SWORD
UPGRADE YOUR BUSINESS

Sword Group
2014 Financial Report

1,201 employees as at 31/12/2014

19 countries

Revenue 2014: €117.1 million

EBITDA: 16.1%

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 2014, 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 2014 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 2014 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.

MAZARS

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 2014. 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, 17 July 2015

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

Salagnac

Thierry SALAGNAC
Réviseur d'entreprises agréé

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1 STATEMENT BY THE PERSONS IN CHARGE OF THE 2014 FINANCIAL REPORT 2014

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, I declare that these financial statements have been prepared in accordance with applicable accounting standards and that the financial statements present fairly, to my knowledge, a true and fair view of the financial position as at 31 December 2014, financial performance and cash flows of the Company and a description of the principal risks and uncertainties the Company faces. The management report, to my knowledge, describes the true development, results and financial position of the Company.

Windhof, 23 March 2015

Jacques Mottard
Executive Chairman

2 INDEPENDENT AUDITOR

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 for one year and reappointed at the Annual General Meeting on 28 April 2014 for a duration expiring at the Annual General Meeting called to approve the financial statements at 31 December 2014 (renewal will be proposed at the AGM on 28 April 2015).

3 DIRECTORS

Board of Directors

Jacques Mottard, Executive Chairman, Director

François Barbier, Independent Director

Frédéric Goosse, Director, Managing Director

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 Route d'Arlon 2-4, L-8399 Windhof, Luxembourg. The transfer of head office and administration was decided by the Extraordinary General Meeting of 19 May 2014.

The purpose of the Company is to acquire interests, taking any form whatsoever, in any commercial, industrial, or financial company, economic interest grouping, etc., incorporated in Luxembourg or elsewhere.

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 KEY FINANCIAL INFORMATION

Consolidated financial statements:

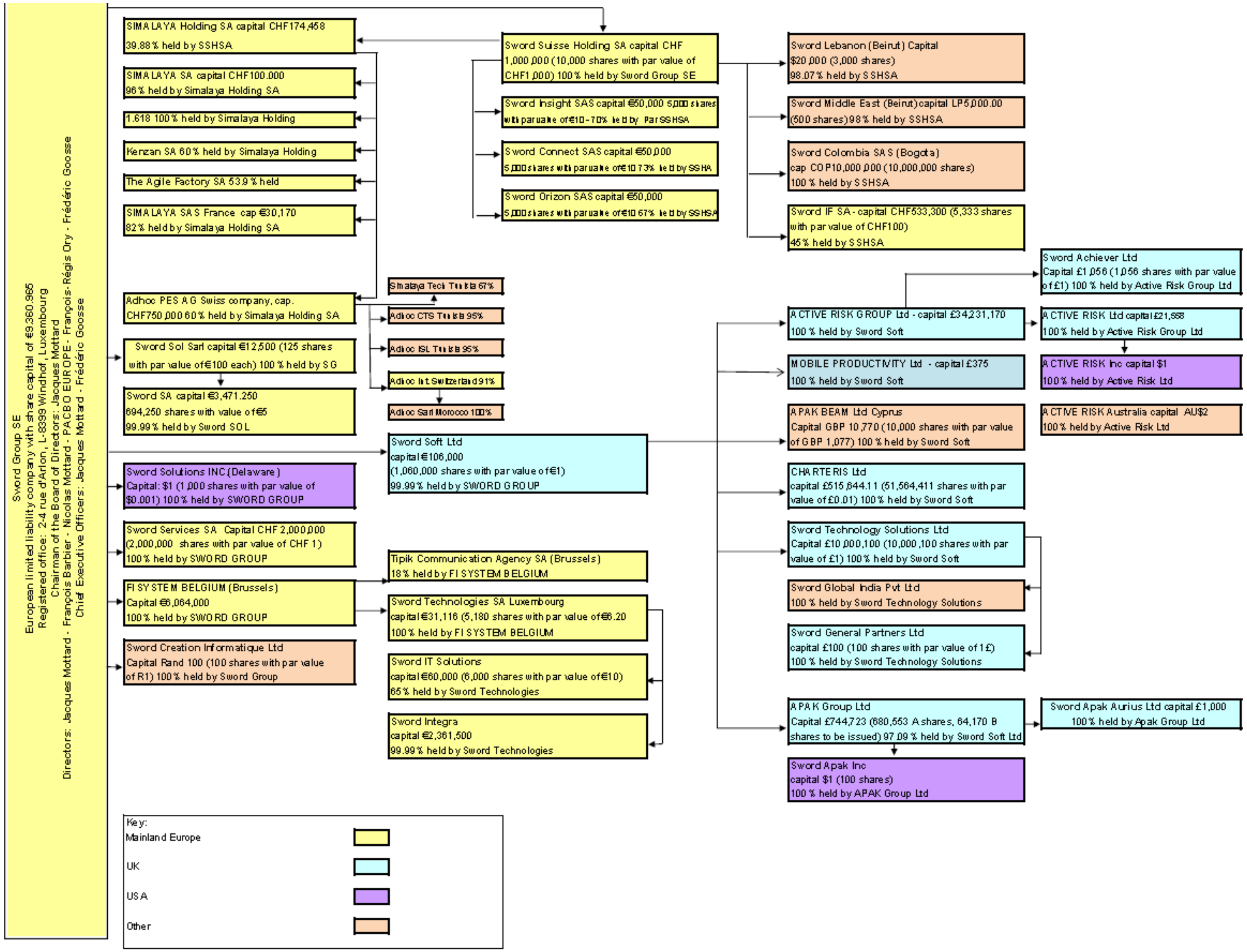
In €'000	At 31/12/2014	At 31/12/2013 Restated	At 31/12/2012
Revenue	117,069	106,500	117,908
EBITDA	18,852	16,264	14,744
Profit for the year	13,317	17,119	16,286
Non-current assets	111,164	100,103	77,098
Cash and cash equivalents	104,301	109,567	125,867
Consolidated equity	161,778	153,390	137,467
Balance sheet total	264,820	263,081	267,214

Annual accounts:

In €'000	At 31/12/2014	At 31/12/2013	At 31/12/2012
Revenue and other operating income	2,691	1,968	2,288
Operating profit	236	(576)	(323)
Profit/ (loss) of the year	101,337	38,233	(11,951)
Non-current assets	195,161	88,794	194,876
Cash and marketable securities	65,754	73,109	102,148
Equity	210,251	117,344	85,419
Balance sheet total	302,434	221,008	323,313

6 GROUP ORGANISATION CHART

AT 31/12/2014:



7 OVERVIEW OF ACTIVITIES

OUR GROUP

Sword (established in June 2001) is an IT engineering services company with more than 1,200 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:** organised as a centre of excellence that accounts for 70.8% of the Group's revenue;
- **Software:** accounts for 29.2% 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 (GIS) – 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.

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

OUR SOFTWARE PRODUCT OFFERING

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 has 2 product lines and 6 software component lines managed by the IT Services division:

Sword Achiever/Sword Active Risk **Specialising in Governance, Risk and Compliance**	**Sword Apak/Sword Mobile** **Specialising in the management of Asset Financing**	
Sword Connect **Enterprise information search solution**	**Sword Excalibur** **Document management solution**	**Sword Insight** **Deployment of visual investigation solutions**
Sword Intellect **Solution for managing intellectual property rights**	**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, 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 Governance Charter will be 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 2014:**</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 bodies

<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 2014, 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 mandate.

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.

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

As at 31 December 2014, it consisted of:
Jacques Mottard, Chairman and CEO
Frédéric Goosse, Managing Director (as of 19 February 2013)
Tony Allen, CEO Software

In addition, another CEO, Taha Ben Mrad, is part of the EMC but transversally in that he represents Simalaya, in which the company does not hold a majority stake.

The Operations Committee
The Operations 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 five Chief Operating Officers:

- ✓ Pradeep Banerji
- ✓ Anys Boukli
- ✓ Philippe Le Calvé
- ✓ Dieter Rogiers
- ✓ Nick Scully

Each Chief Operating Officer is also a Business Unit Manager. There are currently 14 Business Unit Managers.

Thus, only the Executive Chairman is not involved directly in a profit centre.

The Management Committee
The Management Committee comprises the Operations Committee plus all of the Business Unit Manager.

The Group's organisational philosophy is based on a flat hierarchy and has only two levels: the Business Unit Manager and the General Management.

The persons in charge of the day-to-day management
Mr Jacques Mottard and Mr Frédéric Goosse were appointed persons in charge of the day-to-day management for a term expiring at the Annual General Meeting called in 2016 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:

"Analytical" dimension:
- ✓ 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 BU management accounts.

"General accounting" dimension:
- ✓ Each entity has its own accounting 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 remuneration of the lent capital so that the company that generates a surplus receives interest on its loan.

"Commercial" dimension:
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 Operations Committee is responsible for coordinating all the commercial players, which includes the Business Unit Managers.

"Technical" dimension:
The Technical Manager has multiple roles at Sword. Strategically, he helps to develop the Company's technological orientation in direct consultation with general management. As such, he handles a certain part of the 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 (service 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 Manager in financial terms. The Business Unit Manager is authorised to enter into commitments of up to €300,000 (compared to €1,000,000 for the Chief Operating Officer). 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 (leading to cost overruns) 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 Business Unit.

All days not invoiced by billable resources can only be allocated to one of the following three areas: training, management, price adjustment.
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 price adjustments.

Reports, meetings, authorisations

<u>Reporting</u>
A Business Unit prepares:

- ✓ its projected payments on the 10th of each month,
- ✓ its analysis reports on the last working day of each month, before 12 noon,
- ✓ the sales report in 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 Manager prepares - with the assistance of the Technical Department - an overview of the career and salary development 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 Chief Operating Officers and the Management Committee.

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

Meetings
Every week the Business Unit Manager 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 Chief Operating Officer holds a meeting once a month with his Business Unit Managers, his Sales Managers and his Technical Managers to check the actions taken by each unit and to coordinate the Business Units.

Every month, the 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 Management Committee meet in order:
- to summarise matters discussed between the 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 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 management accounts.
- A Technical director manages the Project Leaders and personally manages major projects (over €300,000).
- 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 €300,000. 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 Manager 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 Chief Operating Officer may validly commit the Company to contracts up to a limit of €1,000,000 and has the authorities previously held by Business Unit Managers 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 invoices, 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 business unit assistant gives them the welcome booklet and the administrative guidelines.

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, within the limits of the authorised capital to €9,360,965 (nine million three hundred and sixty thousand nine hundred and sixty-five euros) on 18 November 2014. It is now divided into 9,360,965 shares with a par value of €1 each, fully paid and all of the same category.

The Company's authorised capital consequently dropped to €4,929,000 (four million nine hundred and twenty-nine thousand euros), represented by 4,929,000 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, Recueil des Sociétés et Associations, of the Company's registration in the Trade Register of Luxembourg, to increase on one or more occasions the share capital by any means, including by issuing ordinary shares or other 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 share premiums, 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 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 claims to the Company, or by capitalising reserves, profits or share premiums, 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 legally required timeframe, records the number of shares issued under the preceding paragraph and has the statutory changes 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 9,360,965.

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 share premiums, 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 over time under the authority granted by the General Meeting may not exceed €4,929,000 (nominal).

The face value of debt securities giving access to capital and likely to be issued under the delegation 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 18.2% of the share capital.

The floating stock represents 78% of the capital.

Proxies and general meetings
The shareholders are invited to attend the general meetings in accordance with legal and statutory provisions. Article 19 of the articles of incorporation relates to 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 venue, 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 notice 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 items 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.

<u>Meeting - Board - Minutes</u>
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 Independent auditor where appropriate, by the attorney or the liquidator in other cases. The teller's 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.

<u>Terms and conditions that apply to the right to vote – Majority quorum</u>
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 participant 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 par 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 Francis Regis 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.

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 its 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 make the CSSF alert to 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 legal and statutory provisions, 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 year ended 31 December 2014.

You will also be asked to cast your votes on the following:
Subject to the authority of the General Meeting ruling under the conditions governing attendance 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 or continued during the year ended 31 December 2014;
- ✓ Reading of the Audit Committee's report;
- ✓ Reading of the report of the Independent auditor on the 2014 annual accounts, the Group's consolidated financial statements and the performance of its duties;
- ✓ Approval of the corporate annual accounts at 31 December 2014;
- ✓ Approval of the consolidated financial statements at 31 December 2014;
- ✓ Allocation of profit or loss for the year ended 31 December 2014;
- ✓ Compensation for directors;
- ✓ Discharge granted to the directors for their management duties for the year 2014;
- ✓ Discharge granted to the Independent auditor for its duties for the year 2014;
- ✓ Reappointment of the Independent auditor;
- ✓ Authority to complete formalities.

We will present the consolidated statements and corporate 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 year ended 31 December 2014

Acquisitions/Disposals and equity stakes acquired during the year ended 31 December 2014:

- Charteris Plc was acquired on 6 January 2014 in a friendly takeover bid for €7,745,000.
- 1.618 SA (Switzerland) was acquired on 25 February 2014 for €905,000.
- Tipik SA (Belgium) was partially disposed of on 14 March 2014 for a capital loss of €998,000.
- Mobile Productivity Ltd. (UK) was acquired on 7 April 2014 for €3,179,000.
- Kenzan was acquired on 29 July 2014 for €1,671,000.

Governance

The Ordinary General Meeting of 28 April 2014 ratified the nomination of Pacbo Europe, previously appointed, as a new director.

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 year ended 31 December 2014

Presentation of the simplified consolidated income statement at 31 December 2014
The table below presents the simplified consolidated income statement of Sword Group for the year ended 31 December 2014 compared with that for the 2013 financial year (restated).

In €m	2014 Consolidated	2013 Consolidated restated
Revenue	117,069	106,500
EBITDA	18,852	16,264
EBIT	15,703	13,691
Profit for the year	13,317	17,119
Profit, Group share	12,154	15,377

Activity and revenue
Consolidated revenue stood at €117.1 million in 2014 with profitability of 16.1% (EBITDA).

Pro forma revenue (including 2014 acquisitions, but not the revenue of Tipik, which was sold in March 2014) stood at €113.3 million.

The backlog as at 31 December 2014 was 23.2 months of revenue budgeted for 2015.

Specialisation
The Group's is now specialising in "information exploitation" across all divisions - Software and Solutions (including the IT Services and Communication Technologies divisions).

Internationalisation
The Group operates in 50 countries and has a physical presence via its subsidiaries and offices in 18 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 2014 Sword acquired six new companies and undertook a capital increase at Simalaya Holding SA.

Earnings before interest, taxes, depreciation and amortisation, excluding non-recurring elements (EBITDA)
Consolidated EBITDA in 2014 was €18,852,000, i.e. 16.1% of the 2014 revenue.

Earnings before interest and taxes excluding non-recurring elements (EBIT)
Consolidated EBIT in 2014 was €15,703,000, i.e. 13.4% of the 2014 revenue.

Income tax and profit for the period
Corporate income tax on consolidated profit was €3,336,000, which represents an effective tax rate of 20%.

After income tax, the profit for the period amounts to €13,317,000, i.e. 11.4% of 2014 revenue. The Group share of net profit stood at €12,154,000, i.e. 10.4% of revenue, while net profit allocated to minority shareholders was €1,163,000.

Debt, cash flow and investments
The Group's net cash (cash balance – debt) rose from €40.3 million as at 31 December 2013 to €48.2 million as at 31 December 2014.

The cash flow generated by operating activities (see consolidated statement of cash flows) was €33,090,000.

Gross investments for the financial year, both intangible (excluding goodwill) and tangible, stood at €8,988,000.

Growth transactions
Growth transactions are detailed in section 1 of this report.

Disposals
Disposals are detailed in section 1 of this report.

Breakdown of 2014 consolidated revenue
The 2014 consolidated revenue is broken down as follows:

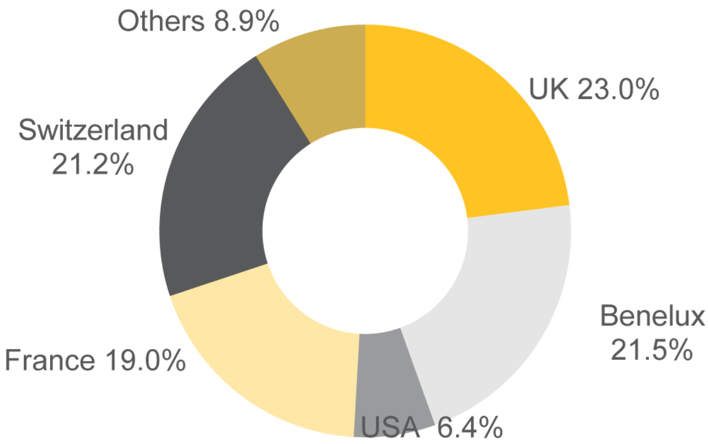
Software: 29.2%
IT Services + Communication Technologies : 70.8%

BY OPERATING SEGMENT

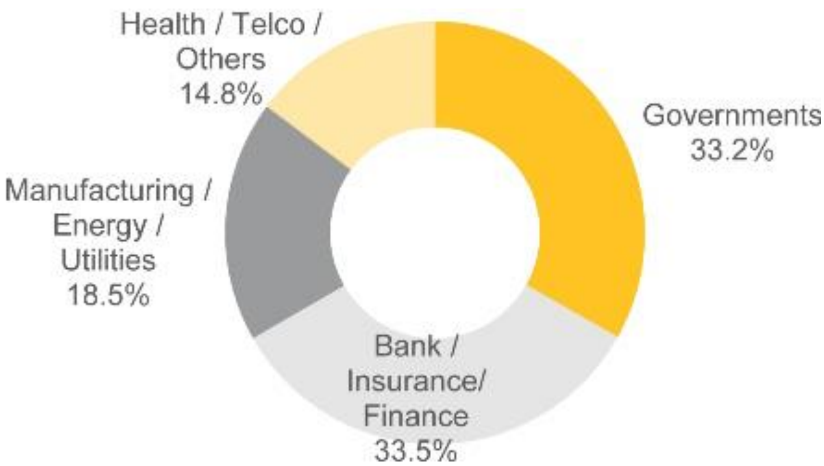
€m	Revenue	EBITDA	%
Software	**34.2**	**10.0**	**29.3%**
Asset Finance Solutions	16.7	5.1	30.5 %
Governance Risk & Compliance + Other Software	17.5	4.9	28.1%
IT Services + Management Consulting	**79.1**	**8.4**	**10.6%**
Benelux	13.9	0.6	4.1%
France	23.3	2.1	8.9%
Switzerland	23.7	3.1	12.9%
Other *(including offshore)*	18.2	2.7	15.0%
Communication Technologies	**3.8**	**0.4**	**10.5%**
Total	117.1	18.9	16.1%

Percentages are given with figures in €'000.

BY COUNTRY



BY MARKET



CHANGES IN THE GROUP'S MAIN SUBSIDIARIES

Following the acquisitions, certain information concerning EBITDA is not available.

The 2014 consolidated revenue is compared to the 2013 consolidated revenue as if the companies acquired in 2014 had begun their 2013 consolidation on the same anniversary date with an equivalent consolidation period over two periods. Example: A company acquired on 1 April 2014 will have nine months of 2014 revenue and nine months of 2013 revenue over equivalent periods.

SOFTWARE

A / Governance Risk Compliance + Other Income

€m	Consolidated	With same scope	
	2014	2014	2013
Revenue	17.5	17.5	18.1
EBITDA	4.9	4.9	Not available
%	28.1%	28.1%	Not available

This operating division succeeded in its main challenge of transforming Active Risk, an intrinsically loss-making company in 2013, into a highly profitable company. The effort impacted internal growth, which, as forecast in the budget, was slightly negative. This explains the slight drop of 3.4%.

B / Asset Finance Solutions

€m	Consolidated	With same scope	
	2014	2014	2013
Revenue	16.7	16.7	13.6
EBITDA	5.1	5.1	Not available
%	30.5 %	30.5 %	Not available

This operating division outperformed in 2014 in terms of both profitability (30.5%) and internal growth (22.8%). In addition, accumulated orders booked in 2014 created leverage for future business activities. Also noteworthy was the breakthrough of Apak products in the United States.

IT SERVICES / COMMUNICATION TECHNOLOGIES / MANAGEMENT CONSULTING

A / France

€m	Consolidated	With same scope	
	2014	2014	2013
Revenue	23.3	23.3	20.6
EBITDA	2.1	2.1	1.7
%	8.9%	8.9%	8.3%

France outperformed in 2014 in terms of both profitability (8.9%) and internal growth (13.1%). This success was due mainly to the quality of technical know-how developed by this division over a long period of time.

B / Benelux (excluding Communication Technologies)

€m	Consolidated	With same scope	
	2014	2014	2013
Revenue	13.9	13.9	13.6
EBITDA	0.6	0.6	1.1
%	4.1 %	4.1 %	8.1%

Benelux invested in tenders in 2014, which explains its 4.1% profitability. In addition, this operation has not yet started the contracts during the same period, which explains its 2.2% internal growth. This division will resume its significant growth starting in January 2015 and will improve its profitability as of the second half of 2015, bearing in mind the inertia of contract starts.

C / Switzerland

€m	Consolidated	With same scope	
	2014	2014	2013
Revenue	23.7	23.7	18.2
EBITDA	3.1	3.1	Not available
%	12.9%	12.9%	Not available

Switzerland is now one of the Group's major areas and is outperforming in terms of both profitability (12.9%) and internal growth (30.2%). This division focused on important clients to such an extent that its future will likely see consistent profitability and double-digit growth.

D / Other (including offshore)

€m	Consolidated	With same scope	
	2014	2014	2013
Revenue	18.2	18.2	18.5
EBITDA	2.7	2.7	Not available
%	15.0%	15.0%	Not available

This division is outperforming in terms of profitability (15.0%), mainly thanks to the Charteris restructuring plan. Naturally, it did not see any growth because the plan called for a significant decline in exchange for good profitability. Certain activities supporting software components and assigned to Services in 2013 were reassigned to Software in 2014, bearing in mind the fact that the software components have become real products. For 2014 this represents a revenue of €3.3 million.

E/ Communication Technologies

€m	Consolidated	With same scope	
	2014	2014	2013
Revenue	3.8	-	23.6
EBITDA	0.4	-	1.9
%	10.5%	-	8.1%

This operating division was disposed of in March 2015.

GRAND TOTAL

	Consolidated	With same scope	
€m	2014	2014	2013
Revenue	117.1	113.3	126.5
EBITDA	18.9	18.4	Not available
%	16.1%	16.3 %	Not available

GROUP HEADCOUNT ON 31/12/2014

2014	Billable workforce			Non billable workforce	Total
	Staff	Sub-contractors	Total		
Software	201	18	219	45	264
IT Services + Management Consulting	427	175	602	71	673
Offshore	118	120	238	9	247
Holding company	-	-	-	17	17
Total	746	313 (1)	1,059	142	1,201 (2)

(1) 210 full-time equivalents (FTEs)
(2) 1,098 full-time equivalents (FTEs)

IMPORTANT SUBSEQUENT EVENTS
None

OUTLOOK FOR 2015:

The Group forecasts organic growth greater than or equal to 12% and an EBITDA margin of between 15 and 16%.

These figures are bolstered by the significant increase in backlog, up 31% compared to December 2013.

Available cash associated with a confirmed line of credit should be used for financing internal growth, bolstering the acquisitions strategy and financing R&D programmes.

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
In 2014, R&D consisted of the following:
- Software: R&D accounted for 13.1% of revenue (same scope).
- Solutions: R&D accounts for 0.9% of revenue (same scope).

Software R&D in 2014 covered the development of WFS, GRC and mobile applications.

Solutions R&D focused on the following software components:
- Google Connectors: secure search connector related to the company's internal management systems;
- the PTO range: intended for trademark and patent offices, the building blocks of an ERP dedicated to that market;
- the Fastaudit range: intended for website developers, enabling them to determine whether or not sites are accessible.
- The SharePoint Components and Verticals range: these components are accelerators in the implementation of SharePoint for our customers. Verticals are pre-packaged applications that meet a specific requirement, such as "Seek and Share", a monitoring tool for R&D departments;
- Orizon, a solution focused on a workflow engine that allows for the implementation of healthcare protocols applicable to multiple use cases.

Approval of consolidated financial statements
We request that you approve the consolidated financial statements for the year ended 31 December 2014 (balance sheet, profit and loss statement, and notes) as they are submitted to you and which show a total consolidated profit of €13,317k (of which the Group share is €12,154k).

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

Company activities in financial year 2014 – Balance sheet and profit and loss account
In 2014, Sword Group had an average head count of 3.

In 2014, Sword Group carried out 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	2,672,151	1,884,255
Other operating profit	19,003	83,357
Operating expenses	2,270,071	2,543,943
Operating profit	236,420	(576,331)
Finance income	110,532,576	145,976,885
Finance costs	6,949,614	111,270,307
Financial result	103,582,962	34,706,578
Current profit before income tax	103,819,382	34,130,247
Extraordinary income	875,250	11,031,703
Extraordinary expenses	3,205,883	6,919,791
Extraordinary result	(2,330,636)	4,111,912
Income tax	151,522	9,388
Profit for the year	101,337,226	38,232,771

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 2014, 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 2014, the backlog totalled 23.2 months of budgeted revenue for 2015. Naturally, part of this revenue relates to years subsequent to 2015.

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 2014, 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 price adjustment (= 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, the following internal controls were carried out:
- control of reports, contracts and investments made in Switzerland and Belgium;
- audit of major contracts;
- audit of Sword BEAM in an effort to restore it to profitability;
- audit of infrastructure in Lyon;
- risk study relating to a non-competition agreement;
- assessment of our ISO 9001 & ISO 27001 certifications (Software division);
- tax audits for certain countries;
- transfer price audit.

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 18.6% of consolidated revenue in 2014.
The leading client accounted for 3.8% of consolidated revenue in 2014.

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 credit lines	€55,123k	€72,096k	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.
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 Note 21 of the notes to consolidated financial statements.

Interest rate risk

See Note 21 of the notes to consolidated financial statements.

Equity risk

Treasury shares

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:

- making the market or providing 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;
- 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 share repurchase program, limited to 10% of its share capital and for a period of five (5) years.

As at 31 December 2014, Sword Group held 73,053 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 2014 Sword Group held interests in the following companies (only significant holdings are listed below):

- SBT:
  As at 31 December 2014, Sword Group held 37,296 shares in this company. As at 31 December 2014 the fair value was €100k. The change in fair value was recognised in equity.

- Interests held in other companies, including Tipik, Agassiz and Tok Tok Tok for a fair value of €1,561k.

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 2.8 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 recognised as liabilities in the balance sheet whenever they are considered to be likely.

As at 31 December 2014, 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 2014, the management team comprised:

- an Executive Management Committee (EMC) comprising:
  - 1 Executive Chairman (PDG)
  - 1 CEO (Chief Executive Officer)
- 1 additional CEO is included, but transversally in that he represents Simalaya, in which the company does not hold a majority stake.
- 1 person in charge of day-to-day management
- an Operations Committee, comprising the EMC and five COOs (Chief Operating Officers).
- Each COO is also a BU Manager; in addition, there are 14 BU Manager.

Insurance and risk coverage

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

- cover for civil liability risks for each of the Group's companies;
- cover for civil liability risks for Sword Group's directors;
- cover for material risks (water damage, fires, vehicle fleet, etc.).

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

The levels of cover for the three areas mentioned above are:

Sword Group civil liability:

- Operations: bodily, material and immaterial damage: €10m
- Professional: bodily, material and immaterial damage, regardless of the cause: €8m

Directors' civil liability: €10m

Cover for material risks: multi-risk cover:

- buildings
- vehicle fleet
- IT equipment

Deductible:

	General and professional civil liability	Multi-risk
2014	Deductible None	Deductible €200k

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 €652k in the consolidated financial statements as at 31 December 2014.

6. Shareholder structure

Breakdown of capital at the end of the period (31 December 2014)

	Number of shares	% of capital
Financière Sémaphore	1,706,280	18.2%
Nicolas Mottard	1,395	Not significant
Treasury shares	73,053	0.8%
Employees and miscellaneous registered shareholders	283,347	3.0%
Floating stock	7,296,890	78.0%
Total	9,360,965	100%

Changes in the share price

2014	**As at 31 January 2015**
Highest closing price €20.09 (on 19/05/2014)	Highest closing price €19.53 (on 30/01/2015)
Lowest closing price €15.80 (on 06/01/2014)	Lowest closing price €16.80 (on 06/01/2015)
Number of shares traded on stock market: 7,030 (1)	Number of shares traded on stock market from 01/01/2015 to 31/01/2015: 12,505 (2)

(1) This is the average number of shares traded in 2014, a year during which 1,792,616 shares were traded.

(2) This is the average number of shares traded in January 2015, a month during which 262,603 shares were traded.

Information on the acquisition and sale by the company of treasury shares as at 31 December 2014

Number of shares held by the Company as at 31 December 2013	0
Number of shares purchased in 2014	86,948
Number of shares sold in 2014	13,895
Number of shares held by the Company as at 31 December 2014	73,053

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 2014:

Percentage of capital held by the issuer either directly or indirectly	0.8%
Number of shares cancelled in the past 24 months	-
Number of shares held	73,053
Portfolio carrying amount as at 31 December 2014	1,278,427.50
Portfolio market value as at 31 December 2014	1,278,427.50

	Accumulated gross flows 2014		Outstanding positions as at	
	Purchases	Sales	Buying	Selling
Maximum average	-	-	-	-
Average price	17.64	17.72	-	-
Average exercise price	-	-	-	-
Amounts	439,965.69	246,167.01	-	-

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

7. Proposed allocation of profit or loss

We suggest that you approve the corporate annual accounts for the year ended 31 December 2014 (Balance Sheet, Profit and Loss Account and Notes) such as they are presented to you, which show a profit of €101,337,226.53.

We remind you that the sum of €1,278,427.50 appears under "*Reserve for treasury shares*" as the Company held 73,053 treasury shares as at 31 December 2014.

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

-	**Profit for the financial year:**	**€101,337,226.53**
-	To which is added:	
	From "Profit or loss carried forward"	€29,249,011.60
-	Resulting in a distributable profit of:	€130,586,238.13
-	As distribution to shareholders:	€11,233,158.00
	the balance, i.e.:	**€119,353,080.13**
	Is appropriated to the following items	
	Legal reserve	€7,100.00
	Profit or loss carried forward	€119,345,980.13

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 901*bis* (http://www.impotsdirects.public.lu/formulaires/retenue_a_la_source/pluriannuel/901bis_FR_DE_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 49bis of the Law of 10 August 1915 on commercial companies.

9. Transactions carried out by management involving shares during the year

None

10. Table of authorisations for capital increases

The 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 €5,000,000, as the maximum value of debt securities issued by 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 2014, this authorisation was used to increase the share capital by €71,000 following the exercise of share subscription options.

11. Financial instruments

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

Two options contracts in USD were in progress 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 year ended 31 December 2014, 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 year ended 31 December 2014.

Function	Duration	Company	Maturity date
Jacques Mottard: Executive Chairman / Director / In charge of day-to-day management			
Executive Chairman, Director In charge of day-to-day management	4 years	Sword Group SE	31/12/15 (*)
Chairman of the Board of Directors director	6 years	Sword SA	31/12/14 (*)
Chairman	6 years	Sword Technologies SA	31/12/14 (*)
Chairman and Director	6 years max	FI System Belgium	31/12/14 (*)
Director	Unlimited	Sword Global India	Unlimited duration
Chairman	Unlimited	Sword Services SA	31/12/2016
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	31/12/14 (*)
Chairman and Director	1 year	Sword IF SA	31/12/14 (*)
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 year

Positions held outside the Group			
Function	Duration	Company	Maturity date
Manager	Unlimited	SCI Combin	Unlimited duration
Manager	Unlimited	SCI Banga	Unlimited duration
Manager	Unlimited	Maya	Unlimited duration
Manager	Unlimited	Financière Sémaphore Sarl	Unlimited duration
Director and Chairman	1 year	Ardéva SA	31/12/14 (*)
Chairman of the Board and director	1 year	Orny Holding SA	31/12/14 (*)
Manager	Unlimited	Ruitor	Unlimited duration

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

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 year

François-Régis Ory: Director/ 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	31/12/14
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 year

Frédéric Goosse: Director / In charge of day-to-day management			
Function	Duration	Company	Maturity date
Director	4 years	Sword Group	31/12/16
In charge of day-to-day management	4 years	Sword Group	31/12/16
Co-manager	Unlimited	Financière Sémaphore	Unlimited duration
Manager	Unlimited	PME Xpertise	Unlimited duration
Manager	Unlimited	Fukurokuju Sàrl	Unlimited duration

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

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
Director	3 years	RSVP Srl (Italian company)	31/12/16
Member of the Supervisory Board	Undetermined	PALMERS TEXTIL AG (Austrian company)	Undetermined duration
Member of the Supervisory Board	6 years	DRIVE PLANET SAS	31/12/18
Chairman and Director	1 year	ADVANCED COFFEE INVESTMENT (Swiss company)	31/12/14
Chairman of the Supervisory Board	Undetermined	DALTYS II SAS	Undetermined duration
Chairman of the Supervisory Board	6 years	FINANCIERE DU GUESCLIN SAS	31/10/16
Chairman of the Supervisory Board	6 years	FINANCIERE SAINT CORNELY SAS	31/10/16
Chairman of the Supervisory Board	4 years	VACALIANS Group	31/10/15

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

PACBO Europe: Director / Appointed temporarily by the Board of Directors of 20 November 2013			
Function	Duration	Company	Maturity date
Director	4 years	Sword Group	31/12/16
Positions held outside the Group			
Manager	Not available	FELIX Sàrl	Not available
Director	Not available	FIVER SA SPF	06/05/2015
Director	Not available	GLADINVEST SA	30/06/2015
Director	Not available	GRAVEY SA	25/06/2015
Director	Not available	GREVLIN SA	10/04/2015
Director	Not available	HELEN HOLDINGS SA	30/06/2015
Director	Not available	HIORTS FINANCE SA	Not available
Director	Not available	JEZARA HOLDINGS SA	21/04/2015
Director	Not available	LAGOMAR SA	01/06/2015
Director	Not available	LOMMSAVE SA SPF	18/06/2015
Director	Not available	LUX FOOD SA	22/04/2015
Director	Not available	LUXAD SA	08/04/2015
Director	Not available	MHDS INVESTMENTS SA	11/06/2015
Director	Not available	NICOBA SA	23/05/2015
Director	Not available	ORMYLUX SARL	10/06/2015
Director	Not available	PARMERIA SA SPF	08/06/2015
Director	Not available	PHILUBIS SA	19/06/2015
Director	Not available	SARAN SA	02/05/2015
Director	Not available	SOVIMO SA	21/05/2015
Director	Not available	SYNERGRYN SA	30/06/2015
Director	Not available	TIBERGEST SA	30/06/2015
Director	Not available	TMPARIF SA	30/06/2015
Director	Not available	UNIHOLDING SA SPF	09/04/2015
Director	Not available	WERTEX SA	09/06/2015
Director	Not available	WEST INDIES INVEST SA	Not available

Compensation for corporate officers

The presentation of compensation below to corporate officers 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	**31/12/2014**	**31/12/2013**
Compensation due for the period *(detailed in Table 2)*	€46,000 (1)	€41,000 (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	€46,000	€51,000

(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:

- €575,737 excl. tax. for the year ended 31 December 2014,
- €891,218 excl. tax. for the year ended 31 December 2013

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 year ended 31 December 2014.

Nicolas Mottard	**31/12/2014**	**31/12/2013**
Compensation due for the year *(detailed in Table 2)*	€15,000	€15,000
Valuation of the options allocated during the year *(detailed in Table 4)*	N/A	N/A
Valuation of the performance shares allocated during the year *(detailed in Table 6)*	N/A	N/A
TOTAL	€15,000	€15,000

Frédéric Goosse	**31/12/2014**	**31/12/2013**
Compensation due for the year *(detailed in Table 2)*	€40,000	€0
Valuation of the options allocated during the year *(detailed in Table 4)*	N/A	N/A
Valuation of the performance shares allocated during the year *(detailed in Table 6)*	N/A	N/A
TOTAL	€40,000	€0

François Barbier	**31/12/2014**	**31/12/2013**
Compensation due for the year *(detailed in Table 2)*	€40,000	€40,000
Valuation of the options allocated during the year *(detailed in Table 4)*	N/A	N/A
Valuation of the performance shares allocated during the year *(detailed in Table 6)*	N/A	N/A
TOTAL	€40,000	€40,000

François-Régis Ory	31/12/2014	31/12/2013
Compensation due for the year *(detailed in Table 2)*	€40,000	€35,000
Valuation of the options allocated during the year *(detailed in Table 4)*	N/A	N/A
Valuation of the performance shares allocated during the year *(detailed in Table 6)*	N/A	N/A
TOTAL	€40,000	€35,000

Patrice Crochet	31/12/2014	31/12/2013
Compensation due for the year *(detailed in Table 2)*	€0	€0
Valuation of the options allocated during the year *(detailed in Table 4)*	N/A	N/A
Valuation of the performance shares allocated during the year *(detailed in Table 6)*	N/A	N/A
TOTAL	€0	€0

Table 2: summary table of compensation for each corporate officer

Jacques Mottard	Amount at 31/12/2014		Amount at 31/12/2013	
	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	€40,000	€40,000	€35,000	€35,000
Benefits in kind	None	None	None	None
TOTAL	€46,000	€46,000	€41,000	€41,000

Nicolas Mottard	Amount at 31/12/2014		Amount at 31/12/2013	
	Due	paid	Due	Paid
Fixed compensation	N/A	N/A	€0	€0
Variable compensation	N/A	N/A	€0	€0
Exceptional compensation	N/A	N/A	€0	€0
Directors' fees	€15,000	€15,000	€15,000	€15,000
Benefits in kind	N/A	N/A	None	None
TOTAL	€15,000	€15,000	€15,000	€15,000

Frédéric Goosse	Amount at 31/12/2014		Amount at 31/12/2013	
	Due	Paid	Due	Paid
Fixed compensation	N/A	N/A	€0	€0
Variable compensation	N/A	N/A	€0	€0
Exceptional compensation	N/A	N/A	€0	€0
Directors' fees	€40,000	€40,000	N/A	N/A
Benefits in kind	N/A	N/A	None	None
TOTAL	€40,000	€40,000	€0	€0

François Barbier	Amount at 31/12/2014		Amount at 31/12/2013	
	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 31/12/2014		Amount at 31/12/2013	
	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	€35,000	€35,000
Benefits in kind	N/A	N/A	N/A	N/A
TOTAL	€40,000	€40,000	N/A	N/A

Patrice Crochet	Amount at 31/12/2014		Amount at 31/12/2013	
	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	€0	€0	€0	€0
Benefits in kind	N/A	N/A	N/A	N/A
TOTAL	N/A	N/A	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 31/12/2014	Directors' fees paid as at 31/12/2013
Jacques Mottard	€40,000	€35,000
Nicolas Mottard	€15,000	€15,000
Françoise Fillot	N/A	€35,000
François Barbier	€40,000	€40,000
François Régis Ory	€40,000	€35,000
Frédéric Goosse	€40,000	€0
Pacbo Europe	€0	N/A
TOTAL	€175,000	€160,000

Table 4: Share subscription or purchase options granted during the period to each corporate officer by the Company or by any Group company
For the year ended 31 December 2014, 100,000 share subscription options were awarded to a corporate officer.

Table 5: Share subscription or purchase options exercised during the period by each corporate officer
For the year ended 31 December 2014, 71,000 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 1	Plan 2	Plan 3	Plan 4
General Meeting		**17 May 2011**			
Date of the Board Meeting		6 October 2011			
Total number of options allocated		188,000			
Number of options that can be subscribed		63,000	87,000	30,000	8,000
Beneficiaries	Clara Van Heck	9,000			
	Deborah Young	9,000			
	Pradeep Banerji	15,000			
	Terry Coyne	9,000			
	Philippe Le Calvé		12,000		
	Jean-Louis Vila		9,000		
	Olivier Leblanc		9,000		
	Fabrice Liénart		9,000		
	Alain Broustail		9,000		
	Laurent Fromont		9,000		
	Maxime Grinfeld		9,000		
	Pierre Gachon		9,000		
	Jörg Schorr			9,000	
	Anys Boukli			12,000	
	Lalitha Balakrishan				5,000
	Kamal Kumar Rajanbabu				1,500
	Rex Mohan Kumar				1,500
Option exercise start date		06/10/14	06/10/15	06/10/14	06/10/14
Expiry date		06/10/15	06/10/16	06/10/15	06/10/15
Subscription price		12.12			
Number of cancelled or lapsed options		21,000	12,000	9,000	-
Number of options exercised at 31/12/14		42,000	-	21,000	8,000
Share subscription or purchase options remaining at 31/12/2014		-	75,000	-	-

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		-
Number of options exercised at 31/12/12		-
Share subscription or purchase options remaining at 31/12/14		9,000

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	-
Number of options exercised at 31/12/14	-
Share subscription or purchase options remaining at 31/12/14	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 non-competition 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 €180,000.

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 year ended 31 December 2015.

17. Transfer of the head office and headquarters

At the Extraordinary General Meeting held on 19 May 2014 the shareholders decided to move the Company's head office to 2-4 rue d'Arlon, L-8399 Windhof, Luxembourg; the Company's articles of incorporation were amended accordingly on that same date.

18. 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 (as amended), 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;
- 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.

20. 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 transactions 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.

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 2014

Report on the annual accounts

Following our appointment by the General Meeting of the Shareholders of Sword Group S.E. dated April 28, 2014, 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, 2014, 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, 2014, and of the results of its operations for the year then ended December 31, 2014 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, 23 March, 2015
For Mazars Luxembourg , Cabinet de révision agréé
10A, rue Henri M. Schnadt
L-2530 LUXEMBOURG

Thierry SALAGNAC
Réviseur d'entreprises agréé

12 ANNUAL ACCOUNTS AS AT 31 DECEMBER 2014

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	195.161.122,18	110	88.794.450,53
I. Intangible fixed assets	1111	4.1	111	9.083,75	112	2.000,00
1. Research and development costs	1113		113		114	
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115		115	9.083,75	116	
a) acquired for valuable consideration and need not be shown under C.I.3	1117		117	9.083,75	118	
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		124	2.000,00
II. Tangible fixed assets	1125	4.2	125	21.381,23	126	29.499,64
1. Land and buildings	1127		127		128	
2. Plant and machinery	1129		129		130	
3. Other fixtures and fittings, tools and equipment	1131		131	21.381,23	132	29.499,64
4. Payments on account and tangible fixed assets under development	1133		133		134	
III. Financial fixed assets	1135	5	135	195.130.657,20	136	88.762.950,89
1. Shares in affiliated undertakings	1137		137	194.841.043,14	138	88.414.584,14
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		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	289.614,06	146	338.132,60
6. Loans and claims held as fixed assets	1147		147		148	10.234,15
7. Own shares or own corporate units	1149		149		150	

The notes hereafter form an integral part of these annual accounts.

D. Current assets	1151		151	106.983.358,65	152	132.034.402,54
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	41.229.960,69	164	58.925.065,35
1. Trade receivables	1165		165	15.639,20	166	45.233,78
a) becoming due and payable within one year	1167		167	15.639,20	168	45.233,78
b) becoming due and payable after more than one year	1169		169		170	
2. Amounts owed by affiliated undertakings	1171	9.1	171	41.145.112,52	172	57.962.112,73
a) becoming due and payable within one year	1173		173	41.145.112,52	174	57.962.112,73
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		177		178	
a) becoming due and payable within one year	1179		179		180	
b) becoming due and payable after more than one year	1181		181		182	
4. Other receivables	1183		183	69.208,97	184	917.718,84
a) becoming due and payable within one year	1185		185	69.208,97	186	917.718,84
b) becoming due and payable after more than one year	1187		187		188	
III. Transferable securities and other financial instruments	1189		189	1.278.427,50	190	2.912.001,15
1. Shares in affiliated undertakings and in undertakings with which the undertaking is linked by 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		195	1.278.427,50	196	2.912.001,15
IV. Cash at bank, cash in postal cheque accounts, cheques and cash in hand	1197		197	64.474.970,46	198	70.197.336,04
E. Prepayments	1199		199	289.740,83	200	179.290,52
TOTAL (ASSETS)			201	302.434.221,66	202	221.008.143,59

The notes hereafter form an integral part of these annual accounts.

LIABILITIES

	Reference(s)	Current year	Previous year
A. Capital and reserves	6	210.250.966,62	117.343.540,09
I. Subscribed capital		9.360.965,00	9.289.965,00
II. Share premium and similar premiums		68.096.339,49	67.307.174,49
III. Revaluation reserves			
IV. Reserves		2.207.424,00	2.513.628,65
1. Legal reserve		928.996,50	928.996,50
2. Reserve for own shares or own corporate units		1.278.427,50	1.584.632,15
3. Reserves provided for by the articles of association			
4. Other reserves			
V. Profit or loss brought forward		29.249.011,60	
VI. Profit or loss for the financial year		101.337.226,53	38.232.771,95
VII. Interim dividends			
VIII. Capital investment subsidies			
IX. Temporarily not taxable capital gains			
B. Subordinated debts			
1. Convertible loans			
a) becoming due and payable within one year			
b) becoming due and payable after more than one year			
2. Non convertible loans			
a) becoming due and payable within one year			
b) becoming due and payable after more than one year			
C. Provisions		3.233.035,00	5.185,00
1. Provisions for pensions and similar obligations			
2. Provisions for taxation		153.035,00	5.185,00
3. Other provisions	7	3.080.000,00	
D. Non subordinated debts		88.950.220,04	103.659.418,50
1. Debenture loans			
a) Convertible loans			
i) becoming due and payable within one year			
ii) becoming due and payable after more than one year			

The notes hereafter form an integral part of these annual accounts.

	Reference(s)	Current year	Previous year
b) Non convertible loans			
i) becoming due and payable within one year			
ii) becoming due and payable after more than one year			
2. Amounts owed to credit institutions	8	54.293.781,12	68.113.195,80
a) becoming due and payable within one year		293.781,12	113.195,80
b) becoming due and payable after more than one year		54.000.000,00	68.000.000,00
3. Payments received on account of orders as far as they are not deducted distinctly from inventories			
a) becoming due and payable within one year			
b) becoming due and payable after more than one year			
4. Trade creditors		430.693,22	467.615,19
a) becoming due and payable within one year		430.693,22	467.615,19
b) becoming due and payable after more than one year			
5. Bills of exchange payable			
a) becoming due and payable within one year			
b) becoming due and payable after more than one year			
6. Amounts owed to affiliated undertakings	9.1	34.216.028,47	35.061.499,57
a) becoming due and payable within one year		34.216.028,47	35.061.499,57
b) becoming due and payable after more than one year			
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests			
a) becoming due and payable within one year			
b) becoming due and payable after more than one year			
8. Tax and social security debts		8.561,48	15.572,14
a) Tax debts		2.109,40	1.137,40
b) Social security debts		6.452,08	14.434,74

The notes hereafter form an integral part of these annual accounts.

	Reference(s)		Current year		Previous year
9. Other creditors	1298	397	1.155,75	398	1.535,80
a) becoming due and payable within one year	1299	399	1.155,75	400	1.535,80
b) becoming due and payable after more than one year	1401	401		402	
E. Deferred income	1402	403		404	
TOTAL (LIABILITIES)		405	302.434.221,66	406	221.008.143,59

The notes hereafter form an integral part of these annual accounts.

PROFIT AND LOSS ACCOUNT AS AT 31 DECEMBER 2014

CHARGES

		Reference(s)		Current year		Previous year
1. Use of merchandise, raw materials and consumable materials	1601		601	7.440,05	602	3.225,53
2. Other external charges	1603		603	2.060.243,66	604	2.099.077,79
3. Staff costs	1605	11	605	184.663,34	606	273.521,12
a) Salaries and wages	1607		607	161.267,75	608	240.058,59
b) Social security on salaries and wages	1609		609	23.047,88	610	33.178,05
c) Supplementary pension costs	1611		611		612	
d) Other social costs	1613		613	347,71	614	284,48
4. Value adjustments	1615	4	615	9.534,66	616	8.118,43
a) on formation expenses and on tangible and intangible fixed assets	1617		617	9.534,66	618	8.118,43
b) on current assets	1619		619		620	
5. Other operating charges	1621	17	621	192.851,54	622	160.000,00
6. Value adjustments and fair value adjustments on financial fixed assets	1623	5	623	27.142,00	624	104.819.815,00
7. Value adjustments and fair value adjustments on financial current assets. Loss on disposal of transferable securities	1625	6.4, 9.1	625	1.193.729,10	626	
8. Interest and other financial charges	1627		627	5.728.743,07	628	6.450.492,11
a) concerning affiliated undertakings	1629	9.1	629	1.522.797,94	630	1.256.198,56
b) other interest and similar financial charges	1631	7, 8	631	4.205.945,13	632	5.194.293,55
9. Share of losses of undertakings accounted for under the equity method	1649		649		650	
10. Extraordinary charges	1633	14	633	3.205.883,48	634	6.919.791,13
11. Income tax	1635		635	3.210,00	636	4.785,00
12. Other taxes not included in the previous caption	1637		637	148.312,00	638	4.603,00
13. Profit for the financial year	1639		639	101.337.226,53	640	38.232.771,95
TOTAL CHARGES			641	114.098.979,43	642	158.976.201,06

The notes hereafter form an integral part of these annual accounts.

INCOME

	Reference(s)	Current year	Previous year
1. Net turnover	10	2.672.150,72	1.884.255,00
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		19.002,66	83.357,92
6. Income from financial fixed assets	5	100.535.127,37	143.186.230,74
a) derived from affiliated undertakings		99.983.607,65	140.010.982,02
b) other income from participating interests		551.519,72	3.175.248,72
7. Income from financial current assets		1.514,65	63.861,64
a) derived from affiliated undertakings			
b) other income from financial current assets		1.514,65	63.861,64
8. Other interest and other financial income		9.995.934,00	2.726.792,53
a) derived from affiliated undertakings	9.1	1.242.129,84	1.891.068,75
b) other interest and similar financial income	13	8.753.804,16	835.723,78
9. Share of profits of undertakings accounted for under the equity method			
10. Extraordinary income	14	875.250,03	11.031.703,23
13. Loss for the financial year		0,00	0,00
TOTAL INCOME		114.098.979,43	158.976.201,06

The notes hereafter form an integral part of these annual accounts.

13 NOTES TO THE ANNUAL ACCOUNTS 2014

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.

The General Meeting of shareholders held on 19 May 2014 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 (cont.)

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 Windhof.

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 NYSE 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/French/Investisseurs/informations-reg.

Note 2: Accounting principles

The Company keeps its books in euro. The annual accounts have been prepared using the historical cost convention in accordance with the Luxembourg legal and regulatory requirements. 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 affect the reported amounts of assets and liabilities in the next financial year. 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: Valuation rules

3.1. Intangible fixed assets

Intangible fixed 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 apply. This item is depreciated at a straight-line rate of 33% and is represented by a software license.

3.2. Tangible fixed assets

Tangible fixed 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 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 fixed assets are subject to allowances. Allowances are not continued if the reasons which justified them have ceased to exist.

3.4. Debtors

Debtors are valued 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.

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.

Note 3: Valuation rules (cont.)

The securities represented by treasury shares in the Company are measured at their lowest historical cost, including incidental expenses, and recognised at their market value. 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 reporting 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. Debts are recognised as subordinated liabilities when their status is subject to unsecured debts.

3.9. 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 of 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 of 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.

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 year ended 31 December 2014, the movements in intangible fixed assets are as follows:

	Concessions Patents, licenses	Advances Paid	TOTAL
Purchase price at opening	5,500.00	2,000.00	7,500.00
Additions	10,500.00	-	10,500.00
Disposals/ withdrawals	-	(2,000.00)	(2,000.00)
Purchase price at end of year	16,000.00	-	16,000.00
Allowances at opening	(5,500.00)	-	(5,500.00)
Charges for the year	(1,416.25)	-	(1,416.25)
Reversals for the year	-	-	-
Allowances at end of year	(6,916.25)	-	(6,916.25)
Net amount at end of year	**9,083.75**	**-**	**9,083.75**

4.2. Tangible fixed assets

For the year ended 31 December 2014, the movements in tangible fixed assets are 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
Additions	-	-	-
Disposals/ withdrawals	-	-	-
Purchase price at end of year	19,294.00	40,592.04	59,886.04
Allowances at opening	(19,294.00)	(11,092.40)	(30,386.40)
Charges for the year	-	(8,118.41)	(8,118.43)
Reversals for the year	-	-	-
Allowances at end of year	(19,294.00)	(19,210.81)	(38,504.81)
Net amount at end of year	**-**	**21,381.23**	**21,381.23**

Note 5: Financial fixed assets

For the year ended 31 December 2014, the movements in financial fixed assets are as follows:

	Shares in affiliated undertakings	Investments held as fixed assets	Loans and receivables held as fixed assets	TOTAL
Purchase price at opening	192,972,432.14	2,157,690.85	10,234.15	195,140,357.14
Additions	6,686,434.44	60,972.81	-	6,747,407.25
Disposals	(216,441.09)	(661,011.07)	(10,234,15)	(887,686.31)
Purchase price at end of year	199,442,425.49	1,557,652.59	-	201,000,078.08
Value adjustments at opening	(104,557,848.00)	(1,819,558.25)	-	(106,377,406.25)
Charges for the year	(27,142.00)	-	-	(27,142.00)
Reversals for the year	99,983,607.65	551,519.72	-	100,535,127.37
Value adjustment at end of year	(4,601,382.35)	(1,268,038.53)	-	(5,869,420.88)
Net amount at end of year	**194,841,043.14**	**289,614.06**	**-**	**195,130,657.20**

On 1 January 2014, the Company transformed part of its receivable in respect of Sword Sol Sàrl into an equity contribution of €6,500,000 without issue of shares.

In 2014, miscellaneous purchases (€186,434.44) and sales (€216,441.09) for part of the shares in Sword Services SA generated a reversal of allowance of €58,372.25.

On 31 December 2014, the decision was taken to allocate an allowance to Sword Création Informatique for €27,142, to maintain an allowance for Sword Services for €4,574,240.35, and to reverse an allowance for €99,688,494 for Sword Soft Ltd.

Regarding Sword Sol Sàrl, Sword Soft Ltd, FI System Belgium SA, 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.

As at 31 December 2014, the financial fixed assets were represented by:

- Shares in affiliated undertakings, namely

Subsidiary name	**% held**	**Purchase price**	**Equity as at 31/12/2014**	**Profit or loss as at 31/12/2014**
FI System Belgium SA (Belgium)	100%	5,031,000	3,800,205	(2,748,913)
Sword Services SA (Switzerland)	100%	18,006,750	5,331,457	7,263
Sword Soft Ltd (UK)	100%	161,366,200	83,248,668	11,959,878
Sword Sol Sàrl (Luxembourg)	100%	12,889,000	4,182,000	(2,753,042)
Sword Création Informatique Ltd (South Africa)	100%	30,000	2,858	(925)
Sword Solutions Inc (USA)	100%	1,302,000	1,638,782	31,576
Sword Suisse Holding SA (Switzerland)	100%	817,475	(7,774,909)	(1,639,192)
		199,442,425		

Note 5: Financial assets (cont.)

- Shares in undertakings with which the Company is linked by virtue of participating interests

Entity name	% held	Purchase price	Equity as at 31/12/2014	Profit or loss as at 31/12/2014
Lyodssoft HK	20%	1,045,778.73	*	*

** Not available*

On 31 December 2014, the Board of Directors decided to maintain an allowance of €1,045,775.73 for Lyodssoft HK.

- Securities held as fixed assets for a total amount of €289,614.06;

On 31 December 2014, the Board of Directors decided

- to reverse the initial allowance of €236,806.24 in an amount of €14,545.44 for Scientific Brain Training.
- to cancel the 15% stake held in Middlesoft for €369,240, as well as the allowance for the same amount, following the liquidation of that company.
- to sell Net Jets shares recognised at the historical cost of €283,599.61 and for which an allowance of €167,734.28 was recognised on 31 December 2013.

Note 6: Capital and reserves

6.1. Subscribed capital

At 31 December 2014 the share capital stood at €9,360,965, represented by 9,360,965 shares with a par value of €1 each, fully paid up. The share capital is accompanied by a share premium of €68,096,339.49.

As at 31 December 2014, the authorised share capital stood at €100 million, as part of new shares to be issued under debt securities giving access to capital.

On 18 November 2014, share subscription options were exercised (see Note 6.5) generating a capital increase of €71,000, represented by 71,000 shares worth €1 each, accompanied by a share premium of €789,165.

6.2. Legal reserve

Each year, a fixed percentage of 5% of the net profit, after absorption of deferred 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.

Note 6: Capital and reserves (cont.)

6.3. Changes in capital and reserves accounts

For the year ended 31 December 2014, the changes are as follows:

	01/01/2014	Allocation of profit or loss	Profit for the year	Dividends paid	capital increase	Treasury shares	31/12/2014
Share capital	9,289,965.00				71,000.00		9,360,965.00
Share premium	67,307,174.49	-			789,165.00		68,096,339.49
Legal reserve	928,996.50						928,996.50
Reserve for treasury shares	1,584,632.15	(1,584,632.15)				1,278,427.50	1,278,427.50
Profit or loss carried forward	-	39,817,404.10		(9,289,965.00)			29,249,011.60
Profit or loss for the year	38,232,771.95	(38,232,771.95)	101,337,226.53				101,337,226.53
TOTAL	**117,343,540.09**	**-**	**101,337,226.53**	**(9,289,965.00)**	**860,165.00**		**210,250,966.62**

6.4 Treasury shares

As at 31 December 2013, the Company held no treasury shares.

As at 31 December 2014, there were 73,053 treasury shares for a total of €1,278,427.50, recognised under "Securities", including an allowance of €96,006.10.

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 €1,278,427.50.

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

6.5 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 to 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 year ended 31 December 2014, 71,000 options were exercised. 42,000 options can no longer be exercised. There remain 75,000 exercisable options with maturity dates of no later than 6 October 2016.

- On 6 October 2011, the Board of Directors employed the authorisation and granted 9,000 share subscription options to 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 year ended 31 December 2014, no options were exercised. There remain 9,000 exercisable options with maturity dates of no later than 31 December 2016.

Note 6: Capital and reserves (cont.)

6.5 Company share options (cont.)

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 to 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 7: Other provisions

As at 31 December 2014, the provisions are broken down as follows:

Sword Group SE stood surety in respect of CIC Lyonnaise de Banque for a €11 million loan granted to TIPIK. The loan was used to reimburse the current account in respect of Sword Group SE at the time of deconsolidation in March 2014. The deadline is 31 March 2015. On the basis of the information available to management, TIPIK will not be able to reimburse the loan, but could refinance it for €8 million depending on the negotiations under way. A provision of €3 million was therefore recognised in the books of Sword Group SE for the amount not covered by refinancing.

Note 8: 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 2014, bank debt are broken down as follows:

	Amount drawn down	Authorised amount
Bank debt due in more than one year	54,000,000.00	94,800,000.00
Bank debt due within one year	-	29,628,571.42
Interest and commissions payable Creditor bank accounts	286,958.50 3,822.62	-
	554,293,781.12	

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 2014 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 2014, there were two fixed-rate payer swap covers:

- A payer swap at a fixed rate of 2.565% was set up on 2 April 2012 for a period of 36 months and an amount of €10 million.
- 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 €5,000,000.

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 €54 million as at 31 December 2014. At 31 December 2014, the Company was in compliance with said covenants.

Note 9: Related-party transactions

9.1 In respect of affiliated undertakings

As at 31 December 2014, balance sheet items concerning affiliated undertakings were as follows:

	Amounts owed by affiliated undertakings falling due in less than one year	**Amounts owed to affiliated undertakings falling due in less than one year**
Miscellaneous associates	1,008,109.80	38,787.88
Build On Line USA	-	-
Sword SA	8,938,462.72	-
Sword Technologies SA	12,785,563.06	-
Sword Suisse Holding	9,432,558.55	-
Fi System Belgium SA	6,918,897.02	-
Charteris	2,061,521.37	-
Sword Technologies Solutions Ltd	-	11,536,678.85
Sword Integra SA	-	1,317,709.89
Sword Solution Inc.	-	1,316,475.15
Sword Soft Ltd	-	20,006,376.70
	41,145,112.52	**34,216,028.47**

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 1.93% and 3.43%, corresponding to market conditions applicable to each subsidiary.

On 31 December 2014, the Board of Directors decided to enact an allowance of €1,097,723 on the receivable in respect of Build On Line USA.

For the year ended 31 December 2014, the main types of income and expenses in respect of affiliated undertakings were as follows:

	Expenses	**Income**
Management services	-	2,672,150.72
Recharging of fees	-	569,524.70
Subcontracting	341,886.65	-
Fees - Management committee	171,000.00	-
Sponsorship	173,032.77	-
Other miscellaneous expenses	33,843.50	-
Interest on current account	637,549.38	1,242,129.84
Foreign exchange income	885,248.56	-
	2,242,560.86	**4,483,805.26**

9.2 In respect of non-consolidated companies having shared management

For the year ended 31 December 2014, 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 €200,000;
- The recharging of miscellaneous expenses for €25,737.25

The Company recharged Financière Sémaphore Sàrl €7,408.00 for travel expenses.

Note 10: Net revenue

During the year ended 31 December 2014, revenue was €2,672,150.72 and was represented by 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 11: Staff

During the year ended 31 December 2014, the number of employees of the Company stood at an average of two people (three in 2013).

Note 12: Income from financial fixed assets

Income from other investments consisted in the reversal of allowances on securities held as fixed assets (Note 5).

Note 13: Other interest and financial income

This income mainly consists of foreign exchange gains of €8,038,800.67.

Note 14: Extraordinary items

For the year ended 31 December 2014, the extraordinary expenses mainly comprised fees associated with the acquisition or disposal of interests (€1,777,261.32), the historical cost of shares held as fixed assets sold/withdrawn of during the year (€661,011.07), various disputes (€548,320.00), and the historical cost of the sale of shares to affiliated undertakings (€216,441.09).

For the year ended 31 December 2014, extraordinary income was mainly comprised the proceeds from the sale of shares in Sword Services SA (€137,620.70) and investments held as fixed assets (€168,103.04), and by the recharging of fees related to investment disposal activities (€569,524.70).

Note 15: Taxation

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

Note 16: Off-balance sheet commitments

As at 31 December 2014, the Company had the following off-balance sheet commitments:

- The Company granted a waiver of current account with a clawback provision to its subsidiary Sword Technologies SA for an amount of €2.1 million. At 31 December 2014 the terms of the clawback provision were not satisfactory to cancel fully or partially such waiver.
- 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 2 million.

- The Company stood surety for a bank loan granted to Tipik Communication Agency SA and for which the Company has an 18% shareholding via FI System Belgium SA. The amount of the surety is €11 million and a provision of €3 million was recognised to cover the risk of non-payment. The provision was recognised under "interest and other finance costs". In this connection, the Company pledged as collateral a bank account holding USD 15,900,000.
- The Company concluded two term deposit operations for a total of USD 20 million maturing in the first quarter of 2015. 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
10,000,000 USD	09/02/2015	3.3%	1,235	43,000.00
10,000,000 USD	23/03/2015	3.5%	1,215	109,000.00

See also Note 8 on swaps and bank covenants.

Note 17: Board of Director's remuneration

For the year ended 31 December 2014, the directors received fees amounting to €175,000 (2013: €160,000). This amount is found under "Other operating expenses".

For the year ended 31 December 2014, no advance or credit was given to members of the administrative bodies.

Note 18: 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 Note 38 to the consolidated statements and includes audit fees for the annual accounts.

Note 17: Subsequent events

There were no major subsequent events.

14 INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014

Report on the consolidated financial statements

Following our appointment by the General Meeting of the Shareholders dated April 28, 2014 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, 2014, 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, 2014 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 2014 Financial Report.

Luxembourg, 23 March, 2015

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 2014

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2014 – ASSETS

(In €'000)	**Notes**	**31 December 2014**	**31 December 2013 restated**
ASSETS			
NON-CURRENT ASSETS			
Goodwill	12	87,126	79,494
Other intangible assets	11	12,615	7,141
Property, plant and equipment	10	4,097	3,868
Investments in associates	7	-	-
Available-for-sale financial assets	14.24	1,661	5,145
Deferred tax assets	25	2,388	2,904
Other assets	16	3,277	1,551
TOTAL NON-CURRENT ASSETS		111,164	100,103
CURRENT ASSETS			
Trade and other receivables	15	34,310	43,355
Current income tax assets	25	1,551	413
Other assets	16	13,494	9,643
Cash and cash equivalents	17	104,301	109,567
TOTAL CURRENT ASSETS		153,656	162,978
TOTAL ASSETS		**264,820**	**263,081**

The notes hereafter form an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2014 – LIABILITIES

(In €'000)	Notes	31 December 2014	31 December 2013 restated
EQUITY AND LIABILITIES			
EQUITY			
Share capital	33	9,361	9,290
Share premium		68,096	67,307
Reserves		6,860	3,569
Retained earnings		66,468	63,625
TOTAL EQUITY - GROUP SHARE		150,785	143,791
Non-controlling interests	6	10,993	9,599
TOTAL EQUITY		**161,778**	**153,390**
NON-CURRENT LIABILITIES			
Borrowings	20	55,123	69,103
Provisions for retirement benefits	18	509	313
Other provisions	19	652	854
Deferred tax liabilities	25	1,932	750
Other liabilities	23	1,990	299
TOTAL NON-CURRENT LIABILITIES		60,206	71,319
CURRENT LIABILITIES			
Borrowings	20	935	138
Derivative financial instruments	21.24	330	439
Other provisions	19	3,080	-
Trade and other payables	22	13,455	13,771
Current income tax liabilities	25	2,361	4,495
Other liabilities	23	22,675	19,529
TOTAL CURRENT LIABILITIES		42,836	38,372
TOTAL LIABILITIES		**103,042**	**109,691**
TOTAL EQUITY AND LIABILITIES		**264,820**	**263,081**

The notes hereafter form an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT AS AT 31 DECEMBER 2014

(In €'000)	Notes	31 December 2014	31 December 2013 restated
REVENUE	5	**117,069**	**106,500**
Purchases		(3,210)	(7,816)
Personnel expenses	26	(59,342)	(44,637)
Other external charges		(34,019)	(37,389)
Provision (charges)/reversals	27	(240)	161
Other current operating expenses		(1,825)	(621)
Other current operating income		419	66
EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION, EXCLUDING NON-RECURRING ELEMENTS (EBITDA)		**18,852**	**16,264**
EBITDA in %		**16.1%**	**15.3%**
Depreciation charge	10.11	(3,149)	(2,573)
EARNINGS BEFORE INTEREST AND TAXES EXCLUDING NON-RECURRING ELEMENTS (EBIT)		**15,703**	**13,691**
EBIT in %		**13.4%**	**12.9%**
Gain on disposal of assets	28	1,515	11,626
Impairment losses on assets	29	(1,600)	(173)
Other non-recurring items	30	(2,766)	(1,714)
OPERATING PROFIT (OP)		**12,852**	**23,430**
OP in %		**11.0%**	**22.0%**
Finance income		10,002	3,641
Finance costs		(6,191)	(6,293)
FINANCIAL RESULT	31	**3,811**	**(2,652)**
Share of profit or loss of associates	7	(10)	-
PROFIT BEFORE TAX		**16,653**	**20,778**
Income tax expense	25	(3,336)	(3,659)
PROFIT FOR THE YEAR		**13,317**	**17,119**
Attributable to:			
Group share		12,154	15,377
Non-controlling interests	6	1,163	1,742
Earnings per share *(in euro)*	32	1.31	1.68
Diluted earnings per share *(in euro)*	32	1.30	1.68

The notes hereafter form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AS AT 31 DECEMBER 2014

(In €'000)	Notes	31 December 2014	31 December 2013 restated
PROFIT FOR THE YEAR		**13,317**	**17,119**
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences			
- during the year		6,006	(2,549)
Available-for-sale financial assets			
- change in fair value	14	(560)	(73)
Total items that may be reclassified subsequently to profit or loss		5,446	(2,622)
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX		**5,446**	**(2,622)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**18,763**	**14,497**
Attributable to:			
Group share		16,819	11,917
Non-controlling interests (minority interests)		1,944	2,580

The notes hereafter form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2014

(In €'000)	Share capital	Share premium	Treasury shares	Available-for-sale revaluation reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
BALANCE AT 31 DECEMBER 2012 (restated)	**9,290**	**91,727**	**(411)**	**797**	**4,545**	**31,162**	**137,110**	**357**	**137,467**
Profit for the year	-	-	-	-	-	15,377	15,377	1,742	17,119
Other comprehensive income	-	-	-	(73)	(3,387)	-	(3,460)	838	(2,622)
Total comprehensive income	-	-	-	(73)	(3,387)	15,377	11,917	2,580	14,497
Transfers	-	(18,112)	-	-	-	18,112	-	-	-
Repurchase/ resale of ordinary shares	-	-	2,098	-	-	-	2,098	-	2,098
Share-based payments	-	-	-	-	-	(70)	(70)	-	(70)
Payment of dividends	-	(6,308)	-	-	-	-	(6,308)	(654)	(6,962)
Transactions between shareholders	-	-	-	-	-	(956)	(956)	7,316	6,360
BALANCE AT 31 DECEMBER 2013 (restated)	**9,290**	**67,307**	**1,687**	**724**	**1,158**	**63,625**	**143,791**	**9,599**	**153,390**
Profit for the year	-	-	-	-	-	12,154	12,154	1,163	13,317
Other comprehensive income	-	-	-	(560)	5,225	-	4,665	781	5,446
Total comprehensive income	-	-	-	(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**

Details of restatements for equity can be found in Note 2.3 "Restatement of comparative information".
The notes hereafter form an integral part of these consolidated financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS AS AT 31 DECEMBER 2014

(In €'000)	31 December 2014	31 December 2013 restated
Cash flows from operating activities		
Profit for the year	13,317	17,119
Adjustments:		
Depreciation charges	3,149	2,573
Impairment loss recognised on trade receivables	458	(204)
Charges for other provisions	(260)	(2,569)
Provision charges for employee benefits	196	49
Loss/(gain) on disposal of non-current assets, net of transaction costs	2,545	(13,685)
Share-based payments	135	(70)
Interest income	(897)	(818)
Interest expenses	1,218	1,077
Net foreign exchange loss	145	-
Income tax	3,336	3,659
Change in working capital	8,835	(4,015)
Cash flow generated by operating activities	32,177	3,116
Income tax paid	(4,176)	(2,636)
NET CASH FLOWS FROM OPERATING ACTIVITIES	28,001	480
Cash flows from investing activities		
Acquisitions of:		
- Intangible assets (see Note 11)	(7,128)	(1,762)
- Property, plant and equipment (see Note 10)	(1,860)	(1,476)
- Investments in associates	(10)	
- Available-for-sale financial assets (see Note 9 and Note 14)	(618)	(500)
Disposals of:		
- Intangible assets	-	8
- Property, plant and equipment	5	133
- Available-for-sale financial assets (see Note 14)	5,237	30,514
Interest received	764	743
Control taken of subsidiaries, net of cash and cash equivalents acquired (see Note 8)	(6,277)	(9,007)
Loss of control of subsidiaries, net of cash and cash equivalents disposed of (see Note 9)	(1,126)	-
NET CASH FLOWS (USED IN)/ FROM INVESTMENT ACTIVITIES	(11,013)	18,653

The notes hereafter form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS AS AT 31 DECEMBER 2014 (CONT.)

(In €'000)	31 December 2014	31 December 2013
Cash flows from financing activities		
Proceeds from the issue of ordinary shares	860	-
Payment related to the repurchase and resale of ordinary shares	(1,374)	2,098
Consideration received from non-controlling interests	326	-
Proceeds from borrowings	4	5,000
Repayment of borrowings	(14,000)	(32,507)
Interest paid	(965)	(1,169)
Dividends paid to shareholders of the parent company	(9,290)	(6,308)
Dividends paid to non-controlling interests	(199)	(655)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(24,638)	(33,541)
Net decrease in cash and cash equivalents	**(7,650)**	**(14,408)**
Cash and cash equivalents at the beginning of the year	109,429	125,541
Change in foreign exchange rate effect	1,587	(1,704)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**103,366**	**109,429**

The notes hereafter form an integral part of these consolidated financial statements.

16 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014 (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 located at 105 Route d'Arlon at Strassen (Luxembourg) was moved to 2 rue d'Arlon, Windhof (Luxembourg). This change of domicile was approved by the General Meeting of Shareholders on 19 May 2014. The Company is registered in the Register of Commerce and Companies of Luxembourg under number B 168.244.

Sword Group, comprising the Company and its subsidiaries, 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 NYSE Euronext Paris (Compartment B).

The consolidated financial statements were approved by the Board of Directors on 23 February 2015. The consolidated financial statements will be final once approved by the Annual General Meeting on 28 April 2015.

1.2 Major events in 2014

The following events took place in 2014:

- Charteris Plc was acquired on 6 January 2014 in a friendly takeover bid. The Charteris shares were delisted from the Alternative Investment Market (London Stock Exchange) on 4 February 2014. It provides consultancy and Microsoft application development services. See Note 8.

- 1.618 SA (Switzerland) was acquired on 25 February 2014. It is active in digital marketing. See Note 8.

- Control of Tipik SA (Belgium) was transferred on 14 March 2014. The consolidated loss on disposals is €998k, included in "income from disposals of assets". As at 31 December, Sword Group still held 18% of Tipik. See Note 9 for more details.

- Mobile Productivity Ltd (UK), which markets a mobile app product for the asset finance sector, was acquired on 7 April 2014. See Note 8.
- Kenzan, acquired on 29 July 2014, pursues technological innovation in the communication sector. See Note 8.

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 to the nearest thousand, unless indicated otherwise. They are prepared on the basis of the historical cost convention, with the exception of derivatives and available-for-sale financial assets that were valued at fair value.

As per European Regulation No 1606/2002 of 19 July 2002, the consolidated financial statements at 31 December 2014 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 offset, unless permitted or required by IFRS.

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

- IFRS 10 – Consolidated Financial Statements (effective 1 January 2014), IFRS 10 replaces IAS 27 (Consolidated and Separate Financial Statements), that addresses the accounting for consolidated financial statements. It also includes the issue raised in SIC-12, Consolidation – Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities, including structured entities. The changes introduced by IFRS 10 require management to exercise critical judgement in order to determine which entities are controlled and, consequently, consolidated by a parent, unlike the requirements of IAS 27. Certain indications included in IFRS 10 are relevant to the Group, specifically the indication pertaining to the issue of knowing whether an investor who holds less than 50% of the voting rights of an issuing entity controls that entity. For example, the Group holds 39.88% of Simalaya Holding SA and 45% of Sword IF SA. On the initial date of application of IFRS 10 the Group's management performed an assessment and came to the conclusion that the Group controls the two above-mentioned entities (see Note 3.1). Adopting the standard had no impact on the other entities included in the consolidation scope.

- IFRS 12 - Disclosure of Interests in Other Entities, effective 1 January 2014. The information disclosure requirements of IFRS 12 replace those set out in IAS 27 (Consolidated and Separate Financial Statements), pre-revision IAS 28 (Investments in Associates and Joint Ventures) and IAS 31 (Interests in Joint Ventures). They apply to any entity which holds interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. IFRS 12 only has an impact on presentation and led to a more detailed presentation of information in the consolidated financial statements.

During the year, the Group adopted a number of other new and revised standards which had to be applied to the financial year begun on 1 January 2014, but which have no significant impact on the Group's consolidated financial statements.

(b) New standards, amendments and interpretations, published but not yet effective

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 2017, 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 Restatement of comparative information

(c) Discontinuation of hedge accounting

The Group reexamined the recognition of derivative financial instruments and concluded that the conditions for applying hedge accounting were not met. Consequently, the amounts initially recognised in other comprehensive income and included in the reserves in equity were reversed. In return, the profits or losses resulting from the measurement of the fair value of derivative financial instruments were recognised in profit or loss with retrospective effect from their date of contractualisation.

(In €'000)	**31 December 2013**
Impact on equity presented in the financial position	
Decrease in reserves	(211)
Increase in retained earnings	211
Impact on profit for the year	
Increase in finance income	211
Impact on other comprehensive income for the year	
Recyclable items in profit or loss	
Decrease in cash flow hedging	(211)

The comparative information for the year ended 31 December 2012 did not change pursuant to the changes affecting the recognition of the above-mentioned derivative financial instruments, except for a reclassification within equity, leading to a decrease in reserves of €426,000 and a corresponding increase in retained earnings.

(d) Finalisation of the allocation of the acquisition price

Pursuant to the finalisation of the allocation of the acquisition price for Active Risk Group Plc and Simalaya Holding SA, two subsidiaries both acquired in 2013, the consolidated statement of financial position and the consolidated income statement were restated in accordance with the provisions of IFRS 3 (see Note 8.2.).

The table below illustrates the impact on the various balance sheet items and the profit:

(In €'000)	**Active Risk Group Plc**	**Simalaya Holding SA**	**Total 31 December 2013**
Impact on financial position			
Decrease in goodwill	(2,131)	(264)	**(2,395)**
Increase in other intangible assets	2,968	-	**2,968**
Increase in deferred tax liabilities	979	-	**979**
Decrease in profit for the year	(212)	(292)	**(406)**
Impact on profit for the year			
Depreciation charge	212	292	**504**
Income tax	(70)	(28)	**(98)**

(e) Adjustment related to remeasuring at fair value the initial stake in Simalaya Holding SA

In 2013, the Group increased its stake in Simalaya from 9.81% to 39.88% via a capital increase. The initial minority stake was recognised as an available-for-sale financial asset. The provisional goodwill had been calculated by adding the amount paid by the Group in connection with the capital increase to the carrying amount of the 9.81% shareholding.

IFRS 3 defines such an instance of control being obtained as a business combination achieved in stages. In such a situation, the acquirer must remeasure any previously held interest at fair value on the date of acquisition and recognise any resultant gain or loss in profit or loss. The provisional goodwill is then determined on the basis of the sum of this remeasured shareholding and the amount of the capital increase.

Consequently, the profit for 2013 should have been increased by €2,232k, corresponding to remeasuring the 9.81% shareholding at fair value on the acquisition date, in return for an increase in provisional goodwill for Simalaya. As mentioned above, goodwill was adjusted by €2,232k pursuant to the finalisation of the acquisition accounting, with a corresponding increase in profit for 2013.

(f) Change in presentation

For the year ended 31 December 2014, the Group changed the presentation of the consolidated statement of financial position and the consolidated income statement to improve legibility. The comparative information was restated to ensure consistent comparisons.

(g) Restated summary tables

See Note 42.

2.4 "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.

2.5 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (together referred to as the "Group") as at 31 December 2014.

(a) Subsidiaries

Subsidiaries are entities 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 ceases.

Control is achieved when:

- the Group has power over the investee;
- it is exposed, or has rights, to variable returns from its involvement with the investee; and;
- it has the ability to use its power over the investee to affect its returns.

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

The financial statements of the subsidiaries are prepared for the same reporting period as those of the Group, using consistent accounting policies.

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

Profit and loss and each component of other comprehensive income are attributed to shareholders of the parent company and to non-controlling interests, even if this results in the non-controlling interests having 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 aggregate of the fair value of the consideration received and the fair value of any interest retained and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity, where appropriate).

The fair value of any interest retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39.

A list of subsidiaries 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.

2.6 Foreign currency 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 "foreign currency 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 date of disposal of a foreign subsidiary, all accumulated translation differences in equity are recognised in profit or loss.

(b) Transactions in foreign currencies

Transactions in foreign currency are translated into functional currency at the exchange rate prevailing at the date of the transaction. At year-end, 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 2014:

(Currency)	Closing rate		Average rate	
	2014	2013	2014	2013
Pound sterling	0.7789	0.8337	0.8064	0.8493
United States dollar	1.2141	1.3791	1.3288	1.3282
Australian dollar	1.4829	1.3770	1.4724	1.5423
Tunisian dinar	2.2600	2.2582	2.2474	2.2650
Moroccan dirham	10.9682	11.2329	11.1570	11.2481
Swiss Franc	1.2024	1.2276	1.2146	1.2309
Colombian peso	2,873.56	2,645.50	2,659.57	2,659.57
South African rand	14.0353	12.8308	14.40652	14.566
Indian rupee	76.7165	85.3660	81.0701	77.8753

2.7 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 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 2.6. below).

In addition, in the goodwill measurement explained above, 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).

Consolidation 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. 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 a consolidation 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 valuation 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.

2.8 Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the acquisition date (see Note 2.7), 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 operating segments.

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 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.

2.9 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, all those resulting from business combinations, the amount paid to buy out a non-competition agreement (see Note 11) and development costs for improving existing software solutions.

(a) Intangible assets acquired separately

Intangible assets acquired separately comprise mainly the non-competition 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 2 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 complete the development of 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.

Taking into account the specific characteristics of the Group's activities, the key 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 on disposal, or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset (determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset) are recognised in profit or loss.

2.10 Property, plant and equipment

Property, plant and equipment are recognised at their acquisition cost, including directly attributable costs less accumulated depreciation and any impairment loss.

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 2.11).

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 property, plant and equipment 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.

2.11 Impairment of property, plant and equipment and of intangible 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.

2.12 Fair value measurement

The Group measures financial instruments, such as derivative instruments and available-for-sale financial assets, 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. The fair value measurement is based on the presumption 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 by 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 fair value measurement of an asset takes into account the 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 would 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.

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 fair value is measured or disclosed in the consolidated financial statements are classified in the fair value hierarchy (see Note 24).

2.13 Non-derivative financial instruments

(a) Classification

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

The Group's financial assets consist of available-for-sale financial assets and loans and receivables. Loans and receivables comprise trade and other receivables, deposits and guarantees, as well as cash and cash equivalents. Available-for-sale financial assets comprise non-consolidated entities in listed and unlisted companies.

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

The Group's financial liabilities comprise 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.

Available-for-sale financial assets are measured subsequently at fair value with recognition of latent gains or losses in other comprehensive income and accumulated in the "available-for-sale revaluation reserve" until the investment is 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 assets

Assets carried at amortised cost
At each reporting date, the Group ascertains whether there is an objective indication that a financial asset or a group of financial assets is impaired. 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 "available-for-sale"
At each reporting date, the Group ascertains whether there is an objective indication that an investment or a group of investments is impaired. For equity investments, 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 increase in value 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 from the financial asset expire or if the Group substantially transfers all of the risks and rewards inherent to ownership of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

(f) Offsetting

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

2.14 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 reporting period. The resulting gain or loss is immediately recognised in profit or loss, unless the derivative is a designated and effective hedging instrument.

2.15 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services rendered in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

2.16 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 statement of cash flows, 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 "borrowings" in current liabilities.

2.17 Trade and other payables

Trade payables are obligations to pay for goods or services acquired in the ordinary course of business. They are classified as current liabilities provided they are settled within one year or less or during the normal operating cycle. If not, they are presented as non-current liabilities.

2.18 Provisions

(a) General

A provision is recognised when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation;
- the amount of the obligation can be estimated reliably.

The provisions are recognised at the current value of the expected outflows 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

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.

2.19 Taxes

Tax expense for the period includes current income tax and deferred income tax.

(a) Current income tax

Current income 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 may have recourse to a judgement and estimates in situations where the tax regulations are open to interpretation. These positions are reviewed regularly.

(b) Deferred tax

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.

2.20 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.

2.21 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of discounts, rebates and taxes on sales.

The Group generates its revenue from two main sources:

- consultancy and engineering services;
- sales of licences (software) via a one-off 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 one-off 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

Sales of licences are recognised at the time of electronic delivery, concurrently with installation on the customer's premises. Any discounts and rebates are subtracted from sales.

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.

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.

2.22 Dividend distribution

Dividend distributions to the shareholders of the parent company are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the General Meeting of shareholders.

2.23 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 outstanding during the year.

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 outstanding, 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.

2.24 Employee benefits

(a) Short-term benefits

Expenses relating to short-term benefits comprise wages and salaries, 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 employees. 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 outside fund.

(d) Termination benefits

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.

2.25 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 taxes.

(b) Treasury shares

All treasury shares held by the Group are recognised at cost and deducted from equity. Gain or loss on 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.

2.26 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 at the allocation date using the Black & Scholes model (see Note 36). The fair value of the options is fixed at 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.

2.27 Assets and groups of assets held for sale and discontinued operations

(a) Assets and groups of assets held for sale

In accordance with IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations", the assets or groups of assets held for sale are presented on a separate line in the statement of financial position and are measured at the lower of their carrying amount and fair value less costs required to realise the sale.

An asset is classified as an "asset held for sale" only if the sale is highly probable within a one-year horizon, if the asset is held for immediate sale in its current condition and if a sale plan has been initiated by management with a sufficient degree of progress.

(b) Discontinued operations

A discontinued operation is a component of an entity which either has been disposed of or is classified as held for sale and which represents a separate major line of business or a main geographical area of operations and which can be identified separately for operational purposes and financial information.

When an operation is classified as a discontinued operation, the income statement and the comparative statement of cash flows are restated as if the operation had met the criteria of a discontinued operation as of the opening of the comparative period.

NOTE 3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities at 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 Simalaya Holding SA

Note 6 states that Simalaya Holding SA ("Simalaya") is a Group subsidiary, even if the Group has only a 39.88% interest in the subsidiary. Under a shareholders' agreement, the Group has the power to appoint and dismiss members of the Board of Directors of Simalaya, either alone or jointly with the other shareholders. The Group also has the power to have its dividend distribution recommendations voted on. Third-party shareholders undertake to implement proposals for strategic and operational guidelines formulated by the Group. The Group's management examined the provisions of the agreement in the light of the obligations imposed by IFRS 10 and concluded that the Group controls it.

(b) Control of subsidiary Sword IF SA

Following the merger between Inea IT Services SA ("Inea"), a Swiss company, and Sword IF SA, taking effect on 1 July 2014, the Group's interest in Sword IF SA dropped from 60% to 45%. Although the Group no longer holds a majority interest in Sword IF 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 IF 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 examined the provisions of the agreement in the light of the obligations imposed by IFRS 10 and concluded that the Group controls Sword IF SA. 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) Loss of significant influence in the partial disposal of a subsidiary

In March 2014, the Group gave up control over Tipik Communication Agency SA ("Tipik"), in which it retained an 18% interest. According to management, the Group does not have a significant influence on Tipik, since it does not have the right to appoint Directors and it is not involved in the company's financial and operational policy decisions.

(d) Determining cash-generating units (CGUs) for impairment testing of 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. Taking into consideration 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 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) Recognition of fixed-price contract revenue and costs

Applying the completion method for fixed-price services contracts, the Group regularly assesses the progress of said contracts on the basis of objectives reached or costs incurred 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 of goodwill

Goodwill is subject to impairment testing at least annually, in accordance with the accounting principles set out in Note 2.8. 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 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 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 assets with indefinite lives

The Group is of the opinion that the fee paid by the Group to the buyers of Tipik Communication Agency SA ("Tipik") (see Note 9) to cancel a non-competition 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 non-competition 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 turnover 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 monitored 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 does not meet its obligations, leading to a financial loss. 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 assets can be analysed as follows:

(In €'000)	**31 December 2014**	**31 December 2013**
Trade receivables	34,310	43,355
Cash and cash equivalents	104,301	109,567
TOTAL	**138,611**	**152,922**

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 2014 was €14,626k (2013: €23,481k). 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 customer receivables classified by customer category is as follows:

(In €'000)	**31 December 2014**	**31 December 2013**
State-owned companies	5,100	6,340
Large companies and multinationals	21,731	27,020
SMEs	8,489	10,553
TOTAL	**35,320**	**43,913**

There is no significant concentration of credit risk at Group level on the basis of customer receivables as at 31 December 2014 and 2013.

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

As at 31 December 2014 and 2013, 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 2014

(In €'000)	<1 year	>1 year, < 2 years	> 2 years, < 3 years	>3 years, <5 years	> 5 years	TOTAL
Bank borrowings						
Principal	-	*(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 the reporting date 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 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.

As at 31 December 2013

(In €'000)	<1 year	>1 year, < 2 years	> 2 years, < 3 years	>3 years, <5 years	> 5 years	TOTAL
Bank borrowings						
Principal	-	*(31,973)*	*(1,470)*	*(35,440)*	*(220)*	*(69,103)*
Interest	*(497)*	*(326)*	*(160)*	*(203)*	*(1)*	*(1,187)*
Bank overdrafts	(138)	-	-	-	-	(138)
Interest rate swaps						
Fixed, paid	*(349)*	*(157)*	*(70)*	-	-	*(576)*
Variable, received	*225*	*129*	*72*	-	-	*426*
Trade and other payables	(13,771)	-	-	-	-	(13,771)
Other liabilities	(1,465)	(299)	-	-	-	(1,764)
TOTAL	(15,995)	(32,626)	(1,628)	(35,643)	(221)	(86,113)

The variable rate used to estimate the interest cash flows is the 3-month Euribor, i.e. a rate of 0.078% at 31 December 2014 (31 December 2013: 0.287%).

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 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 market prices. 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 amounts. 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 actual 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:

(In €'000)	Assets		Liabilities		Net position	
	2014	2013	2014	2013	2014	2013
Pound sterling	76,125	68,629	(44,156)	(25,850)	31,969	42,779
United States Dollar	11,805	4,789	(9,101)	(2,952)	2,704	1,837
Swiss Franc	23,046	22,113	(5,672)	(14,964)	17,374	7,149
Indian Rupee	456	1,053	(107)	(163)	349	890
Other	3,205	1,404	(2,034)	(668)	1,170	736

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 2014			31 December 2013		
Currency	**Exchange rate changes**	**Impact on earnings**	**Impact on equity**	**Exchange rate changes**	**Impact on earnings**	**Impact on equity**
Pound sterling	4%	557	1,954	5%	944	2,325
United States Dollar	8%	37	122	4%	(4)	36
Swiss Franc	10%	122	2,228	2%	(102)	252
Indian Rupee	6%	2	27	16%	91	168

The above exchange rate changes represent management's best estimate, bearing in mind historical volatility, with the exception of the Swiss franc, whose exchange rate fluctuations take account of the currency's rise in January 2015 following the decision taken by the National Bank of Switzerland to drop the minimum rate of CHF1.20 for one euro.

(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 2014, after taking account of interest rate swaps, around 32.4% of the Group's debt is remunerated at a fixed interest rate (2013: 25.7%). 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 at 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 a reasonably possible interest rate fluctuation) and if all other variables remain constant, the profit or loss for the year ended 31 December 2014 would fall/rise by €270k (31 December 2013: €340k).

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 2014, the financial structure ratio is as follows:

(In €'000)	**31 December 2014**	**31 December 2013 restated**
Borrowings	56,058	69,241
Cash and cash equivalents	(104,301)	(109,567)
Net debt	**(48,243)**	**(40,326)**
Equity	161,778	153,390
NET DEBT RATIO	**(29.82%)**	**(26.29%)**

NOTE 5. SEGMENT INFORMATION

In accordance with IFRS 8, the segment information presents operating segments comparable to segments 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" segment and the "Software" segment, 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 operating segments 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 inter-segment revenue and information on non-current assets by geographical area:

	Revenue from external customers		*Non-current assets* (*)	
(In €'000)	**31 December 2014**	**31 December 2013**	**31 December 2014**	**31 December 2013**
Benelux	25,200	31,950	20,474	16,963
France	22,300	17,040	13,543	13,633
Switzerland	24,800	18,105	27,528	23,986
United Kingdom	26,900	19,170	49,211	45,130
United States	7,500	6,390	138	83
Other	10,369	13,845	270	308
TOTAL	**117,069**	**106,500**	**111,164**	**100,103**

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

5.2 Information by segment

(a) Income statement analysis

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
- inter-segment	-	-	-	-
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 charge	(1,995)	(1,145)	(10)	(3,150)
Earnings before interest and taxes excluding non-recurring elements (EBIT)	**6,842**	**8,871**	**(10)**	**15,703**
Gain on disposal 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
	Share of profit or (loss) of associates			(10)
	Income tax expense			(3,336)
	Profit for the year			**13,317**
	Non-controlling interests			1,163
	Group share			**12,154**

As at 31 December 2013

(In €'000)	**IT Services**	**Software**	**Non-allocated**	**Consolidated total**
Revenue				
- outside the Group *(external customers)*	85,500	21,000	-	106,500
- inter-segment	-	-	-	-
TOTAL REVENUE	**85,500**	**21,000**	**-**	**106,500**
Earnings before interest, taxes, depreciation and amortisation, excluding non-recurring elements (EBITDA)	**10,177**	**6,079**	**8**	**16,264**
Depreciation charge	(2,075)	(490)	(8)	(2,573)
Earnings before interest and taxes excluding non-recurring elements (EBIT)	**8,102**	**5,589**	**-**	**13,691**
Gain on disposal of assets	(512)	12,443	(305)	11,626
Impairment losses on assets	(173)	-	-	(173)
Other non-recurring items	676	(860)	(1,530)	(1,714)
Operating profit (OP)	**8,093**	**17,172**	**(1,834)**	**23,430**
	Financial result			(2,652)
	Income tax expense			(3,659)
	Profit for the year			**17,118**
	Non-controlling interests			1,742
	Group share			**15,376**

(b) Analysis of assets and liabilities

As at 31 December 2014

(In €'000)	IT Services	Software	Non-allocated	Adjustments and eliminations	Consoli-dated 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 year	*8,133*	*846*	*9*	*-*	*8,988*

As at 31 December 2013

(In €'000)	IT Services	Software	Non-allocated	Adjustments and eliminations	Consoli-dated total
Segment assets	124,265	52,083	-	-	176,348
Non-allocated assets	-	-	86,733	-	86,733
TOTAL ASSETS	**124,265**	**52,083**	**86,733**	**-**	**263,081**
Segment liabilities	29,049	12,403	-	123,445	164,897
Non-allocated liabilities	-	-	68,239	(123,445)	(55,206)
TOTAL LIABILITIES	**29,049**	**12,403**	**68,239**	**-**	**109,691**
Intangible and tangible investments made during the year	*1,867*	*1,368*	*3*	*-*	*3,238*

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

All 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 liabilities are allocated to the segments, with the exception of liabilities which cannot be allocated to a CGU, which comprise mainly borrowings 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	Control % 2014	Control % 2013	Interest % 2014	Interest % 2013
Luxembourg						
Sword Group SE	Parent					
Sword Technologies SA	IT Services	FM	100%	100%	100%	100%
Sword SOL S.à r.l.	Holding company	FM	100%	100%	100%	100%
South Africa						
Sword Création Informatique Ltd	IT Services/Software	FM	100%	100%	100%	100%
Australia						
Active Risk Pty Ltd	Software	FM	100%	100%	100%	100%
Belgium						
FI System Belgium	Holding company	FM	100%	100%	100%	100%
Sword Integra	IT Services	FM	100%	100%	100%	100%
TIPIK Communication Agency SA (1)	IT Services	FM	-	90%	-	90%
Cyprus						
Apak Beam Ltd	Software	FM	100%	100%	100%	100%
Colombia						
Sword Colombia SAS	IT Services	FM	100%	100%	100%	100%
United States						
Active Risk Inc	Software	FM	100%	100%	100%	100%
Apak Inc	Software	FM	100%	100%	97.09%	94.83%
Buildonline USA	IT Services/Software	FM	100%	100%	100%	100%
Sword Solutions Inc	IT Services	FM	100%	100%	100%	100%
France						
Idaho SA (2)	IT Services	FM	100%	-	32.70%	-
Simalaya SAS France	IT Services	FM	82%	100%	100%	39.88%
Sword Connect	IT Services	FM	73%	100%	73%	100%
Sword FS EURL (3)	IT Services	FM	-	100%	-	57%
Sword Insight	IT Services	FM	70%	70%	70%	70%
Sword Orizon	Software	FM	67%	100%	67%	100%
Sword SA	IT Services	FM	100%	100%	100%	100%
India						
Buildonline India (4)	IT Services	FM	-	100%	-	100%
Sword Global India Pvt Ltd (5)	IT Services	FM	100%	100%	100%	100%
Lebanon						
Sword Lebanon	IT Services	FM	98.67%	98.07%	98.67%	98.07%
Sword Middle East	IT Services	FM	98%	98%	98%	98%
Morocco						
Adhoc Sàrl	IT Services	FM	100%	100%	21.77%	21.77%

Company	Main business/ operating segment	Method	Control % 2014	Control % 2013	Interest % 2014	Interest % 2013
United Kingdom						
Apak Group Ltd	Software	FM	9.09%	94.83%	97.09%	94.83%
Active Risk Group Ltd	Software	FM	100%	100%	100%	100%
Active Risk Ltd	Software	FM	100%	100%	100%	100%
Charteris Plc	IT Services	FM	100%	-	100%	-
Mobile Productivity Ltd	Software	FM	100%	-	100%	-
Sword Achiever Ltd	Software	FM	100%	96.78%	100%	96.78%
Sword General Partners Ltd	Holding company	FM	100%	100%	100%	100%
Sword Soft Ltd	IT Services/Software	FM	100%	100%	100%	100%
Sword Technologies Solutions Ltd	IT Services	FM	100%	100%	100%	100%
Switzerland						
Adhoc Int	Holding company	FM	91%	91%	21.77%	21.77%
Adhoc PES AG	Software	FM	60%	60%	23.93%	23.93%
Kenzan Film Factory Sàrl	IT Services	FM	60%	-	23.93%	-
Simalaya Holding SA (6)	Holding company	FM	39.88%	39.88%	39.88%	39.88%
Simalaya SA	IT Services	FM	96%	96%	38.28%	38.28%
Sword IF SA (7)	IT Services	FM	45%	57%	45%	57%
Sword Services SA	IT Services	FM	100%	100%	100%	100%
Sword Suisse Holding SA	Holding company	FM	100%	100%	100%	100%
The Agile Factory SA	IT Services	FM	53.5%	-	21.34%	-
1.618 SA	IT Services	FM	100%	-	39.88%	-
Tunisia						
Adhoc CTS Sàrl	Software	FM	95%	95%	22.44%	22.44%
Adhoc ISL Sàrl	IT Services	FM	95%	95%	22.73%	22.73%
Simalaya Technology Office	IT Services	FM	67%	67%	16.03%	26.72%

(1) Sold on 10 March 2014 (see Note 9).
(2) Dissolved on 31 December 2014, following the transfer of all assets to Simalaya SAS.
(3) In the first quarter of 2014, Sword FS EURL merged with Sword IF SA with a view to reducing the cost structure.
(4) Liquidated in 2013
(5) Since the company does not end its financial year on 31 December, it produced an interim report as at 31 December 2014.
(6) In 2013, the Group took control of Simalaya Holding SA following a capital increase that boosted its interest to 39.88%. See Note 3 and Note 8.
(7) On 1 July 2014, Sword IF SA absorbed Inea IT Services SA, resulting in the Group's interest in Sword IF SA dropping from 60% to 45%. See Note 3.

6.2 Information on Group subsidiaries in which the non-controlling interests are significant

Company	Control % in non-controlling interests 2014	Control % in non-controlling interests 2013	Comprehensive income for the year 2014	Comprehensive income for the year 2013	Accumulated non-controlling interests at the end of the year 2014	Accumulated non-controlling interests at the end of the year 2013
Simalaya Holding SA	60.12%	60.12%	145	(55)	6,690	5,658

The table below shows summarised financial information in respect of Simalaya Holding SA prior to intra-group eliminations:

(In €'000)	**31 December 2014**
STATEMENT OF FINANCIAL POSITION (SUMMARY)	
Non-current assets	9,239
Current assets	5,530
Non-current liabilities	-
Current liabilities	8,370
NET ASSETS	**6,399**
Attributable to:	
Group share	(292)
Non-controlling interests (minority interests)	6,690
STATEMENT OF NET INCOME AND OTHER COMPREHENSIVE INCOME (SUMMARY)	
Revenue	75
Expenses	(258)
Profit for the year	**(183)**
Attributable to:	
Group share	(73)
Non-controlling interests	(110)
Other comprehensive income	**328**
Of which:	
Group share	131
Non-controlling interests (minority interests)	197
COMPREHENSIVE INCOME FOR THE YEAR	**145**
Attributable to:	
Group share	58
Non-controlling interests	87
Dividends paid to non-controlling interests	151
STATEMENT OF CASH FLOWS (SUMMARY)	
Net cash outflows from operating activities	(114)
Net cash outflows from investing activities	(2,919)
Net cash outflows from financing activities	(251)
Net change in cash and cash equivalents	**(3,284)**

NOTE 7. ASSOCIATES

7.1 Changes during the year

(In €'000)	31 December 2014
Balance at the beginning of the year	-
Acquisition and securing a significant influence	10
Share of profit or (loss) for the year (*)	(10)
Dividends paid	-
BALANCE AT THE END OF THE YEAR	-

(*) To maintain the balance of the "Associates" item at zero, the share recognised by the Group in the total losses of the associate is €22k less than the share to which the Group is entitled in connection with its interest.

Since investments in associates are non-significant, the other disclosures required under IFRS 12 have been omitted.

NOTE 8. BUSINESS COMBINATIONS AND ACQUISITIONS

8.1 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, was 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

Through 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

During the financial year 2014, the Group made the following acquisitions:

Company	Place of incorporation and operations	Industry	Control % 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 sale and purchase agreement of Mobile Productivity Ltd provides for an earnout corresponding to a multiple of the average of the net results of Mobile Productivity for 2015 and 2016, with a cap of €2,953k. The earnout, known as a "contingent consideration liability", will be paid in the second quarter of 2016. The fair value of this liability was €1,855k as at 31 December 2014. It is based on discounting estimated cash flows.

The table below shows the important unobservable inputs used for measurement purposes:

Assumptions	*Range of values/value*
Sales	914,000–1,030,000
Earnings before interest and taxes	308,000–365,000
Discount rate	5%

If earnings before interest and taxes were to rise or fall by 25%, all other parameters being constant, the carrying amount of the contingent consideration liability would fall or rise by €601k.

This liability is recognised in "Other non-current liabilities".

(c) Assets acquired and liabilities recognised on the acquisition date (for 100% of the acquired company)

(In €'000)	**Charteris Plc**	**Mobile Productivity Plc**	**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				
Borrowings	(199)	-	(127)	(326)
Trade and other payables	(2,827)	(12)	(696)	(3,535)
Current income tax liability	-	(9)	(66)	(75)
Other liabilities	(1,261)	(47)	(315)	(1,623)
IDENTIFIABLE NET ASSETS ACQUIRED	**(1,863)**	**359**	**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 on the acquisition date, measured using the partial goodwill method.

(d) Goodwill arising from 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 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 of 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 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	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	567	95	491	**1,153**

8.2 Acquisitions in 2013

Simalaya Holding SA
On 26 September 2013, the Group increased its interest in Swiss Group Simalaya by increasing its interest in Simalaya Holding SA from 9.81% to 39.88%. As a result, the Group became the lead shareholder in Simalaya and can offer its customers expertise in consultancy and strategy, digital marketing, CRM and engineering relating to the performance of information systems. This controlling interest enables the Group to expand its geographical presence and enhance its position in Switzerland and North Africa.

Active Risk Group Ltd
On 30 August 2013, the Group acquired Active Risk Group Ltd, a UK company listed on the alternative market of the London Stock Exchange, following a friendly takeover bid. Active Risk specialises in developing and marketing software for the Governance, Risk and Compliance (GRC) segment. Through the acquisition, the Group is complementing its offering of products for large accounts and enhancing its presence on various markets, including the United States.

(a) Consideration transferred

(In €'000)	Active Risk Group Ltd	Simalaya Holding SA	TOTAL
Consideration settled in cash	13,903	10,466	**24,369**
Less:			
Balance of cash and cash equivalents acquired	4,558	12,769	**17,327**
NET CASH OUTFLOW	**9,345**	**(2,303)**	**7,042**

(b) Assets acquired and liabilities recognised on the acquisition date (for 100% of the acquired company)

(In €'000)	Active Risk Group Ltd	Simalaya Holding SA	TOTAL
Non-current assets			
Intangible assets	-	2	**2**
Property, plant and equipment	95	526	**621**
Deferred tax assets	2,669	111	**2,780**
Other assets	-	239	**239**
Current assets			
Trade and other receivables	2,642	4,405	**7,047**
Cash and cash equivalents	4,558	12,769	**17,327**
Non-current liabilities			
Borrowings	-	(1,104)	**(1,104)**
Current liabilities			
Trade and other payables	(7,081)	(1,551)	**(8,632)**
Current income tax liability	-	-	**-**
Other liabilities	-	(2,825)	**(2,825)**
IDENTIFIABLE NET ASSETS ACQUIRED	**2,883**	**12,570**	**15,453**

With the acquisition of Simalaya, the Group recognised an amount of €7,973k for non-controlling interests on the acquisition date, measured using the partial goodwill method.

The initial recognition of the Active Risk and Simalaya acquisitions was established at the end of the year ended 31 December 2013. When completing the consolidated financial statements for 2013, the valuation of certain intangible assets, including software developed by Active Risk and the associated maintenance contracts, could not be accurately determined. Consequently, the recognition of these intangible assets separate from goodwill could not be effected, resulting in an increase in the value allocated to goodwill. In 2014, these assets were recognised retrospectively, with a corresponding adjustment to goodwill. The comparative information was consequently restated (see Note 2.3).

(c) Goodwill arising from acquisition

(In €'000)	Active Risk Group Ltd	Simalaya Holding SA	TOTAL
Consideration transferred	13,903	10,466	**24,369**
Plus: Fair value of shares previously held	-	3,405	**3,405**
Less: Fair value of identifiable net assets acquired	(2,883)	(12,570)	**(15,453)**
Plus: Non-controlling interests	-	7,963	**7,963**
GOODWILL ARISING FROM ACQUISITION	**11,020**	**9,264**	**20,284**

The Active Risk acquisition resulted in goodwill, since the acquisition price takes account of complementarity in terms of skills and markets of the acquired company with the Group's Governance, Risk & Compliance (CGR) business and the entailing synergies. These synergies aimed to reduce costs relating to the management structure. The acquisition price also reflects the growth and profitability potential arising from the development of new CGR applications.

The Simalaya acquisition enables the Group to pursue its growth strategy and complement its value propositions with its customers. The consideration transferred takes account of geographical synergies by bolstering its position in German-speaking Switzerland, and a French-speaking offshore presence in North Africa, but also in terms of offering its customers expertise in the above-mentioned areas.

Goodwill should not be deductible for tax purposes.

The acquisition costs were €235k for Active Risk and €188k for Simalaya Holding SA.

NOTE 9. DISPOSALS

9.1 Partial disposal with loss of control

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 purchase and sales agreement, the price will be paid to the Group by the acquirer in two equal instalments, the first for 50% (€1.08 million) by 1 July 2015, and the second by 1 July 2016. The receivable resulting from this deferred payment is subject to an interest rate of 1.5% per year.

(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 income tax asset	950
Cash and cash equivalents	1,126
Non-current liabilities	
Borrowings	(3)
Deferred tax liability	(30)
Current liabilities	
Trade and other payables	(1,326)
Current income tax liability	(435)
Other liabilities	(13,830)
NET ASSETS DISPOSED OF	**4,386**

Following the disposal, the current account balance of €12,280k 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 on disposal of a subsidiary

(In €'000)	31 December 2014
Consideration receivable	2,160
Less: Net assets disposed of	(4,386)
Plus: Fair value of shares retained	1,115
Plus: Non-controlling interests	113
LOSS ON DISPOSAL	**(998)**

The loss on disposal, including the proportion attributable to the fair value measurement of the interest retained in Tipik, is recognised in the income statement under "Gain on disposal 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 2012	**143**	**2,652**	**252**	**6,357**	**2,050**	**11,454**
Acquisitions	-	349	215	736	187	**1,487**
Acquisitions through business combinations	-	81	82	1,877	443	**2,483**
Disposals	-	(44)	(232)	(95)	(23)	**(394)**
Translation difference	(2)	(19)	(5)	(69)	(39)	**(134)**
As at 31 December 2013	**141**	**3,019**	**312**	**8,806**	**2,618**	**14,896**
Acquisitions	-	301	-	1,199	361	**1,861**
Acquisitions through business combinations	87	57	-	732	132	**1,008**
Disposals	-	(138)	(11)	(289)	(10)	**(448)**
Deconsolidation	-	(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**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES						
As at 31 December 2012	(50)	(1,580)	(168)	(5,287)	(1,268)	**(8,353)**
Depreciation charge	(24)	(201)	(47)	(651)	(203)	**(1,126)**
Scope changes	-	(72)	(65)	(1,372)	(363)	**(1,872)**
Reversals of impairment losses	-	43	84	94	22	**243**
Translation difference	-	10	3	54	13	**80**
As at 31 December 2013	**(74)**	**(1,800)**	**(193)**	**(7,162)**	**(1,799)**	**(11,028)**
Depreciation charge	(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)**
NET BOOK VALUE						
As at 31 December 2013	**67**	**1,219**	**119**	**1,644**	**819**	**3,868**
As at 31 December 2014	**45**	**907**	**84**	**2,062**	**999**	**4,097**

As at 31 December 2014, no guarantees had been given regarding property, plant and equipment (2013: none).

NOTE 11. OTHER INTANGIBLE ASSETS

(In €'000)	Software	Software contracts	Non-competition agreement	Other intangible assets	TOTAL
GROSS AMOUNT					
As at 31 December 2012	**3,584**	**-**	**-**	**3,322**	**6,906**
Acquisitions	1,726	-	-	27	**1,753**
Acquisitions through business combinations	250	3,475	-	-	**3,725**
Disposals	-	-	-	(1,115)	**(1,115)**
Translation difference	18	-	-	(21)	**(3)**
As at 31 December 2013	**5,578**	**3,475**	**-**	**2,213**	**11,266**
Acquisitions	741	-	1,113	5,272	**7,126**
Acquisitions through business combinations	503	883	-	5	**1,391**
Disposals	(1,112)	-	-	(70)	**(1,182)**
Deconsolidation	-	-	-	(462)	**(462)**
Translation difference	64	-	-	301	**365**
As at 31 December 2014	**5,774**	**4,358**	**1,113**	**7,259**	**18,504**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES					
As at 31 December 2012	**(1,415)**	**-**	**-**	**(1,977)**	**(3,392)**
Depreciation charge	(690)	(504)	-	(251)	**(1,445)**
Scope changes	(250)	-	-	(2)	**(252)**
Reversals of impairment losses	3	-	-	939	**942**
Translation difference	1	-	-	21	**22**
As at 31 December 2013	**(2,351)**	(504)	**-**	**(1,270)**	**(4,125)**
Depreciation charge	(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)**
NET BOOK VALUE					
Net amount as at 31 December 2013	**3,227**	**2,971**	**-**	**943**	**7,141**
Net amount as at 31 December 2014	**2,638**	**2,976**	**1,113**	**5,888**	**12,615**

"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 non-competition agreement. Under it, the Group undertook not to compete with Tipik on the territory of the European Union.

Since then, taking into account 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 of the non-competition 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 non-competition agreement 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 2014**	**31 December 2013 restated**
GROSS AMOUNT		
Balance at the beginning of the year	104,494	87,122
Additional amounts recognised following business combinations arising during the year[1]	7,981	17,889
Disposals	(3,541)	-
Translation difference	3,192	(517)
Balance at the end of the year	**112,126**	**104,494**
ACCUMULATED IMPAIRMENT LOSSES[2]		
Balance at the beginning 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, CARRYING AMOUNT	**87,126**	**79,494**

[1] *This amount includes corrections made to the goodwill of Active Risk and Simalaya (see Note 2.3 and Note 8.2).*
[2] *No impairment loss was identified for financial year 2014.*

12.2 Allocation of goodwill to cash-generating units (CGUs)

(In €'000)	**31 December 2014**	**31 December 2013**
CGU 1 - Software	33,636	29,566
CGU 3 - IT Services (Solutions)	53,490	49,928
TOTAL	**87,126**	**79,494**

12.3 Impairment testing of goodwill

In 2014, without modifying the valuation methods used in the previous year, the Group reexamined 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 €170,534k and €120,289k respectively.

Key assumptions

The projected cash flows used by the Group to estimate value in use came from the 2015 budget and from an extrapolation for 2016 and subsequent years. On the basis of the 2015 budget, the Group's revenue rose approximately 17.8%, with growth expressed in a percentage nearly the same for each CGU.

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 long term growth rate used to calculate the final value and (iv) the discount rate.

	CGU 1 - Software		CGU 3 - Solutions	
	2014	2013	2014	2013
Medium-term revenue growth	10%	5%	10%	5%
Operating margin	23%	21%	9.5%	10%
Long term growth rate	2%	2%	2%	2%
Discount rate after tax (*)	6.2%	11.1%	8.05%	10.7%

(*) The pre-tax discount rates for 2014 were 7.8% and 10% for CGU 1 and CGU 3 respectively.

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. FINANCIAL INSTRUMENTS CLASSIFIED BY CATEGORY

The table below shows the financial assets and liabilities by category in accordance with IAS 39 as at 31 December 2014:

(In €'000)	Loans and receivables	Available-for-sale financial assets	TOTAL
ASSETS			
Available-for-sale financial assets	-	1,661	**1,661**
Other assets	2,580	-	**2,580**
Non-current financial assets	**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 liabilities at fair value through profit or loss	Financial liabilities (at amortised cost)	TOTAL
LIABILITIES			
Borrowings	-	55,123	**55,123**
Other liabilities	1,855	135	**1,990**
Non-current financial liabilities	**1,855**	**55,258**	**57,113**
Borrowings	-	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**

The table below shows the financial assets and liabilities by category in accordance with IAS 39 as at 31 December 2013:

(In €'000)	Loans and receivables	Available-for sale-financial assets	TOTAL
ASSETS			
Available-for-sale financial assets	-	5,145	**5,145**
Other assets	1,551	-	**1,551**
Non-current financial assets	**1,551**	**5,145**	**6,696**
Trade and other receivables	43,355	-	**43,355**
Other assets	2,856	-	**2,856**
Cash and cash equivalents	109,567	-	**109,567**
Current financial assets	**155,778**	**-**	**155,778**
TOTAL FINANCIAL ASSETS	**157,329**	**5,145**	**162,474**

(In €'000)	Financial liabilities at fair value through profit or loss	Other financial liabilities (at amortised cost)	TOTAL
LIABILITIES			
Borrowings	-	69,103	**69,103**
Other liabilities	-	299	**299**
Non-current financial liabilities	**-**	**69,402**	**69,402**
Borrowings	-	138	**138**
Derivative financial instruments	439	-	**439**
Trade and other payables	-	13,771	**13,771**
Other liabilities	-	1,465	**1,465**
Current financial liabilities	**439**	**15,374**	**15,813**
TOTAL FINANCIAL LIABILITIES	**439**	**84,776**	**85,215**

NOTE 14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Balance as at the reporting date

(In €'000)	31 December 2014	31 December 2013
Interest in SBT	100	86
Interest in Kana	-	4,279
Interest in Tipik (see Note 9)	541	-
Interests in various unlisted companies	1,020	780
TOTAL	**1,661**	**5,145**

Changes during the year

(In €'000)	31 December 2014	31 December 2013
Balance at the beginning of the year	**5,145**	**6,217**
Acquisitions	564	345
Disposals	(4,602)	-
Scope changes (*)	1,115	(1,173)
Change in fair value	(560)	(73)
Impairment losses	-	(171)
Translation differences	(1)	-
BALANCE AT THE END OF THE YEAR	**1,661**	**5,145**

(*) *Relating to the interests in Simalaya (see Note 8.2) and Tipik (see Note 9)*

NOTE 15. TRADE AND OTHER RECEIVABLES

(In €'000)	31 December 2014	31 December 2013
Trade receivables	20,694	20,432
Provisions for doubtful debts	(1,010)	(558)
Trade receivables, net	**19,684**	**19,874**
Unbilled revenue	14,626	23,481
TOTAL	**34,310**	**43,355**

Due to their short-term maturity, the carrying amount of trade and other receivables approximate their fair value.

Aged balance

(In €'000)	0-3 months	3-6 months	6-12 months	> 1 year	Total
As at 31 December 2014	1,938	232	422	1,712	4,304
As at 31 December 2013	1,822	283	515	691	3,311

The trade receivables presented above comprise amounts due at the reporting date and for which the Group has not created a doubtful debt provision, since the Group has no information on a solvency deterioration of these receivables and since these amounts are still considered recoverable.

Change in the provision for doubtful debts

(In €'000)	31 December 2014	31 December 2013
Balance at the beginning of the year	(558)	(373)
Impairment losses recognised during the year	(458)	204
Amounts written off as uncollectable during the year	-	-
Amounts recovered during the year	-	-
Impairment losses reversed	-	-
Change in consolidation scope	28	(390)
Translation difference	(22)	1
BALANCE AT THE END OF THE YEAR	**(1,010)**	**(558)**

Aged balance of impaired receivables

(In €'000)	0-3 months	3-6 months	6-12 months	> 1 year	Total
As at 31 December 2014	103	34	239	634	1,010
As at 31 December 2013	57	18	132	351	558

NOTE 16. OTHER ASSETS

(In €'000)	31 December 2014	31 December 2013
Deposits and guarantees	697	763
Consideration receivable on the disposal of Tipik (Note 9)	1,080	-
Other non-current receivables	1,500	788
Total other non-current assets, gross	**3,277**	**1,551**
Provisions for doubtful debts	-	-
TOTAL OTHER NON-CURRENT ASSETS, NET	**3,277**	**1,551**
Tax and social security receivables	1,926	2,589
Consideration receivable on the disposal of Tipik (Note 9)	1,080	-
Other current receivables (*)	5,003	5,354
Pre-paid expenses	5,490	4,198
Total other current assets, gross	**13,499**	**12,141**
Provisions for doubtful debts (*)	(5)	(2,498)
TOTAL OTHER CURRENT ASSETS, NET	**13,494**	**9,643**

(*) On disposal of Amor, a receivable of €2,493k falling due in March 2015 was recognised. This receivable was fully written down in 2013. In 2014, the provision was fully reversed on the basis of information from the acquirer indicating positive prospects. This relates to the "IT Services" industry.

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 €3,012k and is classified within level 2 of the fair value hierarchy.
The 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 2014	31 December 2013
Cash and cash equivalents	104,265	106,499
Marketable securities	36	3,068
TOTAL	**104,301**	**109,567**

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

(In €'000)	31 December 2014	31 December 2013
Cash and cash equivalents	104,301	109,567
Bank overdrafts (*)	(935)	(138)
TOTAL	**103,366**	**109,429**

(*) *Included in current borrowings*

NOTE 18. RETIREMENT PLANS

At year-end, the provisions for employee benefits comprised solely provisions for post-employment benefits totalling €509k (2013: €313k). 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 260 as at 31 December 2014.

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 2014**	**31 December 2013**
Cost of services rendered during the year	(56)	(50)
Finance cost	(14)	(13)
Other	(126)	14
Items recognised in profit or loss	**(196)**	**(49)**
TOTAL	**(196)**	**(49)**

The cost of services rendered during the year is recognised in employee benefit expenses in the income statement. The finance 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 2014	**31 December 2013**
Discount rate(*)	1.66%	3%
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 2012

(*) 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 2014 is less than one year (less than one year in 2013).

Change in the present value of obligations

(In €'000)	31 December 2014	31 December 2013
Balance at the beginning of the year	313	264
Cost of services rendered during the year	56	50
Finance costs	14	13
Other changes	126	(14)
BALANCE AT THE END OF THE YEAR	**509**	**313**

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 2014	**575**	**279**	**854**
Charges for the year	391	3,027	**3,418**
Reversals of used provisions	(242)	(11)	**(253)**
Reversals of unused provisions	(302)	(8)	**(310)**
Translation differences	23	-	**23**
BALANCE AT 31 DECEMBER 2014	**445**	**3,287**	**3,732**
Current	75	3,005	**3,080**
Non-current	370	282	**652**

In the disposal of Tipik (Note 9), 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 matures on 31 March 2015. On the basis of the information available to management, taking account of negotiations with banks, Tipik could refinance it for €8 million depending on the negotiations under way. Temporarily, a provision of €3 million was recognised by the Group to hedge against a call of the guarantee in the event of partial reimbursement of the debt.

NOTE 20. BORROWINGS

20.1 Breakdown of borrowings by type

(In €'000)	31 December 2014	31 December 2013
Bank loans	55,123	69,103
Borrowings, non-current portion	**55,123**	**69,103**
Bank overdrafts	935	138
Borrowings, current portion	**935**	**138**
TOTAL	**56,058**	**69,241**

Bank loans are floating rate borrowings. Their carrying amount is a reasonable approximation 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 loans is classified within level 2 of the fair value hierarchy.

20.2 Maturities

(In €'000)	31 December 2014	31 December 2013
Less than one year	935	138
Between one and five years [(*)]	54,900	68,883
More than five years	223	220
TOTAL	**56,058**	**69,241**

[(*)] 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 2014	31 December 2013
Permitted amount	**127,219**	**132,970**
Less than one year	8,096	-
Between one and five years	118,900	128,023
More than five years	223	4,947
Amount drawn down	**55,123**	**69,103**
Less than one year	-	-
Between one and five years	54,900	68,883
More than five years	223	220
Available amount	**72,096**	**63,867**
Less than one year	8,096	-
Between one and five years	64,000	59,140
More than five years	-	4,727

The main lines of credit maturing in 2014 were renegotiated.

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 €54 million as at 31 December 2014 (31 December 2013: €68 million).

As at 31 December 2014, the Group complied with the financial ratios.

NOTE 21. DERIVATIVE FINANCIAL INSTRUMENTS

21.1 Interest rate swaps

(In €'000)

						Fair value	
Counterparty	**Currency**	**Expiry date**	**Notional amount**	**Variable rate receivable**	**Fixed rate payable**	**31 December 2014**	**31 December 2013**
BNP PARIBAS	EUR	1 April 2015	10,000	3-month Euribor plus 1% margin	2.56%	(126)	(345)
BNP PARIBAS	EUR	1 October 2016	7,500	3-month Euribor plus 1% margin	1.24%	(59)	(94)
TOTAL						**(185)**	**(439)**

The fair value of interest rate swaps is recognised in liabilities under "Derivative instruments".

21.2 Option contracts

Counterparty	Currency	Expiry date	Notional amount	Conversion rate	Foreign exchange loss 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)**

By selling call options in USD linked to investments in USD, the Group has the obligation 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.

The Group had not concluded any such contracts for the year ended 31 December 2013.

NOTE 22. TRADE AND OTHER PAYABLES

(In €'000)	31 December 2014	31 December 2013
Suppliers	3,980	3,399
Accrued charges	9,289	10,190
Other	186	182
TOTAL	**13,455**	**13,771**

NOTE 23. OTHER LIABILITIES

(In €'000)	31 December 2014	31 December 2013
Contingent consideration on the acquisition of Mobile Productivity Ltd (Note 8.1.)	1,855	-
Other	135	299
TOTAL OTHER NON-CURRENT LIABILITIES	**1,990**	**299**
Advance payments received	-	817
Value-added tax and other taxes	4,579	3,697
Social security and other social bodies	5,873	4,711
Deferred income	12,133	9,656
Other	90	648
TOTAL OTHER CURRENT LIABILITIES	**22,675**	**19,529**

NOTE 24. FAIR VALUE MEASUREMENT

24.1 Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within a 3 level fair value hierarchy, as shown below, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: inputs other than the quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3: inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs)

The tables below analyses within the fair value hierarchy the assets and liabilities measured at fair value.

(In €'000)	Level 1	Level 2	Level 3	Total as at 31 December 2014
Assets at fair value				
Available-for-sale financial assets				
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**

(In €'000)	Level 1	Level 2	Level 3	Total as at 31 December 2013
Assets at fair value				
Available-for-sale financial assets				
Interest in SBT	86	-	-	86
Interest in Kana	-	-	4,279	4,279
Interests in various unlisted companies	-	-	780	780
TOTAL ASSETS AT FAIR VALUE	**86**	-	**5,059**	**5,145**
Liabilities at fair value				
Derivative financial instruments	-	439	-	439
TOTAL LIABILITIES AT FAIR VALUE	**-**	**439**	**-**	**439**

There was no transfer between Level 1 and Level 2 during the year.

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 Valuation techniques

In connection with business combinations

Intangible 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 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 Mobile Productivity Ltd (see Note 8) is established using an estimate of the average profit or loss for 2015 and 2016 on the basis of budgets and medium-term forecasts, adjusted - if applicable - to take account of the discount effect.

In the ordinary course of business

Derivative financial instruments
The fair value of interest rate swaps is determined by discounting estimated future cash flows on basis of the conditions and 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 option purchase or sale contracts are valued on the basis of the Black & Scholes model, based on observable data such as the volatility of the underlying currency and interest rates. In the assumption that the currency option contracts have a short-term maturity, the gain or loss is calculated on the basis of spot exchange rates applicable at the reporting date.

Available-for-sale financial assets
Available-for-sale financial assets classified within level 1 are measured at the stock market price at the reporting date. Available-for-sale financial assets classified within level 3 are measured on the basis of their net assets, as communicated by the management of the underlying company. 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

Available-for-sale financial assets

(In €'000)	31 December 2014	31 December 2013
Balance at the beginning of the year	**5,145**	**6,217**
Acquisitions	1,679	345
Disposals/ settlements	(4,602)	(1,173)
Total gains and losses	(561)	(244)
BALANCE AT THE END OF THE YEAR	**1,661**	**5,145**
Total gains and losses for the year relating to assets held at the end of the year	(561)	(244)

Total gains and losses for the year relating to assets held at the end of the year are included in other comprehensive income under "Available-for-sale financial assets - change in fair value".

Contingent consideration

(In €'000)	31 December 2014	31 December 2013
Balance at the end of the year	**-**	**-**
Acquisition of Mobile Productivity Ltd.	1,855	-
Disposals/ settlements	-	-
Total gains and losses	-	-
BALANCE AT THE END OF THE YEAR	**1,855**	-
Total gains and losses for the year	**-**	**-**

NOTE 25. TAXES

25.1 Major components of income tax expense

(In €'000)	31 December 2014	31 December 2013 restated
Tax on profit recognised in profit or loss for the year		
Current income tax	2,104	3,331
Deferred tax	1,232	328
TOTAL	**3,336**	**3,659**

25.2 Tax reconciliation

(In €'000)	31 December 2014	31 December 2013 restated
Accounting profit before tax	16,653	20,778
Average tax rate in force in Luxembourg	31.47%	31.47%
Tax expense calculated at domestic tax rate	**5,241**	**6,539**
Tax effects of:		
- Non-deductible expenses	(1,271)	(3,772)
- Income not subject to taxation	39	-
- Permanent differences	(1,122)	(377)
- Differences in tax rate on profit of foreign subsidiaries	(1,207)	(922)
- Utilisation of previously unrecognised tax losses	(1,006)	(338)
- Tax losses for which no deferred tax assets were recognised	2,209	2,468
- Tax credit	(29)	-
- Other	482	61
Tax expense at an effective tax rate	**3,336**	**3,659**
EFFECTIVE TAX RATE	**20.03%**	**17.61%**

25.3 Analysis of deferred tax assets and liabilities

(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	(719)	(209)	(72)	-	(1,111)	**(2,111)**
Deferred income	392	(154)	(4)	-	-	**234**
Provisions	78	57	-	-	-	**135**
	(249)	**(306)**	**(76)**	**-**	**(1,111)**	**(1,742)**
Tax losses	2,403	(926)	159	-	562	**2,198**
DEFERRED TAX ASSETS/LIABILITIES	**2,154**	**(1,232)**	**83**	**-**	**(549)**	**456**

25.4 Balance of deferred tax assets and liabilities

(In €'000)	31 December 2014	31 December 2013
Deferred tax assets	2,388	2,904
Deferred tax liabilities	(1,932)	(750)
NET DEFERRED TAXES	**456**	**2,154**

Deferred tax assets recognised by the Group result exclusively from tax deficits that can be carried forward and are attributable to Active Risk Group Ltd and Charteris Plc for €1,310k and €553k respectively. For the year ended 31 December 2014, Active Risk Group Ltd and Charteris Plc helped to reverse the deferred tax assets for €711k and €279k respectively. The recovery of tax assets recognised as at 31 December 2014 and attributable to Active Risk Group Ltd and Charteris Plc is justified by the profit outlook established for a 3-year horizon by applying the same growth and profitability assumptions as those used to calculate the recoverable amount of CGUs.

25.5 Unrecognised deferred tax assets

At the reporting date, the Group had, in various tax jurisdictions, tax losses of €24,578k (2013: €20,942k) that are available for offsetting against 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 AND HEADCOUNT

(In €'000)	31 December 2014	31 December 2013
Wages and salaries	50,495	36,853
Social security charges	8,428	7,388
Expenses relating to share-based payments (Note 36)	13	70
Other	406	326
TOTAL	**59,342**	**44,637**

The Group's average headcount is:

Average headcount	31 December 2014	31 December 2013
Billable workforce	746	648
Non billable workforce	142	103
TOTAL	**888**	**751**

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 2014	31 December 2013
Provision charges for retirement benefits	196	49
Reversals on other provisions	(2)	(6)
Provisions for doubtful debts	46	(204)
TOTAL	**240**	**(161)**

NOTE 28. GAIN/ (LOSS) ON DISPOSAL OF ASSETS

(In €'000)	31 December 2014	31 December 2013
Transaction costs	(295)	(992)
Gain on disposal of non-consolidated securities	230	(28)
Gain on disposal of Amor shares	2,578	12,681
Loss on disposal of Tipik shares (Note 9)	(998)	-
Loss on disposal of intangible assets	-	(35)
TOTAL	**1,515**	**11,626**

NOTE 29. IMPAIRMENT LOSSES ON ASSETS

(In €'000)	31 December 2014	31 December 2013
Impairment loss on other intangible assets	(1,112)	(173)
Impairment loss on receivables	(488)	-
TOTAL	**(1,600)**	**(173)**

NOTE 30. OTHER NON-RECURRING ITEMS

(In €'000)	31 December 2014	31 December 2013
Litigation costs	(508)	(1,225)
Restructuring costs	-	(836)
Acquisition costs	(2,109)	(2,688)
Gain related to the remeasurement at fair value of securities previously held in Simalaya on the date on which control was taken (see Note 8.2)	-	2,232
Other expenses	(609)	-
Other income	460	803
TOTAL	**(2,766)**	**(1,714)**

The acquisition costs invoiced by law firms and other intermediaries specialising in mergers and acquisitions comprise an amount of €375k relating to acquisitions made during the year (see Note 8) and an amount of €1,734k recognised for purchasing opportunities being analysed or negotiated and for operations that were not concluded.

NOTE 31. FINANCIAL RESULT

(In €'000)	31 December 2014	31 December 2013
Gains on disposal of marketable securities and income from marketable securities	103	11
Interest on term deposits	794	807
Income from cash and cash equivalents	**897**	**818**
Interest expense on borrowings	(1,218)	(1,077)
NET FINANCE COSTS ARISING FROM DEBT LESS CASH	**(321)**	**(259)**
Foreign exchange gain	8,630	1,353
Foreign exchange loss	(1,846)	(4,815)
Financial charges on non-consolidated securities and receivables	(3,067)	(212)
Financial reversals on non-consolidated securities and receivables	220	-
Gain related to the remeasurement of derivative financial instruments at fair value (Note 21)	255	211
Other finance income	-	1,259
Other finance costs	(60)	(189)
NET FINANCIAL RESULT	**3,811**	**(2,652)**

NOTE 32. EARNINGS PER SHARE

(in €'000 and units of account)	31 December 2014	31 December 2013
Profit for the year attributable to the shareholders of the Company	12,154	15,377
Weighted average number of ordinary shares in circulation	9,274,994	9,179,419
Impact of dilutive instruments	45,935	14,690
Diluted weighted average number of shares	9,320,929	9,194,109
EARNINGS PER SHARE		
Earnings per share	1.31	1.68
Diluted earnings per share	1.30	1.68

NOTE 33. SHARE CAPITAL

Following the exercise of share options in 2014, the Company's share capital was increased by €71,000, thus increasing the capital from €9,289,695 to €9,360,965.

As at 31 December 2014 the share capital stood at €9,360,965, represented by 9,360,965 shares with a par value of €1 each, fully paid up.

As at 31 December 2014, the authorised share capital stood at €100,000,000.

NOTE 34. TREASURY SHARES

As at 31 December 2014, there were 73,053 treasury shares.

NOTE 35. DIVIDENDS

At its meeting on 28 April 2014, the Ordinary General Meeting voted to pay a dividend of €1 per share in 2014 in connection with the allocation of the 2013 results, giving rise to a total payout of €9,289,965 during the year.

NOTE 36. SHARE-BASED PAYMENTS

Since 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	Plan
	Tranche 1	**Tranche 2**	**Tranche 3**	**Tranche 4**	**16/12/2011**	**11/09/2014**
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	12.12	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 2013	-	-	-	-	-	-
As at 31 December 2014	42,000	-	21,000	8,000	-	-

(*) 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 year

	31 December 2014		31 December 2013	
	Number of options	**Average exercise price**	**Number of options**	**Average exercise price**
Balance at the beginning of the year	**155,000**	**12.14**	**197,000**	**12.13**
Options allocated during the year	100,000	17.435	-	-
Options exercised during the year	(71,000)	12.12	-	
Options lapsed during the year	-	-	(42,000)	12.12
BALANCE AT THE END OF THE YEAR	**184,000**	**15.02**	**155,000**	**12.13**

The weighted average exercise price of stock options outstanding at year-end was €15.02 (€12.13 in 2013) and their weighted average remaining contractual life was 740 days (454 days in 2013). 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			
	Tranche 1, 3 and 4	Tranche 2	Plan 16/12/2011	Plan 11/09/2014
Price of shares on the allocation date *(in €)*				
Exercise price *(in €)*	12.12	12.12	12.40	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 2014, the Group's total expense for stock option plans was €135k (€70k in 2013).

NOTE 37. RELATED PARTY TRANSACTIONS

37.1 Compensation for members of the Board of Directors and management

(In €'000)	31 December 2014	31 December 2013
Short-term benefits:		
- Gross (excluding benefits in kind)	1,487	962
- Employer contributions	343	232
- Benefits in kind	99	62
Post-employment benefits	-	-
Compensation for termination of employment contract	-	-
Directors' fees	-	-
Share-based payments	26	(152)
TOTAL	**1,955**	**1,104**

37.2 Other

Financière Sémaphore, which holds an 18.4% interest in the Group, provides the following services:

(In €'000)	31 December 2014	31 December 2013
Management fees	350	350
Fees related to disposals	200	500
Recharging of miscellaneous expenses	26	-
TOTAL	**576**	**850**

NOTE 38. OFF-BALANCE SHEET COMMITMENTS

(In €'000)	31 December 2014	31 December 2013
Operating leases	**662**	**513**
Less than one year	263	276
Between one and five years	399	237
More than five years	-	-
Guarantees for third parties (1)	**11,036**	**301**
Less than one year	11,000	-
Between one and five years	36	45
More than five years	-	256
Bank accounts pledged as collateral	**12,355**	**-**
Less than one year (3)	12,355	-
Between one and five years	-	-
More than five years	-	-
Liability guarantees related to the disposal of interests	**1,647**	**2,175**
Less than one year	824	725
Between one and five years	824	1,450
More than five years	-	-
Other guarantees given (2)	**144**	**1,290**
Less than one year	135	1,235
Between one and five years	9	9
More than five years	-	46
TOTAL	**25,844**	**4,279**

(1) Including a guarantee given as collateral for a bank loan of €11 million granted to Tipik, with a maturity of 31 March 2015 (see Note 19)
(2) Including performance guarantees
(3) Equivalent to USD 15 million

The Group gave a guarantee for the proper performance of commitments and obligations made by Apak Group Ltd in connection with contracts concluded with Daimler Financial Services AG. The contract in progress relates to software maintenance services. The amount of the contract is capped at €800k.

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 €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 2014 and 2013:

(In €'000)	31 December 2014	31 December 2013
Audit & certification (company only & consolidated)	560	631
Legal, tax, and management consulting	172	226
Other	356	174
TOTAL	**1,088**	**1,031**

NOTE 41. SUBSEQUENT EVENTS

There were no significant events that occurred between the reporting date for the consolidated financial statements and the date on which they were approved by the Board of Directors.

NOTE 42. RESTATED SUMMARY TABLES

Restatement of the consolidated statement of financial position

(In €'000)	31 December 2013 Published	Discontinuation of hedge accounting	Finalisation of the allocation of the acquisition price	Remeasurement at fair value of the initial shareholding in Simalaya	Change in presentation	31 December 2013 Restated
ASSETS						
Goodwill	79,657	-	(2,395)	2,232	-	79,494
Other intangible assets	4,173	-	2,968	-	-	7,141
Property, plant and equipment	3,868	-	-	-	-	3,868
Long-term investments	763	-	-	-	(763)	-
Available-for-sale financial assets	5,145	-	-	-	-	5,145
Deferred tax assets	2,904	-	-	-	-	2,904
Other assets	788	-	-	-	763	1,551
TOTAL NON-CURRENT ASSETS	97,298	-	573	2,232	-	100,103
Trade and other receivables	43,355	-	-	-	-	43,355
Current income tax assets	-	-	-	-	413	413
Other assets	10,056	-	-	-	(413)	9,643
Cash and cash equivalents	109,567	-	-	-	-	109,567
TOTAL CURRENT ASSETS	162,978	-	-	-	-	162,978
TOTAL ASSETS	**260,276**	**-**	**573**	**2,232**	**-**	**263,081**

See Note 2.3 for more details.

(In €'000)	**31 December 2013 Published**	**Discontinuation of hedge accounting**	**Finalisation of the allocation of the acquisition price**	**Remeasurement at fair value of the initial shareholding in Simalaya**	**Change in presentation**	**31 December 2013 Restated**
EQUITY AND LIABILITIES						
EQUITY						
Share capital	9,290	-	-	-	-	9,290
Share premium	67,307	-	-	-	-	67,307
Reserves	52,029	(211)			(48,249)	3,569
Profit or loss	14,522				(14,522)	-
Retained earnings	-	211	(247)	890	62,771	63,625
TOTAL EQUITY - GROUP SHARE	143,148	-	(247)	890	-	143,791
Non-controlling interests	8,416	-	(159)	1,342	-	9,599
TOTAL EQUITY	**151,564**	**-**	**(406)**	**2,232**	**-**	**153,390**
NON-CURRENT LIABILITIES						
Borrowings	69,103	-	-	-	-	69,103
Provisions for employee benefits	313	-	-	-	-	313
Other provisions	854	-	-	-	-	854
Deferred tax liabilities	-	-	-	-	750	750
Other liabilities	1,048	-	-	-	(750)	299
TOTAL NON-CURRENT LIABILITIES	71,319	-	-	-	-	71,319
CURRENT LIABILITIES						
Borrowings	138	-	-	-		138
Derivative financial instruments	-	-	-	-	439	439
Trade and other payables	13,771	-	-	-		13,771
Current income tax liabilities	3,516	-	979	-		4,495
Other liabilities	19,968	-	-	-	(439)	19,529
TOTAL CURRENT LIABILITIES	37,393	-	979	-	-	38,372
TOTAL LIABILITIES	**108,712**	**-**	**979**	**-**	**-**	**109,691**
TOTAL EQUITY AND LIABILITIES	**260,276**	**-**	**573**	**2,232**	**-**	**263,081**

See Note 2.3 for more details.

Restatement of the consolidated income statement

(In €'000)	31 December 2013 Published	Discontinuation of hedge accounting	Finalisation of the allocation of the acquisition price	Remeasurement at fair value of the initial shareholding in Simalaya	Change in presentation	31 December 2013 Restated
Revenue	**106,500**	-	-	-	-	**106,500**
Purchases	(7,816)	-	-	-	-	(7,816)
Personnel expenses	(44,637)	-	-	-	-	(44,637)
Other external charges	(37,389)	-	-	-	-	(37,389)
Taxes and duties	(621)	-	-	-	621	-
Depreciation and provision charges	(1,908)	-	-	-	1,908	-
Net provision charges	-	-	-	-	161	161
Other operating expenses	-	-	-	-	(621)	(621)
Other operating income	66	-	-	-	-	66
EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION,	**14,195**	**-**	**-**	**-**	**2,069**	**16,264**
Depreciation charge	-	-	(504)	-	(2,069)	(2,573)
EARNINGS BEFORE INTEREST AND TAXES EXCLUDING NON-RECURRING ELEMENTS	**14,195**	**-**	**(504)**	**-**	**-**	**13,691**
Gain on disposals and impairment of assets	11,453	-	-	-	(11,453)	-
Gain on disposals of assets	-	-	-	-	11,626	11,626
Impairment losses on assets	-	-	-	-	(173)	(173)
Other non-recurring items	(3,946)	-	-	2,232	-	(1,714)
OPERATING PROFIT (OP)	**21,702**	**-**	**(504)**	**2,232**	**-**	**23,430**
Income from cash and cash equivalents	11	**-**	**-**	**-**	(11)	-
Cost of gross financial debt	(89)	**-**	**-**	**-**	89	-
Other finance income and finance costs	(2,785)	**-**	**-**	**-**	2,785	-
Finance income	-	211	-	-	3,430	3,641
Finance costs	-	-	-	-	(6,293)	(6,293)
FINANCIAL RESULT	**(2,863)**	**211**	**-**	**-**	**-**	**(2,652)**
PROFIT BEFORE TAX	**18,839**	**211**	**(504)**	**2,232**	**-**	**20,778**
Income tax expense	(3,757)	-	98	-	-	(3,659)
PROFIT FOR THE YEAR	**15,082**	**211**	**(406)**	**2,232**	**-**	**17,119**
Attributable to:				-		
Group share	14,523	211	(247)	890	-	15,377
Non-controlling interests	559	-	(159)	1,342	-	1,742

See Note 2.3 for more details.

Restatement of the consolidated statement of comprehensive income

(In €'000)	31 December 2013 Published	Discontinuation of hedge accounting	Finalisation of the allocation of the acquisition price	Remeasurement at fair value of the initial shareholding in Simalaya	Change in presentation	31 December 2013 Restated
PROFIT FOR THE YEAR	**15,081**	**211**	**(406)**	**2,232**	**-**	**17,119**
Items that may be reclassified subsequently to profit or loss						
Translation differences						
- arising during the year	(2,549)	-	-	-	-	(2,549)
Available-for-sale financial assets						
- change in fair value	(73)	-	-	-	-	(73)
Cash flow hedge						
- gain relating to remeasurement at fair value	318	(318)	-	-	-	-
- tax impact	(107)	107	-	-	-	-
Total items that may be reclassified subsequently to profit or loss	(2,411)	(211)	-	-	-	(2,622)
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX	**(2,411)**	**(211)**	**-**	**-**	**-**	**(2,622)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**12,670**	**-**	**(406)**	**2,232**	**-**	**14,497**
Attributable to:						
Group share	11,273	-	(247)	891	-	11,917
Non-controlling interests	1,397	-	(159)	1,342	-	2,580

See Note 2.3 for more details.

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