (CMM, ISO or ISOPRO method);
✓ a code of ethics that was adopted by the Board of Directors of Sword Group on 20 December 2010.

- At its meeting on 6 November 2014 the Board of Directors updated the Governance Charter following the update of the Ten Corporate Governance Principles of the Luxembourg Stock Exchange in 2013.

The Charter is regularly updated based on changes in the governance of Sword Group as well as legislative and regulatory changes. It is available on the Sword Group website.

<u>The Governance Charter is as follows as at 31 December 2015</u>

I - Structure and organisation of the Company and the Group
Sword Group is organised in such a way as to foster high responsiveness while maintaining a full management structure allowing for consistent management and controls. A description of the roles of the major Group entities is given below:

The management entities

<u>The Board of Directors</u>

Composition
The articles of incorporation of Sword Group provide for a Board of Directors composed of at least three but no more than eighteen members, except for temporary exceptions in the event of a merger, appointed for no more than four years. The Board of Directors is composed of competent and informed individuals selected on the basis of the specific features of the Company and its business activities. As at 31 December 2015, it consists of six members: Jacques Mottard, François Barbier, Frédéric Goosse, Nicolas Mottard, François-Régis Ory and PACBO EUROPE (represented by Patrice Crochet).

In accordance with the recommendations of the Luxembourg Stock Exchange, 50% of the Board of Directors are "independent directors", i.e. François Barbier, François-Régis Ory and PACBO EUROPE (represented by Patrice Crochet). In addition, none of the above directors have any significant shareholding in clients or suppliers of Sword Group, or in its subsidiaries.

None of the directors are elected by employees.

Should a member of the Board of the Company have or possess any personal interest in any of the Company's transactions, such member shall inform the Board of Directors regarding such interest and shall not deliberate nor vote with regard to any such transaction.

The transaction as well as that director's personal interest in the transaction will be covered in a special report to the next general meeting of shareholders before any vote can be cast by the said director for any other resolution.

With respect to the Company's size and in order to enhance the effectiveness of Board decisions, the functions of Chairman and CEO are not separated. For the same reasons, the designation of a *compliance* officer was not deemed necessary.

Meetings of the Board - Operation of the Board
The Board meets, carries out its work and adopts resolutions in compliance with applicable legal and regulatory provisions, supplemented by the articles of incorporation of Sword Group: there are internal rules of procedure.

As there is no works council, no representative of the Company's or Group's employees attends the Board meetings on a regular basis.

Budgets are submitted annually to the Board, which also receives monthly management accounts and quarterly financial statements.

The Board is informed in advance of each projected acquisition, start of an activity, and more generally of all significant financial transactions.

Prior to each Board of Directors meeting, the relevant documents regarding the agenda are sent to its members. The Directors may request, at any time of the year, the information they consider useful regarding the business conducted by the Company.

All directors, executive or not, have equal access to the information and resources necessary to carry out their directorships.

The articles of incorporation of Sword Group provide for the holding of Board meetings as often as the company’s interests require.
The Board generally meets at the Company’s head office. Board meetings are convened via a law firm, which also assists the Chairman in preparing the minutes.

With a view to bolstering governance rules, Sword Group has established internal rules governing the operation of the Board of Directors and the directors' obligations in the context of their directorships, particularly their ethical obligations.

Compensation for members of management and administration bodies
Corporate officers are remunerated on the basis of their experience and skills, at European and worldwide level.

Various components can factor into the compensation for members of management and administration bodies, such as shares, stock options or any other right to acquire shares, attendance fees, retirement and departure conditions and specific benefits, which may be awarded by Sword Group or its subsidiaries or member companies of the same Group.

The fixed and variable components of compensation are assessed while taking balance into account.

If and when share options are granted, the Board of Directors determines the performance criteria and the number of shares resulting from the options that should be kept by the corporate officer until the end of his/her directorship.

Board of Directors' self-assessment
The Board conducts an annual self-assessment. The Directors have so far been of the opinion that the current operation of the Board enables them to fulfil their task under appropriate conditions.

<u>The EMC (Executive Management Committee)</u>
The EMC determines annual guidelines, controls activities and defines long-term strategy.

As at 31 December 2015, it consisted of:
Jacques Mottard, Chairman and CEO
Frédéric Goosse, General Manager
Tony Allen, CEO (Chief Executive Officer).

The Operating Committee
The Operating Committee sets policy for the year, manages the annual budget and controls the profit centres, known as Business Units. It consists of the EMC plus eight Directors of Operations:

Each Director of Operations is also the Director of a Business Unit. There are currently 26 Business Unit Directors.

The Management Committee
The Management Committee comprises the Operating Committee plus all of the Business Unit Directors.

The Group's organisational philosophy is based on the avoidance of hierarchies and has only two levels: the Business Unit Director and the General Management.

The General Managers
Mr Jacques Mottard and Mr Frédéric Goosse were appointed general managers, responsible for the daily management for a term expiring at the Annual General Meeting called to approve the accounts of the Company for the fiscal year due to end 31 December 2015. They also hold the title of "Executive Vice President".

The Business Unit is a profit centre run according to principles set out in an internal management manual. The main management principles applied to Business Units are the following:

Analysis, based on:
- ✓ a budget submitted before the start of the year, an analytical report prepared at each end-of-month and sent to General Management that includes a breakdown of activities, a summary of projects, the distribution of activities, an analysis of "work in progress" and "prepayment invoices", as well as an analysis of progress per project;
- ✓ feedback to the Business Unit by General Management on the cost accounts.

General accounting:
- ✓ Each entity has its own accounts department, which reports directly to the Administrative and Finance Department,
- ✓ The Administrative and Finance Department handles the centralised management of the cash requirements of the Group's various companies: if cash from one of the subsidiaries serves the financial requirements of another, the holding company handles the reimbursement of the lent capital so that the company that generates a surplus receives interest on its loan.

Commercial:
Every month, all the members of any committee whatsoever complete the same report as Sales Engineers, together with a report of contacts made during the week, and forward them to their respective superiors.
These reports, consolidated at Group level, facilitate:
- ✓ managing activities carried out by various players at the same clients,
- ✓ quantifying the number of new projects being submitted, quantifying the number of new contracts signed,
- ✓ monitoring the number and value of deals lost.

The Operating Committee is responsible for coordinating all the commercial players, which includes the Business Unit Directors.

Technical:
The Technical Manager has multiple roles at Sword. Strategically, he helps to develop the Company's technological orientation in direct consultation with management. As such, he handles a certain part technology intelligence via a network of technical points of contact within the Group. Operationally, his task is split between pre-sales (preparing responses, early-stage value propositions, etc.), development (providing an external eye on the solutions implemented), after-sales (site and future upgrade follow-up).

Each proposal is prepared by Project Leaders and monitored by the Technical Department in terms of days, and by the Business Unit Director in financial terms. The Business Unit Director is authorised to enter into commitments of up to €400,000 (compared to €1,000,000 for the Director of Operations). Above that amount General Management's approval is required.

Each project is run by a Project Leader who produces a summary of fixed-price projects that gives progress reports and details any deviations from initial estimates.

All project follow-up files are monitored by the Technical Department. A summary of progress reports and deviations is prepared at Group level, on an operation by operation basis.

All delays (on-site concessions) must be immediately attributed. All gains (ahead of schedule compared to initial estimates) are attributed at the end of the project.

Any project which is more than 5% late is audited by the Technical Department of another operation.

All days not invoiced by billable parties can only be allocated to one of the following three areas: training, management, concessions.
Any increase in the number of non-invoiced days per month in a Business Unit will be analysed in detail in order to ensure the proper allocation of commercial concessions.

Reports, meetings, authorisations

<u>Reporting</u>
A Business Unit prepares:
- ✓ its projected payments of salaries on the 10th of each month,
- ✓ its analysis reports the last working day of each month, before 12 noon,
- ✓ the sales situation the evening of the fifth working day of each month,
- ✓ a report on travel expenses by the 5th of each month.

Every six months, each Business Unit Director prepares - with the assistance of the Technical Department - an overview of the career development and salary of each member of staff, including proposals for salary increases and training or career development for each member of staff, in preparation for the twice-yearly meeting of the Compensation Committee.

Each case is reviewed together with the Directors of Operations and the Management Committee.

Every year by 15 November, each Business Unit Director prepares a proposed budget for the coming year that will be examined by the Annual Budget Committee.

<u>Meetings</u>
Every week the Business Unit Director holds a meeting with his sales and technical managers to review the commercial, technical and executive management of his profit centre in light of the weekly reports.

Each Director of Operations holds a meeting once a month with his Business Unit Directors, his Sales Directors and his Technical Directors to check the actions taken by each unit and to coordinate the Business Units.

Every month, the General Management Committee meets for a day to review all the summaries received, to propose corrective action to the Operations Committee, and to define acquisitions strategy.

Every two months, the Operations Committee and the General Management Committee meet in order:

- to summarise matters discussed between the General Management Committee and the Operations Committee over the previous two months,
- to check on the progress of the Business Units,
- to define strategy for the year and any relevant corrective action.

Once a year, all Group employees must meet their manager for an in-depth discussion of their career and salary, in addition to daily exchanges between the Director and staff. Twice a year the General Management Committee, the Operations Committee and the Executive Committee meet as a "Careers Committee".
Once a year a "Budget Committee" is added to the "Careers Committee".

Authorisations

- The Sales Engineer is authorised to represent the Company to customers.
- A Project Leader is authorised to manage his staff from the technical point of view and supervise the timeline progress of each project, without interfering in the cost accounts.
- A Technical director manages the Project Leaders and personally manages major projects (over €400,000).
- A Business Unit Manager has the authority to recruit, within the limits of his budget and in accordance with the Group procedure, to incur the expenses provided for in his budget, and to sign contracts with clients for up to €400,000. If these expenses do not fall within his allocated budget, these authorisations are taken away from him until the situation returns to normal. He must ask General Management for permission before incurring expenses or recruiting staff.
- A Business Unit Director may not incur any investment expenses for which a purchase requisition must be submitted to General Management, nor incur any expenses that may have a long-term impact, such as rent, for which there is an equivalent procedure with General Management.
- The Director of Operations may validly commit the Company to contracts up to a limit of €1,000,000 and has the authorities previously held by Business Unit Directors after they lose their authorisations.

In general, no one may decide to commit to expenses and at the same time arrange for their payment: the profit centre manager signs his approval on supplier manufacturers, while it is the Finance Department that deals with payments.

Staff Committees

An employee is recruited in accordance with a specific procedure (profile definition, interviews with two separate persons, tests). New employees are inducted on their first day, during which the unit assistant gives them the welcome booklet and the administrative manual.

That is followed by the Project Leader and/or Technical Director, who in due course must provide an opinion on their development potential.

Each quarter, employees attend a unit meeting, to provide them with information on the Company. Every six months his/her case is reviewed by the Careers Committee. He/she has a formal meeting at least once a year.

II - Shareholding structure and control of Sword Group

Share capital and shares

The share capital was increased to €9,414,965 (nine million four hundred and fourteen thousand nine hundred and sixty-five euros) on 15 December 2015. It is now divided into 9,414,965 shares with a par value of €1 each, fully paid and all of the same category.

The Company's authorised capital consequently dropped to €4,875,000 (four million eight hundred and seventy-five thousand euros), represented by 4,875,000 shares with a par value of €1 each.
However, in connection with new shares issued in respect of debt securities giving access to capital, the amount of authorised capital is set at €100,000,000 (one hundred million euro) divided into 100,000,000 shares with a par value of €1 each.

Within the limits of the amounts of the above authorised capital, the Board is authorised, for a period expiring five years from the date of publication in the Memorial C, Report of Companies and Associations, of the Company's registration in the Trade Register of Luxembourg, i.e. until 2 May 2017, to increase on one or more occasions the share capital by any means, including by issuing ordinary shares or securities giving access to capital, and by increasing the par value of the shares issued. Under the conditions set by the Extraordinary General Meeting, the Board may cancel or limit the preferential subscription rights.

These capital increases can be subscribed to by cash payment or contribution in kind, in accordance with the legal provisions then applicable or by capitalisation of available reserves, deferred profits, distribution of dividends or additional paid-in capital, in each case at an issue price determined by the Board.
The Board may delegate to any authorised director or proxyholder of the Company or any other duly authorised person, the right to accept subscriptions and receive payment for shares representing part or all of the amount of such capital increase.

With each capital increase by the Board of Directors within the limits of the authorised capital, the articles of incorporation will be amended accordingly and the Board shall take or authorise any person to take all steps necessary for the performance and publication of such amendment.

Shares can be either registered shares or bearer shares depending on the choice made by the holder. If Luxembourg law allows it, the shares can be dematerialised.

If Luxembourg law authorises the issuance of dematerialised shares, registered shares and bearer shares are mandatorily converted into dematerialised shares within a period of two years from the date when the issuance of dematerialised shares is authorised, under the conditions set by law and implemented by the Board.

Any shareholder, whether acting individually or with another shareholder, who increases their ownership to more than 5%, 10%, 15%, 20%, 25%, a third, half, two-thirds, of shares or voting rights must inform the Company of the total number of shares and voting rights they own, and must do so via registered mail with acknowledgement of receipt within four trading days of becoming aware of their exceeding these thresholds. The same will apply in the event that said shareholding is reduced to below each of these thresholds.

This information will also be issued to the Financial Sector Supervisory Commission (*Commission de surveillance du secteur financier* - CSSF) within (i) six trading days and (ii) four trading days as of the crossing of these interest thresholds due to an event changing the distribution of voting rights.

Unless they have been promptly declared, shares in excess of the threshold that should have been notified do not have voting rights until two years after the regularisation of notification.

Shares are freely tradable in the absence of any legal or regulatory provisions to the contrary.

In connection with any transfer of registered shares, a statement of transfer must be recorded in the register of shareholders, dated and signed by the transferor and the transferee or their representative(s), as well as in accordance with the rules governing the transfer of debt, set out in Article 1690 of the Luxembourg Civil Code. The Company may also accept and record in the register of shareholders any transfer referred to in any correspondence or other document mentioning the agreement between the transferor and the transferee.

Changes in capital

1 – The share capital may be increased by any means and in any manner provided by law.

The new shares are paid up in cash, or by offsetting liquid to the Company, or by capitalising reserves, profits or additional paid-in capital, or by contribution in kind, or by conversion of bonds.

Only the Extraordinary General Meeting is authorised to decide a capital increase. It may also delegate such authority to the Board of Directors as part of the capital authorised by the articles of incorporation.

The Board of Directors may decide to limit the capital increase against cash to the amount subscribed.

In the event of an increase through the issue of shares to be subscribed against cash, a preferential right to subscribe these shares is reserved for owners of existing shares, as permitted by law. However, shareholders may individually waive their preferential rights during the General Meeting that decides or authorises a capital increase. In addition, the shareholders at the General Meeting may cancel such preferential right in accordance with legal requirements.

2 - The capital increase may also result from the request by any shareholder to receive payment in shares of all or part of the dividend distribution where such power was granted to shareholders by a decision taken by the General Meeting or by the Board of Directors as part of a capital increase within the limits of the authorised capital as defined in Article 8 of these articles of incorporation and Article 2.1 of the charter.

In that case, the Board of Directors, within the statutory period, records the number of shares issued under the preceding paragraph and has the changes to the articles of incorporation implemented via a notarised deed.

The Extraordinary General Meeting may also delegate to the Board of Directors the implementation of the capital decrease.

The Board of Directors may repurchase shares in the Company within the limits set by law and by the authorisation granted by the Extraordinary General Meeting.

Listing
The Company is listed on EURONEXT Paris (Compartment B). The number of outstanding shares is 9,414,965.

Information about the Company's share price can be found on its website (www.sword-group.com).

Sword Group SE shares are on the following indices: ICB: 9530 Logiciels et Services Informatiques, Indices CAC® Small, CAC® Mid & Small, CAC® All-Tradable, CAC® All-Share.

The General Meeting of 26 March 2012 gave the Board a general authorisation to increase the share capital by any means, including through the issue of shares or securities giving access to share capital with or without preferential subscription rights.

This authorisation was granted for a period of five years from the date of publication in the *Mémorial C, Recueil des Sociétés et Associations* of the Company's registration in the Register of Commerce and Companies of Luxembourg. In the context of this delegation of authority, the Board may limit or cancel any existing pre-emptive subscription rights. The Board may set all the terms and conditions of issue, including the place and date of issue or successive issues, the issue price, with or without additional paid-in capital, and the terms and conditions of subscription and release of new securities. The Board may in particular accept such stock subscription against payment in cash or in kind, under the conditions laid down by law, and the issue of new shares by capitalisation of reserves and/or the share premium and the free award of shares. The Board may also delegate the authority to accept the subscription of new shares.

The amount of capital increases likely to be carried out immediately and/or eventually under the authority granted by the General Meeting may not exceed €4,875,000 (nominal).

The face value of debt securities giving access to capital likely to be issued under the delegation granted under the authority granted by the General Meeting cannot exceed €100,000,000 or its equivalent in foreign currency on the date of issue.

The Board may use such delegation for any purpose involved in the achievement of the corporate purpose, including to issue shares or other instruments giving access to shares, to employees and/or corporate officers of the Company and/or companies that are included in the consolidation scope of the Company, within the limit of a total of 200,000 shares issued under the authority granted. Other conditions governing the issue of these shares, including the determination of the beneficiaries of these shares, and the individual and/or collective performance requirements, will be set by the Board of Directors.

Acquisitions and disposals of treasury shares

Sword Group may hold treasury shares and conduct transactions on treasury shares within the limits of the law and the authorisation granted by the Annual General Meeting.

Detailed information about these operations is regularly communicated to the CSSF and appears on the website of Sword Group.

Shareholders

Principal shareholders
Jacques Mottard, Nicolas Mottard - including the holdings of Financière Sémaphore - hold a total of 18.1% of the share capital.

The floating stock represents 79.3% of the capital.

Proxies and general meetings
The shareholders are invited to attend the general meetings by law and under the articles of incorporation. Article 19 of the articles of incorporation sets out the rules governing shareholder meetings.

Calling meetings

The shareholders convene at the Annual General Meeting on 28 April of each year at 11 am in the municipality of the Company's head office or any other location, as specified in the notice.

If the meeting date falls on a holiday, it shall take place on the next business day.

Ordinary shareholder meetings may be called extraordinarily at any time of the year by the Board of Directors.

One or more shareholders who together hold at least 10% of the subscribed capital may request that a general meeting be called. Their request must set out the items to be covered by the agenda.

The form of the meeting and the required notice period are set by the law. The meeting notice must indicate the location of the meeting, which may be held at head office or at any other location, and its agenda.

Agenda

The agenda is set by the person calling the meeting. It contains, if applicable, proposals from one or more shareholders who together hold at least 5% of the paid capital, who may request the registration of one or several new agenda issues for any general meeting, within the timeframe and in the forms set out by law.

If it has not been possible for the meeting to deliberate regularly, through failure to attain the quorum, a second meeting is called in the same form as the first and the meeting notice will recall the date of the first meeting.

Admission to the meetings - Powers

Any shareholder may, regardless of the number of shares held, attend - in person or via a proxy - the meetings upon justifying his/her identity and the ownership of his/her shares, in the form of:

- either a registration in his/her name,
- or a registration of the shares in the name of the shareholder or the intermediary registered on his/her behalf on the third business day preceding the meeting at 0:00, Paris time, either in the registered share books held by the Company, or in the bearer share books held by the authorised intermediary.

However, the Board of Directors can either shorten or cancel that period of time, subject to such initiative being to the benefit of all shareholders.

Shareholders may vote by mail and must, to that effect, ask the Company for a postal voting form. That form will include references to the relevant meeting and will be written so that the shareholder may cast his/her vote on each proposed resolution, according to their order of submission at the meeting. The request must be issued to the Company by any means and must be filed or received by the head office at least six days before the meeting.

To be admissible, the voting form must include the following:

- the last name, first name and domicile of the shareholder;
- the form of the shares (bearer or registered) and of the number of shares, as well as a statement confirming that the shares are registered, either to registered securities accounts held by the Company, or to bearer securities accounts through the authorised financial intermediary;
- the signature of the shareholder or his/her legal representative.

To be taken into account, postal votes must reach the Company at least three days before the date of the meeting.

A shareholder may be represented under the conditions set by the applicable regulations.

Meeting - Board - Minutes
The General Meeting is chaired by the Chairman of the Board or by a director appointed for that purpose by the Board, if the meeting was called by the Board or, failing that, by an individual designated by the Meeting; it is chaired by the statutory auditor where appropriate, by the attorney or the liquidator in other cases. Teller duties are handled by those two members of the meeting who hold the largest number of votes and who accept such duties. The officers shall appoint a secretary who need not be a shareholder.

The deliberations are recorded in minutes signed by the officers, as well as by those shareholders who so request.

Copies or extracts of such minutes, to be produced in court or elsewhere, shall be validly certified, with respect to ordinary general meetings, by the chairman of the board or a director or the secretary of the Meeting and, with respect to extraordinary general meetings, by the notary who holds the minutes in question.

Terms and conditions that apply to the right to vote – Majority quorum
1 – The quorum is calculated from the total number of shares comprising the share capital, not including any shares for which the right to vote has been withdrawn by law.

In the case of proxy voting, only forms which have been duly completed and which carry an attestation confirming that the shares have been deposited in trust, and which are received by the company at least three days prior to the date of the meeting, will be taken into account in calculating the quorum.

2 – An ordinary general meeting shall deliberate validly only if the shareholders attending, represented or voting by mail, own at least, on first call, one quarter of the share capital. Failing that, a second general meeting not requiring a quorum will be convened in the form prescribed by Article 67-1 of the law of 10 August 1915 (as amended) on commercial companies.

An extraordinary general meeting shall deliberate validly only if the shareholders attending, represented or voting by mail, own at least, on first call, half of the share capital. Failing that, a second general meeting not requiring a quorum will be convened in the form prescribed by Article 67-1 of the law of 10 August 1915 (as amended) on commercial companies.

3 - At shareholders' meetings, each member at the meeting has as many votes as they possess or represent shares, without restriction other than those provided by law.

4 - Votes at general meetings are cast by a show of hands, a roll call, a secret ballot, or the use of telecommunication facilities, i.e. videoconferencing or any means of telecommunication where it is possible to identify the shareholder taking part in the Meeting, as determined by the officers or the shareholders.

The Ordinary Meeting shall rule by the majority of votes validly cast. The votes validly cast shall not include those relating to shares for which the shareholder has not taken part in the vote, has abstained or has cast a blank or invalid ballot.

The Extraordinary General Meeting shall rule by a majority of two thirds of valid votes.

Dividend policy
In accordance with Article 24 of the articles of incorporation, out of the profit for the period, deducted from any previous losses if applicable, the following amounts are levied in priority:

- at least five percent to build up the legal reserve, a deduction that will cease to be mandatory when said reserves have reached a sum equal to one tenth of the total share capital, but which will resume if for any reason this amount is no longer attained;
- and any sums to be allocated to the reserves by law.

The remaining balance, to which posted profits are added, constitutes the distributable profit that is at the disposal of the Annual General Meeting. This may be distributed in full or in part to shareholders in the form of dividends, allocated to all reserve or capital depreciation accounts, or carried forward once again, depending on the proposal of the Board of Directors.

The Extraordinary General Meeting may, as permitted by law, determine the full or partial depreciation of the shares that will lose, in due proportion, their right to a dividend or the repayment of nominal value.

That meeting may also, as provided by law, determine the conversion into capital shares of fully or partially amortised shares.

As a general rule, Sword Group pursues a dividend distribution policy linked both to profits for the year in question and to the expected development of the Group and its profitability.

III Control structures

Audit committee - Other committees
The Company has an audit committee, comprising Mr François Barbier and Mr François-Régis Ory, independent directors, appointed members of the Audit Committee for the duration of their directorships.

Mr François-Régis Ory, is chairman of the Audit Committee.

Regarding the establishment of an appointments and compensation committee or the creation of other specialised committees, it has been decided not to establish such committees within Sword Group, given the size the Company.

Internal controls

We would remind you that the purposes of the internal control procedures in force in our company are:

- to ensure that the management and implementation of operations and the behaviour of staff are in accordance with the guidelines for businesses as laid down by the company's managing bodies, by the applicable laws and regulations, and by the values, standards and internal rules of the company;
- and to verify that the accounting, financial and managerial information provided to the company's managing bodies truly reflects the activities and the position of the company.

One of the purposes of the internal control system is to prevent and control risks that arise from the business's activities, and risks from errors or fraud, particularly in the accounting and financial domains.
As with all control systems, it cannot provide a 100% guarantee that such risks are totally eliminated.

The internal control procedures are set by the Board of Directors of Sword Group and an internal control officer was appointed to monitor the risks identified by the Board of Directors, in accordance with the 10 Corporate Governance Principles recommended by the Luxembourg Stock Exchange.

Statutory audit
The statutory audit is conducted by Mazars Luxembourg SA, a certified audit firm (*cabinet de révision agréé*).

IV Conduct of business and trading of Sword Group shares

Conduct of business and ethics
As a world leader in business process improvement solutions for regulated industries, Sword Group harnesses its skills, infrastructure and experience to serve our clients and to help them improve their performance, increase their efficiency and maximise their return on investment.

Sword Group operates worldwide in compliance with laws and regulations in the various countries where Sword Group and/or the Sword Group subsidiaries are located.

On 20 December 2010, the Board of Directors of Sword Group adopted a Code of Ethics. The Code aims, in particular, to formalise the basic common values and principles essential to Sword Group and its employees and to affirm the ethical commitment of Sword Group in all its areas of activity, with respect to shareholders, members of the company, customers, suppliers and partners.

Trading of Sword Group shares
Sword Group managers meet all legislative and regulatory provisions relating to transactions in securities of listed companies.
Sword Group managers regularly report transactions involving Sword Group shares and refrain from any transactions involving Sword Group shares when they possess insider information.
In order to prevent the commission of any offenses relating to the possession of insider information, Sword Group has established, as required by law, a list of insiders that identifies those individuals holding privileged information who work in the Sword Group, as well as third parties having access to such information in the course of their professional relationships with Sword Group.

10 MANAGEMENT REPORT

Ladies and Gentlemen,

In accordance with the applicable provisions of the law and articles of incorporation, we have called you to this Ordinary and Extraordinary General Meeting to submit for your approval the annual accounts and consolidated financial statements for the period ended 31 December 2015.

You will also be asked to cast your votes on the following:

The authority of the General Meeting ruling under the conditions governing quorums and majority voting required for Ordinary General Meetings.

- ✓ Reading of the report of the Board of Directors, including the Group management report and the finding that no agreement under Article 57 of the law of 10 August 1915 (as amended) has been concluded during the period ended 31 December 2015;
- ✓ Reading of the report of the statutory auditor on the 2015 annual accounts, the Group's consolidated financial statements and the performance of its duties;
- ✓ Approval of the statutory annual accounts at 31 December 2015;
- ✓ Approval of the consolidated financial statements at 31 December 2015;
- ✓ Allocation of profit or loss for the period ended 31 December 2015;
- ✓ Discharge granted to the directors for their management duties for the year 2015;
- ✓ Renewal of Mr Jacques Mottard's directorship;
- ✓ Renewal of Mr François Barbiers' directorship;
- ✓ Renewal of Mr François-Régis Ory's directorship;
- ✓ Renewal of Mr Frédéric Goosse's directorship;
- ✓ Renewal of Mr Nicolas Mottard's directorship;
- ✓ Renewal of the directorship of PACBO EUROPE Administration et Conseil S.àr.l.;
- ✓ Compensation for directors;
- ✓ Discharge granted to the independent auditor for its duties for the year 2015;
- ✓ Reappointment of the independent auditor;
- ✓ Powers to complete formalities.

The authority of the General Meeting ruling under the conditions governing quorums and majority voting required for Extraordinary General Meetings.

- Removal of Article 7 of the articles of incorporation on the age limit for directors, the chairman of the Board of Directors, the chief executive officer and the general manager;
- Modification of Article 13-1 para. 2 of the articles of incorporation to increase the length of directorships from four to six years;
- Renewal for a new period of five (5) years, as of the date of publication of the resolutions of the Extraordinary General Meeting in the *Mémorial C, Recueil des Sociétés et des Associations*, of the authorisation granted to the Board of Directors to increase the share capital by five million euros (€5,000,000) by issuing ordinary shares or securities giving access to capital, and by increasing the par value of the shares issued, without having to reserve preferential subscription rights for existing shareholders, replacing the current authorised capital authorisations; corresponding change to Article 8-I paras. 2 to 4 of the articles of incorporation;
- Authority to complete formalities.

If a quorum for extraordinary decisions is not reached at the above-mentioned General Meeting, then a new General Meeting will be convened for **27 May 2016 at 10 a.m.**, with the same agenda.

We will present the consolidated statements and statutory annual accounts to you one after the other. We will then submit these for your approval. The required notices have been duly sent to you and all documentation required by the regulations in force were made available at the head office of the Company, as well as on the website of the Company within the legally required timeframe.

You will then hear the reading of the independent auditor's report.

1. Important events in the Sword Group during the period ended 31 December 2015

Acquisitions/disposals and equity stakes acquired during the period ended 31 December 2015:

- Acquisition of 60% of Swissgenia SA,
- Interest in Simalaya Holding Sa increased from 39.88% to 100%,
- Interest in Tipik Communication Agency SA increased from 18% to 38%,
- Disposal of Kenzan,
- Interest in The Agile Factory SA reduced, by 31 December 2015, to 18.50%,
- Acquisition via Sword IT Solutions Ltd ("Sword ITS") of a 100% interest in AAA Group Ltd,
- Capital increase of €54,000 following the exercise of options by multiple beneficiaries in November 2015, thus increasing the capital to €9,414,965, as set out in the notarial deed dated 15 December 2015.
- Disposal of part of Charteris (CRS2).

These events are detailed in the notes to the consolidated financial statements (Note 1/1.2).

Threshold exceeded
On 6 November 2015, Sycomore Asset Management declared that on 4 November 2015 it had exceeded the 5% threshold by acquiring shares on the market. On that date, Sycomore attained a 5.10% interested, and therefore 5.10% of the voting rights.

Governance
The Annual General Meeting of 28 April 2016 will vote on the renewal of the six directorships for Mr Jacques Mottard, Mr Nicolas Mottard, Mr François Barbier, Mr François-Régis Ory, Mr Frédéric Goosse and PACBO EUROPE, represented by Mr Patrice Crochet.

2. Basis for preparation and accounting principles

This part is detailed in Note 2 of the notes to the consolidated financial statements.

3. Group activities - Presentation of the consolidated income statement for the period ended 31 December 2015

Presentation of the simplified consolidated income statement at 31 December 2015
The table below presents the simplified income statement of Sword Group for the period ended 31 December 2015 compared with that for the 2014 financial year.

In €'000	2015	2014
Revenue	137,564	117,069
EBITDA	21,552	18,852
EBIT	16,394	15,703
Profit for the period	10,792	13,317
Profit, Group share	10,162	12,154

Activity and revenue
Consolidated revenue stood at €137.6 million in 2015 with profitability of 15.7% (EBITDA).

Pro forma revenue (assuming a constant exchange rate and the scope effective on 1 March 2016) stood at €141 million.

The backlog at 31/12/2015 was 24.8 months of revenue budgeted for 2016.

Specialisation
The Group is now specialising in the 'digital transformation' across all divisions - Software and IT Services.

Internationalisation
The Group operates in 50 countries and has a physical presence via its subsidiaries and offices in 20 countries, covering Asia Pacific, Middle East, Europe, America and South Africa.

Expansion
All of Sword's activities comply with the Group's standards in terms of revenue, profitability, and growth capacity.
In 2015 Sword undertook a capital increase in Simalaya Holding SA and merged its UK Services activities with AAA. Company specialising in project outsourcing, sourcing and recruitment.

Earnings before interest, taxes, depreciation and amortisation, excluding non-recurring elements (EBITDA)
Consolidated EBITDA in 2015 was €21,552,000, i.e. 15.7% of the 2015 revenue.

Earnings before interest and taxes, excluding non-recurring elements (EBIT)
Consolidated EBIT in 2015 was €16,394,000, i.e. 11.9% of the 2015 revenue.

Income tax and profit for the period
Corporate income tax on consolidated profit was €3,441,000, which represents an effective tax rate of 24%.

After income tax, the profit for the period yielded a net profit of €10,792,000, i.e. 7.8% of 2015 revenue. The Group share of net profit stood at €10,162,000, i.e. 7.39% of revenue, while net profit allocated to minority shareholders was €630,000.

Debt, cash flow and investments
The Group's net cash (active cash – debt) dropped from €48.2 million at 31/12/2014 to €42.4 million at 31/12/2015.

The cash flow generated by operating activities (see cash flow table) was €19,293,000.

Gross investments for the financial year, both intangible (excluding goodwill and market shares) and tangible, stood at €8,405,000.

Growth transactions
Growth transactions are detailed in section 1 of this report and in Note 1 point 1.2 of the notes to the consolidated financial statements.

Disposals
Disposals are detailed in section 1 of this report and in Note 1 point 1.2 of the notes to the consolidated financial statements.

Breakdown of 2015 consolidated revenue
The 2015 consolidated revenue breaks down as follows:
Software: 32%
IT Services + Communication Technologies : 68%

BY DIVISION

€m	Revenue	EBITDA	%
Software	**44.0**	**12.5**	**28.4%**
Asset Finance Solutions	24.1	7.5	31.1%
Governance Risk & Compliance	15.9	3.9	24.5%
Other	4.0	1.1	27.8%
IT Services	**93.6**	**9.1**	**9.7%**
Benelux	17.4	1.0	5.7%
France	26.2	2.9	11.1%
Switzerland	28.0	3.2	11.4%
UK	12.7	1.3	10.2%
Other *(including offshore)*	9.3	0.7	7.5%
Total	137.6	21.6	15.7%

Percentages are given with figures in €'000.

CHANGES IN THE GROUP'S MAIN SUBSIDIARIES

SOFTWARE

A / Governance Risk Compliance + Other

€m	Consolidated	
	2015	2014
Revenue	19.9	17.5
EBITDA	5.0	4.9
%	25.1%	28.1%

This transaction combines the Intellectual Property (IP) (20%) and GRC (80%) products.
It returned to standard profitability while achieving internal growth of 13.7%

B / Asset Finance Solutions

€m	Consolidated	
	2015	2014
Revenue	24.1	16.7
EBITDA	7.5	5.1
%	31.1%	30.5%

This operation continued to outperform in terms of internal growth (44%) and profitability (31.1%).
The latest orders booked mean that internal growth for 2016 can be forecast at around 20%.

IT SERVICES

A / France

€m	Consolidated	
	2015	2014
Revenue	26.2	23.3
EBITDA	2.9	2.1
%	11.1%	8.9%

France outperformed in 2015 in terms of both internal growth (12.4%) and profitability (11.1%).

B / Benelux

€m	Consolidated	
	2015	2014
Revenue	17.4	13.9
EBITDA	1.0	0.6
%	5.7%	4.1 %

The Benelux experienced sustained growth of 20% and, despite the establishment of an organisation making it possible to manage major future projects with the European Union, increased its profit margin by 1.6 points.

C / Switzerland

€m	Consolidated	
	2015	2014
Revenue	28.0	23.7
EBITDA	3.2	3.1
%	11.4%	12.9%

Switzerland confirmed its position in the Group as one of the four main Services areas in Europe.

Growth of 18% was posted by this transaction, which also manages an entity in North Africa used as an offshore platform.

C / UK

€m	Consolidated	
	2015	2014
Revenue	12.7	N/A
EBITDA	1.3	
%	12.2%	

This transaction included AAA as of 1 December. For the full year, the 2015 revenue was close to €23 million. The challenge for 2016 will be growth, even though, for that, it is necessary to somewhat reduce profitability in order to reach critical mass.

E / Other (offshore + other)

€m	Consolidated	
	2015	2014
Revenue	9.3	N/A
EBITDA	0.7	
%	7.5%	

This transaction includes the revenue realised offshore as well as Services revenue realised in the United States.

GRAND TOTAL

	Consolidated	Consolidated
€m	2015	2014
Revenue	137.6	117.1
EBITDA	21.6	18.9
%	15.7%	16.1%

GROUP HEAD COUNT ON 31/12/2015

2015	Billable workforce			Non billable workforce	Total
	Staff	Sub-contractors	Total		
Software	214	17	231	33	264
IT Services	475	368	843	90	933
Offshore	118	97	215	11	226
Holding company	-	-	-	17	17
Total	807	482 (1)	1,289	151	1,440 (2)

(1) *323 full-time equivalent (FTE) staff*
(2) *1,281 full-time equivalent (FTE) staff*

IMPORTANT EVENTS OCCURRING AFTER YEAR-END
None

OUTLOOK FOR 2016:

The Group forecasts organic growth of 15% (assuming a constant exchange rate) and a EBITDA margin of 15%.

Assessment of the value of goodwill and other intangible assets
An independent evaluation performed by Acertis confirmed the balance sheet value of these intangible assets.

Research & Development

SOFTWARE
R&D on existing products (development of WFS, GRC and mobile applications) accounts for 12.8% of Software revenue.
R&D on new products (development of modules complementing existing modules) represents 3% of Software revenue.

IT SERVICES
R&D on the Services part accounts for 1.7% of Services revenue.
This pertains to:
- Google connectors,
- SharePoint components,
- Seek & Share components (management of telemedicine processes)
- Components for virtual reality processing.

Approval of consolidated financial statements
We request that you approve the consolidated financial statements for the period ended 31 December 2015 (balance sheet, profit and loss statement, and notes) as they are submitted to you and which show a total consolidated profit of €10,792,000 (of which the Group share is €10,162,000).

4. Activities of Sword Group – presentation of the corporate annual accounts

Company activities in financial year 2015 – Balance sheet and profit and loss account
In 2015, Sword Group had an average head count of 1.5.

In 2015, Sword Group played its operational, strategic and financial leadership role for the Group.

The main figures for the period are the following:

In €	**Financial year N**	**Financial year N-1**
Revenue	3,156,101	2,672,151
Other operating profit	9,104	19,003
Operating expenses	2,667,047	2,270,071
Operating profit	498,158	236,420
Financial income	52,434,232	110,532,576
Finance costs	3,326,855	6,949,614
Financial result	49,107,377	103,582,962
Current profit before tax	49,605,535	103,819,382
Extraordinary income	170,494	875,250
Extraordinary expenses	7,290,962	3,205,883
Extraordinary result	- 7,120,468	- 2,330,636
Tax	80,250	151,522
Profit / Loss	42,404,817	101,337,226

5. Risk factors
The company has conducted a review of the risks and is of the opinion that there are no significant risks other than those described below.

Risks related to the activity and fixed-price contracts
In 2015, if we consider the "Services" (IT Services + Communication Technologies) and the "Software" (Products) divisions’ portions of fixed-price services, the services portion with guaranteed results is greater than 80%.

Fixed-price services mitigate the effects of intercontract risks on a day-to-day basis. However, they amplify the end-of-project risk and the issue of keeping the team busy between two projects.

The "Software" segment is exposed to a limited risk, as Sword's strategy is based on upgrading existing products rather than creating new products from scratch.

Sword Group’s industrial methodological approach makes it possible to guarantee results while keeping on budget and on schedule. This approach is based on the ISOPRO quality assurance system and is characterised by the following:

- compliance with ISO 9001;
- a strong commitment by Sword’s senior management;
- the daily involvement of all engineers during project execution.

For Sword Group, a project’s quality assurance is not limited to simply drafting a Quality Assurance Plan. What makes the QA Plan effective is that it is perfectly assimilated by the various project stakeholders and is subject to quality follow-up. During the project, various people are involved and take action in a manner that contributes to the end product’s quality.

Applying a Quality Assurance approach to a project enables:

- the formalisation of the project’s priority objectives;
- the implementation of rules and the means used to achieve them;
- the implementation of rules and the means used to control them;
- the proper targeting of actions required for the project, thus increasing the effectiveness and level of the service provided.

However, obtaining a quality product is the result of a team effort. Quality Assurance channels the actions performed by all project stakeholders in order to secure it and obtain the level of quality desired. Nevertheless, it does not replace the skills and motivation of each individual, which are the basic elements required to develop a quality product.

As at 31 December 2015, the backlog totalled 24.8 months of budgeted revenue for 2016. Naturally, part of this revenue relates to years subsequent to 2016.

Backlog includes " signed + probable + weighted possible" orders. By "signed", we mean any order received formally; by "80% weighted", we mean a verbal order; by "50% weighted", we mean that there remain two companies on the short list; and by "30% weighted", we mean that we are in a short list, without specifying the number of remaining applicants.

Each project is monitored monthly. In 2015, the total of days gained and days lost compared with initial estimates for the cost of projects was positive thanks to the systematic application of the ISOPRO method.
However, if there is a potential delay in a project, all overruns estimated with respect to the project's initial budget are immediately recognised in profit or loss via concessions (= excess time assigned to the project not recognised in revenue).

Generally, billing for components is a major element of safety in Sword Group’s quoting policy, given that the resulting revenue does not generate direct costs and may alleviate the consequences of overspending on projects.

On the recommendation of the Audit Committee, internal controls were carried out:

- control of reports, contracts and investments made in Switzerland;
- audit of major contracts;
- audit of infrastructure in Lyon;

Customer risks

Risk of default

There are no customer risks in terms of payments: No Sword Group customer has ever been in a situation of suspension of payments or failed to settle a payment.

In addition, historically speaking, our customer loyalty rate is 100%. This rate represents the number of customers who renew contracts in year Y, compared with the number of customers in year Y-1.

Competition risk

The competition risk is very low thanks to:

- Sword Group's technological edge;
- its functional knowledge of its customers' areas of work;
- the dispersion of its competitors, all of whom display marked differences;
- the nature of its customers (for example, the European institutions), which require a considerable initial investment.

This wide spectrum of competition is actually a very positive point, especially when the customer requires a wide range of skills for its integration projects, for instance.

Sword Group's ten largest clients accounted for 17.5% of consolidated revenue in 2015.
The leading client accounted for 3.3% of consolidated revenue in 2015.

Risks related to IT security and technological progress

As far as hardware and local networks are concerned, a six-person team is dedicated to maintaining our infrastructure and, in particular, the daily backup of data, which is placed in fireproof cabinets.

In addition, a civil liability insurance policy allows us to cover all risks relating to damage caused by our employees at customer sites.

Lastly, capitalising on our know-how via our software components allows us to confidently grasp the technological advances of our partners and suppliers.

Liquidity risk

The company has negotiated contracts for the opening of credit lines with several banks to finance general corporate requirements and external growth.

	Drawdowns	Available	Covenants
Total drawing rights	€19,000,000	€92,300,000	Net consolidated financial debt/consolidated EBITDA less than 3.5 Net consolidated financial debt/consolidated equity less than 1

See also Notes 20.2 and 20.3 to the consolidated financial statements that complement the previous table.
Promissory note drawing rights: earnout, see Note 20 to the consolidated financial statements.
Default and early collection clauses: see Note 20.3 to the consolidated financial statements.
Financial liabilities: see Note 20 to the consolidated financial statements.
Other bank borrowings: see Note 20 to the consolidated financial statements.

The Group has no difficulty gaining access to loans (long-term relationship with Sword Group's partner banks).

Market risks

Exchange rate risk

See Notes 4.3 (a) and 21 of the notes to consolidated financial statements.

Interest rate risk

See Notes 4.3 (b) 21 of the notes to consolidated financial statements.

Equity risk

<u>Treasury shares</u>

The company can be prompted to hold treasury shares under the share repurchase programme authorised by the General Meeting on 19 May 2014, redeemable at 10% of its share capital for a period of five (5) years. The objectives of share ownership under this program are as follows:

- leading the market or liquidity within the framework of a liquidity contract entered into with a certified provider;
- purchase for exchange or payment within the framework of external growth operations;
- the cancellation of shares within the limit of a maximum number that cannot exceed 10% of the Company's share capital, over a period of twenty-four months, subject to the Company's Extraordinary General Meeting of Shareholders authorising the capital reduction.

The same Extraordinary General Meeting of 19 May 2014 authorised the Board of Directors to reduce the share capital by cancelling shares acquired through the Company's purchase of treasury shares, limited to 10% of its share capital and for a period of five (5) years.

As at 31 December 2015, Sword Group held 9,240 treasury shares.

Share risk tracking and management

Investments are selected from those that present no real risk, i.e. risk-free cash UCITS shares, which can be used or disposed of very quickly and present no risk of impairment loss in case of interest rate fluctuations.

Among its financial assets (securities available for sale) at 31 December 2015 Sword Group held interests in the following companies (only significant holdings are listed below):

- SBT:
  As at 31 December 2015, Sword Group held 37,296 shares in this company. As at 31 December 2015 the fair value was €128,000. The change in fair value was recognised in equity.

- Interests held in other companies, including HSFD, Cowork Engineering, TAF and Tok Tok Tok for a fair value of €301,000.

Excluding treasury shares, the portfolio is very limited. Investments remain conventional by nature.

Risk factors related to the acquisition policy

Sword Group pursues a dynamic investment policy, reflected by high levels of external growth.

The Group's external growth policy aims at:

- the acquisition of additional skills;
- the expansion of the geographical scope;
- the strengthening of existing lines of business;

The means implemented by the Group to limit the risks arising from that policy are as follows:

- strong involvement of senior management in the implementation of acquisitions;
- systematic performance of external audits.

Details of the method used for recognising goodwill are in Note 2.7 to the consolidated financial statements.

Legal risks

There are no current general legal risks due to business activities, aside from possible commercial or technical risks that may result from the outcome of work in progress. These detected risks are systematically subject to a provision for risks and contingencies recognised as liabilities in the balance sheet whenever they are considered to be likely.

As at 31 December 2015, there is no general legal risk associated with the Group's business likely to be subject to a provision, other than those that are already provisioned.

Dependence on top managers and key individuals

Unlike other companies that rely on individuals to gain results from their know-how, Sword Group is built firmly upon software components which are improved from one project to the next and which enable this know-how to not be lost should a particular employee leave.

As at 31 December 2015, the management team comprised:

- an Executive Management Committee (EMC) comprising:
  - 1 Executive Chairman
  - 1 CEO (Chief Executive Officer)

  1 person in charge of day-to-day management
- an Operations Committee, comprising the EMC and eight COOs (Chief Operational Officers).
- Each COO is also a BU Director; in addition, there are 26 BU Directors.

Insurance and risk coverage

The company's general policy on insurance cover revolves around three main areas:

- Operations / Post-Delivery / Professional civil liability for all Group companies,
- Liability for the executives and corporate officers of Sword Group,
- All Travel Risks liability

Its general policy aims to cover risks presenting a significant financial impact and for which the Group is unable to insure itself financially.

The guarantee levels of the first-line civil liability insurance contract are as follows:

NATURE OF GUARANTEES	LIMITS OF GUARANTEES	EXCESS per claim
BODILY DAMAGE of which NEGLIGENCE	**€10,000,000** per claim and **€15,000,000** per year of insurance **€5,000,000** per claim and per year of insurance	**NONE**
CONSEQUENTIAL OR NON-CONSEQUENTIAL MATERIAL AND IMMATERIAL DAMAGE including **DAMAGE USA CANADA**	**€10,000,000** per claim and **€15,000,000** per year of insurance	**€75,000** except for Operations civil liability **€3,000**
ACCIDENTAL HARM TO THE ENVIRONMENT (ALL TYPES OF DAMAGE)	**€1,000,000** per year of insurance	**€3,000** for all damage other than bodily
DEFENCE	included in the guarantee	**NONE** Except where provided in Article 2.2.2. of the Special Agreements (USA/Canada)
LITIGATION	**€50,000** per dispute	**NONE**
ADDITIONAL GUARANTEES PERFORMANCE GUARANTEE ADDITIONAL INSURED CUSTOMER GUARANTEE	Included Included	

Sword Group has also taken out second-line insurance to double the guarantee levels for the first-line civil liability insurance. The guarantees of the second-line contract are €10,000,000 per claim and €15,000,000 per surplus year of insurance and/or after exhaustion of the €10,000,000 per claim and €15,000,000 per year of insurance provided for in the first-line contract.

Insurance for executives and corporate officers covers all Sword Group subsidiaries. It covers, on behalf of the insured parties, the defence costs and financial consequences of legal action against them implicating their civil and/or criminal liability and based on any type of fault, up to the policy limit (€15,000,000 per year of insurance).

All Travel Risks insurance covers employee travel and enables

An analysis of the Group's risks does not reveal any significant risk not covered by an insurance contract.

Extraordinary events and current litigation

To the company's knowledge, no extraordinary events or litigation that have not been provided for in the accounts could have or have had an impact on the results, the financial position or the assets of Sword Group or any of its subsidiaries.

Provisions setup policy

The level of provisions for risks and contingencies is due to the BU management's rigorous approach regarding the risks covered.

Provisions are recognised for these risks and contingencies on the basis of the best estimate of costs likely to be borne. The total sum of provisions for non-current risks and contingencies stood at €1,145,000 in the consolidated financial statements as at 31 December 2015.

6. Shareholder structure

Breakdown of capital at the end of the period (31 December 2015)

First Name - Last Name	Number of shares	% of capital
Financière Sémaphore	1,706,280	18.1%
Treasury shares	9,240	0.1%
Employees and miscellaneous registered shareholders	233,669	2.5%
Floating stock	7,465,776	79.3%
Total	9,414,965	100%

Variations in the share price

2015	As at 31 January 2016
Highest closing price €24.50 (on 07/12, 09/12 and 22/12/2015)	Highest closing price €25.30 (on 13/01/2016)
Lowest closing price €16.80 (on 06/01/2015)	Lowest closing price €22.52 (on 21/01/2016)
Number of shares traded on stock market: 10,519 (1)	Number of shares traded on stock market from 01/01/2016 to 31/01/2016: 13,778 (2)

(1) This is the average number of shares traded in 2015, a year during which 2,692,737 shares were traded.
(2) This is the average number of shares traded in January 2016, a month during which 275,568 shares were traded.

Information on the acquisition and sale by the company of treasury shares as at 31 December 2015

Number of shares held by the Company as at 31 December 2014	73,053
Number of shares purchased in 2015	62,897
Number of shares sold in 2015	126,710
Number of shares held by the Company as at 31 December 2015	9,240

The Company's acquisition of treasury shares was conducted in accordance with the authorisation granted by the General Meeting of 19 May 2014 in its second resolution in connection with the agreed objectives of the said meeting.

Issuer's statement regarding transactions involving treasury shares as at 31 December 2015:

Percentage of capital held by the issuer either directly or indirectly	0.1%
Number of shares cancelled in the past 24 months	-
Number of shares held	9,240
Portfolio carrying amount as at 31 December 2015	211,035
Portfolio market value as at 31 December 2015	224,532

	Accumulated gross flows 2015		**Outstanding positions as at**	
Number of shares	Purchases	Sales	For purchase	For sale
Maximum average	-	-	-	-
Average price	€21.4142	€21.5266	-	-
Average exercise price	-	-	-	-
Amounts	€1,346,886.11	€1,392,986.34	-	-

Sword Group did not use derivatives in this share repurchase program.

7. Proposed allocation of profit or loss

We suggest that you approve the statutory annual accounts for the period ended 31 December 2015 (Balance Sheet, Profit and Loss Account and Notes) such as they are presented to you, which show a profit of **€42,404,816.91**.

We remind you that the sum of €211,034.86 appears under "*Reserve for treasury shares*" as the Company held 9,240 treasury shares as at 31 December 2015.

- Therefore, we suggest that the result be allocated as follows.

Profit for the financial year:	**€42,404,816.91**
- To which is added:	€120,420,498.37
From distributable profit or loss carried forward	
- Resulting in a distributable profit of:	€162,825,315.28
- As distribution to shareholders:	€[11.297.958,00]
the balance, i.e.:	**€151,527,357.28**
Is appropriated to the following items	
Legal reserve	€5,400.00
Profit or loss carried forward	€151,521,957.28

The net dividend per share would be €1.20.

In terms of taxation, in accordance with Luxembourg law, dividend distributions are in principle subject to a 15% withholding tax in Luxembourg.

However, this rate can be reduced under international tax treaties signed by Luxembourg and European law, depending on the tax residence of the recipient and under his or her own responsibility. A refund request will then be sent to the Luxembourg Tax Authorities no later than 31 December of the year following the payment of the withholding tax, using Form 901bis
(http://www.impotsdirects.public.lu/formulaires/retenue_a_la_source/pluriannuel/901bis_FR_GB.pdf).

In addition, subject to tax treaties and legislation applicable in the recipient's country of residence, any withholding tax in Luxembourg should be eligible for a tax credit equal to that same amount on the tax due in the beneficiary's country of residence.

For information purposes, in the view of the French authorities conventional tax credits attached to the proceeds of securities of European companies registered in a PEA and whose issuers do not have their headquarters in France are not entitled to restitution, insofar as income from shares placed in the PEA are tax-exempt income (see e.g. BOI-RPPM-RCM-40-50-30 of 12 September 2012).

8. Cross-shareholdings

We inform you that the Company has not had to carry out transfers of shares in order to put an end to cross-shareholdings prohibited by Article 49a of the Law of 10 August 1915 on commercial companies.

9. Operations conducted by management involving shares during the year

None

10. Table of authorisations for capital increases

The Combined Shareholders' General Meeting held on 26 March 2012 awarded the Board of Directors the necessary authority to issue, with or without removal of preferential subscription rights, on one or more occasions, whether in France or abroad, shares and all securities that provide immediate or subsequent access to the company's shares, for a maximum face value of €4,875,000, as the maximum value of representative securities drawn on the company cannot exceed €100,000,000.

This authorisation is valid for period of five years as of publication in *Mémorial C*, i.e. until 2 May 2017.

Nature of the authorisation	Nature of the transaction	Shares to issue	Authorised capital increase amount
Full delegation	Capital increase, PSR maintained or waived	Capital shares or debt securities giving access to capital	€5,000,000 (*) capital increase or €100,000,000 of value of debt securities giving access to the share capital

(*)These amounts are not cumulative

In 2015, this authorisation was used to increase the share capital by €54,000 following the exercise of share subscription options.

11. Financial instruments

One fixed-rate paying swap covers expired during the period (Note 21.1 to the consolidated financial statements).

One options contract in USD is open at the end of the period (see Note 21.2 to the consolidated financial statements).

12. Conventions covered by Article 57 of the Law of 10 August 1915 on commercial companies

We ask you to take note that the Company has neither entered into, in respect of the period ended 31/12/2015, nor pursued for previous financial years, any agreement within the scope of Article 57 of the Law of 10 August 1915 on commercial companies.

13. Offices and positions held by the Company's corporate officers

In accordance with the recommendations of the principles of corporate governance of the Luxembourg Stock Exchange, please find below the list of all offices and positions held in all French or foreign companies by the Company's corporate officers during the period ended 31 December 2015.

Function	Duration	Company	Maturity date
Jacques Mottard: Executive Chairman / Director / General Manager			
Executive Chairman, Director General Manager	4 years	Sword Group SE	31/12/15 (*)
Chairman of the Board of Directors director	6 years	Sword SA	31/12/18 (*)
Chairman	6 years	Sword Technologies SA	31/12/20 (*)
Director	Unlimited	Sword Global India	Unlimited duration
Chairman	Unlimited	Sword Services SA	31/12/16
Chairman	Unlimited	Sword Lebanon	Unlimited duration
Director	5 years	Sword IT Solutions	28/07/16 (*)
Chairman and Director	Unlimited	Sword Soft Ltd	Unlimited duration
Chairman and Director	6 years	Sword Integra	31/12/18 (*)
Chairman and Director	Unlimited	Sword Apak Inc	Unlimited duration
Chairman and Director	Unlimited	Apak Group Ltd	Unlimited duration
Director	unlimited	Sword Technology Solutions Ltd	Unlimited
Manager	Unlimited	Sword Sol	Unlimited duration
Chairman and Director	1 year	Sword Suisse Holding	31/12/15 (*)
Chairman and Director	1 year	Sword IF SA	31/12/15 (*)
Chairman	Unlimited	Sword Solutions Inc	Unlimited duration
Chairman and Director	Unlimited	Sword Apak Aurius	Unlimited duration
Director	Unlimited	Sword Achiever Ltd	Unlimited duration
Director	Unlimited	Sword Charteris	Unlimited duration
Partner	Unlimited	Sword Middle East	Unlimited duration
Director	Unlimited	Sword General Partners	Unlimited duration
Chairman	Unlimited	Simalaya Holding SA	Unlimited duration
Chairman	Unlimited	Sword Connect	Unlimited duration
Director	Unlimited	Active Risk Group Ltd	Unlimited duration
Director	Unlimited	Active Risk Ltd	Unlimited duration
Director	Unlimited	Active Risk Inc	Unlimited duration
Director	Unlimited	Active Risk Australia	Unlimited duration
Director	Unlimited	Charteris Ltd	Unlimited duration

(*) General Meeting ruling on the accounts for the period

Positions held outside the Group			
Function	Duration	Company	Maturity date
Director and Chairman	1 year	Ardéva SA	31/12/15 (*)
Director	1 year	Bella Tola SA	31/12/16 (*)
Manager	Unlimited	Financière Sémaphore Sarl	Unlimited duration
Director	1 year	INEA IT Group SA	31/12/15 (*)
Manager	Unlimited	Maya	Unlimited duration
Chairman of the Board and director	1 year	Orny Holding SA	31/12/15 (*)
Manager	Unlimited	Ruitor	Unlimited duration
Manager	Unlimited	SCI Banga	Unlimited duration
Manager	Unlimited	SCI Combin	Unlimited duration
Director	1 year	Veisivi Holding SA	31/12/15 (*)

(*) General Meeting ruling on the accounts for the period

Nicolas Mottard: Director			
Function	Duration	Company	Maturity date
Director	4 years	Sword Group SE	31/12/15 (*)

(*) General Meeting ruling on the accounts for the period

François-Régis Ory: Chairman / Chairman of the Audit Committee			
Function	Duration	Company	Maturity date
Chairman, Audit Committee	4 years	Sword Group	31/12/15
Director	4 years	Sword Group	31/12/18
Positions held outside the Group			
Chairman	Unlimited	L'Améliane SAS	Unlimited duration
Chairman	Unlimited	Florentiane SAS	Unlimited duration
Chairman	Unlimited	Lypolyane SAS	Unlimited duration
Director	6 years	Medicrea International SA	31/12/20
Director	6 years	Olympique Lyonnais Groupe SA	30/06/18
Chairman	Unlimited	ABM Medical SAS	Unlimited duration
Chairman	Unlimited	ABM Ile de France SAS	Unlimited duration
Chairman	Unlimited	ABM Nord SAS	Unlimited duration
Manager	Unlimited	ABM Rhône Alpes SARL	Unlimited duration
Manager	Unlimited	ABM Sud SARL	Unlimited duration
Manager	Unlimited	SCI de Chanas	Unlimited duration
Manager	Unlimited	SCI L'Amaury	Unlimited duration
Manager	Unlimited	SCI L'Amelaïs	Unlimited duration
Manager	Unlimited	SCI Florine	Unlimited duration

(*) General Meeting ruling on the accounts for the period

Frédéric Goosse: Director / General Manager			
Function	Duration	Company	Maturity date
Director	4 years	Sword Group	31/12/16
General Manager	4 years	Sword Group	31/12/16
Co-manager	Unlimited	Financière Sémaphore	Unlimited duration
Manager	Unlimited	PME Xpertise	Unlimited duration

(*) General Meeting ruling on the accounts for the period

François Barbier: Director / Member of the Audit Committee			
Function	Duration	Company	Maturity date
Director	4 years	Sword Group	31/12/15
Member of the Audit Committee	4 years	Sword Group	31/12/15
Positions held outside the Group			
Member of the Management Board	5 years	21 CENTRALE PARTNERS	25/03/19
Member of the Supervisory Board	6 years	DRIVE PLANET SAS	31/12/18
Chairman and Director	1 year	ADVANCED COFFEE INVESTMENT (Swiss company)	31/12/15
Chairman of the Supervisory Board	Undetermined	DALTYS II SAS	Undetermined duration

(*) General Meeting ruling on the accounts for the period

PACBO Europe: Director / Appointed temporarily by the Board of Directors meeting on 20 November 2013			
Function	Duration	Company	Maturity date
Director	4 years	Sword Group	31/12/16
Positions held outside the Group			
Director	N/C	ALPHABET S.A.	30/06/2016
Director	N/C	CAFRA S.A.	30/06/2016
Director	N/C	CIPPUS S.A.	30/06/2016
Director	N/C	DELTAINVEST S.A.	30/06/2016
Director	N/C	DIORASIS INTERNATIONAL	30/06/2016
Director	N/C	DOMANIAL S.A., SPF	30/06/2016
Director	N/C	EMANIMMO S.A.	30/06/2016
Director	N/C	FDD, Financière de développement S.A.	30/06/2016
Manager	N/C	FELIX Sàrl	NC
Director	N/C	FIVER SA SPF	30/06/2016
Director	N/C	GLADINVEST SA	30/06/2016
Director	N/C	GRAVEY SA	30/06/2016
Director	N/C	GREVLIN SA	30/06/2016
Director	N/C	HAUT HORLOGERIE BENELUX S.A.	30/06/2016
Director	N/C	HELEN HOLDINGS SA	30/06/2016
Director	N/C	HIORTS FINANCE SA	NC
Director	N/C	JEZARA HOLDINGS SA	30/06/2016
Director	N/C	JUFINE S.A.	30/06/2016
Director	N/C	LAGOMAR SA	30/06/2016
Director	N/C	LOMMSAVE SA SPF	30/06/2016
Director	N/C	LUX FOOD SA	30/06/2016
Director	N/C	LUXAD SA	30/06/2016
Director	N/C	MHDS INVESTMENTS SA	30/06/2016
Director	N/C	NICOBA SA	30/06/2016
Director	N/C	ORMYLUX SARL	30/06/2016
Director	N/C	PARMERIA SA SPF	30/06/2016
Director	N/C	PHAROFE S.A.	30/06/2016

Director	N/C	PHILUBIS SA	30/06/2016
Director	N/C	SARAN SA	30/06/2016
Manager	N/C	SOPHIALUX SARL	30/06/2016
Director	N/C	SOVIMO SA	30/06/2016
Director	N/C	TIBERGEST SA	30/06/2016
Director	N/C	TMPARIF SA	30/06/2016
Director	N/C	TREETOP Asset Management Luxembourg	30/06/2016
Director	N/C	TREETOP Belgium S.A.	30/06/2016
Director	N/C	WERTEX SA	30/06/2016
Director	N/C	WEST INDIES INVEST SA	NC

Compensation for corporate officers

The presentation of executive compensation below is consistent with the recommendation (No. 8) of the principles of corporate governance of the Luxembourg Stock Exchange and the AMF recommendation of 22 December 2008 relating to information on compensation for corporate officers.

Table 1: summary table of compensation and options and shares allocated to each corporate officer

Jacques Mottard	**31/12/2015**	**31/12/2014**
Compensation due for the period *(detailed in Table 2)*	€6,000 [(1)]	€46,000 [(1)]
Valuation of the options allocated during the period *(detailed in Table 4)*	N/A	N/A
Valuation of the performance shares allocated during the period *(detailed in Table 6)*	N/A	N/A
TOTAL	€6,000	€46,000

[(1)] Financière Sémaphore Sàrl, a company owned by Mr Jacques Mottard, billed Sword Group SE for services and recharged miscellaneous fees for a total amount of:
- for the period ended 31 December 2015, €623,913 excl. tax.
- for the period ended 31 December 2014, €575,737 excl. tax.

At its meeting on 18 April 2011 the Board of Directors decided to give Mr Jacques Mottard a gross monthly amount of €500 for his chairmanship duties. This compensation amounted to a total of €6,000 in respect of the period ended 31 December 2015.

Nicolas Mottard	**31/12/2015**	**31/12/2014**
Compensation due for the period *(detailed in Table 2)*	€20,000	€15,000
Valuation of the options allocated during the period *(detailed in Table 4)*	N/A	N/A
Valuation of the performance shares allocated during the period *(detailed in Table 6)*	N/A	N/A
TOTAL	€20,000	€15,000

Frédéric Goosse	**31/12/2015**	**31/12/2014**
Compensation due for the period *(detailed in Table 2)*	€40,000	€40,000
Valuation of the options allocated during the period *(detailed in Table 4)*	N/A	N/A
Valuation of the performance shares allocated during the period *(detailed in Table 6)*	N/A	N/A
TOTAL	€40,000	€40,000

François Barbier	**31/12/2015**	**31/12/2014**
Compensation due for the period *(detailed in Table 2)*	€40,000	€40,000
Valuation of the options allocated during the period *(detailed in Table 4)*	N/A	N/A
Valuation of the performance shares allocated during the period *(detailed in Table 6)*	N/A	N/A
TOTAL	€40,000	€40,000

François-Régis Ory	**31/12/2015**	**31/12/2014**
Compensation due for the period *(detailed in Table 2)*	€40,000	€40,000
Valuation of the options allocated during the period *(detailed in Table 4)*	N/A	N/A
Valuation of the performance shares allocated during the period *(detailed in Table 6)*	N/A	N/A
TOTAL	€40,000	€40,000

Patrice Crochet	**31/12/2015**	**31/12/2014**
Compensation due for the period *(detailed in Table 2)*	€40,000	€0
Valuation of the options allocated during the period *(detailed in Table 4)*	N/A	N/A
Valuation of the performance shares allocated during the period *(detailed in Table 6)*	N/A	N/A
TOTAL	€40,000	€0

Table 2: summary table of compensation for each corporate officer

Jacques Mottard	**Amount at 31/12/2015**		**Amount at 31/12/2014**	
	Due	Paid	Due	Paid
Fixed compensation	€6,000	€6,000	€6,000	€6,000
Variable compensation	€0	€0	€0	€0
Exceptional compensation	€0	€0	€0	€0
Directors' fees	€0	€0	€40,000	€40,000
Benefits in kind	None	None	None	None
TOTAL	€6,000	€6,000	€46,000	€46,000

Nicolas Mottard	Amount at 31/12/2015		Amount at 31/12/2014	
	Due	paid	Due	Paid
Fixed compensation	€0	€0	€0	€0
Variable compensation	€0	€0	€0	€0
Exceptional compensation	€0	€0	€0	€0
Directors' fees	€20,000	€20,000	€15,000	€15,000
Benefits in kind	None	None	None	None
TOTAL	€20,000	€20,000	€15,000	€15,000

Frédéric Goosse	Amount at 31/12/2015		Amount at 31/12/2014	
	Due	Paid	Due	Paid
Fixed compensation	N/A	N/A	N/A	N/A
Variable compensation	N/A	N/A	N/A	N/A
Exceptional compensation	N/A	N/A	N/A	N/A
Directors' fees	€40,000	€40,000	€40,000	€40,000
Benefits in kind	N/A	N/A	N/A	N/A
TOTAL	€40,000	€40,000	€40,000	€40,000

François Barbier	Amount at 31/12/2015		Amount at 31/12/2014	
	Due	Paid	Due	Paid
Fixed compensation	N/A	N/A	N/A	N/A
Variable compensation	N/A	N/A	N/A	N/A
Exceptional compensation	N/A	N/A	N/A	N/A
Directors' fees	€40,000	€40,000	€40,000	€40,000
Benefits in kind	N/A	N/A	N/A	N/A
TOTAL	€40,000	€40,000	€40,000	€40,000

François-Régis Ory	Amount at 31/12/2015		Amount at 31/12/2014	
	Due	Paid	Due	Paid
Fixed compensation	N/A	N/A	N/A	N/A
Variable compensation	N/A	N/A	N/A	N/A
Exceptional compensation	N/A	N/A	N/A	N/A
Directors' fees	€40,000	€40,000	€40,000	€40,000
Benefits in kind	N/A	N/A	N/A	N/A
TOTAL	€40,000	€40,000	€40,000	€40,000

Patrice Crochet	Amount at 31/12/2015		Amount at 31/12/2014	
	Due	Paid	Due	Paid
Fixed compensation	N/A	N/A	N/A	N/A
Variable compensation	N/A	N/A	N/A	N/A
Exceptional compensation	N/A	N/A	N/A	N/A
Directors' fees	€40,000	€40,000	€0	€0
Benefits in kind	N/A	N/A	N/A	N/A
TOTAL	€40,000	€40,000	N/A	N/A

Table 3: Table of directors' fees and other compensation paid to the corporate officers

Members of the Board of Directors	Directors' fees paid as at 31/12/2015	Directors' fees paid as at 31/12/2014
Jacques Mottard	€26,491	€40,000
Nicolas Mottard	€20,000	€15,000
François Barbier	€40,000	€40,000
François Régis Ory	€40,000	€40,000
Frédéric Goosse	€40,000	€40,000
Pacbo Europe	€40,000	€0
TOTAL	€180,000	€175,000

Table 4: Share subscription or purchase options granted during the period to each corporate officer by the Company or by any Group company
Not applicable.

Table 5: Share subscription or purchase options exercised during the period by each corporate officer
For the period ended 31 December 2015, 54,000 share subscription options were exercised.

Table 6: performance shares allocated to each corporate officer
Not applicable

Table 7: performance shares that became available during the period for each corporate officer
Not applicable.

Table 8: History of allocations of share subscription or purchase options

Information about share subscription or purchase options		
		Plan 2
General Meeting		17 May 2011
Date of the Board Meeting		6 October 2011
Total number of options allocated		87,000
Number of options that can be subscribed		45,000
Beneficiaries	Alain Broustail	9,000
	Laurent Fromont	9,000
	Pierre Gachon	9,000
	Maxime Grinfeld	9,000
	Olivier Leblanc	9,000
	Philippe Le Calvé	9,000
	Fabrice Liénart	12,000
	Jean-Louis Vila	9,000
Option exercise start date		06/10/15
Expiry date		06/10/16
Subscription price		12,115
Number of cancelled or lapsed options		12,000
Number of options exercised at 31/12/15		45,000
Share subscription or purchase options remaining at 31/12/2015		30,000

Information about share subscription or purchase options	
Date of the General Meeting	17 May 2011
Date of the Board Meeting	16 December 2011
Total number of options allocated	9,000
Number of options that can be subscribed	9,000
Beneficiary Guy de San	9,000
Option exercise start date	01/01/15
Expiry date	31/12/2021
Subscription price	12.40
Number of cancelled or lapsed options	0
Number of options exercised at 31/12/15	9000
Share subscription or purchase options remaining at 31/12/15	0

Information about share subscription or purchase options	
Date of the General Meeting	26 March 2012
Date of the Board Meeting	11 September 2014
Total number of options allocated	100,000
Number of options that can be subscribed	100,000
Beneficiary Tony Allen	100,000
Start date for exercising 50,000 options	11/09/2017
Expiry date for 50,000 options	11/09/2018
Start date for exercising 50,000 options	11/09/2018
Expiry date for 50,000 options	11/09/2019
Subscription price	17.435
Number of cancelled or lapsed options	0
Number of options exercised at 31/12/15	0
Share subscription or purchase options remaining at 31/12/15	100,000

Table 9: Share subscription or purchase option granted to the top ten employees who are not corporate officers and options they have exercised
Not applicable.

Table 10

	Employment contract		Top-up retirement plan		Allowances or benefits due or likely to be due as a result of termination or a change in function		Allowances related to a restraint of trade agreement	
Corporate officers	Yes	No	Yes	No	Yes	No	Yes	No
J. Mottard - Executive Chairman		X		X		X		X

15. Directors' fees

We propose that the directors' fees paid to members of the Board be set at €160,000.

16. Reappointment of the independent auditor

The term of Mazars Luxembourg SA, the independent auditor, is due to expire at this meeting. We therefore invite you to renew its term for a further period of one year or for a term expiring after the meeting called to approve the accounts for the period ended 31 December 2016.

17. Authorisation and powers granted to the Board of Directors in order for the Company to purchase treasury shares

The Extraordinary General Meeting held on 19 May 2014 implemented a new share repurchase programme that will be subject to the provisions of Articles 49-2 and 72-1 of the Law of 10 August 1915 on commercial companies, European Regulation No. 2273/2003 of 22 December 2003 and the Company's articles of incorporation.

The goals of the repurchase programme are the following:

- providing stability for the market or share liquidity within the framework of a liquidity contract entered into with a certified provider;
- purchase for exchange or payment within the framework of external growth operations;
- allocation to employees;
- the cancellation of shares within the limit of a maximum number that cannot exceed 10% of the Company's share capital, over a period of twenty-four months, subject to the Company's Extraordinary General Meeting of Shareholders authorising the capital reduction.

Such authorisation is granted under the following conditions:

- the number of shares purchased by the Company pursuant to such authorisation may not exceed 10% of the share capital, including shares purchased under authorisations previously granted by the General Meeting of Shareholders. Within the limits specified by Articles 49-2 and 72-1 of the law of 10 August 1915 (as amended) on commercial companies, the maximum number of shares that may be acquired by the end of this programme may not have as its effect that the Company's net assets become less than the amount of the Company's subscribed capital, increased by reserves which are not allowed to be distributed by law or under the articles of incorporation;
- The acquisition price of each share in the Company may not be less than €8 or more than €30;
- The shares may be acquired either through stock market purchases, in blocks or over the counter at market prices prevailing at that time or at a lower price,
- this authorisation was granted for a maximum period of five years, i.e. until 19 May 2019.

19. Authority and powers granted to the Board of Directors in order for the company to repurchase treasury shares

In connection with the authorisation for the Company to purchase treasury shares, the same Extraordinary General Meeting of 19 May 2014 authorised:

- the Board of Directors to cancel, on one or more occasions, all or part of the shares of the Company that it holds under the authorisation to purchase shares of the Company granted to the Board of Directors and previous authorisations, within the limit of 10% of capital per 24-month period (provided that this limit will be assessed on the date of the decision of the Board) and to reduce the share capital accordingly;

- the Board of Directors to allocate the difference between the repurchase price of the cancelled shares and their par value to the available premiums and reserves;

- to give it all powers to set the conditions and forms, to carry out and recognise the capital reduction(s) following cancellation operations authorised by this resolution, settled any oppositions, make the corresponding accounting entries, make the corresponding change to the company articles, and generally to complete all the necessary formalities.

This authorisation is also valid for a maximum period of five (5) years, i.e. until 19 May 2019.

20. Proposed changes to the articles of incorporation

The Chairman proposes to the Board to remove Article 7 of the articles of incorporation on the age limit for exercising the functions of director, chairman of the Board of Directors, managing director and general manager, in so far as Luxembourg legislation imposes no age limit on exercising the aforementioned functions.

Consequently, Article 13-1 of the articles of incorporation, referring to the aforementioned Article 7, must be amended.

As a result of the removal of Article 7 of the articles of incorporation, Article 13-1 para. 2 of the articles of incorporation will become Article 12-1 of the articles of incorporation and will read as follows:

"Article 12 – Board of Directors
1 – The Company is directed by a Board comprising at least three members but no more than eighteen members, except for temporary exceptions in the event of a merger.

Directorships may not exceed six years and are renewable.
(…)"
At the time of the transfer of the Company's head office, the Extraordinary General Meeting of Shareholders meeting on 26 March 2012 decided to authorise the Board of Directors to increase the company's capital to €5,000,000 (five million euros), represented by 5,000,000 shares with a par value of 1 (one) euro each, for a period of five years from the date of publication in the *Mémorial C, Recueil des Sociétés et Associations*, of the Company's registration in the Register of Commerce and Companies of Luxembourg, i.e. until 2 May 2017.

Starting on 1 January 2016, 130,000 subscription or purchase options had still not been exercised.

Consequently, the Board will propose to the shareholders to renew this authorisation for another five (5) years at the Extraordinary General Meeting and to consequently amend Article 8-I paras. 2 and 4.

At the time of the transfer of the Company's head office, the Extraordinary General Meeting of Shareholders meeting on 26 March 2012 decided to authorise the Board of Directors to increase the company's capital to €100,000,000 (one hundred million euros), represented by 100,000,000 shares with a par value of 1 (one) euro each, in connection with new shares issued in respect of debt securities giving access to capital, for a period of five years from the date of publication in the *Mémorial C, Recueil des Sociétés et Associations*, of the Company's registration in the Register of Commerce and Companies of Luxembourg, i.e. until 2 May 2017.

The Board decided not to renew this second authorisation and to remove Article 8-I para. 3 on the authorisation to increase the capital to 100,000,000 in the articles of incorporation.

Consequently, Article 8-I paras. 2 to 4 of the articles of incorporation, now Article 7-I paras. 2 and 3 as a result of the removal of Article 7 of the articles of incorporation, is amended as follows:

"Article 7 – SHARE CAPITAL
1 – The share capital is set at €9,414,965 (nine million four hundred and fourteen thousand nine hundred and sixty-five euros). It is divided into 9,414,965 (nine million four hundred and fourteen thousand nine hundred and sixty-five) shares with a par value of 1 (one) euro each, fully paid and all of the same category.
The Company's authorised capital is set at €5,000,000 (five million euros), represented by 5,000,000 (five million) shares with a par value of 1 (one) euro each.
Within the limits of the amounts of the above authorised capital, the Board of Directors is authorised, for a period expiring five years from the date of publication of the resolutions of the Extraordinary General Meeting adopted on 28 April 2016 in the Memorial C, Report of Companies and Associations, to increase on one or more occasions the share capital by any means, including by issuing ordinary shares or securities giving access to capital, and by increasing the par value of the shares issued, under the conditions of its choosing and without having to reserve preferential subscription rights for existing shareholders.
(...)"
The rest of the article remains unchanged.

In accordance with Article 32-3 (5) of the amended Law of 10 August 1915 on commercial companies, the Board of Directors is required to submit a report to the shareholders to explain the reasons for the limitation or removal of the preferential subscription right in connection with the issue of new shares of authorised capital.

The Board is of the opinion that the authorisation to increase the share capital to €5,000,000 with elimination of the preferential subscription right to existing shareholders is in the interest of the Company in so far as that enables the Company to proceed therewith in a manner that is flexible, temporary and economical, specifically within the framework of the exercise of share subscription options in progress. Your Board invites you, after reading the various reports that are presented, to adopt the resolutions submitted for your approval.

Jacques Mottard
Executive Chairman, Sword Group

11 INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL ACCOUNTS AS AT 31 DECEMBER 2015

To the Shareholders of
SWORD GROUP S.E.
Société européenne

R.C.S. Luxembourg B 168.244

2-4, rue d'Arlon
L-8399 WINDHOF

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the annual accounts
Following our appointment by the General Meeting of the Shareholders of **Sword Group S.E.** dated April 28, 2015, we have audited the accompanying annual accounts of **Sword Group S.E.**, which comprise the balance sheet and the profit and loss account for the year then ended December 31, 2015, and a summary of significant accounting policies and other explanatory information.

Responsibility of the Board of Directors for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts; and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the réviseur d'entreprises agréé

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the réviseur d'entreprises agréé's judgement, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error.

In making those risk assessments, the réviseur d'entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the annual accounts give a true and fair view of the financial position of **Sword Group S.E.** as of December 31, 2015, and of the results of its operations for the year then ended December 31, 2015 in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the Board of Directors, is consistent with the annual accounts.

Luxembourg, March 24, 2016

For MAZARS LUXEMBOURG , Cabinet de révision agréé
10A, rue Henri M. Schnadt
L-2530 LUXEMBOURG
Thierry SALAGNAC
Réviseur d'entreprises agréé

SWORD
UPGRADE YOUR BUSINESS

12 ANNUAL ACCOUNTS AS AT 31 DECEMBER 2015

ASSETS

		Reference(s)		Current year		Previous year
A. Subscribed capital unpaid	1101		101		102	
I. Subscribed capital not called	1103		103		104	
II. Subscribed capital called but unpaid	1105		105		106	
B. Formation expenses	1107		107		108	
C. Fixed assets	1109		109	206.889.640,31	110	195.161.122,18
I. Intangible fixed assets	1111	4.1	111	80.453,75	112	9.083,75
1. Research and development costs	1113		113		114	
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115		115	8.453,75	116	9.083,75
a) acquired for valuable consideration and need not be shown under C.I.3	1117		117	8.453,75	118	9.083,75
b) created by the undertaking itself	1119		119		120	
3. Goodwill, to the extent that it was acquired for valuable consideration	1121		121		122	
4. Payments on account and intangible fixed assets under development	1123		123	72.000,00	124	
II. Tangible fixed assets	1125	4.2	125	13.262,82	126	21.381,23
1. Land and buildings	1127		127		128	
2. Plant and machinery	1129		129		130	
3. Other fixtures and fittings, tools and equipment	1131		131	13.262,82	132	21.381,23
4. Payments on account and tangible fixed assets under development	1133		133		134	
III. Financial fixed assets	1135	5	135	206.795.923,74	136	195.130.657,20
1. Shares in affiliated undertakings	1137		137	204.809.960,35	138	194.841.043,14
2. Amounts owed by affiliated undertakings	1139		139		140	
3. Shares in undertakings with which the undertaking is linked by virtue of participating interests	1141		141	1.854.082,66	142	
4. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1143		143		144	
5. Securities and other financial instruments held as fixed assets	1145		145	131.880,73	146	289.614,06
6. Loans and claims held as fixed assets	1147		147		148	
7. Own shares or own corporate units	1149		149		150	

The notes in the annex form an integral part of the annual financial statements.

		Reference(s)		Current year		Previous year
D. Current assets	1151		151	56.180.154,07	152	106.983.358,65
I. Inventories	1153		153		154	
1. Raw materials and consumables	1155		155		156	
2. Work and contracts in progress	1157		157		158	
3. Finished goods and merchandise	1159		159		160	
4. Payments on account	1161		161		162	
II. Debtors	1163		163	34.268.329,77	164	41.229.960,69
1. Trade receivables	1165		165	12.074,29	166	15.639,20
a) becoming due and payable within one year	1167		167	12.074,29	168	15.639,20
b) becoming due and payable after more than one year	1169		169		170	
2. Amounts owed by affiliated undertakings	1171	10.1	171	29.166.317,12	172	41.145.112,52
a) becoming due and payable within one year	1173		173	29.166.317,12	174	41.145.112,52
b) becoming due and payable after more than one year	1175		175		176	
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177	10.3	177	800.231,38	178	
a) becoming due and payable within one year	1179		179	800.231,38	180	
b) becoming due and payable after more than one year	1181		181		182	
4. Other receivables	1183	6	183	4.289.706,98	184	69.208,97
a) becoming due and payable within one year	1185		185	1.292.943,26	186	69.208,97
b) becoming due and payable after more than one year	1187		187	2.996.763,72	188	
III. Transferable securities and other financial instruments	1189		189	211.034,86	190	1.278.427,50
1. Shares in affiliated undertakings and in undertakings with which the undertaking is linked by virtue of participating interests	1191		191		192	
2. Own shares or own corporate units	1193		193		194	
3. Other transferable securities and other financial instruments	1195	7.4	195	211.034,86	196	1.278.427,50
IV. Cash at bank, cash in postal cheque accounts, cheques and cash in hand	1197		197	21.700.789,44	198	64.474.970,46
E. Prepayments	1199		199	316.880,15	200	289.740,83
TOTAL (ASSETS)			201	263.386.674,53	202	302.434.221,66

The notes in the annex form an integral part of the annual financial statements.

LIABILITIES

		Reference(s)		Current year		Previous year
A. Capital and reserves	1301	7	301	242.086.526,10	302	210.250.966,62
I. Subscribed capital	1303		303	9.414.965,00	304	9.360.965,00
II. Share premium and similar premiums	1305		305	68.699.114,46	306	68.096.339,49
III. Revaluation reserves	1307		307		308	
IV. Reserves	1309		309	1.147.131,36	310	2.207.424,00
1. Legal reserve	1311		311	936.096,50	312	928.996,50
2. Reserve for own shares or own corporate units	1313		313	211.034,86	314	1.278.427,50
3. Reserves provided for by the articles of association	1315		315		316	
4. Other reserves	1317		317		318	
V. Profit or loss brought forward	1319		319	120.420.498,37	320	29.249.011,60
VI. Profit or loss for the financial year	1321		321	42.404.816,91	322	101.337.226,53
VII. Interim dividends	1323		323		324	
VIII. Capital investment subsidies	1325		325		326	
IX. Temporarily not taxable capital gains	1327		327		328	
B. Subordinated debts	1329		329		330	
1. Convertible loans	1413		413		414	
a) becoming due and payable within one year	1415		415		416	
b) becoming due and payable after more than one year	1417		417		418	
2. Non convertible loans	1419		419		420	
a) becoming due and payable within one year	1421		421		422	
b) becoming due and payable after more than one year	1423		423		424	
C. Provisions	1331		331	233.285,00	332	3.233.035,00
1. Provisions for pensions and similar obligations	1333		333		334	
2. Provisions for taxation	1335		335	233.285,00	336	153.035,00
3. Other provisions	1337	8	337		338	3.080.000,00
D. Non subordinated debts	1339		339	21.066.863,43	340	88.950.220,04
1. Debenture loans	1341		341		342	
a) Convertible loans	1343		343		344	
i) becoming due and payable within one year	1345		345		346	
ii) becoming due and payable after more than one year	1347		347		348	

The notes in the annex form an integral part of the annual financial statements.

	Reference(s)	Current year	Previous year
b) Non convertible loans	1349	249	250
i) becoming due and payable within one year	1351	251	252
ii) becoming due and payable after more than one year	1353	253	254
2. Amounts owed to credit institutions	1355 9	255 19.074.515,48	256 54.293.781,12
a) becoming due and payable within one year	1357	257 74.515,48	258 293.781,12
b) becoming due and payable after more than one year	1359	259 19.000.000,00	260 54.000.000,00
3. Payments received on account of orders as far as they are not deducted distinctly from inventories	1361	261	262
a) becoming due and payable within one year	1363	263	264
b) becoming due and payable after more than one year	1365	265	266
4. Trade creditors	1367	267 449.920,45	268 430.693,22
a) becoming due and payable within one year	1369	269 449.920,45	270 430.693,22
b) becoming due and payable after more than one year	1371	271	272
5. Bills of exchange payable	1373	273	274
a) becoming due and payable within one year	1375	275	276
b) becoming due and payable after more than one year	1377	277	278
6. Amounts owed to affiliated undertakings	1379 10.1	279 1.539.954,41	280 34.216.028,47
a) becoming due and payable within one year	1381	281 1.539.954,41	282 34.216.028,47
b) becoming due and payable after more than one year	1383	283	284
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385	285	286
a) becoming due and payable within one year	1387	287	288
b) becoming due and payable after more than one year	1389	289	290
8. Tax and social security debts	1391	291 2.473,09	292 8.561,48
a) Tax debts	1393	293	294 2.109,40
b) Social security debts	1395	295 2.473,09	296 6.452,08

The notes in the annex form an integral part of the annual financial statements.

9. Other creditors	1397	397	398 1.155,75
a) becoming due and payable within one year	1399	399	400 1.155,75
b) becoming due and payable after more than one year	1401	401	402
E. Deferred income	1403	403	404
TOTAL (LIABILITIES)		405 263.386.674,53	406 302.434.221,66

The notes in the annex form an integral part of the annual financial statements.

PROFIT AND LOSS ACCOUNT AT 31 DECEMBER 2015

EXPENSES

		Reference(s)		Current year		Previous year
1. Use of merchandise, raw materials and consumable materials	1601		601	1.345,85	602	7.440,05
2. Other external charges	1603		603	2.300.134,52	604	2.060.243,66
3. Staff costs	1605	12	605	159.195,34	606	184.663,34
a) Salaries and wages	1607		607	141.459,60	608	161.267,75
b) Social security on salaries and wages	1609		609	17.735,74	610	23.047,88
c) Supplementary pension costs	1611		611		612	
d) Other social costs	1613		613		614	347,71
4. Value adjustments	1615	4	615	11.748,41	616	9.534,66
a) on formation expenses and on tangible and intangible fixed assets	1617		617	11.748,41	618	9.534,66
b) on current assets	1619		619	0,00	620	
5. Other operating charges	1621	18	621	194.623,24	622	192.851,54
6. Value adjustments and fair value adjustments on financial fixed assets	1623	5	623	2.015.919,46	624	27.142,00
7. Value adjustments and fair value adjustments on financial current assets. Loss on disposal of transferable securities	1625	7.4, 10.1	625	35.774,79	626	1.193.729,10
8. Interest and other financial charges	1627		627	1.275.160,74	628	5.728.743,07
a) concerning affiliated undertakings	1629	10.1	629	254.420,10	630	1.522.797,94
b) other interest and similar financial charges	1631	9	631	1.020.740,64	632	4.205.945,13
9. Share of losses of undertakings accounted for under the equity method	1649		649		650	
10. Extraordinary charges	1633	15	633	7.290.962,48	634	3.205.883,48
11. Income tax	1635	16	635	3.210,00	636	3.210,00
12. Other taxes not included in the previous caption	1637	16	637	77.040,00	638	148.312,00
13. Profit for the financial year	1639		639	42.404.816,91	640	101.337.226,53
TOTAL CHARGES			641	55.769.931,74	642	114.098.979,43

The notes in the annex form an integral part of the annual financial statements.

INCOME

	Reference(s)	Current year	Previous year
1. Net turnover	11	3.156.101,21	2.672.150,72
2. Change in inventories of finished goods and of work and contracts in progress			
3. Fixed assets under development			
4. Reversal of value adjustments			
a) on formation expenses and on tangible and intangible fixed assets			
b) on current assets			
5. Other operating income		9.104,20	19.002,66
6. Income from financial fixed assets	13	43.165.729,49	100.535.127,37
a) derived from affiliated undertakings		43.138.130,45	99.983.607,65
b) other income from participating interests		27.599,04	551.519,72
7. Income from financial current assets		212.999,67	1.514,65
a) derived from affiliated undertakings			
b) other income from financial current assets		212.999,67	1.514,65
8. Other interest and other financial income		9.055.502,51	9.995.934,00
a) derived from affiliated undertakings	10.1	861.741,27	1.242.129,84
b) other interest and similar financial income	14	8.193.761,24	8.753.804,16
9. Share of profits of undertakings accounted for under the equity method			
10. Extraordinary income	15	170.494,66	875.250,03
13. Loss for the financial year		0,00	0,00
TOTAL INCOME		55.769.931,74	114.098.979,43

The notes in the annex form an integral part of the annual financial statements.

13 NOTES TO THE ANNUAL ACCOUNTS 2015

Note 1: General

Sword Group SE, hereinafter "the Company", is a European limited company whose head office was transferred on 26 March 2012 from Avenue Charles de Gaulle, 9, Saint Didier au Mont d'Or, F-69771, France, to route d'Arlon, 105, L-8009 Strassen, Luxembourg.

At its meeting on 19 May 2014 the General Meeting of shareholders decided to transfer the head office and central administration to 2-4 rue d'Arlon, L-8399 Windhof.

The Company's purpose is:

- to acquire, by way of interests, contribution, subscription, underwriting or option to purchase, negotiation and otherwise, any securities, titles, rights, patents and licenses and other property rights, personal rights and interests, that the Company deems appropriate;
- generally to hold, manage, develop and sell them in whole or in part, for the price that the Company deems fit and in particular in return for shares or securities of any company purchasing them;
- to conclude, assist with or take part in financial, business, or other transactions;
- to grant to any holding company, subsidiary or any other company associated in one way or another with the Company or any company belonging to the same group of companies (the "Associate"), any assistance, loans, advances, guarantees or sureties (in the latter two cases, including to third parties lenders to the Associate);
- to borrow or raise money in any manner whatsoever and to guarantee the repayment of any money borrowed;
- The Company may provide administrative services of a consultative nature or carry out any other research, development and supervisory activities; all consultative and production activities in the field of information systems.
- generally to conduct any sort of activity that might seem incidental or facilitate the attainment of the above purposes or any of them.
- The Company may conduct all commercial, technical and financial tasks, directly or indirectly connected to the areas described above, in order to facilitate the accomplishment of its purpose.
- It may act directly or indirectly and carry out all these operations on its own behalf or on the behalf of third parties, either alone or with any other person or company, either by itself or in association with company groupings or associations, and it may do so in any form. It may also acquire interests and shareholdings in any companies or business deals of any nature whatsoever, generally to hold, manage, develop and sell them in whole or in part, for the price that the Company deems fit and in particular in return for shares or securities of any company purchasing them;
- to conclude, assist with or take part in financial, business, or other transactions;
- to grant to any holding company, subsidiary or any other company associated in one way or another with the Company or any company belonging to the same group of companies (the "Associate"), any assistance, loans, advances, guarantees or sureties (in the latter two cases, including to third parties lenders to the Associate);
- to borrow or raise money in any manner whatsoever and to guarantee the repayment of any money borrowed;
- The Company may provide administrative services of a consultative nature or carry out any other research, development and supervisory activities; all consultative and production activities in the field of information systems.
- generally to conduct any sort of activity that might seem incidental or facilitate the attainment of the above purposes or any of them.
- The Company may conduct all commercial, technical and financial tasks, directly or indirectly connected to the areas described above, in order to facilitate the accomplishment of its purpose.

Note 1: General (continued)

It may act directly or indirectly and carry out all these operations on its own behalf or on the behalf of third parties, either alone or with any other person or company, either by itself or in association with company groupings or associations, and it may do so in any form. It may also acquire interests and shareholdings in any companies or business deals of any nature whatsoever.

The Company was incorporated on 22 June 2001 for an indefinite duration and its head office is established in Strassen.

The Company prepares consolidated financial statements in accordance with the law of 19 December 2002 on the accounting and annual accounts of companies in Luxembourg (hereinafter "the amended Act of 19 December 2002"). The Company is listed on EURONEXT in Paris under ISIN number: FR0004180578.

The consolidated accounts are available on the Company's website, at the following address: http://www.sword-group.com/fr/investisseurs/

Note 2: Accounting principles

The Company keeps its books in euro. The annual accounts have been prepared using the historical cost method in accordance with the accounting principles generally accepted in Luxembourg. The fiscal year coincides with the calendar year.

The accounting rules and valuation policies are - apart from those imposed by the amended Act of 19 December 2002 - defined by the Board of Directors. The preparation of annual accounts involves the use of certain accounting estimates by the Board of Directors to exercise its judgment in the application of accounting principles. A change in accounting estimate can give rise to a significant impact on the annual accounts. The Board of Directors is of the opinion that the assumptions associated with these estimates are adequate and that the annual accounts present fairly the Company's financial position and results.

The company produces estimates and assumptions that have an impact on the amounts of the assets and liabilities for the next period. The estimates and judgements are continually assessed and are based on past experience and other factors, including anticipation of future events deemed to be reasonable under these circumstances.

Note 3: Valuations rules

3.1. Intangible fixed assets

Intangible assets are recognised on the assets side of the balance sheet at historical cost, including incidental expenses, less depreciation calculated based on the estimated useful lives of property and allowances. Allowances are not continued if the reasons which justified them have ceased to exist. This item is depreciated at a straight-line rate of 33% and is represented by a software license.

3.2. Tangible fixed assets

Property, plant and equipment are recognised on the assets side of the balance sheet at historical cost, including incidental expenses, less depreciation calculated based on the estimated useful lives of property and allowances. Allowances are not continued if the reasons which justified them have ceased to exist. This item is depreciated at a straight-line rate of 20% and is represented by computer hardware.

3.3. Financial fixed assets

Financial fixed assets are valued at historical cost, including incidental expenses or par value (loans and receivables). In the event of an impairment which, in the opinion of the Board of Directors, is of a permanent nature, financial assets are subject to allowances. Allowances are not continued if the reasons which justified them have ceased to exist.

3.4. Debtors

Debtors are recognised at their nominal amount. They are subject to allowances when their recovery is compromised. Allowances are not continued if the reasons which justified them have ceased to exist.

Note 3: Measurement rules (continued)

3.5. Securities

The securities represented by shares in money market funds are valued at their fair value which is the latest price available at date of closing. The unrealised gains and losses are recognised in profit and loss.

The securities represented by treasury shares in the Company are measured at their acquisition price, including incidental expenses. An allowance is recognised when the historical cost is less than the market price. According to the provisions of Article 49-5 b) of the Law of 10 August 1915 on commercial companies (as amended) an unavailable reserve in the amount of treasury shares included in the balance sheet has been established on the liabilities side.

The market value corresponds to the latest price available on the day of measurement for securities officially allowed to be listed on the exchange or on another regulated market.

3.6. Deferred charges and accrued income

This item comprises expenses recognised during the period but which are attributable to a subsequent year.

3.7. Provisions

At the end of each period, provisions are made to cover losses or debts which are clearly defined in nature but which, on the reporting date, are either probable or certain but uncertain as to the amount or date of payment, for all foreseeable risks and costs. Provisions relating to prior periods are reviewed regularly and recognised in profit or loss if they are no longer required.

3.8. Debts

Debts are recognised at their reimbursement value. Payables are recognised as subordinated debts when their status is subordinated to unsecured debts.

3.9. Conversion of foreign currency translation

All transactions denominated in a currency other than the euro are recognised at the exchange rate prevailing at the transaction date. On the reporting date:

- All assets denominated in a currency other than the euro, with the exception of bank deposits, securities, short-term receivables and fixed assets, are individually valued at the lowest value, the historical exchange rate or the value determined on the basis of exchange rates prevailing on the reporting date.
- All liabilities denominated in a currency other than the euro, with the exception of short-term debt, are valued individually at the highest value, the historical exchange rate or the value determined on the basis of exchange rates prevailing on the reporting date.
- Bank deposits, securities, receivables and short-term debt, by their liquid nature, denominated in a currency other than the euro, are valued at the exchange rate prevailing on the reporting date.
- All fixed assets denominated in a currency other than the euro are translated to euro at the historical exchange rate prevailing on the transaction date. On the reporting date, these fixed assets remain translated at the historical exchange rate.

Income and expenses in currencies other than the euro are translated to euro at the exchange rate prevailing at the transaction dates. Thus, only realised foreign exchange gains and losses and unrealised foreign exchange losses are recognised in profit or loss.

3.10. Revenue

Revenue includes amounts resulting from services rendered by the Company to associates, net of any sales rebates and of value added tax and other taxes related to sales.

Note 3: Measurement rules (continued)

3.11. Derivative financial instruments

The Company may enter into financial contracts such as options, swaps or currency forward contracts. The Company initially records financial instruments at historical cost. At each reporting date, the unrealised losses are recognised in profit or loss, while profits are only recognised when they are realised. In case of hedging an asset or liability that has not been recognised at fair value, the unrealised loss or gain is deferred until the recognition of the loss or profit on the covered item.

Note 4: Intangible and tangible fixed assets

4.1. Intangible fixed assets

For the period ended 31 December 2015, intangible assets changed as follows:

	Concessions Patents, licenses	Payments on accounts	TOTAL
Purchase price at opening	16,000.00	-	16,000.00
Newly consolidated companies	3,000.00	72,000.00	75,000.00
Deconsolidations	-	-	-
Purchase price at end of financial year	19,000.00	72,000.00	91,000.00
Allowances at opening	(6,916.25)	-	(6,916.25)
Charges for the financial year	(3,630.00)	-	(3,630.00)
Reversals for the financial year	-	-	-
Allowances at end of financial year	(10,546.25)	-	(10,546.25)
Net amount at end of financial year	**8,453.75**	**72,000.00**	**80,453.75**
Net amount at the beginning of financial year	**9,083.75**	**0.00**	**9,083.75**

Note 4: Intangible and tangible fixed assets (cont.)

4.2. Tangible fixed assets

For the financial year ended 31 December 2015, property, plant and equipment changed as follows:

	Plant and Machinery	Other fixtures and fittings, tools and equipment	TOTAL
Purchase price at opening	19,294.00	40,592.04	59,886.04
Newly consolidated companies	-	-	-
Deconsolidations	-	-	-
Purchase price at end of financial year	19,294.00	40,592.04	59,886.04
Allowances at opening	(19,294.00)	(19,210.81)	(38,504.81)
Charges for the financial year	-	(8,118.41)	(8,118.41)
Reversals for the financial year	-	-	-
Allowances at end of financial year	(19,294.00)	(27,329.22)	(46,623.22)
Net amount at end of financial year	**-**	**13,262.82**	**13,262.82**
Net amount at the beginning of financial year	**-**	**21,381.23**	**21,381.23**

Note 5: Financial fixed assets

For the period ended 31 December 2015, financial assets changed as follows:

	Shares in affiliated undertakings	Shares in undertakings with which the undertaking is linked by virtue of participating interests	Securities and other financial instruments held as fixed assets	TOTAL
Purchase price at opening	199,442,425.49	1,045,778.73	511,873.86	201,000,078.08
Newly consolidated companies	17,046,585.30	1,854,082.66		18,900,667.96
Deconsolidations	(5,247,081.00)	-		(5,247,081.00)
Purchase price at end of financial year	211,241,929.79	2.899.861,39	511,873.86	214,653,665.04
Value adjustments at opening	(4,601,382.35)	(1,045,778.73)	(222,259.80)	(5,869,420.88)
Charges for the financial year	(1,830,587.09)	-	(185,332.37)	(2,015,919.46)
Reversals for the financial year	-	-	27,599.04	27,599.04
Value adjustment at end of financial year	(6,431,969.44)	(1,045,778.73)	(379,993.13)	(7,857,741.30)
Net amount at end of financial year	**204,809,960.35**	**1,854,082.66**	**131,880.73**	**206,795,923.74**
Net amount at start of financial year	**194,841,043.14**	**-**	**289,614.06**	**195,130,657.20**

5.1. Shares in affiliated undertakings

In 2015, the Company transformed part of its receivable in respect of Sword Sol Sàrl into an equity contribution of €6,830,000.

In 2015, miscellaneous purchases (€250,470.09) and sales (€216,081.00) were effected in respect of part of the shares in Sword Services SA.

On 23 January 2015, the Company fully subscribed to a capital increase for Sword Suisse Holding SA for CHF 10,000,000 (€9,966,115.21).

On 11 December 2015, the Company proceeded with the voluntary dissolution of FI System Belgium SA whose acquisition price was initially €5,031,000.00. Following this voluntary dissolution, the Company acquired the shares of Tipik Communication Agency SA for €1,854,082.66 representing 38% of the capital. See also Note 5.2. This transaction yielded a profit of €38,989.98.

On 31 December 2015, the decision was taken to allocate an additional allowance to Sword Création Informatique for €2,858 (€27,142 in 2014) and an allowance to Sword Services for €1,827,729.09 (€4,574,240.35 in 2014).

Regarding Sword Sol Sàrl, Sword Soft Ltd, Sword Solutions Inc. and Sword Suisse Holding, the value of the companies is estimated to be greater than the historical acquisition price. Consequently, no allowance was recognised on these investments.

Note 5: Financial fixed assets (continued)

On 31 December 2015, investments in associates were represented by:

Subsidiary name	% held	Purchase price	Equity as at 31/12/2015	Profit or loss as at 31/12/2015
Sword Services SA (Switzerland)	100%	18,041,139.44	5,713,921	-205,607
Sword Soft Ltd (UK)	100%	161,366,200.00	58,177,802	18,029,134
Sword Sol Sàrl (Luxembourg)	100%	19,719,000.00	12,173,234	1,161,233
Sword Création Informatique Ltd (South Africa)	100%	30,000.00	-455	-3,379
Sword Solutions Inc (USA)	100%	1,302,000.00	1,866,523	38,244
Sword Suisse Holding SA (Switzerland)	100%	10,783,590.35	-6,994,153	-7,708,334
		211,241,929.79		

Shares in undertakings with which the undertaking is linked by virtue of participating interests As at 31 December 2015, investments in companies with which there is a shareholding link were represented by:

Subsidiary name	% held	Purchase price	Equity Share as at 31/12/2015	Result Share as at 31/12/2015
Tipik Communication Agency SA	38%	1,854,082.66	325,240	24,526
Lyodssoft HK	20%	1,045,778.73	*	*

** Not available*

Following the liquidation of FI System Belgium SA (see Note 5.1), the Company acquired the shares of Tipik Communication Agency SA, 38% of the share capital, for €1,854,082.66. See also Notes 8, 10.3 and 15. The company's value is estimated to be more than the historical acquisition price. Consequently, no allowance was recognised.

On 31 December 2015, the Board of Directors decided to maintain an allowance of €1,045,775.73 for Lyodssoft HK.

5.2. Securities and other financial instruments held as fixed assets

On 31 December 2015, the Board of Directors decided

- to reverse the allowance of €27,599.04 for the shares of Scientific Brain Training, pushing the net carrying amount of these shares to €127,925.28;
- to allocate an allowance for Tooxme SA shares for €124,828.23, whose historical acquisition price was €124,828.23;
- to allocate an allowance for Cosseco SA shares for €60,504.14, whose historical acquisition price was €64,459.59.

Note 6: Other receivables

Following the voluntary dissolution of FI System Belgium SA, the Company assumed an amount receivable in respect of the main shareholder of Tipik Communication Agency SA for €1,128,730.81, repayable within less than one year. According to the Company's Board of Directors, this is not considered doubtful.

In 2015, the Company granted loans to employees and/or shareholders of certain companies linked to the Group. The amount of the loans and interest accrued as at 31 December 2015 was €2,996,763.72, repayable in more than one year.

Note 7 : Equity

7.1. Subscribed capital

At 31 December 2015 the share capital stood at €9,414,965, represented by 9,414,965 shares with a par value of €1 each, fully paid up. The share capital is accompanied by a share premium of €68,699,114.46.

As at 31 December 2015, the authorised share capital stood at €4,875,000 and at €100,000,000, as part of new shares to be issued under debt securities giving access to capital. This authorisation expires on 2 May 2017.

In the second half of 2015, share subscription options were exercised (see Note 7.5) generating a capital increase of €54,000, represented by 54,000 shares worth €1 each, accompanied by a share premium of €602,774.97.

7.2. Legal reserve

Each year, a fixed percentage of 5% of the net profit, after absorption of brought forward losses, if applicable, should be allocated to the legal reserve. The deduction ceases to be compulsory when the reserve reaches 10% of the share capital. The reserve cannot be distributed.

7.3. Changes in equity accounts.

For the period ended 31 December 2015, the changes are as follows:

	01/01/2015	Allocation of profit or loss	Profit for the period	Dividends paid	capital increase	Treasury shares	31/12/2015
Share capital	9,360,965.00				54,000.00		9,414,965.00
Share premium	68,096,339.49	-			602,774.97		68,699,114.46
Legal reserve	928,996.50	7,100.00					936,096.50
Reserve for treasury shares	1,278,427.50	-				-1,067,392.64	211,034.86
Profit or loss carried forward	29,249,011.60	101,330,126.53		-11,226,032.40		1,067,392.64	120,420,498.37
Profit or loss for the financial year	101,337,226.53	-101,337,226.53	42,404,816.91				42,404,816.91
TOTAL	210,250,966.62		42,404,816.91	-11,226,032.40	656,774.97		242,086,526.10

Note 7: Equity (cont.)

7.4 Own shares

As at 31 December 2015, there were 9,240 own shares recognised for a total of €211,034.86, recognised under "Securities".

According to the provisions of Article 49-5 b) of the Law of 10 August 1915 on commercial companies (as amended), an unavailable reserve in the amount of treasury shares included in the balance sheet has been established on the liabilities side, i.e. a total amount of €211,034.86.

Own shares listed as securities were acquired to support the market price of the Sword Group share.

7.5 Company share options

On 17 May 2011, the Extraordinary General Meeting of the Company authorised the Board of Directors to grant options entitling their holders to subscribe to Company shares. The authorisation was granted for a period of 38 months.

- On 6 October 2011, the Board of Directors made use of the authorisation and granted 188,000 share subscription options for employees and/or corporate officers.

  The subscription price of new shares was set to the average of listed prices for the 20 trading days preceding the decision to assign the options and stood at €12.115. The option allocation plan was closed on 6 October 2011. During the period ended 31 December 2015, 45,000 options were exercised. 113,000 options can no longer be exercised. There remain 30,000 exercisable options with maturity dates of no later than 6 October 2016.

- On 16 December 2011, the Board of Directors employed the authorisation and granted 9,000 share subscription options for one employee.

  The subscription price of new shares was set to the average of listed prices for the 20 trading days preceding the decision to assign the options and stood at €12.40. The option allocation plan was closed on 16 December 2011. During the period ended 31 December 2015, 9,000 options were exercised. Consequently, there are no longer any exercisable options.

On 26 March 2012, the Extraordinary General Meeting of the Company authorised the Board of Directors to grant options entitling holders to subscribe to Company shares. The authorisation was granted for a period of five years.

- On 11 September 2014, the Board of Directors made use of the authorisation and granted 100,000 share subscription options for one employee.

  The subscription price of new shares was set to the average of listed prices for the 20 trading days preceding the decision to assign the options and stood at €17.435. The option allocation plan was closed on 11 September 2014. 50,000 options will be exercisable as of 11 September 2017 and 50,000 options will be exercisable as of 11 September 2018.

Note 8: Other provisions

As at 31 December 2014, other provisions totalling €3 million pertained to the surety granted by the company in respect of CIC Lyonnaise de Banque for an €11 million loan granted to TIPIK Communication Agency SA, falling due on 31 March 2015.

During the year, a call on the surety was never made, although the provision was recognised (see Note 14).

Note 9: Amounts owed to credit institutions

No bank debt has a maturity of over five years. No debt is covered by collateral. As at 31 December 2015, bank debt broke down as follows:

	Amount drawn down	Authorised amount
Bank debt due in more than one year	19,000,000.00	90,433,334.00
Bank debt due within one year	-	20,866,666.00
Interest and commissions payable Creditor bank accounts	69,549.32 4,966.16	-
	19,074,515.48	

Classification of amounts owed to credit institutions due in more than one year

Bank debt due in more than one year comprises floating rate syndicated loans that are subject to drawdowns by the Company in the form of promissory notes whose term can vary from one to six months. To classify outstanding promissory notes at the end of the period as financial debt due in more than one year, the following aspects were taken into account:

- Ability for the company, without opposition on the part of the banks that granted the loans, to renew the drawdowns for a period of at least one year (all credit openings valid at 31 December 2015 cannot be reduced by the banks within a period of 12 months).
- Company's desire to utilise that form of funding within the coming 12 months

Swap contracts

The main loans were taken out at the 3-month Euribor + 1% rate.

As at 31 December 2015, there were two fixed-rate payer swap covers:

- A payer swap at a fixed rate of 1.24% was set up on 30 March 2012 for a period of 54 months and a residual amount of €2,500,000.

Bank covenants

The Company promises to maintain, in accordance with the covenant clauses:

- a net consolidated debt/consolidated EBITDA ratio of less than 3.5 or 3, depending on the agreement

- a net consolidated financial debt/consolidated equity ratio of less than 1

Should the Company fail to comply with the above covenants, the lending banks will be able to demand the reimbursement of the outstanding loan, amounting to €19 million as at 31 December 2015. At 31 December 2015, the Company was in compliance with said covenants.

Note 10: Related-party transactions

10.1 In respect of associates

As at 31 December 2015, balance sheet items concerning associates were as follows:

	Amounts owed by associates falling due in less than one year	**Amounts owed to associates falling due in less than one year**
Miscellaneous associates	841,737.48	18,952.17
Sword SA	5,350,337.42	-
Sword Technologies SA	13,981,437.87	-
Sword Suisse Holding	8,992,804.35	-
Sword Integra SA	-	1,521,002.24
	29,166,317.12	1,539,954.41

The main balance sheet items listed above are generated primarily by cash pooling. The main current accounts between Group companies are paid at rates ranging between 1.76% and 3.26%, corresponding to market conditions applicable to each subsidiary.

At 31 December 2015, there was an allowance of €1,133,497.79 on the receivable in respect of Build On Line USA.

At 31 December 2015, there was a waiver of current account with a clawback provision to its subsidiary Sword Technologies SA for an amount of €3,850,000. The current account of Sword Technologies SA of €13,981,437.87 already takes account of this waiver of current account. See also Note 15.

For the period ended 31 December 2015, the main types of income and expenses in respect of associates were as follows:

	Expenses	Income
Management services	-	3,156,101.21
Recharging of fees	-	12,500.00
Dividends	-	43,100,000.00
Subcontracting	360,230.22	-
Fees Management Committee and General Secretary	352,199.45	-
Sponsorship	189,353.23	-
Other miscellaneous expenses	28,261.75	-
Interest on current account	27,630.77	861,741.27
Allowances on receivables	35,774.79	-
Waiver of current account with clawback provision	1,750,000.00	
Foreign exchange income	226,789.33	-
	2,970,239.54	47,130,342.48

Note 10: Related-party transactions (cont.)

10.2 In respect of non-consolidated companies having shared management

For the period ended 31 December 2015 Financière Semaphore Sàrl, a Luxembourg company, invoiced the following services:

- Assistance to the Company's general management for €349,999.92;
- Success fees related to sales for an amount of €265,500.00;
- The recharging of miscellaneous expenses for €8,413.12.

10.3 In respect of companies with which there is a shareholding link

For the period ended 31 December 2015, the Company disbursed advances totalling €4.5 million to TIPIK Communication Agency SA. See Note 15.

At 31 December 2015, these advances totalling €4.5 million were waived with a clawback provision. See Note 17.

In connection with the voluntary dissolution of FI System Belgium SA, the Company assumed an amount receivable of €972,231.38 in respect of Tipik Communication Agency SA. At 31 December 2015, this amount receivable was €800,231.38 and is not considered doubtful by the Company's Board of Directors.

Note 11: Net revenue

During the period ended 31 December 2015, revenue was €3,156,101.21 and comprised services for all of the Group's subsidiaries.

The breakdown by geographical area is as follows:

- Europe: 97%
- North America: 1%
- Oceania: 1%
- Asia: 1%

Note 12: Staff

During the period ended 31 December 2015, the number of employees of the Company stood at an average of 1.5 people (2 in 2014).

Note 13: Income from financial assets

Income from financial assets was represented mainly by dividends from a Company subsidiary.

Note 14: Other interest and financial income

This income comes mainly from foreign exchange gains of €4,669,520.02 and the reversal of the 2014 financial provision of €3,000,000 in respect of the guarantee with Tipik Communication Agency SA (see Note 8).

Note 15: Extraordinary items

For the period ended 31 December 2015, extraordinary income mainly comprised the partial waiver of current account of Tipik Communication Agency SA (€4,500,000) and Sword Technologies SA (€1,750,000), fees associated with the acquisition or disposal of interests (€742,027.85), various disputes (€82,853.63), and the historical cost of the sale of shares to associates (€216,081.00).

For the period ended 31 December 2015, extraordinary income mainly comprised the proceeds from the sale of shares in Sword Services SA (€157,954.11) and the recharging of fees related to investment acquisition activities (€12,500.00).

Note 16: Taxation

The Company is subject to all taxes applicable to companies with share capital.

Note 17: Off-balance sheet commitments

As at 31 December 2015, the Company had the following off-balance sheet commitments:

- The Company gave its guarantee for the proper performance of the commitments and obligations subscribed by Apak Group Ltd in connection with the signature of contracts with Daimler Financial services AG.
- In the context of selling its interest in Ciboodle, the Company pledged collateral for liabilities up to USD 1 million.
- The Company stood surety for a bank loan granted to Tipik Communication Agency SA and for which the Company has an 38% shareholding. The amount of the surety is €8 million; it expires on 31 March 2016. In this connection, the company pledged as collateral a bank account holding €8,000,000. The surety will be renewed for €6.5 million.
- The Company concluded one term deposit operation for a total of USD 6 million maturing in the first quarter of 2016. If a pre-determined USD/EUR exchange rate is reached upon maturity of the deposit, the dollars will be converted into euro. These financial instruments have the following characteristics:

Amount of deposit	Maturity date	Interest rate	USD/EUR strike	Foreign exchange gain recognised
7,000,000 USD	09/03/2016	3%	1.0515	105,274.46

See also Note 8 on swaps and bank covenants.

- The Company stood surety in respect of Sword IT Solutions in connection with a residual payable of GBP 400,000 generated by the acquisition of AAA Group Limited, a UK company.

Note 18: Board of Director's remuneration

For the period ended 31 December 2015, the directors received fees amounting to €180,000 (2014: €175,000). This amount is found under "Other operating expenses".

For the period ended 31 December 2015, no advance or credit was given to members of the administrative bodies.

Note 19: Audit fees

In accordance with Article 84 (1) of the Law of 18 December 2009, the information specified in Article 65 (1) §16 of the Law has been omitted. Information on the audit fees is given in the consolidated statements and includes audit fees for the annual accounts.

Note 20: Subsequent events

There were no major subsequent events.

14 INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

To the Shareholders of
SWORD GROUP S.E.
Société européenne

R.C.S. Luxembourg B 168.244

2-4, rue d'Arlon
L-8399 WINDHOF

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the consolidated financial statements

Following our appointment by the General Meeting of the Shareholders dated April 28, 2015 we have audited the accompanying consolidated financial statements of **Sword Group S.E.**, which comprise the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of global consolidated result, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended December 31, 2015, and a summary of significant accounting policies and other explanatory information.

Responsibility of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the réviseur d'entreprises agréé

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether consolidated the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the réviseur d'entreprises agréé's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the réviseur d'entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of **Sword Group S.E.** as of December 31, 2015 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements.

Other matter

We have no comment to make as to the accuracy and consistency with the consolidated financial statements of the information given in sections 1 to 9 and 17 of the 2015 Financial Report.

Luxembourg, March 24, 2016

For MAZARS LUXEMBOURG, Cabinet de révision agréé
10A, rue Henri M. Schnadt
L-2530 LUXEMBOURG

Thierry SALAGNAC
Réviseur d'entreprises agréé

15 CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2015 – ASSETS

(In €'000)	Notes	31 December 2015	31 December 2014
ASSETS			
NON-CURRENT ASSETS			
Goodwill	12	92,470	87,126
Other intangible fixed assets	11	11,463	12,615
Tangible fixed assets	10	7,849	4,097
Investments in associates	7	2,432	-
Financial assets held for sale	14.24	379	1,661
Deferred tax assets	25	2,001	2,388
Other assets	16	12,153	3,277
TOTAL NON-CURRENT ASSETS		128,747	111,164
CURRENT ASSETS			
Trade and other receivables	15	41,223	34,310
Current tax assets		1,321	1,551
Other assets	16	13,379	13,494
Cash and cash equivalents	17	62,112	104,301
TOTAL CURRENT ASSETS		118,035	153,656
TOTAL ASSETS		**246,782**	**264,820**

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2015 – LIABILITIES

(In €'000)	**Notes**	**31 December 2015**	**31 December 2014**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	33	9,415	9,361
Share premiums		68,699	68,096
Reserves		14,262	6,860
Retained earnings		61,829	66,468
TOTAL EQUITY - GROUP SHARE		154,205	150,785
Non-controlling interests (minority interests)	6	7,088	10,993
TOTAL EQUITY		**161,293**	**161,778**
NON-CURRENT LIABILITIES			
Financial debt	20	19,000	55,123
Provisions for retirement benefits	18	620	509
Other provisions	19	1,145	652
Deferred tax liabilities	25	1,740	1,932
Other liabilities	23	1,522	1,990
TOTAL NON-CURRENT LIABILITIES		24,027	60,206
CURRENT LIABILITIES			
Financial debt	20	668	935
Derivative financial instruments	21.24	10	330
Other provisions	19	518	3,080
Trade and other payables	22	17,607	13,455
Current tax liabilities		3,142	2,361
Other liabilities	23	39,517	22,675
TOTAL CURRENT LIABILITIES		61,462	42,836
TOTAL LIABILITIES		**85,489**	**103,042**
TOTAL EQUITY AND LIABILITIES		**246,782**	**264,820**

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED INCOME STATEMENT AT 31 DECEMBER 2015

(In €'000)	Notes	31 December 2015	31 December 2014
REVENUE	5	**137,564**	**117,069**
Purchases		(4,464)	(3,210)
Personnel expenses	26	(69,588)	(59,342)
Other external charges		(40,866)	(34,019)
Provision (charges)/reversals	27	(492)	(240)
Other current operating expenses		(1,576)	(1,825)
Other current operating income		974	419
EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION, EXCLUDING NON-RECURRING ELEMENTS		**21,552**	**18,852**
EBITDA in %		**15.67%**	**16.1%**
Charges for depreciation of property, plant and equipment	10	(1,649)	(1,380)
Charges for intangible assets arising from business combinations	11	(2,487)	(878)
Charges for depreciation of other intangible assets	11	(1,022)	(891)
EARNINGS BEFORE INTEREST AND TAXES EXCLUDING NON-RECURRING ELEMENTS (EBIT)		**16,394**	**15,703**
EBIT in %		**11.92%**	**13.4%**
Income from disposals of assets	28	(570)	1,515
Impairment losses on assets	29	(455)	(1,600)
Other non-recurring items	30	(4,046)	(2,766)
OPERATING PROFIT (OP)		**11,323**	**12,852**
OP in %		**8.23%**	**11.0%**
Financial income		12,009	10,002
Finance costs		(8,999)	(6,191)
FINANCIAL RESULT	31	**3,010**	**3,811**
Share of profit or loss of associates	7	(100)	(10)
PROFIT BEFORE TAX		**14,233**	**16,653**
Income tax	25	(3,441)	(3,336)
PROFIT FOR THE PERIOD		**10,792**	**13,317**
Of which:			
Group share		10,162	12,154
Non-controlling interests (minority interests)	6	630	1,163
Earnings per share *(in euro)*	32	1.09	1.31
Diluted earnings per share *(in euro)*	32	1.08	1.30

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AT 31 DECEMBER 2015

(In €'000)	Notes	31 December 2015	31 December 2014
PROFIT FOR THE PERIOD		**10,792**	**13,317**
OTHER COMPREHENSIVE INCOME			
Recyclable items in profit or loss			
Translation differences			
- during the year		6,370	6,006
Financial assets held for sale			
- gain/(loss) related to remeasurement at fair value	14	343	(560)
- reclassification as profit related to financial assets held for sale during the period		(60)	-
Total recyclable items in profit or loss		6,653	5,446
Non-recyclable items in profit or loss			
Defined benefit plans			
- Actuarial gains and losses on post-employment benefits		20	-
Total non-recyclable items in profit or loss		20	-
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX		**6,673**	**5,446**
COMPREHENSIVE INCOME FOR THE PERIOD		**17,465**	**18,763**
Of which:			
Group share		16,283	16,819
Non-controlling interests (minority interests)		1,182	1,944

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER 2015

(In €'000)	Share capital	Share premium	Reserves: Treasury shares	Reserves: Reserve for remeasurement of financial assets	Reserves: Defined benefit plans	Reserves: Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests (minority interests)	Total equity
BALANCE AT 31 DECEMBER 2013	**9,290**	**67,307**	**1,687**	**724**	**-**	**1,158**	**63,625**	**143,791**	**9,599**	**153,390**
Profit for the period	-	-	-	-	-	-	12,154	12,154	1,163	13,317
Other comprehensive income	-	-	-	(560)	-	5,225	-	4,665	781	5,446
Comprehensive income for the period	-	-	-	(560)	-	5,225	12,154	16,819	1,944	18,763
Issue of ordinary shares	71	789	-	-	-	-	-	860	-	860
Repurchase/resale of ordinary shares	-	-	(1,374)	-	-	-	-	(1,374)	-	(1,374)
Share-based payments	-	-	-	-	-	-	135	135	-	135
Payment of dividends	-	-	-	-	-	-	(9,290)	(9,290)	(198)	(9,488)
Transactions between shareholders	-	-	-	-	-	-	94	94	(352)	(258)
Other	-	-	-	-	-	-	(250)	(250)	-	(250)
BALANCE AT 31 DECEMBER 2014	**9,361**	**68,096**	**313**	**164**	**-**	**6,383**	**66,468**	**150,785**	**10,993**	**161,778**
Profit for the period	-	-	-	-	-	-	10,162	10,162	630	10,792
Other comprehensive income	-	-	-	283	20	5 819	-	6 122	551	6,673
Comprehensive income for the period	-	-	-	283	20	5 819	10,162	16,284	1,181	17,465
Issue of ordinary shares	54	603	-	-	-	-	-	657	-	657
Repurchase/resale of ordinary shares	-	-	1,280	-	-	-	-	1,280	-	1,280
Share-based payments	-	-	-	-	-	-	132	132	-	132
Payment of dividends	-	-	-	-	-	-	(11,226)	(11,226)	(163)	(11,389)
Transactions between shareholders	-	-	-	-	-	-	(3,707)	(3,707)	(4,923)	(8,630)
BALANCE AT 31 DECEMBER 2015	**9,415**	**68,699**	**1,593**	**447**	**20**	**12,202**	**61,829**	**154,205**	**7,088**	**161,293**

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED CASH FLOW TABLE AS AT 31 DECEMBER 2015

(In €'000)	Notes	31 December 2015	31 December 2014
Cash flows from operating activities			
Profit for the period		10,792	13,317
Adjustments:			
Depreciation charges	10, 11	5,158	3,149
Impairment losses on trade receivables	15	410	458
Charges for other provisions		(2,628)	(260)
Provision charges for employee benefits		131	196
Net capital losses/gains on disposals of non-current assets, net of transaction costs	28	570	2,545
Share-based payments	36	132	135
Interest income	31	(1,085)	(897)
Interest expenses	31	932	1,218
Foreign exchange losses, net		-	145
Income tax	25	3,441	3,336
Change in working capital		3,246	8,835
Cash flow generated by operating activities		21,098	32,177
Tax paid		(1,805)	(4,176)
NET CASH FLOWS FROM OPERATING ACTIVITIES		19,293	28,001
Cash flows from investing activities			
Acquisitions of:			
- Intangible assets		(3,113)	(7,128)
- Property, Plant and Equipment		(5,292)	(1,860)
- Investments in associates		-	(10)
- Financial assets held for sale		(1,245)	(618)
Disposals of:			
- Property, Plant and Equipment		37	5
- Investments in associates		44	-
- Financial assets held for sale		-	5,237
Interest received		1,148	764
Control taken of subsidiaries and increase in ownership in existing subsidiaries, net of cash and cash equivalents acquired		(7,382)	(6,277)
Loss of control of subsidiaries, net of cash and cash equivalents disposed of		287	(1,126)
NET CASH FLOWS (ALLOCATED TO)/FROM INVESTMENT ACTIVITIES		(15,516)	(11,013)

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED CASH FLOW TABLE AS AT 31 DECEMBER 2015 (CONT.)

(In €'000)	Notes	31 December 2015	31 December 2014
Cash flows from financing activities			
Income from the issue of ordinary shares		657	860
Payment related to the repurchase and resale of ordinary shares		1,280	(1,374)
Consideration received from non-controlling interests (minority interests)		697	326
New loans and use of lines of credit		2	4
Repayment of loans		(36,265)	(14,000)
Interest paid		(1,152)	(965)
Dividends paid to shareholders in the parent company		(11,226)	(9,290)
Dividends paid to non-controlling interests		(163)	(199)
NET CASH FLOWS ALLOCATED TO FINANCING ACTIVITIES		(46,170)	(24,638)
Net change in cash and cash equivalents		**(42,393)**	**(7,650)**
Cash and cash equivalents at the start of the period		103,366	109,429
Change in foreign exchange rate effect		471	1,587
CASH AND CASH EQUIVALENTS AT THE CLOSE OF THE PERIOD	**17**	**61,444**	**103,366**

The accompanying notes form an integral part of the consolidated financial statements.

16 NOTES TO THE CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT AS AT 31 DECEMBER 2015 (AMOUNTS IN €'000)

NOTE 1. GENERAL INFORMATION

1.1 Company presentation

Sword Group SE (the "Company") is a European company incorporated under Luxembourg law, whose head office is located at 2, rue d'Arlon at Windhof (Luxembourg). The Company is registered in the Register of Commerce and Companies of Luxembourg under number B 168.244.
Sword Group, comprising the Company and companies the Company controls, specialises in the global delivery of software and IT services for regulated industries and international Groups.

Sword Group's activities are organised and managed around two businesses:

- IT Services (also called "Solutions")
- Software (also called "Software" or "Products")

The Group offers a broad range of services, including strategic and operational consulting, solution engineering and application development, project ownership support and project management support, change management and third-party maintenance.

The Company is listed on Euronext Paris (Compartment B).

The consolidated financial statements were approved by the Board of Directors on 4 February 2016. The consolidated financial statements will be finalised once approved by the Annual General Meeting on 28 April 2016.

1.2 Major events in 2015

On 1 April 2015 Sword acquired 60% of Swiss company Swissgenia SA via Eurogenia SA, a newly established company, for CHF 1,154,000, equivalent to €805,000. Swissgenia SA, which specialises in SAP and OpenText solutions, is active in the IT Services sector.

In the first half of 2015, the Group disposed of 10% of its shares in Luxembourg subsidiary Sword Technologies SA, which until then had been held in full by two managers of the subsidiary. Under IFRS 10, *Consolidated Financial Statements*, any change in the percentage of an interest held that does not result in a loss of control must be recognised as a transaction involving equity. An amount of €745,000 was therefore transferred from the consolidated reserves to the non-controlling interests. The amount was financed by a loan granted by Sword to the executives, falling due in January 2018 and bearing interest of 2% per annum.

On 10 June 2015, the Group increased its interest in Simalaya Holding SA from 39.88% to 89.68% for CHF 10,363,000 (equivalent to €9,710,000) excluding earnouts (see below). The purchase contract calls for a deferred payment of the base price, i.e. CHF 6,022,000 (equivalent to €5,641,000), with payment deadlines staggered between 6 January 2016 and 8 July 2016, as well as an earnout due no earlier than 1 July 2017, corresponding to the CHF 4.5 million (equivalent to €4.3 million) of accumulated EBITDA surplus for 2015, 2016 and the first half of 2017. At 31 December 2015, the earnout payable was assessed at €367,000, taking account of EBITDA growth of 10%. In the second half of 2015, the Group acquired the remaining 10.32%, representing for the Group an additional cost of CHF 2,147,000 (equivalent to €2,012,000). These transactions had no impact on the qualification of control exerted by the Group since the acquisition of interests in 2014, at which time Simalaya Holding SA was consolidated without interruption.

Effective 27 June 2015, Sword increased its interest in Tipik Communication Agency SA (Tipik) by €1,306,000, from 18% to 38%. Following the transaction, the Group's management deemed that the conditions for exercising a notable influence on Tipik had been met and reclassified its interest as an “investments in associates”.

On 13 July 2015, the Group finalised the disposal of 15,000 shares representing 12% of its subsidiary Kenzan Film Factory SA ("Kenzan") for €288,000, thus reducing its interest from 60% to 48%. Following the transaction, the Group's management deemed that the conditions for exercising an exclusive influence as per IFRS 10 were no longer met and reclassified its interest as an 'equity-accounted shareholding'. Pursuant to an agreement signed on 20 October 2015, the Group disposed of the remaining 48% for a deferred payment price corresponding to 20% of the accumulated EBIT for financial years 2015 to 2019 of Kenzan, not to exceed a total of CHF 1 million. However, if the shares in Kenzan are disposed of prior to 31 December 2020, the buyer pledged to pay Sword 20% of the sale price of all shares, not to exceed a ceiling of CHF 1.5 million. At 31 December 2015, on the basis of buyer disposal scenarios combined with probabilities, the Group recognised a receivable of €1,409,000.

On 3 August 2015, the Group decided to dispose of 35% of the shares of Swiss subsidiary The Agile Factory SA. Payment of the price of CHF 250,000 (equivalent to €231,000) was recognised as a receivable from the buyer and was paid by offsetting a receivable payable by Sword Suisse Holding SA. Following this transaction the Group retained 18.50% of the shares, which were classified as 'Financial assets held for sale'.

Effective 1 December 2015, the Group acquired via Sword IT Solutions Ltd ("Sword ITS") 100% of the shares in AAA Group Ltd, a UK company holding all of the shares in AAA Ltd, another UK company specialising in project outsourcing, sourcing and recruitment with a view to reaching critical size on the IT services market in the UK and achieving growth by developing its business without new short-term fixed costs, thus boosting its profit margin. In connection with this acquisition, 51% of the shares of Sword ITS was disposed of to individuals holding executive positions in AAA Ltd, which benefited from Group financing to acquire 31% of the shares. At the same time, Sword Soft Ltd was granted buyback options to purchase this 31% interest. These buyback options can be exercised at any time during the period beginning on 31 December 2019 and ending on 1 December 2025, provided that certain return targets (expressed in percentage of revenue and EBIDTA growth) are not met. The exercise price is the price paid by the holder of these shares. As indicated in Note 3.1, since the conditions for sole control by the Group were maintained, Sword ITS remains fully consolidated. It should be noted that since 1 December 2015 Sword ITS has held - in addition to its interest in AAA Group Ltd - 100% of the shares in Sword Charteris Ltd.

NOTE 2. BASIS FOR PREPARATION AND ACCOUNTING PRINCIPLES

2.1 Basis for preparation

The consolidated financial statements are presented in €'000 (the company's functional currency), rounded off to the nearest thousand, unless indicated otherwise. They are prepared on the basis of the historical cost, with the exception of derivatives and financial assets held for sale that were valued at their fair value.

As per European Regulation No 1606/2002 of 19 July 2002, the consolidated financial statements at 31 December 2015 were prepared in compliance with International Financial Reporting Standards (IFRS), as published by the International Accounting Standards Board (IASB) and adopted by the European Union.

Assets and liabilities, expenses and income were not set off, unless permitted or required by IFRS.

(a) New and revised IFRS standards impacting the amounts presented or the disclosures to be provided in the financial statements

During the year in question, the Group adopted no new or revised IFRS standard that had to be mandatorily applied for the period starting on 1 January 2015 and likely to have a significant impact on the Group's consolidated financial statements.

(b) New and revised IFRS standards, published but not yet applicable

The Group has not applied any standard, interpretation or amendment in advance.

- IFRS 9 - Financial Instruments On 24 July 2014, the IASB published the final version of IFRS 9, bringing together the ‘classification and measurement’, ‘impairment’ and ‘hedge accounting’ phases of the IASB's project to replace IAS 39 ‘Financial Instruments: Recognition and Measurement’. IFRS 9 is a major overhaul of the accounting rules applying to financial instruments. It introduces a new approach to the classification of financial assets, based on the economic model the entity uses for managing its assets and on the contractual cash flow characteristics of the financial asset. The IAS 39 impairment model, based on actual losses, has been replaced by an impairment model based on the premise of providing for expected losses. The act of the entity identifying an event that will generate a credit impairment has been replaced by an expanded range of information to assess the credit risk and measure the expected credit impairments. In addition, IFRS 9 has reformed the hedge accounting requirements by more closely aligning hedge accounting with an entity's risk management activities, by increasing the eligibility of hedged items and hedging instruments, and by establishing an approach more firmly based on principles for assessing hedge effectiveness. The new version supersedes all previous versions and is mandatorily effective for periods beginning on or after 1 January 2018, with early adoption permitted. The standard should be applied retrospectively.

- IFRS 15 - Revenue from Contracts with Customers. In May 2014, the IASB published IFRS 15, a harmonised standard providing a single, five-step model for recognising revenue from contracts with customers. The standard must be applied to every contract and provides specific guidelines on identifying the various items of contracts concluded with customers that should be accounted for separately, the concept of continuous transfer of control for accounting for revenue as the contract progresses, measurement of the transaction price, accounting for credit risk and variable consideration, and the accounting of licences and the costs associated with obtaining contracts with customers. In addition, the new standard considerably increases the information disclosure requirements on accounting for revenue. IFRS 15 supersedes all previous standards and interpretations for revenue from contracts with customers and applies to annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The standard should be applied retrospectively.

The Group has not yet analysed in detail the impact of applying these standards.

2.2 Use of estimates

Establishing consolidated financial statements in accordance with IFRS requires management to make estimates and select scenarios in the process of applying accounting principles. Those areas involving a higher degree of judgement or complexity, or those for which the estimates and scenarios are significant with respect to the consolidated financial statements, are presented in Note 3.

2.3 "Current" and "non-current" presentation

The consolidated statement of financial position is presented according to the "current" and "non-current' distinction defined by IAS 1.

Current assets and liabilities are those which the Group expects to realise, consume or settle during the normal operating cycle, which may extend beyond 12 months after the end of the period. All other assets and liabilities are non-current.

2.4 Consolidation method

The consolidated financial statements include the financial statements of the Company and its subsidiaries (which together comprise the "Group"), prepared on 31 December 2015.

(a) Subsidiaries

A subsidiary is a company over which the Group has direct or indirect control. Subsidiaries are consolidated using the full consolidation method as of the date on which the Group obtains control, and are deconsolidated as of the date on which such control ends.

Control is presumed to exist if and only if:

- the Group holds power over the subsidiary;
- it is exposed or entitled to variable returns due to its links with the subsidiary;
- and it is able to exert its power over the subsidiary in such a way as to influence the amount of returns it obtains.

Controlled entities are those where the Group has the power to direct their financial and operational policies.

The financial statements of subsidiaries are prepared for the same reference period as those of the Group, using uniform accounting principles.

All intra-Group transactions and balances are eliminated in consolidation. The profits and losses realised due to the disposal of assets within the Group are fully eliminated.

Profit and loss and each item in other comprehensive income are attributed to shareholders in the parent company and to non-controlling interests (minority interests), even if that results in a deficit balance.

(b) Loss of control in a subsidiary

When the Group loses control over a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the total fair value of the consideration received and the fair value of any interest retained, and (ii) the former carrying amount of the assets (including goodwill) and liabilities of the subsidiary, as well as any non-controlling interest. All amounts previously recognised in other comprehensive income pertaining to the subsidiary in question are recognised in profit or loss for the period or transferred to another category of equity, where appropriate, as if the Group had directly removed the assets and associated liabilities from the subsidiary. The fair value of an interest retained in the former subsidiary on the date of loss of control must be considered as being the fair value at the time of initial recognition for the purposes of subsequent recognition under IAS 39.

A list of consolidated companies is provided in Note 6.

(c) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of said entities, without controlling them. A holding of 20% or more of the voting power (directly or indirectly) will indicate significant influence unless it can be clearly demonstrated that the Group does not have significant influence.

Investments in associates are initially recognised under the cost method, but subsequently recognised under the equity method. They include the goodwill observed at the time of acquisition and are presented net of accumulated impairment losses. Associates recognised under the equity method are subject to an impairment test if there is an objective indication of impairment. If the recoverable amount of the investment is lower than its carrying amount, an impairment loss is then recognised in the profit or loss for the period.

After acquisition and until the date on which significant influence is lost, the Group share in the profit or loss of associates is accounted for in profit or loss while the Group share in other comprehensive income is accounted for in other comprehensive income. Accumulated movements since acquisition are accounted for by adjusting the initial cost, on the assets side, in the consolidated statement of financial position.

2.5 Translation methods

(a) Translation of the financial statements of foreign subsidiaries

The functional currency of each of the Group's entities is the currency of the economic environment in which the entity operates. The accumulated impact of the translation of financial statements of foreign operations is accounted for in equity under "translation reserve". The assets and liabilities of foreign operations are translated at the closing rate and their income and expenses at the average rate for the period.

Translation differences on monetary items which comprise a receivable or a payable from/to a foreign subsidiary, settlement of which is neither planned nor probable, and which constitute a share of the net investment in the foreign subsidiary are initially recognised in other comprehensive income and recognised in profit or loss at the time of reimbursement of monetary items.

At the time of the disposal of a foreign subsidiary, all accumulated translation differences in equity are recognised in profit or loss.

(b) Transactions in foreign currencies

Transactions made in foreign currency are translated into functional currency at the exchange rate prevailing at the time of the transaction. At the end of the period, any accounts receivable and accounts payable in foreign currency are translated at the closing exchange rate.

Translation differences arising when these transactions are settled and when monetary assets and liabilities denominated in foreign currencies are translated at the closing exchange rate are reported in profit and loss.

Exchange rate of the euro to the most significant foreign currencies as at 31 December 2015 and 2014:

	Closing rate		Average rate	
(Currency)	**2015**	**2014**	**2015**	**2014**
Pound sterling	0.7339	0.7789	0.7260	0.8064
US dollar	1.0887	1.2141	1.1096	1.3288
Australian dollar	1.4897	1.4829	1.4765	1.4724
Tunisian dinar	2.2085	2.2600	2.1748	2.2474
Moroccan dirham	10.7771	10.9682	10.8088	11.1570
Swiss Franc	1.0835	1.2024	1.0676	1.2146
Colombian peso	3,448.28	2,873.56	3,058.10	2,659.57
South African rand	16.9529	14.0353	14.1529	14.406523
Indian rupee	72.0202	76.7165	71.1744	81.0701

2.6 Business combinations

When the Group takes control of an entity, the identifiable assets and liabilities are accounted for at their fair value on the date of acquisition.

The consideration transferred in a business combination corresponds to the fair value of assets transferred (including cash), liabilities assumed and equity instruments issued by the Group in exchange for control of the acquired entity. The costs directly related to the acquisition are accounted for in profit and loss.

Goodwill is measured as the positive difference between the following two items:

- the sum of (i) the consideration transferred and, where appropriate, (ii) the amount of non-controlling interests (minority interests) in the acquired entity and (iii) the fair value of interests already held by the Group prior to taking control; and
- the net amount on the acquisition date of the fair value of identifiable assets and liabilities acquired and assumed.

If, after confirmation of the values, this difference is negative, the amount is immediately recognised in profit and loss as a gain on a bargain purchase.

Goodwill is recognised on the assets side of the consolidated statement of financial position under "Goodwill" and is subject to an annual impairment test (see section 2.7. below).

In addition, in the goodwill measurement explained below, the amount of non-controlling interests can be measured, on a case-by-case basis with the Group being able to choose, either at fair value ("full goodwill" option) or the share of the acquired entity's identifiable net assets ("partial goodwill" option).

Acquisition differences are recognised in the functional currency of the acquiree.
Any earnouts are included in the acquisition price at their fair value on the date on which control was taken. This is done via consideration in equity or debts depending on how the earnouts are settled. The subsequent recognition of changes in fair value of contingent consideration depends on its classification in the consolidated financial statements.

Contingent consideration classified as an asset or liability is remeasured on the subsequent closing dates as per IAS 39 or IAS 37, depending on the case in question, and the ensuing profit or loss is accounted for in profit or loss for the period.

Taking control through successive purchases is analysed as a twofold operation: one, a disposal of the entire previously held interest, and two, an acquisition of all shares with recognition of an acquisition difference (goodwill) on the entire interest (old batch and new acquisition).

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the provisional amounts are adjusted retrospectively to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. However, the measurement period shall not exceed one year from the acquisition date.

2.7 Goodwill

Goodwill arising from the acquisition of a business is recognised at the cost established on the acquisition date (see Note 2.6), less any accumulated impairment losses.

For the purposes of impairment testing, goodwill is allocated to cash-generating units (CGUs). Goodwill is allocated to CGUs likely to benefit from the synergies expected of the business combination and represents, within the Group, the lowest level at which goodwill is monitored for internal management purposes. CGUs correspond to sectors of business activity.

The recoverable amount of a cash-generating unit is the higher of its fair value less costs to sell and its value in use, determined using the cash flow discount method. When the recoverable amount is lower than the carrying amount, an impairment loss must then be recognised.

The impairment loss is then allocated, firstly, as a decrease in the carrying amount of any goodwill allocated to the CGU, and then, for the remainder, as a decrease in the carrying amount of the CGU's other assets pro rata on the basis of the carrying amount of each asset in the CGU.

Goodwill is not depreciated and is subject to impairment testing at least once per year by comparing its carrying amount with its recoverable amount on the reporting date determined on the basis of the cash flow projections covering a period of three years. Impairment testing frequency can be shorter if events or circumstances indicate that the carrying amount is not recoverable.

2.8 Intangible assets other than goodwill

Intangible assets other than goodwill comprise mainly software, SaaS (software as a service) contracts, software maintenance contracts and production backlog, business combination activities, the amount paid to buy out a restraint of trade agreement (see Note 11) and development costs for improving existing software solutions.

(a) Intangible assets acquired separately

Intangible assets acquired separately comprise mainly the restraint of trade agreement. It has an indefinite useful life and is, consequently, recognised at its acquisition cost less any accumulated impairment losses.

(b) Intangible assets acquired in a business combination.

Intangible assets acquired in a business combination are identified and recognised separately from goodwill if they meet the definition of an intangible asset. The cost of intangible assets corresponds to their fair value on the date of acquisition.

After initial recognition, these intangible assets are depreciated using the straight-line method over an expected useful life which is the following:

- Software (and associated contracts): 5-10 years
- Order books: 3 months to 5 years

(c) Intangible assets generated internally

Research costs are recognised as an expense in the period in which they are incurred.

Development costs are capitalised when they meet the following criteria:

- the technical feasibility needed for completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the probability that future economic benefits will flow to the Group as a result of the intangible asset;
- the availability of adequate technical, financial and other resources to realise the intangible asset;
- the ability to measure reliably the expenditure attributable to the intangible asset during its development;

Development costs that meet the above criteria are treated as assets up to the level of the direct costs attributed to the project. They are depreciated over the expected useful life, as of the project commercialisation date.

Bearing in mind the specific characteristics of the Group's activities, the crucial criterion is technical feasibility, since that is generally the last criterion met. The risks and uncertainties inherent in the development of new software are such that it is impossible to demonstrate a product's technical feasibility until shortly before it is launched. Consequently, costs incurred in this phase of development, which are likely to be capitalised, are not significant and are therefore recognised in profit or loss as they are incurred.

Internal and external direct expenses incurred for major updates to marketed software and upgrades delivering additional functionalities are capitalised.

(d) Derecognition of intangible assets
An intangible asset is derecognised when it is disposed of or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an intangible asset (determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset) is recognised in profit or loss.

2.9 Tangible fixed assets

Tangible fixed assets are recognised at their acquisition cost, including directly attributable costs less accumulated depreciation and any impairment losses.

Subsequent expenditures are capitalised if it is probable that the future economic benefits associated with the item will flow to the Group and if their cost can be estimated reliably. All other expenditures are recognised immediately as expenses as they are incurred.

Items are depreciated using the straight-line method in accordance with the expected useful life of the item in question. An impairment loss is recognised, where appropriate, when the carrying amount exceeds the recoverable amount (see Note 2.10).
The estimated useful lives are as follows:

- Facilities and fixtures: 10 years
- Transport equipment: 5 years
- Office equipment: 3-5 years
- Computer hardware: 3 years
- Office furniture: 10 years

The depreciation arrangements for property, plant and equipment are reviewed annually and can be modified prospectively according to the circumstances.

A tangible fixed assets item is derecognised when it is disposed of or when no future economic benefits are expected from the continuing use of the asset. The gain or loss arising from the disposal or retirement of a property, plant and equipment item is the difference between the sale proceeds and the carrying amount of the asset, and is recognised in profit or loss.

2.10 Impairment of property, plant and equipment and of intangible fixed assets

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets in order to determine if there is any indication of an impairment loss. If there is, then the recoverable amount is estimated with a view to determining the amount of the impairment loss. If it is not possible to estimate the recoverable amount of the individual asset, the Group shall determine the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. When measuring value in use, estimated future cash flows are discounted by applying a pre-tax rate that reflects the current assessment of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If the recoverable amount of an asset (or CGU) is less than its carrying amount, the carrying amount of the asset (or CGU) shall be reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

If an impairment loss is reversed subsequently, the carrying amount of the asset or CGU is increased in line with the revised estimated recoverable amount provided the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. The reversal of an impairment loss is recognised immediately in profit or loss. However, no reversal is possible for impairments of goodwill.

2.11 Fair value

The Group measures financial instruments, such as derivative instruments and financial assets held for sale, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement implies that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or, in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal (or most advantageous) market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The measurement of an asset takes into account a market participant's ability to generate an economic benefit by using the asset in its highest and best use or by selling it to another market participant that will use the asset in its highest and best use. Highest and best use takes into account the use of the asset that is physically possible, legally permissible and financially feasible, as follows:

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All of the assets or liabilities for which a fair value is measured or presented in the consolidated financial statements are classified in the fair value hierarchy (see Note 24).

2.12 Non-derivative financial instruments

(a) Classification

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, investments held until their maturity, and financial assets held for sale. Classification is determined at the time of initial recognition and depends on the objective sought at the time of acquisition.

The Group's financial assets comprise financial assets held for sale and loans and receivables. Loans and receivables comprise trade receivables and other receivables, deposits and guarantees, as well as cash and cash equivalents. Financial assets held for sale comprise non-consolidated holdings in listed and unlisted companies.

Financial liabilities are classified as financial liabilities at fair value through profit or loss or other financial liabilities.

The Group's financial liabilities comprise bank borrowings, and trade and other payables. They are classified as other financial liabilities in accordance with IAS 39.

(b) Initial measurement
Financial assets/liabilities are recognised initially at fair value, plus/less - for financial instruments which are not at fair value through profit or loss - directly attributable transaction costs.

(c) Subsequent measurement
After initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less provisions for impairment, when management is of the opinion that there is an objective indicator of impairment that will decrease the initially expected cash flows. Discounting is omitted for short-term loans and receivables, bearing in mind the negligible impact of discounting.

The effective interest method is a method for calculating the amortised cost of a financial instrument and allocating interest income during the period in question. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, where appropriate, over a shorter period, to the net carrying amount.

Assets held for sale are measured subsequently at fair value with recognition of latent gains or losses in other comprehensive income and accumulated in the "remeasurement reserve" until the investment is either derecognised, leading to recognition of accumulated gains or losses in profit or loss ("recycling").

The other financial liabilities are subsequently measured at amortised cost using the effective interest method.

(d) Impairment of financial fixed assets

Assets at amortised cost
At each reporting date, the Group ascertains whether there is an objective indication of an impairment loss on a financial fixed asset or a group of financial assets. If there is such an objective indication (such as major financial difficulties experienced by the counterparty, breach of contract or the growing probability of bankruptcy or other financial restructuring of a debtor), the asset is subjected to an impairment test. The recognised amount of the impairment loss is the difference between the carrying amount of the asset and the amount of estimated future cash flows, discounted at the original effective interest rate of the financial asset. The carrying amount of the financial asset is reduced immediately by the amount of the impairment loss.

With respect to trade receivables, a provision for impairment is recognised when there is an objective indication (such as the age of the receivable, the existence of a dispute or major financial difficulties on the part of a customer) that the Group will not be able to recover the receivable according to the original terms of the invoice. The carrying amount of the trade receivable is reduced by using an allowance account. Changes in the carrying amount of the provision for impairment are recognised in profit or loss.

If, during a later period, the amount of the impairment loss decreases and if this decrease can be objectively linked to an event arising after the recognition of the impairment, the previously recognised impairment loss is reversed, provided the carrying amount of the asset on the date of reversing the impairment does not exceed the amortised cost that would have been obtained if the impairment had not been recognised.

Assets classified as "held for sale"
At each reporting date, the Group ascertains whether there is an objective indication of an impairment loss on a financial asset or a group of financial assets. For investments in equity instruments held for sale, a significant or prolonged decrease in the fair value of the security below its cost constitutes an objective indication of impairment loss. If the tested asset is considered impaired, the impairment loss recognised in equity is reclassified in profit or loss. The amount of the impairment loss recognised is the difference between the acquisition cost of the interest and its fair value at the end of the period. Any rise in the rate beyond the net carrying amount cannot be reflected in profit or loss but in equity, in accordance with IFRS.

(e) Derecognition
A financial asset is derecognised if and only if the contractual rights to cash flows related to the financial asset mature or if the Group substantially transfers all of the risks and rewards inherent to ownership of the asset.

A financial asset is derecognised if and only if the obligation stated in the contract is settled or cancelled or if it matures.

(f) Offset
A financial asset and a financial liability are offset and the net amount is presented in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and an intention either to settle them on a net basis, or to realise the asset and settle the liability simultaneously.

2.13 Derivative financial instruments
The Group uses various derivative financial instruments to manage its exposure to changes in interest rates and exchange rates.

Derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is concluded, and subsequently measured at fair value at the end of each period. The resulting gain or loss is immediately recognised in profit or loss, unless the derivative is a designated and effective hedging instrument.

2.14 Trade and other receivables
Trade receivables are amounts receivable from customers for goods sold or services rendered in the normal course of business. They are part of current assets provided they are realised during the normal operating cycle. Otherwise, they are part of non-current assets.

2.15 Cash and cash equivalents
Cash and cash equivalents comprise cash at bank, cash in hand, short-term deposits originally maturing in less than three months and any monetary investment subject to a negligible risk of change in value.

For the purposes of the consolidated cash flow table, cash and cash equivalents comprise cash and cash equivalents as defined above, net of current bank overdrafts. Current bank overdrafts are presented on the liabilities side of the balance sheet under "financial debt" in current liabilities.

2.16 Trade and other payables
Trade payables are obligations to pay for goods and services acquired in the normal course of business. They are part of current liabilities provided they are settled during the normal operating cycle. Otherwise, they are part of non-current liabilities.

2.17 Provisions

(a) General
A provision must be recognised if:
- the Group has a present legal or implicit obligation as a result of past events;
- it is probable that resources will have to be expended to meet the obligation;
- the amount of the obligation can be estimated reliably.

The provisions are recognised at the current value of the expected expenditure of resources.

The provisions are discounted if the time impact is significant. The impact of the discount realised at each reporting date is recognised in finance costs.

(b) Onerous contracts
The present obligations arising from onerous contracts are recognised and measured as provisions. A contract is considered onerous when the Group has concluded a contract for which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

2.18 Taxes

Tax expense includes current tax and deferred tax.

(a) Current tax

Current tax comprises the estimated amount of tax payable (or receivable) on the taxable profit (or loss) for a period realised by the Company and its subsidiaries, and any adjustments to the current tax for previous periods. It is calculated on the basis of the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Management relies on its own judgement and estimates in situations where the tax regulations are open to interpretation. These positions are reviewed regularly.

(b) Deferred taxes

Deferred taxes are recognised using the liability method to the extent of the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. No deferred tax is recognised if it arises from the initial recognition of an asset or liability in a transaction, other than a business combination, which, at the time of the transaction, affects neither accounting profit (loss) nor taxable profit (tax loss). In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred taxes are determined using tax rates and tax regulations which have been enacted or substantively enacted by the end of the reporting period and which are intended to apply when the deferred tax asset in question is realised or when the deferred tax liability is settled.

Deferred tax assets are recognised only in so far as the realisation of a future taxable profit, which will allow the charging of temporary differences, is probable. To assess the Group's ability to recover these assets, the following are taken into account: forecasts of future tax results, the share of non-recurring charges that will not reoccur in the future included in past losses, the history of taxable profits for prior periods, and, if applicable, the tax strategy such as the proposed disposal of undervalued assets.

Deferred tax assets are recognised for temporary differences linked to investments in subsidiaries, save when the timetable for reversal of these temporary differences is controlled by the Group and when it is probable that such reversal will not take place in the near future.

Deferred tax assets and liabilities are offset per tax entity when the tax entity is entitled to offset its current tax assets and liabilities, and when the deferred tax assets and liabilities in question are levied by the same taxation authority.

2.19 Operating leases

Leases for which the lessor retains nearly all the risks and rewards inherent to ownership of an asset are classified as operating leases. Operating leases are not capitalised. Rents are recognised as operating expenses.

2.20 Principle of recognising revenue

Revenue is recognised at fair value of the consideration received, less patronage dividends, trade discounts and taxes on sales.

The Group generates its revenue from two main sources:

- consultancy and engineering services;
- sales of licences (software) via a single licence, maintenance services related to licence sales comprising updates and technical support, SaaS contracts (see definition below) and the development of additional functionality to standard products commissioned by customers.

SaaS (Software as a Service) sales are based on the principle of providing access to an application over the Internet. Users pay for the service via a service subscription, unlike the traditional model of providing software under a single licence and installing it on the customer's own servers.

(a) Consultancy and engineering services
Revenue from fixed-price services is recognised as the service is provided, depending on progress, when the profit or loss upon completion can be determined reliably. The progress is determined by comparing the accumulated costs incurred as of a given date to the total planned costs of the contract. When it is probable that the total costs of the contract will exceed the total income from the contract, the expected loss is recognised immediately as an expense. Services relating to these contracts are found in the consolidated statement of financial position under "Trade and other receivables" for the proportion of accrued income and under "Other liabilities (current)" for the proportion of deferred income. When the outcome of a fixed-price contract cannot be estimated reliably, the revenue is recognised only within the limit of contract costs incurred that will probably be recovered.

Revenue from services arising from cost-plus contracts is recognised as the service is provided.

(b) Sales of licences, maintenance contracts and provision of SaaS applications
Revenue from licences is recognised, provided the Group has no other obligations to meet, in the event of an agreement with the customer, that delivery and acceptance take place, that the amount of the income and associated costs can be measured reliably, and that it is probable that the economic benefits associated with the transaction will flow to the Group. If one of the criteria is not met, recognition of the revenue arising from the sale of the software licence is deferred until all of the criteria are met. Any discounts and rebates are subtracted from sales.

Revenue from fixed-price services is recognised as the service is provided, depending on progress, when the profit or loss upon completion can be determined reliably. See Note 2.20 a) for more details.

Maintenance contracts (including updates and technical support) are concluded when the customer acquires the licence for the underlying software. Such contracts can be renewed by the customer at the end of each fixed term. Maintenance revenue is recognised using the straight-line method over the term of the contract.

Services to develop additional functionality commissioned by the customer for standard products are recognised when the service is provided.

Services provided in connection with SaaS are the subject of a tacitly renewed contract and are calculated on the basis of a fixed price with costs and resources incurred by the Group to provide such services. Income from these contracts is recognised pro rata over the term of the contract and results in, where applicable, the recognition of deferred income.

2.21 Distribution of dividends
The distribution of dividends to the shareholders of the parent company is recognised as a liability in the Group's financial statements in the period in which the dividend distribution was approved by the General Meeting of shareholders.

2.22 Earnings per share
Earnings per share are calculated by dividing profit or loss (attributable to the shareholders of the parent company) by the weighted average number of ordinary shares in circulation during the period.

Treasury shares are ignored in the calculation of earnings per share or diluted earnings per share.

The diluted earnings per share amount is calculated by dividing profit or loss (attributable to the shareholders of the parent company) by the average weighted number of ordinary shares in circulation, plus all dilutive potential ordinary shares (subscription options, warrants, etc.), less treasury shares.

A share subscription plan is considered dilutive when it results in the issue of ordinary shares at a price lower than the average market price during the period.

2.23 Employee benefits

(a) Short-term benefits
Expenses relating to short-term benefits comprise gross pay, social security contributions, paid leave and other short-term benefits. They are recognised as an expense in the period in which the services are rendered by the personnel. Sums unpaid on the reporting date are found in "Other current liabilities".

(b) Defined contribution retirement plans
Expenses relating to defined contribution plans are recognised in profit or loss on the basis of contributions paid or payable for the period in which the associated services were rendered by the beneficiaries. Sums unpaid as at the reporting date are recognised in "Other current liabilities".

(c) Defined benefit retirement plans
Defined benefit retirement plans are post-employment benefit plans other than defined contribution plans, including mainly retirement obligations defined by French collective agreements or company-level agreements.

The Group's commitments relating to defined benefit plans are measured using an actuarial technique, the projected unit credit method. This method is based mainly on a projection of future pension levels payable to employees, anticipating the impact of their future salary increases, and on specific assumptions, detailed in Note 18, which are updated periodically by the Group.

The Group does not outsource the management or financing of retirement benefits to an external fund.

(d) Compensation for termination of employment contract
Termination benefits are recognised as an expense when the Group is demonstrably engaged, without any real possibility of withdrawing, in a formalised and detailed plan either for dismissal prior to the normal retirement date or offers encouraging voluntary retirement with a view to reducing staff numbers.

2.24 Share capital

(a) Ordinary shares
Ordinary shares are classified as equity instruments. Ancillary costs directly attributable to the issue of ordinary shares or share options are recognised as a deduction from equity, net of share.

(b) Own shares
All of the treasury shares held by the Group are recognised at their acquisition cost taken from equity. The income (or expense) from any disposal of treasury shares is charged directly to the increase (or decrease) of equity (net of taxes), so that any gains or losses do not affect the profit or loss from the period.

2.25 Share-based payments
Share options representing share-based payments, settled in equity instruments, are regularly awarded to management personnel and certain employees. The Group measured the fair value of these instruments on the allocation date using the Black & Scholes model (see Note 36). The fair value of the options is fixed on the allocation date. It is recognised as personnel expenses using the straight-line method between the date on which the rights were awarded and their date of maturity with a direct consideration in equity.

At the end of the plan, the amount of accumulated benefits accounted for is retained in reserves, whether the options are exercised or not.

NOTE 3. ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing consolidated financial statements, management issues judgements, performs estimates and formulates assumptions likely to have an impact on the amount of assets, liabilities, income and expenses recognised in the consolidated financial statements, as well as on the information in the notes on contingent assets and liabilities on the reporting date.

3.1 Critical judgements made in connection with applying accounting policies

The following analysis presents the critical judgements made in connection with applying the Group's accounting principles, excluding those which involve estimates, having the most significant impact on the amounts recognised in the consolidated financial statements.

(a) Control of subsidiary Sword IT Solution Ltd

Note 6 states that Sword ITS, the parent company of AAA Group Ltd, AAA Ltd and Sword Charteris Ltd, is a Group subsidiary, even though it has only a 48.96% interest in ITS. Under the articles of incorporation, the Group has the power to appoint the majority of members of the Board of Directors of Sword ITS, including the director serving as chairman of the Board of Directors. Since the decision-making process of this company is governed by a simple majority voting system, the Group can implement, alone, its proposed strategic and operational approaches. The Group's management personnel examined the provisions of the articles of incorporation in the light of the obligations imposed by IFRS 10 and concluded that the Group controls it.

(b) Control of subsidiary Sword Technologies SA (Suisse) (formerly Sword IF SA)

Following the merger between Inea IT Services SA ("Inea"), a Swiss company, and Sword Technologies SA, taking effect on 1 July 2014, the Group's interest in Sword Technologies SA dropped from 60% to 45%. Although the Group no longer holds a majority interest in Sword Technologies SA, a shareholders' agreement concluded on the same date gives it the power to appoint and dismiss members of the Board of Directors of Sword Technologies SA. The Group also has the power to have its dividend distribution recommendations voted on. The majority shareholder undertakes to implement proposals for strategic and operational guidelines formulated by the Group. The Group's management personnel examined the provisions of the agreement in the light of the obligations imposed by IFRS 10 and concluded that the Group controls it. Prior to the merger, the Group's interest (40.11%) in Inea was the subject of a shareholders' agreement whose terms are identical to the current agreement. Consequently, Inea's accounts were consolidated by the Group since the interest was taken in 2014 until the merger date.

(c) Determining cash-generating units (CGUs) for impairment testing goodwill

As recommended in IAS 36, the goodwill arising from a business combination is allocated to a CGU likely to benefit from business combination synergies. Bearing in mind the impact of synergies based on organisational and commercial criteria and the level at which the goodwill is managed and its performance assessed by the Group, the CGUs selected by the Group for the needs of impairment testing correspond to the Group's operating segments, i.e. IT services and software.

3.2 Main sources of uncertainty about estimates

Key assumptions and the other main sources of uncertainty about estimates on the reporting date are detailed below.

(a) Recognising revenue and costs for fixed-price services contracts

Applying the progress method for fixed-price services contracts, the Group regularly assesses the progress of said contracts in progress on the basis of objectives reached or costs insured and estimated profit upon completion. These significant estimates pertain mainly to total contract costs, costs remaining until completion, total income from the contract and contractual risks. If these estimates show that a contract will make a loss, a provision for loss upon completion is recognised immediately, covering the loss in full.

(b) Impairment testing goodwill
Goodwill is subject to impairment testing at least annually, in accordance with the accounting principles set out in Note 2.7. The CGUs' recoverable amounts are determined on the basis of the calculation of their value in use and, where appropriate, their fair value less costs to sell. The CGUs' value in use is determined using the future discounted net cash flows method, which is influenced by parameters such as estimated medium and long-term revenue growth, expected rate of profitability and discount rate applied. The assumptions selected by the Group for performing tests are presented in Note 12. Any change to these assumptions could have a significant effect on the recoverable amount.

(c) Measurement of intangible fixed assets arising from a business combination
The Group uses valuation techniques and assumptions to determine the fair value of intangible assets arising from a business combination. The valuation techniques and assumptions used are described in Note 24. The adoption of a different valuation model and any change to underlying variables could have a significant impact on the value allocated to these assets.

(d) Useful life of intangible fixed assets acquired in business combinations
Depreciable intangible assets acquired in business combinations are valued and amortised taking into account their useful life forecast by the Group. Uncertainties regarding these estimates are related mainly to the technical obsolescence that could affect software intended for sale or leased under SaaS arrangements and to the erosion rate of customers or contract renewals that could impact assets such as contracts to deliver software as a service (SaaS), support contracts and, where appropriate, customer relations.

(e) Intangible fixed assets with indefinite lives
The Group is of the opinion that the fee paid by the Group to Tipik Communication Agency SA ("Tipik") (see Note 9) to cancel a restraint of trade agreement (see Note 11) is comparable to a no-time-limit operating licence granted to the Group, an authorisation without which the Group would be unable to generate any cash flow within the scope of business activities subject to the restraint of trade agreement. Consequently, the fee paid was classified as an asset with an indefinite useful life that is subject to impairment testing at least once per year.

(f) Recognition of deferred tax assets
Deferred tax assets can be recognised only in so far as the tax losses can be used to reduce the tax burden on taxable profits. The Group's management uses budgets and medium-term growth and profitability assumptions to recognise deferred tax assets. A downward revision of the projections established by management can significantly influence the recoverable nature of deferred tax assets.

(g) Valuation of retirement obligations for defined benefit plans
The Group takes part in defined benefit retirement plans. Commitments pertaining to these plans are calculated on the basis of actuarial calculations based on assumptions such as the discount rate, future salary increases, employee revenue rate, mortality tables and the growth rate of health care expenditures.

Most of these assumptions are updated annually. The assumptions selected and how they are determined are detailed in Note 18. The Group estimates that the actuarial assumptions selected are appropriate and justified under current conditions. However, these commitments are likely to change if the assumptions change.

NOTE 4. FINANCIAL RISK MANAGEMENT POLICY
The Group is exposed to credit risk, liquidity risk and market risk (including interest rate risk) with respect to the use of financial instruments. Financial risk management is handled by the Finance Department and consists of minimising the potentially unfavourable impact of these risks on the Group's performance. This note gives information on the Group's exposure to various risks as well as on how the Group addresses and manages these risks.

4.1 Credit risk

The credit risk is the Group's risk of loss if a customer or any other counterparty of a financial instrument is inadequate in the performance of its obligations. The main credit risk identified by the Group pertains to trade receivables, to which are added accrued income for work in progress and cash in financial institutions.

The Group's maximum exposure to credit risk by class of financial asset can be analysed as follows:

(In €'000)	31 December 2015	31 December 2014
Trade receivables	41,223	34,310
Other assets	14,626	9,360
Cash and cash equivalents	62,112	104,301
TOTAL	**117,961**	**147,971**

In addition to the credit risk exposure inherent to the holding of financial assets, there is the risk of default represented by accrued income for work in progress, the balance of which as at 31 December 2015 was €15,469,000 (2014: €14,626,000). See Note 15.

The Group rigorously selects its counterparties on the basis of their credit standing, measured on the basis of multiple criteria including ratings from agencies and financial ratios.

In addition to the customers' acceptance conditions, the Group's Finance Department determines the maximum payment deadlines and sets customer credit limits applied by the business units.

The customer credit risk is managed by the Finance Department of each Group business unit. Trade receivables due are reviewed regularly at each reporting date by the business units. Each significant delayed payment is monitored and, if necessary, given an action plan. At each reporting date, those receivables at risk of non-recovery are subject to an allowance representing the best estimate of the probable loss the Group will incur. See Note 15.

The Group's Finance Department regularly reviews trade receivables and work in progress on the basis of aged balances.

The Group's trade receivables classified by customer category are as follows:

(In €'000)	31 December 2015	31 December 2014
State-owned companies	6,360	5,100
Large companies and multinationals	24,019	21,731
SMEs	12,397	8,489
TOTAL	**42,776**	**35,320**

There is no significant concentration of credit risk at Group level on the basis of trade receivables as at 31 December 2015.

No customer accounts for more than 10% of the Group's revenue. The top 10 customers together account for 17.5% (2014: 18.6%) of the Group's revenue.

Cash, cash equivalents and short-term investments are invested with seven financial institutions having an S&P rating of AA- or higher. With respect to managing its cash surpluses, the Group adopts a cautious short-term investment policy.

4.2 Liquidity risk

The liquidity risk is the risk that the Group will not be able to meet its financial obligations.

The Board of Directors of the parent company is ultimately responsible for managing liquidity risk. It has established a framework for managing liquidity risk based on proposals formulated by the Group's Finance Department. The Group manages liquidity risk by maintaining adequate reserves, maintaining banking facilities, closely monitoring projected and actual cash flows and adjusting, if necessary, the maturities of financial assets and liabilities. The details of the lines of credit available to the Group to further reduce its liquidity risk are described in Note 20.

The Group's Finance Department has established tools for monitoring projected cash flows for each of the Group's business units, enabling it to manage the liquidity risk with sufficient visibility.

The tables below provide an analysis by class of maturity, according to the amount of time until the contractual maturity date, for the Group's non-derivative financial liabilities and derivative financial assets and liabilities. To assess and manage the liquidity risks of derivative financial instruments, the Group considers both contractual cash inflows and outflows, whereas for non-derivative liabilities, only contractual outflows are considered. The tables were prepared on the basis of non-discounted cash flows according to the closest date by which the Group could be required to make a payment. The tables include cash flows related to interest and principal. In so far as interest flows are floating rate, the non-discounted amount is obtained on the basis of market conditions prevailing on 31 December 2015.

As at 31 December 2015 and 2014, the contractual maturities for the Group's non-derivative financial liabilities and derivative financial assets and liabilities (including interest payments) are as follows:

As at 31 December 2015

(In €'000)	**<1 year**	**>1 year, < 2 years**	**> 2 years, < 3 years**	**>3 years, <5 years**	**> 5 years**	**TOTAL**
Bank borrowings						
Share capital	-	-	*(19,000)*	-	-	*(19,000)*
Interest	*(163)*	*(163)*	*(75)*	-	-	*(401)*
Bank overdrafts	(668)	-	-	-	-	(668)
Interest rate swaps						
Fixed, paid	*(70)*	-	-	-	-	*(70)*
Variable, received	*(7)*	-	-	-	-	*(7)*
Trade and other payables	(17,607)	-	-	-	-	(17,607)
Other liabilities	(410)	(3,812)	-	-	-	(4,222)
Financial guarantee given	(8,000)	-	-	-	-	(8,000)
TOTAL	**(26,925)**	**(3,975)**	**(19,075)**	**-**	**-**	**(49,975)**

As at 31 December 2014

(In €'000)	**<1 year**	**>1 year, < 2 years**	**> 2 years, < 3 years**	**>3 years, <5 years**	**> 5 years**	**TOTAL**
Bank borrowings						
Share capital	-	*(14,225)*	*(25,225)*	*(15,450)*	*(223)*	*(55,123)*
Interest	*(704)*	*(628)*	*(152)*	*(82)*	-	*(1,566)*
Bank overdrafts	(935)	-	-	-	-	(935)
Interest rate swaps						
Fixed, paid	*(157)*	*(70)*	-	-	-	*(227)*
Variable, received	*108*	*61*	-	-	-	*169*
Sales of currency option contracts						
Delivered	*(16,327)*	-	-	-	-	*(16,327)*
Received	*16,327*	-	-	-	-	*16,327*
Trade and other payables	(13,455)	-	-	-	-	(13,455)
Other liabilities	(90)	(1,990)	-	-	-	(2,080)
Financial guarantee given	(11,000)	-	-	-	-	(11,000)
TOTAL	(26,323)	(16,852)	(25,377)	(15,532)	(223)	(84,217)

Sales of currency option contracts mature within three months following 31 December 2014 and since the contracts are for the most part in a situation where they will be exercised, the cash flows are based on the rates stipulated in the contracts.

The variable rate used to estimate the interest cash flows is the 3-month Euribor, i.e. a rate of (0.131)% at 31 December 2015 (31 December 2014: 0.078%).

The financial guarantees granted by the Group and detailed above correspond to the Group's maximum exposure. Apart from the amounts for which provisions were set aside (Note 19), management is of the opinion that, at the reporting date, the probability of such an amount being payable is low.
The amounts in the above tables reflect the non-discounted contractual cash flows, which can differ from the carrying amounts of the assets and liabilities in question on the date the financial information is submitted.

4.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The market risk arises from open positions in foreign currencies and interest-bearing assets and liabilities.

(a) Foreign currency risk

Exposure to exchange rate risk arises from sales and purchases made by the Group abroad, mainly denominated in US dollars and sterling, and the resulting outstandings. The Group also holds bank deposits in US dollars.

With a view to managing its exposure to exchange rate risk, the parent company's Board of Directors adopted limits for each currency and each maturity, pursuant to a proposal by the Finance Department.

In order to mitigate the Group's exposure to exchange rate risk, the Group's net foreign currency positions classified by maturity, both real and estimated on the basis of budgets and financial projections, are monitored and spot or forward contracts are concluded in order to respect the limits set.

The table below shows the carrying amounts of monetary assets and liabilities denominated in foreign currencies as well as the overall net position for each currency on the reporting date:

	Assets		Liabilities		Net position	
(In €'000)	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Pound sterling	49,249	76,125	(26,341)	(44,156)	22,908	31,969
US dollar	8,540	11,805	(4,809)	(9,101)	3,731	2,704
Swiss Franc	25,123	23,046	(17,889)	(5,672)	7,234	17,374
Indian rupee	524	456	(132)	(107)	392	349
Other	1,348	3,205	(1,125)	(2,034)	223	1,170

The table below illustrates the sensitivity of net profit or loss and equity to fluctuations against the euro of exchange rates applied to the Group's financial assets and liabilities denominated in foreign currencies, i.e. the Group's net position in the currency, with all other variables remaining constant. It assumes a fluctuation in the exchange rate in line with the historical volatility of exchange rates on the market, calculated on the basis of the last 12 months, with the exception of the Swiss franc (see below). The sensitivity analysis is based on financial instruments denominated in foreign currencies held by the Group on the date that financial information is presented. It takes account of foreign exchange forward contracts that offset the impact of exchange rate fluctuations. Non-significant currencies on the reporting date have been grouped together.

(In €'000)	**31 December 2015**			**31 December 2014**		
Currency	**Exchange rate changes**	**Impact on earnings**	**Impact on equity**	**Exchange rate changes**	**Impact on earnings**	**Impact on equity**
Pound sterling	4%	999	940	4%	557	1,954
US dollar	8%	30	464	8%	37	122
Swiss Franc	10%	(568)	2,290	10%	122	2,228
Indian rupee	6%	1	1	6%	2	27

The above exchange rate changes represent management's best estimate, bearing in mind historical volatility.

(b) Interest rate risk
The Group's exposure to the risk of interest rate changes is linked to the Group's financial debt level. The Group manages this risk by maintaining an appropriate composition of fixed rate and floating rate borrowings and by using interest rate swaps.

The risk management policy takes account of management's anticipated rate fluctuations, historical volatility and the impact of fluctuations on the Group's profit or loss.

As at 31 December 2015, after taking account of interest rate swaps, around 13.2% of the Group's debt is reimbursed at a fixed interest rate (2014: 32.4%).
Despite the significant proportion of floating rate borrowings, the Group estimates that its exposure to interest rate fluctuations is limited, given current monetary policies.

The main borrowings are denominated in euro and held with the Company.

The sensitivity analysis for floating rate debts was prepared in accordance with the assumption whereby debts on the reporting date presented a stable outstanding throughout the period.

If interest rates were to rise/fall by 50 basis points (corresponding to management's assessment of the reasonably possible interest rate fluctuation) and if all other variables remain constant, the profit or loss for the period ended 31 December 2015 would fall/rise by €98,000 (31 December 2014: €270,000).

4.4 Capital management

The Group manages its capital in such a way that it can ensure ongoing operations while maximising return for stakeholders by optimising the gearing ratio (net debt to equity).

The Group is not subject to any external capital requirements, with the exception of complying with the financial ratios imposed by the banks (see Note 20.3).

As at 31 December 2015, the financial structure ratio is as follows:

(In €'000)	31 December 2015	31 December 2014
Financial debt	19,668	56,058
Cash and cash equivalents	(62,112)	(104,301)
Net debt	**(42,444)**	**(48,243)**
Equity	161,293	161,778
NET DEBT RATIO	**(26.31%)**	**(29.82%)**

NOTE 5. SEGMENT INFORMATION

In accordance with IFRS 8, the segment information presents operating segments comparable to industries identified on the basis of the Group's "business' components. This segment information is based on the organisation of the Group's internal management, which leads to the preparation - in each "business" component - of management tools used by the Group's management.

Taking a "business" approach, the Group defined two operating segments, i.e. the "IT Services" industry and the "Software" industry, both of which influence the Group's performance measurement and strategic approach.

Around the operating segments gravitate support functions, such as sales, finance, human resources and logistics.

The industries are defined as follows:

- **IT Services (Solutions)**:
  This is a division specialising in information and content engineering systems integration and targeting regulated markets and compliance management. It bases its strategy on technical software components such as document management tools.

- **Software (or Products):**
  This division covers software for Governance Risk & Compliance (GRC), document management and large project management. It also includes applications for vehicle and equipment financing mainly for lease companies and brokers.

5.1 Information by geographical area

The table below shows the breakdown of revenue by geographical market, excluding intra-industry revenue and information on non-current assets by geographical area:

	Revenue from external customers		*Non-current assets [(*)]*	
(In €'000)	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Benelux	17,392	25,200	23,528	20,474
France	26,344	22,300	13,168	13,543
Switzerland	27,915	24,800	30,880	27,528
United Kingdom	32,994	26,900	61,005	49,211
United States	9,185	7,500	145	138
Other	23,734	10,369	822	270
TOTAL	**137,564**	**117,069**	**129,548**	**111,164**

[(*)] *Non-current assets exclude financial instruments and deferred tax assets.*

5.2 Information by industry

(a) Income statement analysis
As at 31 December 2015

(In €'000)	**IT Services**	**Software**	**Non-allocated**	**Consolidated total**
Revenue				
- outside the Group *(external customers)*	93,538	44,026	-	137,564
- intra-industry	-	-	-	-
TOTAL REVENUE	**93,538**	**44,026**	**-**	**137,564**
Earnings before interest, taxes, depreciation and amortisation, excluding non-recurring elements (EBITDA)	**9,052**	**12,500**	**-**	**21,552**
Depreciation charges	(3,651)	(1,495)	(12)	(5,158)
Earnings before interest and taxes excluding non-recurring elements (EBIT)	**5,401**	**11,005**	**(12)**	**16,394**
Income from disposals of assets	107	(2)	(675)	(570)
Impairment losses on assets	(455)	-	-	(455)
Other non-recurring items	(1,179)	(371)	(2,496)	(4,046)
Operating profit (OP)	**3,874**	**10,632**	**(3,183)**	**11,323**
Financial result				3,010
Profit or loss of associates				(100)
Income tax				(3,441)
Profit for the period				**10,792**
Non-controlling interests				630
Group share				**10,162**

As at 31 December 2014

(In €'000)	**IT Services**	**Software**	**Non-allocated**	**Consolidated total**
Revenue				
- outside the Group *(external customers)*	82,866	34,203	-	117,069
- intra-industry	-	-	-	-
TOTAL REVENUE	**82,866**	**34,203**	**-**	**117,069**
Earnings before interest, taxes, depreciation and amortisation, excluding non-recurring elements (EBITDA)	**8,837**	**10,016**	**-**	**18,853**
Depreciation charges	(1,995)	(1,145)	(10)	(3,150)
Earnings before interest and taxes excluding non-recurring elements (EBIT)	**6,842**	**8,871**	**(10)**	**15,703**
Income from disposals of assets	(806)	2,670	(349)	1,515
Impairment losses on assets	(488)	(1,112)	-	(1,600)
Other non-recurring items	(249)	(330)	(2,187)	(2,766)
Operating profit (OP)	**5,299**	**10,099**	**(2,546)**	**12,852**
Financial result				3,811
Profit or loss of associates				(10)
Income tax				(3,336)
Profit for the period				**13,317**
Non-controlling interests				1,163
Group share				**12,154**

(b) Analysis of assets and liabilities

As at 31 December 2015

(In €'000)	**IT Services**	**Software**	**Non-allocated**	**Adjustments and eliminations**	**Consolidated total**
Segment assets	117,558	77,385	-	-	194,943
Non-allocated assets	-	-	51,839	-	51,839
TOTAL ASSETS	**117,558**	**77,384**	**51,839**	**-**	**246,782**
Segment liabilities	41,250	15,064	-	111,225	167,539
Non-allocated liabilities	-	-	29,175	(111,225)	(82,050)
TOTAL LIABILITIES	**41,250**	**15,064**	**29,175**	**-**	**85,489**
Intangible and tangible investments made during the period	*2,912*	*5,418*	*75*	-	*8,405*

As at 31 December 2014

(In €'000)	**IT Services**	**Software**	**Non-allocated**	**Adjustments and eliminations**	**Consolidated total**
Segment assets	127,055	59,989	-	-	187,044
Non-allocated assets	-	-	77,776	-	77,776
TOTAL ASSETS	**127,055**	**59,989**	**77,776**	**-**	**264,820**
Segment liabilities	34,490	9,362		131,882	175,734
Non-allocated liabilities	-	-	59,190	(131,882)	(72,692)
TOTAL LIABILITIES	34,490	9,362	59,190	-	103,042
Intangible and tangible investments made during the period	*8,133*	*846*	*9*	-	*8,988*

See Note 12.2 for allocation of goodwill to cash-generating units.

All of the assets are allocated to the segments, with the exception of assets which cannot be allocated to a CGU, which comprise mainly cash and cash equivalents held by the Company.

All of the liabilities are allocated to the segments, with the exception of liabilities which cannot be allocated to a CGU, which comprise mainly financial debt contracted by the Company for the purpose of financing the Group.

NOTE 6. GROUP INFORMATION

6.1 Scope of consolidation

Company	Main business/operating segment	Method	% controlled 2015	% controlled 2014	% interest 2015	% interest 2014
Luxembourg						
Sword Group SE	Parent					
Sword Technologies SA (1)	IT Services	IG	90%	100%	90%	100%
Sword Sol S.à r.l.	Holding company	IG	100%	100%	100%	100%
South Africa						
Sword Création Informatique Ltd	IT Services/Software	IG	100%	100%	100%	100%
Australia						
Active Risk Australia Pty Ltd	Software	IG	100%	100%	100%	100%
Belgium						
FI System Belgium (2)	Holding company	IG	-	100%	-	100%
Sword Integra SA	IT Services	IG	100%	100%	90%	100%
Cyprus						
Apak Beam Ltd	Software	IG	100%	100%	100%	100%
Colombia						
Sword Colombia SAS	IT Services	IG	100%	100%	100%	100%
United States						
Active Risk Inc.	Software	IG	100%	100%	93%	100%
Sword Apak Inc.	Software	IG	100%	100%	90%	97%
Buildonline Inc.	IT Services/Software	IG	100%	100%	100%	100%
Sword Solutions Inc.	IT Services	IG	100%	100%	100%	100%
France						
Sword Connect SAS	IT Services	IG	73%	73%	73%	73%
Sword Consulting France SAS (formerly Simalaya SAS)	IT Services	IG	82%	82%	82%	82%
Sword Insight SAS	IT Services	IG	70%	70%	70%	70%
Sword Kami SAS (3)	IT Services	IG	100%	-	100%	-
Sword Orizon SAS	Software	IG	67%	67%	67%	67%
Sword Performance France SAS (3)	IT Services	IG	100%	-	100%	-
Sword SA	IT Services	IG	100%	100%	100%	100%
India						
Sword Global India Pvt Ltd	IT Services	IG	100%	100%	100%	100%
Lebanon						
Sword Lebanon SAL	IT Services	IG	99%	99%	99%	99%
Sword Middle East LLC	IT Services	IG	98%	98%	98%	98%
Morocco						
Adhoc Sàrl	IT Services	IG	100%	100%	35%	22%

Company	Main business/operating segment	Method	% controlled 2015	% controlled 2014	% interest 2015	% interest 2014
United Kingdom						
AAA Group Ltd	Holding company	IG	100%	-	49%	-
AAA Ltd [(4)]	IT Services	IG	100%	-	49%	-
Apak Group Ltd	Software	IG	90%	97%	90%	97%
Active Risk Group Ltd	Holding company	IG	93%	100%	93%	100%
Active Risk Ltd	Software	IG	100%	100%	100%	100%
Sword Charteris Ltd	IT Services	IG	100%	100%	49%	100%
Mobile Productivity Ltd	Software	IG	100%	100%	100%	100%
Sword Achiever Ltd	Software	IG	100%	100%	100%	100%
Sword Apak Aurius Ltd	Software	IG	100%	100%	90%	100%
Sword General Partners Ltd	Holding company	IG	100%	100%	100%	100%
Sword IT Solutions Ltd	Holding company	IG	49%	-	49%	-
Sword Soft Ltd	Holding company	IG	100%	100%	100%	100%
Sword Technologies Solutions Ltd	IT Services	IG	100%	100%	100%	100%
Switzerland						
CBA Sourcing SA [(5)] [(6)]	IT Services	IG	35%	25%	14%	25%
Eurogenia SA [(5)]	Holding company	IG	41%	-	41%	-
Kenzan Film Factory Sàrl [(7)]	IT Services	IG	-	60%	-	24%
Simalaya Holding SA [(8)]	Holding company	IG	100%	40%	100%	40%
Sword Technologies SA (formerly Sword IF SA) [(9)]	IT Services	IG	45%	45%	45%	45%
Swissgenia SA	IT Services	IG	60%	-	24%	-
Sword Consulting SA (formerly Simalaya SA)	IT Services	IG	100%	96%	100%	38%
Sword Performance AG (formerly Adhoc PES AG)	IT Services	IG	62%	60%	62%	24%
Sword Performance International (formerly Adhoc Int)	IT Services	IG	91%	91%	56%	22%
Sword Services SA	IT Services	IG	100%	100%	100%	100%
Sword Suisse Holding SA	Holding company	IG	100%	100%	100%	100%
The Agile Factory SA [(10)]	IT Services	IG	-	54%	-	21%
1.618 SA [(11)]	IT Services	IG	-	100%	-	40%
Tunisia						
Adhoc CTS Tunisie	Software	IG	95%	95%	59%	23%
Adhoc ISL Tunisie	IT Services	IG	95%	95%	59%	23%
Simalaya Technology Office [(12)]	IT Services	IG	-	67%	-	16%

(1) In the first half of 2015, FI System Belgium disposed of 10% of the shares issued by its subsidiary Sword Technologies SA. See Note 1.2.
(2) Dissolved on 31 December 2015, following a transfer of assets and liabilities to the Group
(3) Established on 23 December 2015
(4) In November 2015, the Group acquired 100% of AAA Group Ltd. See Note 8.1.
(5) At the end of the period, the Group, via a 40.50% interest in Eurogenia SA, held 35% of CBA Sourcing SA and 60% of Swissgenia SA. The shareholders of Eurogenia, Swissgenia and CBA signed a shareholders' agreement enabling the Group to have control over the three companies, which were fully consolidated as at 31 December 2015. See Note 1.2.
(6) For the period ended 31 December 2014, CBA Sourcing SA was equity-accounted.
(7) In July 2015, the Group sold 12% of its interest, after which transaction the shares were classified as an 'equity-accounted shareholding'. In October 2015, the Group disposed of the remaining 48% to the majority shareholder. See Note 1.2, Note 7 and Note 9.1.
(8) In 2015, the Group acquired 60.12% of Simalaya Holding SA, thus increasing its interest to 100%. See Note 1.2.
(9) Effective 1 July 2014, the Group signed a shareholders' agreement giving it control over Sword Technologies SA (Suisse). Consequently, the company is fully consolidated.
(10) In August 2015, the Group disposed of 35% of its interest in The Agile Factory SA, after which transaction the Group had an 18.50% interest. The shares were classified as financial assets held for sale for the period ended 31 December 2015. See Note 1.2. and Note 9.1.
(11) Absorbed by Sword Consulting SA in the second half of 2015
(12) Disposed of on 31 May 2015

6.2 Information on Group subsidiaries in which the non-controlling interests (minority interests) are significant au 31 December 2015

The table below gives details of Group subsidiaries not wholly owned in which the non-controlling interests are significant:

Company	Percentage of interests held via non-controlling interests	Comprehensive income for the year attributed to non-controlling interests	Accumulated non-controlling interests
Sword IT Solutions Ltd	51%	119	1,402
Other	From 1.03% to 65%	1,062	5,686
Total		**1,181**	**7,088**

The table below shows summarised information in respect of Sword IT Solutions Ltd prior to intra-Group eliminations:

(In €'000)	31 December 2015
STATEMENT OF FINANCIAL POSITION (SUMMARY)	
Non-current assets	6,605
Current assets	4,650
Non-current liabilities	(1,271)
Current liabilities	(6,747)
NET ASSETS	**3,237**
Of which:	
Group share	1,835
Non-controlling interests (minority interests)	1,402
STATEMENT OF COMPREHENSIVE INCOME	
Revenue	6,720
Expenses	(3,959)
Profit for the period	**2,761**
Of which:	
Group share	2,748
Non-controlling interests (minority interests)	13
Other comprehensive income	**208**
Of which:	
Group share	102
Non-controlling interests (minority interests)	106
COMPREHENSIVE INCOME FOR THE PERIOD	**2,969**
Of which:	
Group share	2,850
Non-controlling interests (minority interests)	119
Dividends paid to non-controlling interests	-

(In €'000)	31 December 2015
CASH FLOW TABLE STATEMENT (SUMMARY)	
Net cash outflows from operating activities	857
Net cash outflows from investment activities	(737)
Net cash outflows from financing activities	-
Net change in cash and cash equivalents	**120**

NOTE 7. ASSOCIATES

(a) Changes during the year

(In €'000)	31 December 2015	31 December 2014
Balance at the beginning of the financial year	-	-
Acquisition and securing a significant influence (1) (2)	3,913	10
Disposal and loss of significant influence (3)	(1,381)	-
Share of profit or loss for the financial year	(100)	(10)
Dividends paid	-	-
BALANCE AT THE END OF THE FINANCIAL YEAR	**2,432**	**-**

(1) *Following an increase in its interest in Tipik from 18% to 38%, the Group's management deemed that the conditions for exercising a notable influence on Tipik had been met and reclassified its interest as an 'equity-accounted shareholding' for a total amount of €2,482,000.*

(2) *Effective 13 July 2015, the Group disposed of 12% of its subsidiary Kenzan, thus reducing its interest from 60% to 48%. Following the transaction, the Group's management deemed that the conditions for exercising an exclusive influence as per IFRS 10 were no longer met and reclassified its interest as an 'equity-accounted shareholding' for a total amount of €1,381,000.*

(3) *In July 2015, pursuant to the disposal of 12% of Kenzan, the Group disposed of the remaining 48% to the majority shareholder (Note 1.2.).*

(b) Information on significant associates

Company	Place of incorporation and main establishment	Main business/ sector	% interest 2015	% interest 2014
Tipik Communication Agency SA	Belgium	IT Services	38%	18%

The table below shows summarised information about Tipik (after any adjustments by the Group to ensure compliance with the Group's accounting principles by virtue of applying the equity accounting method) :

(In €'000)	31 December 2015
Non-current assets	4,110
Current assets	9,412
Non-current liabilities	-
Current liabilities	12,666
Net assets	**856**
Revenue	8,133
Expenses	8,479
Profit for the period	**(346)**
Other comprehensive income	**-**
Dividends received from the associate during the period	**-**

Since investments in associates were non-significant in 2014, the other disclosures under IFRS 12 were omitted.

NOTE 8. BUSINESS COMBINATIONS AND ACQUISITIONS

8.1 Acquisitions in 2015

(a) Description

AAA Group Ltd

Effective 1 December 2015, the Group acquired a 100% interest in AAA Group Ltd via Sword IT Solutions Ltd ("Sword ITS"), a Group subsidiary. AAA Group Ltd is a UK company holding a 100% interest in AAA Ltd, a UK company specialising in project outsourcing, sourcing and recruitment. The aim of the combination is to enable the Group to reach critical size on the IT services market in the UK and achieve growth by developing its business without new short-term fixed costs, thus boosting its profit margin. Following the transaction, the management of AAA Group Ltd held 51% of Sword ITS. Although the Group has a minority interest, it continues to have sole control over Sword IT Solutions Ltd (Note 1.2).

Swissgenia SA

On 1 April 2015, the Group acquired 60% of Swissgenia SA, a Swiss company specialising in SAP and OpenText. The combination will enable the Group to increase its customer base by having access to some of Switzerland's largest private and public groups.

(b) Consideration transferred

(In €'000)	AAA Group Limited	Swissgenia SA	TOTAL
Consideration settled in cash	2	822	**824**
Less:			
Balance of cash and cash equivalents acquired	(717)	1,335	**618**
NET CASH OUTFLOW	**719**	**(513)**	**206**

(c) Assets acquired and liabilities recognised on the acquisition date (for 100% of the acquired company)

(In €'000)	AAA Group Limited	Swissgenia SA	TOTAL
Non-current assets			
Property, Plant and Equipment	351	9	360
Financial assets	-	100	100
Deferred tax assets	-	131	131
Current assets			
Trade and other receivables	1,519	510	2,029
Other assets	8,695	90	8,785
Cash and cash equivalents	-	1,335	1,335
Non-current liabilities			
Other provisions	(1,338)	-	(1,338)
Current liabilities			
Financial debt	(717)	-	(717)
Trade and other payables	(1,678)	(683)	(2,361)
Other liabilities	(7,870)	(671)	(8,541)
IDENTIFIABLE NET ASSETS ACQUIRED	**(1,038)**	**731**	**(307)**

With the acquisitions, the Group recognised an amount of €530,000 and (€520,000) for non-controlling interests (minority interests) on the acquisition date off AAA and Swissgenia respectively, measured using the partial goodwill method.

(d) Goodwill arising from the acquisition

(In €'000)	**AAA Group Limited**	**Swissgenia SA**	**TOTAL**
Consideration transferred	2	822	**824**
Less: Fair value of identifiable net assets acquired	(1,038)	731	**(307)**
Plus: Non-controlling interests	530	(520)	**10**
GOODWILL ARISING FROM THE ACQUISITION	**510**	**611**	**1,121**

In accordance with IFRS 3, the Group undertook a provisional measurement of the fair value of identifiable assets and liabilities of AAA Group Ltd pending the finalisation of verification entrusted to third-party experts.

The goodwill on the acquisition of Swissgenia, after accounting the acquisitions, is related mainly to forecast growth, expected future profitability and cost reductions arising from the acquisition and medium-term synergies arising from the support the Group provides for this company via support functions.

Goodwill should not be deductible for tax purposes.

(e) Impact of acquisitions on the Group's profit or loss
If these business combinations were in place as at 1 January 2015, the revenue and profit or loss for the period of the acquired entities would be presented as follows:

(In €'000)	**AAA Group Limited**	**Swissgenia SA**	**TOTAL**
Revenue	12,428	3,540	**15,968**
Profit or loss	(1,679)	(276)	**1,955**

For the period running from their acquisition date to 31 December 2015, the acquired company contributed to the Group's revenue and profit or loss in the following proportions:

(In €'000)	**AAA Group Limited**	**Swissgenia SA**	**TOTAL**
Revenue	737	2,168	**2,905**
Profit or loss	11	202	**213**

8.2 Acquisitions in 2014

(a) Description
Charteris Plc
The Group acquired a 100% stake in Charteris Plc on 6 January 2014 in a friendly takeover bid. Charteris Plc, a British services company, is listed on the AIM segment of the London Stock Exchange. It delivers a vast range of consultancy and Microsoft applications integration services for international groups, SMEs and the public sector. The shares were delisted following the acquisition. The Group's aim with the acquisition was to enhance its offering in terms of skills and markets.

Mobile Productivity Ltd
Via its subsidiary Sword Soft Ltd, the Group acquired on 7 April 2014 a 100% stake in Mobile Productivity Plc, a British software publisher whose range complements the Group's "mobile" solutions for managing vehicle finance and capital goods for manufacturing Groups, lease companies and brokers.

Other acquisitions
In financial year 2014, the Group made the following acquisitions:

Company	Place of incorporation and operations	Industry	% controlled in 2014
1.618 SA	Switzerland	IT Services	100%
Idaho SA	France	IT Services	100%
Inea IT Services SA	Switzerland	IT Services	40.11%
Kenzan Film Factory Sarl	Switzerland	IT Services	60%
The Agile Factory SA	Switzerland	IT Services	53.50%

(b) Consideration transferred

(In €'000)	Charteris Plc	Mobile Productivity Ltd.	Other	TOTAL
Consideration settled in cash	2,745	665	3,409	**6,819**
Less:				
Balance of cash and cash equivalents acquired	(199)	392	388	**581**
NET CASH OUTFLOW	**2,945**	**273**	**3,021**	**6,238**

The contract for the purchase of Mobile Productivity Ltd provided for an earnout corresponding to a multiple of the average of the profit or loss of Mobile Productivity for 2015 and 2016, with a cap of €2,953,000. The earnout, known as a "contingent consideration liability", will be paid in the second quarter of 2016. The fair value of this liability was €1,855,000 as at 31 December 2014 (see Note 23). It was based on discounting estimated cash flows.

(c) Assets acquired and liabilities recognised on the acquisition date (for 100% of the acquired company)

(In €'000)	Charteris Plc	Mobile Productivity Ltd.	Other	TOTAL
Non-current assets				
Intangible assets	-	-	307	307
Property, Plant and Equipment	51	11	124	186
Deferred tax assets	786	-	-	786
Other assets	-	-	38	38
Current assets				
Trade and other receivables	1,490	25	815	2,330
Other assets	97	-	1,993	2,090
Cash and cash equivalents	-	392	515	907
Non-current liabilities				
Deferred tax liabilities	-	(1)	-	(1)
Other liabilities	-	-	(151)	(151)
Current liabilities				
Financial debt	(199)	-	(127)	(326)
Trade and other payables	(2,827)	(12)	(696)	(3,535)
Current tax	-	(9)	(66)	(75)
Other liabilities	(1,261)	(47)	(315)	(1,623)
IDENTIFIABLE NET ASSETS ACQUIRED	**(1,863)**	**35**	**2,437**	**933**

With the acquisition of Kenzan Film Factory Sàrl, Inea IT Services SA and The Agile Factory SA, the Group recognised an amount of €873k for non-controlling interests (minority interests) on the acquisition date, measured using the partial goodwill method.

(d) Goodwill arising from the acquisition

(In €'000)	**Charteris Plc**	**Mobile Productivity Ltd.**	**Other**	**TOTAL**
Consideration transferred	2,745	3,179	3,409	**9,333**
Less: Fair value of identifiable net assets acquired	(1,863)	359	2,437	**933**
Plus: Non-controlling interests	-	-	868	**868**
GOODWILL ARISING FROM THE ACQUISITION	**4,608**	**2,820**	**1,840**	**9,268**

The goodwill on acquisitions realised in 2014 related mainly to forecast growth, expected future profitability, the expertise and skills of the staff at the companies acquired, as well as to cost reductions arising from the acquisition and to medium-term synergies arising from the support the Group provides for these companies via support functions.

Goodwill should not be deductible for tax purposes.

(e) Impact of acquisitions on the Group's profit or loss
If these business combinations were in place as at 1 January 2014, the revenue and profit or loss for the period of the acquired entities would be presented as follows:

(In €'000)	**Charteris Plc**	**Mobile Productivity Ltd.**	**Other**	**TOTAL**
Revenue	6,555	800	2,876	**10,231**
Profit or loss	567	127	625	**1,319**

For the period running from their acquisition date to 31 December 2014, the acquired companies contributed to the Group's revenue and profit or loss in the following proportions:

(In €'000)	**Charteris Plc**	**Mobile Productivity Ltd.**	**Other**	**TOTAL**
Revenue	6,555	605	2,321	**9,481**
Profit or loss	567	95	491	**1,153**

NOTE 9. DISPOSALS

9.1 Disposals in 2015

The Agile Factory SA
On 3 August 2015, the Group decided to dispose of 35% of the shares of Swiss subsidiary The Agile Factory SA. (TAF). Payment of the price was recognised as a receivable from the buyer and was paid by offsetting a receivable payable by Sword Suisse Holding SA on 6 January 2016. Following this transaction the Group retained 18.50% of the shares of TAF, which were classified as 'Financial assets held for sale'.

Kenzan Film Factory Sarl
On 13 July 2015, the Group finalised the disposal of 15,000 shares representing 12% of its subsidiary Kenzan Film Factory SA for CHF 300,000 (equivalent to €288,000). Following this transaction the Group retained 48% of the shares, which were classified as shares under 'Equity-accounted shareholding'. In October 2015, the Group disposed of the balance of the shares in return for a receivable estimated at €1,409,000 as at 31 December 2015, settlement of which will be staggered over a period of no more than six years between 2016 and 2021. See Note 1.2, Note 7 and Note 16.

(a) Consideration received

(In €'000)	Kenzan Film Factory Sarl	The Agile Factory SA	Total
Consideration received in cash and cash equivalents	288	-	288
Consideration receivable (*)	-	237	237
TOTAL CONSIDERATION	**288**	**237**	**525**

(*) As at 31 December 2015, the consideration receivable on the disposal of TAF was offset by a receivable the buyer held in respect of Sword Suisse Holding SA.

(b) Analysis of assets and liabilities over which control was lost

(In €'000)	Kenzan Film Factory Sarl	The Agile Factory SA	Total
Non-current assets			
Goodwill	842	77	919
Other intangible assets	1,260	-	1,260
Property, Plant and Equipment	137	255	392
Other assets	-	1	1
Current assets			
Trade and other receivables	263	245	508
Other assets	353	37	390
Cash and cash equivalents	369	229	598
Current liabilities			
Trade and other payables	(196)	(75)	(271)
Current tax liability	(10)	(19)	(29)
Other liabilities	(141)	(87)	(228)
NET ASSETS SOLD	**2,877**	**663**	**3,540**

(c) Profit/(loss) generated on disposal

(In €'000)	Kenzan Film Factory Sarl	The Agile Factory SA	Total
Consideration received/receivable	**288**	**237**	**525**
Less: Net assets sold	(2,877)	(663)	(3,540)
Plus: Fair value of shares retained	1,381	80	1,461
Plus: Non-controlling interests (minority interests)	1,151	353	1,504
PROFIT/(LOSS) ON DISPOSAL	**(57)**	**7**	**(50)**

The profit and loss generated on disposal, including the proportion attributable to the fair value measurement of the interest retained in Tipik, is in the income statement under "income from disposals of assets".

(d) Net cash outflow on disposal

(In €'000)	Kenzan Film Factory Sarl	The Agile Factory SA	Total
Consideration received in cash and cash equivalents	288	-	288
Less: Balance of cash and cash equivalents disposed of	369	229	598
NET CASH OUTFLOW	**(81)**	**(229)**	**(310)**

9.2 Partial disposal with loss of control in 2014

With a view to refocusing its business activities, the Group decided to give up control of Tipik Communication Agency SA ("Tipik") - a 90%-owned Group subsidiary based in Brussels - via a leveraged management buyout, after which the Group retained an 18% interest in Tipik. The disposal was finalised on 10 March 2014.

(a) Consideration received

(In €'000)	**31 December 2014**
Consideration received in cash and cash equivalents	-
Consideration receivable	2,160
TOTAL CONSIDERATION	**2,160**

Subject to certain conditions listed in the contract of disposal, it was initially planned that the price would be paid to the Group by the acquirer in two equal instalments, the first for 50% (€1.08 million) payable by 1 July 2015, and the second payable by 1 July 2016. The receivable resulting from this deferred payment is subject to an interest rate of 1.5% per year. As at 31 December 2015, the consideration receivable was changed to €1.08 million.

(b) Analysis of assets and liabilities over which control was lost

(In €'000)	**10 March 2014**
Non-current assets	
Goodwill	3,541
Other intangible assets	257
Property, Plant and Equipment	562
Other assets	84
Current assets	
Trade and other receivables	13,490
Current tax asset	950
Cash and cash equivalents	1,126
Non-current liabilities	
Financial debt	(3)
Deferred tax liability	(30)
Current liabilities	
Trade and other payables	(1,326)
Current tax liability	(435)
Other liabilities	(13,830)
NET ASSETS SOLD	**4,386**

Following the disposal, the current account balance of €12,280,000 payable by Tipik to the Group and included in "other liabilities" above was subject to bank refinancing to the tune of €11 million, which enabled Tipik to reimburse the Group correspondingly. As at 31 December 2014, Tipik still owed €1.3 million. The refinancing obtained by Tipik is accompanied by a Group guarantee (see Note 19 and Note 38).

(c) Loss generated on disposal

(In €'000)	**31 December 2014**
Consideration receivable	2,160
Less: Net assets sold	(4,386)
Plus: Fair value of shares retained	1,115
Plus: Non-controlling interests (minority interests)	113
LOSS ON DISPOSAL	**(998)**

The loss generated on disposal, including the proportion attributable to the fair value measurement of the interest retained in Tipik, is in the income statement under "income from disposals of assets".

(d) Net cash outflow on disposal

(In €'000)	31 December 2014
Consideration received in cash and cash equivalents	-
Less: Balance of cash and cash equivalents disposed of	1,126
NET CASH OUTFLOW	**(1,126)**

NOTE 10. PROPERTY, PLANT AND EQUIPMENT

(In €'000)	Land and buildings	Facilities, developments and fixtures	Transport equipment	Office equipment and computer equipment	Office furniture	TOTAL
GROSS AMOUNT						
As at 31 December 2013	**141**	**3,019**	**312**	**8,806**	**2,618**	**14,896**
Acquisitions	-	301	-	1,199	361	**1,861**
Acquisitions via business combinations	87	57	-	732	132	**1,008**
Disposals	-	(138)	(11)	(289)	(10)	**(448)**
Deconsolidations	-	(821)	(1)	(725)	(222)	**(1,769)**
Translation difference	16	25	6	312	138	**497**
As at 31 December 2014	**244**	**2,443**	**306**	**10,035**	**3,017**	**16,045**
Acquisitions	-	394	-	1,204	3,673	**5,271**
Acquisitions via business combinations	310	-	134	170	104	**718**
Disposals	-	(207)	(160)	(198)	(55)	**(620)**
Deconsolidations	-	(46)	-	(549)	(75)	**(670)**
Translation difference	3	108	31	547	129	**818**
As at 31 December 2015	**557**	**2,692**	**311**	**11,209**	**6,793**	**21,562**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES						
As at 31 December 2013	**(74)**	**(1,800)**	**(193)**	**(7,162)**	**(1,799)**	**(11,028)**
Depreciation charges	(56)	(174)	(34)	(841)	(275)	**(1,380)**
Scope changes	(58)	313	1	1	129	**386**
Reversals of impairment losses	-	138	8	290	8	**444**
Translation difference	(11)	(13)	(4)	(261)	(81)	**(370)**
As at 31 December 2014	**(199)**	**(1,536)**	**(222)**	**(7,973)**	**(2,018)**	**(11,948)**
Depreciation charges	(33)	(228)	(43)	(1,030)	(315)	**(1,649)**
Scope changes	(122)	17	(50)	78	16	**(61)**
Reversals of impairment losses	-	170	160	180	44	**554**
Translation difference	(7)	(66)	(24)	(405)	(107)	**(609)**
As at 31 December 2015	**(361)**	**(1,643)**	**(179)**	**(9,150)**	**(2,380)**	**(13,713)**
NET AMOUNT						
As at 31 December 2014	**45**	**907**	**84**	**2,062**	**999**	**4,097**
As at 31 December 2015	**196**	**1,049**	**132**	**2,059**	**4,413**	**7,849**

As at 31 December 2015, no guarantees had been given regarding property, plant and equipment (2014: none).

NOTE 11. OTHER INTANGIBLE ASSETS

(In €'000)	Software	Software contracts	Restraint of trade agreement	Other intangible assets	TOTAL
GROSS AMOUNT					
As at 31 December 2013	**5,578**	**3,475**	**-**	**2,213**	**11,266**
Acquisitions	741	-	1,113	5,272	**7,126**
Acquisitions via business combinations	503	883	-	5	**1,391**
Disposals	(1,112)	-	-	(70)	**(1,182)**
Deconsolidations	-	-	-	(462)	**(462)**
Translation difference	64	-	-	301	**365**
As at 31 December 2014	**5,774**	**4,358**	**1,113**	**7,259**	**18,504**
Acquisitions	3,355	-	-	162	**3,517**
Disposals	-	-	-	(5)	**(5)**
Deconsolidations	(1,560)	-	-	-	**(1,560)**
Translation difference	201	299	-	9	**509**
As at 31 December 2015	**7,770**	**4,657**	**1,113**	**7,425**	**20,965**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES					
As at 31 December 2013	**(2,351)**	**(504)**	**-**	**(1,270)**	**(4,125)**
Depreciation charges	(577)	(878)	-	(314)	**(1,769)**
Scope changes	(200)	-	-	203	**3**
Impairment losses	-	-	-	70	**70**
Translation difference	(8)	-	-	(60)	**(68)**
As at 31 December 2014	**(3,136)**	**(1,382)**	**-**	**(1,371)**	**(5,889)**
Depreciation charges	(682)	(901)	-	(1,926)	**(3,509)**
Scope changes	302	-	-	2	**304**
Impairment losses	(243)	-	-	-	**(243)**
Translation difference	(64)	(93)	-	(8)	**(165)**
As at 31 December 2015	**(3,823)**	**(2,376)**	**-**	**(3,303)**	**(9,502)**
NET AMOUNT					
Net amount as at 31 December 2014	**2,638**	**2,976**	**1,113**	**5,888**	**12,615**
Net amount as at 31 December 2015	**3,947**	**2,281**	**1,113**	**4,122**	**11,463**

"Software contracts" comprise SaaS contracts and software maintenance contracts.

The Tipik contract of sale concluded by the Group on 10 March 2014 was accompanied by a restraint of trade agreement. Under it, the Group undertook not to compete with Tipik on the territory of the European Union.

Since then, bearing in mind the new growth prospects in the public sector and its desire to bolster its presence in this segment, the Group has reassessed its strategy and sought to be able to once again compete with Tipik in dealings with the European Union bodies.

On 11 September 2014, the Group concluded an agreement under which, in return for payment of €6 million, in addition to cancelling the non-competition agreement, the Group got Tipik to discontinue, in its favour, providing certain services relating to two contracts for which a Group subsidiary and Tipik were both candidates.

The amount paid was divided in the books between an order book valued at €4,918k for services to be provided over a period of five years starting in 2015 and the cancellation of the non-competition clause for the balance.

The other intangible assets comprise mainly services to be provided under contracts in the "IT services" segment, also known as "production backlog".

11.1 Impairment testing for the restraint of trade agreement

As at the reporting date, the Group compared the net carrying amount of CGU 3 - IT Services, to which the amount for buying out the restraint of trade agreement of €1,113,000 was allocated, including the carrying amount of said agreement, and its recoverable amount, which was determined on the basis of its value in use. Since the recoverable amount of CGU 3 exceeded its net carrying amount, no impairment loss was recognised. See Note 12 for key assumptions used to calculate value in use.

NOTE 12. GOODWILL

12.1 Changes in goodwill

(In €'000)	31 December 2015	31 December 2014
GROSS AMOUNT		
Balance at the beginning of the financial year	**112,126**	104,494
Additional amounts recognised following business combinations arising during the year	1,121	7,981
Disposals	(920)	(3,541)
Translation difference	5 143	3,192
Balance at the end of the year	**117,470**	**112,126**
ACCUMULATED IMPAIRMENT LOSSES		
Balance at the start of the year	25,000	25,000
Recognised during the year	-	-
Translation difference	-	-
Balance at the end of the year	**25,000**	**25,000**
GOODWILL, NET CARRYING AMOUNT	**92,470**	**87,126**

12.2 Allocation of goodwill by cash-generating units (CGUs)

(In €'000)	31 December 2015	31 December 2014
CGU 1 - Software	35,626	33,636
CGU 3 - IT Services (Solutions)	56,844	53,490
TOTAL	**92,386**	**87,126**

12.3 Impairment testing goodwill

In 2015, without modifying the measurement methods used in the previous period, the Group re-examined the value of the goodwill associated with its cash-generating units (CGUs) by comparing the recoverable amount of the CGUs with their net carrying amount, including goodwill. In accordance with IAS 36, only the value in use in respect of the recoverable amount was selected.

The recoverable amounts of CGU 1 and CGU 3 were €165,826,000 (2014: €170,534,000) and €125,478,000 (2014: €120,289,000).

Key assumptions

The projected cash flows used by the Group to estimate value in use came from the 2016 budget and from an extrapolation for 2017 and subsequent years. On the basis of the 2016 budget, the Group's revenue rose approximately 25.6% (20.6%, same scope).

The key assumptions used in the valuation model used by the Group are (i) medium-term growth in revenue, (ii) an operating margin corresponding to the EBIT/revenue ratio, (iii) the infinite growth rate used to calculate the final value and (iv) the discount rate.

	CGU 1 - Software		CGU 3 - Solutions	
	2015	2014	2015	2014
Medium-term revenue growth	12.5%	10%	12.5%	10%
Operating margin	24.5%	23%	9%	9.5%
Infinite growth rate	2%	2%	2%	2%
Discount rate after tax [(*)]	8%	6.2%	9%	8.1%

[(*)] The pre-tax discount rates for 2015 were 10% (2014: 7%) and 11% (2014: 9%) for CGU 1 and CGU 3 respectively.

The values attributed to medium-term revenue growth and to the operating margin were determined with prudence and are consistent with the Group's historic and budgetary data.

The discount rates used for annual impairment tests were the weighted average cost of capital (WAAC) rates specific to each CGU.

Sensitivity of recoverable amounts

The Group's management is of the opinion that no reasonably possible change in key assumptions on which the recoverable amount of each CGU is based would cause the carrying amount allocated to them to exceed their recoverable amount.

NOTE 13. PRESENTATION OF FINANCIAL INSTRUMENTS BY CLASS

The table below shows the breakdown by accounting class of financial assets and liabilities in accordance with IAS 39 as at 31 December 2015:

(In €'000)	Loans and receivables	Financial assets held for sale	TOTAL
ASSETS			
Financial assets held for sale	-	379	379
Other assets	12,153	-	12,153
Long-term investments	**12,153**	**379**	**13,383**
Trade and other receivables	41,223	-	41,223
Other assets	2,472	-	2,472
Cash and cash equivalents	62,112	-	62,112
Current financial assets	**105,807**	**-**	**105,807**
TOTAL FINANCIAL ASSETS	**117,960**	**379**	**118,339**

(In €'000)	Financial instruments at fair value through profit or loss	Financial liabilities at amortised cost	TOTAL
LIABILITIES			
Financial debt	-	19,000	19,000
Other liabilities	367	1,115	1,522
Non-current financial liabilities	**367**	**20,155**	**20,522**
Financial debt	-	668	668
Derivative financial instruments	10	-	10
Trade and other payables	-	17,607	17,607
Other liabilities	2,657	7,214	9,871
Current financial liabilities	**2,667**	**25,489**	**28,156**
TOTAL FINANCIAL LIABILITIES	**3,034**	**45,644**	**48,678**

The table below shows the breakdown by accounting class of financial assets and liabilities in accordance with IAS 39 as at 31 December 2014:

(In €'000)	Loans and receivables	Financial assets held for sale	TOTAL
ASSETS			
Financial assets held for sale	-	1,661	1,661
Other assets	2,580	-	2,580
Long-term investments	**2,580**	**1,661**	**4,241**
Trade and other receivables	34,310	-	34,310
Other assets	6,078	-	6,078
Cash and cash equivalents	104,301	-	104,301
Current financial assets	**144,689**	**-**	**144,689**
TOTAL FINANCIAL ASSETS	**147,269**	**1,661**	**148,930**

(In €'000)	Financial instruments at fair value through profit or loss	Financial liabilities at amortised cost	TOTAL
LIABILITIES			
Financial debt	-	55,123	55,123
Other liabilities	1,855	135	1,990
Non-current financial liabilities	**1,855**	**55,258**	**57,113**
Financial debt	-	935	935
Derivative financial instruments	330	-	330
Trade and other payables	-	13,455	13,455
Other liabilities	-	90	90
Current financial liabilities	**330**	**14,480**	**14,810**
TOTAL FINANCIAL LIABILITIES	**2,185**	**69,738**	**71,923**

NOTE 14. FINANCIAL ASSETS HELD FOR SALE

Balance as at the reporting date

(In €'000)	31 December 2015	31 December 2014
Interest in SBT	128	100
Interest in Tipik	-	541
Interests in various unlisted companies	251	1,020
TOTAL	**379**	**1,661**

Changes during the year

(In €'000)	31 December 2015	31 December 2014
Balance at the beginning of the year	**1,661**	**5,145**
Acquisitions	113	564
Disposals	(498)	(4,602)
Scope changes (*)	(1 096)	1,115
Changes in fair value	343	(560)
Impairment loss	(185)	-
Translation differences	41	(1)
BALANCE AT THE END OF THE YEAR	**379**	**1,661**

(*) *Following the additional interest acquired in Tipik on 27 June 2015 (see Note 1.2), the shares were classified under "Investments in associates". Effective 3 August 2015, the Group disposed of 35% of its interest in TAF, after which transaction the Group retained an 18.50% interest and classified these shares as "Assets held for sale".*

NOTE 15. TRADE AND OTHER RECEIVABLES

(In €'000)	31 December 2015	31 December 2014
Trade receivables	27,307	20,694
Provisions for doubtful debts	(1,553)	(1,010)
Trade receivables, net	**25,754**	**19,684**
Unbilled revenue	15,469	14,626
TOTAL	**41,223**	**34,310**

Due to their short-term maturity, the carrying amount of trade and other receivables is close to the fair value.

Aged balance

(In €'000)	0-3 months	3-6 months	6-12 months	> 1 year	Total
As at 31 December 2015	6,839	2,114	23	-	8,976
As at 31 December 2014	1,938	232	422	1,712	4,304

The trade receivables presented above comprise amounts due on the reporting date and for which the Group has not created a doubtful debt provision, since the Group has no information on the solvency status of these receivables and since these amounts are still considered recoverable.

Change in the provision for doubtful debts

(In €'000)	31 December 2015	31 December 2014
Balance at the start of the period	**(1,010)**	**(558)**
Impairment losses recognised during the period	(410)	(458)
Change in consolidation scope	(73)	28
Translation difference	(60)	(22)
BALANCE AT THE END OF THE PERIOD	**(1,553)**	**(1,010)**

Aged balance of impaired receivables

(In €'000)	0-3 months	3-6 months	6-12 months	> 1 year	Total
As at 31 December 2015	681	217	41	614	1,553
As at 31 December 2014	103	34	239	634	1,010

NOTE 16. OTHER ASSETS

(In €'000)	31 December 2015	31 December 2014
Deposits and guarantees	728	697
Consideration receivable on the disposal of Tipik	-	1,080
Consideration receivable on the disposal of Kenzan (see Note 9.1)	1,409	-
Consideration receivable on the capital increase in Apak	5,469	-
Other non-current receivables	4,547	1,500
Total other non-current assets, gross amount	**12,153**	**3,277**
Provisions for doubtful debts	-	-
TOTAL OTHER NON-CURRENT ASSETS, NET AMOUNT	**12,153**	**3,277**
Tax and social security receivables	2,159	1,926
Consideration receivable on the disposal of Tipik (see Note 9.2)	1,080	1,080
Other current receivable	1,392	5,003
Pre-paid expenses	8,748	5,490
Total other current assets, gross amount	**13,379**	**13,499**
Provisions for doubtful debts	-	(5)
TOTAL OTHER CURRENT ASSETS, NET AMOUNT	**13,379**	**13,494**

The fair value of "other non-current assets" was determined on the basis of cash flows discounted at the Group's borrowing cost. The fair value of all financial assets that comprise this section is €9,071,000 (2014: €3,012,000) and is classified within level 2 in the fair value hierarchy.

The net carrying amount of the financial assets included in "other current assets" is a reasonable approximation of their fair value due to their short-term maturity.

NOTE 17. CASH AND CASH EQUIVALENTS

(In €'000)	31 December 2015	31 December 2014
Cash and cash equivalents	62,072	104,265
Marketable securities	40	36
TOTAL	**62,112**	**104,301**

For the purposes of the consolidated cash flow table, cash and cash equivalents comprise the following:

(In €'000)	31 December 2015	31 December 2014
Cash and cash equivalents	62,112	104,301
Bank overdrafts (*)	(668)	(935)
TOTAL	**61,444**	**103,366**

(*) *Included in current financial debt*

NOTE 18. RETIREMENT PLANS

At the end of the period, the provisions for employee benefits comprised solely provisions for post-employment benefits totalling €620,000 (2014: €509,000). Post-employment benefits fall under defined contribution plans and defined benefit plans.

Defined benefit retirement plans

This type of plan aims to award certain Group employees, under certain conditions, retirement benefits when they exercise their right to retire.

Employees who benefit from this type of plan are mainly employed by the Group's French subsidiaries and totalled 313 as at 31 December 2015 (2014: 260).

In France, determining the amount of and conditions for granting such benefits are governed by a national collective agreement in the industry in which the Group operates (SYNTEC agreement).

The retirement obligations were not subject to external coverage.

Retirement obligations and similar benefits are valued internally under the supervision of the Group's Finance Department.

Items relating to post-employment benefits in comprehensive income can be analysed as follows:

(In €'000)	31 December 2015	31 December 2014
Cost of services rendered during the period	(104)	(56)
Financial cost	(25)	(14)
Other	20	(126)
Items recognised in profit or loss	**(111)**	**(196)**
TOTAL	**(111)**	**(196)**

The cost of services rendered during the period are recognised in personnel expenses in the income statement. The financial costs are recognised in the financial result.

Actuarial assumptions
The obligations were measured internally on the basis of assumptions updated regularly and reviewed annually.

The following assumptions were used:

	31 December 2015	31 December 2014
Discount rate(*)	1.81%	1.66%
Adjustment rate for annual salaries	1.50%	1.50%
Social security contribution rate	45%	45%
Retirement age	65 years old	65 years old
Staff rotation	(**)	(**)
Mortality table	INSEE 2014	INSEE 2014

(*) *The discount rate is based on the IBOX AA 10+.*
(**) *A statistic table corresponding to a high rotation.*

The average duration of the obligation in respect of services as at 31 December 2015 is less than one year (less than one year in 2014).

Change in the present value of obligations

(In €'000)	31 December 2015	31 December 2014
Balance at the start of the period	509	313
Cost of services rendered during the period	104	56
Financial cost	25	14
Other changes	(20)	126
BALANCE AT THE END OF THE PERIOD	**620**	**509**

Since the amounts provided are not significant at Group level, other disclosures under IAS 19 were omitted, specifically a sensitivity analysis showing the impact of changes made to certain actuarial assumptions on the value of retirement benefit commitments.

NOTE 19. OTHER PROVISIONS

(In €'000)	Litigation risks	Other	TOTAL
Balance at 1 January 2015	**445**	**3,287**	3,732
Charges	-	50	50
Reversals on used provisions(*)	(272)	(3,160)	(3,432)
Business combination	1,338	-	1,338
Translation differences	(27)	2	(25)
BALANCE AT 31 DECEMBER 2015	**1,484**	**179**	**1,663**
Current	368	150	**518**
Non-current	1 116	29	**1,145**

(*) In the disposal of Tipik in 2014 (see Note 9.2), the Group stood surety in respect of CIC Lyonnaise de Banque for an €11 million loan granted to Tipik. The loan was used to reimburse the current account Tipik had in respect of the Group in March 2014. The loan matured on 31 March 2015. A provision of €3 million was recognised by the Group to hedge against a call against the guarantee in the event of partial reimbursement of the debt. In March 2015, Tipik reimbursed €3 million to the bank following a transfer made by the Group and refinanced the balance via a bridge loan for €8 million granted by CIC Lyonnaise de Banque, maturing on 31 March 2016. The Group agreed to write off Tipik's loan subject to a clawback provision for €4.5 million. Consequently, for the period ended 31 December 2015, the Group wrote down the Tipik receivable and reversed the provision of €3 million recognised at 31 December 2014 (see the reversal of provision in the financial result). In consideration for covering part of Tipik's debt, the surety was reduced accordingly from €11 million to €8 million.

NOTE 20. FINANCIAL DEBT

20.1 Breakdown of financial debts by type

(In €'000)	31 December 2015	31 December 2014
Bank borrowings	19,000	55,123
Non-current financial debt	**19,000**	**55,123**
Bank overdrafts	668	935
Current financial debt	**668**	**935**
TOTAL FINANCIAL DEBT	**19,668**	**56,058**

Bank borrowings are floating rate borrowings. Their net carrying amount is a reasonable estimate of their fair value due to the fact that the fair value of the borrowings is determined on the basis of cash flows discounted at the Group's borrowing rate as at the reporting date. The fair value of bank borrowings is classified within level 2 of the fair value hierarchy.

20.2 Maturities

(In €'000)	31 December 2015	31 December 2014
Less than one year	668	935
Between one and five years (*)	19,000	54,900
More than five years	-	223
TOTAL	**19,668**	**56,058**

(*) Classification at more than one year takes account of existing credit refinancing options negotiated in the Group's favour.

20.3 Available lines of credit

(In €'000)	31 December 2015	31 December 2014
Permitted amount	**111,300**	**127,219**
Less than one year	20,867	8,096
Between one and five years	90,433	118,900
More than five years	-	223
Amount drawn down	**19,000**	**55,123**
Less than one year	-	-
Between one and five years	19,000	54,900
More than five years	-	223
Available amount	**92,300**	**72,096**
Less than one year	20,867	8,096
Between one and five years	71,433	64,000
More than five years	-	-

The Group's banking arrangements require compliance with financial ratios: a "net consolidated financial debt/consolidated EBITDA" ratio of less than 3 or 3.5 depending on the contracts, and a "net consolidated financial debt/consolidated equity" ratio of less than 1.

Should the company fail to comply with the financial ratios, the lending banks will be entitled to demand the early reimbursement of outstanding lines of credit of €19 million as at 31 December 2015 (31 December 2014: €54 million).

As at 31 December 2015, financial ratios are respected.

NOTE 21. DERIVATIVE FINANCIAL INSTRUMENTS

21.1 Interest rate swaps

(In €'000)

Counterparty	Currency	Expiry date	Notional amount	Variable rate receivable	Fixed rate payable	Fair value 31 December 2015	Fair value 31 December 2014
BNP PARIBAS	EUR	1 April 2015	10,000	3-month Euribor plus 1% margin	2.56%	-	(126)
BNP PARIBAS	EUR	1 October 2016	7,500	3-month Euribor plus 1% margin	1.24%	(10)	(59)
TOTAL						**(10)**	**(185)**

The fair value of interest rate swaps is recognised in liabilities under "Derivative instruments".

21.2 Options contracts

As at 31 December 2015

Counterparty	Currency	Expiry date	Notional amount	Conversion rate	Foreign exchange gain/(loss) on contracts
BNP PARIBAS	USD	9 March 2016	7,000	1.051	-
TOTAL					**-**

Since market conditions were far from the exercise price, the contract had no value as at 31 December 2015.

As at 31 December 2014

Counterparty	Currency	Expiry date	Notional amount	Conversion rate	Foreign exchange losses on contracts
BNP PARIBAS	USD	9 February 2015	10,000	1,235	(139)
BNP PARIBAS	USD	23 March 2015	10,000	1,215	(6)
TOTAL					**(145)**

Selling call options in USD linked to investments in USD, and the Group is obliged to provide, on the maturity date, a specified amount in USD at an agreed price if the buying bank exercises its option. Sales of call options on investments in USD enable the Group to realise additional profits thanks to the bonuses included in the interest on such investments, while waiving the gain resulting from a rise in rates beyond the agreed price. As at 31 December 2014, the option contracts for which the Group was the counterparty had a negative value of €145,000.

21.3 Other

In connection with the acquisition of AAA Group Ltd, buyback options for 791 shares issued by Sword IT Solutions (Sword ITS), i.e. 31% of its capital, and held by individuals holding executive positions in AAA Ltd were granted to Sword Soft Ltd. These buyback options can be exercised at any time during the period beginning on 31 December 2019 and ending on 1 December 2025, provided that certain return targets (expressed in percentage of revenue and EBIDTA growth) are not met. The exercise price (GBP 2,077 per share) is the price paid by the holder of these shares. As at 31 December 2015, taking account of the prospects of Sword ITS and the conditions for exercising the options, the options had no value.

NOTE 22. TRADE AND OTHER PAYABLES

(In €'000)	31 December 2015	31 December 2014
Suppliers	3,629	3,980
Accrued invoices	13,437	9,289
Other	541	186
TOTAL	**17,607**	**13,455**

NOTE 23. OTHER LIABILITIES

(In €'000)	31 December 2015	31 December 2014
Contingent consideration on the acquisition of Mobile Productivity Ltd (note 8.2.)	-	1,855
Contingent consideration related to the additional acquisition of shares in Simalaya Holding SA (see Note 1.2)	367	-
Other	1,155	135
TOTAL OTHER NON-CURRENT LIABILITIES	**1,522**	**1,990**
Advance payments received	**-**	**-**
Value-added tax and other taxes	8,280	4,579
Social security and other social bodies	3,469	5,873
Deferred income	17,897	12,133
Contingent consideration on the acquisition of Mobile Productivity Ltd (note 8.2.)	2,657	-
Deferred payment related to the additional acquisition of shares in Simalaya Holding SA (see Note 1.2)	6,804	-
Other	410	90
TOTAL OTHER CURRENT LIABILITIES	**39,517**	**22,675**

NOTE 24. FAIR VALUE MEASUREMENT

24.1 Fair value hierarchy

To reflect the importance of the data used in fair value measurements, the Group classifies these measurements according to a two-tier hierarchy:

- Level 1: (non-adjusted) prices quoted in active markets for identical assets or liabilities;
- Level 2: inputs other than marktet prices included within level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. input derived from prices); and
- Level 3: inputs that are unobservable inputs for the asset or liability.

The tables below show an analysis of assets and liabilities measured at fair value by level of hierarchy.

(In €'000)	Level 1	Level 2	Level 3	Total as at 31 December 2015
Assets at fair value				
Financial assets held for sale				
Interest in SBT	128	-	-	128
Interests in various unlisted companies	-	-	251	251
TOTAL ASSETS AT FAIR VALUE	**128**	**-**	**251**	**379**
Liabilities at fair value				
Derivative financial instruments	-	10	-	10
Contingent consideration	-	-	3,024	3,024
TOTAL LIABILITIES AT FAIR VALUE	**-**	**10**	**3,024**	**3,034**

(In €'000)	Level 1	Level 2	Level 3	Total as at 31 December 2014
Assets at fair value				
Financial assets held for sale				
Interest in SBT	100	-	-	100
Interest in Tipik	-	-	541	541
Interests in various unlisted companies	-	-	1,020	1,020
TOTAL ASSETS AT FAIR VALUE	**100**	**-**	**1,561**	**1,661**
Liabilities at fair value				
Derivative financial instruments	-	330	-	330
Contingent consideration	-	-	1,855	1,855
TOTAL LIABILITIES AT FAIR VALUE	**-**	**330**	**1,855**	**2,185**

There was no transfer between Level 1 and Level 2 during the period.

In the assumption where a transfer of fair value level is necessary, the Group would change classification (and consequences in terms of measurement) on the date of the triggering event or on the date of the change of circumstance at the origin of the transfer.

24.2 Measurement techniques

In connection with business combinations

Intangible fixed assets
The fair value of software for third parties, SaaS contracts, software maintenance contracts and order books acquired in a business combination is calculated using the most appropriate method under the circumstances, including the multi-period excess earnings method, which consists of measuring the asset in question after deducting a reasonable return for the other assets which generate cash flows. The valuation is a function of variables such as the rate of technological obsolescence, the customer erosion rate (or even the contract renewal rate) and the discount rate.

Contingent consideration
The fair value of the contingent consideration relating to the acquisition of subsidiary Mobile Productivity Ltd and the subsequent purchase of shares in Simalaya Holding SA is established using an estimate of the average profit or loss on the basis of budgets and medium-term forecasts, adjusted - if applicable - to take account of the discount effect. The contingent consideration is classified within level 3 of the fair value hierarchy taking account of the use of data inherent to the companies acquired.

In the ordinary course of business

Derivative financial instruments
The fair value of interest rate swaps is determined by discounting estimated future cash flows by taking account of the conditions and the maturity of each specific contract and on the basis of rate curves observable at the reporting date. For the reasons given above, interest rate swaps are classified within level 2 of the fair value hierarchy.

Currency options purchase or sale contracts are valued on the basis of the Black & Scholes model, on the basis of observable data such as the volatility of the underlying currency and interest rates. In the assumption that the currency options contracts have a short-term maturity, the gain or loss is calculated on the basis of spot exchange rates applicable on the reporting date.

Financial assets held for sale
Financial assets held for sale at level 1 are measured at the stock exchange rate on the reporting date. Financial assets held for sale at level 3 are measured on the basis of their net asset, as communicated by the management of the company in question. The Group makes adjustments if it notes, on the basis of the available information, that the net asset departs significantly from the fair value.

24.3 Reconciliation of level 3 fair value measurements

Financial assets held for sale

(In €'000)	31 December 2015	31 December 2014
Balance at the start of the period	**1,561**	**5,059**
Acquisitions	193	1,679
Disposals	(1,673)	(4,602)
Total gains and losses	170	(575)
BALANCE AT THE END OF THE PERIOD	**251**	**1,561**
Total gains and losses for the period relating to assets held at the end of the period	(500)	(575)

Total gains and losses for the year relating to assets held at the end of the year are included in other comprehensive income under *"gain/(loss) related to remeasurement at fair value".*

Contingent consideration

(In €'000)	31 December 2015	31 December 2014
Balance at the start of the period	**1,855**	**-**
Acquisition of Mobile Productivity Ltd.	-	1,855
Acquisition de Simalaya Holding SA	367	-
Disposals/payments	-	-
Total gains and losses	802	-
BALANCE AT THE END OF THE PERIOD	**3,024**	**1,855**
Total gains and losses for the period relating to liabilities held at the end of the period	802	**-**

The €802,000 loss comes from remeasuring at fair value the contingent consideration relating to the acquisition of Mobile Productivity (Note 23).

NOTE 25. TAXES

25.1 Breakdown of tax expense

(In €'000)	31 December 2015	31 December 2014
Tax on profit recognised in the profit or loss for the period		
Current tax	2,637	2,104
Deferred tax	804	1,232
TOTAL	**3,441**	**3,336**

25.2 Reconciliation between theoretical tax and effective tax

(In €'000)	31 December 2015	31 December 2014
Profit before tax	14,233	16,653
Average tax rate in force in Luxembourg	31.47%	31.47%
Effective tax burden	**4,479**	**5,241**
Impact:		
- Expenses not deductible in determining taxable profit	(872)	(1,271)
- Revenue exempt from taxation	42	39
- Permanent differences	642	(1,122)
- Differences in tax rate on profit of foreign subsidiaries	(1,232)	(1,207)
- Use of previously non-capitalised tax losses	(541)	(1,006)
- Non-capitalised tax on losses	372	2,209
- Tax credit	(22)	(29)
- Miscellaneous	572	482
Effective tax burden	**3,441**	**3,336**
EFFECTIVE TAX RATE	**24.18%**	**20.03%**

25.3 Breakdown of deferred tax assets and liabilities by type

(In €'000)	Balance at the beginning of the year	Recognised in profit or loss	Recognised in other comprehensive income	Reclassified from equity to profit or loss	Change in consolidation scope	Balance as at the reporting date
Deferred tax assets/liabilities						
Intangible assets	**(2,111)**	310	(39)	-	-	(1,840)
Deferred income	**234**	(126)	(19)	-	-	89
Provisions	**135**	40	-	-	-	175
	(1,742)	**224**	**(58)**	**-**	**-**	**(1,576)**
Tax losses	**2,198**	(1,028)	116	-	551	1,837
DEFERRED TAX ASSETS/LIABILITIES	**456**	**(804)**	**58**	**-**	**551**	**261**

25.4 Balance of deferred tax assets and liabilities

(In €'000)	31 December 2015	31 December 2014
Deferred tax assets	2,001	2,388
Deferred tax liabilities	(1,740)	(1,932)
NET DEFERRED TAXES	**261**	**456**

25.5 Unrecognised deferred tax assets

On the reporting date, the Group had, in various tax jurisdictions, tax losses of around €24,790,000 (2014: €24,578,000) that are available to offset the future taxable profits of companies in which the tax losses arose, and for which no deferred tax asset was recognised due to the uncertainty of it being recovered.

NOTE 26. PERSONNEL EXPENSES

(In €'000)	31 December 2015	31 December 2014
Gross compensation	59,324	50,495
Social security charges	9,752	8,428
Expenses relating to share-based payments (Note 36)	132	13
Other	380	406
TOTAL	**69,588**	**59,342**

The Group's average head count is:

Average head count	31 December 2015	31 December 2014
Billable workforce	809	746
Non billable workforce	134	142
TOTAL	**943**	**888**

Employee benefits for which provisions have been made as at the reporting date are presented in Note 18.

NOTE 27. PROVISION CHARGES

(In €'000)	31 December 2015	31 December 2014
Provision charges for retirement benefits	181	196
Reversals on other provisions	(134)	(2)
Provisions for doubtful debts	445	46
TOTAL	**492**	**240**

NOTE 28. INCOME FROM DISPOSALS OF ASSETS

(In €'000)	31 December 2015	31 December 2014
Disposal costs	(350)	(295)
Income from the disposal of non-consolidated securities (excluding Tipik)	(14)	230
Income from the disposal of non-consolidated securities (excluding Tipik)	(90)	-
Income from the disposal of Amor shares	-	2,578
Income from the disposal of Tipik shares (Note 9.2)	-	(998)
Income from the disposal of equity-accounted shares	(93)	-
Income from the disposal of property, plant and equipment	9	-
Income from the disposal of intangible assets	(32)	-
TOTAL	**(570)**	**1,515**

NOTE 29. IMPAIRMENT LOSSES ON ASSETS

(In €'000)	31 December 2015	31 December 2014
Impairment loss on intangible assets	(243)	(1,112)
Impairment losses on investments in associates	(212)	-
Impairment loss on receivables	-	(488)
TOTAL	**(455)**	**(1,600)**

NOTE 30. OTHER NON-RECURRING ITEMS

(In €'000)	31 December 2015	31 December 2014
Litigation costs	(83)	(508)
Restructuring costs	(845)	-
Acquisition costs	(2,026)	(2,109)
Other expenses [*]	(1,092)	(609)
Other income	-	460
TOTAL	**(4,046)**	**(2,766)**

[*] Other expenses comprise €567,000 relating to rents for rooms not used and €379,000 recognised for costs incurred for shutting down computer systems.

NOTE 31. FINANCIAL RESULT

(In €'000)	31 December 2015	31 December 2014
Gains on disposals of marketable securities and income from marketable securities	57	103
Interest on term deposits	1,028	794
Income from cash and cash equivalents	**1,085**	**897**
Interest expense on borrowings and financial debt	(932)	(1,218)
NET FINANCIAL DEBT COST	**153**	**(321)**
Foreign exchange gain	7,887	8,630
Foreign exchange gain	(2,851)	(1,846)
Financial charges on non-consolidated securities and receivables	(149)	(3,067)
Financial reversals on non-consolidated securities and receivables (see Note 19)	3,000	220
Gain related to the remeasurement of derivative financial instruments at their fair value (Note 21)	97	255
Other financial income	-	-
Other finance costs [1]	(5,127)	(60)
NET FINANCIAL RESULT	**3,010**	**3,811**

[1] Includes a loss of €4.5 million on the surety granted to CIC Lyonnaise de Banque in connection with the partial disposal of Tipik in 2014 (see Note 14).

NOTE 32. EARNINGS PER SHARE

(in €'000 and units of account)	**31 December 2015**	**31 December 2014**
Profit for the period attributable to the Company's owners	10,162	12,154
Weighted average number of ordinary shares in circulation	9,363,344	9,274,994
Impact of dilutive instruments	50,427	45,935
Diluted weighted average number of shares	9,413,771	9,320,929
Earnings per share		
Base net earnings per share	1.09	1.31
Diluted net earnings per share	1.08	1.30

NOTE 33. SHARE CAPITAL

Following the exercise of share options in 2015, the Company's share capital was increased by €54,000 from €9,360,965 to €9,414,965.

As at 31 December 2015, the share capital stood at €9,414,965, represented by 9,414,965 shares with a par value of €1 each, fully paid up.

As at 31 December 2015, the authorised share capital stood at €4,875,000 and at €100,000,000, as part of new shares to be issued under debt securities giving access to capital. This authorisation expires on 2 May 2017.

NOTE 34. TREASURY SHARES

As at 31 December 2015, there were 9,240 treasury shares.

NOTE 35. DIVIDENDS

At its meeting on 28 April 2015, the Ordinary General Meeting voted to pay a dividend of €1.20 per share in 2015 in connection with the allocation of the 2014 results, giving rise to a total payout of €11,226,000 during the period ended 31 December 2015.

NOTE 36. SHARE-BASED PAYMENTS

On 30 January 2009, the General Meeting of shareholders authorised the Board of Directors to set up multiple stock option plans for employees and executives. Options can generally be exercised over a period beginning at the end of a period of between 36 months and 48 months as of the allocation date and ending 12 months later.

Main features of stock option plans

	Plan released 6/10/2011				**Plan 16/12/2011**	**Plan 11/09/2014**
	Tranche 1	**Tranche 2**	**Tranche 3**	**Tranche 4**		
Date of the General Meeting	17/05/2011				17/05/2011	26/03/2012
Date of the Board Meeting	6/10/2011				16/12/2011	11/09/2014
Option exercise start date	6/10/2014	6/10/2015	6/10/2014	6/10/2014	01/01/2015	11/09/2014
Expiry date	6/10/2015	6/10/2016	6/10/2015	6/10/2015	31/12/2016	(*)
Initial subscription price *(in €)*	12.12	12.12	12.12	12.40	12.40	17.435
Number of shares that can be subscribed	42,000	75,000	21,000	8,000	9,000	100,000
Number of shares subscribed:						
As at 31 December 2014	42,000	-	21,000	8,000	-	-
As at 31 December 2015	-	45,000	-	-	9,000	-

(*) 50,000 options will be exercisable as of 11 September 2017 and the other 50,000 options will be exercisable as of 11 September 2018. They may be exercised on one or more occasions.

Changes in stock options during the period

	31 December 2015		31 December 2014	
	Number of options	**Average exercise price**	**Number of options**	**Average exercise price**
Balance at the beginning of the year	**184,000**	**15.02**	**155,000**	**12.14**
Options allocated during the year	-	-	100,000	17,435
Options exercised during the year	(54,000)	12.17	(71,000)	12.12
Options lapsed during the year	-	-	-	-
BALANCE AT THE END OF THE YEAR	**130,000**	**16.21**	**184,000**	**15.02**

The weighted average exercise price of stock options in circulation at the end of the period was €16.21 (€15.02 in 2014) and their weighted average remaining contractual life was 546 days (740 days in 2014).
Stock options were awarded to certain members of management. The Board of Directors removed the attendance condition affecting two beneficiaries of the plan who had previously been hired for executive positions within the Group and who hold stock options entitling them to 9,000 shares each.

Fair value measurement assumptions
The fair value of the stock options on the allocation date was determined using the Black & Scholes model and the following assumptions:

	Plan released 6/10/2011		Plan 16/12/2011	Plan 11/09/2014
	Tranche 1, 3 and 4	**Tranche 2**		
Price of shares on the allocation date *(in €)*				
Exercise price *(in €)*	12.12	12.12	12.4	17.44
Option life (average expected life)	36	48	36	42
Annualised volatility	23%	23%	30%	22%
Planned dividend distribution rate	0.06%	0.06%	0.05%	0.04%
Risk-free rate of return for the life of the option	3.61%	3.61%	3.06%	1.24%
Fair value of options	**2.515**	**2.975**	**2.997**	**3.190**

In 2015, the Group's total expense for stock option plans was €132,000. (€135,000 in 2014).

NOTE 37. RELATED PARTY TRANSACTIONS

37.1 Compensation for members of the Board of Directors and management

(In €'000)	31 December 2015	31 December 2014
Short-term benefits:		
- Gross (excluding benefits in kind)	1,495	1,487
- Employer contributions	310	343
- Benefits in kind	89	99
Post-employment benefits	-	-
Compensation for termination of employment contract	-	-
Directors' fees	180	175
Share-based payments	97	26
TOTAL	**2,171**	**2,130**

Such remuneration pertained to 14 members of the Board of Directors and management (2014: 14).

37.2 Associate

(In €'000)	31 December 2015
Revenue realised with Tipik	2,065
Purchases from Tipik	(223)
TOTAL	**1,842**

The Group agreed to write off Tipik's loan subject to a clawback provision for €4.5 million (Note 19).
Pursuant to the above-mentioned loan write-off, the Group had a trade receivable in respect of Tipik of €898,000 as at 31 December 2015.
With respect to the surety given as collateral for a bank loan granted to Tipik, please see Note 38.
In connection with an acquisition of Tipik shares in March 2014, Alamos SA, the company that controls Tipik, owed €1,080,000 as at 31 December 2015.

37.3 Other

Financière Sémaphore, which holds an 18.4% interest in the Group, provides the following services:

(In €'000)	31 December 2015	31 December 2014
Management fees	350	350
Fees related to disposals	266	200
Recharging of miscellaneous expenses	8	26
TOTAL	**624**	**576**

During the year ended 31 December 2015, a company controlled by a Company director supplied the Group with accounting and administrative services totalling €204,000 (2014: €152,000).

NOTE 38. OFF-BALANCE SHEET COMMITMENTS

(In €'000)	31 December 2015	31 December 2014
Operating leases	**858**	**662**
Less than one year	362	263
Between one and five years	496	399
More than five years	-	-
Sureties for third parties (1)	**8,036**	**11,036**
Less than one year	8,000	11,000
Between one and five years	36	36
More than five years	-	-
Pledging bank accounts as collateral	**-**	**12,355**
Less than one year	-	12,355
Between one and five years	-	-
More than five years	-	-
Liability guarantees related to the disposal of interests	**-**	**1,647**
Less than one year	-	824
Between one and five years	-	824
More than five years	-	-
Other guarantees given (2)	**80**	**144**
Less than one year	71	135
Between one and five years	9	9
More than five years	-	-
TOTAL	**8,974**	**25,844**

(1) Including a surety given as collateral for an €8 million bank loan granted to Tipik, maturing in March 2016. In principle, this surety will be renewed for one year for €6.5 million.
(2) Including performance guarantees

NOTE 39. CONTINGENT LIABILITIES

A contingent liability arises from a delay in joining the social security system of the host country of employees seconded to a Group subsidiary. Although the situation has been resolved, the Group is exposed to an adjustment estimated at GBP 0.9 million (€1.3 million). Management is of the opinion that the probability of the risk materialising is extremely low.

NOTE 40. AUDITORS' FEES

The table below details the amount of the auditors' fee for 2015 and 2014:

(In €'000)	**31 December 2015**	**31 December 2014**
Auditors & certification (separate & consolidated)	449	560
Legal, tax, and management consulting	19	172
Other	36	355
TOTAL	**504**	**1,088**

NOTE 41. SUBSEQUENT EVENTS

No important events occurred between the reporting date for the consolidated financial statements and the date on which they were approved by the Board of Directors.

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