2014 annual report

econocom

ECONOCOM: A NEW PLAYER IN DIGITAL TRANSFORMATION

Econocom designs, finances and oversees companies' digital transformation.

With over 8,500 employees in 19 countries and revenue in excess of €2 billion, Econocom has all the requisite abilities to ensure the successful implementation of large-scale digital projects: consulting, sourcing and technology management of digital assets, infrastructure services, applications and digital solutions, and project financing.

The Econocom Group share has been listed on the Euronext NYSE in Brussels since 1986 and joined the BEL Mid index on 20 June 2011.

MESSAGE FROM THE CHAIRMAN

Econocom enjoyed another year of growth in 2014.

With an 18.4% rise in revenue, which reached €2,093 million, and recurring operating profit up 2.3%, our group is on an extremely positive trend. 2014 saw the successful implementation of some of the major building and consolidation measures as part of the Mutation strategic plan, launched at the beginning of 2013.

By completing the alliance between Econocom and Osiatis, we have built a major new European provider of digital solutions for businesses and the public sector.

With the creation of Digital Dimension in January, we stepped up our development in the B2B cloud-based solutions market.

Furthermore, the launch of Econocom Digital Finance Ltd. has given us the means to offer our clients financing models for the most innovative contracts featuring state-of-the-art digital assets.

Finally, we successfully continued our international expansion, helping our clients deploy their digital transformation in North and South America.

These positive results, combined with our growing reputation, wide-ranging businesses, healthy share-price performance and dynamic entrepreneurial spirit motivates our 8,500 employees, attracts the new sales and technical talents we need and convinces new clients and partners.

Over 1,000 new employees joined Econocom Group in 2014, thereby consolidating our major role in the digital labour market. In 2015, Econocom will maintain its ambitious recruitment plan to complete and reinforce the Group's expertise.

We will continue our mixed growth trajectory in 2015 with enthusiasm and determination, with a resolute ambition to combine organic growth with targeted acquisitions, in order to bring ever more value to the major organisations that have chosen us, and remain at the forefront of the digital revolution.

Kind regards,

Jean-Louis Bouchard
Chairman

ORGANISATION OF ECONOCOM GROUP
at 31 December 2014

BOARD OF DIRECTORS

Chairman and Chief Executive Officer
Jean-Louis Bouchard

Chief Executive Officers
Jean-Philippe Roesch
Bruno Lemaistre

Executive Director
Véronique di Benedetto

Non-Executive Directors
Robert Bouchard
Walter Butler
Charles de Water
Gaspard Dürrleman
Rafi Kouyoumdjian

Independent Directors
Christian Bret
Jean Mounet

EXECUTIVE COMMITTEE

Jean-Louis Bouchard
Chairman and Chief Executive Officer

Bruno Lemaistre
Executive Director of Operations

Jean-Philippe Roesch
Executive Director of Support Functions

Jean-Maurice Fritsch
Executive Director of Services

Bruno Grossi
Executive Director of Strategy, Acquisitions and Communications

COMPANY SECRETARY

Galliane Touze

STATUTORY AUDITOR

PricewaterhouseCoopers
Company auditors, limited liability partnership (SCCRL), represented by Damien Walgrave.


Jean-Louis Bouchard


Robert Bouchard


Christian Bret


Walter Butler


Charles de Water


Véronique di Benedetto


Gaspard Dürrleman


Jean Maurice Fritsch


Bruno Grossi


Rafi Kouyoumdjian


Bruno Lemaistre


Jean Mounet


Jean-Philippe Roesch


Galliane Touze

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2014 KEY FIGURES

I.

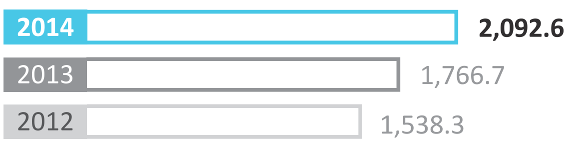
2014 KEY FIGURES

Condensed consolidated income statement (in € millions)

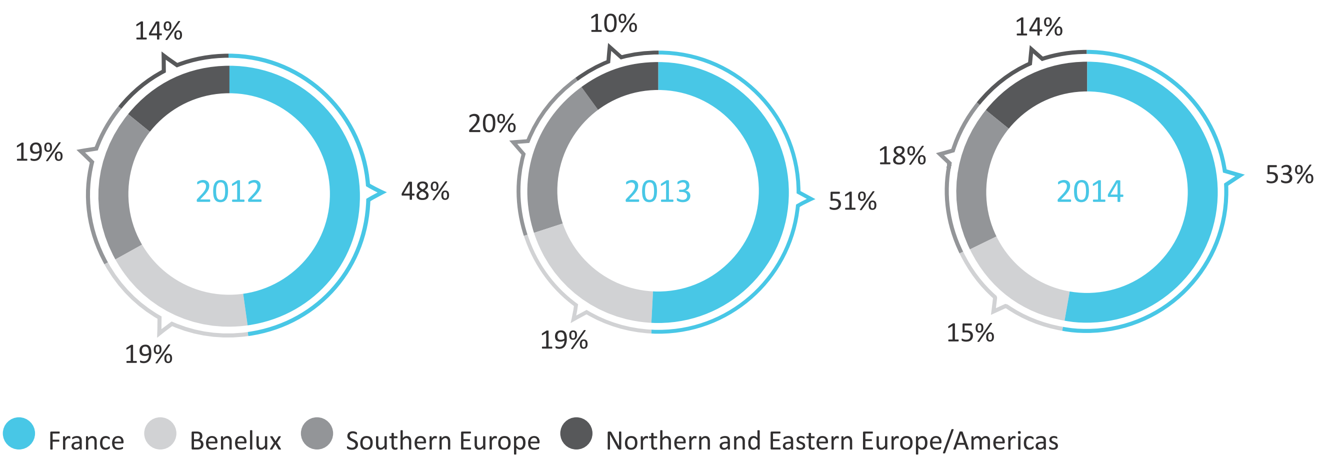
	2012 (published in 2013 AR)	2013 (restated)	2014
Consolidated revenue	1,538.3	1,766.7	**2,092.6**
Recurring operating profit[1]	76.8	93.2	**95.3**
Profit for the year excluding non-controlling interests	46.6	44.1	**30.9**

(1) Before amortisation of the Osiatis brand and the ECS customer portfolio.
(NB) Factoring charges and bank interest were reclassified as financial expenses in 2013 and 2014 to comply with market practices.

Consolidated revenue (in € millions)



Revenue by geographical area

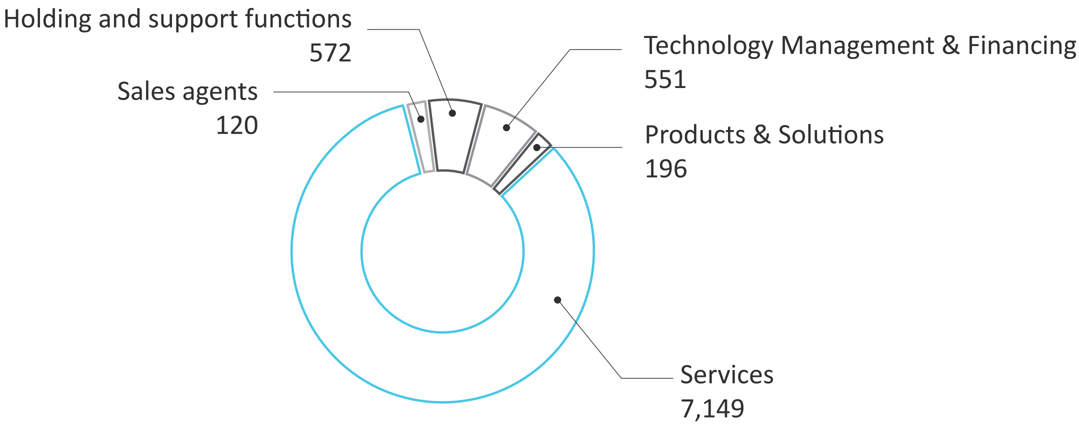


€2,092.6 million consolidated revenue

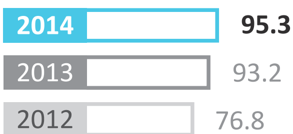
8,588 employees

19 countries

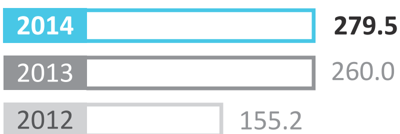
Breakdown of staff at 31 December 2014



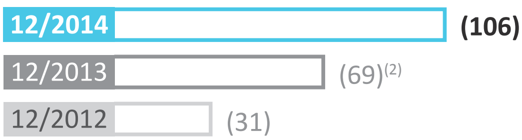
Recurring operating profit[1] (in € millions)



Shareholders' equity (including non-controlling interests) at 31 December
(in € millions)



Net debt at 31 December (in € millions)

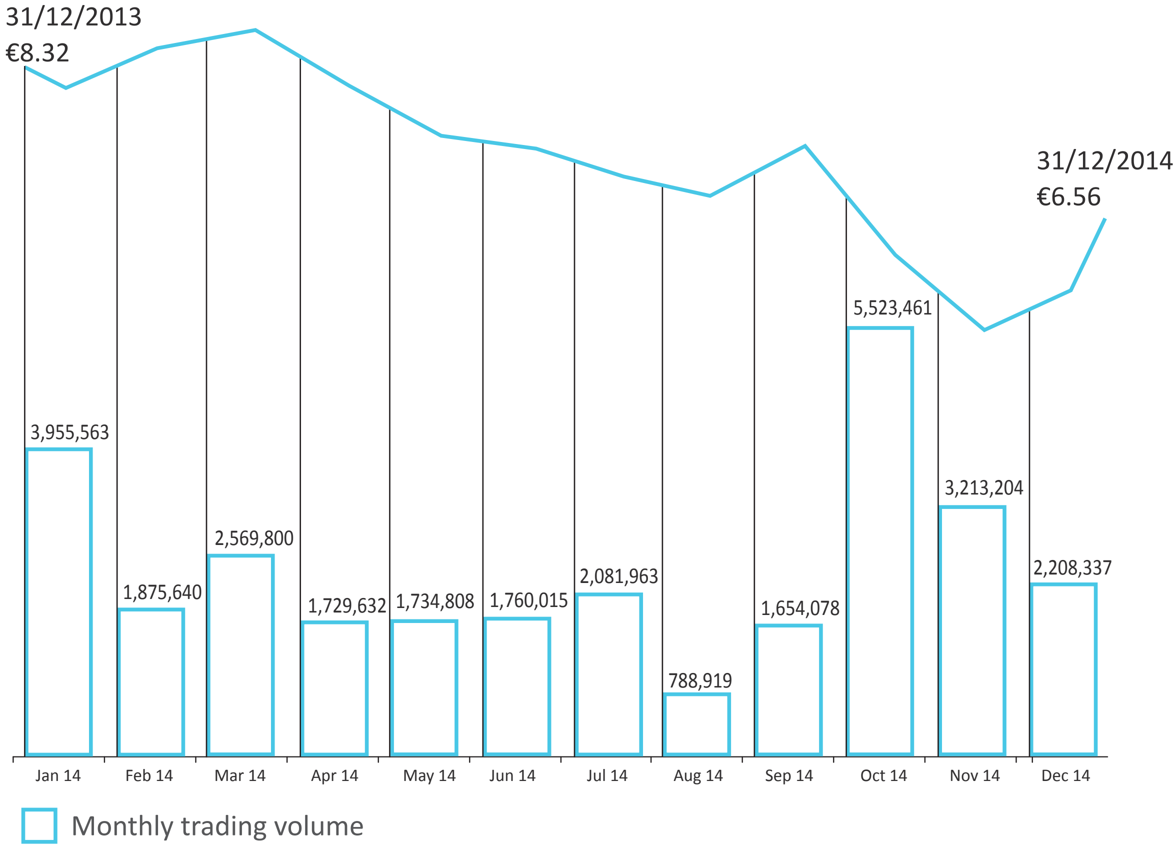


(1) Before amortisation of the brands and the ECS customer portfolio and after reclassification of factoring charges and bank interest as financial expenses in financial years 2013 and 2014.
(2) Including €30 million outstanding debt from the acquisition of Econocom-Osiatis.

ECONOCOM GROUP SA/NV SHARE PERFORMANCE

- The Econocom Group share is listed on the Eurolist market (Compartment B) of Euronext Brussels and on the BEL Mid index
- ISIN code: BE0974266950
- Average daily trading volume in Brussels in 2014: 114,100
- Market capitalisation at 31 December 2014: €738 million

Share performance



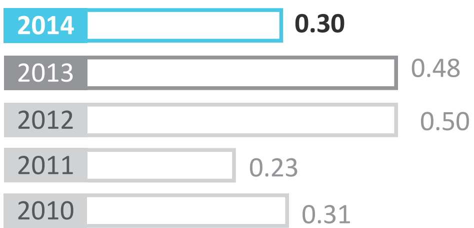
	2009(1)	2010(1)	2011(1)	2012(1)	2013	2014
High (in €)	2.66	3.06	4.29	5.95	8.35	**9.15**
Low (in €)	1.15	2.25	2.51	3.56	5.08	**4.83**
Share price on 31 December (in €)	2.59	2.50	3.89	5.95	8.32	**6.56**
Market capitalisation on 31 December (in € millions)	257	262	440	575	886	**738**
Average daily trading volume	64,120	48,984	56,616	77,437	84,938	**114,100**
Number of shares on 31 December (in millions)	99.2	104.8	104.8	96.7	106.5	**112.5**

(1) After the Econocom Group share four-for-one split (in September 2012).

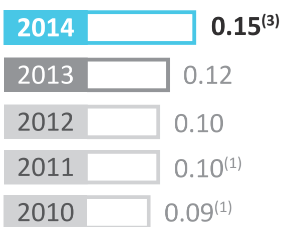
Refund of issue premium

At the Extraordinary General Meeting to be held on 13 April 2015, the Board of Directors will recommend to refund to the shareholders the issue premium considered as paid-up capital of €0.15 per share.

Net earnings per share[(1)(2)] (in €)



Compensation per share (in €)



SHAREHOLDERS' AGENDA

13 April 2015
Extraordinary General Meeting

22 April 2015
First-quarter trading statement after close of trading

19 May 2015
Annual General Meeting

19 June 2015
Refund of issue premium

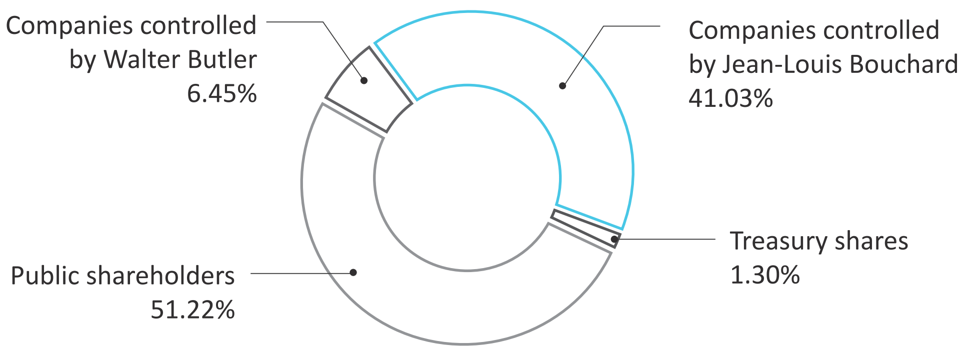
24 July 2015
Preliminary half-year revenue release after close of trading

3 September 2015
Half-year results release after close of trading

4 September 2015
Half-year results information meeting

21 October 2015
Third-quarter trading statement after close of trading

Ownership structure at 31 December 2014



Real-time financial information:

www.econocom.com - https://finance.econocom.com

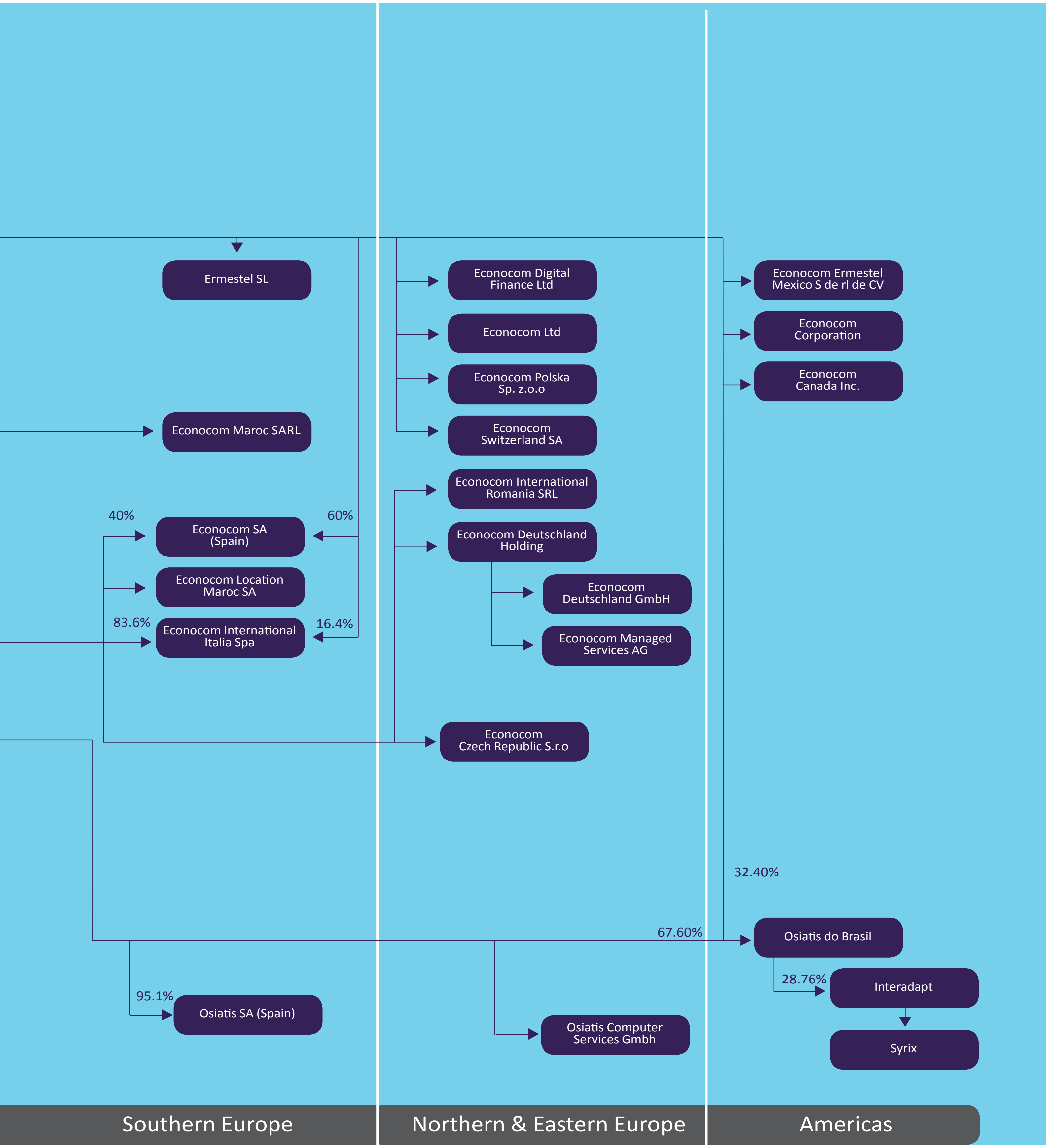
(1) After the Econocom Group share four-for-one split (in September 2012).
(2) Before amortisation of the brands and the ECS customer portfolio.
(3) Subject to approval at the Extraordinary General Meeting on 13 April 2015.

PRESENTATION OF ECONOCOM GROUP

II.

1. GROUP STRUCTURE
at 31 December 2014

Does not include wholly-owned subsidiaries or subsidiaries with little or no activity.


Ermestel SL
Econocom Maroc SARL
40%
60%
Econocom SA (Spain)
Econocom Location Maroc SA
83.6%
16.4%
Econocom International Italia Spa
95.1%
Osiatis SA (Spain)
Econocom Digital Finance Ltd
Econocom Ltd
Econocom Polska Sp. z.o.o
Econocom Switzerland SA
Econocom International Romania SRL
Econocom Deutschland Holding
Econocom Deutschland GmbH
Econocom Managed Services AG
Econocom Czech Republic S.r.o
Osiatis Computer Services Gmbh
Econocom Ermestel Mexico S de rl de CV
Econocom Corporation
Econocom Canada Inc.
32.40%
67.60%
Osiatis do Brasil
28.76%
Interadapt
Syrix
Southern Europe
Northern & Eastern Europe
Americas

2. OVERVIEW OF THE GROUP'S AREAS OF EXPERTISE

2.1. Econocom Group's four areas of expertise

TECHNOLOGY MANAGEMENT & FINANCING: Innovative, tailored financing solutions to ensure more effective administrative and financial management of a business's digital assets.

PRODUCTS & SOLUTIONS: Services for IT, mobile, telecoms and multimedia hardware and software: consulting, sourcing, storage, customisation, delivery, installation, maintenance and recycling.

INFRASTRUCTURE SERVICES, APPLICATIONS & DIGITAL SOLUTIONS: Recognised knowledge of infrastructure (IT systems governance and security, consulting and integration, cloud transformation, IT outsourcing, maintenance) and applications (digitalisation, new uses, collaborations, mobile solutions, Big Data, etc.) to support companies' digital transformation.

DIGITAL MARKETPLACE: A catalogue of cloud-based business solutions built and developed in-house and run on its own host infrastructure: mobile solutions for various business sectors; expert multi-OS mobile fleet management services comprising integration, roll-out, maintenance and support; telecom expense management, public & private cloud hosting, 100% cloud-based SaaS HRIS solutions.

With these areas of expertise, Econocom helps businesses transform their IT systems and oversee their digital projects.

Infrastructure Services, Applications & Digital Solutions and the Digital Marketplace are grouped together under the Services business line.

2.2. Econocom's main markets and services

2.2.1. Econocom's markets

2.2.1.1. Technology Management & Financing

A survey published at the beginning of the year on the European leasing market[1] found that corporate investment in the equipment leasing segment saw an improvement in 2014.

The speed and extent of the digital take-up rate by businesses and their growing appetite for investment in this area was apparent throughout the year. The best way for businesses to fund their use of these new technologies is a recurring question, as is which consumption model should be adopted. As a result, the lines between services and leasing are becoming gradually more blurred, and the market is moving more towards use-based financing models (as a service or on demand).

While the basic lease financing model still corresponds to many of our customers' needs (e.g. for IT infrastructure, specific equipment, etc.), there is a clear shift towards models that offer greater flexibility, agility and adaptability to address the new requirements of the digital market.

(1) European leasing market on a Steady Growth Path in 2014 - Leaseurope.

2.2.1.2. IT and telecom product sourcing in Europe

The IT and Telecom sector took advantage of two new trends in 2014:
• a pick-up in PC sales
• orders for digital products (monitors, interactive terminals and dynamic display devices)

2.2.1.3. Services in Europe

The market for IT services and software[(2)] had a robust 2014, adding 2.3% in Western Europe. In 2015, this figure is estimated to climb to 2.9%[(2)].

The IT Services sector in France continued on an upward trajectory, maintaining its economic heavyweight status to break through the €50 billion revenue[(3)] barrier in 2014. Growth for 2015 is forecast at 1.8%[(3)]. As a result, IT and telecoms businesses are planning to recruit close to 35,000[(3)] new employees in France in 2015, up 2%[(3)] on 2014.

The February 2015 Syntec Numérique/IDC business survey showed an improvement on 2014 both in terms of future business confidence and growth rates (more calls to tender, more large-scale projects in the pipeline, healthier order books). Forty-nine per cent[(3)] of IT Directors expect to spend more in 2015 compared to thirty-three per cent[(3)] surveyed at the same point in 2014. Seventy per cent[(3)] believe that digital transformation and innovation will drive their projects in 2015. In particular, they expect to invest €5.5 billion in SMACS (Social, Mobile, Analytics, Cloud and Security) projects, eighteen per cent[(3)] more than in 2014.

The outlook for 2015 is therefore bright, with an earlier than expected improvement in the market, ongoing buoyancy in the digital transformation segment and an improvement in IT Directors' perception of their IT consultancy partners.

2.2.1.3. SaaS solutions and cloud services

Based on a survey carried out by Pierre Audoin Consulting in 2014, the corporate digital transformation segment is one of the fastest growing in the European software and IT services sector. Analysts are forecasting annual growth of 11.2% over the next three years compared to an annual market growth rate of 3.3%. Revenue for the segment is forecast to reach €30 billion in Europe in 2016.

In light of the corporate IT investment projects planned over the next few years, Digital Dimension is well placed:
• according to Gartner (2015), the cloud features in the Top 5 investment projects, with 78% of companies worldwide planning to boost their investment in this area over the next three years;
• mobile applications, business software, shared platforms and software in SaaS mode, and HRIS applications were all in the Top 10 fastest growing technologies between 2013 and 2014 in Europe (Forrester, 2014).

2.2.2. Econocom Group's areas of expertise

2.2.2.1. General information

The Group operates in four key areas, offering support and finance to businesses looking to manage and overhaul their IT systems, or overseeing their digital transformation projects.

(2) IDC survey of the software and services market excluding management consulting firms, BPO and IT consulting firms.
(3) Syntec Numérique half-year conference, April 2015: Technology consulting, IT consulting and services and software publishing.

The four key areas are:
• Technology Management & Financing of digital equipment
• Products & Solutions
• Infrastructure Services, Applications & Digital Solutions
• Digital Marketplace

Infrastructure Services, Applications & Digital Solutions and the Digital Marketplace are grouped together under the Services business line.

2.2.2.2. Technology Management & Financing of digital equipment

The Group is developing this offering under the Econocom brand name.

The successful implementation and completion of corporate digital projects require a certain amount of financial leeway. Econocom provides companies with tangible and workable solutions to their digital problems by removing the financial bottlenecks that can often hold them back.

To address these new challenges, the Group constantly updates its leasing policy to offer companies tailored financing solutions that will help keep their budgets in check. These new solutions suit our customers' digital projects perfectly (digitalised points of sale, improved tracking of goods, mobile applications, etc.).

Econocom combines its product (via its Products & Solutions activity), services and financial expertise to provide its customers with a unique service offering based on a pay-per-use contract basis.

These modular leasing contracts offer customers the following three services: lease financing (financial expertise, complex financial packages, etc.), administrative and financial management (managing orders, tracking expenditure, management accounting, etc.) and removal and recycling (compliance with the WEEE Directive).

Econocom also founded Econocom Digital Finance Limited (EDFL) in 2014 to fast-track the roll-out of its most advanced digital solutions within a controlled framework. EDFL boasts a dedicated team of experts specialising in risk management and financing solutions. It offers specific expertise in transaction security and non-standard contract financing. Through EDFL, Econocom has been able to boost its refinancing capacity and stature.

2.2.2.3. Products & Solutions

The Group is developing this offering under the Econocom brand name.

The advent of new, disruptive technologies is revolutionising the traditional digital landscape. Tablets, hybrid devices, smartphones, giant screens, interactive terminals, interactive video-projectors, and connected devices have all become an integral part of it.

The Group supplies its customers with digital products and solutions and supports their integration into their professional IT environment.

To this end, it provides them with consulting, sourcing, storage, customisation, delivery, installation and recycling services.

The products distributed include:

• IT and telecoms hardware and software. Econocom provides its customers with access to several extranet sites developed entirely by its in-house teams to manage their sourcing requirements autonomously and in complete transparency (e.g. access to customised online catalogues, tools for managing orders and authorisations, etc.).

• IT solutions such as printing, mobility, server consolidation and virtualisation, etc.

As part of this product offering, the Group has signed partnership agreements with key hardware and software players, including HP, Apple, Lenovo, Samsung, Dell, Microsoft, Epson, AOC, Fujitsu, VMware, etc.

2.2.2.4. Infrastructure Services, Applications & Digital Solutions

The Group is developing this offering under the Econocom brand name.

Econocom-Osiatis is a key provider of digital transformation services to European businesses. With 7,000 employees in 10 countries, it provides companies with support throughout the entire lifecycle of their infrastructure and applications (design, build, run, transform). Its range of expertise covers data centres and clouds, end-user environments, including new devices and connected objects, networks and applications.

In 2014, Econocom-Osiatis bolstered its know-how of data centres, clouds, security, the Internet of Things, unified communication platforms and multimedia through the acquisition of Comiris in August and additional investments in the security field. Successful projects in several of these areas confirmed that the Group was on the right strategic path.

Econocom-Osiatis strives for excellence while complying with its contractual obligations. It supports its clients as they update or refresh their IT systems, providing innovative and effective solutions along the way. In addition to offering technology-based support, the Group can also supply pay-per-use services.

2.2.2.5. Digital Marketplace

The Group is developing this offering under the Digital Dimension brand name.

Digital Dimension was founded in January 2014 by Georges Croix, its Chairman and Chief Executive Officer, and Econocom Group. Its goal is to quickly establish a leading position as a provider of digital solutions to companies in France and abroad. With around €100 million at its disposal, the company will make targeted acquisitions of specialised digital players with a proven track record. It has so far acquired Rayonnance, ASP Serveur, ETS, TACTEM and Aragon-eRH.

The company's marketplace currently promotes a wide range of cloud-based business solutions designed and developed in-house and run on its own host infrastructure. Currently available in made-to-measure project mode, many of these solutions will soon be available in pay-per-use mode via a dedicated business store. As a result, Digital Dimension will be able to offer companies a more comprehensive range of services that meet their requirements for more flexible and responsive solutions.

Based on the significant number of projects already carried out on behalf of its biggest clients, the solutions and services offered by Digital Dimension cover an extensive range of corporate requirements, including:

- consulting services
- development and integration of mobile solutions for businesses
- design, integration, roll-out and management of mobile terminal fleets (outsourcing of enterprise mobility management, support desk, training solutions, etc.)
- telecom expense management
- hosting digital applications for the provision of public and private cloud solutions and services
- full HR management (administration, talent, workforce) via a 100% cloud-based HRIS solution in SaaS mode

Lastly, as an Econocom subsidiary, Digital Dimension is able to offer its customers tailored financial solutions across its whole service offering.

The company currently has almost 230 employees and generates revenue of €41 million.

2.3. Econocom Group History

1974: Jean-Louis Bouchard founds the Group under the name Europe Computer Systèmes (ECS) in France.

1985: Jean-Louis Bouchard sells his stake in ECS France to Société Générale but buys back all the foreign subsidiaries. Meanwhile, he acquires Econocom, an American SMB. The subsidiaries and group are renamed "Econocom".

1986: Econocom Belgium is listed on the secondary market of the Brussels stock exchange.

1993: Acquires Asystel Belgium, making Econocom Distribution the leading IT distributor in Benelux.

1996: Econocom is listed on the primary market of the Brussels stock exchange.

2000: Following the Public Exchange Offer on Infopoint Group, Econocom is listed on the secondary market of the Paris stock exchange. The group diversifies by setting up Econocom Telecom.

2001: The group employs 2,000 people.

2002: Acquires Comdisco-Promodata in France (Technology Management & Financing for IT assets).

2004: Acquires Signal Service France.

2005: The Group operates in five European countries: Belgium, France, Italy, the Netherlands and Spain. Econocom sells off its Swiss subsidiary and closes its financing operations in the USA.

2006: Rolls out its telecoms offering by acquiring Avenir Telecom's business division.

2007: The Group expands its telecoms division and acquires the Carphone Warehouse France's "Business" division. The Group doubles its sales force in Italy by acquiring Tecnolease, an Italian IT leasing company.

2008: Acquires Databail, a French IT infrastructure financing company.

2009: Opens a nearshore remote service facility in Rabat, Morocco.

2010: Econocom acquires ECS from Société Générale and becomes the number one company in Europe for technology management & financing.

2012: Econocom continues its expansion in the virtualisation sector by acquiring Ermestel, a pioneer in the Spanish market, and acquiring a stake in Centix, a Belgian company specialising in cloud computing solutions.

Acquires Tactem, a provider of telecom expense management solutions.

Acquires France Systèmes, France's leading Apple reseller operating mainly in the education and research sector. Enhances its IT security offering by buying Cap Synergy, a French systems integrator specialising in network and IT system security.

2013: Econocom buys out French systems integrator Exaprobe, thus expanding its security, network and communications division.

Econocom merges with Osiatis Group, thus making decisive headway in the digital services market. As a result of this acquisition, Econocom earns almost €2 billion in pro forma revenue, including €650 million in business-to-business digital services. The group now employs a workforce of more than 8,000 people in 20 countries.

2014: In early January, Econocom and Georges Croix jointly set up Digital Dimension, a new subsidiary which aims to establish itself rapidly as a major player specialising in designing and managing innovative cloud-based digital solutions. The company makes three acquisitions: Rayonnance, a specialist in business-to-business mobile solutions, in May; ASP Serveur, a leading provider of public and private cloud hosting solutions for businesses, in July; and Aragon e-RH, a French software vendor specialising in cloud-based HRIS solutions.

Econocom issues €175 million of bonds convertible into cash and/or new shares and/or exchangeable for existing shares (ORNANE), due to mature in 2019. The proceeds from this issue will be used to strengthen Econocom's financial resources, particularly in the context of its Mutation strategic plan.

Acquires Comiris, a French company specialising in collaborative, multimedia and video-conference tools.

Exercises its call option to increase its stake in Brazilian company Interadapt. In August 2014, Interadapt acquired, with Econocom's agreement, the entire share capital of Syrix, a company specialising in application, infrastructure and cloud solutions performance management.

2015: Econocom forms an exclusive partnership with German-based TechnoGroup IT-Service GmbH covering the German and Swiss markets after selling its German Services subsidiary to the company.

3. FINANCIAL POSITION AND RESULTS

3.1. Highlights of the past three years

2014 was notable for:
• bolstering Econocom's presence in cloud-based, front-office solutions for businesses through the development of Digital Dimension, and in the Brazilian IT services market;
• the issue of €175 million worth of bonds convertible into cash and/or new shares and/or exchangeable for existing shares (ORNANE), thereby reinforcing its financial structure and contributing to the financing of its growth strategy;
• a ramp-up in its savings and synergies plans.

2013 was notable for:
• the integration of Osiatis Group, which establishes Econocom Group as a major player in the digital service market;
• the consolidation of the Group's presence and expertise in the digital service market;
• solid organic growth driven by some major business successes across all the Company's business lines.

2012 was notable for:
• sustained investments to improve the Group's commercial appeal by launching innovative new cloud solutions (viCUBE, viSPACE, etc.);
• the integration of targeted acquisitions to strengthen both its expertise (virtualisation, cloud, mobile computing and security) and international scope (Spain and Mexico);
• a dynamic shareholder return policy (buying back and cancelling shares).

3.2. Consolidated data for the year: comparison between 2014, 2013 and 2012

3.2.1. Key Figures

(in € millions)	2014	2013 restated	2012 (published in 2013 AR)
Revenue from continuing operations	**2,092.6**	1,766.7	1,538.3
Recurring operating profit (before amortisation of the ECS customer portfolio and the Osiatis brand)(1)	**95.3**	93.2	76.8
Recurring operating profit	**92.3**	90.9	74.8
Operating profit	**67.4**	77.5	71.3
Shareholders' equity (including non-controlling interests)	**279.5**	260.0	155.2
Net debt	**(105.9)**	(39.3)	(30.8)

(1) The amortisation of the ECS customer portfolio is the result of the allocation of ECS goodwill for the amount of €40 million to the value represented by the portfolio of clients acquired. This intangible asset will be amortised over 20 years. The Osiatis brand was valued at €10 million and amortised over ten years as from 1 September 2013.

3.2.2. Revenue

(in € millions)	2014	2013 restated	2012 (published in 2013 AR)
Services	**663**	416	286
Products & Solutions	**385**	323	249
Technology Management & Financing	**1,046**	1,028	1,003
Revenue[1]	**2,093**	1,767	1,538

(1) It should be noted that the Services business in Germany, which is currently being sold, was classified under discontinued operations in 2013 and 2014 in compliance with IFRS.

Econocom Group posted total revenue of €2.09 billion in 2014 versus €1.77 billion in 2013 (a 18% increase). This performance was driven by external growth (full-year contribution of Osiatis in 2014), the Group's positioning in the strong-growth digital transformation market and by the synergies between the Group's three complementary business lines.

Group sales increased by 15% between 2012 and 2013. This performance was a result of external growth (mainly the four months' contribution from Osiatis, i.e., €121 million), the successful integration of the companies acquired in 2012 and 2013, and strong organic growth (3.5%).

Services

In 2014, Services completed the process of integrating Osiatis, by implementing a new organisation, combining the teams, harmonising tools and drawing up a synergy plan. Similarly, the acquisitions made by Digital Dimension enhanced the Services performance.

In 2013, the Services business benefited from the successful integration of the companies acquired since June 2012.

Products & Solutions

This business line continued to prosper through the sale of new types of digital equipment, which represent a major growth driver, and business synergies with the Group's other business lines. It is also a testament to the relevance and validity of the Group's positioning in the high-growth digital transformation market.

Products & Solutions had an excellent year in 2013, due partly to organic growth and partly to the integration of France Systèmes, which the Group acquired in December 2012, enabling it to step up considerably its business-to-business Apple expertise and offering. This strong organic growth is a direct result of the first results of the strategic plan and in particular the success of the offerings for tablets and other digital products.

Technology Management & Financing

The Technology Management & Financing business continued to make progress in 2014. The business also benefited from the market shift towards use as opposed to ownership, and the deployment of digital technologies across organisations and companies. It also benefited from the majority of the investments made as part of the Mutation strategic plan to develop and promote digital solutions.

This business saw a return to organic growth in 2013 despite the downturn in the traditional IT equipment market. This performance was due to the success of the new digital solutions offerings (+53%) and the cross-disciplinary offerings combining the Group's three areas of expertise (+26%).

3.2.3. Recurring operating profit

(in € millions)	2014	2013 restated	2012 (published in 2013 AR)
Services	**25.3**	20.6	6.7
Products & Solutions	**10.3**	8.4	6.6
Technology Management & Financing	**59.7**	64.2	63.5
Total before amortisation of the ECS customer portfolio and the Osiatis brand(1)(2)	**95.3**	**93.2**	**76.8**

(1) The amortisation of the ECS customer portfolio is the result of the allocation of ECS goodwill for the amount of €40 million to the value represented by the portfolio of clients acquired. This intangible asset will be amortised over 20 years. The Osiatis brand was valued at €10 million and amortised over ten years as from 1 September 2013.
(2) Factoring charges and bank interest were reclassified as financial expenses in 2013 and 2014 to comply with market practices.

In 2014, the Group's recurring operating profit (before amortisation of the ECS customer portfolio and the Osiatis brand) increased 2% to €95.3 million. The same year saw the completion of the process to integrate Osiatis by setting up a new organisation, combining the teams, harmonising the tools and drawing up a synergy plan.

In 2013, the Group's recurring operating profit (before amortisation of the ECS customer portfolio and the Osiatis brand) stood at €93.2 million; Osiatis contributed €9.8 million.

In 2012, thanks to the improved performance of IT and Telecoms Services, good cost control and the continuing effect of synergies resulting from the successful integration of ECS, the Group posted recurring operating profit of €76.8 million, an improvement on 2011.

3.2.4. Operating profit

In 2014, operating profit stood at €67.4 million. Non-recurring expenses amounted to €24.9 million; over half of these were costs relating to the implementation of synergies resulting from the integration of Osiatis, to optimising the Group's organisation and speeding up savings plans across all the business lines, as well as exceptional costs relating to acquisitions.

In 2013, operating profit stood at €77.5 million. This included €13.4 million of non-recurring costs, around half of which was incurred by the acquisition of Osiatis.

In 2012, operating profit rose sharply to €71.3 million versus €46.0 million in 2011, thanks to improved recurring operating profit, control of costs incurred by the integration of ECS Group, and the positive impact of the research tax credit.

3.2.5. Financial position

The Group reported a solid financial position on 31 December 2014, with total shareholders' equity rising to €280 million and net debt of €106 million, maintaining gearing of 38%. This was an even more satisfactory performance given that Econocom invested significantly to support future growth, i.e. in the development of Digital Dimension, acquisition of companies, creation of a captive finance company to support Group innovations, and internal management tools. The Group's significant internal cash flow of €85 million made these investments possible. Net cash at bank on 31 December 2014 stood at €121 million after the success of the second ORNANE bond issue (€175 million) in January 2014. This solid financial position will enable it to pursue its ambitious strategic growth plan.

At 31 December 2013, Econocom was in a healthy financial position thanks to its robust cash flow (€78.8 million) and the successful integration of Osiatis. Net cash at bank stood at €93 million. Net financial debt stood at just €39.3 million after the acquisition of Osiatis and Exaprobe, and the buying back of treasury shares and OCEANE convertible bonds for €33 million.

In 2012, the Group strove to maintain a healthy balance sheet. During the year, its internal cash flow climbed to €82.7 million. At end-December 2012, net cash at bank totalled €80 million. Net debt amounted to €31 million and included €81 million of bond debt convertible to shares at €5.25 per share, due to mature in June 2016, and €14 million of lease contracts refinanced with recourse and regarded as debt under IFRS.

3.3. Equity restrictions

In respect of the bonds convertible into cash and/or new shares and/or exchangeable for existing shares (ORNANE) issued in January 2014, Econocom is not subject to any financial covenant that could enforce early redemption for the Group. It is subject to the standard clauses with respect to anti-dilution provisions and maintaining the share price. These clauses are defined in the terms & conditions available on the Group's website.

Credit lines do not include any restrictive clauses with respect to maximum debt, financial ratios or credit ratings whereby the credit lines would have to be repaid immediately in the event that this limit were exceeded.

Econocom is not subject to any legal or economic restrictions which could limit or significantly restrict cash flows within the Group in the foreseeable future.

4. COMPANY, SHARES AND SHAREHOLDERS

4.1. Econocom Group SA/NV share performance

	Price (€)				Volume	
Month	**High (€)**	**Low (€)**	**Closing (€)**	**Average (€)**	**Number of shares traded**	**Value (€K)**
January	2.77	2.51	2.91	2.62	1,711,916	4,474.83
February	3.66	3.12	3.50	3.45	2,182,340	7,515.98
March	4.00	3.51	3.88	3.70	2,403,536	8,882.89
April	4.22	3.80	3.98	4.06	1,465,504	5,944.16
May	4.29	3.94	4.19	4.13	1,054,728	4,359.74
June	4.15	3.63	3.80	3.82	601,940	2,298.11
July	4.03	3.65	3.83	3.79	540,392	2,044.87
August	3.75	3.24	3.65	3.39	794,804	2,689.81
September	3.65	3.19	3.28	3.33	576,828	1,919.72
October	3.48	3.18	3.20	3.30	651,800	2,153.19
November	3.23	2.85	2.95	3.05	2,636,344	8,036.06
December	3.89	3.00	3.89	3.42	754,312	2,578.94
2011 Total	**4.29**	**2.51**	**3.89**	**3.59**	**15,374,444**	**52,898.30**
January	3.96	3.56	3.85	3.75	952,144	3,567.73
February	3.89	3.58	3.81	3.77	470,940	1,774.43
March	4.43	3.78	4.20	4.17	2,458,796	10,241.16
April	4.43	4.20	4.31	4.30	1,446,124	6,224.42
May	4.42	4.06	4.31	4.25	1,053,416	4,475.46
June	4.41	3.75	4.17	4.10	754,640	3,093.22
July	4.38	4.11	4.24	4.30	5,737,776	24,648.31
August	4.63	4.23	4.53	4.35	498,512	2,167.00
September	4.95	4.38	4.69	4.68	1,461,230	6,836.55
October	5.73	4.75	5.36	5.25	3,293,078	17,282.93
November	5.40	5.02	5.14	5.24	595,539	3,119.81
December	5.95	4.95	5.95	5.4	1,024,301	5,526.37
2012 Total	**5.95**	**3.56**	**5.95**	**4.55**	**19,746,496**	**88,957.40**

	Price (€)				Volume	
Month	High (€)	Low (€)	Closing (€)	Average (€)	Number of shares traded	Value (€K)
January	5.99	5.19	5.98	5.68	2,210,089	12,552.30
February	6.16	5.55	5.85	5.87	841,502	4,938.35
March	6.38	5.90	6.30	6.10	1,085,424	6,620.54
April	6.44	5.71	5.71	6.07	1,259,085	7,647.44
May	5.90	5.52	5.88	5.78	970,290	5,604.31
June	5.90	4.98	5.44	5.45	1,182,183	6,442.31
July	6.03	5.26	6.01	5.57	1,477,196	8,223.49
August	6.05	5.69	5.80	5.87	637,540	3,742.07
September	6.58	5.81	6.30	6.26	2,014,961	12,620.71
October	7.16	5.82	7.16	6.56	3,202,852	21,006.53
November	7.65	7.06	7.65	7.33	2,524,031	18,498.74
December	8.35	7.67	8.32	7.95	4,084,035	32,455.83
2013 Total	**8.35**	**4.98**	**8.32**	**6.20**	**21,489,188**	**140,352.62**
January	8.52	7.31	7.85	7.87	3,955,563	31,060.67
February	8.81	7.70	8.66	8.28	1,875,640	15,577.84
March	9.15	8.20	8.33	8.49	2,569,800	21,924.08
April	8.67	7.36	7.73	7.90	1,729,632	13,580.77
May	7.88	6.86	7.11	7.37	1,734,808	12,748.15
June	7.65	6.88	6.93	7.24	1,760,015	12,789.98
July	7.31	6.32	6.81	6.95	2,081,963	14,354.27
August	6.94	6.55	6.86	6.75	788,919	5,340.60
September	7.58	6.80	7.15	7.27	1,654,078	12,072.25
October	7.43	5.00	5.16	6.12	5,523,461	32,095.45
November	5.87	4.83	5.62	5.33	3,213,204	16,996.15
December	6.56	5.30	6.56	5.75	2,208,337	12,589.74
2014 Total	**9.15**	**4.83**	**6.56**	**7.10**	**29,095,420**	**201,129.94**

4.2. Name, registered office and legal form

• Company name: Econocom Group SA/NV.

• Registered office: 5 Place du Champ de Mars, 1050 Brussels (Tel. +32 2 790 81 11).

• Legal form, incorporation, published documents:
Econocom Group SA/NV is a *société anonyme* (joint-stock company) governed by the laws of Belgium. It was incorporated under a deed filed by Jacques Possoz, notary, on 2 April 1982, which was published in the appendices to the Belgian Official Gazette (*Moniteur belge*) of 22 April 1982 (n° 820-11).

Econocom Group SA/NV is governed by the laws of Belgium and is a company that publicly raises, or has publicly raised, capital within the meaning of article 438 of the Belgian Companies Code (*Code des sociétés*).

The Company is registered with the Brussels register of companies of under number 0422.646.816.
• Term: indefinite.
• Financial year: 1 January to 31 December.

4.3. Corporate purpose (article 3 of the bylaws)

The Company's purpose, in Belgium and abroad, is:
• the purchase, sale, lease and supply of computers and IT products generally, and all related financial operations;
• the negotiation of any and all business process engineering contracts with companies and the provision of any and all technical assistance in the field of information technologies;
• the design and implementation of electronic services and any and all related programming systems.

To this end, the Company may acquire, manage, operate and sell patents, trademarks, and technical and industrial know-how.

The Company may establish branch offices or subsidiaries in Belgium or abroad.

The Company may deal with any and all Belgian or foreign companies with similar or complementary activities by means of asset transfers, partial or total mergers, subscription to initial capital or capital increases, financial investments, disposals, loans or any other means.

4.4. Share capital

4.4.1. Share capital (article 5 of the bylaws)

At 31 December 2014, the Company's share capital stood at €21,563,999.86 and was composed of 112,519,287 ordinary shares with no stated par value, held in registered, bearer or dematerialised form. The capital is fully paid-up.

4.4.2. Changes in share capital by the Annual General Meeting (article 7 of the bylaws)

The share capital may be increased or reduced by a decision of the Annual General Meeting pursuant to the requirements for changing the bylaws.

For a capital increase decided at the Annual General Meeting, the price and conditions for issuing new shares are also set at the same meeting based on recommendations from the Board of Directors.

Existing shareholders have a pre-emptive right to subscribe for the new shares in cash, in proportion to the number of shares they hold on the day of issue, within a time limit set at the Annual General Meeting and according to conditions determined by the Board of Directors.

Shares with no stated par value below the carrying amount of the par value of existing shares may only be issued in compliance with legal requirements.

Pre-emptive rights granted to one or more designated individuals who are not employees of the Company or its subsidiaries may, in the Company's best interests, be limited or revoked by decision of the Annual General Meeting ruling in accordance with the conditions required for amending the bylaws or by the Board of Directors, within the authorised capital, in line with legal requirements.

The Board of Directors may sign agreements, containing the clauses and conditions it deems appropriate, with any third party in order to ensure that all or part of the shares to be issued are subscribed.

The share capital may be redeemed without being reduced by repaying a portion of the distributable profits to securities representing this share capital, in accordance with the law.

4.4.3. Changes in capital

At 31 December 2014, the Company's share capital stood at €21,563,999.86 and was composed of 112,519,287 ordinary shares with no stated par value, held in registered, bearer or dematerialised form. The capital is fully paid-up.

At 31 December 2014, authorised unissued capital (excluding additional paid-in capital) stood at €7,717,627.

Changes in the Company's capital between 2002 and 2009 correspond to capital increases carried out to allocate shares on the exercise of employee stock options.

In 2010, Econocom Group issued 1,372,897 new shares for the capital increase reserved for Société Générale Financial Services holding, a subsidiary of Société Générale, as partial payment for the acquisition of ECS Group.

In 2011, Econocom Group issued 4,000,000 bonds, worth a total of €84 million, which can either be converted or exchanged for new or existing shares until 1 June 2016, with a 4% coupon rate, paid annually in arrears. Following the four-for-one split of the Econocom Group share in September 2012, each bond now entitles the bearer to four Econocom Group shares at a conversion rate of €5.25 (€21 before the share split).

As decided on 14 September 2012, Econocom cancelled 2,000,000 Econocom Group shares and carried out a four-for-one split of Econocom Group shares.

The following changes to the share capital occurred in 2013:

- Following the capital increase on 12 September 2013 to acquire the controlling interest and equity warrants of Osiatis from its main shareholders and managers, Econocom Group's share capital stood at €18,759,320.08 by creating 9,527,460 new shares and was made up of 106,219,048 shares.
- Following the capital increase on 18 November 2013 to pay for Osiatis shares as part of the public exchange offer to acquire Osiatis, Econocom Group's share capital stood at €19,874,285.37 by creating 6,313,158 new shares and was made up of 112,532,206 shares.
- Following the cancellation of 6,014,892 treasury shares as decided at the Extraordinary General Meeting of 31 December 2013, Econocom Group's share capital stood at €19,874,285.37 and was made up of 106,517,314 shares.

The share capital stood at €19,874,285.37 at 31 December 2013.

The following changes to the share capital occurred in 2014:

• Following the capital increase on 24 January 2014 by issuing 20,000 new shares due to a bond conversion request (OCEANE), Econocom Group's share capital stood at €19,878,017.37 and was made up of 106,537,314 shares.

• Following the capital increase on 25 February 2014 by issuing 266,028 new shares due to a bond conversion request (OCEANE), Econocom Group's share capital stood at €19,927,658.19 and was made up of 106,803,342 shares.

• Following the capital increase on 26 March 2014 by issuing 210,592 new shares due to bond conversion requests (OCEANE), Econocom Group's share capital stood at €19,966,954.66 and was made up of 107,013,934 shares.

• Following the capital increase on 28 May 2014 by issuing 708,428 new shares due to bond conversion requests (OCEANE), Econocom Group's share capital stood at €20,099,147.32 and was made up of 107,722,362 shares.

• Following the capital increase on 18 June 2014 by issuing 7,850,228 new shares due to bond conversion requests (OCEANE), Econocom Group's share capital stood at €21,563,999.86 and was made up of 115,572,590 shares.

• Following the cancellation of 3,053,303 treasury shares as decided at the Extraordinary General Meeting of 29 December 2014, Econocom Group's share capital stood at €21,563,999.86 and was made up of 112,519,287 shares.

The number of Econocom shares and voting rights (denominator) both stood at 112,519,287 at 31 December 2014.

Changes in the Company's share capital and number of shares since 1 January 2004 are summarised in the table below:

Transaction date	Type of issue	Change in the number of shares	Change in capital (€)	Additional paid-in capital (€)	Total amount of the transaction (€)	Number of shares	Share capital (€)
01/01/2004		-	-	-	-	31,500,000	16,037,822.08
22/12/2004	Cancellation of treasury shares	(1,500,000)	-	-	-	30,000,000	16,037,822.08
20/07/2005	Exercise of stock options	265,000	143,100.00	966,650.00	1,109,750.00	30,265,000	16,180,922.08
22/12/2005	Cancellation of treasury shares	(1,265,000)	-	-	-	29,000,000	16,180,922.08
15/05/2007	Cancellation of treasury shares	(2,200,000)	-	-	-	26,800,000	16,180,922.08
20/12/2007	Cancellation of treasury shares	(1,000,000)	-	-	-	25,800,000	16,180,922.08
22/12/2008	Cancellation of treasury shares	(1,000,000)	-	-	-	24,800,000	16,180,922.08
28/10/2010	Capital increase as payment for an acquisition	1,372,897	895,755.62	14,206,111.38	15,101,867.00	26,172,897	17,076,677.70
14/09/2012	Cancellation of treasury shares	(2,000,000)	-	-	-	24,172,897	17,076,677.70
14/09/2012	Four-for-one share split	72,518,691	-	-	-	96,691,588	17,076,677.70
12/09/2013	Capital increase as payment for an acquisition	9,527,460	1,682,642.38	50,734,212.37	52,416,854.75	106,219,048	18,759,320.08
18/11/2013	Capital increase as payment for a tender offer	6,313,158	1,114,965.29	36,763,982.71	37,878,948.00	112,532,206	19,874,285.37
31/12/2013	Cancellation of treasury shares	(6,014,892)	-	-	-	106,517,314	19,874,285.37
24/01/2014	Capital increase through convertible bonds (OCEANE)	20,000	3,732.00	101,268.00	105,000.00	106,537,314	19,878,017.37
25/02/2014	Capital increase through convertible bonds (OCEANE)	266,028	49,640.82	1,347,006.18	1,396,647.00	106,803,342	19,927,658.19
26/03/2014	Capital increase through convertible bonds (OCEANE)	210,592	39,296.47	1,066,311.53	1,105,608.00	107,013,934	19,966,954.66
28/05/2014	Capital increase through convertible bonds (OCEANE)	708,428	132,192.66	3,587,054.34	3,719,247.00	107,722,362	20,099,147.32
18/06/2014	Capital increase through convertible bonds (OCEANE)	7,850,228	1,464,852.54	39,748,844.46	41,213,697.00	115,572,590	21,563,999.86
29/12/2014	Cancellation of treasury shares	(3,053,303)	-	-	-	112,519,287	21,563,999.86

The Extraordinary General Meeting of 18 May 2010 renewed for five years the authorisation granted to the Board of Directors to increase the share capital, in accordance with article 603 of the Belgian Companies Code, either once or several times, for a maximum amount of €16,180,922.08. After the Board of Directors exercised this authorisation (i) on 28 October 2010 for the acquisition of ECS Group (ii) for the conversion requests involving bonds (OCEANE) issued on 17 May 2011 amounting to €1,689,557.62, (iii) for the capital increase via contributions in kind in the form of Osiatis securities on 12 September 2013 for the equivalent of €1,682,642.38 (iv) for the capital increase as part of the mix and match offer for Osiatis on 18 November 2013 for the equivalent of €1,114,965.29 and (v) for the final issue of convertible bonds for cash (ORNANE) on 15 January 2014 for a maximum amount of €3,080,374.17, authorised capital stood at €7,717,627.

The Extraordinary General Meeting of 18 May 2010 also granted the Board of Directors a three-year authorisation to increase the share capital in the event of a takeover bid for the Company's shares, in accordance with article 607 of the Belgian Companies Code. This authorisation was renewed by the Annual General Meeting of 21 May 2013 for a further three years as from the date the decision made at the Annual General Meeting was published in the appendices to the Belgian Official Gazette.

The Extraordinary General Meeting of 20 May 2014 renewed for five years the authorisation granted to the Board of Directors to buy back treasury shares for up to 20% of the share capital, as provided for under article 620 of the Belgian Companies Code. The minimum purchase price was set at €4 and the maximum price was €20.

The Extraordinary General Meeting of 15 May 2012 renewed for three years the authorisation granted to the Board of Directors to purchase Econocom Group shares without the prior approval of shareholders if the Company faces a serious and imminent threat to its operations.

At 31 December 2014, Econocom Group held 1,276,134 treasury shares under its share buyback programme and 184,052 Econocom Group shares under its liquidity agreement with Exane, representing a total of 1,460,186 shares or 1.30% of the total number of shares outstanding.

4.5. Rights attached to shares

4.5.1. Participation in Annual General Meetings and voting rights

4.5.1.1. Participation in Annual General Meetings

4.5.1.1.1. Right to participate in Annual General Meetings

All shareholders are entitled to participate in Econocom's Annual General Meetings regardless of the number of shares they hold, provided that they meet the requirements for participating in such meetings set out in the "Annual General Meetings" section of this chapter.

4.5.1.1.2. Right to call Annual General Meetings

Shareholders who, alone or jointly, hold at least 20% of Econocom's share capital are entitled to ask the Board of Directors or Statutory Auditor to call an Annual General Meeting.

4.5.1.1.3. Right to add matters to the agenda and to table draft resolutions

Shareholders who, alone or jointly, hold at least 3% of Econocom's share capital may ask for items to be added to the agenda of the Annual General Meeting and file resolution proposals concerning agenda items.

This right does not apply to meetings convened following a first Annual General Meeting which could not validly deliberate due to a failure to meet quorum requirements.

Shareholders who wish to exercise this right must (i) prove that they effectively hold at least 3% of Econocom's share capital at the date of their request and (ii) ensure that their shares representing at least 3% of the share capital are duly registered at the record date.

Ownership is established either by a certificate stating that the corresponding shares are recorded in the Company's share register, or by a statement drawn up by a financial intermediary, authorised account holder or clearing institution, certifying that the corresponding number of shares is registered in the account held by the account holder or clearing agent.

Shareholders' requests are sent to the Company by post or e-mail. Where appropriate, these requests must also include the items to be added to the agenda together with the related resolution proposals and/or the text of the newly proposed resolutions concerning items already on the agenda. Requests must also indicate the postal or e-mail address to which Econocom should send confirmation of receipt. Requests must reach the Company at the latest on the 22nd day preceding the date of the Annual General Meeting concerned.

Econocom will confirm receipt of any requests within 48 hours and will publish a revised agenda at the latest 15 days before the Annual General Meeting. Proxy forms and postal voting forms will also be published on the Company's website (www. econocom.com). However, all proxies and postal voting forms previously submitted to Econocom remain valid for the agenda items they cover. The proxy holder may deviate from the voting instructions given by the shareholder for items on the agenda for which alternative resolution proposals have been made, if carrying out these instructions could be detrimental to the shareholder. The proxy holder must in any event inform the shareholder thereof. The proxy must also indicate whether the proxy holder is entitled to vote on new items added to the agenda by shareholders or whether he/she should abstain.

4.5.1.1.4. Right to ask questions

After the Notice of Meeting has been published, all shareholders are entitled to put questions to Econocom's Directors or Statutory Auditor concerning their reports. After the Notice of Meeting has been published, all shareholders are also entitled to put questions to Econocom's Directors regarding items on the agenda of the Annual General Meeting. The Directors and Statutory Auditor are required to answer these questions provided they do not harm the Company's commercial interests or any confidentiality undertakings made by the Company, its Directors or its Statutory Auditor. Questions relating to the same subject may be grouped and answered together.

Questions may be submitted before the Annual General Meeting (by post or by electronic means, to the address shown in the Notice of Meeting) or may be formulated (verbally) during the meeting. Questions submitted by post or by electronic means must reach Econocom at the latest on the sixth calendar day before the meeting. They will only be answered if the shareholder has complied with the admission formalities for the Annual General Meeting concerned.

4.5.1.1.5. Other rights to information

All Econocom shareholders have specific rights to information under the Belgian Companies Code.

Most rights to information concern Annual General Meetings. They include the right to consult, or obtain, free of charge, a copy of (i) the text of the Notices of Meeting and, where applicable, the revised agenda, (ii) the total number of shares and voting rights, (iii) the documents that will be submitted to the Annual General Meeting (annual financial statements and reports), (iv) a resolution proposal or, where the agenda item does not require any resolution to be adopted, the Board's comments thereon, (v) where appropriate, the resolution proposals filed by shareholders, as soon as practicable after the Company receives them and (vi) proxy and postal voting forms. These documents/data may be consulted on Econocom's website (www.econocom.com) and, on working days and during normal office hours, at Econocom's registered office located at 5 Place du Champ de Mars, 1050 Brussels, as from the date of publication of the Notice of Meeting. Holders of registered shares will receive a copy of these documents together with the Notice of Meeting.

4.5.1.2. Right to vote at Annual General Meetings

4.5.1.2.1. Principle

Each share entitles its holder to one vote, subject to any restrictions provided for by law.

As a general rule, the Annual General Meeting alone is responsible for:
- approving the annual statutory financial statements (no such approval is required for the consolidated financial statements prepared in accordance with IFRS);
- appointing and removing Directors and the Statutory Auditor;
- granting discharge to the Directors and Statutory Auditor;
- setting the amount of compensation for the Directors and Statutory Auditor for the performance of their duties;
- distributing profits;
- filing claims against Directors;
- taking decisions that involve the liquidation, merger or restructuring of the Company; and
- approving any amendments to the bylaws.

Shareholders' meetings cannot deliberate on items which are not on the agenda.

4.5.1.2.2. Quorum and voting requirements

Except in the cases provided for by law, decisions are taken by a majority vote regardless of the number of shares represented at the meeting.

Annual General Meetings can only validly deliberate and decide to amend the bylaws if those attending the meeting represent at least one-half of the share capital. Resolutions must be adopted by a three-quarters voting majority.

If the amendments to the bylaws concern the Company's corporate purpose, the Annual General Meeting can only validly deliberate and decide on said amendments if those in attendance represent one-half of the share capital and one-half of any profit shares. Amendments must be approved by a majority of at least four-fifths.

An attendance list indicating the names of shareholders and the number of shares registered for voting purposes is signed by each shareholder or by their proxy prior to entering the meeting.

4.5.1.2.3. Proxy voting

All shareholders can choose to be represented at an Annual General Meeting by a proxy, who may or may not be a shareholder of the Company.

The Board of Directors may adopt the proxy voting form. These forms must reach the Company at the latest on the sixth day preceding the date of the Meeting. All proxy voting forms that reach the Company before the revised agenda is published, pursuant to article 533 *ter* of the Belgian Companies Code, remain valid for the agenda items covered.

4.5.1.2.4. Distance voting

Shareholders having completed the attendance formalities specified below may vote at all Annual General Meetings either by post or, where permitted in the Notice of Meeting, by electronic means. Shares will be taken into consideration for the purposes of voting and quorum requirements only if the form provided by the Company has been duly completed and reaches Econocom at the latest on the sixth day before the date of the Annual General Meeting. If the Notice of Meeting allows shareholders to opt for distance voting, it must provide a description of the means used by the Company to identify shareholders that choose to do so.

4.5.2. Distribution of profits

All shares carry the same rights to participate in Econocom's profits.

The Company's profit for the year is calculated in accordance with applicable legal regulations. A total of 5% of profits is allocated to the legal reserve. This allocation is no longer required when the legal reserve equals 10% of the share capital.

Acting on a recommendation of the Board of Directors, the Annual General Meeting independently determines how the residual profit balance will be used and allocated by simple majority vote of members present, within the limits set by articles 617 and 619 of the Belgian Companies Code. No profits are distributed when, at the end of the last reporting period, net assets as shown in the annual financial statements total less than paid-up capital, would total less than paid-up capital if profits were distributed or if net assets exceed called-up capital plus any reserves not available for distribution pursuant to the law or to the Company's bylaws.

In accordance with the Belgian Companies Code, the Board of Directors may distribute an interim dividend deducted from profit for the year. The Board sets the amount of any such interim dividend and the dividend payment date.

4.5.3. Liquidation

In the event that Econocom is dissolved for any reason and at any time, the liquidation process will be managed by one or more liquidators appointed by the Annual General Meeting, or, if no such liquidators are appointed, by the Board of Directors in office at that time, which acts as a liquidation committee.

For this purpose they will have the broadest powers conferred by articles 186 *et seq.* of the Belgian Companies Code. The Annual General Meeting determines the fees payable to the liquidators. The liquidators can only assume their duties after their appointment by the Annual General Meeting has been approved by the Commercial Court pursuant to article 184 of the Belgian Companies Code.

Once all liabilities, expenses and liquidation fees have been settled, the net assets balance will first be used to refund the outstanding paid-up share capital in cash or in securities.

If the shares are not all paid up in equal proportions, before making any allocations, the liquidators ensure that all shares are on a wholly equal footing, either by additional calls for funds charged against shares not fully paid up or by prior cash reimbursements for shares paid up in excess of the requisite amount.

The remaining balance will be allocated equally among all shares.

4.5.4. Pre-emptive rights in the event of a capital increase

In the event of a capital increase in cash involving the issuance of new shares, or if the Company were to issue convertible bonds or stock warrants exercisable in cash, existing shareholders have, in principle, a pre-emptive right to subscribe for the new shares, convertible bonds or stock warrants in proportion to the percentage of share capital they already own at the issuance date.

The Company's Annual General Meeting can, however, limit or cancel said pre-emptive rights under specific conditions, once the Board of Directors has presented its report. Any such decision is subject to the same quorum and voting requirements as a capital increase decided by the Company. Shareholders may also allow the Board of Directors to limit or cancel said pre-emptive rights in the event of a capital increase within the authorised capital.

4.5.5. Changes in rights attached to shares

Rights attached to shares issued by Econocom may be modified by the Extraordinary General Meeting, deliberating in accordance with the conditions required for amending the bylaws. Any changes approved apply to all shareholders.

4.6. Annual General Meetings

4.6.1. Ordinary General Meetings

An Ordinary General Meeting is held every year on the third Tuesday in May, at 11.00 am or on the first working day following this date if the Tuesday is a bank holiday. At Ordinary General Meetings, the Board of Directors submits to shareholders the annual statutory financial statements prepared in accordance with Belgian accounting standards, the annual consolidated financial statements prepared in accordance with IFRS, and the reports of the Board of Directors and Statutory Auditor on the statutory and consolidated financial statements. The meeting decides whether to approve the statutory financial statements, the appropriation of income, the discharge to Directors and the Statutory Auditor and, where applicable, the appointment, removal or re-election of the Statutory Auditor and/or certain Directors.

4.6.2. Extraordinary General Meetings and Special Shareholder Meetings

A Special Shareholder Meeting, or, where appropriate, an Extraordinary General Meeting, may be called by the Board of Directors or by the Statutory Auditor as often as is required in the Company's interest. Any such Meeting must be called at the request of the Chairman of the Board of Directors, a Chief Executive Officer (*Administrateur Délégué*) a Managing Director (*Directeur Général*), or one or more shareholders representing at least one-fifth of the Company's share capital (article 27 of the bylaws).

4.6.3. Content of Annual General Meeting convening notices

Annual General Meeting notices must contain at least the following information:
• the date, time and place of the Annual General Meeting;
• the agenda, indicating the items to be discussed as well as resolution proposals;
• a clear and accurate description of the formalities to be completed by shareholders in order to attend the Annual General Meeting and exercise their voting rights, particularly the deadline by which shareholders should indicate their intention to attend the Meeting, along with information concerning:
• the right of shareholders to add items to the agenda, file resolution proposals, and ask questions, as well as the period in which these rights may be exercised and the e-mail address to which shareholders should send their requests. Where applicable, the Notice of Meeting also indicates the deadline for publishing the revised agenda. The Notice may contain only the details of these periods and the e-mail address to be used, provided that more detailed information on shareholder rights is posted on the Company's website;
• the procedure to follow in order to vote by proxy and in particular the proxy voting form, the conditions in which the Company will accept notifications of the appointment of proxies sent by electronic means, along with the timeframe within which the proxy voting rights must be exercised; and
• where applicable, the procedure and timeframe set by or pursuant to the bylaws, allowing shareholders to participate in the Annual General Meeting remotely and opt for distance voting prior to the Meeting (article 33 of the bylaws);
• the record date, along with a statement indicating that only people who are shareholders at that date are entitled to attend and vote at the Annual General Meeting;
• the address where shareholders can obtain the full text of the documents and resolution proposals described in points 3), 4) and 5) of the section below, along with the procedure to follow in order to obtain such documents;
• the exact website address on which the information mentioned below will be available.

4.6.4. Availability of documents on Econocom's website

As from the date of publication of the Annual General Meeting convening notice and up to the date of the Meeting, the following information is posted for shareholders on the Company's website (www.econocom.com):
• the Notice of Meeting, along with the revised agenda reflecting items subsequently added thereto and the related resolution proposals where applicable, and/or the resolution proposals formulated within the timeframe given;
• the total number of shares and voting rights at the date of the Notice of Meeting, including separate totals for each class of shares, when the Company's share capital is divided into two or more share classes;
• the documents to be submitted to the Annual General Meeting;
• for each item placed on the Meeting agenda, a resolution proposal or, when the matter to be discussed does not require any resolution to be adopted, the Board of Directors' comments thereon. The resolution proposals formulated by shareholders pursuant to article 533 *ter* of the Belgian Companies Code are posted online as early as practicably possible after they have reached the Company;
• the proxy voting form and, where applicable, the postal voting form, unless these forms are sent directly to each shareholder.

When the forms mentioned above cannot be posted online due to technical reasons, the Company must explain on its website how to obtain a hard copy of the forms. In this case, Econocom is required to send the forms promptly and free of charge to the postal or e-mail address indicated by any shareholder that so requests them.

The information mentioned in this section will be available on Econocom's website (www.econocom.com) for five years as from the date of the Annual General Meeting to which they relate.

4.6.5. Formalities and notification deadlines

All Annual General Meetings must be notified by advertisements placed at least 30 days before said Meeting in:

• the Belgian Official Gazette;

• a newspaper with national circulation, unless the notice concerns an Ordinary General Meeting held in the place and at the time and date indicated in the bylaws, and the agenda of which is only concerned with the review of annual financial statements, the annual report, the Statutory Auditor's report and the vote to grant discharge to Directors and the Statutory Auditor;

• any media as may reasonably be relied on to efficiently disseminate information to the public throughout the European Economic Area and which is readily accessible in a non-discriminatory manner.

Holders of registered shares as mentioned in the Belgian Companies Code, along with Company Directors and the Statutory Auditor must be notified of Meetings 30 days before they are due to take place. This notification is sent by ordinary letter unless the recipients have individually and expressly agreed in writing to receive notification by another means, although no proof of compliance with this formality is required. Notices of Meetings are also available on Econocom's website (www.econocom.com).

If another Meeting has to be called because a first meeting did not meet the quorum, and provided that the date of any second Meeting was indicated in the relevant paragraph in the first Notice of Meeting and that no items have since been added to the agenda, the 30-day period specified above is reduced to at least 17 days before the Meeting.

4.6.6. Formalities to be completed in order to attend Annual General Meetings

Shareholders may only attend and vote at Annual General Meetings if their shares are registered in their name at the record date, i.e., by midnight (CET) on the 14th day preceding the Meeting, either in the Company's share register or in the books of an authorised account holder or clearing institution or by placing bearer shares with a financial intermediary, regardless of the number of shares held by the shareholder at the date of the Annual General Meeting.

The shareholders must inform the Company (or its elected representative) of their intention to participate in the Annual General Meeting, at the latest on the sixth day preceding the date of said Meeting, in accordance with the formalities provided for in the Notice of Meeting and provided that shareholders present the share certificate delivered by the financial intermediary, authorised account holder or clearing institution.

Holders of bonds, stock warrants, subscription rights and certificates issued in connection with the Company may attend the Annual General Meeting in a non-voting capacity only, provided that they meet the attendance criteria applicable to shareholders.

4.7. Provisions that could postpone, defer or prevent a change in control of the Company

4.7.1. General information

Laws relating to takeover and squeeze-out bids and their implementing orders, as well as the Belgian Companies Code and other applicable laws contain various provisions (such as the requirement to disclose major shareholdings – see section 8 of this chapter – and merger control) that may be applicable to the Company and which introduce certain restrictions on a hostile takeover bid or other change in control. These provisions could discourage potential takeover bids that other shareholders may consider to be in their interests and/or prevent shareholders from selling their shares at a premium.

In certain conditions, the Board of Directors may defer or prevent the issuance of shares that could have a dilutive impact on existing shareholdings.

4.7.2. Authorised capital (article 7 *bis* of the bylaws)

Pursuant to a decision of Econocom's Extraordinary General Meeting of 18 May 2010, the Board of Directors was granted authorisation to increase the share capital, on one or more occasions, under conditions of its choice, by an amount of up to €16,180,922.08. At 31 December 2014, authorised unissued capital stood at €7,717,627.00 (excluding additional paid-in capital).

The Board of Directors may use this authorisation to issue shares with or without voting rights, convertible bonds, equity notes, subscription rights payable in cash or in kind, and other share equivalents or equity instruments issued by the Company.

Any capital increase effected under this authorisation may be carried out:
- either by means of contributions in cash or in kind, including any restricted issue premium, whose amount is fixed by the Board of Directors, or by creating new shares carrying rights that will be determined by the Board;
- or by converting reserves – including restricted reserves – or the issue premium into capital, with or without creating new shares.

This authorisation is granted to the Board of Directors for five years as from the date the decision of the 18 May 2010 Extraordinary General Meeting was published in the appendices to the Belgian Official Gazette. It may be renewed on one or more occasions, in line with applicable provisions.

The Extraordinary General Meeting of 18 May 2010 also granted the Board of Directors a three-year authorisation to increase the share capital in the event of a takeover bid for the Company's shares, in accordance with article 607 of the Belgian Companies Code. This authorisation was renewed by the Annual General Meeting of 21 May 2013 for a further three years as from the date the decision of the Annual General Meeting was published in the appendices to the Belgian Official Gazette.

In the event that a capital increase is carried out within the authorised capital, the Board of Directors will allocate any issue premium to a restricted account. This account will form part of shareholders' equity in the same way as the share capital, and, provided it is converted into capital by the Board of Directors, may only be reduced or cancelled by the Annual General Meeting by deliberating under the conditions required by article 612 of the Belgian Companies Code.

The Board of Directors may limit or cancel pre-emptive subscription rights of existing shareholders in accordance with the conditions set forth in articles 595 *et seq.* of the Belgian Companies Code if it is in the Company's interests. It may even do so for one or more specific parties other than employees of the Company or of its subsidiaries, except in the cases provided for in article 606, paragraph 3 of said Companies Code.

The Board of Directors is expressly authorised to increase the share capital in the event of a takeover bid for the Company's shares, in the conditions provided for by article 607 of the Belgian Companies Code. This authorisation is granted for a period of three years as from the date the decision of the 21 May 2013 Annual General Meeting was published in the appendices to the Belgian Official Gazette. Any share capital increases carried out pursuant to this authorisation will be charged against the residual outstanding authorised capital provided for in the first paragraph.

The Board of Directors may decide, with the right of substitution, to amend the bylaws to reflect the Company's new capital and shares each time the share capital is increased within the limit of the authorised capital.

4.7.3. Acquisition and disposal of treasury shares (article 12 of the bylaws)

The Company may only acquire its own shares or profit shares by means of a purchase or exchange, directly or by a person or entity acting in their own name but on the Company's behalf following a decision of a General Meeting deliberating pursuant to the quorum and majority requirements set forth in article 559 of the Belgian Companies Code, which sets the maximum number of shares or profit shares that can be acquired, the period for which the authorisation is granted, within the limit provided for by article 620 of the Belgian Companies Code, and the minimum and maximum consideration.

Such an authorisation was given to the Board of Directors by the Extraordinary General Meeting of 20 May 2014 for five years for up to a maximum of 20% of the share capital, as provided for under article 620 of the Belgian Companies Code. The minimum purchase price was set at €4 and the maximum price at €20.

The Annual General Meeting may also authorise the Board of Directors to acquire the Company's shares or profit shares, in accordance with applicable laws and regulations, by means of purchase or exchange, to protect the Company from incurring a serious and imminent loss.

The Extraordinary General Meeting of 15 May 2012 renewed, for three years, the authorisation granted to the Board of Directors for three years to purchase Econocom shares if the Company faces a serious and imminent threat to its operations.

This authorisation may be renewed, on one or more occasions, in accordance with applicable laws and regulations.

The Board of Directors may also dispose of Company shares listed on a primary securities market or admitted to trading on a securities exchange of an EU Member State, either on the stock market or by any other means. To prevent a serious and imminent loss to the Company, the Board of Directors may dispose of all shares or profit shares on the stock market or following a sale offer with the same conditions applying to all shareholders.

4.8. Notifications of major shareholdings

Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC, was transposed into Belgian law by the Act of 2 May 2007 on the publication of major shareholdings in issuers whose shares are admitted to trading on a regulated market ("Transparency Act") and by the Royal Decree of 14 February 2008 on the publication of major shareholdings ("Royal Decree on Transparency"). This legislation came into force on 1 September 2008.

In accordance with these provisions, all individuals or legal entities that directly or indirectly acquire securities of the Company carrying voting rights must notify the Company and the Belgian Financial Services and Markets Authority (FSMA) of the number and percentage of existing voting rights held following their acquisition, when the voting rights attached to the securities represent at least 5% of all existing voting rights. Shareholders must also notify the Company in the event that they directly or indirectly acquire securities carrying voting rights when, as a result of their acquisition, the number of voting rights reaches or exceeds 10%, 15%, 20%, and every five percentage point threshold thereafter, of total existing voting rights. Notification is also required in the event that shareholders directly or indirectly sell the securities carrying voting rights, when, as a result of this sale, the voting rights fall below one of the thresholds stated above.

In accordance with article 6 of the Transparency Act, the disclosure requirements mentioned above apply whenever the number of voting rights rises above or falls below the specified thresholds as a result of (i) the acquisition or sale of securities carrying voting rights, regardless of how the securities were acquired or sold, for example, by means of a purchase, sale, exchange, contribution, merger, spin-off or succession (ii) unintentionally crossing the specified thresholds (due to an event altering the allocation of voting rights) or (iii) the signature, amendment or termination of an agreement to act in concert.

The FSMA and the Company must be informed of any such event as soon as possible, and at the latest within four working days of the date on which the event took place.

The Company is required to publish all of the information contained in the notification within three days of having received it at the latest. It must also disclose its ownership structure in the notes to its annual financial statements, based on the notifications received.

The Company is also required to publish the total amount of capital, the total number of securities carrying voting rights and the total number of voting rights, as well as a breakdown by class (where appropriate) of the number of securities carrying voting rights and the total number of voting rights, at the end of each calendar month during which changes occurred in these amounts. Where appropriate, the Company is also required to publish the total number of bonds convertible into securities carrying voting rights and rights to subscribe for securities not yet issued carrying voting rights (whether or not these are evidenced by certificates), the total number of voting rights that would result from exercising these conversion or subscription rights, and the total number of shares with no voting rights.

4.9. Agreements that could lead to a change in control of Econocom

On completion of the merger with Osiatis, Jean-Louis Bouchard, Chairman of Econocom Group, remains Econocom's largest shareholder with approximately 41.03% of the share capital at 31 December 2014. Walter Butler became a major shareholder through BML Belgium, the company which controls Osiatis, with a stake of over 6%, and now sits on Econocom's Board of Directors.

5. CORPORATE GOVERNANCE

5.1. Board of Directors and Executive Committees

The composition and functioning of the Board of Directors and the Board's committees are governed by:
• articles 517 *et seq.* of the Belgian Companies Code;
• articles 13 *et seq.* of the bylaws; and

• the internal rules of procedure of the respective committees, available on Econocom's website (www.econocom.com), including: (i) the rules of procedure of the Board of Directors of 22 November 2012; (ii) the rules of procedure of the Management Committee of 22 November 2012; (iii) the rules of procedure of the Audit Committee of 22 November 2012; and (iv) the rules of procedure of the Compensation Committee of 31 August 2011.

For more details on corporate governance, please refer to sections 5 and 7, Chapter V of this report, which contains the report of the Board of Directors on the financial statements at 31 December 2014.

5.1.1. Board of Directors

5.1.1.1. Composition of the Board of Directors

5.1.1.1.1. Appointment (article 13 of the bylaws and article 3 of the Board of Directors' rules of procedure)

The Company is governed by a Board comprising at least three members, who may or may not be shareholders. Members are appointed to the Board for a maximum term of six years by the Annual General Meeting and can be removed by the Board at any time. Board members may be re-elected. The term of office of outgoing Directors ends immediately after the Annual General Meeting that decides on re-election.

The composition of the Board ensures an even balance between executive Directors, independent non-executive Directors, and other non-executive Directors. If the number of Directors so permits, at least three Directors shall be independent within the meaning of Appendix A of the Belgian Corporate Governance Code. At least half of Board members should be non-executive Directors.

Directors are appointed by the Annual General Meeting from the candidates put forward by the Board.

Directors undertake to act in Econocom's interest and to maintain independence of judgement, decision-making and action in all circumstances. They participate in the work of the Board in a wholly impartial manner. Even if Directors know Econocom's business sector well, they should continue to build on their knowledge and expand their expertise.

The Board regularly reviews its composition, functioning and interaction with the Chief Executive Officer(s) and with the Management Committee.

5.1.1.1.2. Vacancies (article 14 of the bylaws and article 3.2 of the Board of Directors' rules of procedure)

If a seat on the Board becomes vacant, the remaining Directors and the Statutory Auditor(s) are entitled to fill this position temporarily. In this case, the first Annual General Meeting after the seat becomes vacant appoints a Director to fill the vacancy on a long-term basis. The Director nominated in the conditions described above is appointed for the remaining term of office of the Director he/she is replacing.

5.1.1.1.3. Chairman and Secretary (article 15 of the bylaws and articles 3.6 and 4 of the Board of Directors' rules of procedure)

The Board of Directors may appoint a Company Secretary who reports on how the procedures, rules and regulations applicable to the Board are implemented and respected. Directors may consult the Company Secretary at their own initiative.

The Board of Directors also elects a Chairman among its members.

The Chairman of the Board is responsible for:

1) Managing the work of the Board and in particular, ensuring that the Board is well organised, functions effectively and performs its duties and obligations in a due and proper manner. This involves:
a) preparing, convening, chairing and overseeing meetings of the Board and ensuring that these meetings dedicate enough time to serious, in-depth discussion of relevant issues;
b) drawing up the agenda for meetings of the Board of Directors, in liaison with the Chief Executive Officer(s);
c) ensuring that the Board receives the appropriate information and that the documents supporting proposals for decisions are relevant and readily available.

2) Ensuring the quality and continuity of the Board's work by initiating and managing procedures. This involves:
a) assessing the scale, composition and performance of the Board and the Board's committees in order to ensure that the decision-making process is effective;
b) appointing or re-electing members of the Board and the Board's committees.

3) Liaising between the Board and the Management Committee. This involves:
a) meeting regularly with the Chief Executive Officer(s);
b) ensuring that relations between the Board of Directors and the Management Committee are professional and constructive, and that the Management Committee provides the Board with the information it needs to perform its duties of assessment, supervision and oversight.

Should the Chairman be prevented from attending a Board meeting, the Directors present elect a Chairman for the meeting concerned.

5.1.1.1.4. Compensation (article 13 of the bylaws and article 8 of the Board of Directors' rules of procedure)

Directors may or may not collect compensation for the performance of their duties. Any fixed or variable compensation may be set by the Annual General Meeting acting on a recommendation from the Board of Directors assisted by the Compensation Committee.

Compensation is set for each Director or on an aggregate basis for the Board as a whole, in which case the Board shall decide how to allocate the compensation according to criteria it defines.

Compensation due to non-executive Directors is determined based on a realistic assessment of their responsibilities, the associated risks and market practices.

5.1.1.2. Powers of the Board of Directors (article 19 of the bylaws)

The Board of Directors is vested with the power to undertake all actions necessary or useful for the Company to fulfil its corporate purpose, except for those actions set aside for the Annual General Meeting pursuant to applicable laws and regulations.

The Board represents the Company in its dealings with third parties and in legal proceedings, in its capacity as either plaintiff or defendant.

5.1.1.3. *Modus operandi* of the Board of Directors

5.1.1.3.1. Meetings (article 16 of the bylaws and article 5.1 of the Board of Directors' rules of procedure)

The Board of Directors meets at least four times a year. Board meetings are convened and chaired by the Chairman, or, if the Chairman is prevented from attending a particular meeting, a Chairman elected by the Directors, whenever it is deemed to be in the Company's interest or each time a minimum of two Directors so request.

The Chairman prepares the agenda for each Board meeting together with the Chief Executive Officer(s). Board meetings are held at the location indicated in the Notice of meeting.

Members of the Board are convened at least five working days before the date of the meeting, unless a shorter timeframe is in Econocom's interests.

Important information that Directors will need to understand the matters to be discussed during the meeting, as well as the minutes of the previous Board meeting, are sent to each Director at least two working days before the date of the Board meeting.

A Director unable to attend a Board meeting may be represented by another Director provided a proxy request is submitted in writing.

The Board may invite any persons whose presence it deems useful to attend its meetings.

5.1.1.3.2. Quorum and deliberations (article 17 of the bylaws and article 5.3 of the Board of Directors' rules of procedure)

The Board of Directors may only validly debate and take decisions if at least half of its members are present or represented.

Decisions of the Board are adopted on the basis of a majority of votes. When there is no majority, the Chairman, or Director replacing the Chairman if the latter is unable to attend, holds the casting vote.

If, at a meeting of the Board of Directors satisfying the quorum requirements, one or more Directors abstain from voting for the reasons set out below, resolutions will be adopted by a majority of the votes cast by the other members present at the meeting.

In exceptional circumstances, when urgency and the best interests of the Company so dictate, decisions may be adopted pursuant to the unanimous consent of the Directors, expressed in writing. However, this procedure cannot be used for the approval of the annual financial statements and/or the utilisation of the authorised capital.

5.1.1.3.3. Proxies (article 17 of the bylaws)

All Directors may ask one of their colleagues to represent them at a given meeting of the Board of Directors and vote on their behalf. This request may be made in writing, by telegram, telex, fax, or any other means used to grant unequivocal special representative powers. In this case, the Director (proxy giver) represented is deemed to be present.

A director may represent one or more other members of the Board.

Directors may also express opinions and vote in writing, by telegram or by telex, but only if half of the Board members attend the meeting in person.

5.1.1.3.4. Minutes (article 18 of the bylaws and article 5.5 of the Board of Directors' rules of procedure)

Deliberations of the Board of Directors are recorded in the minutes of the meeting signed by at least the majority of the members present.

These minutes are recorded in a special register together with any delegations of authority granted.

Copies or extracts required for legal or other purposes are signed by the Chairman, by a Chief Executive Officer, by two Directors or by a Managing Director.

5.1.1.3.5. Information provided to the Board (article 7 of the Board of Directors' rules of procedure)

The Directors have access to all of the information needed to exercise their duties in a due and proper manner. Non-executive Directors may raise issues with members of the Management Committee, after having consulted the Chairman of the Board or a Chief Executive Officer and made sure that this will not jeopardise the proper conduct of business.

5.1.1.4. Day-to-day management – Delegation of powers (article 20 of the bylaws)

The Board of Directors may delegate the power to manage the Company's day-to-day affairs or to represent the Company with regard to its day-to-day management to one or more Directors who are also Chief Executive Officers and/or to one or more executives chosen who are also Managing Directors, regardless of whether or not they sit on the Board.

Their roles and responsibilities are set out in the agreement governing their appointment. Nevertheless, the limits placed on their representative powers for the purposes of day-to-day management shall not be binding on third parties, even if they are published.

However, in the event of a special delegation of powers, the Board of Directors defines those powers and the related compensation.

5.1.1.5. Liability of the Board of Directors (article 22 of the bylaws)

The Directors, members of the Management Committee (as referred to in section 6.2.2 below) and the Statutory Auditor(s) are not personally liable for undertakings made by the Company.

Pursuant to common law and to the provisions of company law, they may be held liable for the performance of their duties and any errors made in their management.

5.1.1.6. Representation (articles 24 and 25 of the bylaws)

The Board of Directors and Management Committee (as referred to in section 6.2.2 below) each represent the Company as a collegial body in its dealings with third parties and in legal proceedings.

Notwithstanding their general powers of representation as a collegial body, the Company is legitimately represented in any legal proceedings and in its dealings with third parties, including with public officers (and mortgage registrars):
• either by the Chairman of the Board of Directors or the Chief Executive Officer;
• or by two Directors, acting in concert;
• or by a Chief Executive Officer and a member of the Management Committee, acting in concert;
• or by a Managing Director.

The aforementioned persons are not required to provide any justification of a previous decision of the Board of Directors or Management Committee.

The Company is also legitimately represented by special proxies acting within the scope of their mandate. Outside Belgium, the Company may be represented by any person so duly empowered by the Board of Directors.

Legal proceedings in which the Company is plaintiff or defendant are supported and/or monitored on the Company's behalf by two Directors or two members of the Management Committee.

5.1.2. Board committees (article 20 of the bylaws and article 6 of the Board of Directors' rules of procedure)

The Board of Directors may set up any committee, permanent or temporary, in an advisory or technical capacity it deems useful.

Each committee is governed by its own rules of procedure which define its composition, role, function and responsibilities as well as its *modus operandi*. These rules of procedure are adopted by the Board.

When the Company has appointed one or more Statutory Auditors, the Board of Directors can set up an Audit Committee to monitor the work performed by the Statutory Auditor(s) on an ongoing basis.

The Board of Directors may set up specialised committees tasked with examining and advising on specific issues. The composition and role of these committees are governed by law.

5.1.2.1. Management Committee (article 20 *bis* of the bylaws and the Management Committee's rules of procedure)

5.1.2.1.1. General information

In accordance with article 524 *bis* of the Belgian Companies Code and article 20 *bis* of Econocom's bylaws, the Board may set up a Management Committee with several members who may or may not be Directors, to which it can delegate its management powers in order to undertake all actions necessary or useful to fulfil the Company's corporate purpose, including actions relating to day-to-day management, without prejudice to the day-to-day management powers granted to the Chief Executive Officers, who maintain, in this respect, concurrent powers with the Management Committee.

However, as provided for by article 524 *bis* of the Belgian Companies Code, the Board of Directors alone is responsible for overall policy and undertaking acts set aside for the Board pursuant to the law, the bylaws or the Board's internal rules of procedure.

5.1.2.1.2. Composition of the Management Committee

The Board of Directors determines the composition and operation of the Management Committee, as well as the conditions in which its members are appointed or removed, any compensation and the term of their office. Unless otherwise decided by the Board of Directors, the Management Committee must act as a collegial body.

The Management Committee has at least three members, who may or may not be Directors or Econocom employees. Management Committee members are appointed for a maximum six-year term and may be re-elected. In their capacity as members of the Management Committee, they can be removed by the Board at any time.

When Management Committee members are also Directors, their term of office as members of the Management Committee ends at the same time as their term of office as Directors, unless they are re-elected as Directors upon expiry of said term.

The Management Committee is chaired by a Chief Executive Officer appointed by the Board.

5.1.2.1.3. Role of the Management Committee

The Management Committee's responsibilities include, but are not limited to:
• taking all steps necessary to implement the decisions or recommendations of the Board;
• adopting budgets and offering strategic guidance to the Board;
• governing the Group's operating entities and supervising their financial and operating performance;
• hiring and removing members of Econocom subsidiaries' executive management, defining their responsibilities, compensation, and working conditions, and deciding on any promotions or dismissals, signing and terminating any representation, agency and distribution agreements, in compliance with local laws and regulations;
• entering into all agreements, making and approving all pricing proposals, placing and accepting all orders to buy and sell any equipment and other capital goods and any supply services;
• leasing and renting out, even over the long term, any properties, equipment or other property and entering into any lease and rental agreements concerning said assets;
• contracting loans secured or unsecured by collateral, and using and investing Econocom funds;
• taking stakes in other companies or disposing of companies in line with the strategy approved by the Board. The Board's prior opinion is consulted for strategic or large-scale deals;
• acting in the name of Econocom in its dealings with the national government or EU, regional, state and municipal authorities, the Crossroads Bank for Enterprises (*Banque-Carrefour des Entreprises*), the tax authorities, the postal service, customs authorities, telecommunications companies and any other public departments or authorities;
• representing Econocom in all legal or arbitration proceedings, as plaintiff or defendant, negotiating all settlements, taking all steps necessary in this respect, and obtaining and enforcing all rulings;
• representing Econocom in its dealings with trade union and employee representative bodies;
• delegating one or more of its powers to one or more Econocom employees or other parties;
• drafting and signing all documents necessary for implementing the powers referred to above.
Without prejudice to the powers set aside for the Board or the Board's committees, the Management Committee, like the Audit Committee, is also responsible for:
• putting in place internal controls;
• preparing full, one-off, reliable and accurate financial statements in accordance with accounting standards and with Econocom's overall policies as defined by the Board;
• presenting the Board with an impartial and comprehensible assessment of the Company's financial position and, more generally, providing the Board with all of the information it needs to perform its duties on a timely basis.

The Board of Directors may also limit the powers it grants to the Management Committee. Such limits are not binding on third parties.

5.1.2.1.4. *Modus operandi* of the Management Committee

With the exception of the matters described below, the rules set out in the bylaws applicable to Board meetings, deliberations and minutes, also apply to the Management Committee.

The Management Committee meets at the initiative of its Chairman, or when requested by two Management Committee members. The Management Committee meets at least ten times a year at the location indicated in the Notice of Meeting.

The agenda for the meetings is decided by the Chairman. However, members are entitled to ask for items to be added to the agenda that they deem appropriate.

The Management Committee acts as a collegial body and decision-making is based on a consensus-building process. Where appropriate, the Chairman of the Management Committee may put matters discussed to the vote, at his or her own initiative or further to the request of two other members. Matters are then decided by a majority vote of all members present. When there is no majority, the Chairman holds the casting vote.

The Management Committee reports to the Board of Directors on its management and on any significant issues falling within the scope of its responsibility.

The Management Committee takes all steps it deems necessary for the Board to be able to fulfil its duty of oversight as required by law.

5.1.2.2. Audit Committee (article 20 of the bylaws and the Audit Committee's rules of procedure)

5.1.2.2.1. General information

The Board of Directors has set up an Audit Committee in accordance with article 20 of Econocom's bylaws and with article 526 *bis* of the Belgian Companies Code.

The role of the Audit Committee is to assist the Board of Directors in performing its duties of oversight of Econcom's business in the broadest sense of the term. More specifically, the Audit Committee assesses financial information and monitors internal control, risk management and internal and external audit processes.

5.1.2.2.2. Composition of the Audit Committee

The Audit Committee comprises at least two non-executive Directors. If additional Directors are appointed to the Audit Committee, the Committee must always include at least one independent Director with accounting and audit expertise.

Members of the Audit Committee are appointed by the Board of Directors for a renewable three-year term.

The Chairman of the Audit Committee is appointed by the Board of Directors. The Chairman of the Board of Directors cannot chair the Audit Committee.

The term of office of a member of the Audit Committee ends at the same time as his/her term of office as Director.

5.1.2.2.3. Role of the Audit Committee

The Audit Committee is responsible for the tasks described below.

1. Financial reporting

• Monitoring the process of preparing financial information and ensuring its reliability i.e., the accuracy, completeness and consistency of the financial statements.

• Discussing any material financial reporting issues with Executive Management and with the Statutory Auditor. Executive Management informs the Audit Committee of the methods used to account for material and unusual transactions when several possible approaches exist, and of the existence and justification of activities carried out through special purpose vehicles.

2. Internal control and risk management

• Understanding Econocom's risk management and control systems, assessing whether the systems are appropriate and, where applicable, making recommendations to mitigate any material risks.

• Analysing the results of any corporate survey conducted within Econocom following incidents of fraud or errors or for any other reason, as well as decisions taken by Executive Management in these cases and, where applicable, making recommendations.

• Determining the systems put in place by Econocom to ensure that it complies with the main legal and regulatory provisions applicable to the Company.

3. Internal audit

• Reviewing and making recommendations on Executive Management proposals on the appointment or replacement of the head of internal audit, and on the annual internal audit budget allocated.

• Identifying the internal auditor's work programme and reports.

• Reviewing the effectiveness of internal audit, chiefly by analysing how management applies the findings and recommendations of internal audit.

4. External audit

• Making recommendations to the Board of Directors regarding the appointment or re-election of Econocom's Statutory Auditor, the amount of fees payable to the Statutory Auditor and, where applicable, the Statutory Auditor's removal or resignation.

• Ensuring Statutory Auditor independence, chiefly in light of the provisions set forth in the Belgian Companies Code and the Royal Decree of 4 April 2003.

• Identifying the Statutory Auditor's work programme and reports.

• Periodically reviewing the effectiveness of the external audit process and analysing how Executive Management follows up on any recommendations made by the Statutory Auditor.

• Defining, together with Econocom's Statutory Auditor, the nature, scope and cost of the Statutory Auditor's involvement in any work performed that is unrelated to the statutory audit engagement.

5. Other

• Formulating recommendations to the Board of Directors concerning matters falling within the scope of responsibility of the Audit Committee.

• Fulfilling any other roles assigned by the Board of Directors.

5.1.2.2.4 *Modus operandi* of the Audit Committee

The Audit Committee meets as often as necessary and at least four times a year. At least two meetings a year deal chiefly with the financial statements.

The Chairman of the Audit Committee determines the agenda for each meeting. An Executive Management or Audit Committee member may ask the Chairman of the Audit Committee to place any item it considers appropriate on the agenda.

The Audit Committee may invite the Statutory Auditor, internal auditor and any other member of the Management Committee or Econocom staff to all or part of its meetings. The internal auditor and Statutory Auditor must each take part in at least two Audit Committee meetings per year.

Except in emergencies identified by the Chairman of the Audit Committee, Audit Committee meetings are convened at least five working days before they are due to take place. A shorter timeframe may apply provided that all members agree.

The quorum to vote is met if at least two Audit Committee members attend or are represented by proxy. Decisions of the Audit Committee are adopted by a majority of the votes cast.

5.1.2.3. Compensation Committee (article 20 of the bylaws and the Compensation Committee's rules of procedure)

5.1.2.3.1. General information

The Board of Directors has set up a Compensation Committee in accordance with article 526 *quater* of the Belgian Companies Code and article 20 of Econocom's bylaws.

The Compensation Committee advises and assists the Board of Directors. It conducts its work under the aegis and responsibility of the Board of Directors.

5.1.2.3.2. Composition of the Compensation Committee

Three non-executive Directors sit on the Compensation Committee. The majority of members are independent as defined by article 526 *ter* of the Belgian Companies Code. The Compensation Committee has the necessary expertise in matters of compensation.

The term of office of Compensation Committee members is three years and does not exceed their term of office as Directors. The term of office as Compensation Committee members may be renewed at the same time as their term of office as Directors.

The Compensation Committee is chaired by a non-executive Director.

The Chairman of the Compensation Committee oversees its work and takes all necessary steps to create a climate of trust within the Committee by contributing to open discussions and encouraging constructive debate.

Members of the Compensation Committee choose a Secretary from among themselves.

5.1.2.3.3. Role of the Compensation Committee

The Compensation Committee assists Econocom's Board of Directors, under the responsibility of the Board, in all matters relating to the compensation paid to the Chairman and Chief Executive Officer, the Directors, and the members of the Company's Management Committee (see section 6.2.2 above).

More specifically, the Compensation Committee is in charge of:

• Upon recommendations of the Chairman:
- making suggestions and recommendations to the Board of Directors with respect to the executive compensation policy and, if required by law, with respect to any resulting recommendations which the Board of Directors must submit to the shareholders for approval,
- making suggestions and recommendations to the Board of Directors about the individual compensation of Directors and Management Committee members, including share-based and other forms of variable compensation and long-term awards (long-term profit sharing) – which may or may not be share-based – granted as stock options or other financial instruments, termination benefits and, if required by law, with respect to any resulting recommendations which the Board of Directors must submit to the shareholders for approval,
- making suggestions and recommendations to the Board of Directors about setting and assessing performance targets linked to the individual compensation of Directors' and Management Committee members;

• drafting the compensation report, in accordance with article 96, section 3 of the Belgian Companies Code, which is subsequently added to the corporate governance statement;

• commenting on the compensation report during the Ordinary General Shareholders' Meeting;

• submitting recommendations to the Board of Directors with respect to the terms and conditions of employment contracts of Directors and Executive Committee members;

• generally carrying out all of the tasks assigned by the Board of Directors with respect to compensation.

In accordance with article 20 of the bylaws, the Board of Directors grants the Compensation Committee the power to implement Board decisions with respect to stock option plans or any other existing or future plans for granting financial instruments such as warrants, i.e., issuing stock options or other financial instruments within the limits authorised by the Board of Directors, to whom the Compensation Committee is accountable.

5.1.2.3.4. ***Modus operandi*** of the Compensation Committee

The Compensation Committee meets as often as necessary and at least twice a year.

Compensation Committee meetings are convened by the Chairman, who also determines the agenda. A Director or Management Committee member may ask the Chairman of the Compensation Committee to place any item it considers appropriate on the agenda.

Except in the event of emergencies identified by the Chairman of the Compensation Committee, notice of Compensation Committee meetings (and the agenda for said meeting) will be sent by any means ordinarily used by the Company within a reasonable period before the meeting is due to take place.

The Compensation Committee may invite any persons whose presence it deems useful to attend its meetings. The Committee may ask for an independent professional opinion on issues it considers necessary to perform its duties, at Econocom's expense.

No Director may attend Compensation Committee meetings that deliberate on his/her compensation and Directors may not therefore take part in any decisions in this respect.

The Chairman and Chief Executive Officer may participate in meetings of the Compensation Committee in an advisory capacity when said meetings discuss compensation for other executive Directors and other members of the Management Committee.

The Compensation Committee can deliberate if at least two of its members are in attendance or legitimately represented. Decisions are by majority vote of the members present or legitimately represented.

5.2. Conflicts of interest

Econocom's corporate officers must comply with the recommendations of article 523 (conflicts of interest between Econocom and a Director), 524 (intragroup conflicts of interest) and 524 *ter* (conflicts of interest between Econocom and a Management Committee member) of the Belgian Companies Code.

In order to comply with the Corporate Governance Code, Econocom has issued a number of recommendations for its Directors and Executive Management concerning transactions and other contractual relations between Econocom (and any companies related to it), its Directors and members of its Executive Management team, when these transactions and other contractual relations are not dealt with in legal provisions discussing conflicts of interest. These recommendations are available on Econocom's website (www.econocom.com).

In short, Directors and members of Econocom's Executive Management must act in the interests of Econocom and its subsidiaries at all times. Any transactions entered into between (i) the Company and its subsidiaries or between (ii) any Directors or members of Executive Management, regardless of whether or not they are referred to in articles 523, 524 and 524 *ter* of the Belgian Companies Code, must be previously approved by the Board of Directors or Management Committee, respectively, which should be kept fully informed of the terms and conditions of the transaction as well as the interests of the Company at stake.

All material agreements between Econocom Group and its related parties are disclosed in Note 36, "Related party information", to the consolidated financial statements in the 2013 annual report. The procedure set out in article 523 of the Belgian Companies Code was applied in 2014 (see section 5.5.5 of the Management Report).

5.3. Biographies of Directors

Jean-Louis Bouchard began his career at IBM in 1966 as an Account Manager and spent two years at IBM World Trade in New York. Between 1971 and 1981, he created and served as Chairman and Chief Executive Officer of Informatiques Inter Ecoles. In 1973, he founded Europe Computer Systèmes (ECS), where he served as Chairman until he sold his non-controlling interest to Société Générale in 1984. In 1982, he founded Econocom in Brussels and in 1985 became Chairman of the Executive Board of Econocom International NV. In 1987, he was named "Entrepreneur of the year" by *Challenges* magazine.

Robert Bouchard began his career as negotiator with Cardif in 1995. In 1997, he became an executive shareholder of a number of restaurants in Paris (La Gare, l'Ampère, Meating and Carmine). In 2010, he took over as Chairman of APL (specialising in the design, construction and maintenance of data centres), and is currently the majority shareholder. Robert Bouchard is Jean-Louis Bouchard's son.

Christian Bret began his career with IBM, initially as a manufacturing engineer and then as Account Manager. From 1969 to 1972 he was Deputy Managing Director of Sofragem (Rothschild Group) before joining Sligos group in 1972, where he served as Managing Director. From 1989 to 1995, he was Vice-Chairman and Managing Director of Cisi, then from 1996 to 2003 he served as Executive Director of France Télécom's Enterprise division. In addition, from 1985 to 1995, Christian was Vice Chairman of the Syntec Numérique, then from 1995 to 1997 he served as Chairman of the inter-industry group for motorways and information (*Groupe Inter-industries sur les Autoroutes de l'information*).

Gaspard Dürrleman began his career with Basaltes Group in 1982. He went on to head up Econocom Trading from 1985 to 1987 then Innovation et Gestion Financière from 1987 to 1992. He was subsequently head of the leather goods division at Hermès until 2000, and then of Delvaux in Belgium until 2003. He then joined Arthus-Bertrand Group, which he ran for three years. Since 2009, he has been Chairman of Cambour Group, a jewellery manufacturer.

Charles de Water began his career with IBM in the Netherlands and then joined Econocom Group where he was in charge of the leasing subsidiaries in the Netherlands and Germany before taking over the Leasing business for the whole group until 2006.

Véronique di Benedetto started out as an Account Manager at IBM. In 1985 she became a sales agent with ECS and in 1995 was appointed Sales Director for ECS in Paris. Véronique was then in charge of ECS Group's international operations before going on to become Managing Director in 2009. After the merger between Econocom and ECS, Véronique was appointed Deputy Managing Director of the new group and took over operations in France. Her current position is Vice-President France.

Rafi Kouyoumdjian began his career as an Account Manager for IBM in 1983. In 1987 he joined Econocom Group where he was in charge of the Africa-Middle East region. He was then in charge of operations in the United Kingdom and then the Leasing division before being appointed Managing Director of the group in 1995. In 2001, he became Chairman of Liberty Surf Group (which became Tiscali in 2001), and then Managing Director of NextiraOne Group in 2006.

Bruno Lemaistre began his career in 1981 with BRGM (*Bureau de Recherches Geologiques & Minières*) in Latin America. In 1983, he became an Account Manager with IBM, then in 1986 joined Promodata, where he was Sales Director. He was appointed Managing Director for France of Comdisco Group in 1994, before being named Managing Director Europe. When Promodata was bought out by Econocom, Bruno took over the Technology Management & Financing division in France, the UK and Germany, before being appointed Group Managing Director in 2006. He is in charge of all the Group's operational activities, excluding Services.

Jean Mounet has occupied a number of positions with IT manufacturers (IBM and Bull). In 1988 he joined Sopra Group as Managing Director, and was appointed Vice-President in 2005. He was also Chairman of the Syntec Numérique from 2003 to 2010.

As part of the MEDEF (*Mouvement des entreprises de France*), France's largest union of employers, Jean oversaw the publication of two major reports which are widely regarded as crucial for the Information and Communication Technology industry:

- "PME-TIC", which was designed to promote the use of digital technologies at French small and medium-size companies;
- "*Faire de la France un leader de l'Economie Numérique*" (Making France a Leader in the Digital Economy).

Jean Mounet is currently Chairman of the Executive Committee of the *Observatoire du Numérique* (Digital Observatory), a government body that reports on developments and changes in the digital market and the growth of digital technologies in the economy and society.

Jean-Philippe Roesch began his career with Arthur Andersen, as an Auditor then Manager. He joined Econocom Group at the end of 1989 as Chief Financial Officer for Econocom France. After heading up various subsidiaries within the group, Jean-Philippe held a number of roles (Company Secretary of Econocom Group in 2001, Deputy Managing Director in 2003), culminating in his appointment as Group Managing Director in 2006. He is in charge of all the Group's central and support functions.

Walter Butler, who is of Brazilian, French and American origin, is a graduate of the Ecole Nationale d'Administration (ENA). He began his career with the Inspectorate General of the French Ministry of Finance before going on to become Executive VP of Goldman Sachs in New York. He founded Butler Capital Partners in 1991 (BCP). His group currently specialises in private equity and credit in Europe (Butler Investment Managers in London) as well as investing in companies, including Osiatis.

Walter Butler was formerly Chairman of the French private equity and venture capital association (*Association Française des Investisseurs en Capital* – AFIC), a member of the French Strategic Investment Fund Committee (*Comité du Fonds Stratégique d'Investissement* – FSI) and France's National Economic Analysis Council (*Conseil d'Analyse Économique de la République Française*).

The Econocom Board of Directors declares that, to its knowledge, none of the Directors have ever been convicted of fraud or subject to any official or public indictment and/or sanction preventing him/her from acting as member of the management or supervisory body by any legal or supervisory authority, and that none of the Directors have been prevented by a court of law to serve as a member of the governing body and that, in this capacity, they have never been involved in bankruptcy proceedings.

6. EVENTS SUBSEQUENT TO THE APPROVAL OF THE MANAGEMENT REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

None.

7. COMPETITION

Econocom Group stands out from its competitors thanks to:
• nearly 40 years' experience in business-to-business infrastructure management;
• combined experience in technology management and financing solutions and technological know-how;
• dual IT and telecommunications expertise;
• independence from IT hardware manufacturers, telecom providers, software vendors and financial companies.

Econocom Group specialises in four independent and complementary areas of expertise which include (i) Technology Management & Financing, (ii) Products & Solutions, (iii) Infrastructure Services, Applications & Solutions and (iv) the Digital Marketplace. The Group has no competitor capable of presenting such a wide range of IT and telecoms offers. The Group's ability to propose these offerings and package them in cross-disciplinary solutions that draw on all four of its skill sets reinforces its unparalleled ability to meet market expectations.

A diverse offering

Econocom is currently the only provider, independent of manufacturers, operators, software vendors and banks, in Europe that can design, steer and finance digital transformation projects for businesses and organisations.

The Group launched a telecommunications offering as early as 2000, well before its main competitors, and will draw on these strengths to leverage the expected sharp growth in the market for mobile services and voice/data convergence solutions. It has the required capabilities to meet strong future demand for mobile solutions and for managing telecommunications fleets.

Econocom has also launched cross-disciplinary offerings involving several of its businesses to address companies' growing need for comprehensive solutions. These new offerings allow companies to optimise and control the entire lifecycle of their company resources, including their:
• distributed and centralised IT assets;
• telecom hardware;
• printer fleet;
• procurement lead times and costs;
• licence agreement portfolio;
• tablet and smartphone integration;
• virtual workspace;
• tailored data centre featuring a virtual private cloud.

Through A2Z the Group also offers IT and telecom services for SMEs, combining procurement with operational, administrative and financial services. This comprehensive management solution is billed on the basis of a single monthly subscription fee per user.

As part of its Mutation 2013-2017 strategic plan, Econocom is extending its offerings and solutions to new types of digital assets. These assets are currently revolutionising companies and existing business models and creating new uses. Econocom has implemented a vertical market approach in order to establish itself in these key growth areas.

Econocom grew in 2014 through targeted acquisitions to strengthen its offering.

In January 2014, Econocom teamed up with Georges Croix to set up Digital Dimension, which aims to create a marketplace for essentially cloud-based B2B digital solutions. Since its inception Digital Dimension has made three acquisitions: (i) Rayonnance, specialising in business-to-business mobile solutions, (ii) ASP Serveur, a leading provider of business-to-business public and private cloud hosting solutions and owner of a latest-generation, eco-efficient data centre, and (iii) Aragon-eRH, a French software vendor offering cloud-based HRIS solutions that address the full spectrum of a company's HR requirements.

In July, Econocom acquired Comiris, a French specialist in collaborative, multimedia and videoconferencing tools.

Finally, in early 2015 Econocom acquired a 45% stake in Helis, a French company that provides critical IT and network infrastructure consulting, and the entire share capital in Clesys, a system and network infrastructure security expert. These acquisitions are in keeping with Econocom's Mutation strategic plan and reinforce its consulting expertise as well as the Security division, key drivers in the digital transformation of companies.

Geographical presence

Econocom Group has been firmly established in Europe for over 40 years.

The Group has grown internationally by taking initiatives to accompany its key account customers in their main operating regions. Econocom now operates directly in 19 countries, mainly in Europe, but also in Morocco and, more recently, North and Latin America (the United States, Canada, Mexico and Brazil). This extended geographical scope, combined with international partnerships, enables the Group to meet the requirements of its key account customers.

Main competitors

None of Econocom's competitors combines all of its expertise or has as broad a product and service offering. The main competitors in each of its businesses are as follows:

- Services: Capgemini, Atos Sopra, Steria, CGI, GFI and Devoteam, which have an international presence but do not offer distribution or flexible technology management and financing services. Similarly, Econocom Group has few competitors in Telecom service.
- Sourcing: Computacenter (France, Belgium, Germany and the United Kingdom), SCC (France and the United Kingdom), and RealDolmen (Belgium and Luxembourg).
- Technology Management & Financing: the financial subsidiaries of manufacturers such as IBM, HP and Dell, and banks' leasing subsidiaries (Arius – BNP Paribas Rental Solutions, Etica – Crédit Agricole Leasing) do not offer the same degree of independence or IT specialisation as Econocom Group. Neither CHG nor Grenke Leasing (Germany) carry out distribution or services activities.

8. HR POLICY

Econocom's HR policy is consistent with the values which underpin the Group's projects. Attracting and retaining talented new employees is paramount to Econocom's success as a leader in guiding companies' digital transformation. Econocom's vibrancy, along with its international presence, reputation, broad business base and stock market performance, all serve to attract young graduates and experienced staff alike.

On 31 December 2014, the Group had more than 8,500 employees. This substantial rise in the workforce is a result of Econocom's internal drive and its external growth projects, the most significant of which was the acquisition of Osiatis and other innovative companies on the digital market.

Econocom has an ambitious recruitment plan for 2015, particularly for engineers and sales staff. The Group will have to hire more than 800 people to support its growth in the digital sector. We strongly believe in the importance of promoting an entrepreneurial spirit. Giving employees the freedom to take initiatives helps motivate and stimulate them and their teams. The most talented employees can then develop their full potential by finding creative ways to tackle the challenges they face and achieve their ambitions. Retaining talent is the Group's ongoing objective.

Econocom's ambition is to offer employees an exciting career by assigning them to ambitious projects and offering them promotion prospects within its various business lines. Career development is one of the Group's primary objectives. Employees are individually monitored, especially through their annual appraisals, which cover achievements, objectives and training. One example is the Step talent management programme, launched in 2014. Through this programme, nearly 100 European managers have had their first one-on-one meeting to identify their professional goals and the career prospects Econocom can offer them. Similarly, the success of the Econocom Management Academy – the Group's in-house management training facility which provides managers with first-rate training – illustrates the Group's commitment to creating a consistent framework in which its employees can share and adhere to the same values.

It is these shared values that drive our ambition to play an active role as a responsible company that shows its solidarity with people and the community. Econocom, which by nature has an open, global outlook, focuses on solidarity through a series of long-term initiatives, including its commitments to diversity, employee relations and support for employees in need.

In keeping with this spirit, Econocom has developed an innovative new relationship between the Company and its staff. The changing concepts of time and space affect quality of life in the workplace, which is key to improving the organisation's performance and in turn benefits its clients. Econocom believes in an original employment model in which each individual is encouraged to fulfil their potential in a constant quest for innovation and excellence, and where initiative, teamwork, accountability and respect are key success factors.

8.1. Econocom

Econocom launched the Share programme in 2011 which includes a series of measures designed to improve well-being in the workplace. Share, which was set up with active contributions from both employees and staff representatives, takes an innovative approach to organising working hours and achieving a better work-life balance. Working from home and working remotely in general is common practice, with around one out of two employees from the support functions currently working wherever best suits his or her schedule and commitments. Econocom has also implemented a number of initiatives designed to make employees' daily life easier, with over 20,000 services ranging from house-cleaning and administrative tasks to tutoring for children and childcare.

Econocom Group's new five-year strategic plan launched in 2013 reflects a strong ambition to focus on developing its human capital.

8.2. Econocom-Osiatis

To enhance its positioning as an employer, Econocom-Osiatis offers Group employees vocational training courses adapted to the Company's different functions in the areas of people, business and project management and development of technological skills.

This programme included the creation of a new Econocom-Osiatis e-learning portal, set up in January 2015. "My Campus" is an in-house learning programme offering a variety of technical courses (IT, office applications), cross-business training in management and personal development, as well as modules on some of the Company's commitments, such as promoting the employment of people with a disability. "My Campus" includes more than 200 training programmes and a virtual library of 11,000 books.

In 2014, Econocom-Osiatis devoted more than 3% of payroll to training.

The Econocom-Osiatis training institute has trained about 2,000 employees, with more than 3,500 internships. This represented about 60,000 hours of training over the year.

9. LEGAL PROCEEDINGS AND DISPUTES

Since the beginning of 2013, there has been a legal dispute between Asystel, a wholly-owned subsidiary of the Group, and SFR Group over the latter's intention to take over direct management of the key accounts of the SFR Business Team offering, which constitutes a breach of the contract binding the two parties until 2015.

Asystel therefore instigated legal action against SFR to enforce its rights. The case is pending before the Paris Court of Appeals.

There are currently no other pending or potential government, legal or arbitration proceedings against the Group, which may have or have had over the past twelve months a significant impact on the Group's financial position or profitability.

The total consolidated amount of provisions for all the Group's disputes (see Note 16 to the consolidated financial statements) includes all outflows of resources (excluding any possible reimbursements) deemed likely for all types of claims and litigation in which the Group is involved as a result of conducting its business.

10. MAJOR CONTRACTS

In the course of its operations, the Group signs substantial master agreements with its clients, suppliers, funders and other partners, some of which are binding for several years. The importance of these parties is outlined in Chapter III, section 3, “Dependency Risks”.

Outside the normal course of its business, the Group has not entered into any contracts implying a major commitment.

11. RESEARCH & DEVELOPMENT

Employing over 6,900 engineers and technicians at the end of 2014, representing around 80% of its employees, the Group devotes considerable efforts to innovating businesses' ICT systems.

The purpose of its Research & Development policy is to design and implement:
• innovative solutions to address the various issues associated with ICT architecture, interoperability, mobility and security;
• innovative, unified solutions for managing all the Company's resources;
• communication systems that facilitate collaboration and digital data security.

For some of its business, the Group is entitled to a research tax credit (*Crédit d'Impôt Recherche*). Furthermore, because it believes that innovation is the key to competitiveness, Econocom continues its research and development in the field of Smart Solutions (the Internet of Things) by building partnerships with recognised experts in this field.

Econocom has thus has set up a dedicated European Smart Solutions R&D programme to design new services for industry in partnership with the ISMB (*Istituto Superiore Mario Boella*), a research centre based in Turin that specialises in the ICT industry and employs 150 researchers and scientists.

Econocom is also a member of a number of networks of companies which devise future possible uses of connected objects in specific environments (health, hospitals, cities, buildings, etc.). The Group has played a central part in developing projects and prototypes to demonstrate what digital technology and connected objects can achieve and offer, including:
• the digitalisation of the "Partech Shaker" to create a building to serve as a laboratory for conducting research and experimenting with digital equipment and studying its impact on comfort and use;
• high-tech rooms built for the new maternity unit at the Grand Hôpital de Charleroi, which provides a glimpse of what hospital care will look like in a few years' time, and involvement in developing a "concept room" with members of the Clubster Santé health industry network.

12. RECENT DEVELOPMENT AND OUTLOOK

Econocom Group's growth strategy is based on a combination of organic and external growth.

12.1. Main investments

In addition to developing new products, software tools and recruiting new sales staff and engineers, Econocom Group carries out external growth transactions in order to acquire specific skills or step up its expansion.

The Group's main investments over the last three years are described below.

12.1.1. 2012

In 2012, the Group continued its targeted acquisition strategy to strengthen its expertise in IT security, virtualisation, telecoms and Apple distribution.

In January 2012, Econocom acquired a 40% stake in Centix, the Belgian specialist in desktop and server virtualisation solutions, negotiating a three-year option (now exercised) to purchase the company's remaining stake for €1.35 million.

In France, Econocom acquired three new companies: in May, Tactem, which specialises in telecom management for international companies; in October, Cap Synergy, a French systems integrator specialising in IT systems and network security; and in December, France Systèmes, France's leading Apple reseller in the enterprise and government market.

In September, Econocom Group also acquired Ermestel, a pioneer and leader in the Spanish virtualisation solutions market, and Ermestel Latinoamerica, headquartered in Mexico.

These acquisitions represented a total cash investment of €16.2 million in 2012, with an additional earn-out estimated at a total of €4.4 million.

12.1.2. 2013

On 22 February 2013, Econocom Group acquired the entire share capital of Exaprobe, a French company specialising in security, unified communications, IP infrastructure, virtualisation and data centre solutions for IT infrastructures. The deal represented an investment of €1.2 million (including an earn-out of €0.5 million), financed with the Group's equity.

On 21 March 2013, Econocom exercised the option to acquire the remaining 60% of Centix's share capital. The strike price was €1.3 million, €0.9 million of which was already paid, with the balance due in February 2015.

On 12 September 2013, Econocom Group acquired 51.9% of Osiatis Group, one of France's leading digital service companies specialising in infrastructure services and related applications (€309 million in revenue in 2012 and 4,600 employees), along with 875,000 equity warrants. Acquisition of the controlling stake was financed by issuing 9,142,680 new Econocom shares and a €36.6 million vendor loan, with most of the loan amount due in February 2014, along with credit lines provided specifically for the deal. On 12 September 2013, the Group also acquired 660,000 equity warrants granted by Osiatis, primarily through the issue of 384,780 new Econocom shares.

In accordance with article 234-2 of the General Regulations of the French financial markets authority, the AMF (*Autorité des Marchés Financiers*), the Group launched a friendly "mix and match" public offer for all remaining Osiatis shares whereby each seller received in the aggregate one Econocom Group share plus €4.00 for each Osiatis share. The deal was financed by the issue of new Econocom shares, equity and external funding.

On 18 and 19 November 2013, Econocom Group issued 6,313,158 new shares and paid €25.2 million as part of settlement and delivery of the offer.

With the success of the friendly public offer to acquire Osiatis, Econocom Group was able to initiate a squeeze-out procedure in November 2013 and received the remaining Osiatis shares for €10 per share, i.e., a total amount of €4.3 million.

In early December 2013, Econocom Group acquired the remaining equity warrants for €6.4 million.

This key investment allows Econocom to achieve a more balanced business mix and establish its leadership in the European digital service market.

12.1.3. 2014

12.1.3.1. Investments made to create and acquire companies

In 2014, Econocom Group made investments in line with its Mutation 2013-2017 strategic plan to consolidate its positions in high-growth market segments – in particular business-to-business digital solutions – and to extend the Group's geographical coverage to better serve its international clients.

In January 2014, Econocom invested in Digital Dimension in partnership with Georges Croix. The aim of the project is to create a leading player in the market for B2B cloud-based digital solutions. Econocom Group has set aside an investment budget of up to €100 million over three years. It aims to achieve revenue of €120 million and operational profitability of at least 10% for 2016.

Since its inception Digital Dimension has made three acquisitions:
• Rayonnance (May 2014), of which it owns 70%, specialises in business-to-business mobile solutions.
• ASP Serveur (July 2014), of which it owns 80%, is a leading provider of business-to-business public and private cloud hosting solutions. ASP Serveur owns its infrastructure and has a latest-generation, eco-efficient data centre.
• Aragon-eRH, of which it owns 66.67%, is a software vendor specialising in cloud-based HRIS solutions that address the full spectrum of a company's HR requirements.

In addition, Econocom Telecom Services and Tactem, companies specialising in mobile device services, have been made subsidiaries of Digital Dimension to create a more consistent structure.

Cross call and put options were signed to finance Digital Dimension's acquisition of the remaining share capital in these three companies.

In 2014, Econocom also acquired Comiris, a French specialist in collaborative and videoconferencing tools with revenue of €13 million.

Lastly, in December 2014 Econocom exercised a call option to increase its stake and acquire a controlling interest (51.3%) in the Brazilian company Interadapt and its subsidiary Syrix. Share ownership was transferred in early 2015.

Together, these acquisitions represented a total investment of €17 million (net of the cash position of the acquired companies). Econocom also settled the remaining balance due to acquire Osiatis, i.e., approximately €30 million.

12.1.3.2. Other Investments

Econocom set up its own in-house funding entity, part of its subsidiary Econocom Digital Finance Ltd, in order to support the development of the Group's innovative offerings in the digital sector. As a result, the Group signed €41 million worth of contracts, with the impact on its net financial debt totalling €27 million at 31 December 2014.

Econocom also invested in its equipment and software to improve staff productivity and deliver new services to clients. These investments totalled €17 million for the year, primarily financed through equity.

12.2. Trends and outlook

On 24 April 2013, Econocom announced its new Mutation 2013-2017 strategic plan, which is intended to enable Econocom to double in size within five years.

The Group therefore aims to achieve revenue of €3 billion by 2017. This strong growth, driven by all the Group's business lines, must be achieved whilst maintaining strong operating margin of 5% of revenue. The plan aims to benefit from the digital boom by:

- increasing its innovation capabilities, particularly in the field of smart objects;
- designing vertical solutions tailored to Econocom clients' specific business issues, in particular in healthcare, retail, education and industry;
- offering enterprise solutions combining sourcing, IT and telecom services and technology management & financing, charged as a service for an all-inclusive fee;
- adapting its approach and offering to the size of its client companies, from small businesses to large corporations, specifically targeting medium-size organisations headquartered in Europe with international operations;
- implementing an international expansion strategy, which will vary according to the degree of market maturity of each geographical area: France and Benelux, the Group's main contributors, to drive change; roll-out of a multi-activity business model in Southern Europe; a targeted business-oriented approach in Northern & Eastern Europe; and new markets opened in North and Latin America.

Working towards this objective, Econocom announced that it will be developing its expertise in digital services, particularly in the field of networks, security, and cloud and application integration. The decisive acquisition of Osiatis Group in 2013 is perfectly in line with this strategy.

In 2014, Econocom Group completed the integration of its Econocom-Osiatis Services business, which now has more than 7,000 employees, and continued its targeted acquisition strategy in high-growth markets such as cloud-based services, multimedia and data security.

For 2015, Econocom management expects another year of organic growth in revenue and a rise in recurring operating profit and net earnings per share.

These forecasts are supported by the first positive trends observed at the beginning of 2015.

Econocom confirms that it will be actively continuing its targeted acquisition policy in its main strategic sectors: security, eHealth, eEducation, consulting, mobile and web apps. The acquisitions of Helis (critical IT and network infrastructure consulting and engineering) and Clesys (system and network infrastructure security) made in January and February 2015 respectively are prime examples of this strategy at work.

The Group will deploy its multi-activity model in its strategic countries in order to consolidate its position at the forefront of the digital transformation of businesses and public services.

RISK FACTORS

III.

1. OPERATING RISKS

1.1. Risks associated with Services contracts

The Group offers three types of Services contracts:
• Fixed-price contracts with a guaranteed result, whereby the Group undertakes to provide certain deliverables for a fixed price, irrespective of the timeframe. This type of contract typically includes financial penalties calculated according to the value of the contract and usually capped at a certain percentage of the annual amount of the contract. Econocom manages this risk by carrying out technical and financial monitoring of projects (measuring the achievement of contractual objectives, tracking the number of man-days used, estimating the remaining consultant time required, service quality and lead-time indicators, etc.). This monitoring enables the Group to measure the achievement of contractual obligations and anticipate, in accounting terms, any provisions for losses upon contract completion. Contracts with a guaranteed result account for almost one-half of the Services business in terms of value.
• Fixed-price contracts with service level agreements, whereby the Group undertakes to provide a given service, within a given timeframe, for a fixed price per time unit (usually per month). Econocom manages this risk by carrying out regular technical and financial monitoring of the projects, particularly by tracking the number of man-days used. Contracts with service level agreements account for over a third of the Services business in terms of value.
• Time-and-materials contracts, whereby the Group undertakes to provide technical skills and charges the client for the number of labour hours spent. Econocom manages these contracts by paying particular attention to the fee schedule and its consultants' fees.

Furthermore, a lesser risk associated with Services contracts concerns the termination notice period. This period is traditionally fairly long so as to allow Econocom time to adjust the workforce, particularly for large contracts. In certain cases, as this period may be reduced to one month, the Group must be prepared for a breach of contract so that it may redeploy its staff. To ensure increased flexibility, Econocom uses sub-contractors to cover part of its revenue.

1.2. Risks associated with sub-contractor default

For certain contracts, Econocom has performance obligations and sometimes calls upon the services of sub-contractors. Econocom's policy is to recover any penalties charged from its sub-contractors. Econocom may thus be exposed to the risk of sub-contractor default, but none of its sub-contractors are substantial enough to account for a material proportion of Econocom's business.

1.3. Risks associated with price fluctuations and hardware obsolescence

The Group is exposed to the risk of fluctuations in the future value of leased equipment within the scope of its Technology Management & Financing business. It manages this risk by calculating the future value of equipment using an accelerated diminishing balance method, which is described in the accounting policies in Note 2.9.3 to the consolidated financial statements.

The method is regularly compared with actual transactions, and annual statistics are compiled to validate the suitable and conservative nature of the selected method.

For its Products & Solutions business, Econocom does not keep substantial surplus stock and as such limits its exposure to the risk of obsolescence.

For its data centre maintenance and outsourcing activity, the Group keeps dedicated stock. The components and levels of stock are constantly monitored to ensure that they are in line with the volume and type of equipment under maintenance, which addresses the risk of obsolescence.

1.4. Competition

The ICT services market has always been highly competitive. There are a limited number of competitors at an international level for all of the Group's businesses. However, in each country where it has operations and in each of its businesses, the Group faces strong competition from international, national or local players.

1.5. Employee-related risks

As far as Econocom Group Management is aware, the Group is not exposed to any employee-related risks other than those arising in the normal course of business for companies of a comparable size based in Europe. The majority of the workforce is employed in the Group's French, Belgian, Spanish and Italian subsidiaries.

1.6. Environmental risks

Econocom Group does not destroy the machines purchased from refinancing institutions at the term of the related leases. In accordance with the WEEE (Waste Electrical and Electronic Equipment) Directive, the Group collects all the equipment it owns from clients and arranges for all electrical and electronic waste to be processed and recycled. Since 2013, Econocom has been a client of Ecologic, an environmental organisation which collects and processes WEEE from businesses all over France, in compliance with environmental legislation.

1.7. Insurance against risk

The Group is covered against liability claims and property damage via insurance policies taken out with first-rate insurers. It has elected not to take out business interruption insurance.

The Group reviews and evaluates its risks on an ongoing basis in conjunction with its insurers and experts so as to ensure optimal coverage in both the insurance and reinsurance markets.

1.8. Pledges, guarantees and collateral provided for borrowings

Real security interests provided as collateral for borrowings or financial liabilities by the Group chiefly consist of receivables offered as collateral for its short-term funding. The amount of pledged and mortgaged assets is disclosed in Note 34 to the consolidated financial statements.

1.9. Risks associated with acquisitions and integrations

As part of its strategy, the Group continues to develop its business by seeking acquisition opportunities in all its areas of activity. By acquiring companies, the Group is exposed to the risk associated with integrating the companies. These risks include, but are not limited to, covering financial and operational costs which are higher than initially anticipated, failure of the operational integration, which can lead to loss of major clients or the departure of important members of the acquirees' staff and a decline in financial performance. Integration of the acquired companies may also disrupt the Group's existing businesses and lead to insufficient resources, particularly in terms of management. The synergies expected from an acquisition may fall short of forecasts or take longer to achieve than initially announced, and the costs of implementing these synergies may exceed expectations. The above-mentioned factors may also have a negative impact on the goodwill recognised in the consolidated financial statements with respect to acquisitions (see also Note 7 "Goodwill", to the consolidated financial statements). Historically, Econocom has successfully implemented its mixed growth strategy and boasts recognised integration experience. The successful acquisition and subsequent integration of ECS Group, which was acquired in 2010 and enabled the Group to double in size, followed by the acquisition of Osiatis in 2013, are testament to the Group's experience in this area.

2. REGULATORY RISK

2.1. Legal risks

The Group operates as a service provider in various Western European countries and is therefore subject to numerous different laws as well as customs, tax and labour regulations. In order to limit its exposure to legal risks, the Group has set up subsidiaries in each country run by managers who are fully aware of the applicable local laws and regulations.

Through its headquarters in Brussels, Econocom keeps abreast of new European legislation and regulations.

The Group is not aware of any exceptional events or litigation likely to have a substantial impact on its financial position, assets, business or the results of its operations. Any pending litigation is covered by provisions for appropriate amounts calculated by Group Management.

Disclosures concerning litigation or arbitration likely to have a substantial impact on Econocom Group's financial position, business or the results of its operations at 31 December 2014 are presented in Note 16 to the consolidated financial statements.

2.2. Risks associated with tax inspections

The Group undergoes regular tax inspections in the various countries in which it operates. Although the outcome of these inspections is uncertain, the Group has estimated as accurately as possible the associated risks and has recognised the appropriate provisions for those risks in its financial statements. The outcome of these inspections could have a negative impact on the Group's consolidated financial statements. However, this impact is limited on account of the provisions recognised.

2.3. Risks associated with regulations applicable to lessors' leasing business

Certain countries have decided to implement stricter legislation for leasing companies by aligning it with the legislation governing financial institutions. The associated risk, which is common to all companies in the industry, concerns the increase in administrative costs.

2.4. Risks associated with regulations applicable to Technology Management & Financing clients

Under the proposed amendments to IAS 17 with respect to leases, companies' lease payables would be recognised in liabilities. Regarding the Technology Management & Financing business, the risk of greater competition from clients choosing to finance their IT investments through corporate debt is limited due to the added value brought by Econocom in its leases:

- upgrade management via leasing and in particular the Group's scalable offerings;
- asset management and expense management provided by Econocom's solutions (inventory tracking, telephone usage management, IT outsourcing for small and medium businesses, etc.), which give our clients optimal visibility and more effective management of their assets;
- better economic management of end-of-life assets;
- management of end-of-life assets in greater compliance with the company's sustainable development commitments;
- smart object management capabilities.

3. DEPENDENCY RISK

3.1. Dependence on refinancing institutions

In the course of its business, Econocom assigns most of its finance lease contracts to refinancing institutions.

These institutions generally focus on clearly-defined geographical areas or types of equipment. In addition, the Group strives to maintain a balanced portfolio of institutions in order to avoid being overdependent on one or more institutions.

Between 2014 and 2013, the proportion of the Group's five biggest funders increased from 62% to 65% of the total value of refinanced rents and in 2014, no single institution accounted for more than 25% of the total amount of refinanced rents.

3.2. Customer dependency risk

The Group continually strives to broaden its client portfolio as part of its development strategy to gain market share. At 31 December 2014, no single client represented over 5% of the Group's consolidated revenue.

3.3. Supplier dependency risk

Given the large choice of potential suppliers and the fact that they are largely interchangeable, Econocom's dependence on suppliers is very limited.

For the Technology Management & Financing, Products & Solutions and Services businesses, the choice of suppliers is ultimately made by our clients. For these activities, in the event of a supplier default, an alternative supplier is chosen.

At 31 December 2014, no supplier accounted for more than 15% of the Group's total purchases.

3.4. Technology dependency risk

For its Technology Management & Financing, Services and Products & Solutions businesses, the Group develops partnerships with hardware manufacturers, software publishers and solutions providers. However, it strives to remain independent from these companies in order to offer the best possible solution in terms of architecture, hardware and software.

4. FINANCIAL RISK

The Group's activities are subject to certain financial risks: market risk (including currency risk, interest rate risk and price risk), liquidity risk and credit risk.

The Group's overall risk management policy focuses on reducing exposure to credit risk and interest rate risk by transferring finance lease receivables to refinancing institutions and by using factoring solutions on a non-recourse basis for a number of subsidiaries.

Financial market risks (interest rate and currency risk) and liquidity risks are handled by Group Management.

4.1. Market risk

At the end of the year, Group Management fixes all of the rates to be applied in the following year's budgeting process.

The Group manages its exposure to interest rate risks by balancing out its sources of financing between fixed and variable rate borrowings. Derivative financial instruments are used purely for hedging and never for speculative purposes.

4.1.1. Currency risk

The Group operates chiefly in the eurozone; however, following the expansion of operations in non-eurozone countries in Europe, as well as North and South America, the Group may be exposed to currency risk on other currencies, namely the pound sterling, US and Canadian dollar, Moroccan dirham, Czech koruna, Swiss franc, Romanian leu, Polish zloty, Brazilian real, Chinese yuan and Mexican peso. Since the subsidiaries' purchases and sales are denominated in the same currency, this exposure is limited. Econocom Group does not deem this risk to be material, but has nevertheless signed a number of foreign exchange hedging agreements to hedge risks on internal flows.

4.1.2. Interest rate risk

Econocom's operating income and cash flows are substantially independent of changes in interest rates. Sales of leases to refinancing institutions are systematically based on fixed rates. Income arising on these contracts is therefore set at the outset and only varies if the contract is amended.

At 31 December 2014, some of the Group's debt is at floating rates and comprises short-term borrowings (credit lines and bridge loans), and short-term factoring agreements. No contracts hedging these floating-rate borrowings were outstanding at 31 December 2014.

The ORNANE convertible bond is at a fixed rate. Following the acquisition of Osiatis, Econocom acquired fixed-rate borrowings with a maximum term of four years.

4.1.3. Liquidity risk

The Finance Department is responsible for ensuring that the Group has a constant flow of sufficient funding:

• by analysing and updating cash flow forecasts on a monthly basis for the Group's 15 main companies;
• by negotiating and maintaining sufficient outstanding lines of financing;
• by optimising the Group's cash pooling system in order to offset cash surpluses and internal cash requirements.

At 31 December 2014, the Group secured new bilateral lines of credit from various banks for €111 million. A total of €60 million was put in place in 2014 and a further €51 million is to be released in the first quarter of 2015. Of these facilities, €40 million was confirmed at two years, €11 million at three years, €30 million at five years and €30 million at three to five years. The facilities were taken out at minimal cost in order to provide the liquidity necessary to finance the Group's assets, meet its short-term cash requirements and fund its expansion.

Econocom does not have any material loans or borrowings falling due in either 2015 or 2016. The two loans taken out in connection with the acquisition of Osiatis fall due in 2015 and can be extended at Econocom's request until 2017.

In January 2014, the Group issued ORNANE bonds convertible into cash and/or into new shares and/or exchangeable for existing shares. The issue was for a total of €175 million and falls due in 2019. The bonds carry a fixed coupon of 1.5% per annum, payable annually in arrears on 15 January of each year. The issue price was €10.60 per bond. The bonds will be redeemed in cash at 105.26% of par, i.e., at a price of €11.16 per bond.

The Group also bought back and redeemed its OCEANE convertible bonds.

Upon exercise of their conversion right, bondholders will receive an amount in cash corresponding to the vested value and, where applicable, an amount payable in new and/or existing Econocom shares for the remainder (the Group may choose whether to use only new and/or existing shares).

Based on current financial forecasts, Group Management believes it has sufficient resources to ensure the continuity of its activities. The Group intends to diversify its sources of financing in order to optimise its borrowing costs and further reinforce its financial independence.

4.2. Credit and counterparty risk

The Group has no significant exposure to credit risk. It has policies in place to ensure that sales of goods and services are made to clients with an appropriate credit history. The Group's exposure is also limited as it does not have any concentration of credit risk and uses factoring solutions for the Products & Solutions and Services businesses, as well as non-recourse refinancing provided by bank subsidiaries and credit insurance in the Technology Management & Financing business. For its Technology Management & Financing business, the Group does nevertheless have the option of retaining the credit risk on certain strategic transactions, provided that they do not have a material impact on the business's risk profile.

The Group only invests with investment-grade counterparties, thus limiting its credit risk exposure.

4.3. Equity risk

The Group does not hold any unlisted or listed shares apart from treasury shares.

As the treasury shares held by Econocom Group at 31 December 2014 are deducted from shareholders' equity in the consolidated financial statements as of their acquisition, it is not necessary to compare their carrying amount to their actual market value.

The Group's ORNANE bond issue has a derivative component which varies in line with changes in Econocom's share price and other criteria (volatility, dividends, interest rates). ORNANE is a convertible bond which associates investors with share price performance by awarding an outperformance premium representing the difference between the share price at the maturity date and the par value of the bond. In the event that bondholders wish to convert any number of their bonds, the number of shares to be issued by Econocom to redeem the corresponding bonds can vary depending on the share price and the payment method chosen by the Group (in cash and/or in shares). This variable factor is reflected by recognising a liability remeasured at fair value through profit or loss. This derivative instrument is carried in liabilities in the statement of financial position for €5.6 million at 31 December 2014.

MANAGEMENT REPORT
OF THE BOARD OF DIRECTORS
ON THE FINANCIAL STATEMENTS

for the year ended 31 December 2014

IV.

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS ON THE FINANCIAL STATEMENTS

for the year ended 31 December 2014 presented
to the Annual General Meeting of 19 May 2015

In accordance with prevailing legislation and the Company's bylaws, we submit to you for approval our report on the Company's operations and the financial statements for the year ended 31 December 2014, as well as the compensation report.

1. THE GROUP'S POSITION AND KEY EVENTS

This year the Group focused on building and reinforcing to launch initiatives with the aim of preparing its next development phases. Econocom invested in Digital Dimension, continued its targeted acquisition policy, optimised its organisation and stepped up its savings and synergy plans.

In early January 2014, the Group benefited from favourable market conditions and issued €175 million worth of bonds convertible into cash and/or new shares and/or exchangeable for existing shares (ORNANE), thereby reinforcing its financial structure and contributing to the financing of its growth strategy.

In terms of its business, consolidated revenue increased by 18.4%. On a like-for-like basis (i.e., taking into account of Osiatis's entry into the scope of consolidation in September 2013), business grew by 3%.

1.1. Acquisitions and sales

The acquisitions made in 2014 will reinforce Econocom's presence both in the field of business-to-business, front-office, cloud-based digital solutions, through Digital Dimension, and in the rapidly-growing Brazilian IT service market. These transactions are in line with the Mutation strategic plan which was announced in 2013.

1.1.1. Investment in Digital Dimension

In January 2014, Econocom invested in Digital Dimension in partnership with Georges Croix. The aim of the project is to create a leading digital player by offering an extensive range of bespoke and off-the-shelf cloud-based solutions and services. It aims to achieve revenue of €120 million and operational profitability of at least 10% by 2016. Econocom owns 50.1% of Digital Dimension and controls the company. Georges Croix holds the remainder of the capital and is Chairman and Managing Director of Digital Dimension Group.

Since its inception Digital Dimension has made three acquisitions:

- Rayonnance (in May 2014), of which it owns 70%, specialises in business-to-business mobile solutions.
- ASP Serveur (in July 2014), of which it owns 80%, is a leading provider of business-to-business public and private cloud hosting solutions. ASP Serveur owns its infrastructure and has a last-generation, eco-efficient data centre.
- Aragon-eRH, of which it owns 66.67%, is a software vendor specialising in SaaS-based HRIS solutions that address the full spectrum of a company's HR requirements (i.e., Core HR, Talent Management and Workforce Management).

In addition, Econocom has incorporated ETS and Tactem, experts in mobile device management and optimising telecom expenses, into Digital Dimension.

Thanks to these acquisitions, Digital Dimension is establishing itself as the market place for business-to-business digital solutions. Digital Dimension contributed €33 million to the Group's consolidated revenue in 2014.

1.1.2. Other acquisitions and expansion

Among the other external growth transactions this year, the Group acquired Comiris, a French specialist in collaborative and videoconferencing tools with revenue of €13 million.

In Brazil, Econocom exercised its call option on Interadapt, in which it now owns a controlling stake (51.3%). Title was transferred in early 2015. In August 2014, Interadapt acquired, with Econocom's agreement, the entire share capital of Syrix, a company specialising in application, infrastructure and cloud solutions performance management. In total, Interadapt and its subsidiary posted full-year revenue of around €14 million and employs over 300 people serving its own and Econocom Group's clients in this country.

In Mexico, Econocom set up a Technology Management & Financing business in order to serve its European clients with operations in this country, as it did in Canada and the United States in 2013.

1.1.3. Companies sold off

In Germany and Switzerland, Econocom decided to enter into a partnership with local company TechnoGroup IT Service GmbH, with whom it signed an exclusive agreement after selling it its Services business in Germany (revenue of €4 million). Consequently, the Group can now rely on over 200 engineers and technicians (compared with around thirty previously) to serve its clients in these countries.

The disposal of this entity resulted in a €1 million impairment of the Service business' goodwill.

1.2. Integration of Osiatis

On 22 November 2013, Econocom finalised the acquisition of the entire share capital of Osiatis, resulting in the creation of a major new digital service company.

In 2014, Econocom Group focused its efforts on the integration of Osiatis, implementing a new organisation and drawing up a synergies plan.

The Group's service divisions have been combined and renamed Econocom-Osiatis and the integration is now complete, as reflected in the healthy business trend in the last quarter of 2014.

1.3. Principal investments

The Group set up its own internal funding division, part of its subsidiary Econocom Digital Finance Ltd, in order to support the growth of its most innovative offerings in the digital sector. This initiative enabled the Group to sign €41 million worth of contracts whilst limiting the impact on its net financial debt to €27 million.

In addition, the main investments made by the Group's companies, excluding acquisitions, were mainly for IT hardware and software, for internal use, to improve staff productivity and to deliver new services to clients. These investments were mainly financed with the Group's equity.

In 2014, two major IT projects were carried out and aim to be finalised by the end of 2015/early 2016. One of them involves migrating all the Group's subsidiaries to the SAP software program for general and cost accounting, whilst the other is for the development of an innovative, in-house tool for front- and back-office management for the Technology Management & Financing business.

1.4. Financing transactions

1.4.1. New €175 million bond loan (ORNANE)

On 8 January 2014 Econocom Group SA/NV successfully placed €175 million worth of bonds convertible into cash and/or new shares and/or exchangeable for existing shares (ORNANE), due to mature in January 2019.

The bonds carry a fixed coupon of 1.5% per annum, payable annually in arrears on 15 January of each year. They were issued at 100% of the par value (i.e., €10.60 per bond) and, unless previously redeemed, converted or repurchased, will be redeemed in cash on 15 January 2019 at the accreted redemption price of 105.26% of the par value, corresponding to an effective conversion premium and price of 33% and €11.16, respectively, at maturity.

Upon exercise of their conversion right, bondholders will receive an amount in cash corresponding to the accreted value and, as the case may be, an amount payable in new and/or existing Econocom shares (the "shares") for the balance. The Company may also issue new and/or existing shares only.

These bonds will help finance the Group's ambitions as announced as part of the Mutation strategic plan for the period 2013-2017, for external growth, internal developments and financing certain lease contracts.

Econocom chose this financial instrument as it enables the issuer to limit the dilutive effect for the shareholder.

1.4.2. Purchase and early conversion of OCEANE convertible bonds

In parallel, as part of its dilution control policy, the Group bought back the OCEANE convertible bonds issued in May 2011 for the amount of over €47 million. After announcing its intended early redemption of the bonds on 12 May 2014, the conversion of the OCEANE convertible bonds only represented 7,850,228 new shares of the 16,000,000 potential shares when the OCEANE bonds were issued, i.e., a 6.79% dilution of Econocom Group SA/NV's share capital.

1.5. Research and development

The Group places particular emphasis on innovation and as such has research and development conducted by employees from the Group's various business lines and countries. This concerns primarily its Service business, for which the Group treats its ICT system as a whole, by designing and implementing innovative solutions to address the various issues associated with ICT architecture, interoperability, mobility and security. At 31 December 2014, the Group had 6,900 engineers and technicians.

2. RESULTS FOR THE YEAR

2.1. Consolidated results

(in € millions)	2014	2013	
		Restated	Published
Revenue from continuing operations (excluding discontinued operations)	**2,092.6**	1,766.7	1,772.6
Recurring operating profit (before amortisation of the ECS customer portfolio and the Osiatis brand[1])	**95.3**	93.2	88.8
Recurring operating profit	**92.3**	90.9	86.5
Operating profit	**67.4**	77.5	73.0
Net financial expense	**(11.8)**	(9.7)	(6.1)
Profit before tax	**55.5**	67.8	66.9
Income tax expense	**(21.0)**	(23.1)	(22.9)
Profit for the year (excluding discontinued operations and before amortisation of the ECS customer portfolio and the Osiatis brand)	**35.9**	46.3	45.7
Profit from discontinued operations	**(3.0)**	(0.6)	-
Profit for the year	**31.6**	**44.2**	**44.1**
Profit for the year attributable to non-controlling interests	*(0.7)*		
Profit for the year attributable to owners of the parent	*30.9*	*44.1*	*44.1*

(1) The amortisation of the ECS customer portfolio is the result of the allocation of ECS goodwill for the amount of €40 million to the value represented by the portfolio of clients acquired. This intangible asset will be amortised over 20 years. The Osiatis brand was valued at €10 million, and amortised over 10 years as from 1 September 2013.

Econocom Group posted consolidated revenue of €2,093 million in 2014, versus €1,767 million in 2013, i.e., an increase of 18.4% and 3% on a like-for-like basis (Osiatis came into the scope of consolidation in September 2013).

The contribution to 2014 consolidated revenue from the acquisitions made during the year amounts to €27 million, €14 million of which came from the acquisition of companies in Brazil.

It should be noted that the Services business in Germany, which is currently being sold, was classified in discontinued operations, in accordance with IFRS.

This growth was driven by the Group's positioning in the dynamic digital transformation market and by the synergies between the Group's three complementary business lines.

Recurring operating profit[1] for the Group rose 2.3% to stand at €95.3 million compared with €93.2 million on 31 December 2013, after certain financial expenses for the two years were reclassified in net financial expense. The reclassification involved classifying factoring costs and interest expenses of credit lines as financial expenses.

The Group's operating profit stood at €67.4 million compared with €77.5 million on 31 December 2013. Net non-recurring expenses amounted to €24.9 million; over half of these were the costs of implementing synergies resulting from the integration of Osiatis, costs of optimising the Group's organisation and speeding up savings plans across all the business lines, as well as non-recurring costs from acquisitions.

Net financial expense in 2014 was affected by non-recurring costs incurred by the OCEANE convertible bond issue in 2011 (purchase and early conversion during the first half) and the issue of bonds convertible into cash and/or new shares and/or exchangeable for existing shares (ORNANE) in January, as well as changes in fair value of derivatives (income of €3.8 million due to the relative decrease in the share price on 31 December 2014 in relation to the issue price).

Profit for the year attributable to owners of the parent stood at €30.9 million, down from 2013, as a result of non-recurring items.

2.1.1. Breakdown of key figures by business sector

Econocom Group posted revenue of €2,093 million for 2014, which can be broken down as follows:

(in € millions)	2014	2013	Total growth	Like-for-like growth
Technology Management & Financing	**1,046**	1,028	2%	2%
Services	**663**	416	59%	(2%)
Products & Solutions	**385**	323	19%	19%
Total revenue	**2,093**	**1,767**	**18%**	**3%**
Discontinued operations	**4**	6	-	-
Total revenue and discontinued operations	**2,097**	**1,773**	**18%**	**3%**

Recurring operating profit (before amortisation of the ECS customer portfolio and the Osiatis brand) is as presented below:

(in € millions)	2014	2013	Change
Technology Management & Financing	**59.7**	64.2	(7%)
Services	**25.3**	20.6	23%
Products & Solutions	**10.3**	8.4	23%
Total recurring operating profit[(1)]	**95.3**	**93.2**	**2%**

(1) Before amortisation of the Osiatis brand and the ECS customer portfolio.

Technology Management & Financing posted revenue of €1,046 million, an organic growth of 2% compared with 2013, with a sharp increase in the fourth quarter. This performance reflects the healthy business trend which completely offset the negative base effect resulting from some major contracts which were signed in the Netherlands in the first half of 2013. The business also benefited from the market shift towards use as opposed to ownership, and the deployment of digital technologies across organisations and companies. It also benefited from the majority of the investments made as part of the Mutation strategic plan for the 2013-2017 period, to develop and promote digital solutions.

Services reported revenue of €663 million in 2014 compared with €416 million in 2013. On a comparable basis, Services reported a 2% decrease in revenue. In 2014 Services completed the process of integrating Osiatis, by implementing a new organisation, combining the teams, harmonising the tools and drawing up a synergy plan. These efforts, combined with a more selective policy for deals, affected first-half revenue and profitability. It ended the year with 4% organic growth in revenue in the last quarter. Digital Dimension, one year after its inception, has already contributed to 2014 consolidated revenue to the tune of €33 million.

Products & Solutions posted revenue of €385 million, organic growth of 19% compared with 2013. This is a result of the sale of new types of digital equipment, which represent a major growth driver, and business synergies with the Group's other business lines. It is also a testament to the relevance and validity of the Group's positioning in the dynamic digital transformation market.

2.1.2. Revenue by geographic area

The breakdown of revenue by geographical area is as follows:

(in € millions)	2014	2013	Change
France	1,116	898	24%
Benelux	315	340	7%
Southern Europe	372	356	5%
Northern & Eastern Europe/Americas	290	173	69%
Total revenue	**2,093**	**1,767**	**18%**

Apart from Benelux, all areas reported growth.

Growth in France was driven by two factors: the strategic acquisition of Osiatis in 2013 and the strong business momentum of Products & Solutions. On a like-for-like basis, revenue remained stable: it was affected by the reorganisation of the Services business but posted a strong performance in the last quarter (3% organic growth).

Revenue in Benelux suffered from a negative base effect due to the signing of some substantial Technology Management & Financing contracts in the first half of 2013 in the Netherlands.

Southern Europe reported good performance in 2014, due mainly to growth in the Technology Management & Financing business in Italy and Osiatis's presence in Spain.

The Rest of the world increased by 69% thanks to double-digit growth in Germany and the United Kingdom, and the Group's expansion in the Americas which contributed €38 million to the Group's consolidated revenue in 2014 (versus €14 million in 2013).

2.2. Balance sheet and financial structure

(in € millions)	31 Dec. 2014	31 Dec. 2013 (restated)
Goodwill	381	332
Other long-term assets	123	125
Residual interest in leased assets	88	91
Other current assets	801	773
Cash and cash equivalents	207	150
Non-current assets and Groups of assets held for sale	2	-
Total assets	1,602	1,472
Equity	260	260
Non-controlling interests	20	0
Gross debt	270	146
Long-term liabilities	69	60
Liabilities relating to contracts refinanced with recourse	44	43
Gross liability for purchases of leased assets	51	49
Short-term provisions	41	38
Current liabilities	848	876
Liabilities relating to Groups of assets held for sale	2	-
Total liabilities	1,323	**1,212**

Total goodwill amounts to €381 million. This change is due mainly to the creation of the Digital Dimension group (€41 million).

Restatements in the 2014 balance sheet correspond mainly to corrections to Osiatis's opening balance sheet.

Equity rose to €280 million and equity attributable to owners of the parent remained stable at €260 million. The increase in equity resulting from the conversion of OCEANE convertible bonds and the generation of profits was offset by the dynamic treasury share buyback policy during the year.

At 31 December 2014 net debt stands at €106 million and is broken down as follows:

Net cash at bank	121
ORNANE convertible bonds	(170)
Contracts and receivables refinanced with recourse and self-funded	(44)
Other debts and factoring debts	(13)

The Group's gearing remains limited to 38%.

Residual interest in lease contracts amounts to €88.5 million, down slightly from €91.4 million at 31 December 2013, due to a cautious policy with respect to digital assets. They account for 1.8% of the purchase price of the portfolio of lease contracts.

2.3. 2014 individual financial statements of Econocom Group SA/NV

Econocom Group SA/NV, as the Group's holding company, manages a portfolio of securities, receives dividends from its subsidiaries and oversees the Group's development.

It also provides services to the Group's subsidiaries in the areas of management, IT, cash guarantees, provision of staff, consulting, communication and marketing. These services are billed according to normal market terms.

The revenue stated hereafter refers to Econocom Group SA/NV's parent company financial statements, prepared in accordance with Belgian legislation.

2.3.1. Income statement of Econocom Group SA/NV

Sales of services (statutory data) for the year stood at €29.9 million compared with €14.3 million in the previous year. This increase is due on the one hand to the integration of Osiatis Group and the investments made in 2014, and to the invoicing of additional management fees on the other hand.

Operating profit for the year came out at €22.2 million compared with an operating loss of €20.1 million in 2013, i.e., a €42.3 million improvement. In addition to the increase in sales of services described above, the difference in operating profit is mainly due to movements in, additions to and reversals of provisions for risk of capital gains from the exercise of options. This provision was reversed for the amount of €24.1 million including the exercise of options and the drop in the share price.

Net financial income came to €1.2 million compared with €25.6 million in 2013. This consists mainly of the dividends received from subsidiaries in the amount of €5.3 million (down €20.8 million compared with 2013) and the financial expense from convertible bonds, the balance of which resulted from transactions with subsidiaries (income net of interest and invoicing of guarantee commissions).

Non-recurring profit amounted to €3.8 million compared with €7.7 million in 2013. This consists mainly of capital gains from the sale of Econocom UK Ltd shares to Econocom Ltd. Net profit amounted to €27.2 million compared with €13.2 million in 2013.

2.3.2. Balance sheet of Econocom Group SA/NV

At 31 December 2014, Econocom Group SA/NV's equity stood at €300 million compared with €260.4 million in 2013. This increase is mainly due to the capital increase following the conversion of OCEANE convertible bonds (€45.8 million), which was partially offset by the cancellation of treasury shares (€19.4 million) and the effect of buying back OCEANE convertible bonds (€15.5 million).

Following the conversion and repurchase of OCEANE convertible bonds, the balance of long-term financial liabilities consists entirely of ORNANE convertible bonds.

Long-term receivables and investments in related companies decreased by €125.5 million, due mainly to the repayment of the balance of the loan granted to Econocom SAS for the sale of the ECS investment (transfer of shares).

2.3.3. Business overview

2.3.3.1 Investments in other companies and creation of subsidiaries

In 2014, Econocom Group continued its targeted external growth strategy. Thus, the Group, in partnership with Georges Croix, created Digital Dimension, a provider of cloud-based, pay-per-use communication and front-office solutions. Econocom Group owns 50.1% of the share capital of Digital Dimension and subscribed to a capital increase of €11 million on 6 January 2014.

Econocom Group acquired:
• 210,000 Econocom Finance shares sold by Econocom Lease for €22.7 million. This transaction enabled Econocom Lease to pay part of its long-term debt and its commercial debts to Econocom Group. Further to this transaction, Econocom Group holds 32.9% of Econocom Finance SNC.
• Osiatis Belgium shares (held by Osiatis SAS) for €7.5 million. Osiatis Belgium merged with Econocom Belgium on 31 December 2014.
• The shares in Econocom Technologies Finance (ETFL) sold by Econocom Plc. for €40,000. ETFL has been renamed Econocom Digital Finance Ltd. Econocom Group subscribed to a €10 million capital increase in Digital Finance Ltd.

Econocom Group sold its entire stake in Econocom UK to Econocom Ltd for GBP 5.6 million (€7 million). This transaction generated a €3.8 million capital gain.

Econocom Group subscribed to a €1.4 million capital increase in Osiatis do Brasil, bringing its interest up to €32.4%, the balance of which is held by Osiatis SAS.

Econocom International Italia S.P.A. offered to pay its two shareholders, Econocom Group and Econocom SAS its annual dividend in the form of shares to be issued. Only Econocom Group opted for payment in shares. The new shares Econocom Group subscribed for were valued at €1.6 million.

2.3.3.2 Legal reorganisation

At 31 December 2014, following the acquisition of Osiatis Group, Econocom Group had 75 companies in 20 countries.

In 2014, the Group continued to implement the plan to streamline and simplify its legal organisation, which the Board of Directors decided to adopt on 28 May 2012. The following measures were implemented, in accordance with the main objectives of the plan:
• merge companies with similar activities and operating in the same country,
• separate the Group's businesses into separate subsidiaries in each country, if the business in question is substantial enough.
Thus, in the Netherlands, the Technology Management & Financing businesses were combined into Econocom Nederland BV and the Services activities became part of Econocom Managed Services BV. In Belgium, the Services businesses were combined into two subsidiaries: Econocom Managed Services and Econocom Belgium. Finally, in France, Exaprobe and Cap Synergy merged in order to combine all the network infrastructure activities in France.

• Simplify the company organisation and reduce levels of ownership by bringing the subsidiaries closer to the Group's parent company. To that end, in 2014 Econocom Group acquired its Irish subsidiary from Econocom Ltd and carried out a capital increase for the Group's Brazilian holding company.

As a result of the reorganisation carried out in 2014, the number of legal entities within the Group was reduced by seven and the company organisation was simplified.

2.3.3.3. Treasury shares

Econocom Group has a share buyback programme, which allows it to:
- issue shares to avoid potential dilution of shareholders' interests due to the exercise of options;
- fund any external growth transactions;
- cancel shares acquired.

The Extraordinary General Meeting of 28 September 2011 renewed for a five-year period the authorisation given to the Board of Directors to buy back treasury shares. The minimum purchase price was set at €6 and the maximum price was €36. Following the four-for-one share split decided at the Extraordinary General Meeting on 14 September 2012, the minimum purchase price has been reduced to €1.50 and the maximum price to €9.

The maximum number of shares to be purchased throughout the five-year period was increased to 20,938,316.

Furthermore, the Extraordinary General Meeting of 15 May 2012 renewed for a three-year period the authorisation given to the Board of Directors to purchase Econocom Group shares without the prior approval of shareholders, if the Company faces a serious and imminent threat to its operations.

In 2014, the following treasury share movements took place:
- Econocom Group acquired treasury shares for an acquisition price of €50.89 million representing 7,265,612 Econocom Group shares;
- Econocom Group sold 3,612,000 treasury shares as part of the exercising of stock options due to mature;
- lastly, Econocom Group cancelled 3,053,303 Econocom Group shares at the Extraordinary General Meeting on 29 December 2014.

In addition, the Company maintained its liquidity agreement with Exane BNP Paribas with respect to the Econocom Group share.

At 31 December 2014, Econocom Group held 1,276,134 treasury shares, as part of the share buyback programme, and 184,052 Econocom Group shares, as part of its liquidity agreement with Exane, representing a total of 1,460,186 shares or 1.30% of the total number of shares in issue.

The voting rights associated with the shares held by the Company have been suspended. The shares held by the Company do not give entitlement to dividends.

Econocom Group's distributable reserves (statutory data) stood at €191.5 million, to which are added retained earnings in the amount of €76.1 million.

Econocom Group's non-distributable reserves stood at €8.7 million.

2.3.3.4. Share capital

At 31 December 2014, Econocom Group's share capital was made up of 112,519,287 shares with no stated par value.

In 2011, Econocom Group issued €84 million worth of OCEANE convertible bonds. The bonds were issued at a par value of €21 per bond, with a 4% coupon rate, paid annually in arrears. On 12 May 2014 Econocom Group gave notification of early redemption of all the OCEANE convertible bonds outstanding at that date. Econocom Group received conversion requests for 1,962,557 OCEANE convertible bonds, i.e., 99.65% of the outstanding OCEANE convertible bonds. Consequently, on 18 June 2014 Econocom Group subscribed for a €41,213,697 increase in its share capital (including paid-in capital), by creating 7,850,228 new shares, representing a dilution of 6.79% of Econocom Group's share capital. The 6,810 OCEANE convertible bonds for which there had been no conversion requests were redeemed on 23 June 2014, for a total amount of €143,336.88 (principal amount plus interest accrued since 2 June 2014).

On 31 December 2014, following the conversions which took place during the year, the OCEANE convertible bonds bought back by the Company and the early redemption, there are no longer any outstanding OCEANE convertible bonds.

In January 2014 Econocom Group successfully placed €175 million worth of bonds convertible into cash and/or new shares and/or exchangeable for existing shares (ORNANE), due to mature in January 2019.

The bonds were issued with an initial conversion premium of 33% over the reference price of the Econocom share of €7.9696. They carry a fixed coupon of 1.5% per annum, payable annually in arrears on 15 January of each year. This will be issued at 100% of the par value (i.e., €10.60 per bond) and, unless previously redeemed, converted or repurchased, will be redeemed in cash on 15 January 2019 at the accreted redemption price of 105.26% of the par value, corresponding to an effective conversion premium and price of 40% and €11.16, respectively, at maturity.

The total number of ORNANE convertible bonds due to mature on 15 January 2019 currently outstanding is 16,509,433. Upon exercise of their right, bondholders will receive an amount in cash and, as the case may be, an amount payable in new and/or existing Econocom shares. Econocom may also issue new and/or existing shares only. In the event that all the convertible bonds were converted into new shares, at the initial conversion rate and according to the initial conversion rate of one share for one bond, 16,509,433 new shares carrying voting rights would be issued.

Lastly, in December 2014, the Board of Directors approved a stock option plan (“2014 Stock Option Plan”) and decided to issue, with cancellation of shareholders’ pre-emptive subscription rights, 2,500,000 subscription rights entitling the bearers to subscribe, under certain conditions, to a new Econocom Group share. The Compensation Committee has two years to choose the beneficiaries of the 2014 Stock Option Plan. The issue of stock options in 2014 resulted in an issue of a maximum of 2,500,000 new shares, within the authorised capital. At 31 December 2014, 2,075,000 stock options had been granted to around 20 of the Group’s managers under the 2014 Stock Option Plan.

At 31 December 2014, authorised unissued capital (excluding additional paid-in capital) stood at €7,717,627.

Changes in share capital between 2002 and 2013 consisted of a capital increase as part of the exercise of stock options by the Group’s employees, and the capital increase as part of external growth transactions to pay for part of the acquisition price, as was the case in 2010 for the acquisition of the ECS group and in 2013 for the mixed public offer carried out for the acquisition of Osiatis.

In 2014, there were five capital increases as part of the OCEANE convertible bond conversion requests:

- On 24 January 2014 following the issue of 20,000 new shares, Econocom Group’s share capital was increased to €19,878,017.37 and was made up of 106,537,314 shares.
- On 25 February 2014 following the issue of 266,028 new shares, Econocom Group’s share capital was increased to €19,927,658.19 and was made up of 106,803,342 shares.
- On 26 March 2014 following the issue of 210,592 new shares, Econocom Group’s share capital was increased to €19,966,954.66 and was made up of 107,013,934 shares.
- On 28 May 2014 following the issue of 708,428 new shares, Econocom Group’s share capital was increased to €20,099,147.32 and was made up of 107,722,362 shares.
- On 18 June 2014 following the issue of 7,850,228 new shares, Econocom Group’s share capital was increased to €21,563,999.86 and was made up of 115,572,590 shares.

Lastly, following the cancellation of 3,053,303 treasury shares as decided at the Extraordinary General Meeting of 29 December 2014, Econocom Group’s share capital of €21,563,999.86 was made up of 112,519,287 shares.

The share capital stood at €21,563,999.86 at 31 December 2014.

The Company’s ownership structure is described in section 5, “Corporate governance statement”.

3. RISK FACTORS

Due to the nature of its business, Econocom Group SA/NV is exposed to certain financial and legal risks. A complete review of the Group's risk exposure and management strategy is provided by type of risk in the notes to the consolidated financial statements.

In view of its business model, Econocom Group SA/NV is not significantly exposed to exchange rate, interest rate or environmental risks.

The Group's dependency on clients is limited. It is exposed to the risk of doubtful accounts, but this is limited by factoring solutions and the refinancing of the vast majority of its Technology Management & Financing contracts on a non-recourse basis.

The Group is not exposed to significant liquidity risk as it has a net cash surplus. Moreover, the Group successfully issued €175 million worth of bonds convertible into cash and/or new shares and/or exchangeable for existing shares (ORNANE) in January 2014.

Econocom Group SA/NV is exposed to the risk of termination of service contracts, as a vast majority of the Group's employees have permanent contracts. However, the contracts are mostly signed for longer than one year and include reciprocal notice periods.

The Group does not have any specific employee-related risks. The vast majority of its staff is employed in Western Europe, mainly in France, the Benelux countries, Spain and Italy.

The IT service market is extremely competitive, and is subject to technological developments. Econocom Group SA/NV ensures that its offering and organisation are adapted in respect of these developments in order to maintain and expand its client base.

4. OUTLOOK FOR 2015 AND DIVIDEND FOR 2014

In 2015 Econocom expects another year of organic growth in revenue and a rise in recurring operating profit and net result per share.

In addition, Econocom plans to continue its targeted acquisition and expansion strategy in growth areas, such as security, eHealth, mobile apps, etc., and to deploy its multi-activity model in its strategic countries.

The acquisitions of French companies Helis and Clesys in January and February 2015 are in keeping with this strategy and will reinforce the Group's positioning in high-potential markets and added-value services, such as critical infrastructure and network consulting and engineering and infrastructure security, which are central to companies' digital transformation challenges.

The Group's strong financial structure and prospects led the Board of Directors to recommend at the General Shareholders Meeting that the shareholders receive a refund of the share premium, approximating the paid-in capital, in lieu of a dividend, amounting to €0.15 per share.

This refund represents a 25% rise in the gross shareholder return compared with the gross dividend of €0.12 per share paid in 2014.

In addition, the Group plans to continue to buy back treasury shares, mainly for the stock options due to mature.

5. CORPORATE GOVERNANCE STATEMENT

5.1. Applicable corporate governance code

Econocom Group confirms that it adheres to the principles of the Belgian Corporate Governance Code which came into force in 2009 (the 2009 Code). This is available at: www.corporategovernancecommittee.be

Econocom publishes its Corporate Governance charter (in French only) on its website: www.econocom.com, under Investors/Governance.

During its meeting on 22 November 2012, the Board of Directors formally renewed its commitment to the Corporate Governance Code and updated the Group's Corporate Governance Charter, in particular the Internal Rules of the Board and Committees, to include the new provisions in force.

5.2. Exemptions from the 2009 Code

Econocom Group applies the recommendations of the 2009 Code, except for those which the Board has deemed ill-suited to Econocom Group's size, or that it intends to implement over the long term. The principles which Econocom Group does not yet adhere to, in whole or in part, are described below.

The Group currently only partially applies the recommendations of Principle 1 of the 2009 Code.

For reasons relating to Econocom Group's ownership structure, Jean-Louis Bouchard performs the duties of Chairman of the Board, Chief Executive Officer and Chairman of the Executive Committee. As such, the Group does not fully adhere to the principle of segregating the Board of Directors' powers of control and executive powers. At 31 December 2014, Jean-Louis Bouchard indirectly held 41.03% of Econocom Group's capital.

The reference framework for internal control and risk management must be prepared and submitted to the Board of Directors for approval.

Econocom Group complies with Principle 2 of the 2009 Code, which recommends that at least half of the members of the Board of Directors should be non-executive. At 31 December 2014, the Board of Directors comprised seven non-executive directors out of twelve.

However, the Board has not appointed a Secretary to advise it on governance and report to it on compliance with the applicable procedures and rules. This role is nevertheless informally fulfilled by Galliane Touze, the Group's Company Secretary.

To date, Econocom Group does not have a Board of Directors of which at least a third of the members are women, as required pursuant to article 518 *bis* of the Belgian Companies Code [*Code des sociétés*]. The Board of Directors only has two female directors, Véronique di Benedetto and Chantal De Vrieze, who were appointed in 2011. In accordance with paragraph 3 of article 518 *bis*, Econocom Group has four years to comply with this requirement (i.e., until the end of 2017). Chantal De Vrieze resigned from the Board of Directors in January 2015.

In order to comply with the recommendations in Principle 3 of the 2009 Code, Econocom Group drew up and implemented a procedure relating to transactions and other contractual relations between the companies making up Econocom Group and its directors and senior managers.

The Board of Directors has not drafted specific procedures on insider trading but keeps an updated list of insiders. These people have been formally notified of the law regarding market malpractices.

Econocom Group does not currently apply the recommendations in Principle 4 of the 2009 Code, which state that the Board should draw up nomination procedures and selection criteria for Board members and that a "Nomination Committee" should recommend suitable directorship candidates. This principle also recommends a periodic assessment of each director and of the Board of Directors and its Committees, in accordance with procedures set by the Board.

To date, the Board of Directors has not set up a Nomination Committee or any formal procedures for nominating members of the Board of Directors and the Executive Committee. Management considers that this recommendation of the Code is not suitable for Econocom Group in view of its size.

Although the Group has no specific formal procedures for assessing the Board of Directors, its members and its Committees, such assessments take place on a continuous basis.

In order to comply with the changes to Corporate Governance rules, and in particular the law of 6 April 2010, in 2011 the Econocom Board of Directors set up a Compensation Committee. The composition of the Compensation Committee changed in 2014 in order to comply with the 2009 Code, which requires that a majority of the members of the committee be independent. As Gaspard Dürrleman's term of office expired in 2014, the committee now has three non-executive directors, two of whom are independent.

The Chairman of the Board of Directors does not systematically attend Annual General Meetings as recommended by Principle 8 of the 2009 Code, but he ensures that the Board of Directors is always represented by at least one Chief Executive Officer.

5.3. Description of internal control and risk management procedures in the context of the preparation of the financial information

The financial information communicated by the Group refers to its consolidated financial statements and to aspects of managing financial statements published in compliance with IFRS as adopted by the European Union and approved by the Board of Directors.

This financial information is, at every reporting date, presented to the Group's Audit Committee, and explained to all the directors.

5.3.1. Financial organisation

The Group's financial organisation is both local and global. The Group is organised by business line and country, and the financial processes are implemented by finance teams, finance directors and financial controllers in each entity, all of whom report to the Group Chief Financial Officer. The Business Finance Directors ensure that the reporting rules and practices are applied consistently across the business line, irrespective of the country.

Furthermore, in the interests of maintaining their independence from the operational teams, the finance teams report hierarchically to the Group's Finance Department.

5.3.2. Reporting and consolidation coordination

The accounts are consolidated by a dedicated team on a quarterly basis. The consolidated companies send their detailed financial statements via the consolidation tool, and they are subsequently included in the consolidated financial statements.

Each entity (i.e., company or Business unit) draws up a budget before the beginning of the year. Profit forecasts are adjusted several times during the year and are monitored on a monthly basis based on the activity reports provided to Group Management. These reports are drafted jointly by the entity's financial manager and controller.

The Group's Finance Department draws up schedules and specific instructions for the various budgets, reports and the items needed for the purpose of consolidation.

5.3.3. Accounting standards

The Group's accounting principles are set out in an accounting principles manual which is used as the basis for preparing financial information. This manual can be consulted via the IT system by all the accounts teams and describes the method for recording transactions and presenting financial information.

The team in charge of consolidation is also responsible for keeping abreast of changes to IFRS. As such, the team, in conjunction with the Group Finance Department and the Business Finance Directors, decides which changes in Group accounting principles should be implemented, informs the relevant people and arranges the necessary training.

5.3.4. IT systems

As a result of the acquisition of Osiatis Group, the IT systems used by the Group for preparing financial information are currently being harmonised and aligned. One of the important phases of this harmonisation process involved migrating all the Group's subsidiaries to the SAP software program, used for general and cost accounting. This migration was completed in 12 companies in 2014 and should be finalised by the first quarter of 2016.

5.3.5. Risk factors, surveillance and monitoring

The monthly reports enable the various operational and financial managers and the Group's Management to verify that the Group's results are accurate and consistent with the targets set. These reports contain a comparison between the management data and the Group's consolidated financial statements in order to ensure that the financial information is reliable.

The Group's Internal Audit Department completes the risk organisation, and is in charge *inter alia* of drawing up a risk map. It also reviews the subsidiaries' financial statements in order to ensure that they comply with Group rules and verifies that the reports are accurate and that risks are adequately covered.

The Group has internal auditors who report to the Chief Financial Officer and an Internal Audit Director who reported to the Company Secretary in 2014 and who will report directly to the Audit Committee in 2015.

5.3.5.1. Risks associated with IT accounting systems

The accounting systems used by the Group are currently organised by business line. A plan to combine all the Group's accounting systems into a single, integrated solution was launched in 2012 and should be completed by the beginning of 2016.

The various business IT systems are interfaced with the accounting systems in order to ensure that the information on transactions is traceable, comprehensive and reliable.

The consolidation system is a standard tool. The accounting systems are either compatible commercial accounting systems or longstanding internally-developed systems which allow for any necessary changes to the settings and system maintenance.

5.3.5.2. Risks associated with accounting standards

The Consolidation Department, in conjunction with the Group Finance Department and the Business Finance Directors, monitors changes in IFRS and adapts the Group's accounting principles accordingly. It also organises training for finance staff whenever necessary.

5.3.5.3. Main transaction control procedures

In order to ensure the reliability of the financial information on transactions, Management Control verifies each month that the revenue and costs reported are in line with the flows expected at the time the transactions were approved.

The Finance Department draws up regular statistical analyses to ensure that the assumptions made when the lease contracts were recorded are conservative and appropriate.

The subsidiaries' finance teams also carry out monthly verifications for each business line.

5.3.6. Persons responsible for the preparation of financial information

The financial information is prepared under the supervision and responsibility of the Board of Directors which, since 2004, has had an Audit Committee, the role of which is set out in section 5.5.3 below.

5.4. Share capital and share ownership

At 31 December 2014, Econocom Group's share capital consisted of 112,519,287 shares, held as indicated below:

Share ownership	31 Dec. 2014
Companies controlled by Jean-Louis Bouchard	41.03%
Companies controlled by Walter Butler	6.45%
Public shareholders	51.22%
Treasury shares	1.30%
Total	**100.00%**

Econocom Group was notified that as from 31 December 2014 three shareholders, (other than the companies controlled by Jean-Louis Bouchard) – Butler Management Ltd (and, indirectly WB Finance et Partenaires and Walter Butler), French company AXA SA, and Kabouter Management, LLC – had exceeded the 5% share ownership threshold.

There are no shareholders with special controlling rights.

Other than the treasury shares which have no voting rights, there are no other particular legal or statutory restrictions with respect to voting rights.

5.5. Composition and function of the administrative bodies and committees

5.5.1. Composition of the Board of Directors

Jean-Louis Bouchard,
(term of office expires at the May 2016 Annual General Meeting)
23, avenue de Boufflers, 75016 Paris (France)
Chairman of the Board of Directors and Chief Executive Officer of Econocom Group, Chairman of Econocom International NV

Jean-Philippe Roesch,
(term of office expires at the May 2020 Annual General Meeting)
21, avenue de la Criolla, 92150 Suresnes (France)
Chief Executive Officer of Econocom Group

Bruno Lemaistre,
(term of office expires at the May 2020 Annual General Meeting)
Avenue des Éperons d'Or 15, 1050 Brussels (Belgium)
Chief Executive Officer of Econocom Group

Véronique di Benedetto,
(term of office expires at the May 2017 Annual General Meeting)
86, rue Miromesnil, 75008 Paris (France)
Executive director of Econocom Group

Robert Bouchard,
(term of office expires at the May 2015 Annual General Meeting)
4, rue des Cérisoles, 75008 Paris (France)
Non-executive director of Econocom Group

Christian Bret,
(term of office expires at the May 2016 Annual General Meeting)
7, rue Pérignon, 75015 Paris (France)
Independent director of Econocom Group

Charles de Water,
(term of office expires at the May 2017 Annual General Meeting)
Korte Veersteeg, 4D 4157 GR Enspijk (Netherlands)
Non-executive director of Econocom Group and director of Econocom International NV

Gaspard Dürrleman,
(term of office expires at the May 2017 Annual General Meeting)
50, avenue Bosquet, 75007 Paris (France)
Non-executive director of Econocom Group

Rafi Kouyoumdjian,
(term of office expires at the May 2019 Annual General Meeting)
25, rue de Lubeck, 75016 Paris (France)
Non-executive director of Econocom Group

Jean Mounet,
(term of office expires at the May 2017 Annual General Meeting)
60, quai du Parc, 94100 Saint-Maur-des-Fossés (France)
Independent director of Econocom Group

Walter Butler,
(term of office expires at the May 2019 Annual General Meeting)
30, Cours Albert 1er, 75008 Paris (France)
Non-executive director of Econocom Group

Five of the members of the Board of Directors held executive roles in 2014: Jean-Louis Bouchard, Jean-Philippe Roesch, Bruno Lemaistre, Véronique di Benedetto and Chantal De Vrieze. Walter Butler, Gaspard Dürrleman, Rafi Kouyoumdjian, Charles de Water and Robert Bouchard are non-executive directors. Christian Bret and Jean Mounet are independent directors, as defined by article 526 *ter* of the Belgian Companies Code.

Chantal De Vrieze resigned from the Board of Directors in January 2015.

The Chairman of the Board of Directors has controlling interests in a number of companies outside Econocom Group and serves as director or Chairman within them. Jean-Louis Bouchard is Chairman of Ecofinance Nederland BV, Econocom International NV, Matignon Finance and Château Fontainebleau du Var, and manager of SCI Orphée, SCI de Dion Bouton, SNC Ecurie Jean-Louis Bouchard, SCI LBB and SNC Fontainebleau International. He is also a director of APL France.

In addition to serving on the board of Econocom Group and its subsidiaries, Jean-Philippe Roesch is Manager of La Criolla, a non-trading company.

Bruno Lemaistre does not serve on any other boards outside those of Econocom Group and its subsidiaries.

Véronique di Benedetto serves on the boards of a number of associations, including the Syntec Numérique (French professional federation of members of the digital industry), and Pascaline, an association created by the Syntec.

Charles de Water is a director of Econocom International NV, a member of the Supervisory Board of Rabobank West-Betuwe, a member of the Supervisory Board of Khondrion Mitochondrial Scientific Services BV, and Chairman of Kaacel BV.

Christian Bret is Managing Partner of Eulis and director of Altran Technolgies and Sopra Steria Group. He is also a director of Digital Dimension.

Gaspard Dürrleman is Chairman of Montmorency Investissements, Etablissements Cambour and Ateliers Montdor.

Robert Bouchard serves as a representative of GMPC as Chairman of APL France, Chairman of Ecofinance SAS and manager of SCI Maillot Pergolèse, SCI Taillis des Aigles and GMPC.

Rafi Kouyoumdjian is Chief Executive Officer and a director of RKO Management and Investment BV, and a director of ITO33 and Ecofinance International.

Jean Mounet is a director of Pacte PME, Fondation Télécom, Sopra Banking Group and Malakoff Médéric. He is also Vice Chairman and a director of Sopra Group.

Walter Butler is Chairman and Chief Executive Officer of WB Finance et Partenaires, Butler Capital Partners and WB Debt Partners, Manager of Amstar Entreprises and SCI 30 Albert 1er, Chairman of Anov Expansion, Eden Innovations and Doc, Chairman of the Board of Directors of Butler Safe Technologies (Switzerland), Chairman of the Supervisory Board of Safetic AG, a member of the Supervisory Board of Groupe Partouche and Corum Asset Management, director of BML Belgium, ADIT, Butler Investment Managers Limited, Butler Management Limited, BST Butler Technologies and Butler Safe Technologies UK. In addition, Walter Butler is the permanent representative of Butler Capital Partners in his capacity as Chairman of Financière Acces Industrie and Acces Investissements, as a member of the Supervisory Board of Acces Industrie and Colfilm, and as director of Anov France and Holding Sports et Evenements.

Aside from the length of the term of office (maximum of six years) and the renewable nature of the term of office, the bylaws do not stipulate any specific rules with respect to the appointment of directors or the renewal of their term of office, nor do they stipulate any age limit for Board membership.

5.5.2. Role of the Board of Directors

The Board of Directors meets as often as it deems necessary.

In 2014 the Board met on nine occasions, including two meetings to approve the interim and annual financial statements. The overall attendance rate for the year was 91.67% (not including the meetings held with a notary for the issue of ORNANE convertible bonds in January 2014, and for the issue of 2014 stock options in December 2014).

The Board of Directors is responsible for approving the Company’s overall strategy proposed by the Chairman, authorising significant projects and ensuring that there are adequate resources to attain the Group’s objectives. It is entrusted with decision-making outside the scope of day-to-day management.

The Group’s operational management is entrusted to the Chief Executive Officers and the Executive Committee (Management Board as defined in article 524 *bis* of the Belgian Companies Code and article 20 *bis* of the bylaws). The Board appoints the members of the Executive Committee, as well as the Chief Executive Officer(s). It also oversees the quality of the management duties performed and ensures that they are consistent with the Group’s strategic objectives. To that end, it receives information every quarter including the budget and revisions thereto, a consolidated summary of the quarterly report and any other information it deems useful.

The Board may only validly debate and take decisions if at least half of its members are present or represented. A director may represent one or more other members of the Board. Decisions are adopted on the basis of a majority of votes. In the event of a split decision, the person chairing the meeting has the deciding vote. In exceptional circumstances, when urgency and the best interests of the Company so dictate, decisions may be adopted pursuant to the unanimous consent of the directors, expressed in writing. However, this procedure may not apply in relation to the approval of the annual financial statements and the issuance of authorised capital.

5.5.3. Committees set up by the Board of Directors

Pursuant to the bylaws, the Board of Directors is authorised to set up specific committees and to determine their tasks and operating rules.

5.5.3.1. Executive Committee (Management Board as defined in article 524 *bis* of the Belgian Companies Code)

The Board of Directors set up a Group Executive Committee, whose creation was ratified by shareholders at the Extraordinary General Meeting on 18 May 2004.

The role of this Committee is to recommend strategic guidelines for the Group, implement the strategy chosen by the Chairman and approved by the Board of Directors to manage the Group's operational departments and monitor their financial and operational performance.

The Executive Committee was reviewed at the Board Meeting on 9 September 2014. It is chaired by Jean-Louis Bouchard and its members are Jean-Maurice Fritsch, Bruno Grossi, Bruno Lemaistre and Jean-Philippe Roesch, executive directors.

Jean-Louis Bouchard is mainly in charge of strategy, communication and acquisitions, assisted in his role by Bruno Grossi, while Jean-Maurice Fritsch heads up the Services business. Bruno Lemaistre is in charge of the operational departments and is head of the Technology Management & Financing and Products & Solutions businesses, whilst Jean-Philippe Roesch oversees the Group's central corporate functions.

The Chairman and two other Executive Committee members all hold the title of Chief Executive Officers. Jean-Philippe Roesch was appointed Chief Executive Officer at the Board of Directors' meeting on 3 July 2006 and Bruno Lemaistre at the Board of Directors' meeting on 20 November 2008, effective as of 22 December 2008, when his appointment as director by the shareholders became effective.

The Executive Committee meets at least ten times a year.

5.5.3.2. Compensation Committee

On 31 August 2011, the Board of Directors set up a Compensation Committee.

The role of the Compensation Committee is to advise and assist the Board of Directors with respect to its compensation policy and it is in charge of implementing plans for granting financial instruments (free shares, stock options, etc.). It drafts the compensation report, in accordance with article 96 section 3 of the Belgian Companies Code, which is subsequently added to the corporate governance statement. One of its members will comment on the report at the Ordinary General Shareholders' Meeting.

The Board of Directors has also granted the Compensation Committee, in accordance with article 20 of the bylaws, decision-making powers on behalf of the Board of Directors with respect to stock option plans or any other plans for granting financial instruments. In this respect, the Compensation Committee replaces the stock option committee set up in February 2003.

As Gaspard Dürrleman's term of office expired in 2014, the Committee now has three members: Christian Bret, Rafi Kouyoumdjian and Jean Mounet, who were appointed for a three-year term which cannot exceed the length of their term as directors. The Committee met four times in 2014.

5.5.3.3. Audit Committee

The Audit Committee was created by the Board of Directors on 18 May 2004.

The Committee comprises two non-executive directors, Gaspard Dürrleman and Rafi Kouyoumdjian, and one independent director, Christian Bret. At the meeting of the Board of Directors on 7 March 2012, Gaspard Dürrleman and Rafi Kouyoumdjian's terms of office were renewed for a further three years.

The Audit Committee meets as often as required; it met six times in 2014, with all Committee members in attendance, as well as Jean-Philippe Roesch, Chief Executive Officer in charge of support functions, Galliane Touze, Company Secretary, and Nicolas Noquet, head of Internal Audit. The members of the Audit Committee invite the Statutory Auditor and any other person deemed useful by the Committee as required by the agenda.

The Audit Committee is responsible for helping the Board of Directors perform its duty of controlling Econocom Group's operations. In particular, it examines the quality and relevance of internal and external audit engagements, monitors internal control and risk management procedures, ensures that the accounting methods used are appropriate, and that the Group's financial data are complete and accurate.

Article 96 of the Belgian Companies Code stipulates that companies must prove the independence and audit and accounting expertise of at least one of the members of the Audit Committee. Econocom complies with this requirement.

5.5.4. Day-to-day management

The Executive Committee is in charge of day-to-day management of the Group; it is kept informed of the monthly results and oversees progress on Group projects.

All major decisions regarding the subsidiaries are made by the relevant body, with the assent of a member of the Executive Committee in charge of the issue or activity in question. The subsidiaries generally do not have any major decision-making powers other than those concerning day-to-day management. The powers of the Group's subsidiaries' managers and the limits to these powers are set forth in an internal document.

5.5.5. Application of articles 523 and 524 of the Belgian Companies Code

Article 523 of the Belgian Companies Code was applied during the meeting of the Board of Directors on 4 March 2014 as one of the directors declared that he/she had, directly or indirectly, a financial interest that conflicted with the following decisions:

1/ Delegation of authority to opt for payment in cash and/or new and/or existing shares in the event of a request to convert 2019 ORNANE convertible bonds.

Jean-Louis Bouchard, Econocom Group's main shareholder, is likely to have a financial interest that conflicts with payment in new shares due to its dilutive effect.

The Board of Directors therefore jointly empowered two directors, one of whom is a non-executive director, and bearing in mind that neither of these directors may represent a reference shareholder, whereby each director may act individually and decide, in the event of a request to convert 2019 ORNANE convertible bonds issued in January 2014, whether to pay in cash and/or new and/or existing shares. In accordance with article 523 of the Belgian Companies Code, Jean-Louis Bouchard did not take part in the vote.

2/ Stock options: loans to members of the Group's staff to exercise stock options in 2014.

Véronique di Benedetto, the prospective beneficiary of one of the loans to exercise stock options, could have a financial interest that conflicts with the granting of these loans.

After considering the financial consequences for the Company of these loans, which are to be repaid by 31 March 2017 at the latest, and bear 3% annual interest and are guaranteed by pledged securities for the equivalent of twice the loaned amount, the Board of Directors approved the loans granted to Galliane Touze and Véronique di Benedetto to exercise stock options in 2014, as well as the terms of these loans. In accordance with article 523 of the Belgian Companies Code, Véronique Di Benedetto did not take part in the vote.

Article 524 of the Belgian Companies Code was not applied in 2014.

5.6. Composition of advisory bodies

Econocom Group's Statutory Auditor is PricewaterhouseCoopers Reviseurs d'Entreprises SCCRL, (Woluwe Garden, Woluwedal, 18 1932 Saint-Stevens-Woluwe (Belgium), whose term was renewed at the May 2013 Annual General Meeting and expires at the May 2016 Annual General Meeting.

Econocom Group's Statutory Auditor is represented by Damien Walgrave, auditor, who replaced Emmanuèle Attout on 20 May 2014 as statutory auditor on behalf of SCCRL PwC Réviseurs d'Entreprises.

5.7. 2014 compensation report

This rapport was drafted in accordance with the provisions of articles 526 *quater* and 96 section 3 of the Belgian Companies Code. Its purpose is to describe in detail the policy for compensating directors (in charge of day-to-day management, executive and non-executive), as well as members of the Executive Committee of Econocom Group (Management Board as defined in article 554 *bis* of the Belgian Companies Code).

5.7.1. Compensation policy for directors and members of the Executive Committee

5.7.1.1. Procedure adopted to define compensation for directors and members of the Executive Committee and set their individual compensation

On 31 August 2011, the Board of Directors set up a Compensation Committee. The Committee comprises three non-executive directors, two of whom are independent as defined in article 526 *ter* of the Belgian Companies Code. The role of the Compensation Committee is to advise and assist the Board of Directors with respect to its compensation policy and it is in charge of implementing plans for granting financial instruments (free shares, stock options, etc.).

More specifically, the Compensation Committee is in charge of:

1) Upon recommendations of the Chairman:

a) Making suggestions and recommendations to the Board of Directors with respect to the policy for compensating directors and members of the Executive Committee and, if required by law, any resulting recommendations which the Board of Directors must submit to the shareholders for approval.

b) Making suggestions and recommendations to the Board of Directors with respect to the individual compensation of directors and members of the Executive Committee, including the variable portion and long-term bonuses (long-term share ownership) – whether or not shared-based – granted as stock options or other financial instruments, termination benefits and, if required by law, any resulting recommendations which the Board of Directors must submit to the shareholders for approval.

c) Making suggestions and recommendations to the Board of Directors with respect to setting and assessing performance targets linked to the directors' and Executive Committee members' individual compensation.

2) Drafting the compensation report, in accordance with article 96 section 3 of the Belgian Companies Code, which is subsequently added to the corporate governance statement.

3) Commenting on the report during the Ordinary General Shareholders' Meeting.

4) Submitting recommendations to the Board of Directors with respect to the procedure and conditions concerning the directors' and Executive Committee members' employment contracts.

5) Generally fulfilling all the tasks assigned by the Board of Directors with respect to compensation.

The Board of Directors has also granted the Compensation Committee, in accordance with article 20 of the bylaws, decision-making powers on behalf of the Board of Directors with respect to stock option plans or any other plans for granting financial instruments such as warrants, existing or future plans, i.e., issuing stock options or any other financial instruments within the limits authorised by the Board of Directors, to whom the Compensation Board is accountable.

The Compensation Committee met four times in 2014.

5.7.1.2. 2014 compensation policy

Since 1999, the bylaws have provided for the compensation of directors. The Annual General Meeting of 18 May 2004 set the attendance fees of non-executive directors at €2,500 per director per Board meeting, subject to actual attendance at the meetings. At the Annual General Meeting on 21 May 2013, this compensation was increased to €3,000 per Board meeting, subject to actual attendance at the meetings.

Executive directors receive no compensation for their directorship. They are compensated for their contractual relationship with one or several Group companies.

Non-executive directors who are members of the Audit Committee receive €2,000 per meeting, subject to actual attendance. Members of the Compensation Committee receive €2,000 per meeting, subject to actual attendance.

Non-executive directors do not receive any payment other than the above-mentioned attendance fees.

The compensation of executive directors and members of the Executive Committee is set by the Chairman and Chief Executive Officer, based on advice from the Compensation Committee.

The compensation of executive directors and members of the Executive Committee includes a significant variable part which accounts for between 30% and 50% of the total compensation. At the Extraordinary General Meeting on 28 September 2011, the Board of Directors was granted an exemption from article 520 *ter*, paragraph 2 of the Belgian Companies Code pertaining to the rules governing the distribution of the variable portion of compensation for 2011 and 2012. At the Annual General Meeting on 21 May 2013, this exemption was renewed indefinitely. The variable portion of compensation paid to executive directors and Executive Committee members was set in 2014 based on annual performance.

Variable compensation paid to executive directors in respect of 2014 is, depending on the role and responsibilities of the director in question, based on (i) the results (revenue and pre-tax profit) of the activity for which they are responsible, (ii) Econocom Group's consolidated recurring operating profit, (iii) revenue targets for markets which are strategic for the Group (Digital), (iii) savings objectives and (iv) measurable quality-based targets. With the exception of the quality-based targets, the objectives are the results as published either in the Group's management report, or in its audited consolidated financial statements. These objectives are set for the calendar year.

As is the case with all Econocom Group employees, the executive directors and Executive Committee members are assessed on a continuous basis throughout the year by their managers and at the annual appraisal which is held in the first quarter of the following year.

The compensation policy for 2015 is consistent with the policy for 2014. Variable compensation paid to executive directors and members of the Executive Committee is subject to the achievement of objectives, both quality- and quantity-based. A significant proportion of compensation paid to members of the Executive Committee is subject to the achievement of joint objectives in line with the Group's budget targets, and in particular net earnings per share in 2015. The other quality- and quantity-based targets are specific to each Executive Committee member and executive director and depend on the scope of their responsibility. These targets concern (i) results (revenue and pre-tax profit) of the activity for which they are responsible, (ii) revenue targets for markets which are strategic for the Group (Digital), (iii) savings objectives and (iv) measurable quality-based targets. As authorised at the Annual General Meeting on 21 May 2013, variable compensation for 2015 is subject to the achievement of annual objectives. Consequently, compensation for 2016 has not yet been discussed.

The Board of Directors did not deem it necessary, given the reliability of the Group's financial information, to implement a system for retrieving variable compensation granted on the basis of incorrect financial information.

5.7.2. Compensation paid in 2014

5.7.2.1. Non-executive directors

This section sets forth the individual compensation and benefits paid directly or indirectly to non-executive directors by Econocom Group or any of the Group's other companies in 2014.

Compensation paid in 2014 (€):

Christian Bret	35,000
Robert Bouchard	12,000
Walter Butler	12,000
Gaspard Dürrleman	26,000
Charles de Water	15,000
Rafi Kouyoumdjian	35,000
Jean Mounet	15,000
Total	**150,000**

5.7.2.2. Compensation paid to the Chairman of the Board of Directors and the Executive Committee

Jean-Louis Bouchard performs the duties of Chairman of the Board of Directors, Chief Executive Officer and Chairman of the Group's Executive Committee. He receives no compensation whatsoever, and does not benefit from any special pension or insurance, or any other benefits paid either directly or indirectly by either Econocom Group or any companies in the scope of consolidation for these duties. Econocom International NV – whose Chairman is Jean-Louis Bouchard – bills fees to Econocom Group and its subsidiaries for managing and coordinating the Group. These fees amounted to €2,858,000 in 2014, compared with €2,222,000 in 2013.

5.7.2.3. Total compensation paid to executive directors and members of the Executive Committee in 2014

This section shows the overall amount of compensation and benefits paid directly or indirectly to executive directors by Econocom Group or any of the Group's other companies in 2014.

Total compensation paid in 2014 (€):

Fixed portion	2,491,517
Variable portion	1,078,553(1)
Pensions and other compensation, including benefits in kind	794,958(2)
Total	**4,365,028**

(1) €876,953 of which was for 2013 and paid in 2014.
(2) €732,540 of which was for 2013 and paid in 2014.

Total compensation paid for 2014 (€):

Fixed portion	2,491,517
Variable portion	828,354(3)
Pensions and other compensation, including benefits in kind	767,415(4)
Total	**4,087,286**

(3) €720,354 of which was for 2014 to be paid in 2015.
(4) €763,457 of which was for 2014 to be paid in 2015 – this amount includes termination benefits.

This information refers to compensation paid over 12 months to the executive members of the Board of Directors and members of the Executive Committee in office on 31 December 2014, i.e., Bruno Lemaistre, Jean-Philippe Roesch, Jean-Maurice Fritsch and Bruno Grossi as members of the Executive Committee, and Véronique di Benedetto and Chantal De Vrieze as executive directors, The compensation paid to Jean-Louis Bouchard, Chairman of the Board of Directors, Chief Executive Officer and Chairman of the Group's Executive Committee, is set out in section 5.7.2.2. Five of the nine executive directors had access to a company car in 2014.

5.7.2.4. Stock options and shares issued, exercised and expiring in 2014

On 17 December 2014 the Board of Directors approved a new stock option plan for 2,500,000 stock options to be granted within two years. On 18 December 2014, the Compensation Committee granted 2,075,000 of the 2,500,000 stock options to 20 of the Group's managers.

In 2014, the stock option plans granted in 2010 expired. The eight beneficiaries exercised 903,000 stock options entitling them to 3,612,000 shares. These shares were given via the sale of Econocom Group treasury shares.

5.7.2.5. Termination benefits and other contractual obligations

The employment contracts of the executive directors contain the usual clauses, in particular as regards notice period. They contain no specific clause with respect to pensions or termination benefits, except for the cases below.

Jean-Philippe Roesch is eligible for termination benefits equal to one month's salary for each year of service. This contractual obligation is fully provided for in the financial statements.

Jean-Maurice Fritsch receives compensation as Chairman of French company Osiatis SAS. He benefits from unemployment insurance (in accordance with the "formule 70" plan), under the GSC (*Garantie Social des Chefs et dirigeants d'entreprise*), unemployment insurance for company directors.

Moreover, in the event that the employment of Jean-Maurice Fritsch (whose employment contract has been suspended) is terminated, his termination benefits, except in the case of gross misconduct, will be calculated on the basis of his employment beginning on 24 March 1986. In the event that he is removed as a member of the Board of Osiatis Group, for any reason other than a breach of his obligations as an executive director, and if, in addition to this removal he is dismissed (except in the case of gross misconduct), he will receive the same unemployment benefits as if the compensation he had received as a member of the Board had been paid under an employment contract, less the unemployment insurance paid by the GSC. For the purpose of calculating this compensation, all the rules and requirements stipulated in the unemployment insurance agreement will apply *mutatis mutandis*, in particular with respect to the waiting period and obligation to seek new employment.

5.8. Appropriation of profit and dividend policy

The Board of Directors will invite shareholders to vote, at the Extraordinary General Shareholders Meeting, to refund the issue premium considered as paid-in capital in lieu of paying a dividend, to the amount of €0.15 per share.

This refund represents a 25% rise in the gross shareholder return compared with the gross dividend of €0.12 per share paid in 2014.

The Group will also continue its share buyback policy.

5.9. Relations with major shareholders

The transparency-related disclosures made to the Company designate Econocom International NV as the majority shareholder.

In accordance with article 74 section 6 of the Belgian law of 1 April 2007 on takeover bids, on 4 December 2007, Econocom Group received notification from Econocom International NV, which is controlled by Jean-Louis Bouchard, indicating that at 1 September 2007, Econocom International NV held 12,857,760 Econocom Group shares, representing 47.97% of the capital.

At 31 December 2014, Jean-Louis Bouchard directly and indirectly held 46,166,451 Econocom Group shares, representing 41.03% of the share capital. Jean-Louis Bouchard is the only shareholder who controls more than 30% of the Group and does not need to launch a takeover bid as he acquired his 30% interest prior to 1 September 2007, and duly carried out all the legally-required disclosures and publications regarding his interests.

On 7 January 2014, following the cancellation of 6,014,892 treasury shares decided at the Extraordinary General Meeting of 31 December 2013, Econocom Group received joint notification from Econocom International NV, SCI de Dion Bouton, Econocom Group SA and, indirectly, from Jean-Louis Bouchard, stating that, at 31 December 2013:
• Econocom Group's interest in Econocom Group's share capital had fallen below the 5% threshold to stand at 0.59%; and
• Econocom International NV, SCI de Dion Bouton, Econocom Group and, indirectly, Jean-Louis Bouchard's interest had fallen below the 45% threshold to stand at 44.71%, excluding liquidity agreements.

At 31 December 2013, Econocom International NV, SCI de Dion Bouton, Econocom Group and, indirectly, Jean-Louis Bouchard held 47,625,285 Econocom Group shares.

On 16 January 2014, Econocom Group received notification from BNP Paribas Investment Partners SA, whose registered office is at TSA 47000-75318 Paris Cedex 09, France, stating that it had increased its interest in Econocom Group's capital to above the 5% threshold following the acquisition of securities carrying voting rights. At 8 January 2014, BNP Paribas Investment Partners SA held 5,638,318 Econocom Group shares, i.e., 5.29% of the shares carrying voting rights.

On 6 February 2014, following the buyback of treasury shares by Econocom Group, Econocom Group received joint notification from Econocom International NV, whose registered office is at Rond't Fort 38, Postbus 264, 3430 Nieuwegein, The Netherlands, SCI de Dion Bouton, whose registered office is at 34, avenue Matignon, 75008 Paris, France, Econocom Group SA and, indirectly, Jean-Louis Bouchard, that at 3 February 2014, Econocom International NV, SCI de Dion Bouton, Econocom Group and indirectly Jean-Louis Bouchard had increased their interest in Econocom Group's share capital to above the 45% threshold, from 44.71% to 45.06%. At 3 February 2014, Econocom International NV, SCI de Dion Bouton, Econocom Group and indirectly Jean-Louis Bouchard, held 48,004,781 Econocom Group shares.

On 15 April 2014, Econocom Group received notification from BNP Paribas Investment Partners SA, whose registered office is at TSA 47000-75318 Paris Cedex 09, France, stating that its interest in Econocom Group's capital had fallen below the 5% threshold on 10 April 2014 following the sale of shares. At 10 April 2014, BNP Paribas Investment Partners SA/NV held 5,297,216 Econocom Group shares, i.e., 4.95% of the shares carrying voting rights.

On 26 May 2014, following a transfer of treasury shares for the purpose of exercising stock options, Econocom Group received joint notification from Econocom International NV, whose registered office is at Rond't Fort 38, Postbus 264, 3430 Nieuwegein, The Netherlands, SCI de Dion Bouton, whose registered office is at 34, avenue Matignon, 75008 Paris, France, Econocom Group SA and, indirectly, Jean-Louis Bouchard, that at 20 May 2014, their interest in Econocom Group's capital had fallen below the 45% threshold from 45.06% to 44.76%. At 20 May 2014, Econocom International NV, SCI de Dion Bouton, Econocom Group and indirectly Jean-Louis Bouchard held 47,904,310 Econocom Group shares.

On 17 December 2014, Econocom Group received notification from Kabouter Management, LLC, whose registered office is at 401 N. Michigan Ave, Suite 2510, Chicago, IL 60611, United States, stating that its interest in Econocom Group's capital had increased above the 5% threshold following the acquisition of shares carrying voting rights. On 9 December 2014, Kabouter Management, LLC held 5,781,705 Econocom Group shares , i.e., 5.00% of the shares carrying voting rights.

Relations with the majority shareholder, Econocom International NV, correspond to loans granted or received and the provision of standard services on arm's-length terms. In October 2012, Econocom France signed a lease with SCI de Dion Bouton, which is owned by Econocom International NV, in order to locate a number of the Paris area-based employees on the same premises in Puteaux, as of 2013. This lease was signed on arm's length terms.

5.10. Employee share ownership

Since November 1997, Econocom Group has set up several stock option plans for its employees, managers and executives.

In December 2014, the Board of Directors approved a new plan for 2,500,000 subscription rights ("2014 stock options"), of which 2,075,000 have been granted so far.

An updated summary of the Group's commitments in this respect at 31 December 2014 is provided below.

	Number of outstanding options(1)	Number of correspond-ing shares(1)	Expiry date	Exercise price (€) per option(1)	Exercise price (€) per share(1)
2011	**30,000**	120,000	Dec. 15	12.93	3.23
	790,000	3,160,000	Dec. 16	12.25	3.06
2013	**1,075,000**	1,075,000	Dec. 18	5.96	5.96
2014	**2,075,000**	2,075,000	Dec. 19	5.52	5.52
Total	**3,970,000**	**6,430,000**	-	-	-

(1) The options granted before the four-for-one share split (in September 2012) entitle the holder to four Econocom Group shares, whilst the options granted in 2013 entitle the holder to one Econocom Group share.

These plans cover Econocom Group shares listed on the Brussels Euronext stock exchange. They are granted with a view to involving employees, managers and executives more closely in the Group's operations and business development.

Vesting of some of the options is contingent on their beneficiaries achieving individual performance goals.

Options are granted under contracts signed between Econocom Group and the beneficiary.

At its meeting on 25 January 2000, the Board of Directors approved the text of the option contracts. In application of article 523 of the Belgian Companies Code, three directors who were – or could become – option beneficiaries abstained from voting.

The text of the standard stock option contract was last amended to take into account the changes in legislation. This amendment was approved by the Compensation Committee on 16 September 2013.

The strike price is set in accordance with current legislation.

The options may not be transferred and Econocom Group does not hedge its exposure to decreases in the share price.

In 2013, no stock options were exercised or forfeited, and 1,100,000 new options were granted.

In 2014, 903,000 options were exercised entitling the holder to 3,612,000 shares and 25,000 options were forfeited by their beneficiaries. In December 2014, 2,075,000 2014 stock options were granted.

At 31 December 2014, 3,970,000 options had not yet been exercised. Each option granted prior to the four-for-one share-split in September 2012, entitles the holder to four Econocom Group shares, whilst the options granted in 2013 and 2014 entitle the holder to one Econocom Group share, i.e., a total of 6,430,000 shares representing 5.71% of the number of outstanding shares. The exercise of all these options would result in a capital increase of €27.9 million.

5.11. Statutory Auditor’s fees

In 2014, the PricewaterhouseCoopers network provided audit services (reviewing the Group’s consolidated and individual financial statements) and non audit-related services to Econocom Group and its subsidiaries. Below is a table indicating the type of services provided and the related fees:

(in €)	2014	2013
Statutory Auditor's fees for auditing the consolidated financial statements	**406,475**	373,045
Fees for audit-related engagements or similar assignments performed in the Group by individuals linked to the Statutory Auditor	**788,600**	751,630
Fees for non audit-related engagements or specific assessments carried out by the Statutory Auditor for Econocom Group		
Non-audit certification engagements	**32,100**	200,470
Tax advisory work		
Other	**6,088**	-
Fees for non audit-related engagements or specific assignments performed in the Group by individuals linked to the Statutory Auditor		
Non-audit certification engagements	**10,000**	28,879
Tax advisory work	**642,934**	714,142
Other	**93,320**	289,441

5.12. Treasury shares

See section 2.3.3.3 above.

6. SUBSEQUENT EVENTS

On 20 January 2015 Digital Dimension, a subsidiary of Econocom Group, acquired Aragon-eRH, a provider of cloud-based, SaaS-mode Human Resources Information System (HRIS) software solutions. Founded in 2007 by HR experts, Aragon-eRH provides a simple, comprehensive HRIS solution that addresses the full spectrum of a company's HR requirements. As a result of this acquisition, Digital Dimension now holds two thirds of the share capital, whilst the remaining third is held by Aragon-eRH's two founders, who will continue to have an operational role within the organisation.

On 9 February 2015, Econocom announced it had acquired a 45% stake in Helis, a French provider of critical infrastructure and network consulting and engineering services. Helis currently posts revenue of over €8 million. This transaction is perfectly in line with Econocom's strategy to strengthen its positioning in high-potential markets and added-value services.

Finally, on 11 February 2015, Econocom acquired the entire share capital of Clesys, a system and network infrastructure security specialist. A specialist in open source infrastructures and data flow security using both consumer software programs (Cisco, Juniper, etc.) and in-house applications, Clesys also develops its own applications to address specific requirements. In addition, the company provides assistance for project management, defining architecture and administration for technical solutions. Clesys posts almost €6 million in revenue and employs around fifty engineers. This acquisition is in keeping with the Mutation strategic plan for the 2013-2017 period, and will reinforce the Group's Security division, which is crucial for companies' digital transformation challenges.

7. CSR STRATEGY

Econocom Group is convinced that implementing a Corporate Social Responsibility (CSR) policy can create social, environmental and economic value for both Econocom and all its stakeholders. The CSR policy is an integral part of the Group's values and strategic vision.

We believe that introducing an ethical, responsible approach to our business dealings is fundamental to ensure long-term success.

As part of its CSR policy, Econocom Group joined the United Nations Global Compact in 2012 and as such pledges to promote the ten principles of the Global Compact with respect to human and labour rights, the environment and anti-corruption.

In 2014, Econocom Group decided to structure its CSR strategy along the lines of its Mutation strategic plan, and to reinforce its actions so that each of its business lines includes a CSR dimension.

1. Econocom Group's policy

The Group has defined its CSR objectives as follows: "To enable organisations to benefit from digital technology by offering innovative, realistic, sustainable solutions to address the major societal issues."

This objective consists of two key commitments:

- The first focuses on employees: "To make our employees the first instruments of change and corporate responsibility."

The Group plans to develop and promote a collaborative, cross-departmental organisation as part of its digital transformation, ensure employee satisfaction and implement measures to improve this satisfaction constantly. Econocom is committed to diversity and actively encourages training and skills development for its staff. Ethical principles and sound governance will guide our actions so we may achieve the goals we have set.

• The second concerns our external stakeholders: “To be a pioneer of Digital Corporate Responsibility by developing projects collaboratively, in the interests of society and sustainable development.”

Econocom is committed to its external stakeholders to devise innovative digital solutions to improve the competitiveness of European companies and offer solutions to reduce the negative impact across the entire lifecycle. The Group is also particularly committed to a major social challenge: digital technology in education.

The Group promotes entrepreneurship, which is also one of its key values, both within its ecosystem and also within the Group.

Finally, Econocom intends to step up its responsible purchasing policy and improve its relationships with its suppliers.

Econocom is committed to limiting its own environmental impact. To that end, every year it conducts a greenhouse gas emission audit in all the countries it operates in. The Group also promotes environmental awareness among its employees by providing them with digital tools enabling them to limit their environmental impact. Thus, two electric cars have joined Econocom’s company car fleet, and a connected machine to dispose of used bottles has been installed at the Company’s headquarters.

2. Actions and development priorities

2.1. “To make our employees the first instruments of change and corporate responsibility”

The Group firmly believes that the digital transformation of organisations and in particular its own digital transformation implies new ways of working and combining the organisation’s different areas of expertise. Econocom decided to redevelop its headquarters along these very lines and now offers a working environment that promotes collaboration between employees. Econocom also endeavours to develop added-value cross-business line solutions. The contribution of these offerings to the Group’s revenue increases significantly each year.

Econocom pays particular attention to employee satisfaction; digital technology can allow a different approach to work that is conducive to well-being and a better work-life balance. For this reason, Econocom launched the SHARE programme in 2012. The programme is designed to modernise and reorganise working hours by allowing employees to work from home, and offers an employee service facility which includes a range of services designed to ensure a better work-life balance. Counselling is also available for employees who require it.

Econocom offers a working environment that is conducive to inclusion and is based on merit and a commitment to diversity. Econocom-Osiatis is thus a member of HandiNumérique, in order to make its policy for disabled staff a major priority and actively promote the employment of disabled staff.

Gender parity is a fundamental issue which Econocom intends to promote. Finally, the Group encourages the recruitment of graduates and offers a number of internships and work placements to attract talents from all backgrounds.

The Group is aware of the importance of its human capital and has implemented a training policy in order to improve employees’ skills and employability. To that end, Econocom set up the Econocom Management Academy (EMA), to develop management skills.

2.2. "To be a pioneer of Digital Corporate Responsibility by developing projects collaboratively, in the interests of society and sustainable development."

Econocom is committed to developing and offering its clients solutions geared towards reducing the negative impact across the entire lifecycle. The Group aims to help organisations identify and control the environmental, social and societal impact of using digital equipment. Thus, a few years ago, as part of its Technology Management & Financing business, Econocom set up a facility to process end-of-life equipment. The equipment is audited, after which it is recycled and reused whenever possible or, when required, disposed of in compliance with WEEE legislation.

"Be enterprising" is essential at Econocom Group and one of its flagship values. Econocom promotes entrepreneurship both in-house and within its ecosystem. To that end, it has set up partnerships with digital startup accelerators, "Club Open Innovation" and "StartUp 42". The Group has also launched the Econocom "Associated Entrepreneurs" programme in order to boost the growth of digital companies by lending them the support of a major Group. In 2013, Econocom joined startup fund Partech in order to promote innovative new companies in the digital sector. In 2014, the Group reinforced its partnership by becoming involved in Partech Shaker, a dedicated open innovation campus.

Econocom must rise to the digital challenge in education by promoting inclusion and helping to bridge the digital divide. Econocom implements dedicated solutions for the education sector: for example, for the 2014 academic year, 12 new "totally digital" junior secondary schools were opened in the Seine-Saint-Denis area near Paris. The schools have state-of-the-art technology and ultra-high-speed internet access, all of which was deployed, installed and integrated by Econocom.

In the field of education, since 2006, Econocom has built up a strong partnership with the NGO Passerelles Numériques which helps young people from impoverished backgrounds in Cambodia, Vietnam and the Philippines receive training and find skilled employment in the ICT sector. The partnership involves donating funds and IT equipment and corporate volunteering.

Econocom also plans to expand and improve its responsible purchasing policy in order to develop its relationships with its suppliers. The Group wishes to share its commitment with suppliers and encourage them to join them in this initiative.

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2014

CONTENTS

V.

1. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of 31 December 2014

Assets

(in € thousands)	*Notes*	31 Dec. 2014	**31 Dec. 2013 (restated)**
Non-current assets			
Intangible assets	*6*	**57,558**	59,239
Goodwill	*7*	**380,787**	331,632
Property, plant and equipment	*8*	**26,200**	21,747
Financial assets	*9*	**22,393**	18,248
Residual interest in leased assets	*10*	**62,612**	63,462
Other long-term receivables	*10*	**2,233**	2,045
Deferred tax assets	*30*	**14,799**	23,859
Total non-current assets		**566,582**	**520,232**
Current assets			
Inventories	*11*	**27,304**	20,317
Trade and other receivables	*12*	**723,982**	712,888
Residual interest in leased assets	*12*	**25,863**	27,907
Current tax assets		**14,829**	7,472
Other current assets	*12*	**34,456**	32,802
Cash and cash equivalents	*13*	**207,335**	150,140
Total current assets		**1,033,769**	**951,526**
Assets held for sale		**2,066**	**-**
Total assets		**1,602,417**	**1,471,758**

Equity and liabilities

(in € thousands)	*Notes*	31 Dec. 2014	**31 Dec. 2013 (restated)**
Share capital		**21,564**	19,874
Additional paid-in capital and reserves		**207,494**	195,846
Profit for the year		**30,879**	44,138
Equity attributable to owners of the parent	*15*	**259,937**	**259,858**
Non-controlling interests	*15*	**19,547**	112
Total equity		**279,484**	**259,970**
Non-current liabilities			
Financial liabilities	*18*	**45,999**	16,809
Gross liability for purchases of leased assets	*18*	**38,159**	33,472
Bonds	*18*	**166,956**	73,924
Long-term provisions	*16*	**5,083**	4,105
Provisions for pensions and other post-employment benefit obligations	*17*	**36,131**	30,658
Other non-current liabilities		**20,703**	5,756
Deferred tax liabilities	*30*	**6,867**	19,313
Total non-current liabilities		**319,898**	**184,037**
Current liabilities			
Financial liabilities	*18*	**97,624**	95,559
Gross liability for purchases of leased assets	*18*	**13,012**	15,298
Bonds	*18*	**2,625**	3,138
Short-term provisions	*16*	**40,643**	37,676
Current tax liabilities		**8,664**	10,278
Trade and other payables	*19*	**685,208**	687,606
Other current liabilities	*19*	**153,686**	178,196
Total current liabilities		**1,001,462**	**1,027,751**
Liabilities related to assets held for sale		**1,573**	**-**
Total equity and liabilities		**1,602,417**	**1,471,758**

2. CONSOLIDATED INCOME STATEMENT AND EARNINGS PER SHARE

for the years ended 31 December 2014 and 31 December 2013

(in € thousands)	Notes	2014	2013 (restated)
Revenue from continuing operations	21	**2,092,612**	**1,766,725**
Operating expenses		**(2,000,343)**	**(1,675,803)**
Cost of sales		**(1,385,863)**	(1,237,556)
Personnel costs	22	**(441,289)**	(297,219)
External expenses	23	**(155,861)**	(126,366)
Depreciation, amortisation and provisions	24	**(9,699)**	(1,084)
Taxes (other than income taxes)		**(12,408)**	(9,652)
Impairment losses on current and non-current assets	25	**754**	(5,336)
Other operating income and expenses	26	**1,936**	(759)
Financial income – operating activities	27	**2,087**	2,169
Recurring operating profit		**92,269**	**90,922**
Non-recurring operating income and expenses	28	**(24,916)**	(13,404)
Operating profit		**67,353**	**77,518**
Financial income	29	**4,279**	291
Financial expenses	29	**(16,093)**	(10,033)
Profit before tax		**55,539**	**67,776**
Income tax expense	30	**(21,004)**	(23,128)
Profit from continuing operations		**34,535**	**44,648**
Share of profit of associates and joint ventures		**15**	91
Profit (loss) from discontinued operations		**(2,989)**	(582)
Profit for the year		**31,561**	**44,157**
Non-controlling interests		**682**	**19**
Profit for the year attributable to owners of the parent		**30,879**	**44,138**
(in €)			
Basic earnings per share – continuing operations	31	**0.31**	0.47
Basic earnings (loss) per share – discontinued operations		**(0.03)**	(0.01)
Basic earnings per share		**0.28**	**0.46**
Diluted earnings per share – continuing operations		**0.26**	0.42
Diluted earnings (loss) per share – discontinued operations		**(0.02)**	(0.01)
Diluted earnings per share		**0.24**	**0.41**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the years ended 31 December 2014 and 31 December 2013

(in € thousands)	2014	2013 (restated)
Profit for the year	**31,561**	**44,157**
Items that will not be reclassified to profit or loss:	**(1,964)**	**232**
- Remeasurements of the net liability (asset) under defined benefit plans	**(2,808)**	490
- Income tax on items not reclassified to profit or loss	**844**	(258)
Items that may be reclassified to profit or loss:	**853**	(626)
- Foreign currency translation adjustments	**853**	(626)
Other comprehensive income (expense)	**(1,111)**	**(394)**
Total comprehensive income for the year	**30,450**	**43,763**
Attributable to owners of the parent	***29,767***	*43,744*
Attributable to non-controlling interests	***683***	*19*

3. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the years ended 31 December 2014 and 31 December 2013

(in € thousands)	Number of shares	Share capital	Additional paid-in capital
Balance at 1 January 2013	**96,691,588**	**17,077**	**72,530**
Profit for the year	**-**	**-**	**-**
Other comprehensive income (expense), net of tax	-	-	-
Total comprehensive income for 2013	**-**	**-**	**-**
Cancellation of shares	(6,014,892)	-	-
Capital increase	15,840,618	2,797	104,233
Share-based payments	-	-	-
Dividends paid	-	-	-
Treasury share transactions	-	-	-
Changes in bonds	-	-	(1,774)
Transactions with an impact on non-controlling interests	-	-	-
Balance at 31 December 2013	**106,517,314**	**19,874**	**174,989**
Profit for the year	-	-	-
Other comprehensive income (expense), net of tax	-	-	-
Total comprehensive income for 2014	**-**	**-**	**-**
Cancellation of shares	(3,053,303)	-	-
Conversion and buyback of OCEANE convertible bonds	9,055,276	1,690	30,315
Share-based payments	-	-	-
Dividends paid	-	-	-
Treasury share transactions	-	-	-
Other transactions and transactions with an impact on non-controlling interests(1)	-	-	-
Balance at 31 December 2014	**112,519,287**	**21,564**	**205,304**

(1) Impacts mainly related to (i) the put option over non-controlling interests in Digital Dimension entities (impact on "Equity attributable to owners of the parent" and "Non-controlling interests"), and (ii) the initial recognition, at fair value, of non-controlling interests in Digital Dimension entities and Interadapt.

Treasury shares	Consolidated reserves and retained earnings	Other comprehensive income (expense)	Attributable to owners of the parent	Attributable to non-controlling interests	Total
(9,894)	**78,673**	**(3,417)**	**154,969**	**192**	**155,161**
-	**44,138**	**-**	**44,138**	**19**	**44,157**
-	-	(394)	(394)	-	(394)
-	**44,138**	**(394)**	**43,744**	**19**	**43,763**
34,073	(34,073)	-	-	-	-
-	-	-	107,030	-	107,030
-	1,236	-	1,236	-	1,236
-	(9,280)	-	(9,280)	-	(9,280)
(31,083)	306	-	(30,777)	-	(30,777)
842	-	-	(932)	-	(932)
-	(6,132)	-	(6,132)	(100)	(6,232)
(6,062)	**74,868**	**(3,811)**	**259,858**	**112**	**259,970**
-	30,879	-	30,879	682	31,561
-	-	(1,112)	(1,112)	1	(1,111)
-	**30,879**	**(1,112)**	**29,767**	**683**	**30,450**
19,404	(19,404)	-	-	-	-
-	(1,128)	-	30,877	-	30,877
-	(531)	-	(531)	-	(531)
-	(12,904)	-	(12,904)	-	(12,904)
(22,043)	(16,019)	-	(38,062)	-	(38,062)
-	(9,068)	-	(9,068)	18,752	9,684
(8,701)	**46,693**	**(4,923)**	**259,937**	**19,547**	**279,484**

4. CONSOLIDATED STATEMENT OF CASH FLOWS

as of 31 December 2014

(in € thousands)	2014	2013 (restated)
Profit for the year	**31,560**	**44,157**
Elimination of share of profit of associates and joint ventures	**(15)**	(91)
Depreciation/amortisation	**16,375**	10,504
Impairment of financial assets	**(140)**	(8)
Impairment of trade receivables, inventories and other current assets	**(475)**	3,622
Losses on disposals of property, plant and equipment and intangible assets	**541**	577
Impact of changes in fair value of financial instruments	**(3,824)**	-
Change in residual interest in leased assets	**3,363**	(4,968)
Net additions to (reversals of) provisions and impairment losses	**4,558**	(5,958)
Income and expenses related to share-based payments	**(531)**	1,236
Cash flows from operating activities after cost of net debt and income tax	**51,412**	**49,071**
Income tax expense	**21,004**	23,011
Cost of net debt	**12,771**	6,734
Cash flows from operating activities before cost of net debt and income tax (a)	**85,187**	**78,816**
Change in working capital (b)	**(36,834)**	36,665
Income tax paid (c)	**(16,013)**	(12,433)
Net cash from operating activities (a+b+c=d)	**32,340**	**103,048**
o/w related to discontinued operations[(1)]	***(2,199)***	*(62)*
Acquisition of property, plant and equipment and intangible assets, excluding the Leasing business	**(17,116)**	(14,804)
Disposal of property, plant and equipment and intangible assets, excluding the Leasing business	**39**	1,555
Acquisition/disposal of property, plant and equipment allocated to the Leasing business	**136**	(60)
Acquisition of non-current financial assets	**(5,391)**	(6,309)
Disposal of non-current financial assets	**1,091**	4,708
Acquisition of companies and businesses, net of cash acquired	**(47,214)**	(18,032)
Net cash used in investing activities (e)	**(68,455)**	**(32,942)**
o/w related to discontinued operations[(1)]	**-**	*(12)*

(in € thousands)	2014	2013 (restated)
Buyback and redemption of OCEANE convertible bonds	**(47,355)**	(1,775)
Issue of ORNANE bonds	**175,000**	-
Exercise of stock options	**9,323**	-
Increase in non-current financial liabilities	**33,573**	13,334
Decrease in non-current financial liabilities	**(8,012)**	(17,678)
Increase in current financial liabilities	**20,764**	79,027
Decrease in current financial liabilities	**(19,394)**	(25,534)
Interest paid	**(7,461)**	(6,584)
Acquisition and disposal of treasury shares	**(50,758)**	(30,775)
Dividends paid during the year	**(12,700)**	(9,329)
Net cash from financing activities (f)	**92,980**	**686**
o/w related to discontinued operations(1)	***2,233***	*113*
Impact of exchange rates on cash and cash equivalents (g)	**525**	**(504)**
Impact of discontinued operations on year-end net cash position (h)(1)	**(194)**	**-**
Change in cash and cash equivalents (d+e+f+g+h)	**57,196**	**70,288**
Cash and cash equivalents at 1 January	**150,139**	**79,851**
Change in cash and cash equivalents	**57,196**	70,288
Cash and cash equivalents at 31 December	**207,335**	**150,139**

(1) Cash flows attributable to discontinued operations within the meaning of IFRS 5 (relating to the Services business in Germany).

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2014

1. INFORMATION ABOUT ECONOCOM GROUP

Econocom Group SA/NV, the Group's parent company, is a *société anonyme* (joint-stock company), with a Board of Directors and governed by Belgian law. Its registered office is located at Place du Champ de Mars, 5, 1050 Brussels.

The company is registered with the Brussels companies registry under number BE0422 646 816 and is listed on Euronext Brussels.

The consolidated financial statements for the year ended 31 December 2014 reflect the accounting position of Econocom Group and its subsidiaries.

At its meeting on 5 March 2015, the Board of Directors approved and authorised the issue of the consolidated financial statements for the year ended 31 December 2014. These financial statements will only be deemed final once they have been approved by the shareholders at the Annual General Meeting on 19 May 2015.

The financial statements were made available to shareholders on 19 April 2015.

During 2014, one of the Group's key focuses was to integrate its European Services business following the acquisition of Osiatis in September 2013. Also during the year it strengthened its financial structure by raising €175 million through an issue of ORNANE bonds and by redeeming in advance its OCEANE convertible bonds issued in 2011. In January 2014, Econocom Group invested in Digital Dimension in partnership with Georges Croix. The aim of the project is to create a leading player in the digital market, offering an extensive range of bespoke and off-the-shelf cloud-based solutions and services. To this end, Digital Dimension acquired three companies during the year: Rayonnance, ASP Serveur, and Aragon. The Group also made targeted acquisitions in its Services business in 2014, purchasing the business base of Comiris in France and acquiring control of Interadapt in Brazil. Lastly, it sold certain non-strategic operations in its Services business in Germany and Belgium.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. General principles and statement of compliance

As required by European Commission regulation 1606/2002/EC dated 19 July 2002, the Group's consolidated financial statements for the year ended 31 December 2014 have been prepared in accordance with the International Financial Reporting Standards (IFRSs) adopted by the European Union as at that date.

The accounting principles applied at 31 December 2014 are the same as those used to prepare the consolidated financial statements for the year ended 31 December 2013, apart from the new standards and interpretations applicable from 1 January 2014.

These financial statements do not take into account any draft standards or interpretations which, at the end of the financial year, were being developed as exposure drafts by the IASB (International Accounting Standards Board) or IFRIC (International Financial Reporting Interpretations Committee).

All of the standards adopted by the European Union are available on the European Commission website at http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

All amounts in the consolidated financial statements are presented in thousands of euros, unless otherwise specified.

2.2. Application of IFRS

2.2.1. Standards, amendments and interpretations whose application is mandatory as from 1 January 2014

The Group has applied all of the new standards, amendments and interpretations adopted by the European Union whose application is mandatory as from 1 January 2014.

Standard/Interpretation	EU adoption date[1]	Group application date	Impact on the Group
IFRS 10 – Consolidated Financial Statements, and IAS 27R – Separate Financial Statements IFRS 10 introduces a new definition of control based on power, exposure and rights to variable returns, and the ability to use such power to affect returns. It replaces the portion of IAS 27 – Consolidated and Separate Financial Statements that addressed the accounting for consolidated financial statements.	1 January 2014	1 January 2014	The Group bases its consolidation methods (notably for Digital Dimension and its subsidiaries and Interadapt and its subsidiary) on the definition of control provided in IFRS 10. No impact on the scope of consolidation at 31 December 2013.
IFRS 11 – Joint Arrangements and IAS 28R These standards provide for two different types of accounting treatment depending on whether the investor has control over the net assets of the investee (classified as a joint venture) or whether it has rights to the investee's assets and obligations for its liabilities (classified as a joint operation). The Group accounts for joint ventures using the equity method, and accounts for joint operations based on its interest in the assets, liabilities, revenue and expenses of the joint operation concerned.	1 January 2014	1 January 2014	No impact at either 31 December 2013 or 31 December 2014.
IFRS 12 – Disclosure of Interests in Other Entities This new standard applies to entities that have interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities.	1 January 2014	1 January 2014	Additional disclosures about non-controlling interests at 31 December 2014. No impact for 2013.

Standard/Interpretation	EU adoption date[1]	Group application date	Impact on the Group
Amendments to IAS 32 – Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities The amendments to IAS 32 provide clarifications for applying offsetting criteria. In particular, it clarifies the meaning of 'currently has a legally enforceable right of set-off' and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	1 January 2014	No impact on the consolidated financial statements.
Amendments to IFRS 10, 11 and 12 – Consolidated Financial Statements, Joint Arrangements, and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2014	1 January 2014	No impact on the consolidated financial statements.
Amendment to IAS 36 – Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014	1 January 2014	No impact on the consolidated financial statements.
Amendments to IAS 39 – Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014	1 January 2014	No impact on the consolidated financial statements.

2.2.2. Standards, amendments and interpretations whose application is mandatory as from 1 January 2015

Standard/interpretation	EU adoption date[1]	Group application date	Impact on the Group
IFRIC 21 – Levies This Interpretation provides guidance on when to recognise a liability for a levy imposed by a government. For example if the obligating event is that the entity exercises its activity at a given date, the levy will only be recognised at that date.	17 June 2014 with early adoption permitted	1 January 2015, with retroactive application	The main expected impact for the Group concerns the recognition of the "*contribution sociale de solidarité*" surtax in France. Currently a provision is recognised for this surtax in the year prior to the date it is due. At 31 December 2014 this provision amounted to approximately €1.8 million net of deferred taxes.
Annual improvements to IFRSs (2011-2013 cycle) Amendments to IFRS 3, IFRS 13 and IAS 40	1 January 2015	1 January 2015	No impact on the consolidated financial statements.

2.2.3. New standards, amendments and interpretations whose application is mandatory for annual periods beginning after 1 January 2015

The Group has not early adopted any of the following new standards, amendments or interpretations whose application is not mandatory for the financial year beginning 1 January 2015 and which may be relevant to the Group:

• Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions (issued by the IASB in November 2013), which has been adopted by the EU and is effective for annual periods beginning on or after 1 February 2015.

• Annual Improvements to IFRSs (2010-2012 cycle) (issued by the IASB in December 2013), which has been adopted by the EU and is effective for annual periods beginning on or after 1 February 2015. The amendments resulting from these improvements either have no impact on the consolidated financial statements or are already applied by the Group.

• Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation (issued by the IASB in May 2014). These amendments are effective for annual periods beginning on or after 1 January 2016 and have not yet been adopted by the European Union. They will not have a material impact on the Group's consolidated financial statements.

• IFRS 15 – Revenue from Contracts with Customers (issued by the IASB in May 2014), which is effective for annual periods beginning on or after 1 January 2017 and has not yet been adopted by the EU. The impact of applying this new standard is not yet known or cannot be reasonably estimated at this stage.

• IFRS 9 – Financial Instruments (issued by the IASB in July 2014), which is effective for annual periods beginning on or after 1 January 2018 and has not yet been adopted by the EU. The impact of applying this new standard is not yet known or cannot be reasonably estimated at this stage.

2.3. Basis for preparation and presentation of the consolidated financial statements

2.3.1. Basis for reporting

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements were prepared on a historical cost basis, with the exception of:
• certain financial assets and liabilities which are measured at fair value;
• non-current assets held for sale, which are recognised and measured at the lower of carrying amount and fair value less costs to sell as soon as their sale is deemed highly probable. These assets are no longer amortised once they are classified as assets (or a group of assets) held for sale.

Concept of fair value applied by the Group

The Group applies the concept of fair value as defined in IFRS 13 and uses the following fair value hierarchy as established in IFRS 7:
• Level 1: fair value based on quoted prices in active markets;
• Level 2: fair value measured using observable market inputs (other than the quoted market prices included in Level 1);
• Level 3: fair value measured using unobservable market inputs.

Details of the Group's financial assets and financial liabilities are provided in Notes 14 and 20 respectively.

Financial liabilities measured at fair value primarily concern liabilities arising on acquisitions of companies, and their valuation method is classified in Level 3 of the fair value hierarchy (see Note 20).

2.3.2. Reclassifications and changes in presentation

Reclassifications and changes in presentation are made when they provide information that is both reliable and more relevant to users of the financial statements and when the amended presentation structure is likely to be other than temporary, so that comparability is not compromised. When a change in presentation has a significant impact, the comparative information must also be reclassified.

The Group made the following changes to the presentation of its financial statements for the years ended 31 December 2014 and 2013:
• In accordance with IFRS 3, it adjusted the provisional fair values assigned to the assets and liabilities of Osiatis Group at the time of acquisition. This led to a non-material increase in total assets and total equity and liabilities compared with the published figures at 31 December 2013, as shown in the tables below.
• In application of IFRS 5, it reclassified the impact of discontinued operations in the income statement, with retroactive effect.
• It reclassified a number of items in the income statement and statement of financial position to improve comparability of accounting periods and comply with market practices.

The income statement reclassifications made in 2014 included reclassifying certain financial expenses that were previously included in "Recurring operating profit" to "Financial expenses", due to their nature (interest on bank accounts and factoring costs).

Reclassifications were also made in the 2014 statement of cash flows concerning the change in the Group's gross liability for purchases of leased assets (see Note 32.2 for further details).

2.3.2.1. Reclassifications in the statement of financial position

Assets

(in € thousands)	31 Dec. 2013 (reported)	Impact of Osiatis opening balance sheet	31 Dec. 2013 (restated)
Non-current assets			
Intangible assets	59,239	-	59,239
Goodwill	331,490	142	331,632
Property, plant and equipment	21,747	-	21,747
Financial assets	18,011	237	18,248
Residual interest in leased assets	63,462	-	63,462
Long-term receivables	2,045	-	2,045
Deferred tax assets	23,626	233	23,859
Total non-current assets	**519,620**	**612**	**520,232**
Current assets			
Inventories	20,317	-	20,317
Trade and other receivables	712,888	-	712,888
Residual interest in leased assets	27,907	-	27,907
Current tax assets	7,472	-	7,472
Other current assets	32,802	-	32,802
Cash and cash equivalents	150,140	-	150,140
Total current assets	**951,526**	**-**	**951,526**
Total assets	**1,471,144**	**612**	**1,471,758**

Equity and liabilities

(in € thousands)	31 Dec. 2013 (reported)	Impact of Osiatis opening balance sheet	Other reclassifications[1]	31 Dec. 2013 (restated)
Share capital	19,874	-	-	19,874
Additional paid-in capital and reserves	195,846	-	-	195,846
Profit for the year	44,138	-	-	44,138
Equity attributable to owners of the parent	**259,858**	**-**	**-**	**259,858**
Non-controlling interests	112	-	-	112
Total equity	**259,970**	**-**	**-**	**259,970**
Non-current liabilities				
Financial liabilities	16,809	-	-	16,809
Gross liability for purchases of leased assets	33,472	-	-	33,472
Bonds	73,924	-	-	73,924
Long-term provisions	3,105	1,000	-	4,105
Provisions for pensions and other post-employment benefit obligations	30,658	-	-	30,658
Other non-current liabilities	5,756	-	-	5,756
Deferred tax liabilities	19,313	-	-	19,313
Total non-current liabilities	**183,037**	**1,000**	**-**	**184,037**
Current liabilities				
Financial liabilities	95,559	-	-	95,559
Gross liability for purchases of leased assets	15,298	-	-	15,298
Bonds	3,138	-	-	3,138
Short-term provisions	36,779	-	897	37,676
Current tax liabilities	10,278	-	-	10,278
Trade and other payables	688,889	(388)	(897)	687,606
Other current liabilities	178,196		-	178,196
Total current liabilities	**1,028,137**	**(388)**	**-**	**1,027,751**
Total equity and liabilities	**1,471,144**	**612**	**-**	**1,471,758**

(1) Provisions for disputes reclassified from employee-related liabilities to provisions.

2.3.2.2. Reclassifications in the income statement

(in € thousands)	2013 (reported)	Reclassification of impairment losses on outstanding rentals(1) and financial expenses(2)	Impact of discontinuing the Services business in Germany (see Note 3.2.1)	2013 (restated)
Revenue from continuing operations	1,772,583	-	(5,858)	1,766,725
Operating expenses	(1,686,131)	3,614	6,714	(1,675,803)
Cost of sales	(1,238,843)	-	1,287	(1,237,556)
Personnel costs	(300,458)	-	3,239	(297,219)
External expenses	(128,331)	-	1,964	(126,366)
Depreciation, amortisation and provisions	(2,805)	1,591	130	(1,084)
Taxes (other than income taxes)	(9,658)	-	6	(9,652)
Net impairment losses on current and non-current assets	(3,853)	(1,591)	108	(5,336)
Other operating income and expenses	(759)	-	-	(759)
Financial income (expense) – operating activities	(1,424)	3,614	(20)	2,169
Recurring operating profit	**86,452**	**3,614**	**856**	**90,922**
Non-recurring operating income and expenses	(13,404)	-	-	(13,404)
Operating profit	**73,048**	**3,614**	**856**	**77,518**
Financial income	258	39	-	291
Financial expenses	(6,386)	(3,653)	-	(10,033)
Profit before tax	**66,920**	**-**	**856**	**67,776**
Income tax expense	(22,854)	-	(274)	(23,128)
Profit (loss) from continuing operations	**44,066**	**-**	**582**	**44,648**
Share of profit of associates and joint ventures	91	-	-	91
Profit (loss) from discontinued operations	-	-	(582)	(582)
Profit for the year	**44,157**	**-**	**0**	**44,157**
Non-controlling interests	19	-	-	19
Profit for the year attributable to owners of the parent	**44,138**	**-**	**0**	**44,138**

(1) Reclassification of impairment losses on the outstanding rentals of the Technology Management & Financing business.
(2) Reclassification to financial expenses of interest on bank accounts and factoring costs.

2.3.2.3. Use of estimates and judgements

The preparation of Econocom Group's consolidated financial statements requires the use of estimates and assumptions by Management which may affect the carrying amount of certain items in assets and liabilities, income and expenses, and the information disclosed in the notes to the consolidated financial statements.

Group Management regularly reviews its estimates and assumptions in order to ensure that they accurately reflect both past experience and the current economic situation.

Reported amounts in future financial statements may differ from current estimates as a result of changes in these assumptions. The impact of changes in accounting estimates is recognised in the period of the change and all future periods affected by the change.

The main estimates made by Management for preparing the financial statements concern (i) the valuation and useful lives of operating assets, property, plant and equipment, intangible assets, goodwill and contingent consideration, provisions for risks and other provisions associated with the business, and (ii) the assumptions used for calculating obligations relating to employee benefits, share-based payments, deferred taxes and financial instruments. The Group uses discount rate assumptions (based on market data) to estimate assets and liabilities.

The main assumptions used by the Group are set out in the relevant sections in the notes to the financial statements and in particular:
- Note 2.9.3 – Gross liability for purchases of leased assets, and residual interest in leased assets
- Note 2.11 – Impairment of assets
- Note 2.12 – Financial assets and liabilities
- Note 2.14 – Share-based payments
- Note 2.15 – Income tax
- Note 2.16 – Provisions and contingent liabilities
- Note 2.17 – Post-employment benefits and other long-term employee benefits
- Note 2.21 – Government grants
- Note 3 – Changes in scope of consolidation

The main accounting methods that require the use of estimates are described in Note 38 – Assessments made by Management and sources of uncertainty.

2.4. Consolidation methods

Since 1 January 2014 the Group has applied the new and revised standards relating to consolidation (IFRS 10, 11 and 12 and IAS 28R – see Note 2.2.1).

These consolidated financial statements include the financial statements of Econocom Group SA/NV and all the subsidiaries it controls.

According to IFRS 10, an investor controls an investee if and only if the investor has all of the following:
- Power over the investee, i.e. the ability to direct the activities that significantly affect the investee's returns.
- Exposure, or rights, to variable returns from its involvement with the investee. The investor's returns can be only positive (e.g. dividends or any other economic benefits), only negative or both positive and negative.
- The ability to use its power over the investee to affect the amount of the investor's returns.

2.4.1. Subsidiaries

Subsidiaries are companies over which the Group exercises either *de jure* or *de facto* control. Control is deemed to exist when the Group (i) has direct or indirect power over an entity, (ii) is exposed to variable returns from its involvement with the entity, and (iii) has the ability to use its power over the entity to affect the amount of the Group's returns.

In practice, Econocom is generally considered to control entities in which it directly or indirectly holds the majority of voting rights for General Shareholders' Meetings and/or meetings of the Board of Directors (or equivalent governing body) giving it the power to direct those entities' operating and financial policies. These entities are fully consolidated. When assessing whether it controls an entity, the Group performs an in-depth analysis of the entity's governance structure and the rights held by the other shareholders. Where necessary, it also analyses the equity instruments held by the Group or third parties (potential voting rights, dilutive instruments, convertible instruments, etc.) which, if they were exercised, could affect the type of influence exercised by each of the parties concerned.

An analysis is also performed if particular events or circumstances arise that could impact the level of control exercised by the Group (e.g. changes in an entity's ownership or governance structure, exercise of a dilutive financial instrument, etc.).

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The assets, liabilities, income and expenses of subsidiaries are fully consolidated, line by line, in the consolidated financial statements and the share of equity and profit attributable to non-controlling interests is presented separately under non-controlling interests in the consolidated statement of financial position and income statement.

Where necessary, adjustments are made to the financial statements of subsidiaries so that their accounting methods are consistent with those of the Group.

All intra-group assets, liabilities, equity, income, expenses and cash flows arising from transactions between entities within the Group are fully eliminated on consolidation.

2.4.2. Investments in associates and joint ventures

Associates are investments in which the Group exercises significant influence, meaning that it has the power to participate in the financial and operating policies of the entity without controlling or jointly controlling it. Significant influence is presumed to exist when the parent company holds, directly or indirectly, at least 20% of the entity's voting rights.

A joint venture is a joint arrangement whereby the Group has joint control with other parties, and the parties to the arrangement (i.e. joint venturers) only have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (i.e. activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

Investments in associates and joint ventures are consolidated using the equity method. Under this method the investment is initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

2.4.3. Business combinations and goodwill

Acquisitions of businesses are accounted for using the acquisition method, in accordance with IFRS 3R. The consideration transferred in a business combination is measured at fair value, which is calculated as the aggregate of the acquisition-date fair values of:
• the assets transferred by the Group;
• the liabilities incurred by the Group to the former owners of the acquiree;
• the equity interests issued by the Group in exchange for control of the acquiree.

The Group may choose whether to measure non-controlling interests at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The identifiable assets and liabilities and contingent liabilities of the acquiree which meet IFRS recognition criteria are recognised at fair value at the acquisition date, except for non-current assets held for sale, which are recognised at fair value less cost to sell, in accordance with IFRS 5.

Acquisition-related expenses are expensed as incurred.

Measuring goodwill

The difference between the consideration transferred and the Group's share in the fair value of the identifiable assets and liabilities and contingent liabilities at the acquisition date is recognised in goodwill on a separate line in the financial statements.

Goodwill is usually determined on a provisional basis at the end of the year during which the acquisition takes place. In accordance with IFRS 3R, the Group may adjust these provisional amounts during a "measurement period" which ends one year after the acquisition date. Such adjustments reflect new information obtained about facts and circumstances that existed as of the acquisition date and which, if known, would have affected the amounts recognised at that date.

If the differences between the provisional and final amounts have a material impact on the presentation of the financial statements, comparative information for prior periods presented in the financial statements is restated as if the amounts had been finalised at the acquisition date.

Measuring contingent consideration

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration agreement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred.

Changes in the fair value of contingent consideration are accounted for as follows depending on its initial classification:
• Contingent consideration classified as equity is not remeasured at subsequent reporting dates, and its subsequent settlement is accounted for within equity.
• Contingent consideration classified as an asset or liability is remeasured at subsequent reporting dates in accordance with IAS 39 – Financial instruments: Recognition and Measurement, or IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with any resulting gain or loss recognised in profit or loss.

Negative goodwill

If, after remeasurement, the net of the acquisition-date amounts of the identifiable assets acquired and the financial liabilities assumed in a business combination exceeds the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the Group's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Measuring non-controlling interests

Non-controlling interests entitle the holders to a proportionate share of the entity's net assets in the event of liquidation. Consequently, for each business combination, non-controlling interests can be initially measured:

• at fair value, resulting in the recognition of additional goodwill (the "full goodwill" method); or

• at the non-controlling interest's proportionate share in the recognised amounts of the acquiree's net identifiable assets.

Changes in ownership interest

The recognition of subsequent changes in ownership interest (through acquisition of additional interests or disposal) depends on the definition of the impact on the control of the entity in question.

• If control is not affected by the change in ownership interest, the transaction is regarded as between shareholders and the difference between the purchase (or sale) value and the carrying amount of the interest acquired (or sold) is recognised in equity.

• If control is affected (as is the case, for example, for business combinations achieved in stages), the interest held by the Group in the acquiree before the business combination is remeasured at fair value through profit or loss.

Impairment of goodwill

Following initial recognition goodwill is measured at cost less any accumulated impairment losses, determined in accordance with the method described in Note 2.11.

Goodwill impairment losses are recorded under "Non-recurring operating income and expenses" within operating profit in the consolidated income statement.

2.5. Translation of foreign currencies

2.5.1. Functional currency and presentation currency

Items included in the financial statements of each Group entity are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in euros, which is the Group's presentation currency.

2.5.2. Recognition of foreign currency transactions

For the purpose of preparing the financial statements of each Group entity, transactions of subsidiaries denominated in foreign currencies (i.e. currencies other than the entity's functional currency) are recognised using the exchange rates prevailing at the transaction date.

Monetary items denominated in foreign currencies are translated at the reporting date at the year-end rate. Foreign exchange gains and losses resulting from this translation at year-end exchange rates, or arising on the settlement of these monetary items, are recognised in the income statement for the period in which they occur.

Non-monetary items denominated in foreign currencies and recognised at fair value are translated using the exchange rate prevailing at the date the fair value was determined. Non-monetary items denominated in foreign currencies and measured at historical cost are not re-translated.

When a gain or loss on a non-monetary item is recognised directly in equity, the "currency" component of this gain or loss is also recognised in equity. Otherwise, this component is recognised in profit or loss for the period.

The accounting treatment of derivatives used as currency hedges is described in the "Derivative financial instruments" section of Note 2.12 – Financial assets and liabilities.

2.5.3. Translation of the financial statements of foreign entities

The results and financial positions of the Group's entities with functional currencies other than the presentation currency are translated into euros as follows:

- Statement of financial position items other than equity are translated at the year-end exchange rate.
- Income statement and statement of cash flow items are translated at the average exchange rate for the year.
- All resulting exchange differences – notably arising on borrowings in foreign currencies for investments in foreign currencies or on permanent advances to subsidiaries – are recognised under "Foreign currency translation adjustments" within other comprehensive income.

2.6. Intangible assets

2.6.1. Separately acquired intangible assets

Separately acquired intangible assets are initially measured at cost, which corresponds to their acquisition cost or their acquisition-date fair value for intangible assets acquired in a business combination.

After initial recognition, they are carried at cost less any accumulated amortisation and impairment losses.

Intangible assets with finite useful lives are amortised over their economic useful life.

Intangible assets with indefinite useful lives are not amortised.

Useful lives	**In years**
Franchises, patents, licences	3 - 7

2.6.2. Internally generated intangible assets

The Group carries out IT development projects. Expenses incurred in relation to these operations can be included in the cost of intangible assets. An internally generated intangible asset resulting from development (or from the development phase of an internal IT project) is only recognised if the Group can demonstrate all of the following:
• the technical feasibility of completing the intangible asset so that it will be available for use or sale;
• its intention to complete the intangible asset and use or sell it;
• its ability to use or sell the intangible asset;
• how the intangible asset will generate probable future economic benefits;
• the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
• its ability to measure reliably the expenditure attributable to the intangible asset during its development.

The initial cost of an internally generated intangible asset is equal to the sum of expenditure incurred from the date on which the intangible asset first meets the above-mentioned recognition criteria. If no internally generated intangible asset can be recognised, development costs are recognised in profit or loss for the year in which they are incurred.

After initial recognition, internally generated intangible assets are carried at cost less any accumulated amortisation and impairment losses, in accordance with the same method as that used for separately acquired intangible assets.

Useful lives	**In years**
IT systems	3 - 7

2.6.3. Intangible assets acquired in business combinations

Intangible assets acquired by the Group in business combinations are measured at their acquisition cost less any accumulated amortisation and impairment losses. They mainly comprise operating licences and software and are amortised on a straight-line basis over their useful lives.

The customer portfolio acquired from the ECS Group was valued using the MEEM method (Multi-period Excess Earning method) at €40 million and is being amortised over 20 years.

The Osiatis brand was valued using the royalty relief method, based on percentages of forecast revenue and EBIT in line with comparable market equivalents.

Useful lives	**In years**
Amortisable business assets	5
ECS customer portfolio	20
Franchises, patents, licences	3 – 7
IT systems	3 – 7
Osiatis brand	10

2.7. Property, plant and equipment

2.7.1. Property, plant and equipment owned outright

Property, plant and equipment are carried at acquisition cost less any accumulated depreciation and impairment losses.

Depreciation is recognised on a straight-line basis over the estimated useful life of the assets taking into account any residual value.

Useful lives	**In years**
Land	Indefinite
Buildings	20 – 50
Fixtures and fittings	10
IT equipment	3 – 7
Vehicles	4 – 7
Furniture	10

Land is not depreciated.

When an item of property, plant and equipment comprises components with different useful lives, such components are recognised and depreciated separately.

Gains or losses on the sale of an item of property, plant and equipment are determined as the difference between the income from the sale and the carrying amount of the sold asset. They are included in either "Other operating income and expenses" or "Revenue from continuing operations" if the sale took place in the ordinary course of the Group's business.

Assets under construction for use in the production or supply of goods or services or for administrative purposes are recognised at cost less any accumulated impairment losses. Cost includes professional fees and, for qualifying assets, capitalised borrowing costs. These assets are classified under the appropriate category of property, plant and equipment when construction is completed and they are ready for use. These assets are depreciated, using the same method as for other items of property, plant and equipment, from when they are ready for their intended use.

No borrowing costs were included in the cost of any of the Group's property, plant and equipment at 31 December 2014 or 31 December 2013 as they did not meet the definition of qualifying assets (i.e. assets that take a substantial period of time to get ready for their intended use or sale).

2.7.2. Property, plant and equipment held under finance leases

Finance leases that transfer substantially all the risks and rewards of ownership to the Group are recognised in the statement of financial position at inception of the lease at the lower of (i) the fair value of the leased asset, or (ii) the sum of the future minimum lease payments discounted to present value. Lease payments are apportioned between the financial expense and the reduction of the outstanding liability. The financial expense is recognised in the income statement under “Expenses on non-current liabilities”, detailed in Note 29.

Assets held under finance leases are depreciated over the same periods as the same categories of property, plant and equipment owned outright.

2.8. Other financial assets

Investments in non-consolidated companies are recorded at fair value. Unrealised gains or losses are accumulated in equity and recognised in profit when the investments are sold or otherwise transferred.

2.9. Leases entered into by the Technology Management & Financing business

Virtually all leases entered into by the Technology Management & Financing business as lessor are finance leases although operating leases may also be contracted.

2.9.1. Finance leases

The Group identifies finance leases based on the definitions set out in paragraphs 7 to 12 of IAS 17. A lease is classified as a finance lease (rather than an operating lease) if it transfers substantially all the risks and rewards incidental to ownership. When determining whether a lease transfers substantially all the risks and rewards incidental to ownership and should therefore be classified as a finance lease the Group generally uses (i) the fair value criterion (i.e. the lease is a finance lease if at its inception the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset), and then (ii) the economic life criterion (i.e. the lease is a finance lease if the lease term is for the major part of the economic life of the asset even if title is not transferred). The thresholds applied are based on those of ASC 840 under US GAAP, i.e. 85% of the fair value of the leased asset and 75% of the asset’s economic life. In practice, as it is the Group’s policy not to use its equity to fund leases and to limit its risk on residual value, operating leases are rare.

Finance leases where the Group is lessor are mainly refinanced contracts, whereby:
- Equipment and related contracts are sold to refinancing institutions at an all-inclusive price representing the present value of future minimum lease payments receivable and the residual financial value of the equipment.
- Residual financial value represents the amount for which the Group undertakes to repurchase the equipment upon expiry of the lease.
- Lease payments due by lessees are paid directly to the refinancing institutions on a no-recourse basis, which means that the Group transfers the risk of payment default.

From a legal standpoint, the Group relinquishes ownership of the equipment on the date of sale to the refinancing institution and recovers ownership at the end of the lease term by repurchasing the equipment. In some cases, the Group asks the refinancing institutions to grant it invoicing and payment agency on their behalf. This does not alter the transfer of the risk of payment default from the lessees to the refinancing institutions.

Revenue, cost of sales and the residual interest in leased assets are recognised progressively as assets are delivered, pro rata to the amount of each delivery.

IAS 17 states that initial recognition of a lease must take place at the commencement of the lease term, i.e. the date from which the lessee is entitled to exercise its right to use the leased asset. Article 5.1 of the Group's General Sales Conditions defines this date as the date on which the leased asset is delivered, which is officially confirmed when the Statement of Acceptance is signed.

Refinanced contracts are accounted for as follows:

In the statement of financial position

• For each lease, the Group's residual interest in the leased assets is recognised in assets (as defined in section 2.9.3 below) and the gross liability for purchase of leased assets (the Group's repurchase commitment) is recognised in liabilities.

In the income statement

• Revenue on these contracts corresponds to the present value of future minimum lease payments (corresponding to the payments that the lessee is required to make throughout the realisation period and the lease term).

• Financial income not yet acquired from lease payments is recognised in the income statement when the contracts are refinanced. Non-acquired financial expenses or income only therefore arise on the residual value of assets held under finance leases and the Group's residual interest in the leased assets (€3,044 thousand and €5,780 thousand respectively at 31 December 2014).

• The cost of sales represents the purchase cost of the asset.

• The Group's residual interest in the leased assets is deducted from the cost of sales based on its present value.

Specific case of lease extensions

Revenue is recognised on lease extensions in line with the initial classification of the lease, i.e.:
• If the initial contract was classified as an operating lease, revenue from the extension of the lease will be deferred over the period of the lease extension.
• If the initial contract was classified as a finance lease, revenue from the extension of the lease will be recognised in full on the last day of the initial contract.

2.9.2. Operating leases

The Group retains all the risks relating to operating leases as the significant risks and rewards incidental to ownership of the assets concerned are not transferred.

In the statement of financial position

The leased equipment is recorded as an asset in the statement of financial position and depreciated on a straight-line basis over the duration of the contract to write it down to its residual value, which represents the Company's residual interest in the asset at the end of the lease term.

In the income statement

Income statement entries are made on a periodic basis with the invoiced lease payments recorded as revenue and the depreciation described above recorded as an expense.

2.9.3. Gross liability for purchases of leased assets and residual interest in leased assets

Gross liability for purchases of leased assets

As stated above, leased equipment is repurchased from refinancing institutions at the end of the lease term. The Group's commitments to pay the repurchase prices concerned are recognised as liabilities in the statement of financial position under "Gross liability for purchases of leased assets". These liabilities are generally long term and are discounted using the same method as for the related lease. They are classified as financial liabilities but are not included in net debt (see Note 2.12.6).

Residual interest in leased assets

The Group's residual interest in leased assets sold to refinancing institutions corresponds to an estimated market value.

This residual interest is recognised as a non-current financial asset and is calculated as follows:
• For all fixed-term contracts, the estimated market value is calculated using an accelerated diminishing balance method, based on the amortisation of the original purchase cost of each item of equipment. This residual interest represents a long-term asset which is discounted using the same method as for the related lease. This method does not apply to non-standard cases, which are rare.
• For renewable asset management contracts (such as the Technology Refresh Option), the accelerated diminishing balance method of depreciation is not applicable. The estimated market value for these contracts is calculated by using a fixed percentage of the original purchase cost of the equipment.

2.10. Inventories

For the Group, inventories are assets:
- held for sale in the ordinary course of business; or
- in the form of materials or supplies to be used in the rendering of services.

For the Products & Solutions and Technology Management & Financing businesses, inventories are measured at the lower of cost (determined using the weighted average cost method) and net realisable value.

For the Services business, inventories are recognised at cost and are written down based on the useful lives of the infrastructure for which they are intended or – if their use is more uncertain – to their recoverable amount.

The cost of inventories comprises all costs of purchase including the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts and rebates as well as the costs of installing inventories and foreign exchange gains and losses not included in the gross value of purchased inventories are deducted in determining the costs of purchase.

Net realisable value corresponds to the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Inventories of spare parts are not recognised as non-current assets.

2.11. Impairment of assets

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGUs), or groups of CGUs, that are expected to benefit from the synergies of the business combination. Each CGU or group of CGUs to which goodwill is allocated represents the lowest level within the Group at which goodwill is monitored for internal management purposes.

Goodwill allocated to CGUs or groups of CGUs is tested for impairment on an annual basis at 31 December, or more often if there is an indication that an impairment loss may have occurred.

A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

When events or circumstances indicate that an impairment loss may have occurred in a CGU, an impairment test is performed, mainly on goodwill but also on the CGU's intangible assets and property, plant and equipment. Such events or circumstances may be the result of significant unfavourable changes of a long-term nature affecting either the economic environment or the assumptions and objectives applied at the acquisition date.

Impairment testing involves determining whether the recoverable amount of an asset, CGU or group of CGUs is lower than its carrying amount.

The recoverable amount of an asset, CGU or group of CGUs is the higher of its fair value less costs of disposal and its value in use.

Value in use is determined based on estimated future cash flows and a terminal value, taking into account the time value of money and the risks associated with the business and the specific environment in which the CGU or group of CGUs operates.

Cash flow projections are based on the budgets and on business plans covering a period of no more than five years.

The terminal value is calculated by discounting normalised annual cash flows to perpetuity.

Fair value is the amount that could be obtained from the sale of the tested assets in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal. These amounts are calculated based on market information.

When the recoverable value of the assets of a CGU or group of CGUs is lower than its carrying amount, an impairment loss is recognised.

Impairment losses are recorded in priority as a reduction of the carrying amount of goodwill allocated to a CGU and then charged against the assets of the CGU, pro rata to the carrying amount of each of the components of the CGU. Impairment losses are recorded under "Non-recurring operating income and expenses" in the income statement.

Impairment losses recognised for property, plant and equipment and intangible assets other than goodwill may be reversed in subsequent periods if the asset's recoverable amount becomes greater than its carrying amount. Impairment losses recognised for goodwill may not be reversed.

If goodwill has been allocated to a CGU and an operation within that CGU is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal.

2.12. Financial assets and liabilities

2.12.1. Financial assets

In accordance with IFRS 7, financial assets are broken down into the following four categories:
- financial assets at fair value through profit or loss;
- loans and receivables;
- held-to-maturity financial assets;
- available-for-sale financial assets.

The classification determines the accounting treatment of these instruments and is decided by the Group at their initial recognition date, depending on the purpose for which they were acquired. Acquisitions and sales of financial assets are accounted for at the transaction date. Standard purchases or sales are purchases or sales of financial assets that require assets to be delivered within a time frame defined by regulations or market conventions.

2.12.1.1. Financial assets at fair value through profit or loss

These financial assets are measured at fair value with changes in fair value recognised in profit or loss.

This category includes:

- Financial assets classified as held for trading, which include:

- assets that the Group intends to sell in the near term;
- assets that are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
- derivative instruments that are not designated and effective hedging instruments.

- Financial assets other than held for trading, which can be designated as at fair value through profit or loss on initial recognition if:

- this designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial asset is part of a group of financial assets, financial liabilities or both, that is managed and whose performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy and information about the group is provided internally on that basis;
- the financial asset is part of a contract including one or more embedded derivatives and the entire hybrid contract can be designated at fair value through profit or loss in accordance with IAS 39.

Financial assets at fair value through profit or loss are measured at fair value, and the gains or losses resulting from fair value remeasurement are recognised in profit or loss.

The gains or losses recognised in profit or loss include dividends or interest received in relation to the financial asset and are included in financial income and expenses.

2.12.1.2. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. This category includes trade and other receivables, loans and security guarantees, loans and advances to controlled entities, cash and cash equivalents and current account advances given to associates or non-consolidated entities.

These financial assets are initially recognised at fair value plus any directly attributable transaction costs. They are subsequently recognised at amortised cost at each reporting date using the effective interest method.

Loans and receivables are assessed on an individual basis for objective evidence of impairment and an impairment loss is recognised if their carrying amount is greater than their estimated recoverable amount following an impairment test. Impairment losses are recorded in the income statement and may be reversed in subsequent periods if there is an increase in the estimated recoverable amount of the assets in question.

"Impairment of trade receivables" includes a provision for outstandings from leases for which the counterparty risk has not been transferred in order to present the outstandings net of any impairment losses.

2.12.1.3. Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

Investments other than equity-accounted investments are determined using level 3 fair values.

Held-to-maturity financial assets are assessed on an individual basis for objective evidence of impairment and an impairment loss is recognised in the income statement if their carrying amount is greater than their estimated recoverable amount following an impairment test.

2.12.1.4. Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified in one of the three above-mentioned categories.

They are initially recognised at fair value which corresponds to their acquisition cost plus any transaction costs. After initial recognition, they are remeasured at market value on the reporting date, which the Group deems to be their fair value.

Changes in the carrying amount of available-for-sale monetary financial assets resulting from exchange rate fluctuations, interest income calculated using the effective interest method and dividends on investments in available-for-sale equity are recognised in profit or loss.

Other changes in the carrying amount of available-for-sale financial assets are recorded in other comprehensive income. If the investment is disposed of or it is deemed to be impaired, the previously accumulated gains or losses recognised in reserves for the remeasurement of investments are reclassified to profit or loss.

Available-for-sale financial assets are tested for impairment on an individual basis, and if there is objective evidence of impairment, an impairment loss is recorded in the income statement. Impairment losses recognised on equity instruments are irreversible.

2.12.2. Derecognition of financial assets and liabilities

The Group derecognises all or part of a financial asset (or group of similar assets) when the contractual rights to the cash flows on the asset expire or when the Group has transferred the contractual rights to receive the cash flows of the financial asset and substantially all the risks and rewards of owning the asset.

The Group only derecognises all or part of a financial liability when it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires.

Transfer of cash flows only

When the Group has transferred the cash flows of a financial asset but has neither transferred nor retained substantially all the risks and rewards of its ownership and has not retained control of the financial asset, the Group derecognises it and recognises separately as assets or liabilities any rights and obligations created or retained in the transfer.

Retaining substantially all the risks and rewards of ownership of a divested financial asset

If the Group has retained substantially all the risks and rewards of ownership of a divested financial asset, it continues to recognise the divested asset in its entirety in addition to recognising the consideration received as a secured borrowing.

Retaining control of a financial asset

If the Group has retained control of a financial asset, it continues to recognise it on the balance sheet to the extent of its continuing involvement in that asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the divested asset, it recognises the part it has retained in the asset and an associated liability for the amounts it is required to pay.

Full derecognition

When a financial asset is derecognised in full, a gain or loss on disposal is recorded in the income statement for the difference between the carrying amount of the asset and the consideration received for it, adjusted where necessary for any gains or losses recognised in other comprehensive income and accumulated in equity.

Partial derecognition

When a financial asset is partially derecognised, the Group allocates the previous carrying amount of the financial asset between the part that continues to be recognised in connection with the Group's continuing involvement and the part that is derecognised, based on the relative fair values of those parts on the date of the transfer. The difference between (a) the carrying amount allocated to the part derecognised and (b) the sum of (i) the consideration received for the part derecognised and (ii) any cumulative gain or loss allocated to it that had been recognised in other comprehensive income, is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts.

2.12.3. Financial liabilities

Financial liabilities are split into two categories: financial liabilities at fair value through profit or loss and "other financial liabilities".

Financial liabilities at fair value through profit or loss comprise:
- Financial liabilities classified as held for trading, which include:

- financial liabilities that are incurred with an intention to repurchase them in the near term;
- financial liabilities that, upon initial recognition, are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking;
- derivative liabilities that are not accounted for as hedging instruments.

- Liabilities designated by the Group upon initial recognition as financial liabilities at fair value through profit or loss.

- A financial liability that is not held for trading may be designated as at fair value through profit or loss on initial recognition if:

- this designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability is part of a group of financial assets, financial liabilities or both that is managed and whose performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis;
- the financial liability is part of a contract including one or more embedded derivatives and if the entire hybrid contract can be designated at fair value through profit or loss in accordance with IAS 39.

At 31 December 2014, the Group's financial liabilities mainly consisted of (i) bonds redeemable in cash and shares (ORNANE) issued in January 2014, (ii) current accounts in debit, (iii) current bank overdraft facilities, and (iv) finance lease and factoring liabilities. All of these liabilities are measured at amortised cost.

Borrowings

Borrowings are initially recognised at fair value, net of the transaction costs incurred.

Any difference between the amount recognised and the amount repaid is recorded in the income statement over the term of the borrowing using the effective interest method.

Bonds

On 8 January 2014, the Group carried out a €175 million issue of bonds redeemable in cash and shares (ORNANE). The bonds have a five-year maturity (redeemable in 2019) and have an annual coupon of 1.5%. Their redemption price is €11.16 per bond, representing a 40% premium on the reference price at 8 January 2014.

The Group classifies ORNANE bonds as convertible bonds, the major proportion of which (i.e. the proportion excluding the embedded derivative) are accounted for as financial liabilities. The issue-date value of the derivative embedded in the ORNANE bonds (€9.4 million) has been recognised as a derivative financial instrument on the liabilities side of the statement of financial position.

Convertible bonds (less the value of the embedded derivative) are recognised and amortised at the effective interest rate of 3.68%.

Factoring liabilities

Certain subsidiaries of Econocom Group use factoring to diversify financing sources and reduce credit risk. Factoring involves the transfer of title of trade receivables and all associated rights to the factor, including the right to receive the related cash inflows.

As required under IAS 39 – Financial Instruments: Recognition and Measurement, these receivables are derecognised when substantially all the risks and rewards of ownership are transferred to the factor. Where this is not the case they are maintained in the statement of financial position after the transfer and a financial liability is recorded to reflect the cash received.

2.12.4. Derivative financial instruments

The Group uses the financial markets for hedging exposure related to its business activities and not for speculative purposes. Derivative financial instruments are measured using level-2 fair values.

Given the low exchange rate risk, forward purchases and sales of foreign currency and currency swaps are recognised as instruments measured at fair value through profit or loss.

On initial recognition of the ORNANE bonds, the Group elected to separate the embedded derivative (measured at fair value) from the debt component (measured at amortised cost). The embedded derivative is measured at fair value through profit or loss.

2.12.5. Cash and cash equivalents

These include cash on hand and demand deposits, other highly-liquid investments with maturities of three months or less, and bank overdrafts. Bank overdrafts are included in “Financial liabilities” within current liabilities in the statement of financial position.

IAS 7 defines cash equivalents as short-term, highly-liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Cash equivalents are measured at fair value (level 1 in the fair value hierarchy), and changes in fair value are recognised through profit or loss under financial income (expense) – operating activities.

2.12.6. Definition of net debt

The concept of net debt as used by the Group represents total debt (presented in Note 18), less total cash. This net debt does not include the Group’s gross liability for purchases of leased assets or its residual interest in leased assets.

Total debt includes all interest-bearing debt and debt incurred by receiving financial instruments.

2.13. Treasury shares

Treasury shares and the related transaction costs are recorded as a deduction from equity. When they are sold, the consideration received in exchange for the shares net of the transaction costs is recorded in equity.

2.14. Share-based payment agreements

The Group has set up a number of free share plans and stock option plans. In accordance with IFRS 2 – Share-based Payment, the fair value of these plans, representing the fair value of services rendered by the beneficiaries, is measured on the grant date, using the Black-Scholes-Merton model.

The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of shares and options that will vest, with a corresponding adjustment to equity.

At the end of each reporting period, the Group revises its estimate of the number of shares and options expected to vest and recognises the impact of the revision compared with the original estimates, if any, in the income statement, such that the cumulative expense reflects the revised estimates. A corresponding adjustment is made in equity to the reserve for share-based employee benefits.

For stock option plans, the total final amount of the share-based payment is measured at the option grant date and is expensed in the income statement over the vesting period.

2.15. Income tax

Income tax expense for the year includes current taxes and deferred taxes.

Deferred taxes are accounted for using the liability method for all temporary differences between the carrying amount recorded in the consolidated statement of financial position and the tax bases of assets and liabilities, except for non-tax-deductible goodwill. Deferred taxes are determined based on the way in which the Group expects to recover or settle the carrying amount of the assets and liabilities using the tax rates that have been enacted or substantially enacted at the reporting date.

Deferred tax assets and liabilities are not discounted and are classified in the statement of financial position as non-current assets and liabilities.

Deferred tax assets are only recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences or tax loss and tax credit carryforwards can be utilised.

2.16. Provisions and contingent liabilities

A provision is recognised when (i) the Group has a present (legal or constructive) obligation as a result of a past event, (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and (iii) a reliable estimate can be made of the amount of the obligation.

The amount recognised represents the best estimate of the expenditure expected to be required to settle the present obligation, taking into account the risks and uncertainties associated with the obligation. If a provision is measured based on the estimated future cash flows required to settle the present obligation, its carrying amount is the discounted value of these cash flows (as the effect of the time value of money is material).

A contingent liability is (i) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Group's control, or (ii) a present obligation that arises from past events but is not recognised because the amount of the obligation cannot be measured with sufficient reliability. No provision is recorded for contingent liabilities.

2.16.1. Long-term provisions

The amount recognised in provisions is the best estimate of the amount required to settle the present obligation at the reporting date, taking into account the risks and uncertainties associated with the obligation. If a provision is measured based on the estimated future cash flows required to settle the present obligation, its carrying amount is the discounted value of these cash flows.

Long-term provisions cover risks which are not reasonably expected to materialise for several years. They are discounted if required.

2.16.2. Short-term provisions

Short-term provisions primarily correspond to provisions for claims related to the Group's normal operating cycle and which are expected to be settled within 12 months of the reporting date. They are determined according to the same methods as long-term provisions (see above).

Short-term provisions mainly include the following:
• Provisions for employee-related risks (including risks arising from reorganisation measures).
• Provisions for tax and legal risks, which relate to disputes in progress with clients, agents or the tax authorities.

• Provisions for deferred commissions.
These provisions are calculated contract-by-contract based on the residual value of leased assets, less, if applicable, any residual commercial value of the contracts concerned.

• Provisions for risks related to the Technology Management & Financing business.
These cover the premium negotiated when a portfolio of contracts is transferred to a refinancing institution.

• Other short-term provisions.

2.17. Post-employment benefits and other long-term employee benefits

Post-employment benefits are granted under defined contribution plans or defined benefit plans.

2.17.1. Defined contribution plans

A defined contribution plan is a plan under which the Group pays fixed contributions to an external entity that is responsible for the plan's administrative and financial management. The external entity is responsible for all benefit payments and the Group has no liability beyond the payment of contributions. Examples of defined contribution plans include the government-sponsored basic pension and supplementary pension schemes in France and defined contribution pension schemes in other countries.

2.17.2. Defined benefit plans

Under defined benefit plans, the Group has an obligation to provide agreed benefits to its employees. A provision is therefore recorded to cover this defined benefit obligation.

The defined benefit obligation is calculated at each reporting date using the projected unit credit method which takes into account actuarial assumptions, salary increases, retirement age, mortality, employee turnover and a discount rate.

The liability varies from one year to another, depending on:

• Service cost, which comprises:
- current service cost, which is the increase in the present value of the defined benefit obligation resulting from employee service in the current period;
- past service cost, which is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or a curtailment (a significant reduction by the Group in the number of employees covered by a plan);
- any gain or loss arising on settlement of the plan (transactions entered into by the Group that eliminate all further legal or constructive obligation for part or all of the benefits provided for under the defined benefit plan).

Past service cost relating to a plan amendment is recognised in operating profit in the period in which the plan amendment occurs.

• Net interest on the net defined benefit liability (asset), corresponding to the change during the period in the net defined benefit liability (asset) that arises from the passage of time, and which is calculated based on interest rates of high-quality corporate bonds. This net interest amount is recognised in financial income and expense for the period during which the change in the net defined benefit liability (asset) occurs.

• Remeasurements of the net defined benefit liability (asset), which comprise:
- actuarial gains and losses, resulting from experience adjustments and the effects of changes in actuarial assumptions;
- the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset);
- any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

These remeasurements are recognised in other comprehensive income when they occur and cannot be reclassified to profit or loss.

2.18. Non-current assets held for sale and discontinued operations

IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, requires a specific accounting treatment and presentation of assets (or group of assets) held for sale and discontinued operations (corresponding to operations that have been disposed of or classified as held for sale).

A non-current asset (or disposal group) is classified as “held for sale” if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition and its sale must be highly probable. Management must be committed to the sale and the sale should be expected to qualify for recognition as a completed sale within one year of the date of classification.

Assets (or disposal groups) held for sale are presented separately in the consolidated statement of financial position, without restatement of prior periods, and are measured at the lower of their carrying amount and estimated sale price less costs to sell. The Group does not depreciate (or amortise) assets classified as held for sale.

A discontinued operation is defined as a component of an entity that has cash flows that can be clearly distinguished from the rest of the entity and which represents a separate major line of business or geographical area of operations. For all of the periods presented, income and expenses related to discontinued operations have been presented separately in the income statement under “Profit (loss) from discontinued operations”, and cash flows related to discontinued operations have been split out in the statement of cash flows.

2.19. Revenue

Revenue is recognised when:
• it is probable that the economic benefits associated with the transaction will flow to the Group;
• the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably;
• at the transaction date, it is probable that the amount of the sale will be recovered.

Revenue comprises:

Sales of goods

Sales of goods correspond to the revenue generated by the Group's Products & Solutions business and are recognised in accordance with IAS 18.

Revenue is recognised when the goods are delivered and title has been transferred, which implies the following:
• the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
• the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

In practice, sales of goods are recognised when the delivery note has been issued, which corresponds to the date on which the risks and rewards of ownership are transferred.

Finance lease sales

Finance lease sales correspond to the revenue generated by the Group's Technology Management & Financing business.

The Group applies IAS 17 for recognising this revenue, based on the type of contract concerned as specified in Note 2.9.1.

Sales of services

Sales of services correspond to the revenue generated by the Group's Services business under service contracts and are recognised in accordance with IAS 18.

The Group has two types of service contracts:

Fixed-price contracts

Large contracts are divided into phases and revenue generated from the services rendered in each phase is recognised by reference to the stage of completion (the "percentage of completion" method). This results in the recognition of revenue accruals or deferred income when invoicing does not reflect the stage of completion of the work. A contingency provision for the expected loss on a project is recognised if the cost of the project is higher than the expected revenue.

Time-and-materials contracts

Services in progress at the year-end are recognised in revenue accruals and are estimated based on the sale price.

2.20. Operating profit

Operating profit includes all income and expenses that arise directly from the Group's business, whether these income and expenses are recurring or the result of one-off decisions or transactions.

Recurring operating profit is an analytical line item intended to facilitate the understanding of the Group's operating performance.

Non-recurring operating income and expenses include:
• income and expenses that are deemed unusual in terms of their frequency, nature or amount;
• goodwill impairment losses;
• material gains and losses on disposals of property, plant and equipment and intangible assets, or of operating assets and investments;
• restructuring costs and the costs associated with downsizing plans (which do not include the costs of individual employee departures);
• the costs of relocating premises.

2.21. Government grants

Government grants are only recognised when there is reasonable assurance that the Group will comply with the conditions of the grants and that they will be received. In accordance with IAS 20, the Group applies a different accounting treatment for grants related to assets and grants related to income.

Grants related to assets are recognised in profit or loss on a systematic basis over the periods in which the Group expenses the costs that the grants are intended to compensate. In practice, they are recognised over the periods and in the proportions in which depreciation expense is recognised on the depreciable asset covered by the grant, with the deferred income recognised in liabilities.

Grants related to income are recognised in the income statement to offset the costs that they subsidise.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of providing immediate financial support to the Group with no future related costs is recognised in profit or loss for the period in which it becomes receivable.

2.22. Profit from discontinued operations

A discontinued operation is a component which the Group has either disposed of or has classified as held for sale, and which:
• represents a separate major line of business or geographical area of operations;
• is part of a single, coordinated plan to dispose of a separate major line of business or geographical area of operations; or
• is a subsidiary acquired exclusively with a view to resale.

Profit from discontinued operations includes:
• the post-tax profit or loss of discontinued operations generated up until the disposal date, or until the year-end if the business was not disposed of by the year end;
• the post-tax gain or loss recognised on the disposal of continued operations that have been disposed of by the year end.

2.23. Statement of cash flows

The statement of cash flows is presented based on the method used for the Group's internal cash management and separates out "Net cash from operating activities", "Net cash used in investing activities", and "Net cash from financing activities".

Net cash from operating activities includes the following:
• cash flows from operating activities, including non-recurring items after movements in income tax and gains and losses on asset disposals;
• cash inflows and outflows from non-recurring items;
• changes in working capital.

Net cash used in investing activities includes:
• renovation and maintenance expenditure to maintain in a good state of repair operating assets held at 1 January each year;
• development expenditure, including for non-current assets.
Net cash from financing activities includes:
• changes in equity;
• changes in liabilities and borrowings and in the Group's gross liability for purchases of leased assets;
• dividends.

2.24. Earnings per share

Basic earnings per share is calculated by dividing profit by the weighted average number of ordinary shares outstanding during the year, including treasury shares on a pro rata basis.

Diluted earnings per share is calculated by taking into account all financial instruments carrying deferred rights to the parent company's capital, issued either by the parent company itself or any one of its subsidiaries. Dilution is calculated separately for each instrument, based on the conditions prevailing at the year-end and excluding anti-dilutive instruments.

Non-dilutive stock options are not included in the calculation.

2.25. Operating segments

The Group has applied IFRS 8 – Operating Segments since 1 January 2009. The segment information presented has been prepared on the basis of internal management data disclosed to the Group Executive Committee, the Group's primary operating decision-maker with respect to allocating resources and assessing performance.

The Group's operating activities are organised into three strategic operating business segments: Technology Management & Financing, Products & Solutions, and Services.

These can be analysed as follows:

Strategic operating business segments (3)	Countries (20)
Technology Management & Financing	Belgium, Canada, Czech Republic, France, Germany, Ireland, Italy, Luxembourg, Mexico, Morocco, Netherlands, Poland, Romania, Slovakia, Spain, Switzerland, United Kingdom, United States
Products & Solutions	Belgium, France, Italy, Luxembourg
Services	Austria, Belgium, Brazil, France, Germany, Italy, Luxembourg, Mexico, Morocco, Netherlands, Spain

The business segments listed above are all profitable and each has its own specific characteristics.

They are managed according to the nature of the products and services sold in the given economic and geographic environments. This segmentation by business area serves as the basis for the presentation of the Group's internal management data and is used by the Group's operating decision-makers to monitor business activity.

The Group Executive Committee assesses the performance of these strategic operating business segments based on operating profit. Segment results correspond to the items that are directly or indirectly attributable to a business segment.

Sales and transfers between segments are carried out on arm's-length terms and are eliminated according to standard consolidation principles.

The Group's strategic operating business segments are defined as follows:

Technology Management & Financing

Innovative, tailored financing solutions to ensure more effective administrative and financial management of a business's ICT and digital assets.

Products & Solutions

Services ranging from the design to rollout of architecture solutions, and from the sale of hardware and software (PCs, tablets, servers, printers, licences, digital devices, etc.) to systems integration.

Services

Assisting businesses in the transition to the new digital world by applying the Group's expertise in consultancy, infrastructure management, application development and cloud solution integration.

2.26. Additional information

In 2014, the Group did not make any significant changes to its accounting policies other than as a result of new IFRS requirements applicable from 1 January 2014. The impact of these new requirements on the consolidated financial statements is set out in Note 2.2.1.

Information for comparative periods is presented in accordance with IFRS.

3. CHANGES IN SCOPE OF CONSOLIDATION

The consolidated financial statements of Econocom Group at 31 December 2014 include the accounts of the companies listed in Note 4 – Scope of consolidation.

The cash flow impacts of major changes in the scope of consolidation during the year are presented in Note 32.

The acquisitions made in 2014 have reinforced Econocom's presence both in the field of business-to-business, front-office, cloud-based digital solutions, through the development of Digital Dimension, and in the rapidly-growing IT service market in Brazil. These acquisitions form part of the Group's strategic transformation plan announced in 2013 and all of the corresponding assets and liabilities have been allocated to the Services cash-generating unit.

3.1. Newly-consolidated companies and increases in ownership interests in 2014

3.1.1. Digital Dimension Group

Digital Dimension

In January 2014, Econocom invested in Digital Dimension in partnership with Georges Croix. The aim of the project is to create a leading digital player by offering an extensive range of bespoke and off-the-shelf cloud-based solutions and services.

At 31 December 2014 the Group held 50.1% of Digital Dimension's capital and controlled the company in view of the number of voting rights it held and the shareholders' agreement in place.

Digital Dimension is fully consolidated. The goodwill arising on the acquisition of Econocom's stake in Digital Dimension – amounting to €5 million – was determined taking into account the non-controlling interests' proportionate share of the company's net assets.

Digital Dimension carried out several external growth transactions in 2014, notably acquiring Rayonnance, ASP Serveur and Aragon. This enabled it to rapidly embark on the initial stages of its ambitious development plan aimed at achieving revenue of €120 million by 2016.

Rayonnance

On 14 May 2014, Digital Dimension acquired a 70% stake in Rayonnance, a specialist in business-to-business mobile solutions. In 2013, Rayonnance generated €14 million in revenue, with an operating margin of over 20%. The acquisition price was €18.4 million, and the deal includes an earn-out payment based on future EBIT.

The founders of Rayonnance hold the remaining 30% interest in the company, on which they hold a put option and Digital Dimension holds a call option (both exercisable until 2017). A liability for the put option over the non-controlling interests in Rayonnance has therefore been recognised in the Group's consolidated statement of financial position, measured based on Rayonnance's forecast EBIT for 2016-2017. A corresponding decrease in the equity of the parent company (Digital Dimension, which is 50.1%-owned by the Group) has also been recognised.

The cost of this business combination was calculated using the full goodwill method, and gave rise to €26.1 million in goodwill.

ASP Serveur

On 25 July 2014 Digital Dimension acquired, for €3.3 million, an 80% interest in ASP Serveur, a leading provider of business-to-business public and private cloud hosting solutions. ASP Serveur owns its infrastructure and has a last-generation eco-efficient data centre. The company generated €3.5 million in revenue in 2013, notably with key e-commerce and utilities accounts, as well as with public sector clients.

The acquisition price of the additional interest was €3.3 million.

The remaining 20% of ASP Serveur's capital is held by its founder, Sébastien Enderle, who has been appointed Chairman and still has an operations role in the company. Mr. Enderle holds a put option on his interest in ASP Serveur and Digital Dimension holds a call option (both exercisable until 2019). A liability for the put option over the non-controlling interests in the company has therefore been recognised in the Group's consolidated statement of financial position, measured based on an enterprise value representing 6 times ASP Serveur's forecast EBITDA for 2017. A corresponding decrease in the equity of the parent company (Digital Dimension, which is 50.1%-owned by the Group) has also been recognised.

The cost of this business combination was calculated using the full goodwill method, and gave rise to €4.6 million in goodwill.

Aragon

On 1 December 2014, Digital Dimension acquired, for €3 million, a 66.67% stake in Aragon, a software vendor that provides simple, comprehensive HRIS solutions that address the full spectrum of a company's HR requirements. Accessible via a single web interface for all end users, Aragon-eRH is the only modular, SaaS-mode solution that can be adapted to all HR needs, both operational and in terms of decision making: Talent Management, Core HR and Workforce Management.

The acquisition price of the additional interest was €3 million.

The founders of Aragon own the remaining 32.33% interest in the company, on which they hold a put option and Digital Dimension holds a call option (both exercisable once Aragon's 2016 financial statements have been certified by its auditors). A liability for the put option over the non-controlling interests in the company has therefore been recognised in the Group's consolidated statement of financial position, measured based on Aragon's recurring revenue for 2016 or a multiple of the company's forecast EBITDA for 2016. A corresponding decrease in the equity of the parent company (Digital Dimension, which is 50.1%-owned by the Group) has also been recognised.

The cost of this business combination was calculated using the full goodwill method, and gave rise to €5.2 million in goodwill.

3.1.2. Other acquisitions

Comiris

On 1 August 2014 Econocom acquired, via its subsidiary, Exaprobe, the business base of Comiris, a French specialist in collaborative and videoconferencing tools. The acquisition was carried out in connection with Comiris's insolvency proceedings and the purchase price amounted to €1.6 million. It has enabled the Group to expand its collaborative tools, unified communication, network integration and security division. Founded in 1999, Comiris reported revenue of €13 million in 2013, generated with major private corporations as well as with public-sector companies.

Goodwill of €4.7 million was recognised following the purchase price allocation process.

Interadapt

At 31 December 2013, the Group already exercised significant influence over Interadapt as it held a strategic 28.76% interest in the company through its subsidiary Osiatis Do Brasil. On 1 January 2014, the Group took over control of Interadapt when a call option over 22.5% of the company's shares became exercisable. This call was actually exercised in late December 2014 and ownership of the additional 22.5% stake in Interadapt was transferred in early 2015. The transfer of title took place in early 2015.

The acquisition price of the additional interest was €2 million.

The cost of this business combination was calculated using the full goodwill method, and gave rise to €2.9 million in goodwill.

Syrix

On 11 August 2014 Interadapt acquired the entire share capital of Syrix, a Brazilian company specialising in application, infrastructure and cloud solutions performance management. Syrix reported €5.3 million in revenue in 2013.

The acquisition price totalled €1.9 million and goodwill on the transaction came to the same amount.

3.2. Operations sold or discontinued in 2014

3.2.1. Sale of the Services business in Germany

On 21 November 2014 Econocom finalised the sale agreement for Econocom Managed Services AG. This sale – which will complete in April 2015 – resulted in the recognition of a €1 million impairment loss against the goodwill of the Services business.

In accordance with IFRS 5, the results of Econocom Managed Services AG have been reclassified in the income statement on a line-by-line basis to "Profit (loss) from discontinued operations".

The main income statement items of Econocom Managed Services are as follows:

(in € millions)	2014	2013
Revenue	**4.2**	5.9
Recurring operating profit (loss)	**(1.4)**	(0.9)
Non-recurring operating income and expenses	**(1.7)**	-
Operating profit (loss)	**(3.1)**	(0.9)
Financial income and expenses		
Income tax	**0.1**	0.3
Profit (loss) for the year	**(3.0)**	(0.6)

At 31 December 2014, the assets and liabilities related to this discontinued operation (carried by Econocom Managed Services AG) were presented on a separate line in the Group's consolidated statement of financial position. The main asset and liability categories concerned are as follows:

(in € millions)	2014
ASSETS	
Non-current assets	**0.1**
Current assets	**1.8**
Cash and cash equivalents	**0.2**
Assets held for sale	**2.1**

(in € millions)	2014
EQUITY AND LIABILITIES	
Non-current liabilities	
Current liabilities	**1.6**
Liabilities related to assets held for sale	**1.6**

3.2.2. Sale of the business base of A2Z Business

On 1 December 2014, the Group sold to Foneo Datacenter the business base of A2Z (a Belgium-based company specialised in providing IT and telecom services for SMEs). The divested business base comprises A2Z's assets, contracts and sales agreements, as well as a team of employees.

The sale price was set at €0.5 million and includes €0.1 million in additional purchase consideration which corresponds to an estimated 10% of the revenue generated during the first twelve months after the sale.

A €0.2 million impairment loss was recognised against the goodwill of the Services business as a result of this sale.

3.3. Acquisitions and disposals in prior periods

The Group carried out two acquisitions in 2013 – a major acquisition involving Osiatis Group, which it purchased for €169.7 million, and a smaller-scale transaction concerning Exaprobe.

The final fair values of Osiatis's identifiable assets and liabilities can be analysed as follows:

(in € thousands)	Fair value under IFRS Final amounts
Non-current assets	**33.4**
Intangible assets	1.0
Brand	10.0
Goodwill	
Property, plant and equipment	4.4
Financial assets	6.5
Deferred tax assets	11.5
Current assets	**128.2**
Inventories	2.4
Trade and other receivables	93.7
Current tax assets	2.6
Cash and cash equivalents	23.5
Other current assets	6.1
Non-current liabilities	**37.3**
Financial liabilities	16.5
Long-term provisions	4.1
Provisions for pensions and other post-employment benefit obligations	12.4
Other non-current liabilities	0.3
Deferred tax liabilities	4.0
Current liabilities	**133.1**
Financial liabilities	13.2
Short-term provisions	12.0
Current tax liabilities	4.2
Trade and other payables	89.1
Other current liabilities	14.4
Non-controlling interests	0.2
Total net assets acquired	**(8.8)**
Cost of business combination	169.7
Goodwill recognised	**178.5**

As mentioned in Note 2.3.2 – Reclassifications and changes in presentation, the adjustments made to the provisional amounts recorded as part of the initial accounting for the business combination led to a non-material increase in total assets and equity and liabilities at 31 December 2013.

During 2014 the Group settled the balance of the deferred payment for the acquisition of Osiatis, representing €29.5 million.

Details of the acquisitions and disposals carried out in 2013 are provided in Note 3 to the 2013 consolidated financial statements included in Econocom's annual report for 2013.

4. SCOPE OF CONSOLIDATION

The Group's main fully-consolidated subsidiaries in 2014 and 2013 were as follows:

Company	Country	2014		2013	
		% interest	% control	% interest	% control
Alcion Group SA	France	99.43%	99.43%	99.43%	99.43%
Atlance France SAS	France	100%	100%	100%	100%
Asystel SAS	France	100%	100%	100%	100%
Econcom SAS	France	100%	100%	100%	100%
Econocom Services SAS	France	100%	100%	100%	100%
Econocom France SAS	France	100%	100%	100%	100%
Econocom Products and Solutions SAS	France	100%	100%	100%	100%
Exaprobe SAS	France	100%	100%	100%	100%
ESR SAS	France	100%	100%	100%	100%
Osiatis France SAS	France	100%	100%	100%	100%
Osiatis Ingénierie SAS	France	100%	100%	100%	100%
Osiatis Systems SAS	France	100%	100%	100%	100%
Digital Dimension SAS	France	50.10%	50.10%	NC	NC
Rayonnance Distribution SAS	France	35.07%	100.00%	NC	NC
Rayonnance Technologies SAS	France	35.07%	100.00%	NC	NC
Mobis SAS	France	35.07%	70.00%	NC	NC
ASP Serveur	France	40.08%	80.00%	NC	NC
Aragon ERH SAS	France	33.40%	66.67%	NC	NC
Econocom International Italia S.P.A	Italy	100%	100%	100%	100%
Econocom Digital Finance Limited (formerly Econocom Technology Finance Limited)	Ireland	100%	100%	100%	100%
Econocom SA (Spain)	Spain	100%	100%	100%	100%
Ermestel S.L. (Spain)	Spain	100%	100%	100%	100%

NC: not consolidated.

Main subsidiaries (cont'd)

	Country	2014		2013	
		% interest	% control	% interest	% control
Osiatis S.A. (Spain)	Spain	95.10%	95.10%	95.10%	95.10%
Atlance SA/NV	Belgium	100%	100%	100%	100%
Econocom Lease SA/NV	Belgium	100%	100%	100%	100%
Econocom Managed Services SA/NV	Belgium	100%	100%	100%	100%
Econocom Group SA/NV	Belgium	100%	100%	100%	100%
Econocom Finance SNC	Belgium	100%	100%	100%	100%
Econocom Nederland BV	Netherlands	100%	100%	100%	100%
Interadapt (Brazil)	Brazil	28.76%	51.26%	EM*	28.76%
Syrix	Brazil	28.76%	51.26%	NC	NC
Econocom Public BV	Netherlands	100%	100%	100%	100%
Econocom PSF SA	Luxembourg	100%	100%	100%	100%
Econocom Deutschland GmbH	Germany	100%	100%	100%	100%
Osiatis Computer Services GmbH	Austria	100%	100%	100%	100%
Econocom Ltd	United Kingdom	100%	100%	100%	100%
Econocom Polska SP z.o.o	Poland	100%	100%	100%	100%
Econocom Corporation	United States	100%	100%	100%	100%

NC: not consolidated.

** EM – Entity accounted for by the equity method in 2013.*

In 2014 and 2013, the Group's associates (accounted for by the equity method) were as follows:

Company	Country	% interest	
		2014	2013
Broke System	France	20%	20%
Interadapt	Brazil	FC*	28.76%

(*) FC: Fully consolidated as from 2014.

Neither of these companies is material in relation to the Group as a whole. Detailed information on associates is provided in Note 9.

Additional information

The call option held by the Group over Interadapt became exercisable on 1 January 2014. This option was exercised in late December 2014, giving the Group an additional 22.5% stake in Interadapt. Consequently, at 31 December 2014 the Group had a total 51.3% interest in Interadapt and therefore controlled the company. The transfer of title took place in early 2015. The Group has another call option over the 9.99% remaining shares in Interadapt, which is exercisable in 2015 based on the figures in the 2014 financial statements.

In addition, Digital Dimension has three cross put and call options on all of the shares it does not already own in Aragon, Rayonnance and ASP Serveur, which are exercisable in 2016, 2017 and 2019 respectively (see Note 3 and Note 34.1 for further details).

Non-controlling interests

Non-controlling interests mainly concern the Digital Dimension sub-group as well as the Interadapt sub-group in Brazil. These two sub-groups, which were created in 2014, form part of the Services business.

The main line items of these entities are presented below, showing their contribution to Econocom's net assets before elimination of intra-group transactions.

	Digital Dimension sub-group	Interadapt and Syrix
Condensed balance sheet (100% basis) (in € thousands)	31 Dec. 2014	31 Dec. 2014
Non-current assets	41,230	4,799
Current assets	36,946	8,064
Total assets	78,176	12,863
	31 Dec. 2014	31 Dec. 2014
Equity attributable to owners of the parent	(5,453)	158
Equity attributable to non-controlling interests	14,321	5,063
Total equity	8,868	5,221
Non-current liabilities	44,444 (1)	1,140
Current liabilities	24,864	6,502
Total equity and liabilities	78,176	12,863

(1) Including an intra-group current account with Econocom amouning to €27 million.

	Digital Dimension sub-group	Interadapt and Syrix
	31 Dec. 2014	31 Dec. 2014
Cash and cash equivalents	18,969	1,288
Financial liabilities	(1,488)	(1,223)
Net cash and cash equivalents (excluding current account balances)	17,481	65

Income statement (based on 100%)	31 Dec. 2014	31 Dec. 2014
Revenue (before intra-group eliminations)	40,685	13,491
Recurring operating profit	1,747	1,191
Operating profit	997	1,205
Net financial expense	(589)	(187)
Income tax expense	(483)	(432)
Profit (loss) for the year	(75)	585
Profit for the year attributable to owners of the parent	*(225)*	*168*
Non-controlling interests	*150*	*417*

No dividend was paid in respect of these two sub-groups in 2014.

Cash relating to these entities is managed autonomously within each sub-group. Dividend payouts must first be approved by the shareholders.

5. SEGMENT REPORTING

As indicated in Note 2.25, the Group's business segments break down into three aggregated strategic operating business segments:
• Technology Management & Financing;
• Services;
• Products & Solutions.

Given the cross-functional dimension of mobility, Management no longer monitors the Telecom segment individually but assesses its contribution to the "Products & Solutions" and "Services" segments.

The "Other activities" segment includes all other segments for which reporting is not required under IFRS 8.

Revenue and segment results

Internal transactions include:

• sales of goods and services: the Group ensures that these transactions are performed at arm's length and that no significant internal margins are retained. In most cases, purchased internal goods and services are in turn sold on to end-clients. Certain services are sold before they are actually performed. In this case, revenue is deferred and recognised in liabilities under "Other current liabilities";

• cross-charging of overheads and personnel costs;

• cross-charging of financial expenses.

The Group's segment result corresponds to "Recurring operating profit from ordinary activities". This segment indicator, used for the application of IFRS 8, is the indicator used by Management to monitor the performance of operating activities and allocate resources.

"Recurring operating profit from ordinary activities" corresponds to operating profit before other operating income and expenses and the amortisation of intangible assets resulting from major transactions (amortisation of the ECS customer portfolio and the Osiatis brand).

5.1. Reporting by operating business segment

The following table presents the contribution of each operating business segment to the Group's results:

(in € thousands)	Technology Manag-ement & Financing	Products & Solutions	Services	Total operating segments	Other activities	Total
2014						
Revenue						
Revenue from external clients	1,044,763	384,767	663,013	2,092,543	69	2,092,612
Internal operating revenue	39,202	55,878	40,790	135,870	-	-
Total revenue from operating segments	1,083,965	440,645	703,803	2,228,413	-	-
Recurring operating profit from ordinary activities(1)	**59,703**	**10,260**	**25,306**	**95,269**	**-**	**95,269**
Amortisation of the ECS customer portfolio and the Osiatis brand	(2,000)	-	(1,000)	(3,000)	-	(3,000)
Recurring operating profit from ordinary activities	**57,703**	**10,260**	**24,306**	**92,269**	**-**	**92,269**

(1) Before amortisation of the ECS customer portfolio and the Osiatis brand.

(in € thousands)	Technology Manag-ement & Financing	Products & Solutions	Services	Total operating segments	Other activities	Total
2013						
Revenue						
Revenue from external clients	1,027,560	323,284	415,755	1,766,599	126	1,766,725
Internal operating revenue	13,898	30,892	36,710	81,500	-	-
Total revenue from operating segments	1,041,458	354,176	452,465	1,848,099	-	-
Recurring operating profit from ordinary activities(1)	**64,219**	**8,413**	**20,590**	**93,222**	**-**	**93,222**
Amortisation of the ECS customer portfolio and the Osiatis brand	(2,000)	-	(300)	(2,300)	-	(2,300)
Recurring operating profit from ordinary activities	**62,219**	**8,413**	**20,290**	**90,922**	**-**	**90,922**

(1) Before amortisation of the ECS customer portfolio and the Osiatis brand.

5.2. Breakdown of revenue by geographical area

(in € thousands)	Revenue by geographical area (origin)	
	2014	2013
France	**1,115,614**	898,056
Benelux	**314,551**	340,091
Northern & Eastern Europe	**251,705**	158,192
Southern Europe	**372,275**	355,952
Americas	**38,467**	14,435
Total	**2,092,612**	**1,766,725**

6. 2014 INTANGIBLE ASSETS

(in € thousands)	Customer portfo-lio and business assets	Franchises, patents, licences, etc.	IT sys-tems and other internal-ly- gen-erated assets	Other	Total
Acquisition cost					
Gross value at 31 Dec. 2013	**52,636**	**27,105**	**27,372**	**707**	**107,820**
Acquisitions	-	1,966	5,390	-	7,356
Disposals	(200)	(301)	(296)	(4)	(801)
Changes in scope of consolidation	122	200	24	832	1,178
Reclassification of discontinued operations	-	-	(6)	-	(6)
Translation adjustments	-	(4)	-	-	(4)
Transfers and other movements	115	(786)	835	229	393
Gross value at 31 Dec. 2014	**52,673**	**28,180**	**33,319**	**1,764**	**115,936**
Amortisation and impairment					
Accumulated amortisation at 31 Dec. 2013	**(8,421)**	**(23,742)**	**(15,482)**	**(936)**	**(48,581)**
Additions	(3,547)	(2,520)	(3,281)	(20)	(9,368)
Disposals	200	132	-	4	336
Changes in scope of consolidation	-	(184)	(24)	(444)	(652)
Reclassification of discontinued operations	-	-	-	-	-
Translation adjustments	-	2	-	-	2
Transfers and other movements	-	1,665	(1,780)	-	(115)
Accumulated amortisation at 31 Dec. 2014	**(11,768)**	**(24,647)**	**(20,567)**	**(1,396)**	**(58,378)**
Carrying amount at 31 Dec. 2013	**44,215**	**3,363**	**11,890**	**(229)**	**59,239**
Carrying amount at 31 Dec. 2014	**40,905**	**3,533**	**12,752**	**368**	**57,558**

The Group has no intangible assets with indefinite useful lives and thus amortises all intangible assets using the straight-line method.
Customer portfolios and business assets are intangible assets which are recognised in the event of business combinations. With the exception of the customers acquired through the acquisition of ECS Group, amortised over 20 years, these items are amortised over periods of three to seven years.
Franchises, patents, licences, etc. consist mainly of licences acquired and amortised over their useful life.
IT systems are the result of developments made by the Group and associated companies, and are amortised over periods ranging from three to seven years.

2013 INTANGIBLE ASSETS

(in € thousands)	Customer portfo-lio and business assets	Franchises, patents, licences, etc.	IT sys-tems and other internal-ly-gen-erated assets	Other	Total
Acquisition cost					
Gross value at 31 Dec. 2012	**42,636**	**18,125**	**22,444**	**707**	**83,912**
Acquisitions	-	1,374	5,706	-	7,080
Disposals	-	(451)	(778)	-	(1,229)
Changes in scope of consolidation	10,000	8,077	-	-	18,077
Transfers and other movements	-	(20)		-	(20)
Gross value at 31 Dec. 2013	**52,636**	**27,105**	**27,372**	**707**	**107,820**
Amortisation and impairment					
Accumulated amortisation at 31 Dec. 2012	**(5,813)**	**(15,176)**	**(14,427)**	**(706)**	**(36,122)**
Additions	(2,608)	(1,827)	(1,068)	(231)	(5,734)
Disposals	-	357	13	-	370
Changes in scope of consolidation	-	(7,096)	-	-	(7,096)
Transfers and other movements	-	-	-	1	1
Accumulated amortisation at 31 Dec. 2013	**(8,421)**	**(23,742)**	**(15,482)**	**(936)**	**(48,581)**
Carrying amount at 31 Dec. 2012	**36,823**	**2,949**	**8,017**	**1**	**47,790**
Carrying amount at 31 Dec. 2013	**44,215**	**3,363**	**11,890**	**(229)**	**59,239**

7. GOODWILL

For the purposes of impairment testing, goodwill is allocated to cash generating units (CGUs) as follows:

2014 (in € thousands)	Technology Management & Financing	Products & Solutions	Services	Total
Goodwill at 1 January 2014	**108,686**	**14,851**	**208,095**	**331,632**
Acquisitions	-	-	50,433	50,433
Disposals	-	-	(242)	(242)
Reclassified in assets held for sale	-	-	(1,036)	(1,036)
Impairment				
Goodwill at 31 December 2014	**108,686**	**14,851**	**257,250**	**380,787**
of which gross	*108,686*	*14,851*	*261,511*	*385,048*
of which accumulated impairment	-	-	*(4,261)*	*(4,261)*

In 2014, new acquisitions Digital Dimension, Rayonnance, ASP Serveur, Aragon, Interadapt, Syrix and Comiris were classified within the Services business. Disposals correspond to the sale of the business base of A2Z, a Belgian-based company specialising in providing IT and telecom services for SMEs. Goodwill reclassified in assets held for sale relates to the Services business in Germany and has been written down. Further details on the aforementioned items can be found in Note 3.

2013 (in € thousands)	Technology Management & Financing	Products & Solutions	Services	Total
Goodwill at 1 January 2013	**108,686**	**14,851**	**26,099**	**149,635**
Acquisitions	-	-	181,997	181,997
Impairment				
Goodwill at 31 December 2013	**108,686**	**14,851**	**208,096**	**331,632**
of which gross	*108,686*	*14,851*	*212,357*	*335,894*
of which accumulated impairment	-	-	*(4,261)*	*(4,261)*

In 2013, new acquisitions Osiatis and Exaprobe were classified within the Services business. Adjustments were made to goodwill allocated to Ermestel (Services) and France Systèmes (Distribution) following a review of opening goodwill balances.

7.1. Definition of cash-generating units

The growth of the Group, combined with the international expansion of our customers and the pooling of resources among business lines, have led the Group to redefine the scope of its CGUs representing the three business segments: Technology Management & Financing, Products & Solutions, and Services.

7.2. Impairment tests and impairment of goodwill

Goodwill was tested for impairment in accordance with the methods outlined in Note 2.11 – Impairment of assets. In the context of the Group's ongoing operations, the recoverable amount is first determined based on the value in use of the CGU.

Value in use is determined using the discounted cash flow method ("DCF"). The calculation was performed using four-year cash flow projections based on business plans and budgets approved by Management.

Key assumptions

The value in use of the Group's CGUs is sensitive to the following assumptions:
• discount rate applied to future cash flows;
• growth rate of cash flows beyond the forecast period;
• business plan (revenue and margin).

	2014		2013	
	Discount rate	Perpetuity growth rate	Discount rate	Perpetuity growth rate
Technology Management & Financing	8.20%	1.00%	8.90%	1.00%
Services	8.20%	1.50%	8.90%	1.50%
Products & Solutions	8.20%	1.00%	8.90%	1.00%

The post-tax discount rate used corresponds to the weighted average cost of capital ("WACC").

Cash flows beyond the forecast period were extrapolated using a perpetuity growth rate consistent with the expected medium- to long-term growth rate for the IT sector.

The business plan was determined based on the expected growth of markets for the CGU concerned, taking account of growth levers identified by Management. Margins are determined based on the historical margins observed in the years preceding the start of the budget period. They also take account of expected efficiency gains as well as events of which Management is aware and that could impact the profitability of the activity.

Sensitivity to changes in assumptions

The table below shows the sensitivity of enterprise values to the assumptions used:

	Sensitivity to interest rates				Sensitivity to cash flows
(in € thousands)	Discount rate		Perpetuity growth rate		
	+1.0%	(1.0%)	+0.5%	-0.5%	-10 %
Technology Management & Financing	(67,853)	90,071	29,967	(26,075)	(107,619)
Services	(54,693)	74,160	25,093	(21,608)	(107,275)
Products & Solutions	(12,414)	16,472	5,473	(4,762)	(25,450)

The sensitivity of impairment tests to adverse, feasible changes in assumptions is set out below:
• reasonable sensitivity to changes in the discount rate: a simulated increase of up to 1 percentage point in the discount rate used would not change the conclusions of the Group's analysis;
• reasonable sensitivity to changes in the long-term growth rate: in a pessimistic scenario where the long-term growth rate is reduced by 0.5 percentage points, the value in use of each CGU would still exceed its carrying amount;
• reasonable sensitivity to changes in the business plan: a 10% reduction in the revenue forecast contained in the business plan, with variable costs adjusted accordingly, would not change the conclusions of the Group's analysis.

Consequently, none of the sensitivity tests led the Group to reduce the value in use of any of the CGUs to below their carrying amount.

8. 2014 PROPERTY, PLANT AND EQUIPMENT

Changes in the gross value of property, plant and equipment and the related depreciation expense are presented below for 2014:

(in € thousands)	Land and buildings	Fixtures, fittings and IT equip-ment	Furniture and vehicles	Other property, plant and equipment	Property, plant and equip-ment held under finance leases	Total
Acquisition cost						
Gross value at 31 Dec. 2013	**19,287**	**36,685**	**9,695**	**758**	**3,327**	**69,752**
Acquisitions	3,252	4,660	840	1,008	-	9,760
Disposals	(39)	(1,690)	(662)	(24)	-	(2,415)
Changes in scope of consolidation	-	1,851	94	423	-	2,368
Reclassification of discontinued operations	-	(7)	(664)	-	-	(671)
Translation adjustments	14	130	25	-	-	169
Transfers and other movements	4,098	(2,985)	397	(973)	73	610
Gross value at 31 Dec. 2014	**26,612**	**38,644**	**9,725**	**1,192**	**3,400**	**79,573**
Depreciation and impairment						
Accumulated depreciation at 31 Dec. 2013	**(10,177)**	**(29,706)**	**(6,782)**	**(213)**	**(1,128)**	**(48,005)**
Additions	(871)	(4,517)	(952)	(11)	(658)	(7,009)
Reversals	-	2	-	-	-	2
Disposals	34	1,690	640	-	-	2,364
Changes in scope of consolidation	-	(793)	(42)	-	-	(835)
Reclassification of discontinued operations	-	3	574	-	-	577
Translation adjustments	(10)	(117)	(13)	-	1	(139)
Transfers and other movements	(1,142)	770	27	198	(181)	(328)
Accumulated depreciation at 31 Dec. 2014	**(12,166)**	**(32,668)**	**(6,548)**	**(26)**	**(1,966)**	**(53,373)**
Carrying amount at 31 Dec. 2013	**9,110**	**6,979**	**2,914**	**545**	**2,199**	**21,747**
Carrying amount at 31 Dec. 2014	**14,446**	**5,976**	**3,178**	**1,166**	**1,434**	**26,200**

The Group also holds the following assets under finance leases:

(in € thousands)	Gross value at 31 Dec. 2014	Carrying amount at 31 Dec. 2014	Gross value at 31 Dec. 2013	Carrying amount at 31 Dec. 2013
Buildings	5,067	1,444	5,067	1,603
Furniture and vehicles	2,194	1,384	2,063	1,267

The liabilities and future payments under these leases are set out in Notes 18 and 33.

2013 PROPERTY, PLANT AND EQUIPMENT

Changes in the gross value of property, plant and equipment and the related depreciation expense are presented below for 2013:

(in € thousands)	Land and buildings	Fixtures, fittings and IT equip-ment	Furniture and vehicles	Other property, plant and equipment	Property, plant and equip-ment held under finance leases	Total
Acquisition costs						
Gross value at 31 Dec. 2012	**10,879**	**28,055**	**5,905**	**109**	**2,202**	**47,150**
Acquisitions	90	5,039	1,835	760	60	7,784
Disposals	(5)	(6,149)	(1,105)	(14)	-	(7,273)
Changes in scope of consolidation	4,781	12,978	2,253	232	0	20,244
Translation adjustments	-	(48)	(18)	(0)	(8)	(74)
Transfers and other movements	3,542	(3,190)	825	(329)	1,073	1,921
Gross value at 31 Dec. 2013	**19,287**	**36,685**	**9,695**	**758**	**3,327**	**69,752**
Depreciation and impairment						
Accumulated depreciation at 31 Dec. 2012	**(6,011)**	**(20,638)**	**(5,021)**	**(188)**	**(1,962)**	**(33,820)**
Additions	(327)	(3,706)	(663)	(19)	(58)	(4,774)
Reversals	-	3	-	-	-	3
Disposals	7	4,900	1,093	-	-	6,000
Changes in scope of consolidation	(3,826)	(10,316)	(1,599)	(6)	-	(15,746)
Translation adjustments	-	39	13	0	6	58
Transfers and other movements	(20)	11	(604)	-	886	273
Accumulated depreciation at 31 Dec. 2013	**(10,177)**	**(29,706)**	**(6,782)**	**(213)**	**(1,128)**	**(48,005)**
Carrying amount at 31 Dec. 2012	**4,868**	**7,417**	**884**	**(79)**	**240**	**13,330**
Carrying amount at 31 Dec. 2013	**9,110**	**6,979**	**2,913**	**545**	**2,199**	**21,747**

9. FINANCIAL ASSETS

The following table presents a breakdown of long-term financial assets:

(in € thousands)	Investments in non-consolidated companies	Equity-accounted companies	Other financial assets	Total
Balance at 31 Dec. 2012	**2**	**174**	**12,241**	**12,417**
Increases*	-	91	6,309	6,400
Repayments	-	-	(7,108)	(7,108)
Changes in scope of consolidation	1	385	6,176	6,562
Translation adjustment	0	(20)	(3)	(23)
Fair value adjustment	-	-	-	-
Other movements	-	-	-	-
Balance at 31 Dec. 2013	**3**	**630**	**17,615**	**18,248**
Increases*	-	15	5,391	5,406
Repayments			(1,091)	(1,091)
Changes in scope of consolidation	8	(484)	196	(280)
Translation adjustment	-	-	1	1
Fair value adjustment	-	-	108	108
Other movements				-
Balance at 31 Dec. 2014	**11**	**161**	**22,220**	**22,393**

** Increases shown for the equity-accounted companies column reflect the Group's share of profit of associates and joint ventures.*

Other financial assets chiefly correspond to guarantees and deposits.

Maturity of long-term financial assets

2014	Less than 1 year	1 to 5 years	Beyond 5 years	Indefinite	Total
Investments in non-consolidated companies	-	-	-	11	11
Equity-accounted companies	-	-	-	161	161
Guarantees given to factors	-	2,179	2,460	-	4,639
Other guarantees and deposits	-	6,424	11,158	-	17,582
Total	**-**	**8,603**	**13,618**	**172**	**22,393**

2013	Less than 1 year	1 to 5 years	Beyond 5 years	Indefinite	Total
Investments in non-consolidated companies	-	-	-	3	3
Equity-accounted companies	-		-	630	630
Guarantees given to factors	-	2,694	2,042	-	4,736
Other guarantees and deposits	202	5,573	7,104	-	12,879
Total	**202**	**8,267**	**9,146**	**633**	**18,248**

10. RESIDUAL INTEREST IN LEASED ASSETS AND OTHER LONG-TERM RECEIVABLES

Long-term receivables (in € thousands)	2014	2013
Long-term tax receivables	**280**	263
Other long-term receivables	**1,953**	1,782
Residual interest in leased assets	**62,612**	63,462
Total	**64,845**	**65,507**

By maturity	2014	2013
1 to 5 years	**63,152**	63,538
Beyond 5 years	**1,693**	1,969
Total	**64,845**	**65,507**

11. INVENTORIES

	2014			2013		
(in € thousands)	**Gross**	**Provision**	**Net**	**Gross**	**Provision**	**Net**
Equipment in the process of being refinanced	**14,074**	**(2,074)**	**12,000**	8,188	(1,831)	6,357
Other inventories	**33,183**	**(17,879)**	**15,304**	32,610	(18,650)	13,960
IT and telecom equipment	***10,427***	***(665)***	***9,762***	*7,710*	*(507)*	*7,203*
Spare parts	***22,756***	***(17,214)***	***5,542***	*24,900*	*(18,143)*	*6,757*
Total	**47,257**	**(19,953)**	**27,304**	**40,798**	**(20,481)**	**20,317**

Gross value

(in € thousands)	At 31 Dec. 2013	Changes in inventories	Changes in scope of consolidation	Discontinued operations	Other changes	At 31 Dec. 2014
Equipment in the process of being refinanced	8,188	5,882	-	-	4	**14,074**
Other inventories	32,610	2,064	375	(1,866)	-	**33,183**
IT and telecom equipment	*7,710*	*2,325*	*375*	-	*17*	***10,427***
Spare parts	*24,900*	*(261)*	-	*(1,866)*	*(17)*	***22,756***
Total	**40,798**	**7,946**	**375**	**(1,866)**	**4**	**47,257**

Impairment of inventories

(in € thousands)	At 31 Dec. 2013	Additions	Reversals	Changes in scope of consolidation	Discontinued operations	Other changes (reclassification)	At 31 Dec. 2014
Equipment in the process of being refinanced	(1,832)	(243)	-	-	-	1	**(2,074)**
Other inventories	(18,649)	(5,089)	4,319	120	1,426	(6)	**(17,879)**
IT and telecom equipment	*(506)*	*(219)*	*217*	*(18)*	*(133)*	*(6)*	***(665)***
Spare parts	*(18,143)*	*(4,870)*	*4,102*	*138*	*1,559*	-	***(17,214)***
Total	**(20,481)**	**(5,332)**	**4,319**	**120**	**1,426**	**(5)**	**(19,953)**

12. TRADE AND OTHER RECEIVABLES AND OTHER CURRENT ASSETS

(in € thousands)	2014	2013
Trade receivables	**647,050**	662,927
Other receivables	**76,932**	49,961
Trade and other receivables	**723,982**	**712,888**
Residual interest in leased assets	**25,863**	**27,907**

Trade receivables

(in € thousands)	2014	2013
Trade receivables – gross value	**687,356**	705,387
Receivables from refinancing institutions	**110,962**	187,021
Other receivables	**576,393**	518,366
Impairment losses on doubtful debts	**(40,306)**	(42,460)
Carrying amount	**647,050**	662,927

Refinancing institutions correspond to financial institutions that are subsidiaries of banks.

Impairment losses on doubtful debts

(in € thousands)	At 31 Dec. 2013	Additions	Reversals	Changes in scope of consoli-dation	Other changes	Disconti-nued operations	At 31 Dec. 2014
Impairment losses on doubtful debts	(42,460)	(6,310)	7,943	(144)	579	86	(40,306)

The carrying amount of receivables is written down when there is serious doubt as to whether the Group will be able to collect the amount in question.

Write-downs of outstanding receivables relating to the Technology Management & Financing business amount to €33,797,000.

Other receivables

(in € thousands)	2014	2013
Tax receivables (excl. income tax)	**37,090**	18,870
Due from suppliers	**11,653**	9,055
Advances to agents	**194**	385
Factoring receivables	**25,549**	20,196
Other	**2,446**	1,455
Other receivables	**76,932**	**49,961**
Current portion of residual interest in leased assets	**25,863**	27,907

VAT receivables should be considered together with VAT payables. Other receivables represent employee advances and miscellaneous amounts receivable from third parties (suppliers, taxes, etc.).

Other current assets

(in € thousands)	2014	2013
Prepaid expenses	**34,456**	32,802
Other current assets	**34,456**	**32,802**

13. CASH AND CASH EQUIVALENTS

(in € thousands)	2014	2013
Cash	**192,900**	**94,209**
Cash in hand	**1,496**	53
Demand accounts	**191,404**	94,156
Cash equivalents	**14,435**	**55,931**
Term accounts	**7,750**	54,926
Marketable securities	**6,685**	1,005
Cash and cash equivalents	**207,335**	**150,140**

14. FAIR VALUE OF FINANCIAL ASSETS

The fair value of financial instruments is determined using market prices resulting from trades on a national stock exchange or over-the-counter markets. If listed market prices are not available, fair value is measured using other valuation methods such as discounted future cash flows.

In any event, estimated market values are based on certain market interpretations required for measurement purposes.

As such, these estimates do not necessarily reflect the amounts that the Group would actually receive or pay out if the instruments were traded on the market. The use of different estimates, methods and assumptions may have a material impact on estimated fair values.

In view of their short-term nature, the carrying amount of trade and other receivables, and cash and cash equivalents approximates their fair value.

The Group's financial assets at 31 December 2014 can be analysed as follows:

(in € thousands)			IAS 39 accounting treatment		
Notes	**Statement of financial position headings**	**IAS 39 category**	**Amortised cost**	**Fair value through profit or loss**	**Carrying amount**
	Level in the fair value hierarchy*		Level 2	Level 2	
9	Financial assets	Loans and receivables	22,221	-	22,221
9	Financial assets	At fair value through profit or loss	-	172	172
10	Long-term receivables	Loans and receivables	2,233	-	2,233
12	Trade receivables	Loans and receivables	647,050	-	647,050
12	Other receivables	Loans and receivables	76,932	-	76,932
13	Cash and cash equivalents	At fair value through profit or loss	-	207,335	207,335
	Total financial assets		**748,436**	**207,507**	**955,943**

** See Note 2.3.1.*

Based on available information, the fair value of the Group's financial assets approximates their carrying amount.

15. EQUITY

15.1. Share capital

	Number of shares			Value (in € thousands)		
	Total	Treasury shares	Out-standing	Share capital	Addi-tional paid-in capital	Treasury shares
At 31 December 2012	**96,691,588**	**2,202,511**	**94,489,077**	**17,077**	**72,530**	**(9,894)**
Issuance of new shares	15,840,618	-	15,840,618	2,797	104,233	-
Purchases of treasury shares	-	4,869,489	(4,869,489)	-	-	(31,325)
Sales of treasury shares	-	(291,604)	291,604	-	-	1,084
Cancellation of shares	(6,014,892)	(6,014,892)	-	-	-	34,073
Options exercised						
Redemption of OCEANE convertible bonds	-	-	-	-	(1,774)	-
At 31 December 2013	**106,517,314**	**765,504**	**105,751,810**	**19,874**	**174,989**	**(6,062)**
Sales of treasury shares	-	(916,132)	916,132	-	-	7,084
Purchases of treasury shares	-	8,276,121	(8,276,121)	-	-	(58,286)
Conversion of OCEANE bonds through the issue of new shares	9,055,276	-	9,055,276	1,690	45,850	-
Conversion of OCEANE bonds through the delivery of existing shares	-	(4)	4	-		-
OCEANE bonds redeemed and cancelled	-	-	-	-	(15,536)	-
Cancellation of treasury shares	(3,053,303)	(3,053,303)	-	-	-	19,405
Options exercised	-	(3,612,000)	3,612,000	-	-	29,158
At 31 December 2014	**112,519,287**	**1,460,186**	**111,059,101**	**21,564**	**205,303**	**(8,701)**

The number of bearer or dematerialised shares stands at 76,772,370.

The number of registered shares is 35,746,917.

At 31 December 2014, authorised capital stood at €7,717,627.

15.2. Currency translation reserves

Currency translation reserves correspond to the cumulative effect of the consolidation of subsidiaries with functional currencies other than the euro.

Foreign exchange differences carried in equity can be broken down as follows:

Foreign exchange differences by currency (in € thousands)	2014	2013
Brazilian real (BRL)	36	(24)
Canadian dollar (CAD)	(26)	(33)
Swiss franc (CHF)	(507)	(535)
Chinese yuan (CNY)	(107)	(59)
Czech Republic koruna (CZK)	(150)	(133)
Pound sterling (GBP)	(2,518)	(3,324)
United States dollar (USD)	(19)	(13)
Moroccan dirham (MAD)	78	(100)
Mexican peso (MXN)	(6)	22
Polish zloty (PLN)	(347)	(229)
New Romanian leu (RON)	(99)	(94)
Total	**(3,665)**	**(4,522)**

The corresponding amount was deducted from equity at 31 December 2014.

15.3. Changes in equity not recognised in profit or loss

15.3.1. Stock option plans

Since 1998, stock options have been granted to some of the Group's employees, managers and corporate officers for an agreed unit price. The characteristics of these plans are detailed below:

Stock option plans	Options outstanding at 31 Dec. 2013	Options issued in the period	Options exercised in the period	Options lapsed or forfeited	Options outstanding at 31 Dec. 2014	Rights granted in number of shares (comparable) at 31 Dec. 2013	Rights granted in number of shares (comparable) at 31 Dec. 2014	Exercise price (in €)	Average share price at the exercise date	Expiry date
2010	353,000	-	(353,000)	-	-	1,412,000	-	2.74	8.10	August 2015
	550,000	-	(550,000)	-	-	2,200,000	-	2.48	8.11	Dec. 2014
2011	30,000	-	-	-	30,000	120,000	120,000	3.23	-	Dec. 2015
	790,000	-	-	-	790,000	3,160,000	3,160,000	3.06	-	Dec. 2016
2013	1,100,000	-	-	(25,000)	1,075,000	1,075,000	1,075,000	5.96	-	Dec. 2018
2014	-	2,075,000	-	-	2,075,000		2,075,000	5.52	-	Dec. 2019
Total	**2,823,000**	**2,075,000**	**(903,000)**	**(25,000)**	**3,970,000**	**7,967,000**	**6,430,000**			

In December 2014, the Compensation Committee approved a plan to issue 2,500,000 stock subscription rights, 2,075,000 of which were issued in 2014. The formula adopted will allow Econocom Group to issue new shares upon exercise of these options.

The fair values of the options were measured at the grant date using the mathematical Black-Scholes-Merton method (see Note 2.14). The table below shows the measurements along with the main assumptions used:

General information	Initial measurement assumptions (IFRS 2)					
Stock option plans	Options outstanding	Fair value	Volatility	Term	Estimated future dividend (in €)(2)	RFIR(1)
2011	30,000	2.69	34%	3 years	0.4	2.00%
	790,000	2.81	34%	4 years	0.4	2.00%
2013	1,075,000	1.21	24%	4 years	0.15	1.14%
2014	2,075,000	0.71	28%	4 years	0.13	0.32%

(1) RFIR: risk-free interest rate.
(2) Options granted prior to 2012 carry rights to four shares.

In accordance with IFRS 2, the options are measured at fair value at the grant date and are amortised over the applicable vesting period.

The expected volatility is measured by the stockbroker managing the share on a daily basis, in line with the term of the options and historical changes in the share price.

A detailed description of these stock option plans can be found in section 5.10 of the Management Report.

The total expense taken to profit or loss in 2014 in respect of share-based payments amounted to €0.9 million, and was recorded in personnel costs within recurring operating profit. As from 2014, the Group recognised a tax effect of €0.3 million in respect of the 2014 expense and €1.1 million in respect of the expense in prior years.

The corresponding expense recorded in recurring operating profit for 2013 was €1.2 million. In accordance with IFRS 2, the matching entry for this expense (after the tax effect) was an increase in equity.

15.3.2. Provisions for pensions and other post-employment benefit obligations

The impact of provisions for pensions and other post-employment benefits on consolidated equity is set out in Note 17.

15.3.3. Treasury shares

The Group has a share buyback plan.

Shares purchased under this plan are held by Econocom Group SA/NV. The total number of shares held may not exceed 20% of the total number of issued shares making up the share capital.

The net acquisition cost of shares acquired and the proceeds from the sale of shares sold are respectively deducted from or added to equity.

15.3.4. Dividend

The table below shows the dividend per share paid by the Group in respect of previous years. At the Annual Shareholders' Meeting, the Board of Directors will recommend that shareholders vote to refund the issue premium considered as paid-in capital in lieu of paying a dividend, in an amount of €0.15 per share.

	Payable in 2015	Paid in 2014	Paid in 2013
Total (in € thousands)	16,877	**12,904**	9,280
Dividend per share (in €)	0.15	**0.12**	0.10

As this refund of the issue premium is subject to the approval of the Annual General Meeting, it is not recognised as a liability in the consolidated financial statements for the year ended 31 December 2014.

15.4. Changes in non-controlling interests

At 31 December 2014, non-controlling interests amounted to €19.5 million (€0.1 million at 31 December 2013). The table below shows changes in this item:

(in € thousands)

At 31 December 2013	**112**
Investment in Digital Dimension	5,990
Share of net assets of investments attributable to non-controlling interests	21,022
Put option granted to non-controlling interests in Digital Dimension entities	(8,260)
Share of comprehensive income attributable to non-controlling interests	683
At 31 December 2014	**19,547**

At 31 December 2014, this item essentially includes:

• the share of non-controlling interests in Digital Dimension entities for €14.3 million (George Croix and the non-controlling shareholders of Rayonnance, Aragon and ASP Serveur);
• the share of non-controlling interests in Interadapt in Brazil for €5.1 million.

Financial data on the contribution of these two sub-groups to the consolidated financial statements is summarised in Note 4.

16. PROVISIONS

A provision is recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable or certain that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted where appropriate to reflect the best estimate of the obligation at that date.

Long-term provisions

Provisions for risks related to the Technology Management & Financing business represent provisions for risks on outstanding rentals.

Short-term provisions

Provisions for restructuring and personnel-related contingencies include costs in relation to (i) disputes with employees and (ii) restructuring in progress or announced by the Group (including risks of impairment and compensation before they have been calculated).

Tax and legal risks relate to disputes in progress with clients, agents or tax authorities.

Provisions for deferred commissions are calculated on a contract-by-contract basis on the residual interest in leased assets, less the residual commercial value of the lease contracts concerned, if any.

Provisions for risks related to the Technology Management & Financing business represent provisions for risks on outstanding rentals.

Other business-related provisions include all risks arising on the Group's Services and Purchasing activities in connection with regulatory and contractual obligations.

Certain disputes are described in Note 38 – Assessments made by Management and sources of uncertainty.

Contingent liabilities

Other than the general risks described in Note 33, the Group did not identify any material risks for which it had not accrued sufficient provisions in its financial statements.

(in € thousands)	Restructuring and employee-related risks	Tax and legal risks	Deferred commissions	Other risks	Risks on transferred assets	Total
Balance at 31 Dec. 2012	**7,541**	**11,391**	**3,054**	**5,504**	**2,805**	**30,295**
Additions	2,857	2,305	333	673	-	6,168
Reversals/ utilisations	(6,182)	(3,901)	(1,266)	(390)	(3,258)	(14,997)
Changes in scope of consolidation	7,414	2,770	-	5,057	-	15,241
Translation adjustments	-	-	(3)	-	29	26
Other movements	149	2,342	(8)	44	624	3,151
Balance at 31 Dec. 2013 (reported)	**11,779**	**14,907**	**2,110**	**10,888**	**200**	**39,884**
Restatement of opening balance	151	690	-	1,056	-	1,897
Balance at 31 Dec. 2013 (restated)	**11,930**	**15,597**	**2,110**	**11,944**	**200**	**41,781**
Additions	11,026	2,748	156	1,210	-	15,140
Reversals/ utilisations	(4,963)	(7,671)	(186)	(1,468)	-	(14,288)
Changes in scope of consolidation	1,532	460	16	-	-	2,008
Translation adjustments	1	5	(1)	(1)	-	4
Other movements	18	59	3	897	104	1,081
Balance at 31 Dec. 2014	**19,544**	**11,198**	**2,098**	**12,582**	**304**	**45,726**
Current	19,484	11,098	2,098	7,660	304	40,643
Non-current	61	100		4,922		5,083

(in € thousands)	2014	2013 (restated)	2013 (reported)
Non-current	**5,083**	4,105	3,105
Current	**40,643**	37,676	36,779
Total provisions	**45,726**	**41,781**	**39,884**

(in € thousands)	Additions	Reversals
Recurring operating profit	4,940	(9,737)
Non-recurring operating items	10,200	(4,533)
Income tax	-	(18)
Total	**15,140**	**(14,288)**

17. PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS

17.1. Description of pension plans

The Group's employees are entitled to short-term benefits (paid leave, sick leave, profit-sharing) and defined benefit/defined contribution post-employment benefits (severance pay).

The short-term benefits are expensed by the various Group entities that grant them.

Post-employment benefits are granted under defined contribution plans or defined benefit plans.

17.1.1. Defined contribution plans

A defined contribution plan is a plan under which the Group pays regular fixed contributions to an external entity that is responsible for the plan's administrative and financial management. The external entity is responsible for all benefit payments (statutory pension benefits, supplementary pension plans) and the Group has no liability beyond the payment of contributions.

In light of Belgian pension legislation ("Vandenbroucke Law"), all Belgian defined contribution plans are treated as defined benefit plans under IFRS. This is because the Vandenbroucke Law stipulates that the employer must guarantee a minimum return of 3.75% on employee contributions and of 3.25% on employer contributions. Employers are exposed to a financial risk as a result of this guaranteed minimum return for defined contribution plans in Belgium, since they have a legal obligation to pay additional contributions if the plan does not have sufficient assets to pay all benefits relating to past service costs. Owing to this uncertainty, these plans have been classified and accounted for as IAS 19 defined benefit plans since 2013.

17.1.2. Defined benefit plans

Defined benefit plans are characterised by the employer's obligation to its employees. Provisions are therefore accrued to meet this obligation.

The defined benefit obligation (DBO) is calculated using the projected unit credit method, which uses actuarial assumptions as regards salary increases, retirement age, mortality, employee turnover and the discount rate.

Changes in actuarial assumptions, or the difference between these assumptions and actual experience, result in actuarial gains or losses. These are recognised in other comprehensive income for the period in which they occur, in accordance with the Group's accounting principles.

For the Group, defined benefit post-employment plans primarily concern the benefits described below:

• Severance pay in France
- Lump-sum benefits calculated according to the employee's years of service and his/her average compensation over the last 12 months prior to his/her departure. Article 22 of the collective agreement nevertheless states that said compensation should not include premiums, bonuses or additional payments for overtime, travelling and secondment.
- The calculation is based on inputs defined by the Human Resources Department in France in November each year.
- The calculated amount is set aside under provisions in the statement of financial position.

In 2012, the Group decided to include all French employees under the same collective bargaining agreement, which led to an increase in the Group's obligation for retirement benefits regarding certain employees. In accordance with IAS 19R, this plan amendment was recognised as an expense in 2012.

• Termination benefits in Italy
- Rights vested by employees for each year of service pro rata to their gross annual remuneration, revised every year and paid in advance or upon retirement, voluntary departure or termination.
- The calculated amount is set aside under provisions in the statement of financial position. As all rights arising after 1 January 2007 have been transferred to an external entity, provisions only concern rights vested at 31 December 2006 for which the Group was still liable at 31 December 2014.

• Group insurance in Belgium
- Defined contribution plans, which provide a guaranteed return on payments made by the employer and the employee, payable as either a lump-sum benefit or equivalent annuity, or compensation in the event of death during employment. As the payment guaranteed by the insurance company is uncertain, the Group presents these plans as defined benefit plans, even though the amount of such plans in the statement of financial position is subject to only minimal changes. The net obligation was recognised retrospectively in other comprehensive income in 2012 in accordance with IFRS accounting principles.
- Defined benefit plans, which provide either a lump-sum benefit or an equivalent annuity, depending on the employee's salary and years of service, or compensation in the event of death during employment.

• Company pension plans in Austria: these are paid on the basis of employees' years of service and also cover the risk of death and disability. The benefits are also paid over to the surviving spouse in the event of death of the employee.

The Group has plan assets in France, Belgium and Austria. The expected rate of return on plan assets has been set at the same level as the rate used to discount the obligation.

The Group expects direct payments of benefits to total around €900,000 in 2015.

17.2. Actuarial assumptions and experience adjustments

Actuarial assumptions depend on a certain number of long-term inputs which are revised each year.

	France		Other countries	
	2014	2013	2014	2013
Retirement age	62-65 years	62-65 years	64-65 years	64-65 years
Salary increase rate and rights vested	1.75%-2.25%	2.7%-3%	1%-2.8%	1%-3%
Discount rate	1.75%	3.00%	1.75%-2%	3%-3.75%
Mortality table	INSEE 2010-2012	INSEE 2009-2011	-	-

The employee turnover rate was determined based on statistics for each country and business. The employee turnover rate is applied depending on the age band of each employee and, for certain countries, depending on the employee's status (managerial-grade/non-managerial-grade).

A decrease of around 0.25% in the discount rate would lead to an increase in the provision of approximately €1.5 million. A 0.25% increase in the discount rate would lead to a €1.4 million decrease in the provision.

In accordance with IAS 19, the discount rates applied in our assessment are based on the yield on long-term private-sector bonds over a term matching that of the Group's obligations.

Cumulative revaluation gains and losses are taken to other comprehensive income and represented a net expense of €5,202,000 in 2014 and €2,394,000 in 2013.

(in € thousands)	2009	2010	2011	2012	2013	2014
Present value of obligation	3,702	11,689	11,714	28,205	49,178	**56,055**
Present value of plan assets	-	-	-	10,927	18,520	**19,924**
Gains (losses) on experience adjustments	45	59	34	61	1,168	**(931)**

17.3. Income and expenses recognised in profit or loss

Items of pension cost (in € thousands)	2014	2013
Service cost	**(3,626)**	(1,412)
Benefits paid	**1,991**	275
Interest expense	**(1,443)**	(646)
Expected return on plan assets	**597**	68
Plan amendment	**-**	-
Total costs recognised in profit or loss	**(2,481)**	**(1,715)**
Remeasurement of the net defined benefit liability (asset)	**(2,808)**	490
Other movements in OCI	**-**	-
Total costs recognised in other comprehensive income	**(2,808)**	**490**

Expenses recognised in profit or loss are shown within "Personnel costs" with the exception of interest expense, which is carried in "Financial expenses".

17.4. Changes in provisions recorded in the statement of financial position

Changes in the 2014 provision

(in € thousands)	Opening balance	Changes in scope of consoli-dation	Income statement	Benefits paid directly	Revaluation gains and losses	Other	Closing balance
France	25,647	223	2,654	(179)	3,265	-	31,610
Other countries	5,011	-	1,779	(1,812)	(457)	-	4,521
Total	**30,658**	**223**	**4,433**	**(1,991)**	**2,808**	**-**	**36,131**

Changes in the provision (2013)

(in € thousands)	Opening balance	Changes in scope of consoli-dation	Income statement	Benefits paid directly	Revaluation gains and losses	Other	Closing balance
France	14,116	10,568	1,574	(134)	(480)	3	25,647
Other countries	3,161	1,860	140	(141)	(9)	-	5,011
Total	**17,278**	**12,428**	**1,714**	**(275)**	**(490)**	**3**	**30,658**

17.5. Changes in plan assets

Changes in 2014 plan assets

(in € thousands)	Opening balance	Changes in scope of consoli-dation	Expected return	Benefits paid by employer	Benefits paid by fund	Revaluation gains and losses	Other	Closing balance
France	5,375	-	160	-	(362)	17	-	5,190
Other countries	13,145	-	743	1,591	(961)	216	-	14,734
Total	**18,520**	**-**	**903**	**1,591**	**(1,323)**	**233**	**-**	**19,924**

Changes in plan assets (2013, restated)*

(in € thousands)	Opening balance	Changes in scope of consoli-dation	Expected return	Benefits paid by employer	Benefits paid by fund	Revaluation gains and losses	Other	Closing balance
France	-	5,435	56	-	(80)	(36)	-	5,375
Other countries	10,927	2,206	12	-	(6)	(26)	32	13,145
Total	**10,927**	**7,641**	**68**	**-**	**(86)**	**(62)**	**32**	**18,520**

** The published 2013 figure was restated to reflect the impact of the plan in Austria, which was previously presented net.*

Breakdown of assets: 100% insurance.

17.6. Estimated payments under defined benefit plans (no discounting) over a ten-year period

Timing of estimated payments under the main defined benefit plans:

(in € thousands)	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	Total
Estimated payments	825	551	938	1,416	2,232	19,121	25,083

18. FINANCIAL LIABILITIES AND NET DEBT

18.1. Financial liabilities included in net debt

(in € thousands)	31 Dec. 2014	31 Dec. 2013
Finance lease liabilities	**2,972**	**3,106**
Finance lease liabilities - real estate	*1,706*	*2,013*
Other finance lease liabilities	*1,266*	*1,093*
Bonds	**166,956**	**73,924**
Other borrowings	**43,027**	**13,703**
Non-current interest-bearing liabilities	**212,955**	**90,733**
Bank borrowings	**43,038**	**43,158**
Bonds (current portion)	**2,625**	**3,138**
Finance lease liabilities	**44,298**	**43,518**
Finance lease liabilities - real estate	*266*	*291*
Liabilities relating to contracts refinanced with recourse[1]	*43,639*	*42,966*
Other finance lease liabilities	*393*	*261*
Bank overdrafts	**2,878**	**266**
Factoring payables[2]	**7,410**	**8,617**
Current interest-bearing liabilities	**100,249**	**98,697**
Total debt	**313,204**	**189,430**

(1) Liabilities relating to contracts refinanced with recourse are backed by customers' rental payments under refinanced contracts in which the Group retains a portion of the credit risk. The Group has therefore added back a similar amount of unassigned receivables in accordance with IAS 32 on the presentation of financial instruments.
(2) Factoring payables consist of residual risks arising from factoring agreements.

On 8 January 2014, Econocom Group SA/NV issued ORNANE convertible bonds for a total amount of €175 million.

These convertible bonds are traded on the Frankfurt stock exchange (Freiverkehr) and their main characteristics are listed below:
- Maturity: 5 years.
- Annual coupon: 1.5%.
- Issue price: €10.60.

The bonds will be redeemed in cash on 15 January 2019 at a price of €11.16.

ORNANE is a convertible bond which associates investors with share price performance by awarding an outperformance premium representing the difference between the share price at the maturity date and the par value of the bond.

In the event that bondholders wish to convert any number of their bonds at any time, the number of shares to be issued by Econocom in order to redeem the corresponding bonds can vary depending on the share price and the payment method chosen by the Group (in cash and/or in shares).

This variable factor is reflected by recognising a liability remeasured to fair value at the end of each reporting period. In the statement of cash flows, changes in fair value were restated in order to calculate cash flow from operating activities.

In the consolidated financial statements, the convertible bonds are mostly recognised in financial liabilities (€169.5 million), except for the derivative component of the bond, the value of which (€5.6 million) is recognised in other payables. Including issue costs, the effective interest rate on the bond comes out at 3.68%.

Analysis of non-current liabilities by maturity

(in € thousands)	Total at 31 Dec. 2014	1 to 5 years	Beyond 5 years
Finance lease liabilities - real estate	**1,706**	336	1,370
Other finance lease liabilities	**1,266**	1,266	-
Bonds	**166,956**	166,956	-
Other borrowings	**43,027**	43,027	-
Total	**212,955**	**211,585**	**1,370**

(in € thousands)	Total at 31 Dec. 2013	1 to 5 years	Beyond 5 years
Finance lease liabilities - real estate	**2,013**	1,330	683
Other finance lease liabilities	**1,093**	1,093	-
Bonds	**73,924**	73,924	-
Other borrowings	**13,703**	13,703	-
Total	**90,733**	**90,050**	**683**

Analysis of net debt

The concept of net debt is discussed in Note 2.12.6.

(in € thousands)	31 Dec. 2014	31 Dec. 2013
Cash and cash equivalents	207,335	150,140
Bank debt	(86,001)	(57,127)
Net cash in bank	**121,334**	**93,013**
Convertible bond debt	169,581	77,062
Refinancing contracts with recourse	43,639	42,966
Factoring payables with recourse	7,410	8,617
Other finance lease liabilities - real estate	6,573	3,658
Net debt	**(105,869)**	**(39,290)**

Net debt excludes gross liability for purchases of leased assets.

Average effective interest rates can be analysed as follows by type of borrowing:

(%)	2014	2013
Bonds(1)	3.68%	5.34%
Credit facilities	1.55%	1.50%
Factoring payables	0.77%	0.89%

(1) In 2014, this was the effective interest rate on the ORNANE convertible bonds. In 2013, this was the interest rate on the OCEANE convertible bonds. The ORNANE convertible bonds pay an annual coupon of 1.5%. The effective interest rate is 3.68%.

18.2. Gross liability for purchases of leased assets

"Gross liability for purchases of leased assets" normally represent a long-term liability which is discounted to present value. This liability corresponds to the Group's commitment to repurchase equipment from financial institutions at the end of the lease term.

Net and gross liability for purchases of leased assets recognised in financial liabilities can be analysed by maturity as follows:

December 31, 2014 (in € thousands)	Less than 1 year	1 to 5 years	Beyond 5 years	Total
Total gross liability for purchases of leased assets	13,012	38,001	158	51,171

December 31, 2013 (in € thousands)	Less than 1 year	1 to 5 years	Beyond 5 years	Total
Total gross liability for purchases of leased assets	15,298	32,700	773	48,771

18.3. Operating leases and future minimum lease payment obligations

Operating lease liabilities break down as follows:

Analysis of operating lease liabilities by maturity

Future minimum lease payments

(in € thousands)	Less than 1 year	1 to 5 years	Beyond 5 years	2014	2013
Operating lease liabilities – real estate	8,560	18,476	3,153	**30,189**	42,833
Operating lease liabilities – vehicles	8,896	11,590	163	**20,649**	28,614
Total	**17,456**	**30,066**	**3,316**	**50,838**	**71,447**

Operating lease expense for the period

(in € thousands)	2014	2013
Operating lease – real estate	**18,127**	11,467
Operating lease – vehicles	**11,774**	9,909
Total	**29,901**	**21,376**

19. TRADE AND OTHER PAYABLES AND OTHER CURRENT LIABILITIES

(in € thousands)	2014	2013
Trade payables	**464,103**	494,558
Other payables	**221,105**	193,048
Trade and other payables	**685,208**	**687,606**

Other payables can be analysed as follows:

(in € thousands)	2014	2013
Accrued taxes and personnel costs	**205,424**	177,396
Dividends payable	**423**	79
ORNANE embedded derivative component	**5,620**	-
Customer prepayments and other payables	**9,638**	15,573
Other payables	**221,105**	**193,048**

Other current liabilities can be analysed as follows:

(in € thousands)	2014	2013
Other liabilities	**16,613**	41,486
Deferred income	**132,840**	132,214
Miscellaneous current liabilities	**4,233**	**4,496**
Other current liabilities	**153,686**	**178,196**

"Other liabilities" includes the outstanding balance of deferred payments on acquisitions falling due within one year.

20. FAIR VALUE OF FINANCIAL LIABILITIES

In view of their short-term nature, the carrying amount of trade and other payables approximates fair value.

The market value of derivative instruments is measured based on valuations provided by bank counterparties or financial models widely used on financial markets, and on market information available at the reporting date.

(in € thousands)		IAS 39 accounting treatment			
Notes	**Statement of financial position headings**	**Financial liabilities at amortised cost**	**Financial liabilities at fair value through profit or loss**		**Carrying amount**
	Level in the fair value hierarchy*	Level 2	Level 2	Level 3	
18	Current and non- current interest-bearing liabilities	313,205	-	-	313,205
	Convertible bond	*169,581*	-	-	*169,581*
	Finance lease liabilities	*47,270*	-	-	*47,270*
	Bank overdrafts	*2,878*	-	-	*2,878*
	Bank loans and other borrowings	*93,476*	-	-	*93,476*
	Non-current non interest-bearing liabilities	3,375	-	17,328	20,703
	Gross liability for purchases of leased assets	51,171	-	-	51,171
19	Trade payables	464,103	-	-	464,103
19	Other payables	210,513	5,696	4,895	221,104
	Other current liabilities	153,730	-		153,730
	Total financial liabilities	**1,196,097**	**5,696**	**22,223**	**1,224,016**

** See Note 2.3.1.*

Non-current non interest-bearing liabilities estimated at fair value through profit or loss correspond to acquisition-related debt.

Other payables at fair value through profit or loss (level 2) correspond to the derivative component of ORNANE convertible bonds and to other derivative financial instruments used as hedges for exchange rate risks arising on operations.

Based on available information, the carrying amount of the Group's financial liabilities approximates their fair value, with the exception of the ORNANE convertible bond whose unit trading price was €10.37 at 31 December 2014 (including accrued interest), i.e. a market value of €171.2 million for all ORNANE convertible bonds outstanding at that date.

Level 3 financial liabilities relate to amounts payable in respect of put options granted to non-controlling interests (€16.6 million) and amounts due on corporate acquisitions. These liabilities are measured based on the estimated future performance of the entities concerned (e.g. EBIT multiple).

21. REVENUE FROM CONTINUING OPERATIONS

Revenue from continuing operations can be analysed as follows:

(in € thousands)	2014	2013
Technology Management & Financing	**1,044,763**	1,027,560
Products & Solutions	**384,767**	323,284
Services	**663,013**	415,755
Other activities	**69**	126
Total revenue from continuing operations	**2,092,612**	**1,766,725**

22. PERSONNEL COSTS

The following table presents a breakdown of personnel costs:

(in € thousands)	2014	2013
Wages and salaries	**(298,810)**	(202,140)
Payroll costs	**(122,285)**	(83,427)
Expense recognised in the period for pensions and other post-employment benefits giving rise to provisions	**(2,274)**	(856)
Employee profit-sharing	**(2,477)**	(1,997)
Other	**(15,443)**	(8,799)
Total	**(441,289)**	**(297,219)**

Expenses relating to defined benefit pension plans concern the Group's subsidiaries in France, Italy, Belgium and Austria.

The characteristics of these plans are set out in Note 17.

The impact of share-based payment plans can be analysed as follows:

(in € thousands)	2014	2013
Stock options[(1)]	**(943)**	(1,236)
Total	**(943)**	**(1,236)**

(1) Including €855,000 in personnel costs.

23. EXTERNAL EXPENSES

The following table presents a breakdown of external expenses:

(in € thousands)	2014	2013
External services (rent, maintenance, insurance, etc.)	**(39,050)**	(32,644)
Agents' commissions	**(23,012)**	(18,795)
Fees paid to intermediaries and other professionals	**(45,860)**	(39,441)
Other services and sundry goods (sub-contracting, public relations, transport, etc.)	**(47,939)**	(35,486)
Total	**(155,861)**	**(126,366)**

24. ADDITIONS TO AND REVERSALS OF DEPRECIATION, AMORTISATION AND PROVISIONS

Additions to and reversals of depreciation, amortisation and provisions can be analysed as follows:

(in € thousands)	2014	2013
Intangible assets – franchises, patents, licences, business assets, etc.	**(7,427)**	(5,639)
Property, plant and equipment (leased assets)	**(658)**	(58)
Other items of property, plant and equipment	**(6,445)**	(4,645)
Provisions for operating contingencies and expenses	**4,832**	9,258
Net additions to depreciation, amortisation and provisions	**(9,699)**	**(1,084)**

25. NET IMPAIRMENT LOSSES ON CURRENT AND NON-CURRENT ASSETS

The following table breaks down net impairment losses on current and non-current assets by category:

(in € thousands)	2014	2013
Impairment of inventories	(5,332)	(2,007)
Reversals of impairment of inventories	4,319	1,801
Impairment losses on doubtful debts	(6,310)	(11,602)
Reversals of impairment losses on doubtful debts	7,943	5,209
Gains and losses on the sale of receivables	(2,590)	234
Gains and losses on the sale of other assets	2,725	1,029
Total	**755**	**(5,336)**

26. OTHER RECURRING OPERATING INCOME AND EXPENSES

Other recurring operating income and expenses can be broken down as follows:

(in € thousands)	2014	2013
Cross-charging and miscellaneous indemnities received	4,929	2,653
Capital losses on sales of property, plant and equipment and intangible assets - recurring operating activities	(477)	(573)
Cross-charging and indemnities paid	(2,516)	(2,839)
Other operating income and expenses	**1,936**	**(759)**

27. FINANCIAL INCOME – OPERATING ACTIVITIES

The following table breaks down financial income and expense relating to operating activities by type of income/expense:

(in € thousands)	2014	2013
Financial income related to Technology Management & Financing operations	**6,705**	5,935
Income from current assets	**142**	259
Miscellaneous financial income from operating activities	**266**	226
Exchange gains	**1,427**	784
Total financial income – operating activities	**8,540**	**7,204**
Financial expenses related to Technology Management & Financing operations	**(2,824)**	(3,283)
Financial expenses related to miscellaneous operating activities	**(1,864)**	(1,004)
Exchange losses	**(1,765)**	(748)
Total financial income – operating activities	**(6,453)**	(5,035)
Financial income/(expense) – operating activities	**2,087**	**2,169**

Net exchange gains/(losses) recorded in the income statement

(in € thousands)	2014	2013
CAD	**(2)**	(1)
CHF	**(4)**	(14)
CNY	**23**	16
CZK	**(13)**	(23)
EUR (€)	**(172)**	36
GBP (£)	**129**	(5)
MAD	**(255)**	(30)
MXN	**(40)**	65
PLN	**(12)**	(3)
RON	**(9)**	(11)
USD ($)	**17**	7
Total	**(338)**	**36**

28. NON-RECURRING OPERATING INCOME AND EXPENSES

(in € thousands)	2014	2013
Restructuring costs	(22,623)	(11,697)
Acquisition costs	(1,006)	(1,478)
Other expenses	(1,954)	(614)
Other operating expenses	**(25,583)**	**(13,789)**
Other operating income	667	385
Other operating income	**667**	**385**
Total	**(24,916)**	**(13,404)**

Restructuring costs chiefly relate to the reorganisation of teams in the Services business which are being brought together following the consolidation of Osiatis in the second half of 2013. Acquisition costs relate to acquisitions in the period and mainly include the controlling interests acquired by Digital Dimension. Other expenses include impairment losses on goodwill relating to the Services business in Germany, and exceptional depreciation/amortisation.

Other operating income results from disputes with a favourable outcome for Econocom.

29. NET FINANCIAL EXPENSE

(in € thousands)	2014	2013
Capital gains on disposals of financial assets	143	246
Change in fair value of the ORNANE embedded derivative component	3,824	-
Other financial income	312	45
Financial income	**4,279**	**291**
OCEANE convertible bonds – interest expenses	(1,916)	(4,858)
OCEANE convertible bonds – losses on redemption	(1,057)	-
ORNANE convertible bonds – 1.5% coupon payable	(2,488)	-
ORNANE convertible bonds – residual expenses – amortised cost	(3,782)	-
Expenses on non-current liabilities	(625)	(126)
Change in actuarial cost of provisions for pensions and other post-employment benefit obligations	(884)	(583)
Interest on bank overdrafts	(3,315)	(2,258)
Financial expenses on factoring	(1,950)	(1,395)
Other financial expenses	(76)	(813)
Financial expenses	**(16,093)**	**(10,033)**
Net financial expense	**(11,814)**	**(9,742)**

Interest on bank accounts along with financial expenses on factoring were reclassified from "Financial income – operating activities" to "Net financial expense" in order to reflect prevailing market practices.

30. INCOME TAXES

30.1. Recognition of current and deferred taxes

30.1.1. Income statement

(in € thousands)	2014	2013
Current tax	**(18,607)**	(19,436)
Deferred tax	**(2,397)**	(3,692)
Income tax expense – continuing operations	**(21,004)**	**(23,128)**

Discontinued operations represented a tax expense of €21,000 in 2014 and tax income of €274,000 in 2013.

30.1.2. Effective tax rate

(in € thousands)	2014	2013
Profit before tax	**55,539**	**67,776**
Income tax expense	**(21,004)**	(23,128)
Group effective tax rate as a percentage of profit before tax	**37.82%**	**34.12%**

Tax proof

(in € thousands)	2014	2013
Profit for the year attributable to owners of the parent	**30,864**	44,047
Non-controlling interests	**682**	19
Income tax expense	**(21,004)**	(23,128)
Profit (loss) from discontinued operations	**(2,989)**	(582)
Profit before tax	**55,539**	67,776
Theoretical tax expense calculated at the Belgian standard tax rate (33.99% in both 2014 and 2013)	**(18,878)**	(23,037)
Reconciliation:		
Permanent differences	**(1,876)**	(2,828)
Unrecognised tax losses incurred in the year	**(2,196)**	(653)
Previously unrecognised tax losses used in the year	**322**	935
Adjustment to previously unrecognised deferred tax	**400**	105
Adjustment to current tax charge	**64**	363
Taxes other than on income[1]	**(5,443)**	(4,296)
Effect of foreign income tax rates	**1,988**	2,045
Tax credits and other	**4,615**	4,240
Effective income tax expense	**(21,004)**	**(23,126)**

*1) Taxes other than on income relate to taxes assessed on value added taxes that meet the requirements of IAS 12. For Econocom, this caption relates to the tax on value added in France and to the IRAP tax (*imposta regionale sulle attività produttive*) in Italy.*

Permanent differences chiefly relate to the following items:

(in € thousands)	2014	2013
Differences arising on goodwill, business assets and other amortisation/depreciation expense	**(107)**	(155)
Impacts of bonds	**932**	
Other non-taxable or non-deductible income and expenses	**(2,085)**	(2,401)
Tax on internal transactions	**(616)**	(272)
Total	**(1,876)**	**(2,828)**

30.2. Deferred tax assets and liabilities

30.2.1. Analysis of deferred tax assets and liabilities

(in € thousands)	31 Dec. 2013	Profit or loss	Equity		Other			31 Dec. 2014
		Income (expense) for the year	Other comprehensive income	Consolidated reserves and retained earnings	Changes in scope of consolidation	Exchange rate impact	Reclassifications	
Deferred tax on the recognition of expenses[1]	12,309	(185)	-	-	(44)	(20)	6	**12,066**
Pension obligations	9,660	868	844	-	59	-	(1)	**11,430**
Temporary differences arising on provisions	9,990	909	-	-	(21)	-	842	**11,720**
Other assets and liabilities	13,377	(7,158)	-	3,380	1,934	20	(893)	**10,660**
Tax loss carryforwards	4,438	2,265	-	-	(122)	16	20	**6,617**
Netting of DTA/DTL by tax entity/ jurisdiction	(25,915)	-	-	-	-	-	(11,779)	**(37,694)**
Total deferred tax assets	**23,859**	**(3,301)**	**844**	**3,380**	**1,806**	**16**	**(11,805)**	**14,799**
Deferred tax on the recognition of revenue[1]	(29,871)	(60)	-	-	243	18	(1)	**(29,671)**
Amortisable intangible assets	(14,579)	1,000	-	-	-	-	-	**(13,579)**
Other assets and liabilities	(778)	(36)	-	-	(535)	3	35	**(1,311)**
Netting of DTA/DTL by tax entity/ jurisdiction	25,915	-	-	-	-	8	11,771	**37,694**
Total deferred tax liabilities	**(19,313)**	**904**	**-**	**-**	**(292)**	**29**	**11,805**	**(6,867)**
Net deferred tax assets (liabilities)	**4,546**	**(2,397)**	**844**	**3,380**	**1,514**	**45**	**-**	**7,932**

(1) Related to the Technology Management & Financing business.

(in € thousands)	31 Dec. 2013	**31 Dec. 2014**
Recoverable within 12 months, before netting	5,172	**9,397**
Recoverable after 12 months, before netting	(626)	**(1,465)**
Net deferred tax assets (liabilities)	**4,546**	**7,932**

30.2.2. Deferred tax assets on tax loss carryforwards

At 31 December 2014, Econocom's tax loss carryforwards can be analysed as follows by expiry date:

(in € thousands)	2014	2013
2015		
2016		
2017		
2018	**1,370**	1,046
Beyond	**2,938**	2,362
Indefinite	**60,006**	46,818
Total	**64,314**	**50,226**

At 31 December 2014, unrecognised deferred tax assets amounted to €13.8 million (€11.7 million at end-2013) and correspond to tax loss carryforwards whose recovery is not probable and which are not therefore recognised in the statement of financial position at end-2014.

Deferred tax assets were recognised on tax loss carryforwards in 2014 for €2.2 million, mainly in respect of French tax consolidation due to the additional revenue attributable in future years, the synergies generated following the successive acquisitions of ECS and Osiatis, and the invoicing of services.

The Group did not recognise deferred tax liabilities for any taxes payable on the retained earnings of certain subsidiaries insofar as it controls the dividend policies of those entities. In the event that it lost control of these subsidiaries, the tax expense relating to the dividend payout would be €14.3 million.

31. EARNINGS PER SHARE

Basic earnings per share

(in € thousands, except for per share data and number of shares)	2014	2013
Profit for the year attributable to owners of the parent	30,879	44,138
Profit for the year attributable to owners of the parent and before amortisation of the ECS customer portfolio and the Osiatis brand	32,848	45,674
Average number of shares outstanding	109,938,391	95,940,400
Basic earnings per share (in €)	**0.281**	**0.460**
Diluted earnings per share before amortisation of the ECS customer portfolio and the Osiatis brand (in €)	**0.299**	**0.476**

Diluted earnings per share

(in € thousands, except for per share data and number of shares)	2014	2013
Diluted profit attributable to owners of the parent	31,197	47,153
Diluted profit for the year attributable to owners of the parent and before amortisation of the ECS customer portfolio	33,166	48,689
Average number of shares outstanding	109,938,391	95,940,400
Impact of stock options	2,874,969	3,813,695
Impact of OCEANE convertible bonds(1)	-	15,382,537
Impact of ORNANE convertible bonds	16,509,433	-
Diluted average number of shares outstanding	129,322,793	115,136,632
Diluted earnings per share (in €)	**0.241**	**0.410**
Diluted earnings per share before amortisation of the ECS customer portfolio and the Osiatis brand (in €)	**0.256**	**0.423**

(1) At 31 December 2014, the shares that could be issued upon exercise of OCEANE convertible bonds have an accretive impact. Accordingly, they are not taken into account in calculating diluted earnings per share.

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

32.1. Definition of cash flows

Cash flows are presented in the statement of cash flows, which analyses changes in cash flows from all activities, including continuing and discontinued operations as well as activities held for sale. Consolidated cash flows include cash and cash equivalents.

Year-on-year changes in cash and cash equivalents can be broken down as follows in 2014:

(in € thousands)	2014
Cash and cash equivalents at beginning of year	**150.1**
Change in gross cash and cash equivalents	**57.2**
Cash and cash equivalents at end of year	**207.3**

32.2. Comments on the consolidated statement of cash flows

Restatements and adjustments

In order to make the statement of cash flows easier to read, changes in gross liability for purchases of leased assets were classified as changes in working capital rather than changes in cash flows from financing activities. This is consistent with the definition of debt presented in Note 2.12.6, which excludes gross liability for purchases of leased assets and the recurring nature of debt relating to the Technology Management & Financing business.

Changes in the fair value of the ORNANE embedded derivative component recorded within current liabilities is classified in cash flows from operating activities. The accounting for ORNANE convertible bonds is described in Note 18.1.

Analysis

Net cash from operating activities decreased in the year, due chiefly to the investments in Econocom Digital Finance Limited and to the growth in freestanding operations within the Technology Management & Financing business. Net cash used in investing activities increased during the year, due to the payment of the outstanding balance on the vendor loan relating to the Osiatis acquisition and to payments made in connection with acquisitions carried out in the year. Net cash from financing activities reflects the issue of ORNANE convertible bonds (€175 million – see below), the buyback and redemption of OCEANE convertible bonds (€47 million – see below), and payments to shareholders through treasury share purchases and dividends.

Cash flows relating to ORNANE convertible bonds

(in € thousands)

Initial amount of the "debt" component of ORNANE convertible bonds	**163.3**
Initial amount of the embedded derivative component of ORNANE convertible bonds	**9.4**
Bond issue costs	**2.3**
Cash flows relating to the issue of ORNANE convertible bonds	**175.0**

Cash flows relating to OCEANE convertible bonds

(in € thousands)

Redemption of OCEANE convertible bonds deducted from liabilities	(30.9)
Redemption of OCEANE convertible bonds deducted from equity	(15.5)
Financial expenses on the redemption of OCEANE bonds	(1.0)
Cash flows arising on the redemption of OCEANE bonds	(47.4)

32.3. Impact of changes in scope of consolidation

Acquisitions in the year are discussed in Note 3.

The related cash outflows can be analysed as follows:

(in € thousands)

Cash cost of redemptions	(59.2)
Cash and cash equivalents acquired	12.0
Net cost	(47.2)

33. RISK MANAGEMENT

33.1. Capital adequacy framework

Net debt/equity ratio (2014: 37.9%; 2013: 15.1%)

The Group uses a number of different ratios, including the net debt/equity ratio which provides investors with a snapshot of the Group's level of debt in relation to its consolidated equity. It is calculated by taking aggregate debt as presented in Note 18, less cash and cash equivalents and total equity (attributable to owners of the parent and to non-controlling interests) at the reporting date.

The Group seeks a level of gearing that maximises value for shareholders while maintaining the financial flexibility that is required to implement its strategic projects.

33.2. Risk management policy

The Group's activities are subject to certain financial risks: market risk (including currency risk, interest rate risk and price risk), liquidity risk and credit risk.

The Group's overall risk management policy focuses on reducing exposure to credit risk and interest rate risk by transferring finance lease receivables to refinancing institutions and by using factoring solutions on a non-recourse basis for a number of subsidiaries.

Financial market risks (interest rate and currency risk) and liquidity risks are handled by Group Management.

33.2.1. Market risk

At the end of the year, Group Management fixes all of the rates to be applied in the following year's budgeting process.

The Group manages its exposure to interest rate risks by using hedging instruments such as swaps and foreign exchange forward contracts. These derivative financial instruments are used purely for hedging and never for speculative purposes.

33.2.1.1. Currency risk

The Group operates chiefly in the eurozone; however, following the expansion of operations in non-eurozone countries in Europe, as well as North and South America, the Group may be exposed to currency risk on other currencies, namely the pound sterling, US and Canadian dollar, Moroccan dirham, Czech koruna, Swiss franc, Romanian leu, Polish zloty, Brazilian real, Chinese yuan and Mexican peso. Since the subsidiaries' purchases and sales are denominated in the same currency, this exposure is limited. Econocom Group does not deem this risk to be material, but has nevertheless signed a number of foreign exchange hedging agreements to hedge risks on internal flows.

33.2.1.2. Interest rate risk

Econocom's operating income and cash flows are substantially independent of changes in interest rates. Sales of leases to refinancing institutions are systematically based on fixed rates. Income arising on these contracts is therefore set at the outset and only varies if the contract is amended.

At 31 December 2014, some of the Group's debt is at floating rates and comprises short-term borrowings (credit lines and bridge loans), and short-term factoring agreements.

No contracts hedging these floating-rate borrowings were outstanding at 31 December 2014. The ORNANE convertible bond is at a fixed rate. Following the acquisition of Osiatis, Econocom acquired fixed-rate borrowings with a maximum term of four years.

33.2.1.3. Price risk

The Group is exposed to the risk of fluctuations in the future value of leased equipment within the scope of its Technology Management & Financing business. It manages this risk by calculating the future value of equipment using an accelerated diminishing balance method, which is described in Note 2.9.3.

The method is regularly compared with actual transactions, and annual statistics are compiled to validate the suitable and conservative nature of the selected method.

33.2.1.4. Liquidity risk

The Finance Department is responsible for ensuring that the Group has a constant flow of sufficient funding:

• by analysing and updating cash flow forecasts on a monthly basis for the Group's 15 main companies;

• by negotiating and maintaining sufficient outstanding lines of financing;

• by optimising the Group's cash pooling system in order to offset cash surpluses and internal cash requirements.

At 31 December 2014, the Group secured new bilateral lines of credit from various banks for €111 million. A total of €60 million was put in place in 2014 and a further €51 million is to be released in the first quarter of 2015. Of these facilities, €40 million was confirmed at two years, €11 million at three years, €30 million at five years and €30 million at three to five years. The facilities were taken out at minimal cost in order to provide the liquidity necessary to finance the Group's assets, meet its short-term cash requirements and fund its expansion.

Econocom does not have any material loans or borrowings falling due in either 2015 or 2016. The two loans taken out in connection with the acquisition of Osiatis fall due in 2015 but can be extended at Econocom's request for a further 18 months.

In January 2014, the Group issued ORNANE bonds convertible into cash and/or into new shares and/or exchangeable for existing shares. The issue was for a total of €175 million and falls due in 2019. The bonds carry a fixed coupon of 1.5% per annum, payable annually in arrears on 15 January of each year. The issue price was €10.60 per bond. The bonds will be redeemed in cash at 105.26% of par, i.e. at a price of €11.16 per bond.

The Group also bought back and redeemed its OCEANE convertible bonds.

Upon exercise of their conversion right, bondholders will receive an amount in cash corresponding to the vested value and, where applicable, an amount payable in new and/or existing Econocom shares for the remainder (the Group may choose whether to use only new and/or existing shares).

Based on its current financial forecasts, Econocom Management believes it has sufficient resources to ensure the continuity of its activities. The Group intends to diversify its sources of financing in order to optimise its borrowing costs and further reinforce its financial independence.

Maturity analysis of financial liabilities (excluding derivative instruments)

The following maturity analysis for financial liabilities (principal and interest) shows remaining contractual maturities on an undiscounted basis:

December 31, 2014 (in € thousands)	Total commitment	Less than 1 year	1 to 5 years	Beyond 5 years
Finance lease liabilities	3,544	796	2,748	-
Gross liability for purchases of leased assets	54,215	13,183	40,874	158
Bank borrowings	85,715	44,391	41,324	-
Bonds	197,330	2,625	194,705	-
Trade and other payables	685,208	685,208	-	-
Factoring	7,476	7,476	-	-
Other financial liabilities	904	904	-	-
Non-current non-interest bearing liabilities	20,703	-	20,703	-
Total	**1,055,095**	**754,584**	**300,353**	**158**

December 31, 2013 (in € thousands)	Total commitment	Less than 1 year	1 to 5 years	Beyond 5 years
Finance lease liabilities	3,684	339	1,545	1,800
Gross liability for purchases of leased assets	53,938	15,835	37,566	537
Bank borrowings	106,185	56,607	49,578	-
Bonds	87,864	3,138	84,726	-
Trade and other payables	688,889	688,889	-	-
Factoring	8,639	8,639	-	-
Other financial liabilities	267	267	-	-
Non-current non-interest bearing liabilities	5,756	-	5756	-
Total	**955,222**	**773,714**	**179,171**	**2,337**

33.2.2. Credit and counterparty risk

The Group has no significant exposure to credit risk. It has policies in place to ensure that sales of goods and services are made to clients with an appropriate credit history. The Group's exposure is also limited as it does not have any concentration of credit risk and uses factoring solutions for the Distribution and Services businesses, as well as non-recourse refinancing with bank subsidiaries and credit insurance in the Technology Management & Financing business. For its Technology Management & Financing business, the Group does nevertheless have the option of retaining the credit risk on certain strategic transactions, provided that they do not have a material impact on the business's risk profile. The Group decided to concentrate its strategic transactions bearing credit risk within its subsidiary Econocom Digital Finance Limited to ensure a consistent risk management approach.

The Group only invests with investment-grade counterparties, thus limiting its credit risk exposure.

Maximum credit risk exposure

As the Group has no credit derivatives or continuing significant involvement in the transferred assets, its maximum exposure in this respect is equal to the amount of its financial assets (see Note 14).

Aged balance of receivables past due but not impaired

December 31, 2014 (in € thousands)	Carrying amount	Receivables not past due	Receivables past due			
			Total	< 60 days	60-90 days	> 90 days
Receivables from refinancing institutions[1]	110,962	70,897	40,065	35,220	1,891	2,954
Other receivables	576,392	423,785	152,606	57,454	18,922	76,230
Impairment losses on doubtful debts	(40,304)	(3,630)	(36,674)	(96)	(188)	(36,390)
Trade and other receivables, net	**647,050**	**491,052**	**155,997**	**92,578**	**20,625**	**42,794**

(1) Refinancing institutions correspond to financial institutions which are bank subsidiaries. The significant amount of receivables past due at 31 December is attributable to buoyant business levels in Technology Management & Financing in December. The bulk of these past due amounts are usually paid in the first two weeks of January.

33.2.3. Equity risk

The Group does not hold any unlisted or listed shares apart from treasury shares.

As the treasury shares held by Econocom Group at 31 December 2014 are deducted from shareholders' equity in the consolidated financial statements as of their acquisition, it is not necessary to compare their carrying amount to their actual market value.

The Group's ORNANE bond issue has a derivative component which varies in line with changes in Econocom's share price and other criteria (volatility, dividends, interest rates). ORNANE is a convertible bond which associates investors with share price performance by awarding an outperformance premium representing the difference between the share price at the maturity date and the par value of the bond. In the event that bondholders wish to convert any number of their bonds, the number of shares to be issued by Econocom to redeem the corresponding bonds can vary depending on the share price and the payment method chosen by the Group (in cash and/or in shares). This variable factor is reflected by recognising a liability remeasured at fair value through profit or loss. This derivative instrument is carried in liabilities in the statement of financial position for €5.6 million at 31 December 2014.

33.3. Operating risk management policy

33.3.1. Risks associated with Services contracts

The main risk in relation to Services contracts relates to contracts with a guaranteed result entered into with clients and the notice period for contract terminations. These risks, in addition to risks associated with sub-contractor default, are described in Chapter III, "Risk factors" and are managed through a legal and operational monitoring procedure.

33.3.2. Dependency risk

The Group continually strives to broaden its client portfolio as part of its development strategy to gain market share. At 31 December 2014, no single client represented over 5% of the Group's consolidated revenue and no supplier accounted for more than 25% of the Group's total purchases. The Group's operations are not dependent on any specific patents or on any licences for brands which it does not own.

33.3.3. Competition

The ICT services market has always been highly competitive. There are a limited number of competitors at an international level for all of the Group's businesses. However, in each country where it has operations and in each of its businesses, the Group faces strong competition from international, national or local players.

33.3.4. Legal risks

The Group operates as a service provider in various Western European countries and is therefore subject to numerous different laws as well as customs, tax and labour regulations. In order to limit its exposure to legal risks, the Group has set up subsidiaries in each country run by managers who are fully aware of the applicable local laws and regulations.

Through its headquarters in Brussels, Econocom keeps abreast of new European legislation and regulations.

The Group is not aware of any exceptional events or litigation likely to have a substantial impact on its financial position, assets, business or the results of its operations. Any pending litigation is covered by provisions for appropriate amounts calculated by Group Management.

Disclosures concerning litigation or arbitration likely to have a substantial impact on Econocom Group's financial position, business or the results of its operations at 31 December 2014 are presented in Note 35.

Liabilities are recognised in line with applicable accounting standards (see Note 2.16).

Provisions for claims and litigation are described in Note 16.

33.3.5. Employee-related risks

As far as Econocom Group Management is aware, the Group is not exposed to any employee-related risks other than those arising in the normal course of business for companies of a comparable size based in Europe. The majority of the workforce is employed in the Group's French, Belgian and Italian subsidiaries.

33.3.6. Environmental risks

Econocom Group does not destroy the machines purchased from refinancing institutions at the term of the related leases. In accordance with the WEEE (Waste Electrical and Electronic Equipment) Directive, the Group collects all the equipment it owns from clients and arranges for all electrical and electronic waste to be processed and recycled. Since 2013, Econocom has been a client of Ecologic, an environmental organisation which collects and processes WEEE from businesses all over France, in compliance with environmental legislation.

33.3.7. Insurance against risk

The Group is covered against liability claims and property damage via insurance policies taken out with first-rate insurers. It has elected not to take out business interruption insurance.

The Group reviews and evaluates its risks on an ongoing basis in conjunction with its insurers and experts so as to ensure optimal coverage in both the insurance and reinsurance markets.

33.3.8. Pledges, guarantees and collateral provided for borrowings

Real security interests provided as collateral for borrowings or financial liabilities by the Group chiefly consist of receivables offered as collateral for its short-term funding. The amount of pledged and mortgaged assets is disclosed in Note 34.

33.3.9. Risks associated with acquisitions and integrations

As part of its strategy, the Group continues to develop its business by seeking acquisition opportunities in all its areas of activity. By acquiring companies, the Group is exposed to the risk associated with integrating the companies. These risks include, but are not limited to, covering financial and operational costs which are higher than initially anticipated, failure of the operational integration, which can lead to loss of major clients or the departure of important members of the acquiree's staff and a decline in financial performance. Integration of the acquired companies may also disrupt the Group's existing businesses and lead to insufficient resources, particularly in terms of management. The synergies expected from an acquisition may fall short of forecasts or take longer to achieve than initially announced, and the costs of implementing these synergies may exceed expectations. The above-mentioned factors may also have a negative impact on the goodwill recognised in the consolidated financial statements with respect to acquisitions (see Note 7 – Goodwill, to the consolidated financial statements). Historically, Econocom has successfully implemented its mixed growth strategy and boasts recognised integration experience. The successful acquisition and subsequent integration of ECS Group, which was acquired in 2010 and enabled the Group to double in size, followed by the acquisition of Osiatis in 2013, are testament to the Group's experience in this area.

33.3.10. Risks associated with tax inspections

The Group undergoes regular tax inspections in the various countries in which it operates. Although the outcome of these inspections is uncertain, the Group has estimated as accurately as possible the associated risks and has recognised the appropriate provisions for those risks in its financial statements. The outcome of these inspections could have a negative impact on the Group's consolidated financial statements. However, this impact is limited on account of the provisions recognised.

33.4. Sensitivity analysis

The sensitivity analyses carried out to measure the impact of various foreign currency/euro exchange rate fluctuations show that, assuming a constant level of performance of foreign subsidiaries, a 10% decrease in all these currencies would have an impact of less than €0.4 million on the Group's profit.

The Group also manages finance lease agreements denominated in dollars in its Technology Management & Financing business. The terms and conditions of this contract are such that the foreign exchange risk is automatically hedged and fluctuations in the dollar exchange rate do not have a material impact on earnings.

As regards interest rates, the sensitivity analysis shows that a 1% (100-basis point) change in short-term interest rates would result in a €1.4 million increase/decrease in profit before tax and non-recurring items.

34. OFF-BALANCE SHEET COMMITMENTS

34.1. Commitment to buy back shares (minority puts)

The founders of Rayonnance, ASP Serveur and Aragon each retained a stake in their companies. However, these interests will be sold to Digital Dimension in connection with the exercise of reciprocal put/call options exercisable in 2017 for Rayonnance, 2016 for Aragon, and 2019 for ASP Serveur. The Group has calculated a best estimate of its liability in this respect (see Notes 3 and 20); however, an outflow of additional resources would affect future earnings.

34.2. Commitment to pay earn-out

The Group committed to pay an earn-out when it acquired Rayonnance (see Note 3) in 2014, and Ermestel and France Systèmes in 2013. The Group estimated these earn-outs as accurately as possible in the financial statements and any excess amount will be covered by an additional contribution from these companies to the Group's earnings in 2015 and 2016.

34.3. Commitments received as a result of acquisitions

Vendor warranties relating to acquisitions in 2014

Total warranties granted by vendors in connection with acquisitions carried out in 2014 are capped at €5.4 million. The warranties are valid from 2014 through to 2018, with the exception of certain tax and employee-related risks, for which the warranty is valid three months after the statutory period.

Vendor warranties relating to acquisitions in 2013

Total warranties granted by vendors in connection with the acquisition of Exaprobe in 2013 are capped at €1 million. The warranties are valid through to 31 March 2015 with the exception of certain tax and employee-related risks, for which the warranty is valid three months after the statutory period.

34.4. Guarantee commitments

Off-balance sheet commitments can be analysed as follows by maturity and type of commitment:

(in € thousands)	Less than 1 year	1 to 5 years	Beyond 5 years	Total at 31 Dec. 2014	Total at 31 Dec. 2013
Commitments given	**144,009**	**192,712**	**255,376**	**592,097**	**500,061**
Commitments given to banks	143,995	125,586	67,500	**337,082**	260,861
Commitments given to refinancing institutions(1)	-	52,418	187,876	**240,294**	214,964
Commitments given to customers	13	14,708	-	**14,721**	24,236
Commitments received	**29,864**	**-**	**-**	**29,864**	**26,632**
Guarantees and pledges	29,864	-	-	**29,864**	26,632

(1) The unused amount at 31 December 2014 is €86,249,000.

35. INFORMATION ON THE TRANSFER OF FINANCIAL ASSETS

35.1. Information on the transfer of assets - assets not derecognised in full

Assignment of trade receivables

For the purpose of optimising its cash management for its Products & Solutions and Services businesses, the Group assigns a portion of its trade receivables throughout the year to factoring companies. At 31 December 2014, the Company had assigned €197.5 million to factoring companies and had obtained financing of €155.1 million, €7.4 million of which was recognised in receivables and payables in respect of the Group's continuing involvement in the credit risk. The unfinanced amount of €42.4 million is recognised in long-term financial assets and other receivables, and corresponds to unassignable receivables.

The overall factoring cost amounted to €2.0 million in 2014 compared with €1.4 million in 2013.

(in € thousands)	2014	2013
Receivables assigned to factoring companies	**197.5**	151.2
Liabilities	**7.4**	8.6
Non-factored receivables	**42.4**	32.6
Factored receivables	**147.7**	110

Refinancing with recourse

In certain very limited cases, Econocom Group retains its exposure to the credit risk on its factored receivables. In this case, the Group transfers title to the equipment under the lease to the refinancing institution for the duration of the lease, as collateral for the transaction.

However, for the purposes of simplification, the Group recognised a financial liability equal to the total amount factored with recourse and recorded a gross asset (representing its "continuing involvement" as defined by IAS 39) in trade receivables for an amount of €43.6 million at 31 December 2014 (€43.0 million at 31 December 2013).

35.2. Information on transfers of assets associated with refinancing – derecognised assets

35.2.1. Nature of continuing involvement

Residual financial value

Outstanding amounts under the Group's lease agreements with customers are refinanced on a non-recourse basis barring exceptional cases.

The Group's active risk management policy is aimed at limiting both credit risk and any other continuing involvement. Accordingly, the Group derecognises outstanding amounts under leases refinanced on a non-recourse basis.

However, the Group frequently sells, and commits to repurchase, the leased equipment at the same time as the outstandings under leases. These purchase obligations are classified within "gross liability for purchases of leased assets" and recognised in the statement of financial position.

Other continuing involvement

The main legal forms of refinancing contracts for lease outstandings are described below:

Outstandings assigned in full: Econocom considers that it has no other involvement within the meaning of IFRS 7.

Outstandings assigned as sales of receivables: Econocom has continuing involvement since it retains a portion of the risk associated with the contractual relationship and ownership of the assets.

Outstandings assigned under finance leases: Econocom has continuing involvement since it retains a portion of the risk associated with the contractual relationship.

Risk from continuing involvement depends above all on Econocom's relationship with its customers, and as such is considered, managed and, where appropriate, covered by provisions as an operational risk and not a financial risk.

35.2.2. Recognition in profit or loss

For Econocom Group, the cost of transferring outstandings is an operating expense included in the economic analysis of each transaction, and is included in recurring operating profit accordingly. In contrast, costs relating to the factoring of trade receivables are of a financial nature and are therefore classified within net financial expense. Gains and costs relating to the residual interest in leased assets and to gross liability for purchases of leased assets are considered as operating costs and are included in "Financial income – operating activities".

35.2.3. Breakdown of transfers for the year

Refinancing is part of the operating sales cycle and its seasonal nature is thus linked to that of its business and not to the presentation of the statement of financial position. A significant part of this business takes place in December, which is traditionally an important month for companies where ICT investments are concerned.

36. RELATED-PARTY INFORMATION

36.1. Management remuneration

(in € thousands)	Total at 31 Dec. 2014	Total at 31 Dec. 2013
Short-term benefits (including payroll costs)	**4,679**	3,820
Retirement benefits and other post-employment benefits	**81**	167
Other long-term benefits	**150**	97
Termination benefits	**723**	
Share-based payments	**854**	1,127
Total	**6,487**	**5,211**

The table above shows the amounts expensed as personnel costs for directors and members of the Executive Committee. Remuneration is presented for a 12-month period or on an accrual basis for those directors and Executive Committee members who did not exercise their duties over the full year. In 2013, remuneration for Executive Committee members formerly from Osiatis was shown for a four-month period.
The remuneration policy for directors and members of the Executive Committee is set out in section 5.7.1 of the Management Report.

36.2. Related-party transactions

Transactions between the parent company and its subsidiaries, which are related parties, were eliminated on consolidation and are not presented in this note. The transactions with related parties summarised below mainly concern the principal transactions carried out with companies in which the Chairman of Econocom Group's Board of Directors holds a directorship.

	Income		Expenses		Receivables		Payables	
(in € thousands)	2014	2013	2014	2013	2014	2013	2014	2013
SCI Dion-Bouton	**-**	-	**(2,394)**	(2,279)	**2,101**	2,064	**-**	-
Econocom International NV	**366**	47	**(2,858)**	(2,222)	**-**	8	**20**	14
SCI Maillot Pergolèse	**13**	13	**(408)**	(423)	**216**	5	**-**	43
Ecofinance International	**-**	-	**(522)**	(212)	**78**	-	**-**	28
Audevard	**-**	0	**-**	-	**-**	2	**-**	-
APL	**-**	-	**(502)**	(101)	**-**	-	**113**	-
Total	**379**	**60**	**(6,684)**	**(5,237)**	**2,395**	**2,079**	**133**	**85**

Econocom International NV is a non-listed company that holds 41.03% of the capital of Econocom Group SA/NV at 31 December 2014. Econocom International NV – whose Chairman is Jean-Louis Bouchard – bills fees to Econocom Group SA/NV and its subsidiaries for managing and coordinating the Group. These fees amounted to €2.8 million in 2014 (€2.2 million in 2013).

The increase in fees results from the acquisition of Osiatis and from changes in services and the associated costs.

In 2014, SCI Dion-Bouton, which owns the building in Puteaux, received €2.4 million in rent.

As part of its Technology Management & Financing business, the Group refinances a number of contracts on a non-recourse basis with Ecofinance International. In 2014, the warranty and refinancing expenses paid to Ecofinance International amounted to €0.5 million, compared with €0.2 million in 2013.

Transactions with SCI Maillot Pergolèse, which owns the premises in Clichy, relate to rent for 2014. This amount decreased in 2014 as the teams were gradually reorganised and brought together at the Puteaux premises leased to SCI Dion-Bouton.

APL – whose Chairman is Robert Bouchard – chiefly invoiced Osiatis France for construction work at the Rungis site.

37. SUBSEQUENT EVENTS

On 20 January 2015 Digital Dimension, a subsidiary of Econocom Group, acquired Aragon-eRH, a provider of cloud-based, SaaS-mode Human Resources Information System (HRIS) software solutions. Founded in 2007 by HR experts, Aragon-eRH provides a simple, comprehensive HRIS solution that addresses the full spectrum of a company's HR requirements. As a result of this acquisition, Digital Dimension now holds two-thirds of the share capital, whilst the remaining third is held by Aragon-eRH's two founders, who will continue to have an operational role within the organisation.

On 9 February 2015, Econocom announced it had acquired a 45% stake in Hélis, a French provider of critical infrastructure and network consulting and engineering services. Helis currently posts revenue of over €8 million. This transaction is perfectly in line with Econocom's strategy to strengthen its positioning in high-potential markets and added-value services.

Finally, on 11 February, Econocom acquired the entire share capital of Clesys, a system and network infrastructure security specialist. A specialist in open source infrastructures and data flow security using both consumer software programs (Cisco, Juniper, etc.) and in-house applications, Clesys also develops its own applications to address specific requirements. In addition, the company provides assistance for project management, defining architecture and administration for technical solutions. Clesys posts almost €6 million in revenue and employs around fifty engineers. This acquisition is in keeping with the Mutation strategic plan for the 2013-2017 period and will reinforce the Group's Security division, which is crucial for companies' digital transformation challenges.

38. ASSESSMENTS MADE BY MANAGEMENT AND SOURCES OF UNCERTAINTY

The main areas in which judgement was exercised by Management were as follows:

• Impairment of goodwill (Note 7): each year, Econocom Group reviews the value of the goodwill in its consolidated financial statements, in accordance with the principles described in Note 2.11. These impairment tests are particularly sensitive to medium-term financial projections and to the discount rates used to estimate the value in use of CGUs.

• Assessment of provisions for pensions (Note 17): an actuary calculates the provision for retirement benefits using the projected unit credit method as described in Note 2.17. This calculation is particularly sensitive to assumptions regarding the discount rate, salary increase rate and employee turnover rate.

• Valuation of the stock options granted since November 2002: the actuarial formulae used are sensitive to assumptions concerning employee turnover, changes in and volatility of the share price of Econocom Group SA/NV, as well as the probability of Management achieving its objectives (see Note 15.3.1.).

• Valuation of Econocom Group's residual interest in leased assets (see Notes 10 and 12): this valuation is performed using the method described in Note 2.9.3 and verified every year using statistical methods.

• Assessments of the probability of recovering the tax loss carryforwards and tax credits of the Group's subsidiaries (see Note 30 on tax loss carryforwards).

• Provisions (see Note 16): provisions are recognised to cover probable outflows of resources to a third party with no equivalent consideration for the Group. They include provisions for litigation of any nature which are estimated on the basis of the most probable settlement assumption. To determine these assumptions, Group Management relies, where necessary, on assessments made by external consultants.

• A French Services subsidiary underwent a tax inspection focused on research tax credits and at end-June 2014 was served a tax reassessment notice by the French tax authorities in respect of 2009 and 2010. A provision was recognised to cover the associated risk (see Note 16). Assisted by its tax advisors, the company provided additional technical information in response and talks are ongoing with the authorities. The entity considers its arguments are well-founded and able to challenge the authorities' position.

• The accounting methods used in the event of acquisitions are described in the note on business combinations.

STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2014

VI.

STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2014

pwc

STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING ON THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2014

In accordance with the legal requirements, we report to you on the performance of our mandate of Statutory Auditor. This report includes our opinion on the consolidated financial statements, as well as the required additional statement. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2014 and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Report on the consolidated financial statements – Unqualified opinion

We have audited the consolidated financial statements of Econocom Group SA/NV ("the Company") and its subsidiaries (jointly "the Group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. The total of the consolidated statement of financial position amounts to €1,602,417,000 and the consolidated statement of comprehensive income shows a profit for the year of €30,879,000.

Board of Directors' responsibility for the preparation of 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 with the legal and regulatory requirements applicable in Belgium, and for such internal control as the Board of Directors determine, is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Statutory Auditor's responsibility

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 (ISAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated 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 Statutory Auditor'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 Statutory Auditor considers internal control relevant to the Group'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 Group'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 have obtained from the Board of Directors and the company's officials the explanations and information necessary for performing our audit.

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

Unqualified opinion

In our opinion, the consolidated financial statements give a true and fair view of the Group's net equity and consolidated financial position as at 31 December 2014 and of 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, and with the legal and regulatory requirements applicable in Belgium.

Report on other legal and regulatory requirements

The Board of Directors is responsible for the preparation and the content of the management report on the consolidated financial statements.

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we provide the following additional statement which does not impact our opinion on the consolidated financial statements:

The management report on the consolidated financial statements includes the information required by law, is consistent with the consolidated financial statements and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate.

Sint-Stevens-Woluwe, 13 April 2015

The Statutory Auditor
PwC Bedrijfsrevisoren BCVBA
Represented by

Damien Walgrave
Réviseur d'Entreprises/Bedrijfsrevisor

CHAIRMAN'S STATEMENT

VII.

CHAIRMAN'S STATEMENT

We hereby declare that, to the best of our knowledge, the consolidated financial statements for the year ended 31 December 2014 prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union, give a true and fair view of the assets, financial position and profit or loss of the Company and the undertakings in the consolidation taken as a whole, and that the Management report includes a fair review of the performance of the business and the profit or loss and financial position of the Company and the undertakings in the consolidation taken as a whole, together with a description of the main risks and uncertainties.

30 March 2015

On behalf of the Board of Directors

Jean-Louis Bouchard,
Chairman of Econocom

CONDENSED PARENT COMPANY FINANCIAL STATEMENTS*

For the year ended 31 December 2014

CONTENTS

(*) The parent company financial statements are prepared in accordance with Belgian GAAP.

ECONOCOM GROUP SA/NV PARENT COMPANY FINANCIAL STATEMENTS

In accordance with article 105 of the Belgian Companies Act, Econocom Group SA/NV hereby states that the following financial statements are an abridged version of the full annual financial statements that can be obtained from the Company and which will be filed with the Banque Nationale de Belgique. This abridged version does not contain all of the notes to the parent company financial statements or the Statutory Auditor's report, which contained an unqualified audit opinion in relation to the annual financial statements.

VIII.

1. PARENT COMPANY BALANCE SHEET

For the year ended 31 December 2014

Assets

(in € thousands)	31 December 2014	31 December 2013
Fixed assets	**652,518**	**723,787**
I. Start-up costs	**1,818**	**761**
II. Intangible assets	**245**	**357**
III. Property, plant and equipment	**50**	**68**
A. Land and buildings	0	0
B. Plant and equipment, fixtures and fittings	28	46
E. Other property, plant and equipment	23	23
F. Property, plant and equipment in progress	0	0
IV. Long-term financial assets	**650,405**	**722,600**
A. Related parties	649,998	722,394
1. Equity interests	493,607	440,482
2. Receivables	156,391	281,912
C. Other financial assets	407	207
1. Shares	401	201
2. Receivables and cash guarantees	6	6
Current assets	**38,918**	**26,062**
VI. Inventories and work in progress	**17**	**26**
A. Inventories	17	26
VII. Current receivables	**29,865**	**18,952**
A. Trade receivables	27,170	17,973
B. Other receivables	2,695	979
IX. Cash investments	**8,985**	**6,939**
A. Treasury stock	8,701	6,062
B. Other investments	283	877
X. Cash and cash equivalents	**38**	**47**
XI. Accrual accounts	**13**	**98**
Total assets	**691,436**	**749,849**

Equity and liabilities

(in € thousands)	31 December 2014	31 December 2013
Equity	**299,985**	**260,352**
I. Share capital	**21,564**	**19,874**
A. Paid-in capital	21,564	19,874
II. Additional paid-in capital	**188,568**	**158,253**
III. Revaluation gain	**2,520**	**2,520**
IV. Reserves	**11,275**	**8,467**
A. Statutory reserve	2,156	1,987
B. Unavailable reserves	8,701	6,062
1. For treasury shares	8,701	6,062
D. Available reserves	418	418
V. Retained earnings	**76,058**	**71,237**
Provisions and deferred taxes	**13,289**	**37,369**
VII. A. Provisions for contingencies and losses	**13,289**	**37,369**
4. Other contingencies and losses	13,289	37,369
Liabilities	**378,162**	**452,128**
VIII. Non-current liabilities	**281,157**	**302,752**
A. 2. Convertible unsecured loan securities	176,657	75,285
4. Bank loans and borrowings		
5. Other borrowings	104,500	227,467
IX. Current liabilities	**96,981**	**149,376**
A. Current portion of non-current liabilities	2,625	3,360
Convertible unsecured loan securities	2,625	3,360
B. Borrowings and debt	80,404	96,939
1. Bank loans and borrowings	126	250
2. Other borrowings	80,278	96,689
C. Trade payables	11,461	4,926
1. Suppliers	11,461	4,926
E. Accrued taxes and personnel costs	830	878
1. Income tax	230	18
2. Personnel costs including social security charges	600	860
F. Other liabilities	1,661	43,273
XII. Accrual accounts	**23**	
Total equity and liabilities	**691,436**	**749,849**

2. PARENT COMPANY INCOME STATEMENT

For the year ended 31 December 2014

Expenses

(in € thousands)	31 December 2014	31 December 2013
II. Cost of sales and services	**7,754**	**34,375**
A. Materials and goods for resale		
B. Services and miscellaneous goods	19,100	10,484
C. Personnel costs (including social security charges) and pensions	12,589	2,902
D. Amortisation/depreciation and impairment of start-up costs, property, plant and equipment and intangible assets	139	152
E. Additions to (reversals of) impairment of inventories, work-in-progress and trade receivables	5	2
F. Additions to (reversals of) provisions for contingencies and losses	(24,080)	20,835
G. Other operating expenses		
V. Financial expenses	**14,340**	**13,493**
A. Expenses on liabilities	11,164	13,227
B. Impairment of current assets other than inventories, work-in-progress and trade receivables	8	6
C. Other financial expenses	3,168	260
VIII. Non-recurring expenses		**14**
B. Impairment of long-term financial assets	-	14
C. Additions to (reversals of) non-recurring provisions for contingencies and losses		
D. Loss on disposal of fixed assets		
E. Other non-recurring expenses		
X.A Income tax	**83**	**17**
XI. Profit for the year	**27,155**	**13,197**
Total	**49,332**	**61,096**

Income

(in € thousands)	31 December 2014	31 December 2013
I. Sales of services	**29,948**	**14,265**
A. Revenue	**28,676**	12,680
D. Other operating income	**1,272**	1,585
IV. Financial income	**15,575**	**39,084**
A. Income from long-term financial assets	**12,617**	36,084
B. Income from current assets	**2**	29
C. Other financial income	**2,955**	2,970
VII. Non-recurring income	**3,810**	**7,747**
B. Reversals of impairment of long-term financial assets		
D. Gain on disposal of fixed assets	**3,810**	7,600
E. Other non-recurring income		147
X. Tax adjustments and reversals of tax-related provisions	**0**	**-**
Total	**49,332**	**61,096**

Appropriation of profit

(in € thousands)	31 December 2014	31 December 2013
A. Total profit available for distribution	**98,392**	**114,147**
1. Profit for the year	***27,155***	*13,197*
2. Retained earnings	***71,237***	*100,950*
B. Deductions from equity		
1. From equity and paid-in capital		
2. From reserves		
C. Appropriations to equity	**(22,335)**	**(30,127)**
2. To the statutory reserve	***(169)***	*(279)*
3. To other reserves	***(22,166)***	*(29,848)*
D. Appropriation to retained earnings	**(76,058)**	**(71,237)**
1. Amount carried forward	***(76,058)***	*(71,237)*
F. Profit available for distribution	**-**	**(12,782)**
1. Dividends	***-***	*(12,782)*

3. PARENT COMPANY STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

(in € thousands)	31 December 2014	31 December 2013
Profit for the year	27,155	13,197
Income tax expense		17
Depreciation, amortisation and impairment	152	172
Impact of changes in provisions for other contingencies and losses	(24,079)	20,835
Gains/losses on disposal of long-term investments		0
Dividends received from equity interests	(5,328)	(26,084)
Interest received on non-current financial receivables	(7,289)	(10,000)
Gains/losses on disposal of treasury shares	2,841	(451)
Operating cash flow (a)	**(6,548)**	**(2,314)**
Change in current receivables	(10,913)	(9,441)
Change in other current assets	99	(29)
Change in trade payables	6,535	(1,173)
Change in accrued taxes and personnel costs (current portion)	(48)	(475)
Change in other current liabilities	23	0
Change in working capital (b)	**(4,304)**	**(11,118)**
Income tax expense (c)	**-**	**(17)**
Net cash used in operating activities (a+b+c)	**(10,852)**	**(13,449)**

(in € thousands)	31 December 2014	31 December 2013
Start-up costs		
Acquisition of property, plant and equipment and intangible assets for internal use	(9)	(1,233)
Disposal of property, plant and equipment and intangible assets for internal use		2,145
Acquisition of equity interests	(55,335)	(79,252)
Disposal of equity interests	3,285	
Acquisition of non-current financial receivables	-	(14)
Repayment of non-current financial receivables	125,521	8,858
Acquisition of other long-term financial assets	(200)	(201)
Disposal of other long-term financial assets		
Dividends received from equity interests	5,328	26,084
Interest received on non-current financial receivables	7,289	10,000
Net cash from (used in) investing activities (d)	**85,879**	**(33,613)**
OCEANE convertible bonds – redemption	(47,503)	(6,272)
OCEANE convertible bonds – interest	(1,654)	4,256
OCEANE convertible bonds – financial expense	3,279	
OCEANE convertible bonds – conversion	-	(198)
ORNANE convertible bonds – issue	175,000	
ORNANE convertible bonds – issue costs	(1,818)	-
ORNANE convertible bonds – financial expense	4,283	-
Change in current borrowings and debt	(16,535)	59,816
Change in non-current borrowings and debt	(122,967)	(833)
Acquisition of treasury shares	(58,286)	(37,608)
Disposal of treasury shares	33,401	6,978
Dividends paid during the year	(12,867)	(9,866)
Change in other liabilities	(29,963)	30,413
Cash flows from (used in) financing activities (e)	**(75,630)**	**46,686**
Change in cash and cash equivalents (a+b+c+d+e)	**(603)**	**(376)**

KEY CONSOLIDATED FIGURES

IX.

KEY CONSOLIDATED FIGURES

	2009 (reported)	2010 (reported)	2011 (reported in AR 2012)	(reported in AR 2013)	2013 (restated)	2014
Number of shares (at 31 December)*						
Ordinary shares	99,200,000	104,691,588	104,691,588	96,691,588	106,517,314	**112,519,287**
AFV (preferred shares)	-	-	-	-	-	**-**
Total	99,200,000	104,691,588	104,691,588	96,691,588	106,517,314	**112,519,287**
Free float	20.09%	20.93%	20.79%	48.08%	48.44%	**51.22%**
Average number of shares outstanding	94,907,576	93,500,948	100,281,668	96,241,520	95,940,400	**109,938,397**
Per share data (in €)						
Net dividend (on ordinary shares)	0.06	0.07	0.08	0.08	0.09	0.11
Gross dividend (on ordinary shares)	0.08	0.09	0.10	0.10	0.12	**0.15**
Payout rate (a)	36.59%	31.83%	41.61%	20.76%	28.96%	**52.48%**
Recurring operating profit	0.30	0.50	0.64	0.78	0.95	**0.84**
Operating profit	0.30	0.43	0.46	0.74	0.81	**0.61**
Profit before tax	0.30	0.44	0.34	0.69	0.71	**0.51**
Profit for the year attributable to owners	0.21	0.31	0.21	0.48	0.46	**0.28**
Consolidated operating cash flow	0.36	0.36	0.57	0.86	0.82	**0.77**
Equity attributable to owners	0.85	1.20	1.30	1.60	2.44	**2.31**
Price/earnings (b)	12	8	18	12	18	**23**
Price/operating cash flow (b)	7	7	7	7	10	**8**
Net yield (c)	2.22%	2.60%	1.95%	1.26%	1.08%	**1.72%**
Gross yield (c)	2.90%	3.50%	2.61%	1.68%	1.44%	**2.29%**
Stock market data (in €)						
Average share price	1.78	2.63	3.50	4.46	6.20	6.91
At 31 December	2.59	2.50	3.84	5.95	8.32	**6.56**
High	2.67	3.06	4.29	5.95	8.35	**9.15**
Low	1.15	2.25	2.51	3.56	5.08	**4.83**
Annual yield at 31 December (d)	64.29%	(0.87%)	56.50%	57.00%	41.01%	**(19.81%)**
Annual trading volume (in units)	16,414,764	12,657,460	15,258,628	19,746,496	22,486,790	**29,095,420**
Average daily trading volume	66,188	49,252	59,836	77,437	84,938	**114,100**
Annual trading volume (in €m)	30	34	53	89	147	**201**
Market capitalisation at 31 December (in €m)	257	262	407	575	886	**738**
Listing market (e)	TC	TC	TC	TC	TC	**TC**
Number of employees at 31 December	**2,266**	**3,664**	**3,610**	**3,700**	**8,195**	**8,588**

** After the four-for-one share split (in 2009 and 2010).*
(a) Payout rate = gross dividend/consolidated profit from ordinary activities after tax and before amortisation of goodwill attributable to the Group.
(b) Share price at 31 December/cash flow.
(c) Net or gross dividend/share price at 31 December.
(d) Annual yield = change in share price at 31 December relative to 31 December of the previous year plus net dividend/share price at 31 December of the previous year.
(e) Listing market = Brussels: SM = Second Marché *from 9 June 1988; CSF =* Marché au Comptant Simple Fixing *from 13 December 1996. CDF =* Marché au Comptant Double Fixing *from 11 March 1998; and TSC =* Marché à Terme semi-continu *from 11 March 1999. The Econcom Group share has been listed on the* Marché à terme continu *(TC) since 16 March 2000.*

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The Econocom Group 2014 annual report is available in French and English
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