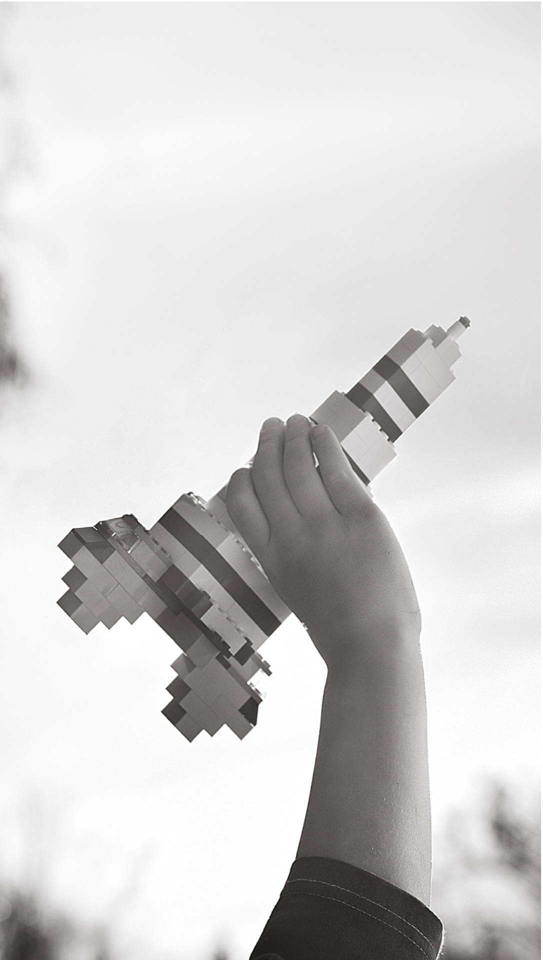
2015 annual report

econocom

ECONOCOM: A PLAYER IN DIGITAL TRANSFORMATION



Econocom designs, finances and oversees companies' digital transformation.

With over 9,000 employees in 19 countries and revenue in excess of €2.3 billion, Econocom has all the requisite abilities to ensure the successful implementation of large-scale digital projects: consulting, sourcing and administrative management of digital assets, infrastructure services, business applications and solutions, and project financing.

Econocom adopted European company status, *societas europaea,* in December 2015. The Econocom Group share has been listed on Euronext Brussels since 1986. It is part of the BEL Mid and the Tech 40 indices.

MESSAGE FROM THE CHAIRMAN

2015 was an exciting year, notable for Econocom's positioning at the very core of European digital markets and for the strong growth in our results.

2015 was a vintage year for Econocom, with revenue climbing over 11% to €2,316 million – an 8% rise in organic growth – recurring operating profit up 23% and net earnings per share doubling.

These excellent performances are a testament to the validity of our new development model resulting from the successful merger with Osiatis and our strategy based on a balanced combination of organic growth and selective acquisitions.

With a strong focus on entrepreneurship and creativity, our Econocom Galaxy, made up of the Planet (the group's historic core businesses, wholly-owned subsidiaries) and eight satellites (recent investments in which the heads have maintained a share of the capital), strengthens our original positioning as an integrator of digital and financial solutions.

This innovative development model has brought about original management approaches between the planet and the satellites. It promotes emulation and motivation which is beneficial to all concerned. Thanks to this model, we are at the forefront of key sectors such as security, web and mobile apps, business solutions and digital transformation consulting. This unique organisation gives us the agility of small companies combined with the trust a major group inspires.

2015 was also notable for the strengthening of our European foothold. We adopted European company status (*societas europaea*), as a reflection of our true identity. We are proud to have joined the EnterNext European Tech 40 index, which makes us stand out among Europe's leading digital and technology players. We have consolidated our presence in the main countries in which our key European clients operate in.

Last year was also a year of commitment. We implemented a CSR policy which, like us, is bold and pragmatic and contributes to harmonious economic and social development.

In 2016, under my guidance, Econocom will continue its assertive investment policy in order to boost the Group's innovation and creativity, maintain its agility, step up growth and improve profitability.

The pride we have in building a "one-of-a-kind" services group upon the foundations of our values will motivate us and confirm our confident vision of the future.

Kind regards,

Jean-Louis Bouchard
Chairman

ORGANISATION OF ECONOCOM GROUP

At 31 December 2015

BOARD OF DIRECTORS

Chairman and Chief Executive Officer

Jean-Louis Bouchard

Chief Executive Officers

Bruno Grossi
Bruno Lemaistre
Jean-Philippe Roesch

Executive Directors

Georges Croix
Véronique di Benedetto

Non-Executive Director and Vice-Chairman

Robert Bouchard

Non-Executive Directors

Gaspard Dürrleman
Rafi Kouyoumdjian

Independent Directors

Christian Bret
Walter Butler
Jean Mounet

EXECUTIVE COMMITTEE

Jean-Louis Bouchard

Chairman

Bruno Grossi

Executive Director of Strategy, Acquisitions, Communications and Strategic Marketing

Bruno Lemaistre

Executive Director of Operations

Jean-Philippe Roesch

Executive Director of Central and Support Functions

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

Georges Croix

Véronique di Benedetto

Gaspard Dürrleman

Bruno Grossi

Rafi Kouyoumdjian

Bruno Lemaistre

Jean Mounet

Jean-Philippe Roesch

Galliane Touze

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CONTENTS (continued)

2015 KEY FIGURES

I.

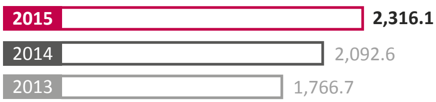
2015 KEY FIGURES

Condensed consolidated income statement (in € millions)

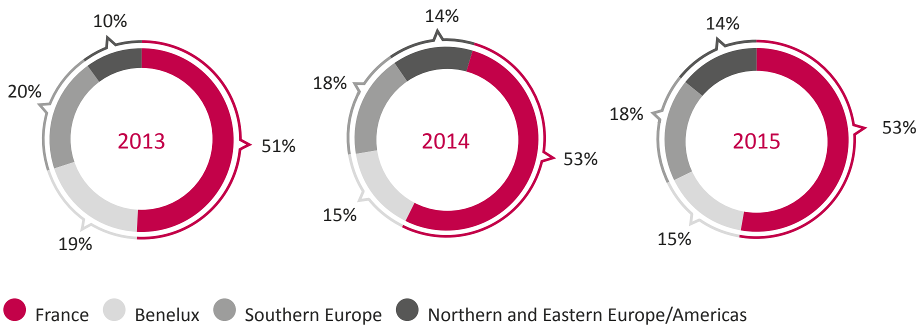
	2013 (published in 2014 AR)	2014 (restated)*	**2015**	**2015 vs 2014**
Consolidated revenue	1,766.7	2,092.6	**2,316.1**	**+11%**
Recurring operating profit(1)	93.2	95.9	**117.7**	**+23%**
Profit for the year excluding non-controlling interests(2)	44.1	29.4	**66.8**	**+127%**

** Restated with the new IFRS (IFRIC 21)*
(1) Before amortisation of the ECS customer portfolio and the Osiatis brand.
(2) Before amortisation of the ECS customer portfolio and the Osiatis brand and before the change in fair value of the ORNANE embedded derivative component, net of income tax.

Consolidated revenue (in € millions)



Revenue by geographical area

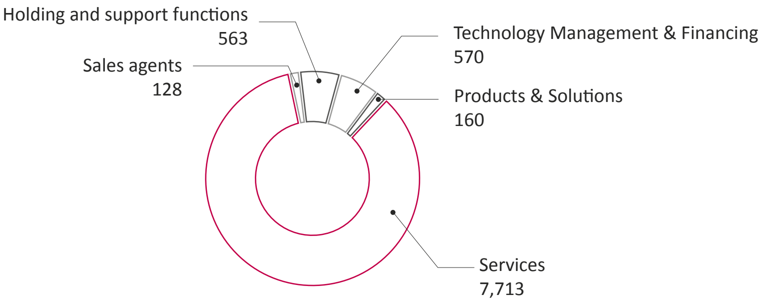


€2,316.1 million consolidated revenue

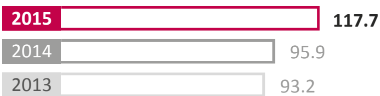
9,134 employees

19 countries

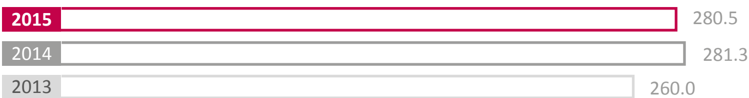
Breakdown of staff at 31 December 2015



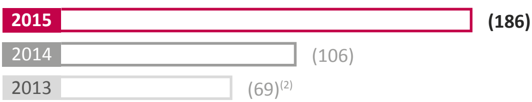
Recurring operating profit[1] (in € millions)



Shareholders’ equity (including non-controlling interests)
(in € millions)



Net debt (in € millions)

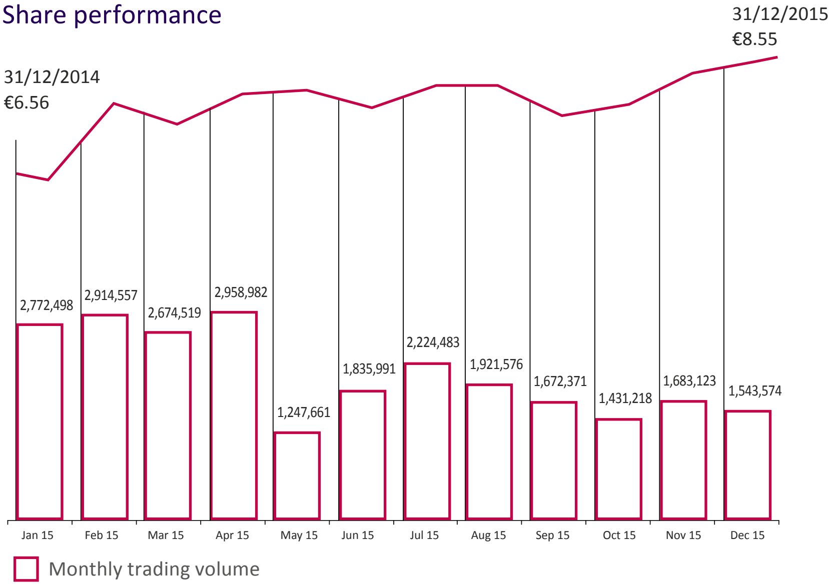


(1) Before amortisation of the ECS customer portfolio and the Osiatis brand.
(2) Before amortisation of the ECS customer portfolio and the Osiatis brand and before the change in fair value of the ORNANE embedded derivative component, net of income tax.

ECONOCOM GROUP SE SHARE PERFORMANCE

- The Econocom Group share is listed on the Eurolist (Compartment B) of Euronext Brussels and on the Bel Mid index and Tech40
- Code ISIN : BE0974266950
- Average daily trading volume in Brussels in 2015 : 97,190
- Market capitalisation at 31 December 2015 : €961.6 million

Share performance



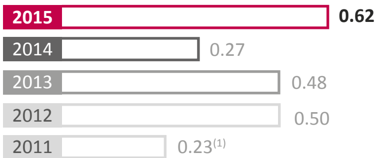
	2010[(1)]	2011[(1)]	2012[(1)]	2013	2014	2015
High (in €)	3.06	4.29	5.95	8.35	9.15	**8.98**
Low (in €)	2.25	2.51	3.56	5.08	4.83	**6.02**
Share price on 31 December (in €)	2.50	3.89	5.95	8.32	6.56	**8.55**
Market capitalisation on 31 December (in € millions)	262	440	575	886.2	738.1	**961.6**
Average daily trading volume	48,984	56,616	77,437	84,938	114,406	**97,190**
Number of shares on 31 December (in millions)	104.8	104.8	96.7	106.5	112.5	**112.5**

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

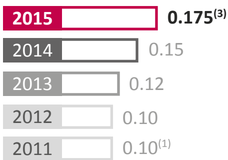
Refund of issue premium

At the General Meeting to be held on 17 May 2016, the Board of Directors will recommend to refund to the shareholders the issue premium considered as paid-up capital of €0.175 per share.

Net earnings per share[2] (in €)



Compensation per share (in €)



SHAREHOLDERS' AGENDA

20 April 2016
First-quarter trading statement after close of trading

17 May 2016
Annual General Meeting

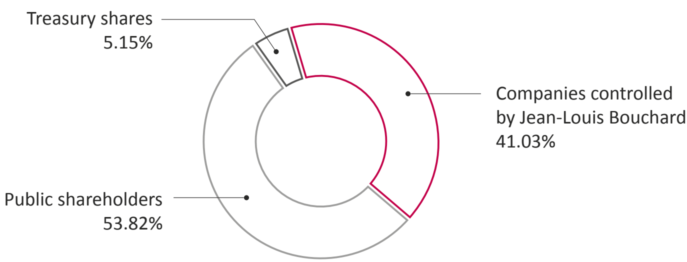
18 July 2016
Preliminary half-year revenue release after close of trading

7 September 2016
Half-year results release after close of trading

8 September 2016
Half-year results information meeting

19 October 2016
Third-quarter trading statement after close of trading

Ownership structure at 31 December 2015



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 ECS customer portfolio and the Osiatis brand and before the change in fair value of the ORNANE embedded derivative component, net of income tax.
(3) Subject to approval at the General Meeting on 17 May 2016.

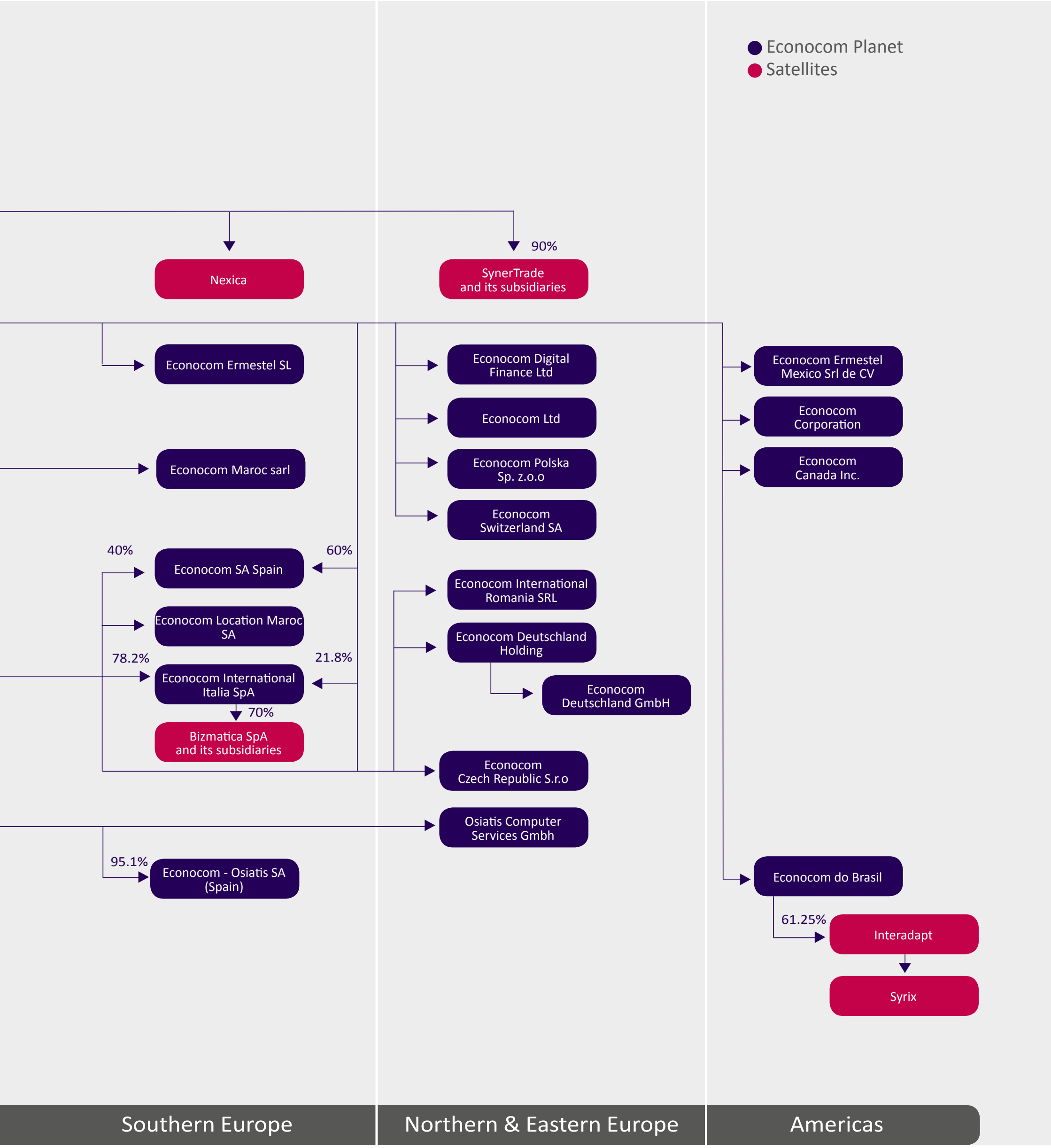
PRESENTATION OF ECONOCOM GROUP

II.

1. GROUP STRUCTURE

At 31 December 2015

Percentages are not given for wholly-owned subsidiaries. Subsidiaries with little or no activity are not included.


Econocom Planet
Satellites
90%
Nexica
SynerTrade and its subsidiaries
Econocom Ermestel SL
Econocom Maroc sarl
40%
Econocom SA Spain
60%
Econocom Location Maroc SA
78.2%
Econocom International Italia SpA
21.8%
70%
Bizmatica SpA and its subsidiaries
95.1%
Econocom - 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 Czech Republic S.r.o
Osiatis Computer Services Gmbh
Econocom Ermestel Mexico Srl de CV
Econocom Corporation
Econocom Canada Inc.
Econocom do Brasil
61.25%
Interadapt
Syrix
Southern Europe
Northern & Eastern Europe
Americas

2. OVERVIEW OF THE GROUP'S AREAS OF EXPERTISE

Econocom has created an innovative model, the Econocom Galaxy, consisting of the "Econocom Planet" which includes the historic core businesses, wholly-owned by the Group, around which the Satellites revolve. These are small and mid-size companies that are highly successful in their areas of expertise, and in which the heads, who are often the founders, maintain a significant share of the capital.

Operating in high-potential markets, these companies enable the Group to establish itself at the forefront of the key areas of security, web and mobile apps, digital solutions and digital transformation consulting.

Econocom Planet		
Technology Management & Financing	Products & Solutions	Services
Innovative, tailored financing solutions to ensure more effective administrative and financial management of a business's digital and strategic assets.	Services for IT, mobile, telecoms and multimedia hardware and software: consulting, sourcing, storage, customisation, delivery, installation, maintenance and recycling.	IT systems and security governance, infrastructure management, end-user services, application and telecommunications services, and digital solutions to support companies' digital transformation.

Satellites	
Sécurité	Applications web & mobiles
Digital Security: IoT security specialists. The world's first dedicated IoT CERT™ (Computer Emergency Response Team) with an R&D, monitoring and assessment laboratory. **Cyber Security:** Audit and consulting, project management and projects for increasing security levels, operational management. **Exaprobe*:** Integration, expertise and managed services for Unified Communications, digitalisation of organisations, security, networks.	**Alter Way:** Web specialists (design, engineering/projects, TPAM, outsourcing, cloud) specialising in open source and DevOps. **Bizmatica:** Provider of digital transformation solutions, leader in Customer Experience Management and Operational Agility Innovation.
Digital solutions	Infrastructure & IT consulting
Digital Dimension: Experts in B2B digital solutions in four areas of service: mobility, hosting, SaaS solutions, and digital marketplace.	**Helis:** Consulting firm for key accounts in IT and telecoms. **Interadapt:** Provides application and infrastructure performance solutions; the leader in Customer Experience Management and Operational Agility Innovation.
** From the year 2016, Exaprobe activity is linked to satellites.*	

2.1. Econocom markets

2.1.1. Technology Management & Financing

The digital transformation is underway and 2015 was a major turning point in terms of equipment consumption, with an increasing focus on use as opposed to ownership, a trend which is particularly prevalent where individuals are concerned.

Bolstered by a booming hardware market, the leasing market continued to perform well.

Although traditional modes of consuming equipment are still widespread, a mixed model is emerging in the IT and digital sectors.

Large companies typically wish to maintain control over their strategic equipment whilst looking to turn the costs of their standard equipment into variable costs.

It is likely that this trend will be strengthened over the next few years by changes in IFRS that will come into force in 2019. The new rules will increasingly lead companies wishing to record their technology assets off-balance-sheet to have them managed by specialists who can supply the equipment under a service contract on a pay-per-use basis.

Another significant trend in the market is the circular economy, for which leasing is ideally suited thanks to an organised, structured channel for re-using and recycling. This enables companies to rely on professionals to manage their equipment in a responsible, sustainable way.

2.1.2. IT and telecom product sourcing in Europe

The IT and Telecom distribution sector took advantage of two new trends in 2015:
- a pick-up in PC sales;
- orders for digital products (monitors, interactive terminals and dynamic display devices).

2.1.3. Services

The market for digital services and software[(1)] had a robust 2015, with growth of 2.7% in Western Europe.

The November 2015 Syntec Numérique/IDC business survey showed an improvement on end-2014. Digital service companies benefited from positive market conditions, with a majority of them reporting an improvement (51%), compared with 29% in 2014[(2)]. A considerable minority noticed a downturn (7%) in 2015, compared with 18% a year before[(2)].

In addition, IT Directors planned to spend more on IT outsourcing at the end of the year. In all, 79%[(2)] of CIOs plan to maintain or increase IT outsourcing investments (software, hardware and IT services) during the year, compared with 67%[(2)] at the beginning of 2015.

Meanwhile, increasingly business line-oriented digital projects account for a greater percentage of the IT software and services market. The digital transformation is well underway and almost two-thirds of IT Directors believe it is progressing. Growth is driven by SMACS (Social, Mobility, Analytics, Cloud and Security), which grew by 16.9 %[(2)] in 2015 to reach 12 %[(2)] of this market.

This trend has strengthened consistently since the beginning of 2015, boosted by an increase in the number of calls for tender and a higher conversion rate for deals.

These results for 2015 are encouraging and confirmed by 2016 growth forecasts of over 2.4% in France[(2)] and over 3% in Europe[(1)].

(1) PAC Horizons – Paris Edition 2016 – Marché Software & ITR Services.

(2) Syntec Numérique half-year conference, November 2015 - Technology consulting, IT consulting and services and software publishing.

The digital transformation segment is driving the market, continuing to grow and resulting in an improvement in IT Directors' perception of their IT consultancy partners.

2.1.4. Security

The global security applications market enjoyed growth of 7.9% in 2015, according to consulting firm Gartner. Expenditure on security software has been influenced by the rise in new cyber-threats. Sales of security solutions and services have benefited from the growth in mobility adoption, cloud computing and social computing - trends that have created new vulnerabilities and thus the need for new solutions to guard against them. Furthermore, increasingly widespread availability of the tools used for perpetrating advanced cyber-attacks has made companies who had not previously paid attention to security issues realise the importance of protecting their IT system. The transformation of the security market is also due to a shift in the way technology is consumed towards hosting solutions. Gartner predicts that in 2015 more than 30% of security controls deployed to the small or midsize business (SMB) segment will be cloud-based.

In response to the upheaval of the industry, providers of desktop and email protection software, which have become commoditised, will upgrade their offerings to boost growth. Gartner predicts that they will add data-loss prevention, mobile fleet management, vulnerability control and encryption features to their software packages.

2.1.5. Mobility

The market for enterprise mobile management (EMM) software is set to increase four-fold by 2019, according to a study by consulting firm Ovum[3]. Worth only $2.7 billion in 2014, it will grow by an annual 29.5% on average over the next four years to around $10 billion Still widely perceived as a niche market, the EMM sector is now experiencing major growth. These figures reflect the rise in mobility and mobile device use in the professional environment over the past few years. This trend is expanding across all industry sectors and jobs, and is thus changing habits and conventions within companies.

Of the technology components that Ovum[3] defined as comprising the EMM market, MDM (mobile device management) will continue to generate the most revenues until 2016. Mobility represents a significant paradigm shift that in turn raises new issues, such as securing the PCs or tablets of remote workers. This need will, according to Ovum, lead to the adoption of security applications.

2.2. Econocom Group's expertise

2.2.1. Technology Management & Financing

The Group is developing this offering under the Econocom and Atlance brand names.

Access to digital and more generally to the technologies that enable development is often hindered by companies' inability to unlock the value of their return on investment and align the economic benefits with the cost of implementation.

By offering both operational and financial solutions, Econocom helps step up the transformation and adaptation of organisations' businesses and thus enables them to carry out and complete their digital projects.

(1) PAC Horizons – Paris Edition 2016 – Marché Software & ITR Services.

(2) Syntec Numérique half-year conference, November 2015 - Technology consulting, IT consulting and services and software publishing.

(3) OVUM, Digital Economy 2025. Opportunities & challenge for technology sector as the second digital revolution takes hold.

To address these new challenges, the Group constantly updates its leasing offering to provide companies with tailored financing solutions that will help keep their budgets in check. These new solutions are ideally suited to its customers' projects, including digitalised points of sale, improved tracking of goods and mobile applications, and businesses.

Ever attentive to its customers' needs, Econocom offers all-inclusive or à la carte solutions, specific or combining several areas of expertise and with a linear payment system.

Econocom thus offers a comprehensive range of leasing solutions and services, on a pay-per-use basis or charged per unit, ranging from general modular leasing to service subscription contracts and asset management solutions to guarantee regular technology refreshes and a stable budget.

In addition, Econocom delivers effective asset management services and offers its clients the benefit of its recognised expertise in equipment reselling and recycling.

In order to fast-track the roll-out of its most advanced digital solutions, Econocom set up a specialised unit in 2014 that gives it the capacity for continuous innovation. Econocom Digital Finance Limited (EDFL) is a dedicated, centralised unit with a 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 independence and refinancing capacity.

2.2.2. Products & Solutions

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

With the advent of digital solutions, new, disruptive technologies are transforming the traditional IT landscape. Tablets, hybrid devices, smartphones, giant screens, touchscreen terminals, interactive video-projectors, and connected devices have all become an integral part of the IT environment.

The Group supplies its customers with all of the digital products and solutions needed for an IT system and supports their integration into their professional environment.

As part of this expertise, it provides them with consulting, sourcing, storage, customisation, delivery, installation and recycling services.

The Products distributed include:

- IT and telecoms hardware and/or software. Econocom provides its customers with access to several extranet sites developed entirely by its in-house teams to manage large sourcing flows autonomously and in complete transparency (e.g., customised online catalogues, tools for managing orders and authorisations, etc.).
- IT solutions such as printing, mobility, and server consolidation and virtualisation. 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 and VMware.

2.2.3. Infrastructure, application and digital solution services

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

Econocom is a key provider of services to support the digital transformation of European businesses. With 7,700 employees in 10 countries, it provides support throughout the entire lifecycle of infrastructure and applications (design, build, run, transform). Its range of expertise covers data centres, cloud computing and end-user environments, including new mobile devices, connected objects, networks and applications.

In 2015, Econocom bolstered its know-how of data centres, clouds, security, the Internet of Things, Unified Communications platforms and multimedia. Successful projects in these different areas confirmed that the Group was on the right strategic path.

Econocom assists its clients in changing and upgrading their IT systems by recommending traditional IT solutions combined with innovative digital solutions to address business needs. At the very heart of companies' digital transformation, Econocom offers a differentiating value proposition through a single governance system that combines the confidence and agility required to carry out such projects. These customer challenges are addressed by technology services and consulting on new business uses. Econocom delivers these services with an emphasis on high standards and compliance with contractual commitments.

2.2.4. Digital solutions – Digital Dimension

Digital Dimension boasts an extensive range of tailored and off-the-shelf use-oriented solutions and services, delivered in "build & run" mode and divided into four main service lines:
• Digital Dimension Mobility: to create new uses for businesses and support users such as the IT teams in the day-to-day management of their tools.

Using tailored, mobile apps, Digital Dimension transforms the uses and professions of field forces in a variety of industries including retail, transport, logistics and utilities. As a mobile technology expert, Digital Dimension simplifies management and security by supplying, configuring, deploying and maintaining consumer and enterprise devices upstream, and by delivering WiFi, EMM, dedicated support desk and enterprise app store managed services and solutions downstream. These services are implemented by its Digital Dimension, Norcod and Rayonnance Technologie divisions.

• Digital Dimension Hosting: hosting and cloud solutions. This division manages IT infrastructure and offers secure management of highly-available critical cloud environments.

Through two data centres located in France (ASP Serveur) and Spain (Nexica), this hosting division offers a range of extended services based on IaaS and PaaS solutions and from a highly available, secure cloud infrastructure. This comprehensive consulting and managed service offering completes the added-value solutions that Digital Dimension brings to new cloud projects resulting from the digital transformation.

• Digital Dimension SaaS (SaaS solutions): ensuring more efficient support functions thanks to more flexible, agile processes.

Digital Dimension offers software solutions designed by HR, Procurement and Telecoms experts. With these solutions, the support function teams benefit from flexible, scalable, easy-to-implement tools that ensure a more effective contribution to the company's performance.
- HRIS (Aragon-eRH): HR administration, talent management, time management and planning.
- eProcurement (SynerTrade): Source-to-Contract, Procure-to-Pay, Supplier Management, Spend & Purchasing Intelligence.
- Telecom Management: inventory and mobile device management, analysis of usage, consumption and invoices.

• Digital Dimension Marketplace: promoting digital application assets to employees, clients and partners.

With its Mississippi digital solution, Digital Dimension has designed a solution whereby it can offer the market a whole range of solutions and services accessible in plug & play mode. Re-branded as Intuiteev, the platform combines and promotes web, mobile and desktop applications in a single environment. Thanks to a range of monitoring and measurement tools, companies can analyse use of the apps and ensure better coordination to facilitate adoption and step up the digital transformation of their organisation.

2.2.5. Security

Econocom has decided to structure its security offering through three separate entities. The Group now has, through Exaprobe, a relevant, recognised security infrastructure integration offering; with Econocom Cyber Security, the capabilities to organise, monitor and maintain security guidelines and best practices; and with Econocom Digital Security, information, intelligence, risk and threat identification capabilities, particularly in the fast-expanding IoT ecosystem.

• Exaprobe: a powerful entity to provide security for companies' digital infrastructure and territories.

Acquired in 2013, and now incorporating Cap Synergy (2012) and Comiris (2014), Exaprobe is a solutions integrator specialising in IT system, network infrastructure, Unified Communications platforms and digitalised workspace security. Its current business model is based on a combination of products, integration services in project mode or outsourced. With 180 employees and revenue of around €50 million (50% of which from security), Exaprobe has built a reputation thanks to its technological expertise and innovative offerings. The company has high-level partnerships with the leading hardware and software manufacturers, including Cisco, Check Point, HP and Microsoft.

• Econocom Cyber Security: experienced teams to design and deploy security guidelines and tools for its clients' IT systems.

Cyber Security brings together Altasys, Clesys and the security teams of Econocom's Service division. This satellite covers the following areas:
- Audit, consulting and assistance for Chief Information Security Officers (CISO): security master plans, risk analysis and mapping, technical audits and penetration tests, security governance and business continuity plans.
- Implementation and deployment of high added-value software security solutions such as: Identity and Access Management (IAM), public key infrastructure (PKI) and Single Sign-on (SSO).
- On-demand technical expertise (AT) for network and system security.

• Econocom Digital Security: information and intelligence capabilities to anticipate threats and neutralise them more easily.

Created in the first half of 2015, Digital Security offers the services of Europe's first CERT™ (Computer Emergency Response Team) dedicated to IoT security, as well as advanced expertise in the field of digital security. It has focused on acquiring specific expertise in areas related to IoT, including communication technologies, data exchange protocols and operating systems. It is officially recognised by the European TF-CSIRT (Task Force on Computer Security Incident Response Teams), which coordinates the relations between the various CERTs worldwide. Lastly, Econocom Digital Security assists extended, connected enterprises with their transformation projects in order to identify their risks and analyse their vulnerabilities and threat exposure.

2.2.6. Web and mobile apps

With its web development and hosting expertise, Alter Way supports its clients' digital transformation with Open Source-, DevOps- and cloud-oriented solutions. Alter Way has teamed up with the leading industry experts, developing strong technology and business partnerships. In 2015 it was Microsoft Global Partner of the Year for the "Open Source on Azure" category (an enterprise cloud platform).

Italian company Bizmatica develops business and mobile app services and offers its clients innovative technologies.

2.2.7. Infrastructure & IT consulting

Helis is a consulting firm that offers its clients dedicated skills and expertise in the fields of organisational transformation and project management support. An organisation's daily activity produces data; Helis implements solutions to exploit this data in the most effective way and convert it into growth drivers. Helis's experts assist companies in line with their business and IT needs to enable them to manage and monitor their activity more effectively, reduce costs and guarantee data and infrastructure security.

Brazilian company Interadapt specialises in infrastructure engineering.

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 Second Marché of the Brussels Stock Exchange.

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

1996: Econocom is listed on the Premier Marché of the Brussels Stock Exchange.

2000: Following the public exchange offer on Infopoint Group, Econocom is listed on the Second Marché of the Paris Bourse. The Group diversifies by establishing Econocom Telecom, anticipating convergence between IT and telecoms.

2001: The Group employs 2,000 people.

2002: Acquires Comdisco-Promodata in France (administrative and financial management of IT assets).

2004-2007: The Group steps up the pace of its development in the telecoms market with the acquisition of Signal Service France, the enterprise activity of Avenir Telecom, followed by the enterprise division of The Phone House France.

In 2007, the Group doubles its capacity in Italy with the acquisition of Tecnolease, an Italian company specialising in the leasing of computer hardware.

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 in Technology Management & Financing.

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

2013: Econocom acquires French systems integrator Exaprobe, further expanding its security 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 proforma 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 January, Econocom and Georges Croix jointly set up Digital Dimension, a new subsidiary that aims to establish itself rapidly as a major player in the design and management of 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 are 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.

Lastly, in August, Econocom acquires Syrix, a company specialising in performance management applications, infrastructure and cloud-based solutions, through its Brazilian subsidiary Interadapt.

2015: Econocom partners with German company TechnoGroup IT-Service GmbH, selling it its German Services subsidiary.

Econocom joins the Tech 40 index, selected by EnterNext from among 320 listed European high-tech stocks.

In May, Econocom completes a €101 million euro private placement (Euro PP) split into two tranches with maturities of five and seven years, and coupons of 2.364% and 2.804% respectively. This helps strengthen, diversify and disintermediate the Group's financial resources while further optimising the financial conditions of its borrowings.

Econocom becomes a European company (*societas europeae*) on 18 December 2015 to reflect its European identity and ambitions.

Lastly, in 2015, Econocom implements an external growth strategy geared towards acquiring majority stakes in medium-sized companies offering substantial scope for entrepreneurship. To this end, the Group makes several acquisitions and investments, either directly or through its subsidiary Digital Dimension:

- in the field of security: Altasys, Clesys and Econocom Digital Security;
- in the field of web and mobile apps: Bizmatica, SynerTrade and Norcod;
- in the field of cloud platforms: Alter Way and Nexica;
- in the field of digital transformation consulting: Helis.

3. FINANCIAL POSITION AND RESULTS

3.1. Highlights of the past three years

2015 was notable for:

• strong earnings growth demonstrating the successful integration of Osiatis and the achievement of the synergies anticipated at the time of the acquisition;

• the implementation of the Group's unique acquisition strategy geared towards taking control of medium-sized companies, with Econocom working in partnership with entrepreneur executives who retain an interest in the capital of their business. In 2015, the Group completed eight acquisitions and investments in strategic markets at the very core of the digital transformation: security, web and mobile apps, digital solutions, and digital transformation consulting;

• the continuation of a policy aimed at diversifying and optimising the Group's financial resources, with the completion in May of a €101 million euro private placement (Euro PP) in two tranches of five and seven years to finance the Group's acquisition strategy and more broadly its investments, as well as the issuance of commercial paper to gain access to short-term resources at very advantageous conditions;

• the integration of Econocom in the Tech 40 index, selected by EnterNext from among 320 listed European high-tech stocks;

• the adoption by Econocom Group of European company status (*societas europeae* – SE) to reflect its European identity and ambitions.

2014 was notable for:

• the consolidation of 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 issuance of €175 million worth of bonds convertible into cash and/or new shares and/or exchangeable for existing shares (ORNANE), reinforcing the Group's financial structure and helping finance its growth strategy;

• the ramp-up of the savings and synergies plans.

2013 was notable for:

• the acquisition of Osiatis Group, establishing 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 of the Company's business lines.

3.2. Consolidated data for the year: comparison between 2015, 2014 and 2013

3.2.1. Key figures

(in € millions)	2015	2014 (restated)	2013 (as published in 2014 AR)
Revenue from continuing operations	**2,316.1**	2,092.6	1,766.7
Recurring operating profit before amortisation of intangible assets from acquisitions*	**117.7**	95.9	93.2
Recurring operating profit	**113.5**	92.9	90.9
Operating profit	**108.3**	68.0	77.5
Shareholders' equity (including non-controlling interests)	**280.5**	281.3	260.0
Net debt	**(186.4)**	(105.9)	(39.3)

** Before amortisation of the ECS customer portfolio and the Osiatis brand.*

3.2.2. Revenue

(in € millions)	2015	2014 (restated)	2013 (as published in 2014 AR)
Technology Management & Financing	**1,149.0**	1,044.8	1,027.6
Services	**729.9**	663.0	415.8
Products & Solutions	**437.2**	384.8	323.3
Total revenue	**2,316.1**	**2,092.6**	**1,766.7**
		+10.7%	
			+31.1%

In 2015, Econocom Group recorded consolidated full-year revenue of €2,316 million, compared with €2,093 million in 2014, an increase of 10.7% as reported and nearly 8% on a purely organic basis. This performance was driven by all three activities, which benefited from the Group's valuable positioning in the digital transformation of organisations, as well as the lively business trend of the satellites, which contributed €108 million to consolidated revenue in 2015.

Between 2013 and 2015, revenue grew by 31.1%. This performance was driven by the Group's external growth policy (full-year contribution of Osiatis since 2014, acquisitions in 2014 and 2015), its positioning in the fast-growing digital transformation market and commercial synergies between its three complementary business lines.

Technology Management & Financing

Technology Management & Financing recorded revenue of €1,149 million in 2015, compared with €1,045 million in 2014, a purely organic increase of 10%. This performance reflects the healthy business trend, boosted by the Group's in-house financing subsidiary (Econocom Digital Finance Ltd), which contributed around 10% of the business's revenue. It also reflects a positive shift in the market, which is increasingly focusing on use as opposed to ownership, a trend driven in part by increasingly swift technological developments.

Technology Management & Financing recorded revenue growth of 1.7% in 2014. It benefited from the market shift towards use as opposed to ownership, and the deployment of digital technologies across organisations and companies. It was a major beneficiary of investments made as part of the Mutation strategic plan to develop and promote digital solutions.

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

Services

The Services business recorded revenue of €730 million in 2015, compared with €663 million in 2014, an increase of 10%. Around six months behind the timing initially announced in 2013, the successful integration of Osiatis is delivering the positive results expected, giving Econocom Group a robust services platform. Growth also reflects the good performance of the Group's satellites and their high value-added positioning in the digital transformation market.

In 2014, Services integrated Osiatis, establishing a new organisation, combining teams, harmonising tools and carrying out the synergy plan. The Services business was further bolstered by the contribution of Digital Dimension's acquisitions.

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

Products & Solutions

Products & Solutions recorded revenue of €437 million in 2015, compared with €385 million in 2014, an increase of 13.6% (15% on an organic basis). This substantial increase confirms the Group's robust business momentum in the buoyant connected devices market, which accounted for more than half of growth, particularly in the public sector, healthcare and education segments. The performance was further fuelled by a high level of business synergies with the Group's other business lines and its successful launch in Italy in the booming digital assets market.

In 2014, Products & Solutions prospered through the sale of new types of digital equipment, which are a major growth driver, and business synergies with the Group's other business lines.

Products & Solutions had an excellent year in 2013, due partly to organic growth and partly to the integration of France Systèmes, acquired in December 2012, which considerably reinforced 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.

3.2.3. Recurring operating profit

(in € millions)	2015	2014 (restated)	2013 (published in 2014 AR)
Technology Management & Financing	**70.1**	59.7	64.2
Services	**35.5**	25.8	20.6
Products & Solutions	**12.1**	10.4	8.4
Total recurring operating profit*	**117.7**	**95.9**	**93.2**

Recurring operating profit for the Group* jumped 23% in 2015 to stand at €117.7 million compared with €95.9 million in the previous year. This strong growth was driven by the healthy business trend in 2015, the success of multi-business offerings and increasing synergies, which will take full effect in 2016. It is also the result of improved operating margins across all business lines, the successful integration of the services divisions and the productivity plans conducted across all of the Group's activities.

Between 2013 and 2015, recurring operating profit* grew by 26.2%. 2014 saw the integration of Osiatis, with the establishment of a new organisation, the combination of teams, the harmonisation of tools and the implementation of a synergy plan.

In 2013, the Group's recurring operating profit* was €93.2 million; Osiatis contributed €9.8 million.

** Before amortisation of the ECS customer portfolio and the Osiatis brand.*

3.2.4. Operating profit

The Group's operating profit was €108.3 million, compared with €68 million in the previous year, an increase of nearly 60%. Non-recurring expenses were very limited compared with 2014, when the integration of Osiatis was finalised (€5.3 million versus €24.9 million in 2014).

In 2014, more than half of non-recurring expenses were related to the extraction of synergies resulting from the integration of Osiatis, the optimisation of the Group's organisation and the amplification of savings plans across all business lines, as well as exceptional costs relating to acquisitions.

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

3.2.5. Financial position

The Group generated cash flow from operating activities of €72.6 million in 2015, compared with €28.3 million in 2014. It boasted a sound financial position at 31 December 2015, with net cash at bank of €143 million and net debt under control at €186 million, less than 1.5x its 2015 EBITDA. The policy of strengthening, diversifying and optimising the Group's financial resources, reflected in the euro private placement (Euro PP, €101 million) and the commercial paper programme (capped at €300 million), allowed Econocom to conduct eight acquisitions and investments in markets at the very core of the digital transformation in order to enhance its future growth.

Debt backed by rental flows represents two-thirds of the Group's net debt.

The Group's financial structure and its robust cash-flow generation provide sound support for its ambitious growth strategy.

The Group had a healthy financial position at 31 December 2014, with total equity rising to €280 million and net debt of €106 million, limiting gearing to 38%. The Group made major investments permitted by its substantial cash-flow generation (operating cash flow of €85 million). Net cash at bank stood at €121 million at 31 December 2014 after the success of the second ORNANE bond issue (€175 million) in January 2014.

At 31 December 2013, Econocom had a healthy balance sheet thanks to robust cash-flow generation (€103.1 million in cash flow from operating activities) and the successful integration of Osiatis. Net cash at bank stood at €93 million. Net debt was just €39.3 million after the acquisition of Osiatis and Exaprobe, and the buyback of treasury shares and redemption of OCEANE convertible bonds in the amount of €33 million.

3.3. Equity restrictions

Econocom is not subject to any financial covenant liable to force the early redemption of the bonds convertible into cash and/or new shares and/or exchangeable for existing shares (ORNANE) issued in January 2014 or the euro private placement bond (Euro PP) issued in May 2015.

It is subject to the standard clauses with respect to anti-dilution provisions and the continued listing of the shares. These clauses are defined in the terms and conditions available on the Group's website.

The Group is subject to a single covenant, on the euro private placement (Euro PP) bond. A breach would not result in early redemption; but, it would force the Group to pay a higher interest rate until the ratio is brought back within the relevant bounds. The ratio in question is net debt to proforma EBITDA. It is calculated as of 31 December of each year, and may not exceed 3x over two consecutive years.

Other lines of credit do not contain covenants in respect of maximum debt, financial ratios or credit ratings that, if breached, would trigger immediate repayment.

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

3.4. Definition of key alternative performance indicators (API)

Alternative performance indicators (API) are financial indicators that Econocom Group uses in its financial communication, but which are not defined by accounting standards. Their purpose is to help readers assess the Group's financial and economic performance.

Definition of recurring operating profit

Econocom's total operating profit includes all income and expenses relating directly to the Group's business, whether they are recurring or result from one-time decisions or transactions.

Other non-recurring operating income and expenses include items that, by their frequency, amount or nature, are liable to undermine the pertinence of the Group's operating performance as a performance indicator. Other non-recurring operating income and expenses include impairment losses on goodwill and other intangible assets, the results of significant disposals of fixed assets, restructuring expenses, costs relating to workforce adjustment measures (considered as such if they entail several grouped departures, i.e., a redundancy plan, as opposed to isolated departures), and costs related to business relocations.

Accordingly, recurring operating profit, defined as the difference between total operating profit and "Other non-recurring operating income and expenses" (see Note 2.20 to the consolidated financial statements), is the key measure used by Group to monitor its operating performance.

Recurring operating profit facilitates the understanding of the Company's operating performance, and can be used as a means of projecting the recurring performance. It is presented in a consistent and stable fashion over time, in accordance with the principle of continuity and relevance of financial information.

Definition of recurring operating profit before amortisation of intangible assets from acquisitions

This indicator measures the operating performance of the period under review, after adjusting it for intangible assets resulting from business combinations.

In the year ended 31 December 2015, Econocom Group made adjustments for the principle intangible assets resulting from business combinations, namely amortisation of the ECS customer portfolio and the Osiatis brand.

Definition of profit attributable to owners of the parent before amortisation of intangible assets from acquisitions and before the change in fair value of the ORNANE embedded derivative component, net of the tax effect

This is recurring operating profit before:
• amortisation of the ECS customer portfolio and the Osiatis brand, net of the tax effect resulting from amortisation; and
• the change in the fair value of the embedded derivative component of the ORNANE convertible bond. The Group's ORNANE bond has a derivative component whose value varies in line with changes in Econocom's share price and other criteria (volatility, dividends, interest rates). Under IFRS, this component must be revalued at each balance sheet date, with any change recognised in profit or loss. It is presented in a consistent and stable fashion over time, in accordance with the principle of continuity and relevance of financial information; it helps provide a vision of Econocom Group's economic performance.

Definition of earnings per share before amortisation of intangible assets from acquisitions and before the change in fair value of the ORNANE embedded derivative component, net of the tax effect

Adjusted earnings per share is profit attributable to owners of the parent before amortisation of the ECS customer portfolio and the Osiatis brand, and before the change in the fair value of the ORNANE embedded derivative component, net of the tax effect, divided by the average number of shares outstanding.

Definition of EBITDA (earnings before interest, tax, depreciation and amortisation)

To monitor its operating performance, the Group uses an intermediate management balance (EBITDA), which corresponds to recurring operating profit plus depreciation, amortisation and net additions to/reversals of impairment of non-current operating assets recognised in recurring operating profit.

Definition of net and gross debt

The definition of net debt used by the Group is gross debt (presented in Note 2.12.7 to the consolidated financial statements), less total cash and cash equivalents. Net debt does not include the Group's gross liability for purchases of leased assets (liabilities) or its residual interest in leased assets.

Gross debt includes all interest-bearing debt and debt incurred by receiving financial instruments.

Definition of gearing

Gearing is the ratio of net debt to equity.

4. COMPANY, SHARES AND SHAREHOLDERS

4.1. Econocom Group SE share performance

	Price (€)				Volume	
Month	**High (€)**	**Low (€)**	**Closing (€)**	**Average (€)**	**Number of shares traded**	**Value (€k)**
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	5.40	1,024,301	5,526.37
2012 total	**5.95**	**3.56**	**5.95**	**4.55**	**19,746,496**	**88,957.40**
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**

	Price (€)				Volume	
Month	High (€)	Low (€)	Closing (€)	Average (€)	Number of shares traded	Value (€k)
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**
January	7.29	6.02	7.25	6.39	2,772,498	17,718.50
February	7.99	7.25	7.89	7.71	2,914,557	22,456.70
March	7.94	6.65	7.38	7.42	2,674,519	19,834.67
April	8.38	7.22	7.80	7.93	2,958,982	23,454.62
May	8.24	7.55	7.84	7.96	1,247,661	9,934.74
June	8.05	7.00	7.38	7.71	1,835,991	14,162.90
July	8.52	7.37	8.43	8.05	2,224,483	17,899.59
August	8.55	6.95	7.87	8.05	1,921,576	15,460.79
September	8.03	7.02	7.76	7.53	1,672,371	12,584.65
October	8.20	7.22	8.13	7.71	1,431,218	11,033.08
November	8.48	7.84	8.33	8.26	1,683,123	13,906.79
December	8.98	8.11	8.55	8.47	1,543,574	13,074.76
2015 total	**8.98**	**6.02**	**8.55**	**7.70**	**24,880,553**	**191,521.77**

4.2. Name, registered office and legal form

- Company name: Econocom Group SE.
- Registered office: Place du Champ de Mars 5, 1050 Brussels (Tel. +32 2 790 81 11).
- Legal form, incorporation, published documents:

Econocom was incorporated as a joint-stock company (*société anonyme*) under Belgian law on 2 April 1982, under a deed held by Jacques Possoz, notary, and published in the Belgian Official Gazette (*Moniteur belge*) of 22 April 1982 (No. 820-11). It was transformed into a European company (*societas europaea*) by decision of the General Meeting of Shareholders of 18 December 2015 under a deed of the same date held by Tim Carnewal, notary, published in the Belgian Official Gazette of 31 December 2015.

Econocom is a European company (*societas europaea*) governed by the provisions of Regulation (EC) No. 2157/2001 of 8 October 2001 on the Statute for a European Company (the “SE Regulation”) and Directive No. 2001/86/EC of 8 October 2001 supplementing the Statute for a European Company with regard to the involvement of employees and the provisions of Belgian law in respect of European companies, as well as, for all other matters not yet covered or only partially covered by the SE Regulation, Belgian law applicable to public limited companies insofar as they are not contrary to specific provisions applicable to European companies. Econocom 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*).

It 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 is, in all countries:
- the design, construction, operational and administrative management, and financing of computer, digital and technological, information and data processing, and telecommunication systems and solutions, or such systems and solutions as they relate to the Internet of Things;
- the purchase, sale, leasing and trading of all types of hardware, software and computer, technological, digital or telecommunications solutions, for businesses and individuals alike, and more broadly any accessory connected with such solutions, as well as any advice, services and related financial transactions.

To this end, the company may acquire, manage, operate and sell patents, trademarks, and technical, industrial and financial knowledge.

It may establish branch offices or subsidiaries in all countries.

It may acquire interests in any companies with similar or complementary activities in any country by means of asset transfers, acquisitions, partial or total mergers, subscriptions to initial capital or capital increases, financial investments, disposals, loans or any other means.

It may perform, in all countries, all industrial, commercial, financial, securities and property transactions related in whole or in part, directly or indirectly, to one or other branch of its purpose, or one that is liable to expand its purpose or facilitate its achievement.

It may provide guarantees or grant real or other personal guarantees in favour of companies or individuals, in the broadest sense.

It may conduct its activities in its own name or on behalf of third parties, for its own account or for the account of others.

4.4. Share capital

4.4.1. Share capital (article 5 of the bylaws)

At 31 December 2015, 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 General Meeting (article 6 of the bylaws)

The share capital may be increased or reduced by a decision of the General Meeting of Shareholders in accordance with the conditions required for amending the bylaws.

For capital increases approved by the General Meeting, the price and conditions for issuing new shares are 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, within a time limit set at the General Meeting and in accordance with 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 may, however, in the Company's best interests, be limited or cancelled by decision of the General Meeting ruling in accordance with the conditions required for amending the bylaws or by the Board of Directors, within the authorised capital, in favour of one or more designated individuals who are not employees of the Company or its subsidiaries, all in accordance with legal provisions.

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 2015, 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 2015, authorised unissued capital (excluding additional paid-in capital) stood at €21,563,999.86.

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.

In 2011, Econocom Group issued 4,000,000 bonds, worth a total of €84 million, that can be converted or exchanged for new or existing shares until 1 June 2016, with a coupon of 4% per annum, 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 price of €5.25 (€21 before the share split). In 2014, Econocom redeemed 43% of these bonds and converted the balance of 57%, resulting in the issue of 9,055,276 Econocom Group shares.

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

The following changes to the share capital occurred in 2013:
• The capital increase carried out on 12 September 2013 to allow the acquisition of the controlling interest and equity warrants of Osiatis from its main shareholders and managers brought Econocom Group's share capital to €18,759,320.08 or 106,219,048 shares, through the issue of 9,527,460 new shares.
• The capital increase carried out on 18 November 2013 to allow payment for Osiatis shares as part of the public exchange offer to acquire Osiatis brought Econocom Group's share capital to €19,874,285.37 or 112,532,206 shares, through the issue 6,313,158 new shares.
• The cancellation of 6,014,892 treasury shares as decided at the Extraordinary General Meeting of 31 December 2013 brought Econocom Group's share capital to €19,874,285.37, divided into 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:
• The capital increase carried out on 24 January 2014 through the issue of 20,000 new shares due to a bond conversion request (OCEANE) brought Econocom Group's share capital to €19,878,017.37, divided into 106,537,314 shares.
• The capital increase carried out on 25 February 2014 through the issue of 266,028 new shares due to a bond conversion request (OCEANE) brought Econocom Group's share capital to €19,927,658.19, divided into 106,803,342 shares.
• The capital increase carried out on 26 March 2014 through the issue of 210,592 new shares due to bond conversion requests (OCEANE) brought Econocom Group's share capital to €19,966,954.66, divided into 107,013,934 shares.
• The capital increase carried out on 28 May 2014 through the issue of 708,428 new shares due to bond conversion requests (OCEANE) brought Econocom Group's share capital to €20,099,147.32, divided into 107,722,362 shares.
• The capital increase carried out on 18 June 2014 through the issue of 7,850,228 new shares due to bond conversion requests (OCEANE) brought Econocom Group's share capital to €21,563,999.86, divided into 115,572,590 shares.
• The cancellation of 3,053,303 treasury shares as decided at the Extraordinary General Meeting of 29 December 2014 brought Econocom Group's share capital to €21,563,999.86, divided into 112,519,287 shares.

No changes were made to capital in 2015.

The number of Econocom shares and voting rights (denominator) both stood at 112,519,287 at 31 December 2015.

Changes in the Company's share capital and number of shares since 1 January 2005 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 (€)
01/01/2005		-	-	-	-	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 21 May 2013 also granted the Board of Directors a three-year authorisation to increase the share capital, in accordance with article 607 of the Belgian Companies Code, in the event of a takeover bid for the Company's shares, from the publication of the decision of the General Meeting in the Belgian Official Gazette, i.e., 18 July 2013.

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 in the proportion of up to 20% of share capital, in accordance with article 620 of the Belgian Companies Code. The minimum purchase price was set at €4 per share and the maximum price at €20 per share.

The Extraordinary General Meeting of 19 May 2015 renewed for three years from the publication of the amended bylaws, i.e., 9 June 2015, 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.

The Extraordinary General Meeting of 19 May 2015 renewed for five years from the publication of the amended bylaws, i.e., 9 June 2015, the authorisation granted to the Board of Directors to increase the share capital, in accordance with article 603 of the Belgian Companies Code, on one or several occasions, under conditions it deems fit, in the maximum amount of €21,563,999.86.

At 31 December 2015, Econocom Group held 5,645,184 treasury shares as part of the share buyback programme, and 146,253 Econocom Group shares as part of the liquidity agreement with Exane, representing a total of 5,791,437 Econocom Group shares or 5.15% of the total number of shares outstanding.

4.5. Rights attached to shares

4.5.1. Participation in General Meetings and voting rights

4.5.1.1. Participation in General Meetings

4.5.1.1.1. Right to participate in General Meetings

All shareholders are entitled to attend Econocom's General Meetings, regardless of the number of shares they hold, provided that they meet the admission requirements set out in the "General Meetings" section of this chapter.

Holders of bonds, subscription rights and certificates issued in connection with the company may attend the General Meeting in a non-voting capacity only, provided that they meet the admission requirements applicable to shareholders.

4.5.1.1.2. Right to call General Meetings

Shareholders who, alone or jointly, hold at least 10% of Econocom's share capital are entitled to ask the Board of Directors or Statutory Auditor to call a 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 General Meetings and file resolution proposals concerning agenda items.

This right does not apply to Meetings called following a first Meeting that could not validly make decisions 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 certificate issued by an 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 may send their requests to the Company by post or e-mail. As appropriate, such 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 no later than the 22nd day preceding the date of the relevant General Meeting.

Econocom will confirm receipt of any requests within 48 hours, and will publish a revised agenda no later than 15 days before the General Meeting. Proxy forms and postal voting forms are also 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 the execution of these instructions is liable to compromise the interests of the shareholder he/she represents. The proxy holder must in any event inform the shareholder of any such votes. 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 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 General Meeting (by post or by electronic means, to the address shown in the Notice of Meeting) or during the Meeting (verbally). Questions submitted by post or by electronic means must reach Econocom no later than the sixth calendar day before the Meeting. They will only be answered if the shareholder complies with the admission formalities for the General Meeting.

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 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 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/items may be consulted on Econocom's website (www.econocom.com) and during normal office hours on working days at Econocom's registered office located at Place du Champ de Mars 5, 1050 Brussels, 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 General Meetings

4.5.1.2.1. Principle

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

As a general rule, the 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 vote on items that are not on the agenda.

4.5.1.2.2. Quorum and voting requirements

Except as provided by law, decisions are taken by a majority vote regardless of the number of shares represented at the Meeting.

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. To be adopted, resolutions must be approved by a majority of three-quarters of votes cast.

If the amendments to the bylaws concern the Company's corporate purpose, the 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. To be adopted, amendments must be approved by a majority of at least four-fifths of votes cast.

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 a General Meeting by a proxy, who may or may not be a shareholder of the Company.

The Board of Directors may decide on the form of proxy. Proxies must reach the Company no later than 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 who satisfy the attendance requirements specified below may vote at all 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 General Meeting. If the Notice of Meeting allows shareholders to opt for distance voting through electronic means, 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 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, or 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 whatsoever, the liquidation process shall be managed by one or more liquidators appointed by the General Meeting, or, if no such liquidators are appointed, by the Board of Directors in office at that time, which shall act 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 General Meeting determines the fees payable to the liquidators. The liquidators can only assume their duties after their appointment by the 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 will be used first 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 is 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 General Meeting may, however, limit or cancel such pre-emptive rights under specific conditions upon presentation of a report of the Board of Directors. Any such decision is subject to the same quorum and voting requirements as a decision to increase the Company's share capital. 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 limits.

4.5.5. Changes in rights attached to shares

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

4.6. General Meetings

4.6.1. Ordinary General Meetings

The 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 holiday. At Ordinary General Meetings, the Board of Directors submits to shareholders the annual statutory financial statements prepared in accordance with applicable 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 of 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 Shareholders' Meetings

A Special Shareholders' 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 Commissioner (*Commissaire*), or one or more shareholders representing at least one-tenth of the Company's share capital (article 27 of the bylaws).

4.6.3. Content of General Meeting convening notices

The Notice of Meeting must contain at least the following information:

• the date, time and place of the 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 General Meeting and exercise their voting rights, including the deadline by which shareholders should indicate their intention to attend the Meeting:
- 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 may be exercised;
- where appropriate, the procedure and timeframe set by or pursuant to the bylaws allowing shareholders to participate in the 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 General Meeting;

• the address where shareholders can obtain the full text of the documents and resolution proposals, 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

In addition, from the date of publication of the Notice of Meeting and until 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 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 them. 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 must remain available on Econocom's website (www.econocom.com) for five years from the date of the General Meeting to which they relate.

4.6.5. Formalities and notice periods

Notification of all General Meetings must be made by announcements 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 whose agenda is confined to 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 General Meetings

Shareholders may only attend and vote at 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 General Meeting.

The shareholders shall inform the Company (or the person designated for this purpose) of their intention to attend the General Meeting no later than the sixth day preceding the date of said Meeting, in accordance with the formalities provided in the Notice of Meeting, and provided that shareholders present the share certificate delivered by the authorised account holder or clearing institution.

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

4.7. Provisions that could delay, 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 competition provisions) that may be applicable to the Company, and which place certain restrictions on hostile takeover bids or other changes of 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 of the bylaws)

Pursuant to a decision of Econocom's Extraordinary General Meeting of 19 May 2015, the Board of Directors was granted authorisation to increase the share capital, on one or more occasions, under conditions it deems fit, by an amount of up to €21,563,999.86. At 31 December 2015, authorised unissued capital stood at €21,563,999.86 (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 a period of five years from the date of publication of the decision of the Extraordinary General Meeting of 19 May 2015 in the annexes of the Belgian Official Gazette, i.e., 9 June 2015. It may be renewed on one or more occasions, in accordance with applicable provisions.

The Extraordinary General Meeting of 21 May 2013 also granted the Board of Directors a three-year authorisation to increase the share capital, in accordance with Article 607 of the Belgian Companies Code, in the event of a takeover bid for the Company's shares, from the publication of the decision of the General Meeting in the Belgian Official Gazette, i.e., 18 July 2013. Any share capital increases carried out pursuant to this authorisation will be charged against the residual outstanding authorised capital provided in the first paragraph.

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 General Meeting 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 as provided in article 606, paragraph 3 of said Companies Code.

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 (if applicable) 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 voting 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 in 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 20% of the share capital, as provided in article 620 of the Belgian Companies Code. The minimum purchase price was set at €4 per share and the maximum purchase price at €20 per share.

The 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 serious and imminent harm.

The Extraordinary General Meeting of 19 May 2015 renewed for three years from the publication of the amended bylaws, i.e., 9 June 2015, the authorisation granted to the Board of Directors to purchase Econocom Group shares if the Company faces a serious and imminent threat.

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

The Board of Directors may otherwise dispose of shares of the listed Company within the meaning of article 4 of the Belgian Companies Code in the conditions provided by the Companies Code, as well as to spare the company serious and imminent harm, provided, in such cases, that the securities are sold on the market or as a public offering made on the same conditions 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, 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.

Pursuant to these provisions, any natural or legal person who acquires, directly or indirectly, securities carrying voting rights of the Company must notify it and the FSMA (Belgian Financial Services and Markets Authority) of the number and percentage of voting rights held subsequent to this acquisition when the voting rights attached to securities carrying voting rights reach a proportion of 5% or more of total 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 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 conclusion, modification 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 such notifications no later than three business days after receipt. 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

Jean-Louis Bouchard, Chairman of Econocom Group, remains Econocom's largest shareholder, with approximately 41.03% of the share capital at 31 December 2015. Walter Butler became a major shareholder through Butler Management Ltd, the company that controlled Osiatis; he has a stake of 6.43%, 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 14 *et seq*. of the bylaws; and
• the internal rules of the respective committees, available on Econocom's website (www.econocom.com, in French only), namely: (i) the internal rules of the Board of Directors of 1 March 2016; (ii) the internal rules of the Executive Committee of 1 March 2016; (iii) the internal rules of the Audit Committee of 22 November 2012; and (iv) the internal rules of the Compensation Committee of 31 August 2011.

For more details on corporate governance, please refer to sections 5 and 7 of Chapter V of this report, which contains the report of the Board of Directors on the financial statements for the year ended 31 December 2015.

5.1.1. Board of Directors

5.1.1.1. Composition of the Board of Directors

5.1.1.1.1. Appointment (article 14 of the bylaws)

The Company is governed by a Board comprising at least three members, whether or not shareholders or legal persons. Members are appointed to the Board for a maximum term of four years by the General Meeting, which may remove them at any time. They may be re-elected. The term of office of outgoing Directors ends immediately after the 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. The aim is that at least half of Board members should be non-executive Directors, and that at least one-third of Board members should be of a different gender than the other members.

Directors are appointed by the 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 Executive Committee.

5.1.1.1.2. Vacancy (article 15 of the bylaws)

If a seat on the Board becomes vacant, the remaining Directors are entitled to fill it temporarily. In this case, the first 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. Chair, Vice-Chair and Secretariat (article 16 of the bylaws)

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 and Vice-Chairman from 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:
• 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;
• drawing up the agenda for meetings of the Board of Directors, in liaison with the Chief Executive Officer(s) and, where appropriate, the Executive Committee;
• ensuring that the Board receives the appropriate information and that the documents supporting proposals for decisions are relevant and readily available within a reasonable time prior to Board meetings.

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

3. Liaising between the Board and the Executive Committee. This involves:
• meeting regularly with the Chief Executive Officer(s) and other members of the Executive Committee;
• ensuring that relations between the Board of Directors and the Executive Committee are professional and constructive, and that the Executive Committee provides the Board with the information it needs to perform its duties of assessment, decision, supervision and oversight.
If it deems it to be in the Company's interest, the Board may entrust the Chairmanship to a Director who also performs executive functions within Econocom.
In the absence of the Chairman, the Vice-Chairman replaces him. Should the Chairman be prevented from attending a Board meeting, the Directors present elect a Chairman for the meeting in question.

5.1.1.1.4. Compensation (article 14 of the bylaws and article 8 of the Board of Directors' internal rules)

Directors may or may not collect compensation for the performance of their duties. Any fixed or variable compensation may be set by the 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 20 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 General Meeting pursuant to applicable laws and regulations.

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

5.1.1.3. Functioning of the Board of Directors

5.1.1.3.1. Meetings (article 17 of the bylaws)

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, by the Vice-Chairman, 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) or the Executive Committee.

Board meetings are held at the location indicated in the convening notice.

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

Important information needed to allow the Directors to understand the matters to be discussed at the meeting are sent to each Director as soon as possible 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 18 of the bylaws)

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 cast; abstentions are not counted. In the event of a tied vote, the Chairman or, in his absence, the Vice-Chairman or, in his absence, the Director replacing him, has 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 or the utilisation of the authorised capital.

5.1.1.3.3. Proxies (article 18 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 email, by fax, or by 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 email or by fax, but only if half of the Board members attend the meeting in person.

5.1.1.3.4. Minutes (article 19 of the bylaws)

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

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 Executive 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.

Directors may not use the information received in their capacity as Director for purposes other than the exercise of their office. They are required to keep any information they receive in their capacity as Director confidential.

5.1.1.4. Day-to-day management – Delegation of powers (article 21 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 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.

The Board of Directors and those responsible for day-to-day management, within the limits of the powers of day-to-day management, may grant special and precise powers to one or more persons of their choice, who need not be shareholders or Directors. Holders of these special powers may substitute one or more persons in the exercise of their powers, subject to the consent of the Board of Directors or the person responsible for day-to-day management (as appropriate).

In the event of a special delegation of powers, the deed of appointment defines the relevant powers and the related compensation.

5.1.1.5. Liability of the Board of Directors (article 25 of the bylaws)

The Directors, members of the Executive 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 the provisions of the Belgian Companies Code, they may be held liable for the performance of their duties and any faults committed in their management.

5.1.1.6. Representation (article 22 of the bylaws)

The Board of Directors represents the Company as a collegial body in its dealings with third parties and in legal proceedings.

Notwithstanding the Board's 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, acting alone;
- or by two Directors, acting in concert;
- or by a Chief Executive Officer, acting alone;
- or by a Managing Director, acting alone;

The aforementioned persons are not required to provide any justification of a prior decision of the Board of Directors.

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 duly empowered for this purpose by the Board of Directors.

5.1.2. Committees of the Board of Directors (article 21 of the bylaws)

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

Each committee is governed by its own internal rules, which define its composition, role, function and responsibilities as well as its functioning. These internal rules are adopted by the Board.

The Board of Directors shall establish an Audit Committee within the meaning of Article 526 *bis* of the Belgian Companies Code, as well as a Compensation Committee within the meaning of Article 526 *quater* of the Belgian Companies Code. The composition of these committees, their tasks and internal rules are established by the Board of Directors, pursuant to the provisions of the Belgian Companies Code.

The Board of Directors may establish 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. Executive Committee (article 21 of the bylaws and the Executive Committee's internal rules)

5.1.2.1.1. General information

Pursuant to Articles 898 and 525 of the Belgian Companies Code and article 21 of Econocom's bylaws, the Board may establish an Executive Committee, consisting of several persons, Directors or not, and delegate to it the operational management of the Company, as well as special powers other than those relating to operational management, without prejudice to the day-to-day management powers conferred to the Chief Executive Officers.

However, the Board of Directors retains exclusive powers for overall policy and for acts reserved for the Board pursuant to the law, the bylaws or the Board's internal rules.

5.1.2.1.2. Composition of the Executive Committee

The members of the Executive Committee are appointed by the Board of Directors. The Executive Committee has at least three members, who may or may not be Directors or Econocom employees. The Board of Directors shall in principle ensure that each Chief Executive Officer and each Managing Director in charge of Econocom's day-to-day management is a member of the Executive Committee.

The members of the Executive Committee may, in their capacity as Committee members, be removed by the Board of Directors at any time (without prejudice to employment or management contracts binding them to Econocom).

The members of the Executive Committee are appointed for a maximum term of six years. They may be re-elected.

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

5.1.2.1.3. Role of the Executive Committee

The Executive Committee's responsibilities include, but are not limited to:

- taking all steps necessary to implement the decisions or recommendations of the Board;
- proposing strategic guidelines to be set by the Board, and framing budgets within the strategic guidelines laid down by the Board;
- managing the Group's operating entities (in accordance with the powers of the bodies of these entities), and supervising their financial and operating performance;
- entering into all agreements, making and approving all pricing proposals, placing and accepting all orders to buy, sell or lease any equipment and other capital goods and services;
- leasing and renting out, even for long periods, any properties, equipment or intangible assets, and entering into any lease and rental agreements concerning such assets;
- concluding financing, with or without the provision of collateral, except for the following transactions, which fall within the powers of the Board: any capital market transaction (other than commercial paper), any financing that has the effect of causing consolidated net debt to exceed consolidated equity or to represent more than 2x consolidated EBITDA;
- performing any external growth transaction, investment or disinvestment, with the exception of strategic transactions (including any transaction whose value or consideration exceeds €4 million), which fall within the scope of the powers of the Board of Directors;
- acting in 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;
- managing 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 employer representative bodies;
- drafting and signing all documents necessary for implementing the powers delegated to it.

Without prejudice to the powers set aside for the Board or the Board's committees, such as the Audit Committee, the Executive Committee is also responsible for:
• implementing internal controls;
• preparing full, timely, 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, promptly providing the Board with all of the information it needs to perform its duties.

The Committee may in turn delegate all powers assigned by the Board of Directors, both to Econocom employees and third parties.

The powers conferred on the Executive Committee shall in no event include the powers reserved by law, the bylaws or internal rules for the Board of Directors. It is also the responsibility of the Executive Committee to:
• submit to the Board any question relating to a strategic transaction bearing on Econocom or the Group, without prejudice to the Board's powers to examine any issues relating to operational management;
• respect the day-to-day management powers delegated by the Board of Directors to one or more Chief Executive Officers and/or Managing Directors.

The Executive Committee has no powers of representation in respect of third parties; such powers are set out in the bylaws and the internal rules of the Board.

5.1.2.1.4. Functioning of the Executive Committee

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

The Executive Committee meets at the initiative of its Chairman, or when requested by two Executive Committee members. The Executive Committee meets at least ten times a year. Meetings are held at the location indicated in the convening notice.

The agenda for the meetings is set by the Chairman. However, members are entitled to propose the addition to the agenda of any item they deem necessary. The Executive Committee's discussions are based on files containing all information needed for decisions to be made, distributed to each member. The Executive Committee may invite any persons whose presence it deems useful to attend its meetings.

The Executive Committee acts as a collegial body; its decision-making is based on a consensus-building process. Where appropriate, the Chairman of the Executive Committee may put matters discussed to the vote, at his 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 Executive Committee reports to the Board of Directors on its management and on any significant issues falling within the scope of its responsibility.

The Executive Committee takes all steps it deems necessary to allow the Board to fulfil its duty of oversight as required by law, the bylaws and its internal rules.

5.1.2.2. Audit Committee (article 21 of the bylaws and the Audit Committee's internal rules)

5.1.2.2.1. General information

The Board of Directors has set up an Audit Committee in accordance with article 21 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 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 the members of the Executive Committee 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.

• Reviewing the results of any investigations undertaken within the Company in response to alleged fraud or errors, or for any other reason: reviewing decisions taken at such times and, where appropriate, making its own recommendations.

• Enquiring about the systems in place within the Company and its subsidiaries to ensure compliance with the main legal and regulatory requirements applicable to it.

3. Internal audit

• Reviewing and making recommendations on proposals by the Executive Committee on the appointment or replacement of the head of Internal Audit, and on the Committee.

• Taking note of the Internal Audit work programme and reports.

• Reviewing the effectiveness of the internal audit function, 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 the Company'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 the Company'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. Functioning 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 he or she considers appropriate on the agenda.

The Audit Committee may invite the Statutory Auditor, internal auditor and any other member of the Executive Committee or Econocom employees to attend all or part of its meetings. The head of internal audit and the Statutory Auditor must each attend 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 Audit Committee can deliberate if at least two of its members are in attendance or legitimately represented. Decisions are made by a majority of votes cast.

5.1.2.3. Compensation Committee (article 21 of the bylaws and the Compensation Committee's internal rules)

5.1.2.3.1. General information

The Board of Directors has established a Compensation Committee in accordance with article 526 *quater* of the Belgian Companies Code and article 21 of the Company's bylaws.

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

5.1.2.3.2. Composition of the Compensation Committee

The Compensation Committee consists of three non-executive Directors. 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 the 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 Executive Committee.

More specifically, the Compensation Committee is in charge of:

• upon recommendations of the Chairman:
- making proposals and recommendations to the Board of Directors with respect to the compensation of members of the Executive Committee, and, as required by law, with respect to any resulting recommendations that the Board of Directors must submit to the shareholders for approval;
- making proposals 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 benefits (long-term share incentives) – whether or not shared-based – granted as stock options or other financial instruments, termination benefits and, if required by law, any resulting recommendations that the Board of Directors must submit to the shareholders for approval;
- making recommendations and proposals to the Board of Directors about setting and assessing performance targets linked to the individual compensation of Directors and Executive Committee members;

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

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

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

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

In accordance with article 21 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. Functioning 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 Executive Committee member may ask the Chairman of the Compensation Committee to place any item he or she 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) are 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 the Company's expense.

Directors may not attend Compensation Committee meetings that deliberate on their own compensation, and therefore may not take part in any decisions in this respect.

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

The Compensation Committee can deliberate if at least two of its members are in attendance or legitimately represented. Decisions are made by a majority of votes cast.

5.2. Conflicts of interest

The Company's corporate officers must comply with the recommendations of article 523 (conflicts of interest between the Company and a Director), 524 (intragroup conflicts of interest) and 525 (conflicts of interest between Econocom and an Executive Committee member) of the Belgian Companies Code.

To comply with the Corporate Governance Code, the Company has issued a number of recommendations for its Directors and the members of its Executive Committee concerning transactions and other contractual relationships between the Company (and any companies related to it), its Directors and the members of its Executive Committee when such transactions and other contractual relationships are not covered by legal provisions on conflicts of interest.

In short, Directors and Executive Committee members must at all times act in the interests of the Company and its subsidiaries.

When a Director or an Executive Committee member has, directly or indirectly, a conflicting non-financial interest, or a corresponding interest, financial or not, in a decision or transaction of Econocom, he or she must immediately inform the Chairman of the Board of Directors. The Chairman shall then decide whether it is appropriate to make a report to the Board.

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 2015 annual report.

5.3. Biographies of Directors

Jean-Louis Bouchard began his career in 1966 as an Account Manager at IBM, spending 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 its 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 in 1972, where he served as Managing Director. From 1989 to 1995, he was Vice-Chairman and Managing Director of Cisi, before serving as Executive Director of France Télécom’s Enterprise division from 1996 to 2003. In addition, from 1985 to 1995, Christian was Vice Chairman of the Syntec Numérique, before serving as Chairman of the inter-industry group for information highways (*Groupe Inter-industries sur les Autoroutes de l’information*) from 1995 to 1997.

Gaspard Dürrleman began his career with Basaltes Group in 1982. He went on to head 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. In 2009, he became Chairman and CEO of Cambour, a jewellery manufacturer, a position he held until the end of 2015. Since then, he has established a consultancy business with large French and international groups in the luxury goods sector.

Charles de Water began his career with IBM in the Netherlands. He 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 then headed ECS’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, running operations in France. In 2015, she was appointed Vice-Chair France, responsible primarily for CSR strategy and B2B and B2C digital business development in various sectors including education and culture.

Rafi Kouyoumdjian began his career as an Account Manager for IBM in 1983. He joined Econocom Group in 1987, spending 13 years in various positions of responsibility, including senior management from 1995 to 2000. In 2001, he became Chairman of Liberty Surf Group (now Tiscali France), before serving as Chief Executive Officer of NextiraOne Group from 2006 to 2010. He was Chairman of Vizada in satellite communications from 2011 until its sale. Since June 2015, he has been shareholder and manager of Oteis, an engineering company.

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, before joining Promodata as Sales Director in 1986. He was appointed Managing Director for France of Comdisco in 1994, before being named Managing Director Europe. When Promodata was acquired 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 manages all operations, with the exception of Digital Dimension and the companies acquired in 2015, known as satellites.

Jean Mounet trained as an engineer. Holder of a doctorate in Physical Sciences, he graduated from Stanford University in Strategic Marketing. He occupied a number of positions with IT manufacturers (IBM and Bull). In 1988, he joined Sopra Group as Managing Director, becoming Vice-Chairman in 2005. He is now a Director of Sopra Steria Group. He was also Chairman of 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 landmark reports 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 is the 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 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 the Group's various central and support functions.

Walter Butler, who has Brazilian, French and American citizenship, 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 (BCP) in 1991. 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 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*).

Bruno Grossi worked for over 20 years at Accenture, where he was partner, in charge of the telecom and media sectors in France, Belgium and Luxembourg. Co-Chairman of Osiatis between 2010 and 2013, before its merger with Econocom Group in September 2013, he has been a member of the Company's Executive Committee since October 2013, with responsibility for acquisitions, strategy and communication.

Georges Croix founded his first company at the age of 25. After helping create the IT system used in France's national lottery, he co-founded France's first telematic hosting centre, Sytem, in 1985. In 1989, he founded RSDI (Réseaux Systèmes Développement Informatique), an IT consulting firm, followed by a second firm, Polisoft, in 1995. 1998 saw the creation of the Prosodie group from the merger of RSDI, Polisoft and SJT. He successively occupied the positions of director of IT resources, head of the network and services division, CEO of Prosodie Europe and CEO of the entire company from 2007 to 2012, until its acquisition by Capgemini. He is currently CEO of Digital Dimension, a mentor to SMEs at the International Chamber of Commerce of Paris and a member of the Executive Committee of Réseau Citoyen Cyberdéfense sponsored by the Ministry of Defence.

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 from serving 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 2015

In February 2016, the Group took control of French company Cineolia by acquiring 60% of its capital. Cineolia specialises in digital services in the hospital sector and posted revenue of €1.8 million in 2015. The company offers high-quality digital and multimedia solutions for patients and dovetails perfectly with Econocom's strategy, combining technological expertise and financial solutions for end-clients. Econocom thus confirms its intention to invest in digital services with public and private hospitals, by providing end-users with a tailored, pay-per-use service.

7. COMPETITION

Econocom Group stands out from its competitors thanks to:
• over 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.

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.

With companies' vital parameters changing rapidly (opportunities for new business, the threat of new competitors, the transience of the best talents, etc.), adaptability, flexibility and creativity are more crucial than ever to success and longevity.

It is against this backdrop that in 2015 Econocom launched an innovative concept called the Galaxy. The Galaxy consists of the Econocom Planet (historic core businesses, wholly-owned by the group and constantly-expanding), around which the Satellites revolve; these are small and medium-size companies which are highly successful in their areas of expertise, and in which the heads and often the founders maintain a significant share of the capital. This relational and organisational model addresses the challenges of the digital revolution as it introduces new ways of working into companies: collaborative, cross-functional approaches are replacing hierarchical, vertical ones.

The various investments the Group made in 2015 in these satellites are described in detail in the first chapter of the Group's Management Report. They are listed below by activity:
• Consulting: Helis (project management, programme management);
• Security: Clesys and Altasys, which have been combined to form Econocom Cyber Security, a specialist in infrastructure, data centre and network security. The creation of Econocom Digital Security, which will strengthen Econocom's offering in IT security by becoming Europe's first CERT™ (Computer Emergency Response Team) dedicated to IoT security;
• Mobile and web apps: Alter Way (Internet and open source), Bizmatica (mobile and business application services) and Norcod (a French company specialising in business-to-business connected solutions);
• Web hosting: Nexica (Spain, critical infrastructure hosting);
• Others: a procurement SaaS-mode platform with SynerTrade, and Aragon-eRH, software vendor specialising in cloud-based HRIS solutions.

A diverse offering

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

The Group launched a telecommunications offering in 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 fleet management.

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 resources.

Geographical presence

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

The Group now operates in 19 countries. With a strong presence in Belgium, France, Germany, Italy, the Netherlands, Spain and the United Kingdom, Econocom is currently Europe's leading technology management & financing provider and one of the leading players in distribution and services.

Outside Europe, the Group has taken initiatives to support its key account customers in their main operating regions, such as Morocco and, more recently, the Americas (the United States, Canada, Mexico and Brazil). This extended scope, combined with international partnerships, enables the Group to meet the requirements of its key account customers in the countries they operate in.

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 financial services. Similarly, Econocom Group has few competitors in Telecom services.

• Products & Solutions: Computacenter (France, Belgium, Germany and the United Kingdom), SCC (France and the United Kingdom), and RealDolmen (Belgium and Luxembourg). The main difference between these competitors and Econocom is that Econocom's business model is mainly outsourced (logistics is handled by wholesalers and independent sale agents).

• Technology Management & Financing: Econocom has no direct equivalent as most of its competitors are either broadline companies that are subsidiaries of banks, or specialist subsidiaries of hardware manufacturers (IBM, HP, Dell) or the leasing subsidiaries of banks (Arius – BNP Paribas Rental Solutions, Etica – Crédit Agricole Leasing). These companies do not offer the same degree of independence or IT specialisation as Econocom Group. Among its independent competitors, neither CHG nor Grenke Leasing (Germany) offer distribution or services activities.

• Concerning Econocom satellites' business: all the companies operating in the same areas as the above-mentioned satellites.

8. HR POLICY

Global, local, innovative, open and shared

Econocom's HR policy aims to be at once global, local, innovative, resolutely open and shared.

It takes a global view of the issues facing the Group, while striving to remain consistent, and proposing specific measures in each of our businesses and our geographies.

In a context of unrelenting change, we attach paramount importance to our mission of instilling a sense of commitment and pride among our employees.

Building on these ambitions, the Group is in the process of recruiting talents imbued with entrepreneurial flair for its various business lines. Our hope is that Econocom will provide them with a fertile environment for expressing their creativity, allowing them to flourish.

In 2015, over 9,000 employees contributed to the Group's success. Its life forces are the employees, agents, entrepreneurs, and self-employed contractors that comprise the Econocom ecosystem, in a resolutely innovative model.

In 2016, more than 1,500 talents from the digital world will join us.

Trust as a cornerstone

Initiative cannot thrive without trust. Econocom therefore offers its employees the opportunity to take up exciting challenges, to take risks and to be bold. Talents with a "conquering" spirit feel at home with us.

Econocom believes in an original employment model in which individuals are encouraged to fulfil their potential in a perpetual quest for innovation and excellence, and where initiative, teamwork, accountability and respect are critical success factors.

In keeping with this spirit, Econocom has developed a trust-based relationship with its employees, where the concepts of time and space are never static, and where quality of life in the workplace is key to improving the organisation's performance – for the benefit of its clients.

Accelerator of talent

With over 100,000 hours of training offered, Econocom is determined that learning should unceasingly spawn exciting and varied projects, and even more authentic career opportunities for its best talents.

9. LEGAL AND ARBITRATION PROCEEDINGS

The dispute opposing Asystel, a wholly-owned subsidiary of the Group, and SFR since early 2013 was settled in June 2015. A new partnership model has been established between the two companies.

There are currently no other pending or potential government, legal or arbitration proceedings against the Group that 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 of 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 to which the Group may be party 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 involving a major commitment.

11. RESEARCH & DEVELOPMENT

With more than 7,280 engineers and technicians at the end of 2015, representing around 80% of its workforce, the Group devotes considerable resources to innovating businesses' ICT systems. The teams in charge of R&D deliver solutions aligned with the Group's strategy, market needs and the competitiveness of offerings.

The purpose of Econocom's 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 of a Company's resources;
• communication systems that facilitate collaboration and digital data security.

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

- Created in the first half of 2015, Econocom Digital Security offers the services of Europe's first CERT™ (Computer Emergency Response Team) dedicated to IoT security, as well as advanced expertise in the field of digital security. It has focused on acquiring specific expertise in areas related to IoT, including communication technologies, data exchange protocols and operating systems. It is officially recognised by the European TF-CSIRT (Task Force on Computer Security Incident Response Teams), which coordinates relations among the various CERTs worldwide. The CERT™ provides monitoring, control, surveillance and alert services for its clients' digital environments, as well as the expert design services of its Security Operations Center. Econocom Digital Security has a laboratory where it conducts tests on various selected components, security assessments and radiation protection analyses.

• Similarly, Econocom works with networks of companies and institutes dedicated to devising future uses for connected devices in specific environments, such as healthcare, hospitals, smart cities and buildings.

Through these projects, Econocom defines a highly innovative implementation methodology that addresses its clients' needs. It uses the best tools on the market in order to ensure that the solutions keep up with market standards.

At the end of 2015, Econocom set up a unit called Digit-all Labs.

A showcase for Econocom's innovative capabilities, Digit-all Labs is designed to step up the development of digital business by providing the Econocom planet with a panel of recognised experts.

Digit-all Labs also provides advice and technological expertise for projects, helping to enhance the Group's positioning and brand image with future employees, clients and its business ecosystem.

Drawing on feedback from experts providing support for technicians working on data centre incidents, Econocom has devised an on-site robot. The purpose of the project is to provide 24-hour surveillance of data centres in the absence of humans, as well as to assist on-site technicians. After a successful prototyping, Captain DC (Captain Datacenter) was developed at the end of 2015. This latest-generation autonomous robot provides security for clients' data centres. Designed to ensure 24/7/365 surveillance, it continuously sends alerts from the data centre, allows remote diagnostics for technical problems and offers assistance and support to on-site technicians for everyday maintenance. The first ever robot in a data centre, Captain DC is the result of a co-innovation effort by Econocom's R&D teams and its clients and partners such as EOS Innovation, a subsidiary of Parrot.

12. RECENT DEVELOPMENTS AND OUTLOOK

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

12.1. Principal investments

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

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

12.1.1. 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 infrastructure. The acquisition was financed from existing cash. It represented an investment of €1.2 million.

On 21 March 2013, Econocom exercised the call option on the remaining 60% of Centix's share capital for €1.3 million. 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. The acquisition of this block was financed through the issue of 9,142,680 new Econocom shares and a vendor loan of €36.6 million. On 12 September 2013, the Group also acquired 660,000 equity warrants granted by Osiatis, financed 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 mixed public offer for all outstanding Osiatis shares whereby each seller received in the aggregate one Econocom Group share plus a cash payment of €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 initiated 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 major investment enabled Econocom to strike a balance between its technological and financial activities. The Group crossed the threshold of €2 billion in revenue, becoming a major player in digital services in Europe.

12.1.2. 2014

12.1.3.1. Investments made to create and acquire companies

In 2014, Econocom Group made investments as part of its Mutation 2013-2017 strategic plan in order to consolidate its positions in high-growth market segments – in particular business-to-business digital solutions – and to extend its geographical coverage so as to better serve its international clients.

In January 2014, Econocom invested in Digital Dimension, in partnership with Georges Croix. The aim 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 an operating margin of at least 10% in 2016.

In 2014, Digital Dimension made three acquisitions:
• Rayonnance (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 cloud-based HRIS solutions that address the full spectrum of a company's HR requirements.

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

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.

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

Lastly, in December, Econocom exercised a call option to increase its stake and acquire a controlling interest (51.3%) in Brazilian company Interadapt and its subsidiary Syrix. Title 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 in 2014 the remaining balance to complete the acquisition of Osiatis, i.e., approximately €30 million.

12.1.3.2. Other investments

Econocom also set up its own in-house financing entity, part of its subsidiary Econocom Digital Finance Ltd, to support the development of the Group's innovative offerings in the digital sector. This initiative boosted the momentum of the Technology Management & Financing activity. Its impact on the Group's net debt at 31 December 2014 was €27 million.

The Group 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.

12.1.3. 2015

In 2015, Econocom devoted nearly €70 million to acquisitions, €20 million to acquisition capital, mainly on equipment and premises to bolster team productivity, and approximately €60 million to its Technology Management & Financing business to fund highly innovative leases, notably through its subsidiary Econocom Digital Finance Ltd. The latter accounts for nearly one-third of the robust momentum enjoyed by the Technology Management & Financing business (organic growth of 10% in 2015).

The Group also made targeted acquisitions to boost its expertise in four strategic and dynamic segments.

In February, Econocom acquired a 45% stake in Helis, a French company that provides specialised digital transformation and engineering consulting in the field of IT infrastructure.

In the field of security, Econocom acquired Clesys in February and Altasys in October. These acquisitions dovetail with Econocom's existing operations in this area, giving the Group a security division generating more than €50 million in revenue with nearly 120 engineers. They give the Group a foothold in the integration of digital networks and security infrastructure solutions, and in auditing and consulting for IT security; in 2015, it created the first European CERT™ dedicated to the security of connected objects and their environment (IoT). Security is the first obstacle faced by companies in their decision to implement a digital transformation; it is strategic to the development of the Group and its digital solutions offering.

Econocom also made acquisitions in web and mobile apps. In May 2015, it acquired a 64.45% stake in Alter Way, which specialises in open source programs and in the fields of Web hosting, engineering, training and consulting; in June, it acquired a 70% stake in Italian company Bizmatica, which develops "Business & Mobile" application services with operations along the entire value chain of this market, from design consulting to managing the solution implemented.

Lastly, through its subsidiary Digital Dimension, Econocom strengthened its digital solutions offerings with the outright acquisition in March 2015 of Norcod, a French specialist in connected solutions for businesses, and the holder of compelling expertise in the design, integration, deployment and management of mobile solutions integrating voice and Wi-Fi technology, particularly suited to retail and logistics activities. Econocom also acquired the entire share capital of Spanish company Nexica in April 2015, and took control (90%) of European group SynerTrade in August. Nexica provides hosting for critical business applications and cloud infrastructure. With over 15 years' experience in the market, it manages two data centres for IaaS (Infrastructure as a Service) services, with the ability to host such value-added services as e-commerce platforms and portals. SynerTrade is a European software vendor specialising in e-procurement solutions for tracking procurement and analysing expenses. SynerTrade Group, which is headquartered in Luxembourg, operates through five subsidiaries (in Luxembourg, Germany, France, Romania and the United States) and representative offices in Italy, the Netherlands, China, the United Arab Emirates and India.

These acquisitions represent proforma revenue of more than €75 million and an average operating margin of approximately 7%. They allowed the Group to strengthen its operations in the growing digital transformation market.

12.2. Trends and outlook

Econocom Group's Management expects organic revenue growth to again outpace the digital services market, driven by the lively momentum of the digital transformation market for companies and the public sector, the substantial investments in the Group's sales forces over the past two years, and lastly, the synergies between its core businesses and the satellite companies acquired over the past two years.

Management also anticipates double-digit growth in recurring operating profit and a further increase in earnings per share[1]. 2016 stands to benefit from the full effect of the synergies resulting from the acquisition of Osiatis and the productivity programmes implemented over the last two years.

Under these circumstances, the Group can confirm its strategic targets for 2017: €3 billion in revenue and €150 million in recurring operating profit.

(1) Adjusted for the net impact of the amortisation of the ECS customer portfolio and the Osiatis brand, and the change in fair value of the ORNANE embedded derivative component.

RISK FACTORS

III.

RISK FACTORS

Econocom Group Management regularly reviews the main risks likely to have a material impact on its activities and financial position, as set out below:

1. OPERATIONAL 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 may include financial penalties in the event of below-expectation performance, 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 and oversee the achievement of contractual obligations and, where applicable, anticipate any provisions for losses upon contract completion to be recognised in the financial statements. 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 spent.

• 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, Services contracts carry risks associated with termination notice periods. The Group ensures that this period allows sufficient lead time to adjust the workforce, particularly on large contracts. The Group plans in advance of contract terminations so that it may redeploy its staff and uses a measured level of sub-contracting to ensure flexibility.

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 however be exposed to the risk of sub-contractor default, although no single sub-contractor is substantial enough to account for a material proportion of Econocom's business.

Econocom assesses the financial and operational capacities of its sub-contractors as and when required, and in particular when it uses sub-contractors that that are new market entrants.

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 deals with this risk by calculating the future value of equipment using the diminishing balance method, which is described 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 prudent 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 is competitive. In each country where it has operations and in each of its businesses, the Group faces competition from international, national or local players. However, Econocom stands out from the competition due to the diversity of its activities and, especially, its expertise in Technology Management & Financing and the international scope of its activities.

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, Italian and Brazilian 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. External growth

As part of its strategy, the Group continues to develop its business by seeking targeted acquisition opportunities.

Acquiring and integrating companies gives rise to certain risks, including higher-than-anticipated financial and operating expenses, 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 (see also Note 7 "Goodwill", to the consolidated financial statements).

Each year, Econocom undertakes external growth transactions as part of its mixed growth strategy, and the Group 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.

In 2015, Econocom Group pressed ahead with its acquisition policy, taking control of 10 mid-sized companies specialising in four strategic growth sectors: security, web and mobile apps, digital solutions and infrastructure and network consulting. Econocom Group has put in place an original integration and governance model for these new acquisitions (called "satellites") so as to preserve their agility, boost their performance and competitiveness and generate synergies at Group level. The founding shareholders of these satellites have retained a non-controlling interest in the share capital and have a very broad level of managerial autonomy. The related integration risk is mitigated by the fact that taken individually, these transactions are relatively small.

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 familiar with the applicable local laws and regulations, who work alongside the Group's legal teams and specialist external counsel.

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 and arbitration proceedings likely to have a material impact on Econocom Group's financial position, business or results of operations at 31 December 2015 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

The new accounting standard on leases, IFRS 16, which has existed in draft form for a number of years, was published in January 2016. When the standard enters into force on 1 January 2019, entities' "lease liabilities" must be presented on the statement of financial position within liabilities, except for small items with an insignificant unit value. 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 sustainable development commitments;
- smart and connected object (IoT) 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 2015, the proportion of the Group's five biggest funders remained stable at 65% of the total value of refinanced rents in 2015. In 2015, the Group's main funder represented some 30% of the total value 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 2015, no single client represented over 5% of the Group's consolidated revenue.

3.3. Supplier dependency risk

Given the wide 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 activities, 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 2015, 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 activities, the Group develops partnerships with hardware manufacturers, telecoms operators, 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 in its Services and Products & Solutions activities.

4.1. Market risk

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

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 sterling, the US and Canadian dollars, Moroccan dirham, Czech koruna, Swiss franc, Romanian leu, Polish zloty, Brazilian real 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.

The Group manages its exposure to interest rate risks by balancing out its sources of financing between fixed and floating rate borrowings.

At 31 December 2015, the Group's floating-rate debt comprises short-term borrowings (credit lines and bridge loans), and short-term factoring agreements. No hedges of floating-rate borrowings were outstanding at 31 December 2015.

The Group's fixed-rate debt comprises the ORNANE bonds convertible into cash and/or into new shares and/or exchangeable for existing shares for €175 million, and a euro private placement (Euro PP) for €101 million. Following acquisitions carried out as from 2013, Econocom has also taken on the fixed-rate loans carried on its acquirees' books.

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.

In 2015, Econocom continued to optimise its diversified sources of financing with the aim of (i) reducing borrowing costs, (ii) extending the maturities of its borrowings and (iii) bank disintermediation.

In order to meet its short-term financing requirements, the Group now has new bank credit facilities at improved rates. In addition, the Group set up a commercial paper programme capped at €300 million, of which €52 million was outstanding at 31 December 2015.

At that date, Econocom had €370 million in bilateral bank credit facilities of which €150 million committed for two years and €80 million committed for more than two years.

To finance its investments – especially external growth transactions – in May 2015 Econocom Group issued a €101 million private placement on Alternext, split into two tranches: one tranche for €45.5 million maturing in five years and paying interest at 2.364%, and a second tranche for €55.5 million maturing in seven years and paying interest at 2.804%.

In January 2014, Econocom 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, falls due in 2019 and pays annual interest at a nominal rate of 1.5%. 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.

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

Other than the outstanding amounts on its commercial paper programme, Econocom does not have any material loans or borrowings falling due in either 2016 or 2017.

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 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. At 31 December 2015, outstanding amounts at risk totalled €125 million or around 5.4% of total outstanding amounts for the Technology Management & Financing business.

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 2015 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 January 2014 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 each year. This derivative instrument is carried in liabilities in the statement of financial position for €11.9 million at 31 December 2015.

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS ON THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

IV.

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS ON THE FINANCIAL STATEMENTS

For the year ended 31 December 2015 presented to the Annual General Meeting of 17 May 2016

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 2015, as well as the compensation report.

1. THE GROUP'S FINANCIAL POSITION AND 2015 HIGHLIGHTS

The Group reported good performances in 2015, a year which was notable for a sharp 10.7% rise in revenue to more than €2.3 billion, representing organic growth of 7.9%, a strong 23% increase in recurring operating profit* to €117.7 million, and a doubling of restated earnings per share**.

At the beginning of 2016, the Group benefited from the business dynamic observed throughout 2015, the investments made, the synergies resulting from the acquisition of Osiatis, and savings and productivity plans which will be fully effective in 2016.

In 2015, the Group stepped up its investments in mid-sized companies operating in strategic markets at the heart of the digital transformation: security, web and mobile apps, digital solutions and digital transformation consulting. The Group thus acquired majority stakes in eight companies, three of which were via its subsidiary Digital Dimension, and founded Europe's first CERT™ dedicated to IoT security.

These investments are part of a new model. With the rapidly-changing parameters of companies (opportunities for new business, the threat of new competitors, the transience of the best talents, etc.), adaptability, flexibility and creativity are more crucial than ever to success and longevity. Size and an international dimension also remain powerful sources of credibility where our clients and partners are concerned.

To address these two issues, Econocom Group has set up an innovative system: the Galaxy.

It consists of the "Econocom Planet", i.e., its historical core businesses, which are constantly expanding, around which Satellites gravitate. Satellites are small and medium-size companies that are highly successful in their areas of expertise, and in which the heads and founders maintain a share of the capital.

Econocom Group, whose purpose is to step up the digital transformation of businesses and organisations, has thus changed its governance in order to address the challenges of the digital revolution. To finance its acquisition strategy and reinforce its financial structure, Econocom carried out a euro private placement (Euro PP) for a total of €101 million in May 2015. Econocom, which joined the new Tech 40 European index in 2015, decided to list the new bonds on AlterNext.

Lastly, Econocom Group has decided to adopt European company status (*societas europaea*). The Group's legal form is now aligned with its European activities and ambitions, which will enable it to better serve its clients all over the region.

** Before amortisation of the ECS customer portfolio and the Osiatis brand.*
*** Before amortisation of the ECS customer portfolio and the Osiatis brand and before the change in fair value of the ORNANE embedded derivative component, net of the tax effect.*

1.1. Changes in the scope of consolidation in the year

1.1.1. Acquisitions

In 2015, Econocom conducted eight external growth transactions. The Group targeted medium-size companies operating in key sectors with strong growth potential. Some of these transactions involved acquiring a controlling stake alongside the original management team. They helped speed up the Group's growth and improve profitability, with an impact on consolidated revenue in 2015 in the amount of €56 million.

The transactions carried out in the year are presented below:

Helis – February 2015

In February 2015, Econocom-Osiatis SAS acquired a 45% stake in French company Helis. Helis is a consulting and engineering firm specialising in IT infrastructure. With a combination of technical and functional expertise, Helis covers every stage of added-value projects by offering its clients consulting and services in high-growth, differentiating areas (cloud, convergence, virtualisation, security, telecoms, etc.). Helis posted revenue of €9 million in 2015.

Clesys – February 2015

The Group acquired the entire share capital of Clesys, an infrastructure, data centre and network security specialist. Clesys's 55 engineers and consultants provide services ranging from security and compliance audits and data flow security to complete security systems monitoring. Clesys posted revenue of €6 million in 2015.

Norcod – March 2015

Digital Dimension acquired the entire share capital of Norcod SAS, a company specialising in connected solutions for businesses. Norcod has considerable expertise in deploying and managing mobile devices for warehouses, implementing innovative solutions based on voice technologies and Wi-Fi solutions. In 2015, Norcod posted revenue of €18 million.

Nexica – April 2015

Digital Dimension acquired the entire share capital of Nexica, a Spanish company headquartered in Barcelona, from the company's founders. Nexica is a critical business applications and cloud infrastructure hosting provider. With over 15 years' experience in the market, it manages two data centres for IaaS (Infrastructure as a Service) services, with the ability to host such value-added services as e-commerce platforms and portals. In 2015, Nexica reported revenue of €9 million.

Alter Way – May 2015

Econocom Group acquired a 64.45% interest in Alter Way Group, a French open source provider specialising in web hosting, engineering, training and consulting. Alter Way reported revenue of €11 million in 2015.

Bizmatica – June 2015

Econocom International Italia SpA acquired a 70% stake in Bizmatica SpA, which is headquartered in Milan. Bizmatica Group develops business and mobile applications services and covers the entire value chain from consulting to design and from implementation to solutions management. Bizmatica Group operates mainly in Italy and posted €18 million in revenue for its latest full financial year.

SynerTrade – August 2015

Digital Dimension SAS acquired a 90% controlling interest in SynerTrade, a European software vendor specialising in e-procurement solutions for tracking procurement and analysing expenses. SynerTrade Group, which is headquartered in Luxembourg, operates through five subsidiaries (in Luxembourg, Germany, France, Romania and the United States) and representative offices in Italy, the Netherlands, China, the United Arab Emirates and India. SynerTrade posted revenue of €11 million in 2015.

Altasys – October 2015

Econocom-Osiatis SAS acquired 90% of the share capital of French company Altasys, an IT security provider. The company employs over 50 engineers and consultants and generates annual revenue of more than €7 million. It has been renamed Econocom Cyber Security.

1.1.2. Additional acquisitions and companies formed

Interadapt – additional acquisition

When Osiatis initially invested in Interadapt in 2011, the Group held two call options enabling it to increase its stake in the company. Econocom Group exercised these two call options in January and December 2015, bringing its stake to 61.25% of the share capital.

Econocom Digital Security – company formation

Econocom Digital Security SAS, a company governed by French law, was founded in March 2015 by Econocom Group. Econocom has gradually opened up the subsidiary's capital to the managing partners and at 31 December 2015, held 55%. Econocom Digital Security has deployed Europe's first CERT™ dedicated to IoT security. This division is an ideal complement to the Group's Security division which also includes Clesys, Altasys and the existing security activities of the Group's French service subsidiaries.

1.1.3. Disposals and discontinued operations

Germany – disposal

At the end of 2014, Econocom finalised the sale agreement for Econocom Managed Services AG. This sale was completed during the first half of 2015 with retroactive effect from 1 January 2015. Econocom decided to sell its German services company, which was a small business (representing €4 million in revenue) to German group Technogroup, with which Econocom signed a partnership whereby it now has over 200 engineers and technicians in Germany.

France – disposal

At the end of June 2015, French company Asystel sold its telecoms division for small and medium-size businesses (representing €8 million in revenue), and in October 2015 sold its A2Z services business for small companies (representing €3 million in revenue). Asystel will henceforth focus on its target clientele of large accounts.

Belgium – disposal

At the end of October 2015, Belgian subsidiary Econocom Managed Services sold its Ecopack business (desktop maintenance and deployment) in Belgium and Luxembourg (representing around €4 million in revenue).

1.2. Principal investments

Aside from the acquisitions and interests described above, the main investments made by the Group in 2015 were for fitting out new office buildings in order to group together and optimise the various premises, and for purchasing IT hardware and solutions designed to increase staff performance, improve sales offerings and develop innovative solutions for the Group's clients.

Two major IT projects were launched in 2014 and continued in 2015. One of them involved migrating all the Group's subsidiaries to SAP financial and management accounting software, whilst the other was for the implementation of an in-house business solution for the Technology Management & Financing business. SAP has been successfully rolled out in two of the Group's three activities and will continue to be deployed in the first half of 2016.

1.3. Financing transactions

Amid attractive market conditions, the Group continued to diversify and optimise its financing sources.

1.3.1. Private placement of €101 million

In May 2015, Econocom completed a euro private placement (Euro PP) for a total amount of €101 million, broken down into two tranches of €45.5 million and €55.5 million, with respective maturities of five and seven years. The new bonds pay fixed-rate coupons of 2.364% at five years and 2.804% at seven years.

1.3.2. Commercial paper programme capped at €300 million

In October 2015 the Group set up a commercial paper programme capped at €300 million on the negotiable debt securities market. In addition to diversifying its financial resources, this issue will enable the Group to benefit from short-term financing at favourable market conditions which will help optimise seasonal financing of working capital requirement. At 31 December 2015, outstanding commercial paper amounted to €52.5 million.

1.4. Research & 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 clients' ICT and communications systems, and designing and implementing innovative solutions to address the various issues associated with ICT architecture, interoperability, mobility and security. At 31 December 2015, the Group had 7,300 engineers and technicians.

2. RESULTS FOR THE YEAR

2.1. Income statement

(in € millions)	2015	2014 (restated)[1]	Change
Revenue	**2,316.1**	2,092.6	+11%
Recurring operating profit before amortisation of intangible assets from acquisitions*	**117.7**	**95.9**	**+23%**
Recurring operating profit	**113.5**	92.9	+22%
Non-recurring operating income and expenses	**(5.2)**	(24.9)	
Operating profit	**108.3**	68.0	+59%
Other financial income and expenses	**(12.4)**	(15.7)	-21%
Change in fair value of the ORNANE embedded derivative component	**(6.3)**	3.8	-
Profit before tax	**89.6**	**56.1**	**+60%**
Income tax expense	**(30.7)**	(21.2)	+45%
Profit (loss) from discontinued operations	**(0.1)**	(3.0)	-97%
Share of profit of associates and joint ventures	**(0.1)**	0.0	
Profit for the year	**58.7**	**31.9**	**+84%**
Profit for the year attributable to owners of the parent	**57.8**	31.2	+85%
Non-controlling interests	**0.9**	0.7	+29%
Profit for the year attributable to owners of the parent, restated**	**66.8**	**29.4**	**+127%**

** Before amortisation of the ECS customer portfolio and the Osiatis brand.*
*** Before amortisation of the ECS customer portfolio and the Osiatis brand and before the change in fair value of the ORNANE embedded derivative component, net of the tax effect.*
(1) Restated in accordance with IFRIC 21 – positive impact of €0.6 million on 2014 recurring operating profit.

Earnings per share

(in €)	2015	2014 (restated)	Change
Basic earnings per share	**0.53**	0.28	+89%
Diluted earnings per share	**0.52**	0.24	+117%
Restated earnings per share**	**0.62**	0.27	+130%

*** Before amortisation of the ECS customer portfolio and the Osiatis brand and before the change in fair value of the ORNANE embedded derivative component, net of the tax effect.*

Number of outstanding shares

(in units)	2015	2014
Average number of shares outstanding[1]	**108,508,895**	109,938,391
Total number of shares at the year-end[1]	**106,727,850**	111,059,101
Share price at 31 December (in €)	**8.55**	6.56
Market capitalisation at 31 December (in € millions)	**961.6**	738.1

(1) Excluding treasury shares.

In 2015, Econocom Group posted consolidated full-year revenue of €2,316 million compared with €2,093 million in 2014, an increase of 10.7%, almost 8% of which was purely organic growth. This performance was driven by all three activities which benefited from Econocom's valuable positioning in the digital transformation of organisations, as well as the lively business trend of the satellites, which contributed €108 million to consolidated revenue in 2015.

Recurring operating profit for the Group* jumped 23% to stand at €117.7 million compared with €95.9 million in the previous year. This strong growth was driven by the healthy business trend in 2015, the success of multi-business line offerings and increasing synergies, which will take full effect in 2016. It is also the result of improved operating margins across all the business lines, the successful integration of the services divisions and the productivity plans implemented across all the Group's activities.

The Group's operating profit was €108.3 million, compared with €68 million in the previous year, an increase of nearly 60%. Non-recurring expenses were very limited compared with 2014, when the integration of Osiatis was finalised (€5.3 million versus €24.9 million in 2014).

Net financial expense in 2015 was negatively affected in the amount of €6.3 million (an accounting item with no cash effect) by the remeasurement at fair value (mark-to-market) of the ORNANE convertible bond derivative, reflecting the rise in the Econocom Group share price at 31 December 2015. The impact of the change in the derivative in 2014 was, conversely, income of €3.8 million. Restated for this item, net financial expense improved compared to 2014.

Profit for the year amounted to €58.7 million, up 84%.

The good operating performances, combined with low non-recurring expenses and the absence of dilution for the shareholders led to a strong rise in earnings per share (up 89%).

Restated profit for the year attributable to owners of the parent** stood at €66.8 million, a 127% increase on 2014.

2.1.1. Breakdown of key figures by business sector

Revenue and recurring operating profit* can be broken down as follows:

Revenue

(in € millions)	2015	2014 (restated)	Growth (published)	Like-for-like growth
Technology Management & Financing	**1,149.0**	1,044.8	10.0%	10.0%
Services	**729.9**	663.0	10.1%	1.0%
Products & Solutions	**437.2**	384.8	13.6%	15.0%
Total revenue	**2,316.1**	**2,092.6**	**10.7%**	**7.9%**

Recurring operating profit*

(in € millions)	2015	2014 (restated)	Growth (published)	2015 recurring operating margin
Technology Management & Financing	**70.1**	59.7	17.4%	6.1%
Services	**35.5**	25.8	37.6%	4.9%
Products & Solutions	**12.1**	10.4	16.3%	2.8%
Total recurring operating profit(*)	**117.7**	**95.9**	**22.7%**	**5.1%**

** Before amortisation of the ECS customer portfolio and the Osiatis brand.*

Technology Management & Financing recorded revenue of €1,149 million in 2015, compared with €1,045 million in 2014, a purely organic increase of 10%. This performance reflects the healthy business trend, boosted by the Group's in-house financing subsidiary (Econocom Digital Finance Ltd), which contributed around 10% of the business's revenue. It also reflects a positive shift in the market, which is increasingly focusing on use as opposed to ownership, a trend driven in part by increasingly swift technological developments. Recurring operating profit for the business rose by more than 17%, supported by strong business trends, synergies with the other activities and productivity improvement plans.

The Services business recorded revenue of €730 million in 2015, compared with €663 million in 2014, an increase of 10%. Around six months behind the timing initially announced in 2013, the successful integration of Osiatis is delivering the positive results expected, giving Econocom Group a robust services platform. Growth also reflects the good performance of the Group's satellites and their high value-added positioning in the digital transformation market. Recurring operating profit for the Services business amounted to €35.5 million, i.e., a recurring operating margin of 4.9%, a considerable rise of 100 basis points compared with 2014. In 2016 the business will benefit from the full effect of the synergies resulting from the integration of Osiatis and optimisation plans.

Products & Solutions recorded revenue of €437 million in 2015, compared with €385 million in 2014, an increase of 13.6% (15% on an organic basis). This substantial increase confirms the Group's robust business momentum in the buoyant connected devices market, which accounted for more than half of growth, particularly in the public sector, healthcare and education segments. The performance was further fuelled by a high level of business synergies with the Group's other business lines and its successful launch in Italy in the booming digital assets market.

2.1.2. Revenue by geographic area

The breakdown of revenue by geographic area is as follows:

Revenue

(in € millions)	2015	2014 (restated)	Change
France	**1,235.6**	1,115.5	+10.8%
Benelux	**346.5**	314.6	+10.1%
Southern Europe	**409.0**	372.2	+9.9%
Northern & Eastern Europe/Americas	**325.0**	290.3	+12.0%
Total revenue	**2,316.1**	**2,092.6**	**+10.7%**

All the Group's geographical areas posted strong growth in revenue.

Growth in France was driven mainly by the Technology Management & Financing and Products & Solutions businesses. Technology Management & Financing enjoyed a lively business dynamic, bolstered by the development of the Group's in-house financing subsidiary. Products & Solutions' performance was boosted by some major deals and the growth of IoT. France also benefited from the main external growth transactions. On the whole, performance in France was driven by good sales momentum as well as the successful integration of Osiatis for the Services division and the increasing synergies with other business lines.

Growth in Benelux was driven by Technology Management & Financing, with some significant deals signed and a lively business trend.

Southern Europe reported good performances (up 10%), driven mainly by the growth in Technology Management & Financing in Italy, as well as healthy sales in Services and Products & Solutions in that country. Launched in 2014, Italy's Products & Solutions division posted growth of 150% in 2015, and revenue of €18 million.

Northern & Eastern Europe and the Americas also posted strong sales, particularly in the Technology Management & Financing business in Germany, Ireland and Mexico.

2.2. Statement of financial position

(in € millions)	2015	2014 (restated)
Goodwill	483.5	384.8
Property, plant and equipment, intangible assets and long-term financial assets	118.4	106.2
Residual interest in leased assets	98.2	88.5
Other non-current assets	18.7	15.9
Trade and other receivables	804.7	724.0
Other current assets	84.4	76.5
Assets held for sale	0.0	2.1
Cash and cash equivalents	209.6	207.3
Total assets	**1,817.5**	**1,605.3**
Equity attributable to owners of the parent	228.1	259.8
Non-controlling interests	52.4	21.5
Total equity	**280.5**	**281.3**
Financial liabilities	120.5	143.6
Bonds	275.5	169.6
Short-term provisions	74.3	81.9
Gross liability for purchases of leased assets	62.1	51.2
Trade and other payables	751.7	682.2
Other liabilities	252.9	193.9
Liabilities related to assets held for sale	0.0	1.6
Total equity and liabilities	**1,817.5**	**1,605.3**

Goodwill

At 31 December 2015, goodwill amounted to €483.5 million, up €98.7 million compared with the previous year (€384.8 million at 31 December 2014). This change includes a €99.4 million rise as a result of acquisitions and a decrease of €0.5 million resulting from disposals. Goodwill of companies acquired in 2015 was calculated on the assumption of the acquisition of 100% of the companies' share capital (using the full goodwill method), even for companies of which Econocom acquired only a portion of the share capital.

The effect of adjustments to the opening balance sheet and currency translation adjustments cancel each other out and thus have no impact.

Equity

Equity remained stable at €280.5 million at end-2015 (€281.3 million at 31 December 2014), as profit for the year in 2015 (€58.7 million) was offset by the shareholder return (€16.2 million refund of the issue premium in 2015) and the impact of €35 million of treasury shares bought back in the year.

At 31 December 2015, Econocom Group held €5,791,437 treasury shares which represent an asset of €49.5 million based on the closing share price at 31 December 2015. This asset does not appear on the Group's statement of financial position.

The breakdown of equity attributable to owners of the parent and to non-controlling interests varies, particularly as a result of acquisitions. Accordingly, at 31 December 2015, equity attributable to non-controlling interests stood at €52.4 million, up €30.9 million. This increase is due mainly to the Group's decision to apply the full goodwill method.

The decrease in equity attributable to owners of the parent is mainly the result of the recognition of put options for non-controlling interests in the companies acquired in 2015.

Net debt

At 31 December 2015 net debt stood at €186.4 million and broke down as follows:

(in € millions)

Net cash at bank*	143.4
ORNANE convertible bonds	(173.6)
Euro PP	(101.9)
Finance lease liabilities	(3.4)
Contracts and receivables refinanced with recourse	(50.9)
Consolidated net debt	**(186.4)**

** Gross cash at bank minus credit lines and commercial paper.*

Gearing (net debt to equity) stood at 66%. Net debt accounts for less than 1.5 times Group EBITDA in 2015. This very low level will endow the Group with the resources it needs to achieve its development ambitions.

2.3. 2015 parent company financial statements of Econocom Group SE

Econocom Group SE, 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 SE's parent company financial statements, prepared in accordance with Belgian legislation.

2.3.1. Income statement of Econocom Group SE

Sales of services to the Group's subsidiaries (statutory data) for the year stood at €14.2 million compared with €28.7 million in the previous year. This decrease is due to the invoicing of additional management fees in 2014.

Operating profit for the year came out at €1.6 million in 2015 compared with €22.2 million in 2014. This decrease is due mainly to movements in provisions for risk of losses on exercise of stock options. In 2015, movements in provisions represented an addition of €0.4 million due to the rise in the share price during the year, compared with a reversal of €24.1 million the previous year following the exercise of stock options by the Group's management.

Net financial income came to €4.9 million compared with €1.2 million in 2014. This consists mainly of dividends received from subsidiaries in the amount of €4.3 million (down €0.9 million compared with 2014) and income net of interest and invoicing of guarantee commissions invoiced to the subsidiaries amounting to €7.3 million (compared with €7.0 million in 2014), and the cost of external debt for an amount of €6.4 million compared with €8.1 million the previous year. This decrease is a result of the conversion of OCEANE convertible bonds in 2014 and the implementation of diversified financing solutions (commercial paper), at very low cost.

Net non-recurring items amounted to nil (compared with income of €3.8 million in 2014 due to capital gains on the sale of shares).

Income tax expense came out at €1.9 million for the year, as Econocom Group SE utilised its tax-loss carryforwards in 2014.

Net profit amounted to €4.6 million (compared with €27.2 million in 2014).

2.3.2. Balance sheet of Econocom Group SE

At 31 December 2015, Econocom Group SE's equity stood at €288.4 million compared with €300 million at end-2014. This decrease is due to the €16.2 million refund of the issue premium in 2015, which was not entirely offset by profit for the year (€4.6 million).

External borrowings amounted to €336.1 million at end-2015 and correspond to the ORNANE convertible bonds (issued in January 2014 and due to mature in 2019) for €181.1 million, the Euro PP (issued in May 2015 with maturities of five and seven years) for €102.5 million and the commercial paper programme for €52.5 million (with short-term maturities of between one and three months).

Long-term receivables and investments in related companies increased by €12.4 million due to the acquisitions carried out in 2015, which are described in detail below.

2.3.3. Business overview

2.3.3.1. Acquisitions, additional investments and formations of subsidiaries

In 2015, Econocom Group made investments and set up subsidiaries, focusing on mid-sized companies specialising in four strategic growth sectors: security, web and mobile apps, digital solutions and digital transformation consulting.

In this context, Econocom Group acquired a controlling stake (64.45%) in French group Alter Way, the leading provider of web and open source solutions. Alter Way, which posted revenue of €11 million in 2014, assists its clients' digital transformation with a combination of web development and hosting and web applications. In 2015 it was Microsoft Global Partner of the Year for the "Open Source on Azure" category (an enterprise cloud platform).

In addition, Econocom Group formed Econocom Digital Security, of which it holds a 55% interest, alongside managers with recognised expertise in the IT security industry. Econocom Digital Security innovated by launching the first dedicated IoT security CERT™ and offers preventive and remedial operational services and advanced consulting services. Digital Security has its own R&D laboratory specialising in IoT security.

Econocom Group also acquired non-controlling interests in some innovative digital startups:

• Histovery offers visitors a new way to enjoy France's cultural heritage via interactive technological solutions.

• Kartable makes learning accessible to everyone thanks to personalised platforms featuring content and applications in line with the national curriculum. This newly-formed company already serves over a million students.

In addition, in terms of its subsidiaries:

• Econocom Group acquired the remaining shares in Brazilian company Econocom do Brasil from Econocom-Osiatis SAS for €1.9 million, then carried out a capital increase of €0.7 million;

• Econocom subscribed to a capital increase of €6 million in its subsidiary Econocom International Italia SpA in order to fund the acquisition of Bizmatica Group in Italy.

2.3.3.2. Legal reorganisation

As is the case each year, Econocom Group implemented measures to streamline and simplify its legal organisation.

In order to merge companies with similar activities and operating in the same country and company, France Systèmes, France's leading Apple reseller in the enterprise and government market, became part of Econocom Products & Solutions while the French Service subsidiaries of Econocom-Osiatis France and Osiatis Systems merged. Lastly, the Group's two Swiss Technology Management & Financing companies were combined into Econocom Switzerland.

In addition, in the interests of streamlining the Company's organisation and reducing levels of ownership by bringing the subsidiaries closer to the Group's parent company, Econocom Group acquired Econocom-Osiatis SAS's Brazilian subsidiaries in 2015.

As a result of the reorganisation carried out in 2015, the number of legal entities within the Group was reduced by four and the company organisation was streamlined.

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 20 May 2014 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 €4 and the maximum price was €20.

The maximum number of shares to be purchased throughout the five-year period was increased to 22,503,857.

Furthermore, the Extraordinary General Meeting of 19 May 2015 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.

Lastly, the Extraordinary General Meeting of 20 May 2014 authorised the Board of Directors, for a period of five years, to pledge the Company's treasury shares as security, in accordance with article 630 of the Belgian Companies Code (*Code des sociétés*), for up to 20% of the share capital, as provided for under article 620 of the Belgian Companies Code.

In 2015, the following treasury share movements took place:
• Econocom Group acquired treasury shares for an acquisition price of €35.1 million representing 4,489,050 Econocom Group shares;
• Econocom Group sold 120,000 treasury shares in connection with the exercise of vested stock options.

In addition, the Company maintained its liquidity agreement with Exane BNP Paribas with a view to making a market in the Econocom Group share.

At 31 December 2015, Econocom Group held 5,645,184 treasury shares, as part of the share buyback programme, and 146,253 Econocom Group shares, as part of its liquidity agreement with Exane, representing a total of 5,791,437 Econocom Group shares or 5.15% 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 €175.2 million, in addition to retained earnings in the amount of €41.7 million.

Econocom Group's non-distributable reserves stood at €41.1 million.

2.3.3.4. Share capital

At 31 December 2015, Econocom Group's share capital was made up of 112,519,287 shares with no stated par value and totalled €21,563,999.86.

Items that could have an influence on Econocom Group's share capital are the ORNANE convertible bonds issued in 2014 and the 2014 stock option plan.

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. 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 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 conversion right, bondholders will receive an amount in cash and, where applicable, an amount payable in new and/or existing Econocom shares for the remainder (Econocom may choose whether to use only new and/or existing shares). In the event that all the convertible bonds were converted into new shares, at the initial conversion price and according to the initial conversion rate of one share for each bond, 16,509,433 new shares carrying voting rights would be issued.

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 holders 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 granting of stock subscription options in 2014 resulted in an issue of a maximum of 2,500,000 new shares, within the authorised capital. At 31 December 2015, 2,435,000 stock subscription options had been granted to around 20 of the Group's managers under the 2014 Stock Option Plan.

Furthermore, the Extraordinary General Meeting of 19 May 2015 renewed for a five-year period the authorisation given to the Board of Directors, in accordance with articles 603 and 604 of the Belgian Companies Code, to carry out one or more capital increases of up to a maximum total amount of €21,563,999.86 (excluding issue premiums). At 31 December 2015, authorised unissued capital (excluding issue premiums) stood at 21,563,999.86, as no transactions concerning the authorised capital were carried out in 2015.

Changes in share capital between 2002 and 2013 consisted of capital increases in connection with the exercise of stock options by the Group's employees, and capital increases within the scope of external growth transactions to fund a portion of acquisitions, as was the case in 2010 for the acquisition of ECS Group and in 2013 for the mixed public offer carried out for the acquisition of Osiatis. In 2014, there were five capital increases in connection with OCEANE bond conversion requests for a total of 9,055,276 new shares.

The Company's ownership structure is described in section 5, "Corporate governance statement".

3. RISK FACTORS AND DISPUTES

Risk factors did not change significantly in 2015. They are described in Note 33, "Risk Management", to the consolidated financial statements.

4. OUTLOOK FOR 2016 AND DIVIDEND FOR 2015

Econocom Group's Management expects organic revenue growth to again outpace the digital services market, driven by the lively momentum of the digital transformation market for companies and the public sector, the substantial investments in the Group's sales forces over the past two years, and lastly, the synergies between its core businesses and the satellite companies acquired over the past two years.

Management also anticipates double-digit growth in recurring operating profit and a further increase in earnings per share*. 2016 stands to benefit from the full effect of the synergies resulting from the acquisition of Osiatis and the productivity programmes implemented over the last two years.

Under these circumstances, the Group can confirm its strategic targets for 2017: €3 billion in revenue and €150 million in recurring operating profit.

As a result of the Group's strong financial position and prospects, the Board of Directors will recommend to the General Meeting that shareholders receive a refund of the issue premium, considered as paid-in capital, in the amount of €0.175 per share.

This refund represents a 17% increase in the gross shareholder return and a 46% increase over two years in relation to the gross dividend of €0.12 per share paid in 2014.

In addition, the Group plans to continue to buy back treasury shares.

These shares will be used to cover the Group's commitments as part of stock option plans and convertible bonds (ORNANE).

** Adjusted for the net impact of the amortisation of the ECS customer portfolio and the Osiatis brand, and the change in fair value of the ORNANE embedded derivative component.*

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. Lastly, during its meeting on 1 March 2016, the Board of Directors updated the Internal Rules of the Board of Directors and Executive Committee following the conversion of Econocom Group into a European company (*societas europaea*) on 18 December 2015.

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 has set aside, 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 2015, Jean-Louis Bouchard indirectly held 41.03% of Econocom Group's capital.

Econocom Group complies with Principle 2 of the Belgium Corporate Governance Code, which recommends that at least half of the members of the Board of Directors should be non-executive. At 31 December 2015, the Board of Directors comprised six 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. The Board of Directors only has one female director, Véronique di Benedetto, who was appointed in 2011. In accordance with paragraph 3 of article 518 *bis*, Econocom Group has two years to comply with this requirement (i.e., until the end of 2017).

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 nor 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 in 2015 complies with the 2009 Code, which requires that a majority of the members of the committee be independent. 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 the management accounting aspects of the 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 lines, irrespective of the country.

Furthermore, in the interests of maintaining their independence from the operational teams, the finance teams report hierarchically to the Group Finance Department. This organisation does not apply to the small companies in which the founding shareholders have maintained a non-controlling interest (called "satellites"), for which the Finance Manager continues to report to the subsidiary's Senior Management.

5.3.2. Coordination of reporting and consolidation

The accounts are consolidated by a dedicated team on a quarterly basis. The consolidated companies send their detailed financial statements via the consolidation tool for inclusion 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 operational manager and Chief Financial Officer.

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 IFRSs. 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

The IT systems used by the Group for preparing financial information are currently being harmonised and aligned. The migration of all the Group's subsidiaries to a single solution for financial and and management accounting, which began in 2012, will be completed in 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's Internal Audit department reports directly to the Audit Committee.

5.3.5.1. Risks associated with 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.

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 IFRSs 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, the Financial Control team 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 prudent 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 value and ownership structure

At 31 December 2015, Econocom Group's share capital consisted of 112,519,287 shares, held as indicated below:

	2015	**2014**
Companies controlled by Jean-Louis Bouchard	**41.03%**	41.03%
Public shareholders	**53.82%**	57.67%
Treasury shares	**5.15%**	1.30%
Total	**100%**	**100%**

Econocom Group was notified that at 31 December 2015, three shareholders (other than the companies controlled by Jean-Louis Bouchard) exceeded the 5% share ownership threshold. These were Butler Management Ltd (and, indirectly WB Finance et Partenaires and Walter Butler), French company AXA SA, and Kabouter Management, LLC.

There are no shareholders with special controlling rights.

Other than the treasury shares (5.15%) and shares held by Caisse des Dépôts et Consignations Belge (0.49% belong to bearer shareholders who did not come forward when the Belgian Stock Market converted to electronic shares), which have no voting rights, there are no other particular legal or statutory restrictions with respect to voting rights.

5.5. Composition and functioning 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 BV

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 Lequime 59, 1640 Rhode Saint-Genèse (Belgium)
Chief Executive Officer of Econocom Group

Bruno Grossi,
(term of office expires at the May 2019 Annual General Meeting)
13, rue Molitor, 75016 Paris (France)
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

Georges Croix,
(term of office expires at the May 2019 Annual General Meeting)
1, rue Salomon Reinach, 78100 Saint-Germain-en-Laye (France)
Executive Director of Econocom Group

Robert Bouchard,
(term of office expires at the May 2021 Annual General Meeting)
4, rue des Cérisoles, 75008 Paris (France)
Vice-Chairman of the Board of Directors and 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

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)
Independent Director of Econocom Group

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

Six of the members of the Board of Directors held executive roles in 2014: Jean-Louis Bouchard, Jean-Philippe Roesch, Bruno Lemaistre, Bruno Grossi, Georges Croix and Véronique di Benedetto. Gaspard Dürrleman, Rafi Kouyoumdjian and Robert Bouchard are Non-executive Directors. Christian Bret, Jean Mounet and Walter Butler are independent Directors, as defined by article 526 *ter* of the Belgian Companies Code.

Charles de Water, who was a non-executive Director of Econocom Group, resigned from the Board of Directors in May 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 Econocom International BV, Matignon Finance and Château Fontainebleau du Var, and Legal Manager of SCI Orphée, SCI de Dion Bouton, SNC Ecurie Jean-Louis Bouchard, SARL Écurie Jean Louis Bouchard, SCI JMB, 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 Legal 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.

In addition to serving on the Board of Econocom Group and its subsidiaries, Bruno Grossi is Legal Manager of Vilnaranda and Vilnaranda II and Director of Norcod Solutions Santé.

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.

Georges Croix is Chairman of GCX.COM, Director of Timyo, Datavolution and Style & Design. He is also Director and Vice-Chairman of the ARCC (*Association de la Réserve Citoyenne Cyberdéfense*).

Christian Bret is Managing Partner of Eulis and Director of Altran Technolgies and Sopra Steria Group.

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

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

Rafi Kouyoumdjian Chairman and Chief Executive Officer of Oteis and Director of RKO Edith Grove Ltd, Nuxeo and Ecofinance International.

Jean Mounet is a Director of the Fondation Telecom, Sopra Steria Group, Sopra Banking Software, Malakoff Médéric and ESCPE. He is a member of the Supervisory Board of CXP Group, as well as serving as Chairman and Director of Trigone SAS, the Fondation CPE Lyon Monde Nouveau and the Observatoire du Numérique.

Walter Butler is Chairman and Chief Executive Officer of WB Finance et Partenaires, Butler Capital Partners and WB Debt Partners, Legal 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, member of the Supervisory Board of Group Partouche and Corum Asset Management and 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 Investments, as a member of the Supervisory Board of Acces Industrie and Colfilm, and as Director of Anov France and Holding Sports et Evenements.

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.

Pursuant to a decision of the Extraordinary and Special General Meeting on 18 December 2015, the term of office for Directors has been reduced from six to four years in order to comply with the recommendations of Code 2009.

5.5.2. Role of the Board of Directors

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

In 2015 the Board met on five occasions, including two meetings to approve the interim and annual financial statements.

The Board appoints a Chairman from the Vice-Chairs, in charge of managing the Board of Directors and ensuring its efficient running, by monitoring its size and members and those of its Committees, and ensuring good communication with the Executive Committee to guarantee effective decision-making.

At the General Shareholders' Meeting of 19 May 2015, a decision was made to create a Vice-Chairman of the Board of Directors. The Board appoints one or more Vice-Chairs from its members. In the event that the Chairman is unable to attend, the Vice-Chairman chairs the Board meetings.

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 Board of Directors entrusts the company's operational management to the Executive Committee, within the limits of the powers granted by it and as stipulated in the Internal Rules of the Executive Committee. It also entrusts the day-to-day management to the Chief Executive Officers or, if applicable, the Managing Directors.

The Board appoints the members of the Executive Committee, Audit and Compensation Committees, as well as the Chief Executive Officer(s) and generally ensures that a clear and effective management structure is implemented.

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

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.

Following Econocom Group's conversion to European company status (*societas europaea*), on 1 March 2016 the Board of Directors revised the Internal Rules of the Executive Committee and entrusted it with the operational management of Econocom, in accordance with article 898 of the Belgian Companies Code and article 21 of the bylaws.

The role of the Committee is to recommend strategic guidelines for the Group, implement the strategy chosen by the Chairman and approved by the Board of Directors, approve the budgets accordingly, manage the Group's operational departments (within the scope of the powers of their governing bodies) and monitor their financial and operating performance.

The Executive Committee was reviewed at the Board Meeting on 3 September 2015. It is chaired by Jean-Louis Bouchard and its members are 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. Since Jean-Maurice Fritsch stepped down from his position in charge of the Services business in 2015, Bruno Lemaistre has been in charge of the operations and as such is head of the Services, Technology Management & Financing and Products & Solutions businesses, whilst Jean-Philippe Roesch oversees the Group's central and support functions.

All the members of the Executive Committee 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. Bruno Grossi was appointed Chief Executive Officer at the Board of Directors' meeting on 4 November 2015, effective as of 18 December 2015 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 appended to the corporate governance statement. One of its members will comment on the report at the Ordinary General Meeting.

The Board of Directors has also granted the Compensation Committee, in accordance with article 21 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.

The Committee now has three members: Christian Bret, Rafi Kouyoumdjian and Jean Mounet, who were appointed by the Board of Directors on 29 August 2014 for a three-year term which cannot exceed their term as Directors. The Committee met three times in 2015.

5.5.3.3. Audit Committee

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

The Committee is chaired by the Vice-Chairman of the Board of Directors and Non-executive Director, Robert Bouchard, and 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 5 March 2015, Robert Bouchard was appointed Chairman of the Committee for a term of three years. Christian Bret's term of office was renewed for a further three years on 29 August 2014, as were Gaspard Dürrleman and Rafi Kouyoumdjian's on 5 March 2015, provided that it does not exceed their term of office as Directors.

The Audit Committee meets as often as required; it met four times in 2015, with all Committee members in attendance, as well as Jean-Philippe Roesch, Chief Executive Officer in charge of support functions, Galliane Touze, Company Secretary, Nicolas Noquet and then Stéphane Pailler, 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 be able to demonstrate 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

Whilst the Executive Committee is in charge of operational management, the Board of Directors has entrusted the day-to-day management to the Chief Executive Officers, in accordance with articles 898 and 525 of the Belgian Companies Code. With the exception of the Chairman-Chief Executive Officer, each of the Chief Executive Officers is responsible for a specific area of expertise.

All major decisions regarding the subsidiaries are made by the relevant body, with the assent of the Chief Executive Officer 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 out in an internal reference document.

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

Neither article 523 nor article 524 of the Belgian Companies Code were applied in 2015.

5.6. Composition of advisory bodies

Econocom Group's Statutory Auditor is PricewaterhouseCoopers Réviseurs 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. 2015 compensation report

This report 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.

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. It is also charged with 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 proposals 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 proposals 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 incentives) – 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 about setting and assessing performance targets linked to the individual compensation of Directors' and Executive Committee members.

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

3) Commenting on the compensation report during the Ordinary General 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 carrying out all the tasks assigned by the Board of Directors with respect to compensation.

In accordance with article 21 of the bylaws, the Board of Directors also 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 or share grants, 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.

The Committee met three times in 2015.

5.7.1.2. 2015 compensation policy

Board of Directors

The bylaws provide for attendance fees for Directors. The Ordinary General Meeting of 21 May 2013 set the attendance fees of Non-executive Directors at €3,000 per Director per Board meeting, subject to actual attendance at the meetings.

At the Extraordinary General Meeting on 18 May 2015, this amount was increased to €5,000 per Board meeting, subject to actual attendance at the meetings, as of January 2016.

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

Committees

In 2015, the Chairman and members of the Audit Committee received €2,000 per meeting, subject to actual attendance. The Chairman and members of the Compensation Committee also received €2,000 per meeting in 2015, subject to actual attendance.

At the Extraordinary General Meeting on 18 December 2015, compensation for Chairmen and members of the Audit and Compensation Committees was increased to €3,000 per meeting, subject to actual attendance at the meetings, as of January 2016.

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

Executive Directors and members of the Executive Committee

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 portion 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 2015 based on annual performance.

Variable compensation paid to Executive Directors and members of the Executive Committee in 2015 was subject to the achievement of objectives, both quality- and quantity-based. A significant proportion of compensation paid to members of the Executive Committee was subject to the achievement of joint objectives in line with the Group's budget targets, and in particular 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) quality-based targets.

As is the case with all Econocom Group employees, the Executive Directors and Executive Committee members, who are employees of the Group, 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 2016 is consistent with the policy for 2015. 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 earnings per share in 2016. 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) quality-based targets. As authorised at the Annual General Meeting on 21 May 2013, variable compensation for 2016 is subject to the achievement of annual objectives. Consequently, compensation for 2017 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 2015

5.7.2.1. Non-executive Directors

This section sets out 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 2015.

Compensation paid in 2015, including payroll costs (in € thousands):

Christian Bret	29
Robert Bouchard	18
Walter Butler	9
Gaspard Dürrleman	23
Charles de Water	3
Rafi Kouyoumdjian	24
Jean Mounet	21
Total	**127**

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 for these duties, 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. Econocom International BV – whose Chairman is Jean-Louis Bouchard – bills fees to Econocom Group and its subsidiaries for managing and coordinating the Group. These fees amounted to €2.5 million in 2015, compared with €2.9 million in 2014.

5.7.2.3. Total compensation paid to Executive Directors and members of the Executive Committee in 2015

This section sets out the overall compensation and benefits paid directly or indirectly to Non- executive Directors and Executive Committee members by Econocom Group or any of the Group's other companies in 2015.

Total compensation paid in 2015, including payroll costs (in € thousands):

Fixed portion	2,593
Variable portion(1)	1,200
Pensions and other compensation, including benefits in kind(2)	641
Total	**4,434**

(1) Of which €1,023,000 in respect of 2014 and paid in 2015.
(2) Of which €106,000 in respect of 2014 and paid in 2015.

Total compensation paid in 2015, including payroll costs (in € thousands):

Fixed portion	2,684
Variable portion(3)	1,121
Pensions and other compensation, including benefits in kind(4) (5)	1,175
Total	**4,980**

(3) Of which €944,000 in respect of 2015 to be paid in 2016.
(4) Of which €530,000 yet to be paid.
(5) This amount includes termination benefits.

This information refers to compensation paid over 12 months to the Executive Directors and members of the Executive Committee in office on 31 December 2015, i.e., Bruno Lemaistre, Jean-Philippe Roesch, Jean-Maurice Fritsch and Bruno Grossi as members of the Executive Committee, and Véronique di Benedetto and Georges Croix as Executive Directors. Jean-Maurice Fritsch left the company in 2015 and since 1 December 2015, is no longer employed by the Group.

In addition, Executive Directors and members of the Executive Committee own 1,500,000 stock options entitling them to 3,600,000 Econocom Group shares.

Five of the six Executive Directors and members of the Executive Committee were compensated under their employment contract as employees of Econocom Group's companies. The sixth indirectly receives compensation via a company he controls and is paid as a corporate officer of an Econocom Group company. This compensation, paid as a lump sum, is included in the table above.

Lastly, 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.

Only one of the Executive Directors and members of the Executive Committee had access to a company car in 2015.

5.7.2.4. Stock options and shares granted, exercised, forfeited and expired in 2015

On 17 December 2014 the Board of Directors approved a new stock subscription option plan for 2,500,000 stock subscription options to be granted within two years. On 18 December 2014, the Compensation Committee granted 2,075,000 stock subscription options to 20 of the Group's managers. In 2015, the Compensation Committee granted 240,000 stock options on 29 June and 120,000 stock subscription options on 6 October. At 31 December 2015, in accordance with the stock option plan approved by the Board of Directors on 17 December 2014, 2,435,000 of the 2,500,000 stock subscription options had been granted to 23 of the Group's managers.

In 2015, the stock option plans granted in 2011 expired. One of the six beneficiaries exercised 30,000 stock options, representing entitlement to 120,000 shares. These shares were remitted via the sale of Econocom Group treasury shares. The other beneficiaries of the stock options plans granted in 2011 have until 31 December 2016 to exercise their options.

In 2015, 260,000 stock options entitling the holder to 260,000 shares were forfeited following the departure of the employees in question.

5.7.2.5. Termination benefits and other contractual obligations

The employment contracts of the Executive Directors and members of the Executive Committee 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.

5.8. Appropriation of profit and dividend policy

At the General Meeting to be held on 17 May 2016, the Board of Directors will recommend that shareholders receive a refund of the issue premium, considered as paid-in capital, in the amount of €0.175 per share.

This refund represents a 17% increase in the gross shareholder return compared with the gross dividend of €0.15 per share paid in 2015, and a 46% rise compared with the gross dividend of €0.12 paid in 2014.

In addition, 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 share capital. Econocom International NV changed its legal status in 2015 to Econocom International BV.

At 31 December 2015, 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.

In 2015, Econocom Group received no notification of thresholds being exceeded.

On 4 January 2016, following the buyback of treasury shares, Econocom Group received joint notification from Econocom International BV, SCI de Dion Bouton, Econocom Group SA and, indirectly, from Jean-Louis Bouchard, stating that Econocom Group held more than 5% of its share capital and that the group comprising Econocom International BV, SCI de Dion Bouton, Econocom Group SA and, indirectly, Jean-Louis Bouchard, held more than 46% of the share capital. However, shares held in treasury by Econocom Group do not carry voting rights, meaning that, at 4 January 2016, all the above-mentioned shareholders held 41.03% of the Company's voting rights.

Relations with the majority shareholder, Econocom International BV, 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 BV, in order to locate a number of the Paris area-based employees at the same premises in Puteaux, as of 2013. This lease was signed on arm's length terms. In 2015, Econocom SAS signed a lease with SCI JMB, which is controlled by Jean-Louis Bouchard, in order to locate a number of the Lyon area-based employees at the same premises in Villeurbanne. This lease was signed on arm's length terms.

5.10. Econocom Group share ownership

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 Option Plan), of which 2,435,000 have been granted so far.

An updated summary of the Group's commitments in this respect at 31 December 2015 is provided below.

	Number of outstanding options(1)	Number of outstanding shares(1)	Expiry date	Exercise price (€) per option(1)	Exercise price (€) per share(1)
2011	**790,000**	3,160,000	16 Dec.	12.25	3.06
2013	**875,000**	875,000	18 Dec.	5.96	5.96
2014	**2,015,000**	2,015,000	19 Dec.	5.52	5.52
2015	**240,000** **120,000**	240,000 120,000	20 Dec. 20 Dec.	7.74 7.61	7.74 7.61
Total	**4,040,000**	**6,410,000**	-	-	-

(1) Options granted before the four-for-one share split (in September 2012) entitle the holder to four Econocom Group shares, and options granted in 2013, 2014 and 2015 entitle the holder to one Econocom Group share.

These plans cover Econocom Group shares listed on the Euronext Brussels 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, collective, internal and external performance goals.

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.

The stock options granted in 2011 and 2013 are covered by a stock option contract signed by each beneficiary. The text of the standard stock option contract was approved by the Board of Directors on 25 January 2000. 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 stock subscription options granted in 2014 and 2015 are part of a stock option plan approved by the Board of Directors on 17 December 2014. The documentation, particularly relating to the 2014 Stock Option Plan, was approved by the Board of Directors on 17 December 2014. They also include a stock option award letter for each beneficiary, along with an option acceptance form to be completed by the beneficiary.

In 2014, 903,000 options were exercised entitling the holder to 3,612,000 shares and 25,000 options were forfeited by the beneficiaries. In December 2014, 2,075,000 2014 stock subscription options were granted.

In 2015, 360,000 options were granted to three beneficiaries (240,000 of which were subject to performance conditions), 30,000 were exercised entitling the beneficiaries to 120,000 shares and 260,000 stock subscription options were forfeited by the beneficiaries.

At 31 December 2015, 4,040,000 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, and the options granted in 2013, 2014 and 2015 entitle the holder to one Econocom Group share. Consequently, the 4,040,000 options granted entitle the holder to a total of 6,410,000 Econocom Group shares representing 5.70% of the number of outstanding shares. Lastly, 1,420,000 options (entitling the beneficiary to 1,420,000 shares) are subject to the achievement of quality- and quantity-based, individual and collective performance conditions.

The exercise of all these 4,040,000 options would result in a capital increase of €28.8 million.

5.11. Statutory Auditor's Fees

In 2015, 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 €)	2015	2014
Statutory Auditor's fees for auditing the consolidated financial statements	**396,960**	**406,475**
Fees for audit-related engagements or similar assignments performed in the Group by individuals related to the Statutory Auditor	**540,872**	**788,600**
Fees for non audit-related engagements or specific assessments carried out by the Statutory Auditor for Econocom Group		
Non-audit certification engagements	**16,500**	32,100
Tax advisory work	**0**	0
Other	**0**	6,088
Fees for non audit-related engagements or specific assessments carried out by the Statutory Auditor for Econocom Group		
Non-audit certification engagements	**6,800**	10,000
Tax advisory work	**623,286**	642,934
Other	**149,840**	93,320

5.12. Treasury shares

See section 2.3.3.3 above.

6. SUBSEQUENT EVENTS

In February 2016, the Group took control of French company Cineolia by acquiring 60% of its capital. Cineolia specialises in digital services in the hospital sector and posted revenue of €1.8 million in 2015. The company offers high-quality digital and multimedia solutions for patients and dovetails perfectly with Econocom's strategy, combining technological expertise and financial solutions for end-clients. Econocom thus confirms its intention to invest in digital services with public and private hospitals, by providing end-users with a tailored, pay-per-use service.

7. CSR STRATEGY

Econocom Group is convinced that implementing a Corporate Social Responsibility (CSR) policy can create social, environmental, societal 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.

Introducing an ethical, responsible approach to its business dealings is fundamental to ensuring long-term success.

As part of its CSR policy, Econocom Group adopted 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.

Furthermore, every year Econocom publishes a CSR report setting out the main actions undertaken, and available on the Econocom website.

In 2015, the Group announced its new CSR strategy, which is now part of its Mutation plan.

7.1. Econocom Group's CSR 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 employees the first instruments of change and Group corporate social 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 the Group's actions so it may achieve the goals it has set.

The second concerns the Group's external stakeholders: "To be a pioneer of Digital Corporate Responsibility by developing projects collaboratively, in the interests of society and sustainable development."

With respect to its external stakeholders, Econocom is committed to devising innovative digital solutions to improve the competitiveness of European companies and offering 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 in its ecosystem and within the Group.

Lastly, Econocom intends to step up its responsible purchasing policy and enhance its relationships with suppliers.

Econocom is committed to limiting its own carbon footprint and takes steps to identify and control the biggest sources of carbon emissions. The Group also promotes environmental awareness among its employees in order to encourage them to adopt responsible behaviour.

The Group has set up a CSR Steering Committee in order to strengthen its CSR governance and ensure that it achieves its CSR objectives and implements its action plan. The CSR Steering Committee comprises 10 Directors representing the Group's main subsidiaries. The Group will publish a twice yearly progress report on its main objectives.

7.2. Development priorities

7.2.1. To make employees the first instruments of change and Group corporate social responsibility

Collaborative, cross-departmental organisation:

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 has decided to focus its actions on redesigning its premises in order to make them more conducive to collaboration and developing and using collaborative tools in order to enhance its cross-business line solutions.

Our ambition: to develop a common culture and implement a collaborative organisation and tools which address cross-disciplinary matters in an agile manner and increase cross-activity business.

Employee satisfaction:

Econocom is mindful of employee satisfaction, and digital can create new ways of working which promote well-being and a better work-life balance: for this reason, Econocom launched the Share programme in 2012.

Our ambition: to attract and retain high-level talents, measure employee satisfaction and make it the focus of a Group-wide action plan.

Training and career development:

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. Econocom intends to develop its training policy significantly.

Our ambition: to draw attention to the importance of each employee’s personal and professional development, identify areas of progress and enable them to improve their skills.

7.2.2. To be a pioneer of Digital Corporate Responsibility by developing projects collaboratively, in the interests of society and sustainable development.

Solutions geared towards reducing the negative impact across the entire lifecycle:

Econocom is committed to developing and offering its clients solutions to reduce the impact across the entire lifecycle. The Group aims to help organisations identify and control the environmental, social and societal impact of using digital equipment.

Our ambition is to identify the main areas of progress and innovation to develop more responsible solutions and promote them to its clients and thus ensure that its commitment is recognised in the market.

Promoting entrepreneurship in the ecosystem:

"Be enterprising" is paramount at Econocom Group and one of its key values. Econocom would like to promote entrepreneurship both within the organisation and in its ecosystem. The Group also plans to consolidate its commitment to startups and its own employees.

Our ambition: to assist and expand startups and satellites and thus be identified as key to their success, and develop a corporate culture of internal entrepreneurship.

Firmly committed to the major social issue of education:

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.

Our ambition: to be recognised for our contribution to developing innovative, better-quality education through digital means and facilitating access to education for children who would normally be deprived of it.

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2015

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1. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

Assets

(in € millions)	*Notes*	31 Dec. 2015	**31 Dec. 2014 (restated)**
Non-current assets			
Intangible assets	*6*	**64.1**	57.6
Goodwill	*7*	**483.5**	384.8
Property, plant and equipment	*8*	**30.1**	26.2
Long-term financial assets	*9*	**24.2**	22.4
Residual interest in leased assets	*10*	**70.1**	62.6
Other long-term receivables	*10*	**4.6**	2.2
Deferred tax assets	*30*	**14.1**	13.6
Total non-current assets		**690.7**	**569.4**
Current assets			
Inventories	*11*	**22.1**	27.3
Trade and other receivables	*12*	**804.7**	724.0
Residual interest in leased assets	*12*	**28.1**	25.9
Current tax assets	-	**6.9**	14.8
Other current assets	*12*	**55.4**	34.5
Cash and cash equivalents	*13*	**209.6**	207.3
Total current assets		**1,126.8**	**1,033.8**
Assets held for sale		**-**	2.1
Total assets		**1,817.5**	**1,605.3**

Equity and liabilities

(in € millions)	*Notes*	31 Dec. 2015	**31 Dec. 2014 (restated)**
Share capital		**21.6**	21.6
Additional paid-in capital and reserves		**148.7**	207.0
Profit for the year attributable to owners of the parent		**57.8**	31.2
Equity attributable to owners of the parent	***15***	**228.1**	**259.8**
Non-controlling interests	*15*	**52.4**	21.5
Total equity		**280.5**	**281.3**
Non-current liabilities			
Financial liabilities	*18*	**10.9**	46.0
Gross liability for purchases of leased assets		**45.9**	38.2
Bonds	*18*	**270.3**	167.0
Long-term provisions	*16*	**4.8**	5.1
Provisions for pensions and other post-employment benefit obligations	*17*	**36.3**	36.1
Other non-current liabilities		**69.2**	24.7
Deferred tax liabilities	*30*	**9.7**	6.8
Total non-current liabilities		**447.1**	**323.9**
Current liabilities			
Financial liabilities	*18*	**109.6**	97.6
Gross liability for purchases of leased assets		**16.2**	13.0
Bonds	*18*	**5.3**	2.6
Short-term provisions	*16*	**33.2**	40.6
Current tax liabilities		**16.5**	8.7
Trade and other payables	*19*	**751.5**	682.2
Other current liabilities	*19*	**157.6**	153.8
Total current liabilities		**1,089.9**	**998.5**
Liabilities related to assets held for sale		**-**	1.6
Total equity and liabilities		**1,817.5**	**1,605.3**

2. CONSOLIDATED INCOME STATEMENT AND EARNINGS PER SHARE

For the years ended 31 December 2015 and 31 December 2014

(in € millions)	*Notes*	2015	2014 (restated)
Revenue from continuing operations	*21*	**2,316.1**	**2,092.6**
Operating expenses	*22 to 27*	**(2,202.6)**	**(1,999.7)**
Cost of sales		**(1,550.5)**	(1,385.9)
Personnel costs		**(470.6)**	(441.3)
External expenses		**(164.9)**	(155.9)
Depreciation, amortisation and provisions		**(11.9)**	(9.7)
Taxes (other than income taxes)		**(14.2)**	(11.7)
Net impairment losses on current and non-current assets		**(4.3)**	0.8
Other operating income and expenses		**10.1**	1.9
Financial income – operating activities		**3.7**	2.1
Recurring operating profit		**113.5**	**92.9**
Non-recurring operating income and expenses	*28*	**(5.2)**	(24.9)
Operating profit		**108.3**	**68.0**
Other financial income and expenses	*29*	**(12.4)**	(15.7)
Change in fair value of ORNANE embedded derivative component	*29*	**(6.3)**	3.8
Profit before tax		**89.6**	**56.1**
Income tax expense	*30*	**(30.7)**	(21.2)
Profit from continuing operations		**58.9**	**34.9**
Share of profit (loss) of associates and joint ventures		**(0.1)**	0.0
Profit (loss) from discontinued operations	*2*	**(0.1)**	(3.0)
Profit for the year		**58.7**	**31.9**
Non-controlling interests	*15*	**0.9**	**0.7**
Profit for the year attributable to owners of the parent		**57.8**	**31.2**
(in €)			
Basic earnings per share – continuing operations		**0.53**	0.31
Basic earnings per share – discontinued operations		**(0.00)**	(0.03)
Basic earnings per share	*31*	**0.53**	**0.28**
Restated basic earnings per share*	*31*	**0.62**	**0.27**
Diluted earnings per share – continuing operations		**0.52**	0.26
Diluted earnings (loss) per share – discontinued operations		**(0.00)**	(0.02)
Diluted earnings per share	*31*	**0.52**	**0.24**

** Before amortisation of the ECS customer portfolio and the Osiatis brand and before the change in fair value of the ORNANE embedded derivative component, net of the tax effect.*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the years ended 31 December 2015 and 31 December 2014

(in € millions)	2015	2014 (restated)
Profit for the year	**58.7**	**31.9**
Items that will not be reclassified to profit or loss:	**1.5**	**(2.0)**
- Remeasurements of the net liability (asset) under defined benefit plans	**2.2**	(2.8)
- Deferred tax on remeasurements of the liability (asset) under defined benefit plans	**(0.7)**	0.8
Items that may be reclassified to profit or loss:	**(1.1)**	**0.9**
- Foreign currency translation adjustments	**(1.1)**	0.9
Other comprehensive income (expense)	**0.4**	**(1.1)**
Total comprehensive income for the year	**59.1**	**30.8**
Attributable to owners of the parent	***58.9***	*30.1*
Attributable to non-controlling interests	***0.2***	*0.7*

3. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the years ended 31 December 2015 and 31 December 2014

(in € millions)	Number of shares	Share capital	Additional paid-in capital
Balance at 1 January 2014 (reported)	**106,517,314**	**19.9**	**175.0**
Impact of IFRIC 21			
Balance at 1 January 2014 (restated)	**106,517,314**	**19.9**	**175.0**
Profit for the year (restated)	-	-	-
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	1.7	30.3
Share-based payments	-	-	-
Dividends paid	-	-	-
Treasury share transactions	-	-	-
Other transactions and transactions with an impact on non-controlling interests	-	-	-
Balance at 31 December 2014 (restated)	**112,519,287**	**21.6**	**205.3**
Balance at 1 January 2015 (reported)	**112,519,287**	**21.6**	**205.3**
Impact of IFRIC 21	-	-	-
Adjustments to business combinations			
Balance at 1 January 2015 (restated)	**112,519,287**	**21.6**	**205.3**
Profit for the year			
Other comprehensive income (expense), net of tax			
Total comprehensive income for 2015			
Share-based payments			
Refund of issue premiums			(16.2)
Treasury share transactions			
Put and call options on non-controlling interests			
Non-controlling interests in acquisitions in the year			
Other transactions and transactions with an impact on non-controlling interests			
Balance at 31 December 2015	**112,519,287**	**21.6**	**189.1**

Treasury shares	Consolidated reserves and retained earnings	Other comprehensive income (expense)	Attributable to owners of the parent	Attributable to non-controlling interests	Total
(6.1)	**74.9**	**(3.8)**	**259.9**	**0.1**	**260.0**
	1.4		1.4	0.0	1.4
(6.1)	**76.3**	**(3.8)**	**261.3**	**0.1**	**261.4**
-	31.2	-	31.2	0.7	31.9
-	-	(1.1)	(1.1)	-	(1.1)
-	**31.2**	**(1.1)**	**30.1**	**0.7**	**30.8**
19.4	(19.4)	-	-	-	-
-	(1.1)	-	30.9	-	30.9
-	(0.5)	-	(0.5)	-	(0.5)
-	(12.9)	-	(12.9)	-	(12.9)
(22.0)	(16.0)	-	(38.0)	-	(38.0)
-	(11.1)	-	(11.1)	20.7	9.6
(8.7)	**46.5**	**(4.9)**	**259.8**	**21.5**	**281.3**
(8.7)	**46.7**	**(4.9)**	**260.0**	**19.5**	**279.5**
-	1.8	-	1.8	-	1.8
	(2.0)		(2.0)	2.0	
(8.7)	**46.5**	**(4.9)**	**259.8**	**21.5**	**281.3**
	57.8		57.8	0.9	58.7
		1.1	1.1	(0.7)	0.4
	57.8	**1.1**	**58.9**	**0.2**	**59.1**
	0.8		0.8		0.8
			(16.2)		(16.2)
(34.4)	(3.7)		(38.1)		(38.1)
	(35.4)		(35.4)	(3.0)	(38.4)
			-	36.2	36.2
	(1.7)		(1.7)	(2.5)	(4.2)
(43.1)	**64.3**	**(3.8)**	**228.1**	**52.4**	**280.5**

4. CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

(in € millions)	*Note*	2015	2014 (restated)
Profit for the year		**58.7**	**31.9**
Elimination of share of profit (loss) of associates and joint ventures	*32.2.1*	**0.1**	(0.0)
Provisions, depreciation, amortisation and impairment	*32.2.1*	**10.7**	19.7
Change in fair value of the ORNANE embedded derivative component	*32.2.1*	**6.3**	(3.8)
Elimination of the impact of residual interest in leased assets	*32.2.1*	**(11.2)**	2.9
Other non-cash expenses (income)	*32.2.1*	**(4.9)**	(2.5)
Cash flows from operating activities after cost of net debt and income tax		**59.7**	**48.2**
Income tax expense	*30*	**30.7**	21.0
Cost of net debt	*32.2.2*	**10.0**	16.0
Cash flows from operating activities before cost of net debt and income tax (a)		**100.4**	**85.2**
Change in working capital (b)	*32.2.3*	**(11.9)**	(41.1)
Tax paid net of tax credits (c)		**(15.9)**	(15.8)
Net cash from operating activities (a+b+c=d)		**72.6**	**28.3**
o/w related to discontinued operations(1)		***(0.4)***	*(2.3)*
Acquisition of property, plant and equipment and intangible assets		**(20.2)**	(17.1)
Disposal of property, plant and equipment and intangible assets		**0.1**	0.1
Acquisition of long-term financial assets		**(2.2)**	(0.4)
Disposal of long-term financial assets		**0.7**	0.5
Acquisition of companies and businesses, net of cash acquired		**(59.0)**	(47.2)
Disposal of companies and businesses, net of cash acquired		**1.9**	-
Net cash used in investing activities (e)	***32.3***	**(78.7)**	**(64.1)**
o/w related to discontinued operations(1)		***1.3***	*(0.0)*

(1) Cash flows attributable to discontinued operations within the meaning of IFRS 5 (relating to the Services business in Germany).

(in € millions)	*Note*	2015	2014 (restated)
Redemption of OCEANE convertible bonds		**-**	(47.5)
Issue of ORNANE convertible bonds		**-**	175.0
Issue of other non-convertible bonds		**101.0**	-
Exercise of stock options	*32.5*	**0.4**	9.3
Buyback and disposal of treasury shares	*32.5*	**(34.8)**	(50.8)
Changes in refinancing liabilities on lease contracts and liabilities on self-funded contracts		**(6.4)**	0.6
Increase in non-current financial liabilities	*32.5*	**0.6**	33.6
Decrease in non-current financial liabilities	*32.5*	**(34.7)**	(8.0)
Increase in current financial liabilities	*32.5*	**58.5**	7.3
Decrease in current financial liabilities	*32.5*	**(49.8)**	(9.2)
Interest paid	*32.5*	**(7.9)**	(7.3)
Payments to shareholders during the year		**(16.1)**	(12.7)
Net cash from financing activities (f)		**10.8**	**90.3**
o/w related to discontinued operations[(1)]		**-**	*2.2*
Impact of exchange rates on cash and cash equivalents (g)		**0.2**	**0.3**
Impact of discontinued operations on the opening net cash position (h)[(1)]		**-**	**(0.2)**
Change in cash and cash equivalents (d+e+f+g+h)		**4.9**	**54.6**
Net cash and cash equivalents at 1 January[(2)]		**204.5**	**149.9**
Change in cash and cash equivalents		**4.9**	**54.6**
Net cash and cash equivalents at 31 December[(2)]		**209.4**	**204.5**

(1) Cash flows attributable to discontinued operations within the meaning of IFRS 5 (relating to the Services business in Germany).
(2) Net of bank overdrafts: €0.2 million at 31 December 2015 and €2.9 million at 31 December 2014.

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

at 31 December 2015

1. INFORMATION ABOUT ECONOCOM GROUP

Econocom Group SE, the Group's parent company, is a European company (*societas Europaea*) with its registered office at Place du Champ de Mars, 5, 1050 Brussels.

The company is registered with the Brussels companies registry under number 0422 646 816 and is listed on Euronext Brussels.

At the Extraordinary and Special Shareholders' Meeting of 18 December 2015, Econocom changed its legal form to a European joint stock company (*société anonyme*). This change reflects Econocom's wish to align its legal structure with its business operations on the ground and also signals the Group's growth ambitions going forward.

The consolidated financial statements for the year ended 31 December 2015 reflect the accounting position of Econocom Group and its subsidiaries ("the Group").

The Board of Directors' meeting of 1 March 2016 adopted and authorised the publication of the consolidated financial statements for the year ended 31 December 2015. These financial statements will only be deemed final once they have been approved by the shareholders at the Annual General Meeting on 17 May 2016.

The consolidated financial statements were made available to shareholders on 17 April 2016.

During 2015, the Group completed the integration of its Services activities in Europe following its September 2013 acquisition of Osiatis, and made growth on the digital transformation market a priority.

To bolster its market share and become a major player, the Group has embarked on a strategy of selective acquisitions, particularly through its subsidiary Digital Dimension, in fast-growing, strategic segments such as security, web and mobile applications, digital solutions, and upstream advisory for digital transformation strategies. Eight acquisitions were completed during the year, allowing the Group to strengthen its foothold on these attractive markets.

In order to boost its ability to successfully execute this strategy, the Group increased and diversified its financing. In May, it carried out a €101 million private placement and entered into new credit lines and a commercial paper programme, allowing it to benefit from favourable market conditions over the long term.

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 2015 have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as published by the IASB and adopted by the European Union as at that date.

The accounting principles applied at 31 December 2015 are the same as those used to prepare the consolidated financial statements for the year ended 31 December 2014, apart from the new standards and interpretations applicable from 1 January 2015.

These financial statements do not take into account any draft standards or interpretations which, at the end of the reporting period, were being developed as exposure drafts by the IASB (International Accounting Standards Board) or IFRIC (International Financial Reporting Interpretations Committee).

All the standards adopted by the European Union are available on the European Commission website at the following address:
http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

All amounts in the consolidated financial statements are now presented in millions of euros, unless otherwise specified. The fact that figures have been rounded off to the nearest decimal point may, in certain cases, result in minor discrepancies in the totals and sub-totals in the tables.

2.2. Application of IFRS

2.2.1. New IFRS standards and interpretations mandatorily applicable for accounting periods beginning on or after 1 January 2015

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 2015.

Standard/interpretation	EU adoption date	Expected Group application date	Impact on the Group
IFRIC 21 – Levies on when to recognise a liability for a levy	17 June 2014	1 January 2015	The financial impacts of this interpretation are set out in Note 2.3.2.
Annual improvements to IFRSs (2011-2013 cycle)	1 January 2015	1 January 2015	No impact on the consolidated financial statements.

2.2.2. New IFRS standards and interpretations available for early adoption as of 1 January 2015 and not early adopted by the Group

Standard/interpretation	EU adoption date	Expected Group application date	Impact on the Group
IAS 19 – Defined Benefit Plans: Employee Contributions	1 July 2014	1 January 2016	Analysis in progress.
Annual Improvements to IFRSs (2010-2012 cycle), which affects standards on share-based payments, the recognition of earn-outs and contingent consideration in business combinations, aggregation of segments, short-term receivables and payables, and the remeasurement of non-current assets.	17 December 2014	1 January 2016	No impact expected.

2.2.3. New IFRS standards and interpretations applicable for accounting periods beginning after 1 January 2016 and not early adopted

Standard/interpretation	EU adoption date	Expected Group application date subject to EU approval	Impact on the Group
IFRS 9 – Financial Instruments This standard modifies the classification and measurement of financial assets and introduces a new impairment model based on expected losses.	Not yet approved	1 January 2018	The impact of applying this new standard is not yet known or cannot be reasonably estimated at this stage.
IFRS 15 – Revenue from Contracts with Customers	Not yet approved	1 January 2018	The Group is currently analysing the impact of IFRS 15 on its consolidated financial statements.
IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations This prescribes that acquisitions of interests in joint operations must be accounted for using the acquisition method.	1 January 2016	1 January 2016	No impact at either 31 December 2014 or 31 December 2015.
IAS 16/IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016	1 January 2016	No impact at either 31 December 2014 or 31 December 2015.
Annual Improvements to IFRSs (2012-2014 cycle) relating to IFRS 5, IFRS 7, IAS 19 and IAS 14.	Not yet approved	1 January 2016	No impact at either 31 December 2014 or 31 December 2015.

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.

2.3.2. Changes in presentation and accounting policies

Changes in presentation and accounting policies along with reclassifications are made when they provide information that is both reliable and more relevant for the readers of the financial statements and when the changes in question are likely to last, without compromising comparability. When a change in presentation has a significant impact, the comparative information is also reclassified.

The Group made the following changes to the presentation and accounting policies in its financial statements for the years ended 31 December 2015 and 2014:

1. IFRIC 21 – Levies adopted by the European Union in June 2014 is applied retrospectively with effect from 1 January 2015. This new standard requires levies (excluding income taxes) to be recognised on the date of the obligating event; liabilities may only be recognised gradually if the obligating event for the levy is gradual.

The taxes affected by this new standard are the French corporate solidarity contribution C3S (*contribution sociale de solidarité des sociétés*, assessed on revenue generated by French companies) and property taxes. The application of this new standard will result in:
• recognition of C3S a year later than previously (tax due on 1 January for revenue generated in the previous year);
• recognition of C3S and certain property taxes in full on 1 January, whereas they were previously recognised on a straight-line basis over the year.

2. In accordance with IFRS 3, the Group reconsidered the value of the assets and liabilities arising from acquisitions of controlling interests in 2014. Adjustments were made to the value of goodwill (under the full goodwill method) and a liability relating to an entity acquired in 2014.

Reclassifications were made in the statement of cash flows compared to the 2014 financial statements:
• cash is now presented net of bank overdrafts;
• changes in the residual interest in leased assets and in the gross liability for purchases of leased assets are calculated using undiscounted values at the end of the lease term;
• the cost of discounting is included in cash flows from operating activities;
• changes in guarantees relating to factoring arrangements are included in changes in working capital and no longer within cash flows from investing activities.

These items are presented in Note 32.2.

The 2014 consolidated financial statements have been restated accordingly (the impacts were determined at the opening date of the earliest financial year published, i.e., on 1 January 2014). The impacts are set out below:

2.3.2.1. Reclassifications in the statement of financial position

(in € millions)	31 Dec. 2014 (reported)	IFRIC 21 impacts	Adjustment to acquisitions carried out in previous periods (IFRS 3)	31 Dec. 2014 (restated)
Non-current assets	566.6	(1.2)	4.0	569.4
Current assets	1,033.8	-	-	1,033.8
Assets held for sale	2.1	-	-	2.1
Total assets	**1,602.5**	**(1.2)**	**4.0**	**1,605.3**
Equity	279.5	1.8	-	281.3
Non-current liabilities	319.9	-	4.0	323.9
Current liabilities	1,001.5	(3.0)	-	998.5
Liabilities held for sale	1.6	-	-	1.6
Total equity and liabilities	**1,602.5**	**(1.2)**	**4.0**	**1,605.3**

2.3.2.2. Reclassifications in the income statement

(in € millions)	2014 (reported)	IFRIC 21	2014 (restated)
Revenue from continuing operations	2,092.6	-	2,092.6
Operating expenses	(2,000.3)	0.6	(1,999.7)
Recurring operating profit	**92.3**	**0.6**	**92.9**
Non-recurring operating income and expenses	(24.9)	-	(24.9)
Operating profit	**67.4**	**0.6**	**68.0**
Net financial expense	(11.9)	-	(11.9)
Profit before tax	**55.5**	**0.6**	**56.1**
Income tax expense	(21.0)	(0.2)	(21.2)
Profit from continuing operations	**34.5**	**0.4**	**34.9**
Share of profit (loss) of associates and joint ventures	0.0	-	0.0
Profit (loss) from discontinued operations	(3.0)	-	(3.0)
Profit for the year	**31.5**	**0.4**	**31.9**
Non-controlling interests	*0.7*	-	*0.7*
Profit for the year attributable to owners of the parent	*30.8*	*0.4*	*31.2*

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.

Depending on how these assumptions change, the items in future financial statements may differ materially from the current estimates. 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 in the following notes:
• 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

These consolidated financial statements include the financial statements of Econocom Group SE 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 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 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.

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. If the Group's share in an associate's losses is greater than its investment in that associate, the Group ceases to recognise its share in future losses. Additional losses are only recognised if the Group is under a legal or constructive obligation to do so or if it has made payments on behalf of the associate.

2.4.3. Business combinations and goodwill

Acquisitions of businesses are accounted for using the acquisition method, in accordance with IFRS 3. The cost of a business combination (or "consideration transferred") is calculated as the aggregate of the acquisition-date fair values of:
• the assets transferred by the Group;
• the liabilities acquired by the Group from 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 at 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 costs 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 3, 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, the comparative information presented for the period before the valuation of fair value was completed is restated as if the amounts had been finalised at the acquisition date.

Measuring contingent consideration

Any contingent consideration due is recognised at its acquisition-date fair value and included in the cost of the combination. Subsequent changes in the fair value of contingent consideration are taken to profit or loss.

Acquisitions carried out on favourable terms

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 (minority) 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 (the "partial goodwill" method).

Changes in ownership interest

The recognition of subsequent changes in ownership interest (through acquisitions of additional interests or disposals) 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. 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

The items in the financial statements of each Group entity are measured using the currency of the primary economic environment (or "functional currency") in which the entity operates. The Group's consolidated financial statements are presented in euros, which is the Group's reporting currency.

2.5.2. Recognition of foreign currency transactions

For the purpose of preparing the financial statements of each entity, foreign currency transactions of subsidiaries (i.e., currencies other than the entity's functional currency) are recorded using the exchange rates prevailing at the transaction date.

Monetary items denominated in foreign currencies are translated at the end of each reporting period 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 remeasured.

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.

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 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. The useful life of concessions, patents and licences is estimated at between three and seven years.

Intangible assets with indefinite useful lives are not amortised.

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.

The useful life of information systems is estimated at between three and seven years.

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 Earnings 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	3-5
ECS customer portfolio	20
Franchises, patents, licences	3-7
IT systems	3-7
Osiatis brand	4

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	5-10
IT equipment	3-7
Vehicles	4-7
Furniture	5-10

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 proceeds from the sale and the carrying amount of the asset sold. 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, 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 in the absence of any assets requiring a substantial period of time before they are 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 long-term financial assets

Investments in non-consolidated companies are recorded at fair value. Unrealised gains or losses are recognised directly in equity except prolonged impairment losses which are taken to profit or loss.

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 leases, the Group generally uses (i) the fair value criterion (i.e., the lease is a finance lease if, at 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 fairly rare.

Finance leases where the Group is lessor are mainly refinanced contracts in which:
• the lease contracts and equipment 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 non-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. The provisions of the Group's General Lease Conditions define 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.

• The impacts of discounting only concern the "Gross liability for purchases of leased assets" (see Note 33.2.) and the "Residual interest in leased assets" (see Note 10) items.

• 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 2.12.7).

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 long-term 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, 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 accounted for at cost price and impaired in line with the economic life of the infrastructures for which they are intended; or if their use is more uncertain, the inventories are impaired at 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 they may be impaired.

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 the 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 first 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

Concept of fair value applied by the Group

The Group applies the concept of fair value set out in IFRS 13 – Fair Value Measurement, whereby fair value is "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date" (exit price).

IFRS 7 – Financial Instruments: Disclosures sets out a fair value hierarchy, as follows:
• 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).

2.12.1. Financial assets

In accordance with IAS 39, 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 by the Group 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 regarding related financial assets and liabilities that would otherwise be measured using different methods (e.g., a financial asset measured at fair value related to a financial liability measured at amortised cost);
- they relate to a group of financial assets and/or liabilities 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 to key management personnel on this 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 under 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 Econocom 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 statement of financial position 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 or receivable, 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 carried 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 regarding related financial assets and liabilities that would otherwise be measured using different methods (e.g., a financial asset measured at fair value related to a financial liability measured at amortised cost);
- it relates to a group of financial assets and/or liabilities 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 to key management personnel on this basis;
- the financial liability 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.

At 31 December 2015, the Group's financial liabilities at amortised cost mainly consisted of:

- bonds redeemable in cash and in shares (ORNANE) and the euro private placement bond ("Euro PP");
- current cash advances;
- bank overdrafts;
- liabilities recorded as an offsetting entry to leased assets;
- factoring liabilities.

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 redeemable in cash and in shares (ORNANE)

In January 2014, the Group carried out a €175 million issue of bonds redeemable in cash and in shares (ORNANE), maturing in 2019. In the consolidated financial statements, the convertible bonds are primarily considered as financial liabilities carried at amortised cost, with the exception of the derivative embedded in the ORNANE bonds which is accounted for as a derivative instrument carried in liabilities.

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 as an offsetting entry for the cash received.

2.12.4. Liabilities under put and call options on non-controlling interests

The Group may grant put options to non-controlling shareholders of some of its subsidiaries. The exercise price of these options is generally based on future performance and profitability (one or several indicators are used: revenue, operating profit, etc.).

The Group initially recognises a financial liability in respect of put options granted to non-controlling shareholders of the entities concerned. The difference between the Group's liability under put options and the carrying amount of the non-controlling interests is recognised as a deduction from equity attributable to owners of the parent. This financial liability is recognised at fair value.

2.12.5. 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.

Regarding the 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.

2.12.6. 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 booked at fair value (Level 1). Changes in fair value are recognised through profit or loss under "Financial income – operating activities".

2.12.7. 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 payments

The Group regularly awards stock options to Management, certain corporate officers and select employees. These share-based payment transactions are recognised at fair value at the grant date using the Black-Scholes-Merton option pricing model.

Fair value, corresponding to the estimated cost of the services provided by the beneficiaries, is recognised on a straight-line basis in personnel costs over the vesting period. An offsetting entry is recorded to equity. Subsequent changes in the fair value of the options do not impact the initial measurement.

At the end of each reporting period, the Group revises the assumptions used to calculate the number of equity instruments. The impact of this revised estimate, if any, is taken to profit or loss and the expenses accrued adjusted accordingly. The offsetting entry is recorded in equity.

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 offset when they relate to the same tax entity. They 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 losses 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 associated risks and uncertainties. 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.

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

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 customers, agents' suppliers, or the tax authorities;

• provisions for deferred commissions:
these provisions are calculated contract-by-contract based on the residual value of leased assets, less any residual commercial value of the contracts concerned;

• 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

Defined contribution plans are characterised by periodic contributions to external agencies responsible for the plans' administrative management. The employer is therefore free of any subsequent obligation as the agency is in charge of paying employees the amounts to which they are entitled.

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 and assumptions regarding salary increases, retirement age, mortality, employee turnover, and a discount rate.

The liability varies from one year to the next, depending on:

a) 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.

b) Net interest on the net defined benefit liability or asset, calculated based on the yield on investment-grade corporate bonds. This net interest amount is recognised in financial income and expense for the period in which the change in the net defined benefit liability or asset occurs.

c) Remeasurements of the net defined benefit liability or asset, which comprise:

• actuarial gains or losses on the projected benefit obligation, resulting from changes in actuarial assumptions or differences between these assumptions and actual experience;

• the return on plan assets, less financial income determined at the discount rate;

• any change in the effect of the asset ceiling, less 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.

These assets (or disposal group) are measured at the lower of their carrying amount and estimated sale price less costs to sell. They are no longer amortised once they are classified as assets (or a group of assets) held for sale and are presented separately in the consolidated statement of financial position, without restatement of prior periods.

An operation discontinued, sold, or held for sale is defined as a component of an entity with cash flows that can be clearly distinguished from the rest of the entity and which represents a major, separate line of business or area of operations. For all published periods, income and expense relating to discontinued operations are presented separately in the income statement under "Profit (loss) from discontinued operations" and are restated 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 Group's Products & Solutions activity 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.

In accordance with IAS 17, the rules for recognising revenue differ depending on the type of contract (see 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, described below:

Fixed-price contracts

Fixed-price contracts are contracts under which the Group agrees to deliver a specified service at an agreed price. 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 end of the reporting period 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, both recurring items and items resulting from 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 mainly 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 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 useful life of the depreciable asset covered by the grant; deferred income is 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 geographic area of operations;
• is part of a single, coordinated plan to dispose of a separate major line of business or geographic area of operations; or
• is a subsidiary acquired exclusively with a view to resale.

Profit (loss) from discontinued operations includes:
• the post-tax profit or loss of discontinued operations generated up until the disposal date, or until the end of the reporting period 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 used in 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 flows from operating activities, including other non-recurring income and expenses after movements in income tax and gains and losses on asset disposals;
• cash inflows and outflows relating to other non-recurring income and expenses.

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 used in 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 by any one of its subsidiaries. Dilution is calculated separately for each instrument, based on the conditions prevailing at the end of the reporting period and excluding anti-dilutive instruments.

Non-dilutive stock subscription options are not included in the calculation.

2.25. Operating segments

The segment information presented in accordance with IFRS 8 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 (19)
Technology Management & Financing	Belgium, Canada, Czech Republic, France, Germany, Ireland, Italy, Luxembourg, Mexico, Morocco, Netherlands, Poland, Romania, 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 2015, 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 2015. 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 2015 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 investment transactions carried out during 2015 serve to reinforce the Group's presence in four key sectors with high growth potential: security (Clesys and Econocom Digital Security, Europe's first CERT™ dedicated to IoT security, Altasys), web and mobile apps (Bizmatica and Alter Way in the field of open source), digital solutions via its subsidiary Digital Dimension, and transformation consultancy (Helis). 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.

All transactions where the Group did not acquire the entire share capital have been accounted for using the full goodwill method. This method was determined on a case-by-case basis and involves measuring the non-controlling interests in the entities acquired as from the acquisition date and allocating them a portion of goodwill.

3.1. Acquisitions or stakes acquired in 2015

3.1.1. Acquisitions in the year

The companies which entered the scope of consolidation are presented below in chronological order.

For all these transactions, goodwill is determined on a provisional basis. In accordance with IFRS 3, the Group may adjust these provisional amounts within 12 months of the acquisition date (measurement period).

The purchase price of all these transactions was €63.5 million; some of these transactions also provide for an earn-out payment based on revenue and/or profitability. The total amount of goodwill recognised in the year in respect of these acquisitions was €99.3 million.

Helis

In February 2015, Econocom-Osiatis SAS acquired a 45% stake in Helis, alongside EINV which acquired 20% of the share capital. Created in 2004, Helis is a French consulting and engineering firm specialising in IT infrastructure. With a combination of technical and functional expertise, the company covers every stage of added-value projects by offering its clients consulting and services in high-growth, niche areas (cloud, convergence, virtualisation, security, telecoms, etc.). Helis posted revenue of €9 million in 2015.

An analysis of the shareholders' agreement and the characteristics of the ownership structure revealed that Econocom Group has control of Helis.

Helis' founder still retains 35% of the share capital, which can be sold to Econocom as of 2019, either by the founder exercising its put option, or by Econocom exercising its call option. A liability relating to the put option on the non-controlling interest has been recognised in the consolidated statement of financial position, measured based on estimates relating to Helis' business plan and future profitability for 2018. A corresponding decrease in equity attributable to owners of the parent was also recognised.

Clesys

In February 2015, Econocom-Osiatis SAS acquired 100% of the share capital of Clesys, a French company which specialises in systems and network architecture security. Clesys reported revenue of €6 million in 2015.

Norcod and Norcod Solutions Santé

At the end of March 2015, Digital Dimension acquired the entire share capital of Norcod SAS, a company headquartered in the north of France that specialises in connected solutions for businesses. Norcod has considerable expertise in deployment management and after-sales services for mobile devices for warehouses, implementing innovative solutions based on voice technologies and Wi-Fi solutions. In 2015, Norcod posted revenue of €18 million.

At the same time, Digital Dimension SAS and Econocom Group each acquired a 22.5% controlling interest in French company Norcod Solutions Santé SAS, which is 55%-owned by the former CEO of Norcod. This entity created in 2015 assists its clients with the digital migration of their hospital or paramedical processes. An analysis of the shareholders' agreement did not prove that the Group exercises control over Norcod Solutions Santé and the entity is therefore accounted for by the equity method in the consolidated financial statements.

Nexica

In late April 2015, Digital Dimension SAS acquired 100% of Nexica, a Spanish company headquartered in Barcelona, from the company's founders. Nexica is a critical business applications and cloud infrastructure hosting provider. With over 15 years' experience in the market, the company manages two data centres for IaaS (Infrastructure as a Service) services, with the ability to host added-value services such as e-commerce platforms and portals. Nexica reported revenue of €9 million in 2015.

Alter Way

At the end of May 2015, Econocom Group acquired 64.44% of the Alter Way group, a French open source provider specialising in web hosting, engineering, training and consulting. Alter Way reported revenue of €11 million in 2015.

The non-controlling shareholders, which include the founders of Alter Way, still hold 35.56% of the share capital, which can be sold to Econocom as of 2019, either by the non-controlling shareholders exercising their put option, or by Econocom exercising its call option. A liability relating to the put option on non-controlling interests was recognised in the consolidated statement of financial position, measured based on forecast profitability multiples for 2018. A corresponding decrease in equity attributable to owners of the parent was also recognised.

Bizmatica

In June 2015, Econocom International Italia SpA acquired a 70% stake in Italian company Bizmatica. The Bizmatica group develops business and mobile applications services and covers the entire value chain, from consulting to design and implementation to solutions management.

The non-controlling shareholders own 30% of the share capital, which can be sold to Econocom as of 2019, either by the non-controlling shareholders exercising their put option, or by Economic exercising its call option. A liability relating to the put option on non-controlling interests was recognised in the consolidated statement of financial position based on profitability multiples for 2017 and 2018. A corresponding decrease in equity attributable to owners of the parent was also recognised.

The Bizmatica group operates mainly in Italy and posted €18 million in revenue at the end of the last financial year.

SynerTrade

On 31 July 2015, Digital Dimension SAS acquired a controlling interest in the SynerTrade group after purchasing 90% of the holding company's capital. SynerTrade is a European group operating in the digital procurement software segment, providing solutions for managing purchases and analysing costs.

The SynerTrade group, which is headquartered in Luxembourg, operates through five legal entities (in Luxembourg, Germany, France, Romania and the United States) and has representative offices in Italy, the Netherlands, China, the United Arab Emirates and India. SynerTrade posted revenue of €11 million in 2015.

The non-controlling shareholder owns 10% of the share capital, which could be sold to Econocom as of 2018, either by the non-controlling shareholder exercising its put option, or by Econocom exercising its call option. A liability relating to the put option on the non-controlling interest has therefore been recognised in the consolidated statement of financial position, measured based on revenue and profitability forecasts for SynerTrade and its subsidiaries in 2017. A corresponding decrease was also recognised in equity attributable to owners of the parent (Digital Dimension, which in turn is 50.1%-owned by Econocom Group).

Altasys (now Econocom Cyber Security)

In October 2015, Econocom acquired 90% of the share capital of French company Altasys, an IT security provider. The company employs over 50 engineers and consultants and posted over €7 million in revenue in 2015.

The non-controlling shareholder has 10% of the capital which can be sold to Econocom as from 2019 under the call and put options set up. A liability relating to the put option was recognised in the consolidated statement of financial position, measured based on business plans and forecast profitability in particular. A corresponding decrease in equity attributable to owners of the parent was also recognised.

3.1.2. Increases in ownership interests

Interadapt

In 2015, Econocom Group acquired two additional stakes in the capital of Brazil-based Interadapt, bringing its interest in the company to 61.25% from 28.76% previously. The cost of these acquisitions was €2.3 million.

3.1.3. Companies created

Econocom Digital Security

Econocom Digital Security SAS, a French company, was founded in March 2015 by Econocom Group. Econocom has gradually opened up the subsidiary’s capital to managing partners and at 31 December 2015 held a 55% stake. The shareholders’ agreement does not challenge Econocom’s control. Put and call options have been set up and may be exercised as from 2020. A corresponding decrease in equity attributable to owners of the parent was also recognised.

3.2. Operations sold or discontinued in 2015

3.2.1. Discontinuation of the Services business in Germany

On 21 November 2014, Econocom finalised the sale agreement for Econocom Managed Services AG. This sale was completed during the first half of 2015 with retroactive effect from 1 January 2015. Econocom decided to sell its German services company, which was a small business (€4 million in revenue) to German group Technogroup, with which Econocom signed a partnership giving it access to over 200 engineers and technicians in Germany.

The net loss from the discontinued operation is recognised in the consolidated income statement in an amount of €0.1 million. This amount includes the residual the sale price, the additional costs incurred during the period and the derecognition of goodwill which had been allocated to this business.

3.2.2. Sale of certain Asystel operations in France

At the end of June 2015, the Group sold Asystel's activities for small and medium-sized businesses (representing €8 million in revenue), and in October 2015 sold A2Z's operations for small businesses (representing €3 million in revenue). The sales generated a €1.5 million capital gain.

Asystel will henceforth focus on its target clientele of large accounts.

3.2.3. Sale of a Services business in Belgium

At the end of October 2015, the Belgian subsidiary Econocom Managed Services sold off its Ecopack business in Belgium and Luxembourg (representing around €4 million in revenue). This sale gave rise to a €0.9 million capital loss, recognised in the consolidated income statement under "Other income and expenses".

3.3. Adjustments to acquisitions made in the previous financial year

During the 12-month measurement period after the acquisition date, during which the opening amounts may be adjusted, the Group made adjustments to the statements of financial position of Interadapt and Comiris. These adjustments were made on a prospective basis.

Interadapt

An adjustment was recorded in relation to the cost of the Interadapt combination in order to take into account the fair value of shares during the transition from the equity method to the full consolidation method. This generated additional goodwill of €1.1 million which was recognised in the financial statements at 31 December 2015.

Comiris

Following an adjustment to liabilities (advances and prepayments) in the opening statement of financial position, additional goodwill was recognised in an amount of €0.3 million.

4. SCOPE OF CONSOLIDATION

The Group's main fully consolidated subsidiaries in 2015 and 2014 were as follows:

Company	Country	2015		2014	
		% interest	% control	% interest	% control
Technology Management & Financing					
Econocom Digital Finance Limited	Ireland	100%	100%	100%	100%
Econocom France SAS	France	100%	100%	100%	100%
Atlance SAS	France	100%	100%	100%	100%
Econocom International Italia SpA*	Italy	100%	100%	100%	100%
Econocom SA (Spain)*	Spain	100%	100%	100%	100%
Atlance SA/NV	Belgium	100%	100%	100%	100%
Econocom Lease SA/NV	Belgium	100%	100%	100%	100%
Econocom Nederland BV	Netherlands	100%	100%	100%	100%
Econocom Public BV	Netherlands	100%	100%	100%	100%
Econocom Ltd	UK	100%	100%	100%	100%
Econocom Deutschland GmbH	Germany	100%	100%	100%	100%
Econocom Polska SP z.o.o	Poland	100%	100%	100%	100%
Econocom Corporation	US	100%	100%	100%	100%
Products & Solutions					
Asystel SAS	France	100%	100%	100%	100%
Econocom Products and Solutions SAS	France	100%	100%	100%	100%
Econocom Products and Solutions Belux SA/NV	Belgium	100%	100%	100%	100%
Econocom PSF SA	Luxembourg	100%	100%	100%	100%

** Principal business. However, Econocom International Italia SpA is also engaged in "Services" and "Products & Solutions" businesses, while Econocom SA (Spain) also has "Services" operations.*

Main subsidiaries (cont.)

Company	Country	2015		2014	
		% interest	% control	% interest	% control
Services					
Alter Way group	France	64.44%	64.44%	NC	NC
ASP Serveur SAS	France	40.08%	80%	40.08%	80%
Bizmatica group	Italy/Poland	70%	70%	NC	NC
Clesys SAS	France	100%	100%	NC	NC
Digital Dimension SAS	France	50.10%	50.10%	50.10%	50.10%
Econocom Digital Security SAS	France	55%	55%	NC	NC
Econocom Cyber Security SA	France	90.40%	90.40%	NC	NC
Econocom Services SAS	France	100%	100%	100%	100%
Econocom Ermestel SL (Spain)	Spain	100%	100%	100%	100%
ESR SAS	France	100%	100%	100%	100%
Exaprobe SAS	France	100%	100%	100%	100%
Helis SAS	France	45%	45%	NC	NC
Mobis SAS group (Rayonnance)	France	35.07%	70%	35.07%	70%
Com 2002 SL Nexica	Spain	50.10%	100%	NC	NC
Norcod SAS	France	50.10%	100%	NC	NC
Econocom - Osiatis France SAS	France	100%	100%	100%	100%
Econocom - Osiatis Ingénierie SAS	France	100%	100%	100%	100%
SynerTrade group	Luxembourg, France, Germany, Romania, US	45.09%	90%	NC	NC
Econocom Osiatis SA	Spain	95.10%	95.10%	95.10%	95.10%
Econocom Managed Services SA/NV	Belgium	100%	100%	100%	100%
Interadapt group	Brazil	61.25%	61.25%	28.76%	51.26%
Osiatis Computer Services GmbH	Austria	100%	100%	100%	100%
Holding companies					
Econocom SAS	France	100%	100%	100%	100%
Econocom Finance SNC	Belgium	100%	100%	100%	100%

In 2015 and 2014, the Group's associates (accounted for by the equity method) were as follows:

Company	Country	% interest	
		2015	2014
Broke System	France	NC	20%
Norcod Santé SAS	France	37.77%	NC

NC: not consolidated.

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 Group has call options (and non-controlling shareholders have put options) on the remaining shares it does not already own, allowing it to acquire all or part of the share capital of the following entities:

- Aragon
- Mobis
- ASP Serveur
- Helis
- Econocom Digital Security
- Alter Way
- Bizmatica
- SynerTrade
- Econocom Cyber Security (formerly Altasys).

(See Note 3 for more details).

Non-controlling interests

At 31 December 2015, non-controlling interests mainly concern Digital Dimension and its subsidiaries (Aragon, ASP Serveur, Rayonnance, Nexica, Norcod, SynerTrade), Helis, Alter Way, Econocom Digital Security, Econocom Cyber Security, Bizmatica, Interadapt and Syrix. All of these companies form part of the Services business.

Companies in which the Group holds significant non-controlling interests together accounted for 12% of total assets and 14% of total equity at 31 December 2015. Taken individually, none of these entities represents a significant percentage of Econocom Group's total assets or consolidated equity.

Holding company Econocom Finance SNC granted loans to Digital Dimension, Alter Way and Econocom Digital Security. At 31 December 2015, the amount of these loans represented €70.1 million, €0.7 million, and €0.6 million, respectively. No dividends were paid by these entities in 2015.

The main income statement line items of these entities are presented below, showing their net contribution to Econocom Group:

Income statement contribution (in € millions)	31 Dec. 2015[1]	**31 Dec. 2014[2]**
Revenue*	**114.1**	54.2
Recurring operating profit	**6.9**	2.9
Operating profit	**5.7**	2.2
Net financial expense	**(2.2)**	(0.8)
Income tax expense	**(2.2)**	(0.9)
Profit for the year	**1.2**	**0.5**

** Before eliminations between these companies and other Econocom Group companies.*

(1) At 31 December 2015, cumulative data are shown for the following entities: Digital Dimension and its subsidiaries (Aragon, ASP Serveur, Rayonnance, Nexica, Norcod, SynerTrade), Interadapt, Syrix, Econocom Cyber Security, Econocom Digital Security, Helis, Alter Way, and Bizmatica.

(2) At 31 December 2014, cumulative data are shown for the following entities: Digital Dimension and its subsidiaries (Aragon, ASP Serveur, Rayonnance), Interadapt and Syrix.

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.

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 it does not carry any significant internal margins. 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, adopted in accordance with 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 financial statements:

(in € millions)	Technology Management & Financing	Services	Products & Solutions	Total operating segments	Other activities	Total
2015						
Revenue						
Revenue from external clients	1,149.0	729.9	437.2	2,316.1	0.0	2,316.1
Internal operating revenue	0.8	44.9	65.6	111.3		111.3
Total – Revenue from operating segments	**1,149.8**	**774.8**	**502.8**	**2,427.4**	**0.0**	**2,427.4**
Recurring operating profit from ordinary activities(1)	**70.1**	**35.5**	**12.1**	**117.7**		**117.7**
Amortisation of the ECS customer portfolio and the Osiatis brand	(2.0)	(2.2)		(4.2)		(4.2)
Recurring operating profit from ordinary activities	**68.1**	**33.3**	**12.1**	**113.5**		**113.5**

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

(in € millions)	Technology Management & Financing	Services	Products & Solutions	Total operating segments	Other activities	Total
2014						
Revenue						
Revenue from external clients	1,044.7	663.0	384.8	2,092.5	0.1	2,092.6
Internal operating revenue	0.5	45.3	55.8	101.6	0.0	101.6
Total – Revenue from operating segments	**1,045.2**	**708.3**	**440.6**	**2,194.1**	**0.1**	**2,194.2**
Recurring operating profit from ordinary activities(1)	**59.7**	**25.8**	**10.4**	**95.9**		**95.9**
Amortisation of the ECS customer portfolio and the Osiatis brand	(2.0)	(1.0)		(3.0)		(3.0)
Recurring operating profit from ordinary activities	**57.7**	**24.8**	**10.4**	**92.9**		**92.9**

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

5.2. Breakdown of revenue by geographical area

(in € millions)	Revenue by geographic area (origin) 2015	2014
France	**1,235.6**	1,115.5
Benelux	**346.5**	314.6
Southern Europe and Morocco	**409.0**	372.2
Northern & Eastern Europe/Americas	**325.0**	290.3
Total	**2,316.1**	**2,092.6**

6. 2015 INTANGIBLE ASSETS

(in € millions)	Customer portfolio and business assets	Franchises, patents, licences, etc.	IT systems and other internally-generated assets	Other	Total
Acquisition cost					
Gross value at 31 Dec. 2014	**52.7**	**28.2**	**33.3**	**1.7**	**115.9**
Acquisitions	-	1.2	8.9	0.1	10.2
Disposals	-	(2.6)	(2.8)	-	(5.4)
Changes in scope of consolidation	0.8	3.7	17.7	1.8	24.0
Translation adjustments	-	(0.1)	-	-	(0.1)
Transfers and other movements	(0.1)	0.7	(0.8)	(0.2)	(0.4)
Gross value at 31 Dec. 2015	**53.4**	**31.1**	**56.3**	**3.4**	**144.2**
Amortisation and impairment					-
Accumulated amortisation at 31 Dec. 2014	**(11.8)**	**(24.6)**	**(20.6)**	**(1.3)**	**(58.3)**
Additions	(4.4)	(1.8)	(3.5)	(0.3)	(10.0)
Disposals	-	2.6	2.8	-	5.4
Changes in scope of consolidation	-	(2.4)	(13.7)	(1.5)	(17.6)
Translation adjustments	-	-	-	-	-
Transfers and other movements	-	-	-	0.4	0.4
Accumulated amortisation at 31 Dec. 2015	**(16.2)**	**(26.2)**	**(35.0)**	**(2.7)**	**(80.1)**
Carrying amount at 31 Dec. 2014	**40.9**	**3.6**	**12.7**	**0.4**	**57.6**
Carrying amount at 31 Dec. 2015	**37.2**	**4.9**	**21.3**	**0.7**	**64.1**

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 connection with business combinations. With the exception of the portfolio of customers acquired through the acquisition of the ECS group, which is 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.

In order to reflect its new identity, the Group decided to accelerate amortisation on the Osiatis brand, which, starting 1 January 2015, is being amortised over a (residual) period of four years as opposed to ten years previously. This results in additional amortisation expense of €1.2 million for 2015.

2014 INTANGIBLE ASSETS

(in € millions)	Customer portfolio and business assets	Franchises, patents, licences, etc.	IT systems and other internally-generated assets	Other	Total
Acquisition cost					
Gross value at 31 Dec. 2013	**52.4**	**27.1**	**27.4**	**0.9**	**107.8**
Acquisitions	-	2.0	5.4	-	7.4
Disposals	(0.2)	(0.3)	(0.3)	-	(0.8)
Changes in scope of consolidation	0.1	0.2	-	0.8	1.1
Reclassification of discontinued operations	-	-	-	-	-
Translation adjustments	-	-	-	-	-
Transfers and other movements	0.4	(0.8)	0.8	-	0.4
Gross value at 31 Dec. 2014	**52.7**	**28.2**	**33.3**	**1.7**	**115.9**
Amortisation and impairment					-
Accumulated amortisation at 31 Dec. 2013	**(8.4)**	**(23.7)**	**(15.5)**	**(0.9)**	**(48.5)**
Additions	(3.5)	(2.5)	(3.3)	-	(9.3)
Disposals	0.2	0.1	-	-	0.3
Changes in scope of consolidation	-	(0.2)	-	(0.4)	(0.6)
Reclassification of discontinued operations	-	-	-	-	-
Translation adjustments	-	-	-	-	-
Transfers and other movements	(0.1)	1.7	(1.8)	-	(0.2)
Accumulated amortisation at 31 Dec. 2014	**(11.8)**	**(24.6)**	**(20.6)**	**(1.3)**	**(58.3)**
Carrying amount at 31 Dec. 2013	**44.0**	**3.4**	**11.9**	**-**	**59.3**
Carrying amount at 31 Dec. 2014	**40.9**	**3.6**	**12.7**	**0.4**	**57.6**

7. GOODWILL

7.1. Definition of cash-generating units

The growing proportion of international customers and the pooling of resources among business lines have led the Group to redefine the scope of its CGUs as representing its three business segments: Technology Management & Financing, Services and Products & Solutions.

7.2. Goodwill allocation

For the purposes of impairment testing, goodwill is allocated to cash-generating units (CGUs) as follows:

2015 (in € millions)	Technology Management & Financing	Services	Products & Solutions	Total
Goodwill at 1 January 2015	**108.7**	**261.2**	**14.9**	**384.8**
Adjustments to acquisition costs	-	1.4	-	1.4
Acquisitions	-	99.3	-	99.3
Disposals	-	(0.2)	(0.3)	(0.5)
Foreign exchange gains and losses	-	(1.5)	-	(1.5)
Reclassified in assets held for sale	-	-	-	-
Impairment	-	-	-	-
Goodwill at 31 December 2015	**108.7**	**360.2**	**14.6**	**483.5**
of which gross amount	*108.7*	*364.5*	*14.6*	*487.8*
of which accumulated impairment	-	*(4.3)*	-	*(4.3)*

In 2015, new acquisitions were classified within the Services CGU.

Disposals correspond to operations discontinued in the Products & Solutions and Services businesses. Further details on these disposals can be found in Note 3.

2014 (in € millions)	Technology Management & Financing	Services	Products & Solutions	Total
Goodwill at 1 January 2014	**108.7**	**208.0**	**14.9**	**331.6**
Acquisitions	-	54.4	-	54.4
Disposals	-	(0.2)	-	(0.2)
Reclassified in assets held for sale	-	(1.0)	-	(1.0)
Impairment	-	-	-	-
Goodwill at 31 December 2014	**108.7**	**261.2**	**14.9**	**384.8**
of which gross amount	*108.7*	*265.5*	*14.9*	*389.1*
of which accumulated impairment	-	*(4.3)*	-	*(4.3)*

In 2014, the newly acquired companies Digital Dimension, Rayonnance, ASP Serveur, Aragon, Interadapt, Syrix and Comiris were included within the Services business. Disposals related to the sale of A2Z, a Belgian company specialising in providing IT and telecom services for SMEs. Goodwill reclassified in assets held for sale related to the Services business in Germany.

7.3. 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.

Based on the impairment tests conducted, no impairment needs to be charged against goodwill.

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).

	2015		2014	
	Discount rate	Perpetuity growth rate	Discount rate	Perpetuity growth rate
Technology Management & Financing	7.40%	1.00%	8.20%	1.00%
Services	7.40%	1.50%	8.20%	1.50%
Products & Solutions	7.40%	1.00%	8.20%	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 which 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:

(in € millions)	Sensitivity to rates				Sensitivity to cash flows
	Discount rate		Perpetuity growth rate		
	+1.0%	-1.0%	+0.5%	-0.5%	-10%
Technology Management & Financing	(95.1)	130.8	45.9	(39.3)	(134.6)
Services	(77.6)	106.7	37.5	(32.0)	(152.2)
Products & Solutions	(18.4)	25.2	8.8	(7.6)	(31.3)

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 findings 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 reduced the value in use of any of the CGUs to below their carrying amount.

8. 2015 PROPERTY, PLANT AND EQUIPMENT

Changes in the gross value of property, plant and equipment and the related depreciation expense are presented below for 2015:

(in € millions)	Land and buildings	Fixtures, fittings and IT equipment	Furniture and vehicles	Other property, plant and equipment	Property, plant and equipment held under finance leases	Total
Acquisition cost						
Gross value at 31 Dec. 2014	**26.6**	**38.7**	**9.7**	**1.2**	**3.4**	**79.6**
Acquisitions	1.0	5.2	0.5	3.3	-	10.0
Disposals	(1.5)	(4.9)	(0.8)	-	(2.0)	(9.2)
Changes in scope of consolidation	0.7	5.9	0.8	1.1	0.5	9.0
Translation adjustments	-	-	(0.1)	-	-	(0.1)
Transfers and other movements	0.1	-	(0.2)	(0.7)	-	(0.8)
Gross value at 31 Dec. 2015	**26.9**	**44.9**	**9.9**	**4.9**	**1.9**	**88.5**
Depreciation and impairment						
Accumulated depreciation at 31 Dec. 2014	**(12.2)**	**(32.7)**	**(6.5)**	**-**	**(2.0)**	**(53.4)**
Additions	(1.2)	(5.0)	(0.9)	(0.3)	(1.4)	(8.8)
Disposals	1.4	4.9	0.8	-	2.0	9.1
Changes in scope of consolidation	(0.3)	(4.3)	(0.5)	(0.3)	(0.4)	(5.8)
Translation adjustments	-	(0.1)	-	-	-	(0.1)
Transfers and other movements	-	0.2	0.1	0.3	-	0.6
Accumulated depreciation at 31 Dec. 2015	**(12.3)**	**(37.0)**	**(7.0)**	**(0.3)**	**(1.8)**	**(58.4)**
Carrying amount at 31 Dec. 2014	**14.4**	**6.0**	**3.2**	**1.2**	**1.4**	**26.2**
Carrying amount at 31 Dec. 2015	**14.6**	**7.9**	**2.9**	**4.6**	**0.1**	**30.1**

Other property, plant and equipment relate to assets in progress.

The Group also holds the following assets under finance leases:

(in € millions)	Gross value at 31 Dec. 2015	Carrying amount at 31 Dec. 2015	Gross value at 31 Dec. 2014	Carrying amount at 31 Dec. 2014
Buildings	5.1	1.4	5.1	1.4
Furniture and vehicles	2.2	1.0	2.2	1.4

Details of the liabilities and future payments relating to these leases are provided in Notes 18 and 33.

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 € millions)	Land and buildings	Fixtures, fittings and IT equipment	Furniture and vehicles	Other property, plant and equipment	Property, plant and equipment held under finance leases	Total
Acquisition cost						
Gross value at 31 Dec. 2013	**19.3**	**36.7**	**9.7**	**0.8**	**3.3**	**69.8**
Acquisitions	3.3	4.7	0.8	1.0	-	9.8
Disposals	-	(1.7)	(0.7)	-	-	(2.4)
Changes in scope of consolidation	-	1.9	0.1	0.4	-	2.4
Reclassification of discontinued operations	-	-	(0.7)	-	-	(0.7)
Translation adjustments	-	0.1	-	-	-	0.1
Transfers and other movements	4.0	(3.0)	0.5	(1.0)	0.1	0.6
Gross value at 31 Dec. 2014	**26.6**	**38.7**	**9.7**	**1.2**	**3.4**	**79.6**
Depreciation and impairment						
Accumulated depreciation at 31 Dec. 2013	**(10.2)**	**(29.7)**	**(6.8)**	**(0.2)**	**(1.1)**	**(48.0)**
Additions	(0.9)	(4.5)	(1.0)	-	(0.7)	(7.1)
Disposals	-	1.7	0.6	-	-	2.3
Changes in scope of consolidation	-	(0.8)	-	-	-	(0.8)
Reclassification of discontinued operations	-	-	0.6	-	-	0.6
Translation adjustments	-	(0.1)	-	-	-	(0.1)
Transfers and other movements	(1.1)	0.7	0.1	0.2	(0.2)	(0.3)
Accumulated depreciation at 31 Dec. 2014	**(12.2)**	**(32.7)**	**(6.5)**	**-**	**(2.0)**	**(53.4)**
Carrying amount at 31 Dec. 2013	**9.1**	**7.0**	**2.9**	**0.5**	**2.2**	**21.7**
Carrying amount at 31 Dec. 2014	**14.4**	**6.0**	**3.2**	**1.2**	**1.4**	**26.2**

9. LONG-TERM FINANCIAL ASSETS

The following table presents a breakdown of long-term financial assets:

(in € millions)	Investments in non-consolidated companies	Investments in associates and joint ventures	Other long-term financial assets	Total
Balance at 31 Dec. 2013	**0.0**	**0.7**	**17.6**	**18.3**
Increases	0.0	0.0	5.4	5.4
Repayments/ Disposals	0.0	0.0	(1.1)	(1.1)
Changes in scope of consolidation	0.0	(0.5)	0.2	(0.3)
Translation adjustment	0.0	0.0	0.0	0.0
Fair value adjustment	0.0	0.0	0.1	0.1
Share of profit (loss) of associates and joint ventures	0.0	0.0	0.0	0.0
Balance at 31 Dec. 2014	**0.0**	**0.2**	**22.2**	**22.4**
Increases	0.8	0.0	3.1	3.9
Repayments/ Disposals	0.0	0.0	(3.0)	(3.0)
Changes in scope of consolidation	0.0	0.4	0.6	1.0
Translation adjustment	0.0	0.0	0.0	0.0
Share of profit (loss) of associates and joint ventures	0.0	(0.1)	0.0	(0.1)
Balance at 31 Dec. 2015	**0.8**	**0.5**	**22.9**	**24.2**

Changes in the scope of consolidation for associates and joint ventures in 2015 result from the net impact of the first-time consolidation of Norcod Solutions Santé and the deconsolidation of Broke System.

Other long-term financial assets chiefly correspond to guarantees and deposits.

Maturity of long-term financial assets

2015 (in € millions)	Less than 1 year	1 to 5 years	Beyond 5 years	Indefinite	Total
Investments in non-consolidated companies	0.0	0.0	0.0	0.8	0.8
Investments in associates and joint ventures	0.0	0.0	0.0	0.5	0.5
Guarantees given to factors	0.0	6.1	10.5	0.0	16.6
Other investments	0.0	0.0	0.0	1.4	1.4
Other guarantees and deposits	0.0	2.6	2.3	0.0	4.9
Total	**0.0**	**8.7**	**12.8**	**2.7**	**24.2**

2014 (in € millions)	Less than 1 year	1 to 5 years	Beyond 5 years	Indefinite	Total
Investments in non-consolidated companies	0.0	0.0	0.0	0.0	0.0
Investments in associates and joint ventures	0.0	0.0	0.0	0.2	0.2
Guarantees given to factors	0.0	6.4	10.5	0.0	16.9
Other investments	0.0	0.0	0.0	0.7	0.7
Other guarantees and deposits	0.0	2.2	2.5	0.0	4.6
Total	**0.0**	**8.6**	**12.9**	**0.9**	**22.4**

10. RESIDUAL INTEREST IN LEASED ASSETS AND OTHER LONG-TERM RECEIVABLES

(in € millions)	2015	2014
Residual interest in leased assets	**70.1**	**62.6**
Long-term tax receivables	2.7	0.3
Other long-term receivables	1.9	1.9
Other receivables	**4.6**	**2.2**
Total	**74.7**	**64.8**
By maturity		
1 to 5 years	72.9	63.1
Beyond 5 years	1.8	1.7
Total	**74.7**	**64.8**

The Group revises estimates of its residual interest in leased assets using a statistical method based on its experience of second-hand markets.

In the case of its most recent assets, for which there is inadequate market data to establish an accurate valuation, the Group uses a prudent approach which may be adjusted when it has access to adequate historical information.

At 31 December 2015, the residual interest comprising the aforementioned long-term portion and the short-term portion detailed in Note 12, represented €98.2 million, or 2% of the purchase price of assets in its portfolio, in line with 2014.

The impact of discounting on the total amount of residual interest was €7.8 million at 31 December 2015 versus €5.8 million at end-2014. Adjusted for the impact of discounting, residual interest totalled €106 million.

11. INVENTORIES

(in € millions)	31 Dec. 2015 Gross	31 Dec. 2015 Provision	31 Dec. 2015 Net	31 Dec. 2014 Gross	31 Dec. 2014 Provision	31 Dec. 2014 Net
Equipment in the process of being refinanced	**7.6**	**(2.4)**	**5.2**	**14.1**	**(2.1)**	**12.0**
Other inventories	**34.2**	**(17.3)**	**16.9**	**33.2**	**(17.9)**	**15.3**
IT and telecom equipment	*13.5*	*(1.9)*	*11.6*	*10.4*	*(0.7)*	*9.7*
Spare parts	*20.7*	*(15.4)*	*5.3*	*22.8*	*(17.2)*	*5.6*
Total	**41.8**	**(19.7)**	**22.1**	**47.3**	**(20.0)**	**27.3**

Gross value

(in € millions)	31 Dec. 2014	Changes in inventories	Changes in scope of consolidation	Other changes[(1)]	31 Dec. 2015
Equipment in the process of being refinanced	**14.1**	**(3.1)**	**0.0**	**(3.4)**	**7.6**
Other inventories	**33.2**	**(1.3)**	**2.3**	**0.0**	**34.2**
IT and telecom equipment	*10.4*	*0.9*	*2.2*	*0.0*	*13.5*
Spare parts	*22.8*	*(2.2)*	*0.1*	*0.0*	*20.7*
Total	**47.3**	**(4.4)**	**2.3**	**(3.4)**	**41.8**

(1) Equipment reallocated to the outstanding lease amount in 2015.

Impairment of inventories

(in € millions)	31 Dec. 2014	Additions	Reversals	Changes in scope of consoli-dation	Other changes	31 Dec. 2015
Equipment in the process of being refinanced	**(2.1)**	**(0.6)**	**0.3**	**0.0**	**0.0**	**(2.4)**
Other inventories	**(17.9)**	**(5.7)**	**6.8**	**(0.5)**	**0.0**	**(17.3)**
IT and telecom equipment	*(0.7)*	*(1.2)*	*0.5*	*(0.5)*	*0.0*	*(1.9)*
Spare parts	*(17.2)*	*(4.5)*	*6.3*	*0.0*	*0.0*	*(15.4)*
Total	**(20.0)**	**(6.3)**	**7.1**	**(0.5)**	**0.0**	**(19.7)**

12. TRADE AND OTHER RECEIVABLES AND OTHER CURRENT ASSETS

(in € millions)	31 Dec. 2015	31 Dec. 2014
Trade receivables	**698.9**	647.1
Other receivables	**105.8**	76.9
Trade and other receivables	**804.7**	**724.0**
Residual interest in leased assets	**28.1**	**25.9**
Other current assets	**55.4**	**34.5**

Trade receivables items are broken down below by business, net of impairment:

	31 Dec. 2015				31 Dec. 2014			
(in € millions)	Receivables invoiced net of impairment	Outstanding rentals	Revenue accruals	Total	Receivables invoiced net of impairment	Outstanding rentals	Revenue accruals	Total
Technology Management & Financing	**260.7**	**263.5**	**8.7**	**532.9**	**250.7**	**241.5**	**9.2**	**501.4**
Trade receivables refinanced or in the process of being refinanced	133.8	263.5		397.3	111.0	241.5	0.0	352.5
User trade receivables (outstanding rentals refinanced but invoiced by Econocom)	126.9	0.0	8.7	135.6	139.7	0.0	9.2	148.9
Services	**88.4**	**0.0**	**44.3**	**132.7**	**61.4**	**0.0**	**40.1**	**101.5**
Products & Solutions	**25.5**	**0.0**	**7.8**	**33.3**	**25.8**	**0.0**	**18.4**	**44.2**
Total	**374.6**	**263.5**	**60.8**	**698.9**	**337.9**	**241.5**	**67.7**	**647.1**

Trade receivables are refinanced with financial institutions that are subsidiaries of banks.

Impairment of doubtful receivables

(in € millions)	At 31 Dec. 2014	Additions	Reversals	Changes in scope of consolidation	Other changes	At 31 Dec. 2015
Impairment of doubtful receivables	(40.3)	(9.1)	5.0	(3.5)	(0.5)	**(48.4)**

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.

Other receivables

(in € millions)	2015	2014
Tax receivables (excl. income tax)	**45.9**	22.1
Factoring receivables	**24.8**	25.5
French State, government grants receivable	**18.2**	15.0
Due from suppliers	**9.7**	11.7
Advances to agents	**0.4**	0.2
Other	**6.8**	2.4
Other receivables	**105.8**	**76.9**

VAT receivables should be analysed in light of VAT payables. Other receivables represent employee advances and miscellaneous amounts receivable from third parties (suppliers, French Treasury, etc.).

Other current assets

Other current assets relate to prepaid expenses totalling €55.4 million at 31 December 2015 and €34.5 million at 31 December 2014.

13. CASH AND CASH EQUIVALENTS

(in € millions)	31 Dec. 2015	31 Dec. 2014
Cash	**199.2**	**192.9**
Cash in hand	**0.2**	1.5
Demand accounts	**199.0**	191.4
Cash equivalents	**10.4**	**14.4**
Term accounts	**9.8**	7.7
Marketable securities	**0.6**	6.7
Cash and cash equivalents	**209.6**	**207.3**
Bank overdrafts	**(0.2)**	**(2.9)**
Net cash and cash equivalents net of bank overdrafts	**209.4**	**204.5**

Cash equivalents relate to term deposits for €9.8 million and money market funds (SICAV) for €0.6 million.

Cash includes demand accounts for €199 million.

These cash equivalents are booked at fair value through profit or loss (see Note 14).

The cash and cash equivalent balances corresponding to the share of Econocom's partners in companies fully consolidated but not wholly owned by the Group totalled €23 million at 31 December 2015 versus €20.2 million at 31 December 2014.

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, estimates of market value are based on certain market interpretations required when measuring financial assets.

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 2015 can be analysed as follows:

(in € millions)			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	Long-term financial assets:	Loans and receivables	23.8	0.0	23.8
9	Long-term financial assets:	At fair value through profit or loss	-	0.4	0.4
10	Long-term receivables	Loans and receivables	4.6	0.0	4.6
12	Trade receivables	Loans and receivables	698.9	0.0	698.9
12	Other receivables	Loans and receivables	105.8	0.0	105.8
13	Cash and cash equivalents	At fair value through profit or loss	0.0	209.6	209.6
	Total financial assets		**833.1**	**210.0**	**1,043.1**

** 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 € millions)		
	Total	Treasury shares	Outstanding	Share capital	Additional paid-in capital	Treasury shares
At 31 December 2013	**106,517,314**	**765,504**	**105,751,810**	**19.9**	**175.0**	**(6.1)**
Sales of treasury shares	-	(916,132)	916,132	-	-	7.1
Purchases of treasury shares	-	8,276,121	(8,276,121)	-	-	(58.3)
Conversion of OCEANE bonds through the issue of new shares	9,055,276	-	9,055,276	1.7	45.8	-
Conversion of OCEANE bonds through the delivery of existing shares	-	(4)	4	-	-	-
OCEANE bonds redeemed and cancelled	-	-	-	-	(15.5)	-
Cancellation of treasury shares	(3,053,303)	(3,053,303)	-	-	-	19.4
Options exercised	-	(3,612,000)	3,612,000	-	-	29.2
At 31 December 2014	**112,519,287**	**1,460,186**	**111,059,101**	**21.6**	**205.3**	**(8.7)**
Purchases of treasury shares	-	4,975,647	(4,975,647)	-	-	(38.6)
Sales of treasury shares	-	(524,396)	524,396	-	-	3.4
Refund of issue premiums	-	-	-	-	(16.2)	-
Options exercised	-	(120,000)	120,000	-	-	0.8
At 31 December 2015	**112,519,287**	**5,791,437**	**106,727,850**	**21.6**	**189.1**	**(43.1)**

The number of dematerialised shares stands at 76,551,423.

The number of registered shares is 35,967,864.

At 31 December 2015, authorised capital stood at €21,564,000.

Bearer shares

In the context of the Belgian Law of 14 December 2005 abolishing bearer shares, the Group sold former bearer shares on the Euronext Brussels market whose owners had failed to make themselves known to Econocom. The sale ended on 30 November 2015.

At the end of this process, 524,466 shares had been sold at prices ranging from €7.89 to €8.45 per share. The net proceeds from the sale were deposited with Caisse des Dépôts et Consignations, in accordance with applicable law, along with 548,958 shares.

As from 1 January 2016, anyone able to prove that they are the owners of these bearer shares may make the relevant claim with Caisse des Dépôts et Consignations, either for the proceeds of the sale of their shares, or for the unsold shares, following payment of the fine provided for by law.

15.2. Changes in equity attributable to owners of the parent

At 31 December 2015, equity attributable to owners of the parent amounted to €228.1 million (€259.8 million at 31 December 2014). The table below shows changes in this item:

(in € millions)

At 31 December 2014 (reported)	**260**
Adjustment to 2014 acquisition	(2.0)
Impact of IFRIC 21	1.8
At 31 December 2014 (restated)	**259.8**
Impact of put options granted to non-controlling shareholders	(35.4)
Change in treasury shares and related costs	(38.1)
Refund of issue premiums	(16.2)
Consideration for share-based payments and other	(0.9)
Comprehensive income for the year	58.9
At 31 December 2015	**228.1**

15.3. Changes in equity not recognised in profit or loss

15.3.1. Stock subscription option plans

Stock subscription 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 outstand-ing at 31 Dec. 2014	Options issued in the period	Options exercised in the period	Options lapsed or forfeited	Options outstanding at 31 Dec. 2015	Rights granted in number of shares (comparable) at 31 Dec. 2014	Rights granted in number of shares (comparable) at 31 Dec. 2015	Exercise price (in €)	Average share price at the exercise date	Expiry date
2011	30,000	-	(30,000)	-	-	120,000	-	3.23	7.06	Dec. 2015
	790,000	-	-	-	790,000	3,160,000	3,160,000	3.06	-	Dec. 2016
2013	1,075,000	-	-	(200,000)	875,000	1,075,000	875,000	5.96	-	Dec. 2018
2014*	2,075,000	-	-	(60,000)	2,015,000	2,075,000	2,015,000	5.52	-	Dec. 2019
2015*	-	360,000	-		360,000	-	360,000	7.75	-	Jan. 2020
Total	**3,970,000**	**360,000**	**(30,000)**	**(260,000)**	**4,040,000**	**6,430,000**	**6,410,000**	**-**	**-**	**-**

** 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 and 360,000 in 2015. 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 Black-Scholes-Merton option pricing model (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 €)**	**RFIR(1)**
2011	790,000	2.81	34%	4 years	0.40(2)	2.00%
2013	875,000	1.21	24%	4 years	0.15	1.14%
2014	2,015,000	0.71	28%	4 years	0.13	0.32%
2015	360,000	0.98	28%	4 years	0.15	0.35%

(1) RFIR: risk-free interest rate.
(2) Options granted prior to 2012 carry rights to four shares so as to reflect the 2012 stock split.

In accordance with IFRS 2, options are measured at fair value at the grant date and are amortised over the service period required for vesting.

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 respect of share-based payments in 2015 amounted to €1.2 million, recorded in personnel costs within recurring operating profit for €1 million and within non-recurring items for €0.2 million. A tax effect was recognised for €0.4 million.

The corresponding expense recorded in recurring operating profit for 2014 was €0.9 million. As from 2014, the Group recognised a tax effect of €0.3 million in respect of the 2014 expense and of €1.1 million in respect of the expense in prior years. 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

At 31 December 2015, the Group held 5,791,437 treasury shares (i.e., 5.15% of the total number of shares) through the parent company Econocom Group SE. The total number of shares held in treasury 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 were 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 Shareholders' Meeting, the Board of Directors is inviting shareholders to vote to refund the issue premium considered as paid-in capital, in an amount of €0.175 per share.

	Payable in 2016	Issue premium refunded in 2015	Paid in 2014
Total (in € millions)	19.7	16.2	12.9
Compensation per share (in €)	0.175	0.15	0.12

As this refund of the issue premium is subject to the approval of the Annual General Meeting, it was not recognised as a liability in the consolidated financial statements for the year ended 31 December 2015.

15.3.5. Currency translation reserves (attributable to owners of the parent)

Currency translation reserves correspond to the cumulative effect of the consolidation of subsidiaries with functional currencies other than the euro. At 31 December 2015, foreign exchange gains and losses recorded in equity attributable to owners of the parent represented a decrease of €4.1 million versus a decrease of €3.7 million at 31 December 2014. At 31 December 2015, changes in this item result chiefly from fluctuations in the value of the pound sterling, Brazilian real, Swiss franc and Polish zloty.

15.4. Changes in non-controlling interests

At 31 December 2015, non-controlling interests amounted to €52.4 million (€21.5 million at 31 December 2014). The table below shows changes in this item:

(in € millions)

At 31 December 2014 (reported)	**19.5**
Adjustments to acquisitions in 2014	2.0
At 31 December 2014 (restated)	**21.5**
Share of net assets of investments attributable to non-controlling interests	36.2
Increase in the stake in Brazilian companies	(2.3)
Other (reclassification between owners of the parent and non-controlling interests)	(0.2)
Put option granted to non-controlling shareholders in entities controlled by Digital Dimension	(3.0)
Share of comprehensive income attributable to non-controlling interests	0.2
At 31 December 2015	**52.4**

At 31 December 2015, this item essentially includes:
• the share of non-controlling associate shareholders in Digital Dimension entities for €19.6 million (GCX.com controlled by George Croix, the non-controlling shareholders of Rayonnance, Aragon, ASP Serveur, Norcod, Nexica and SynerTrade);
• the share of non-controlling associate shareholders in other investments for €32.8 million.

Financial information on the contribution of these non-controlling interests to the consolidated financial statements is summarised in Note 4.

The share of profit recognised in the income statement for non-controlling interests represents €0.9 million for 2015 (€0.7 million for 2014).

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 – (€4.8 million)

Long-term provisions relate to business risks as well as risks arising on restructuring operations and risks arising in relation to employees.

Short-term provisions – (€33.2 million)

Provisions for restructuring and employee-related risks include costs arising on (i) disputes with employees and (ii) restructuring in progress or announced by the Group.

Tax and legal risks relate to disputes in progress with clients, suppliers, agents or tax authorities.

Provisions for risks related to the Technology Management & Financing business represent provisions for risks on outstanding lease payments due within one year.

Provisions for other risks relate to regulatory and contractual risks in the Services and Products & Solutions businesses.

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 € millions)	Restructuring and employee-related risks	Tax and legal risks	Deferred commissions	Other risks	Risks on transferred assets	Total
Balance at 31 Dec. 2013	**11.9**	**15.6**	**2.1**	**12.0**	**0.2**	**41.8**
Additions	11.0	2.7	0.2	1.2	-	15.1
Reversals	(5.0)	(7.7)	(0.2)	(1.5)	-	(14.4)
Changes in scope of consolidation	1.6	0.5	0.0	-	-	2.1
Translation adjustments	0.0	0.0	0.0	0.0	-	0.0
Other movements	0.0	0.1	0.0	0.9	0.1	1.1
Balance at 31 Dec. 2014	**19.5**	**11.2**	**2.1**	**12.6**	**0.3**	**45.7**
Additions	9.4	3.2	0.1	3.4	-	16.1
Reversals	(12.8)	(7.0)	(1.3)	(6.8)	-	(27.9)
Changes in scope of consolidation	0.6	2.8	-	1.6	-	5.0
Translation adjustments	0.0	(0.1)	0.0	0.0	-	(0.1)
Other movements	(1.1)	4.3	-	(4.0)	-	(0.8)
Balance at 31 Dec. 2015	**15.6**	**14.4**	**0.9**	**6.8**	**0.3**	**38.0**
Current	13.5	12.4	0.9	6.1	0.3	33.2
Non-current	2.1	2.0		0.7		4.8

Short-term/long-term breakdown of provisions

(in € millions)	31 Dec. 2015	31 Dec. 2014 (restated)
Long-term provisions	**4.8**	5.1
Short-term provisions	**33.2**	40.6
Total provisions	**38.0**	**45.7**

Provisions fell by €7.7 million during the year. This chiefly results from €11.8 million in net reversals from provisions existing at 31 December 2014 and €5.0 million in additional provisions booked for companies entering the scope of consolidation.

Reversals booked during the year chiefly relate to completion of restructuring operations for the Services business and the integration of Osiatis, for which provisions had been booked in 2014 and a portion of the costs borne in 2015.

Impact of provisions by item

(in € millions)	Additions	Reversals due to surplus provisions (or reallocated provisions)	Net profit impact
Recurring operating profit	(9.7)	4.0	(5.7)
Non-recurring operating items	(6.2)	0.0	(6.2)
Income tax expense	(0.2)	-	(0.2)
Total	**(16.1)**	**4.0**	**(12.1)**

The net impact of movements in provisions was an expense of €12.1 million. Certain reversals relate to items reallocated to new provisions (representing €1.5 million) booked for customer risks on a case-by-case basis. The remainder relate chiefly to the favourable outcome of tax disputes for which a provision of around €2 million had been accrued out of prudence.

At the same time, the Group recognised €16.1 million in cumulative additions to provisions relating to employee-related risks, customer risks, and regulatory/contractual risks.

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 fixed contributions to an external entity that is responsible for the plan's administrative and financial management. The employer is therefore free of any subsequent obligation as the agency is in charge of paying employees the amounts to which they are entitled (basic Social Security pension plan, supplementary pension plans).

Special case: Pensions plans in Belgium

The Belgian "Vandenbroucke Law" states that employers must guarantee a minimum return on employee contributions. All Belgian defined contribution plans are therefore treated as defined benefit plans in accordance with IFRS.

- Up to 31 December 2015, the guaranteed minimum return was 3.75% on employee contributions and 3.25% on employer contributions.
- As from 2016, the Group will be required to guarantee a minimum return for contributions paid in after 1 January 2016. The return will depend on the yield on Belgian 10-year government bonds but should be between 1.75% and 3.25%. There will be no distinction made between employer and employee 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.

These plans are classified and accounted for as IAS 19 defined benefit plans.

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 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 Syntec (consulting and advisory firms) collective agreement nevertheless states that said compensation should not include incentive payments, 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.

• Termination benefits in Italy
- Rights vested by employees for each year of service pro rata to their gross annual compensation, 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.

At Econocom International Italia, all rights arising after 1 January 2007 have been transferred to an external entity and provisions therefore only concern rights vested at 31 December 2006 for which the Group was still liable at 31 December 2015.

Since Italy only requires rights to be transferred to a third party or Treasury fund as from a certain threshold, certain rights relating to Bizmatica were kept on the Group's books.

• 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.
- 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 amounts which Econocom expects to pay directly in 2016, either to its employees or to the bodies in charge of collecting contributions, will represent around €1.5 million.

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	
	2015	2014	2015	2014
Retirement age	**62-65 years**	62-65 years	**64-65 years**	64-65 years
Salary increase rate and rights vested	**1.75%-2.25%**	1%-2%	**1%-2%**	1%-2.8%
Discount rate	**2%**	1.75%	**2%**	1.75%-2%
Mortality table	**INSEE 2011-2013**	INSEE 2010-2012	**-**	-

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 to determine the amount of obligation 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 carried in other comprehensive income represented a net negative amount of €3.0 million in 2015 and €5.2 million in 2014.

(in € millions)	31 Dec. 2014	**31 Dec. 2015**
Present value of obligation (a)	56.0	**55.7**
Present value of plan assets (b)	19.9	**19.4**
Provision in the statement of financial position (a-b)	36.1	**36.3**

17.3. Income and expenses recognised in profit or loss

Pension cost components (in € millions)	2015	**2014**
Service cost	**(4.0)**	(4.2)
Curtailment/termination	**2.0**	0.6
Interest expense	**(1.0)**	(1.8)
Expected return on plan assets	**0.4**	0.9
Total costs recognised in profit or loss	**(2.6)**	**(4.5)**
Total costs recognised in other comprehensive income	**2.2**	**(2.8)**

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 2015 provision

(in € millions)	Opening balance	Changes in scope of consolidation	Income statement	Benefits paid directly	Revaluation gains and losses	Closing balance
France	31.6	0.9	1.4	(0.4)	(2.1)	31.4
Other countries	4.5	0.9	1.2	(1.6)	(0.1)	4.9
Total	**36.1**	**1.8**	**2.6**	**(2.0)**	**(2.2)**	**36.3**

Changes in the 2014 provision

(in € millions)	Opening balance	Changes in scope of consolidation	Income statement	Benefits paid directly	Revaluation gains and losses	Closing balance
France	25.6	0.2	2.7	(0.2)	3.3	31.6
Other countries	5.0	-	1.8	(1.8)	(0.5)	4.5
Total	**30.6**	**0.2**	**4.5**	**(2.0)**	**2.8**	**36.1**

17.5. Changes in plan assets

Changes in 2015 plan assets

(in € millions)	Opening balance	Changes in scope of consolidation	Expected return	Benefits paid by employer	Benefits paid by fund	Curtailment/ termination	Revaluation gains and losses	Closing balance
France	5.2	0.0	0.1	-	(0.4)	-	-	4.9
Other countries	14.7	0.0	0.3	1.6	(1.0)	(1.3)	0.2	14.5
Total	**19.9**	**0.0**	**0.4**	**1.6**	**(1.4)**	**(1.3)**	**0.2**	**19.4**

Changes in 2014 plan assets

(in € millions)	Opening balance	Changes in scope of consolidation	Expected return	Benefits paid by employer	Benefits paid by fund	Revaluation gains and losses	Closing balance
France	5.4	-	0.2	-	(0.4)	0.0	5.2
Other countries	13.1	-	0.7	1.6	(0.9)	0.2	14.7
Total	**18.5**	**-**	**0.9**	**1.6**	**(1.3)**	**0.2**	**19.9**

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 € millions)	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	Total
Estimated payments	0.7	0.9	1.1	2.1	2.2	23.9	30.9

18. FINANCIAL LIABILITIES AND NET DEBT

18.1. Total financial debt

(in € millions)	31 Dec. 2015	31 Dec. 2014 (restated)
Finance lease liabilities	2.7	3.0
Convertible bond debt (ORNANE)	171.0	167.0
Non-convertible bond debt (Euro PP)	99.3	0.0
Other borrowings	8.2	43.0
Non-current interest-bearing liabilities	**281.2**	**213.0**
Bank borrowings	57.8	43.0
Convertible bond debt (ORNANE) - current portion	2.6	2.6
Non-convertible bond debt (Euro PP) - current portion	2.7	0.0
Finance lease liabilities	37.9	44.3
o/w liabilities relating to contracts refinanced with recourse(1)	*37.2*	*43.6*
o/w finance lease liabilities	*0.7*	*0.7*
Bank overdrafts	0.2	2.9
Factoring liabilities(2)	10.8	7.4
Other current borrowings and debt	2.9	0.0
Current interest-bearing liabilities	**114.9**	**100.2**
Total financial debt	**396.1**	**313.2**

(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 – Financial Instruments: Presentation.
(2) Factoring liabilities consist of residual risks arising from factoring agreements.

In late January 2014, Econocom Group 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.

If these bonds are not converted, they 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 May 2015, Econocom Group SE issued €101 million in bonds in a private placement (Euro PP) with eight institutional investors. The bonds break down into two tranches of €45.5 million and €55.5 million, with respective maturities of five and seven years. They pay fixed-rate interest (2.364% at five years and 2.804% at seven years) and are redeemable upon maturity.

During the year, Econocom reimbursed €38.2 million on credit facilities granted by BNP Paribas Fortis and €30 million on credit lines granted by ING.

Econocom also sought to diversify its financing and in October 2015 set up a commercial paper programme ("Econocom Group Société Européenne Billets de Trésorerie"). This programme, capped at €300 million, helps the Group diversify and optimise in the short term the financial resources it needs to drive its growth going forward. This programme complements the Group's bank financing and gives it access to short-term liquidity under favourable and transparent conditions, since it borrows from the negotiable debt securities market.

Analysis of non-current liabilities by maturity

(in € millions)	Total at 31 Dec. 2015	1 to 5 years	Beyond 5 years
Finance lease liabilities – real estate	**1.4**	1.0	0.4
Other finance lease liabilities	**1.3**	1.3	0.0
Bonds	**270.3**	215.8	54.5
Other borrowings	**8.2**	7.7	0.5
Total	**281.2**	**225.8**	**55.4**

(in € millions)	Total at 31 Dec. 2014	1 to 5 years	Beyond 5 years
Finance lease liabilities – real estate	**1.7**	0.3	1.4
Other finance lease liabilities	**1.3**	1.3	0.0
Bonds	**167.0**	167.0	0.0
Other borrowings	**43.0**	43.0	0.0
Total	**213.0**	**211.6**	**1.4**

Analysis of net debt

The concept of net debt is discussed in Note 2.12.7.

(in € millions)	31 Dec. 2015	31 Dec. 2014 (restated)
Cash and cash equivalents	**209.6**	207.3
Bank debt	**(66.2)**	(86.0)
Net cash at bank	**143.4**	**121.3**
Convertible bond debt (ORNANE)	**173.6**	169.6
Non-convertible bond debt (Euro PP)	**101.9**	0.0
Contracts with recourse	**37.2**	43.6
Factoring liabilities with recourse	**10.8**	7.4
Liabilities relating to subsidies prefinanced with recourse	**2.9**	2.9
Finance lease liabilities (real estate and equipment leases)	**3.4**	3.7
Net debt	**(186.4)**	**(105.9)**

Net debt excludes gross liability for purchases of leased assets.

Weighted average borrowing rates were 1.53% in 2015 versus 2.03% in 2014.

18.2. Gross liability for purchases of leased assets

"Gross liability for purchases of leased assets" primarily represents 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.

Gross liability for purchases of leased assets recognised in financial liabilities can be analysed by maturity as follows:

31 December 2015 (in € millions)	Less than 1 year	1 to 5 years	Beyond 5 years	Total
Total gross liability for purchases of leased assets	16.2	45.9	0.0	62.1

31 December 2014 (in € millions)	Less than 1 year	1 to 5 years	Beyond 5 years	Total
Total gross liability for purchases of leased assets	13.0	38.0	0.2	51.2

The present value of the Group's short- and long-term gross liability for purchases of leased assets amounts to €62.1 million. Before discounting, the gross liability represents €71.8 million. The cumulative impact of discounting was €9.7 million in 2015 compared with €3.1 million in 2014.

18.3. Operating leases and future minimum lease payment obligations

Operating lease expenses amount to €26.9 million for the year, including €15.5 million in respect of real estate leases and €11.4 million in respect of leases of vehicles and other equipment.

Operating lease liabilities break down as follows by maturity:

Future minimum lease payments

(in € millions)	Less than 1 year	1 to 5 years	Beyond 5 years	31 Dec. 2015	31 Dec. 2014
Operating lease liabilities – real estate	9.7	18.3	6.0	**34.0**	30.2
Operating lease liabilities – vehicles	8.3	9.9	0.1	**18.3**	20.6
Future minimum lease payments	**18.0**	**28.2**	**6.1**	**52.3**	**50.8**

19. TRADE AND OTHER PAYABLES AND OTHER CURRENT LIABILITIES

(in € millions)	31 Dec. 2015	31 Dec. 2014
Trade payables	**522.9**	464.1
Other payables	**228.6**	218.1
Trade and other payables	**751.5**	**682.2**

Other payables can be analysed as follows:

(in € millions)	31 Dec. 2015	31 Dec. 2014
Accrued taxes and personnel costs	**207.1**	202.4
Dividends payable	**0.6**	0.4
ORNANE embedded derivative component	**11.9**	5.7
Customer prepayments and other payables	**9.0**	9.6
Other payables	**228.6**	**218.1**

Other current liabilities can be analysed as follows:

(in € millions)	31 Dec. 2015	31 Dec. 2014
Other liabilities	**9.0**	16.6
Deferred income	**141.4**	132.9
Miscellaneous current liabilities	**7.2**	4.3
Other current liabilities	**157.6**	**153.8**

"Other liabilities" includes mainly the outstanding balance of deferred payments on acquisitions.

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 models widely used on financial markets, and on market information available at the reporting date.

(in € millions)		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**	**396.1**	**-**	**-**	**396.1**
	Convertible bonds	173.6	-	-	173.6
	Non-convertible bonds	102.0	-	-	102.0
	Finance lease liabilities	40.6	-	-	40.6
	Bank overdrafts	0.2	-	-	0.2
	Bank loans and other borrowings	79.7	-	-	79.7
	Non-current non interest-bearing liabilities	**7.4**	**-**	**61.8**	**69.2**
	Gross liability for purchases of leased assets	**62.1**	**-**	**-**	**62.1**
19	**Trade payables**	**522.9**	**-**	**-**	**522.9**
19	**Other payables**	**216.7**	**11.9**	**-**	**228.6**
	Other current (financial) liabilities	**13.1**	**-**	**3.2**	**16.3**
	Total financial liabilities	**1,218.3**	**11.9**	**65.0**	**1,295.2**

** See Note 2.3.1.*

Non-current non interest-bearing liabilities and other current liabilities estimated at fair value through profit or loss (Level 3) correspond to acquisition-related debt.

Level 3 financial liabilities relate to liabilities in respect of put and call options on non-controlling interests (€59.1 million) and amounts due on corporate acquisitions (€5.9 million). They are measured based on estimations of future performances of the companies concerned (for example, a multiple of EBIT).

Other payables measured at fair value through profit or loss (Level 2) correspond to the derivative component of ORNANE convertible bonds.

Based on the information held by the Group, the fair value of financial liabilities approximates their carrying amount, except for:

• convertible bonds (ORNANE), the market value of which was €11.75 per bond at 31 December 2015 (including accrued interest), i.e., a market value of €194 million for all of the ORNANE convertible bonds outstanding at that date;

• the euro private placement (Euro PP), the market value of which (including accrued interest) at 31 December 2015 was 99.71% per bond for tranche 1 (maturing in 2020) and 99.52% per bond for tranche 2 (maturing in 2022), i.e., a market value of €99.61 million for all convertible bonds outstanding at that date.

21. REVENUE FROM CONTINUING OPERATIONS

Revenue from continuing operations can be analysed as follows by business:

(in € millions)	2015	2014
Technology Management & Financing	**1,149.0**	1,044.8
Services	**729.9**	663.0
Products & Solutions	**437.2**	384.8
Total revenue from continuing operations	**2,316.1**	**2,092.6**

22. PERSONNEL COSTS

The following table presents a breakdown of personnel costs:

(in € millions)	2015	2014
Wages and salaries	**(324.2)**	(298.8)
Payroll costs	**(131.8)**	(124.6)
Statutory and discretionary employee profit-sharing	**(3.5)**	(2.5)
Other	**(11.1)**	(15.4)
Total	**(470.6)**	**(441.3)**

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.

23. EXTERNAL EXPENSES

The following table presents a breakdown of external expenses:

(in € millions)	2015	2014
External services (rent, maintenance, insurance, etc.)	**(36.1)**	(39.1)
Agents' commissions	**(26.8)**	(23.0)
Fees paid to intermediaries and other professionals	**(48.3)**	(45.9)
Other services and sundry goods (sub-contracting, public relations, transport, etc.)	**(53.7)**	(47.9)
Total	**(164.9)**	**(155.9)**

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 € millions)	2015	2014
Intangible assets – franchises, patents, licences, business assets, etc.	**(10.0)**	(7.4)
Property, plant and equipment (leased assets)	**(1.4)**	(0.7)
Other items of property, plant and equipment	**(7.2)**	(6.4)
Provisions for operating contingencies and expenses	**6.7**	4.8
Total	**(11.9)**	**(9.7)**

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 € millions)	2015	2014
Impairment of inventories	**(6.3)**	(5.3)
Reversals of impairment of inventories	**7.1**	4.3
Impairment of doubtful receivables	**(9.4)**	(6.3)
Reversals of impairment of doubtful receivables	**5.4**	7.9
Gains and losses on the sale of receivables	**(0.2)**	(2.6)
Gains and losses on the sale of other assets	**(1.0)**	2.7
Total	**(4.3)**	**0.8**

26. OTHER RECURRING OPERATING INCOME AND EXPENSES

Other recurring operating income and expenses can be broken down as follows:

(in € millions)	2015	2014
Cross-charging and indemnities received	**11.2**	4.9
Capital losses on sales of property, plant and equipment and intangible assets – recurring operating activities	**(0.3)**	(0.5)
Cross-charging and indemnities paid	**(0.8)**	(2.5)
Total	**10.1**	**1.9**

The "Cross-charging and indemnities received" line was affected by back margins and by the resolution of certain disputes.

27. FINANCIAL INCOME – OPERATING ACTIVITIES

The following table breaks down financial income and expense relating to operating activities by type of income/expense:

(in € millions)	2015	2014
Financial income related to Technology Management & Financing operations	**11.7**	6.7
Miscellaneous financial income from operating activities	**0.7**	0.4
Total financial income – operating activities	**12.4**	**7.1**
Financial expenses related to Technology Management & Financing operations	**(5.9)**	(2.8)
Financial expenses related to miscellaneous operating activities	**(2.1)**	(1.9)
Exchange losses	**(0.7)**	(0.3)
Total financial expenses – operating activities	**(8.7)**	**(5.0)**
Financial income – operating activities	**3.7**	2.1

The increase in financial income and expenses relating to TMF operations reflects the rise during the year in the gross liability for purchases of leased assets and in the Group's residual interest in leased assets.

Foreign exchange gains and losses recorded in the income statement result primarily from fluctuations in pound sterling and Moroccan dirhams against the euro.

28. NON-RECURRING OPERATING INCOME AND EXPENSES

(in € millions)	2015	2014
Restructuring costs	**(6.4)**	(22.6)
Acquisition costs	**(1.9)**	(1.0)
Other expenses	**(0.6)**	(2.0)
Other operating expenses	**(8.9)**	**(25.6)**
Other operating income	**3.7**	0.7
Other operating income	**3.7**	**0.7**
Total	**(5.2)**	**(24.9)**

Restructuring costs relate to plans to improve operating performance implemented during the year in all of the Group's businesses. Acquisition costs relate to the various acquisitions carried out by the Group.

Other operating income consists of capital gains generated on the sale of Asystel and A2Z business assets, and gains recognised on the acquisition of an additional interest in Brazilian subsidiary Interadapt.

29. NET FINANCIAL EXPENSE

(in € millions)	2015	2014
Capital gains on disposals of financial assets	**0.0**	0.1
Other financial income	**0.2**	0.3
Financial income	**0.2**	**0.4**
Interest expense on bonds	**(6.3)**	(9.2)
Expenses on non-current liabilities	**(0.5)**	(0.6)
Changes in actuarial cost of provisions for pension and other post-employment benefit obligations	**(0.6)**	(0.9)
Interest on short-term financing	**(3.1)**	(3.3)
Financial expenses on factoring	**(1.6)**	(2.0)
Other financial expenses	**(0.5)**	(0.1)
Financial expenses	**(12.6)**	**(16.1)**
Other financial income and expenses	**(12.4)**	**(15.7)**
Change in fair value of the ORNANE embedded derivative component[1]	**(6.3)**	3.8
Net financial expense	**(18.7)**	**(11.9)**

(1) The ORNANE embedded derivative component is recalculated at the end of each reporting period and measured on the basis of the Econocom share price. At 31 December 2015, the derivative component was carried in liabilities for an amount of €11.9 million based on the year-end share price of €8.55. This share price increase led the Group to recognise a non-cash financial expense of €6.3 million versus €5.6 million at 31 December 2014. On the issue of ORNANE convertible bonds in January 2014, the initial value of this derivative component was €9.4 million.

30. INCOME TAXES

30.1. Recognition of current and deferred taxes

30.1.1. Income statement

(in € millions)	2015	2014
Current tax	**(30.8)**	(18.6)
Movements in tax provisions	**(0.2)**	-
Deferred tax	**0.3**	(2.6)
Income tax expense – continuing operations	**(30.7)**	**(21.2)**

30.1.2. Effective tax rate

(in € millions)	2015	2014
Profit before tax	**89.6**	**56.1**
Income tax expense	**(30.7)**	(21.2)
Group effective tax rate as a percentage of profit before tax	**34.3%**	**37.8%**

Tax proof

(in € millions)	2015	2014
Profit before tax	**89.6**	56.1
Theoretical tax expense calculated at the Belgian standard tax rate (33.99% in both 2015 and 2014)	**(30.4)**	**(19.1)**
Reconciliation:		
Permanent differences	**(2.3)**	(1.9)
Unrecognised tax losses arising in the year	**(4.3)**	(2.2)
Previously unrecognised tax losses used in the year	**2.8**	0.3
Adjustment to deferred tax excluding tax losses	**1.1**	0.4
Adjustment to current tax expense	**0.2**	0.1
Taxes other than on income(1)	**(6.1)**	(5.4)
Effect of foreign income tax rates	**2.3**	2.0
Tax credits and other	**6.0**	4.6
Total permanent differences	**(0.3)**	**(2.1)**
Effective income tax expense	**(30.7)**	(21.2)

*1) Taxes other than on income relate to taxes assessed on value added that meet the requirements of IAS 12. For Econocom, this caption relates to the tax on value added in France (net of income tax) and to the IRAP tax (*imposta regionale sulle attività produttive*) in Italy.*

Permanent differences chiefly relate to the following items:

(in € millions)	2015	2014
Non-deductible impairment and depreciation/amortisation	**0.3**	(0.1)
Impact of bonds	**(2.2)**	0.9
Other non-taxable or non-deductible income and expenses	**(0.2)**	(2.1)
Tax on internal transactions	**(0.2)**	(0.6)
Total	**(2.3)**	**(1.9)**

30.2. Deferred tax assets and liabilities

30.2.1. Analysis of deferred tax assets and liabilities

		Profit or loss	Equity		Other			
(in € millions)	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	31 Dec. 2015
Deferred tax on the recognition of expenses(1)	12.1	3.4	-	-	-	-	-	**15.5**
Pension obligations	11.4	0.2	(0.7)	-	0.4	-	-	**11.3**
Temporary differences arising on provisions	11.7	(2.1)	-	-	1.2	-	-	**10.8**
Other assets and liabilities	9.5	(1.9)	-	-	(0.9)	-	-	**6.7**
Tax loss carryforwards	6.6	(1.5)	-	(2.7)	-	-	0.8	**3.2**
Netting of DTA/DTL by tax jurisdiction	(37.7)	-	-	-	-	-	4.3	**(33.4)**
Total deferred tax assets	**13.6**	**(1.9)**	**(0.7)**	**(2.7)**	**0.7**		**5.1**	**14.1**
Deferred tax on the recognition of revenue(1)	(29.7)	1.4	-	-	-	-	-	**(28.3)**
Amortisable intangible assets	(13.6)	1.8	-	-	-	-	-	**(11.8)**
Other assets and liabilities	(1.2)	(1.0)	-	-	-	-	(0.8)	**(3.0)**
Netting of DTA/DTL by tax jurisdiction	37.7	-	-	-	-	-	(4.3)	**33.4**
Total deferred tax liabilities	**(6.8)**	**2.2**	**-**	**-**	**-**	**-**	**(5.1)**	**(9.7)**
Net deferred tax assets	**6.8**	**0.3**	**(0.7)**	**(2.7)**	**0.7**	**-**	**-**	**4.4**

(1) Related to the Technology Management & Financing business.

(in € millions)	31 Dec. 2014	31 Dec. 2015
Recoverable within 12 months, before netting, by tax jurisdiction	8.3	**6.5**
Recoverable after 12 months, before netting, by tax jurisdiction	(1.5)	**(2.1)**
Net deferred tax assets (liabilities)	**6.8**	**4.4**

30.2.2. Deferred tax assets on tax loss carryforwards

At 31 December 2015, Econocom's tax loss carryforwards can be analysed as follows by expiry date:

(in € millions)	2015	2014
2016	**0.2**	0.2
2017	**0.1**	0.1
2018	**2.2**	2.2
2019	**-**	-
Beyond	**4.4**	1.8
Indefinite	**62.7**	60.0
Total	**69.6**	**64.3**

At 31 December 2015, unrecognised deferred tax assets amounted to €19.5 million versus €13.8 million at end-2014 (i.e., a tax base of €59.9 million and €43.3 million, respectively). These changes result primarily from a company acquired in 2015. Out of prudence, the Group did not believe it appropriate to recognise its deferred tax assets in its financial statements for the year ended 31 December 2015.

Deferred tax assets arising on tax loss carryforwards were utilised in the context of the French tax consolidation group, in Belgium and in the UK. Deferred tax assets arising on tax loss carryforwards were recognised in respect of 2015, mainly in the Services business in France and Germany, since the Group expects them to be able to be utilised against the additional profits it forecasts for the next few years.

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 €18.0 million.

31. EARNINGS PER SHARE

Basic earnings per share

(in € millions, except for per share data and number of shares)	2015	31 Dec. 2014 (restated)
Profit for the year attributable to owners of the parent	57.8	31.2
Profit for the year attributable to owners of the parent (restated)*	66.8	29.4
Average number of shares outstanding	108,508,895	109,938,391
Basic earnings per share (in €)	**0.53**	**0.28**
Basic earnings per share (restated)* (in €)	**0.62**	**0.27**

** Before amortisation of the ECS customer portfolio and the Osiatis brand and before the change in fair value of the ORNANE embedded derivative component, net of the tax effect.*

Diluted earnings per share

(in € millions, except for per share data and number of shares)	2015	2014
Diluted profit attributable to owners of the parent	57.8	31.6
Average number of shares outstanding	108,508,895	109,938,391
Impact of stock options	2,756,562	2,874,969
Impact of ORNANE(1) convertible bonds	0	16,509,433
Diluted average number of shares outstanding	**111,265,457**	**129,322,793**
Diluted earnings per share (in €)	**0.52**	**0.24**

(1) The number of new shares that could be issued upon conversion of the ORNANE convertible bonds is equal to the initial 2014 bond issue, at 16,509,433 shares. This will not change over time. At 31 December 2015, since the restatement of ORNANE bonds has an accretive impact, the effect of the bonds is not taken into account when calculating diluted earnings per share.

At end-2015, the impacts of taking into account the shares that could be issued on the conversion of the ORNANE bonds are an adjustment to (i) the interest expense recognised on the bonds and (ii) the expense relating to changes in the fair value of the derivative component. If these items were to be restated, they would have an accretive impact. Accordingly, they were not taken into account when calculating diluted earnings per share, in accordance with IAS 33. In accordance with IFRS, the stock option expense recognised in the income statement is not restated.

At 31 December 2014, the ORNANE bonds have a diluted impact on 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.

Cash as presented in the statement of cash flows includes cash and cash equivalents, presented net of bank overdrafts. Year-on-year changes in cash and cash equivalents can be broken down as follows in 2014 and 2015:

(in € millions)	2015	2014
Net cash and cash equivalents at 1 January	204.5	149.9
Change in net cash and cash equivalents	4.9	54.6
Net cash and cash equivalents at 31 December	209.4	204.5

32.2. Comments on the consolidated statement of cash flows

Net cash from operating activities totalled €72.6 million in 2015 and €28.3 million in 2014.

The increase in this item reflects:

• an increase in cash flows from operating activities which came out at €100.4 million in 2015 versus €85.2 million in 2014;

• a €(11.9) million change in working capital, versus a change of €(41.1) million in 2014. Changes in working capital reflect the financing of innovative contracts for digital products and services (via the funding entity in Ireland and more generally via self-funded contracts). These negatively impacted working capital by €59.8 million in 2015 and €40 million in 2014. Adjusted for these investments in the Technology Management and Financing business, working capital was positive, at €47.9 million;

• income tax paid, which was stable year-on-year, at around €16 million. Compared to 2014, despite an increase in income tax expense (€30.7 million versus €21 million in 2014), the amount paid out was less than the income tax booked due to both tax losses offset against profits in the year and outstanding tax credits still to be deducted against income tax payable.

32.2.1. Other non-cash expenses (income)

(in € millions)	2015	2014 (restated)
Elimination of share of profit (loss) of associates and joint ventures	**0.1**	**(0.0)**
Depreciation/amortisation of property, plant and equipment and intangible assets	***18.8***	*16.4*
Net additions to (reversals of) provisions	***(11.2)***	*3.3*
Impairment of long-term financial assets	***-***	*(0.1)*
Impairment of trade receivables, inventories and other current assets	***3.1***	*(0.5)*
Losses (gains) on disposals of property, plant and equipment and intangible assets	***-***	*0.6*
Total provisions, depreciation, amortisation and impairment	**10.7**	**19.7**
Impact of changes in fair value of the ORNANE embedded derivative component	**6.3**	**(3.8)**
Change in residual interest in leased assets[(1)]	**(11.2)**	**2.9**
Cost of discounting residual interest in leased assets and gross liability for purchases of leased assets	***(3.9)***	*(3.3)*
Expenses calculated for share-based payments	***1.2***	*(0.5)*
Impact of sold operations and changes in consolidation methods	***(2.2)***	*1.3*
Other non-cash expenses (income)	**(4.9)**	**(2.5)**
Non-cash expenses (income)	**1.0**	**16.3**

(1) Changes in the Group's residual interest in leased assets compares the undiscounted value of the residual interest adjusted for currency impacts. The impacts of discounting are eliminated in the "Other non-cash expenses (income)" item.

32.2.2. Cost of net debt

The reconciliation of financial expense booked in the income statement with financial expense relating to the cost of debt as presented in the statement of cash flows can be presented as follows:

(in € millions)	2015 consolidated income statement	Discounting and change in fair value	Currency impact and other	Cost of net debt in 2015
Financial income – operating activities	3.7	(3.9)	1.9	1.7
Other financial income and expenses	(12.4)	0.7	-	(11.7)
Change in fair value of the ORNANE embedded derivative component	(6.3)	6.3	-	-
Total	**(15.0)**	**3.1**	**1.9**	**(10.0)**

32.2.3. Change in working capital

Changes in working capital can be analysed as follows:

(in € millions)	31 Dec. 2014	Change in working capital in 2015	Total other changes(1)	31 Dec. 2015	Change in working capital in 2014
Other long-term receivables	2.2	1.3	1.1	4.6	(0.1)
Inventories, gross	47.3	(4.4)	(1.1)	41.8	7.8
Trade and other receivables, gross	793.5	46.8	44.1	884.4	(5.0)
Other current operating assets	49.3	9.2	3.8	62.3	5.2
Inventories and operating receivables	**892.3**	**52.9**	**47.9**	**993.1**	**7.9**
Other non-current liabilities	(30.1)	(3.1)	(37.4)	(70.6)	4.4
Trade payables	(463.8)	(36.4)	(22.3)	(522.5)	39.0
Other current operating liabilities	(593.5)	6.8	(43.8)	(630.5)	(4.8)
Gross liability for purchases of leased assets	(51.2)	(8.3)(2)	(2.6)	(62.1)	(5.1)
Trade and other operating payables	**(1,138.6)**	**(41.0)**	**(106.1)**	**(1,285.7)**	**33.5**
Total operating receivables and payables	**(246.3)**	**11.9**	**(58.2)**	**(292.6)**	**41.4**

(1) Mainly corresponding to changes in the scope of consolidation and in fair value, and translation adjustments.
(2) Corresponding to changes in residual financial values of leased assets excluding the currency effect and discounting in the period.

32.3. Breakdown of net cash used in investing activities

Net cash used in investing activities mainly reflects:
• cash outflows of €59.0 million following the acquisitions made during the period (see Note 3), the increase in the stake in Interadapt, and payments for earn-outs and deferred liabilities;
• cash inflows of €1.9 million, net of cash sold, following the disposal of the Services activity in Germany, the Business and A2Z divisions of Asystel in France, and Ecopack activities in Belgium;
• cash outflows of €20.2 million, resulting mainly from investments in the Group's IT infrastructure and applications (see Notes 6 and 8).

Net cash flows relating to acquisitions can be analysed as follows:

(in € millions)

Acquisition price paid	(66.7)
Net cash acquired	7.7
Net cash outflows relating to acquisitions	**(59.0)**

32.4. Breakdown of net cash used in financing activities

Changes in borrowings and financial liabilities in 2015 are mainly the result of:
• cash inflows of €101 million following the issue of a private placement bond in May 2015, broken down into two tranches of €45.5 million and €55.5 million, maturing in five and seven years, respectively. The new bonds pay fixed-rate interest and are redeemable at maturity (2.364% at 5 years and 2.804% at 7 years);
• net cash inflows of €52.5 million following the issue of commercial paper;
• cash outflows of €66.8 million for repayments on credit lines;
• cash outflows of €34.4 million relating to net purchases of treasury shares, including €0.4 million in cash inflows following the exercise of stock options;
• cash outflows of €16.1 million relating to refunds of issue premiums to shareholders;
• cash outflows of €7.9 million relating to interest payments.

33. RISK MANAGEMENT

33.1. Capital adequacy framework

Net debt/equity ratio (end-2015: 66.4%; end-2014: 37.9%)

The Group uses a number of different ratios, including the net debt/equity ratio (also known as gearing), 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 total equity as shown on the statement of financial position 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 financial 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 in the Services and Products & Solutions businesses.

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 sterling, the US and Canadian dollars, Moroccan dirham, Czech koruna, Swiss franc, Romanian leu, Polish zloty, Brazilian real 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 2015, some of the Group's debt is at floating rates and comprises short-term borrowings (credit lines, commercial paper and bridge loans), and short-term factoring agreements.

No contracts hedging these floating-rate borrowings were outstanding at 31 December 2015. ORNANE and Euro PP bonds were issued at fixed rates. Following acquisitions carried out as from 2013, Econocom has also taken on the fixed-rate loans carried on its acquirees' books.

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 deals with this risk by calculating the future value of equipment using the diminishing balance method, thereby guarding against the risk of obsolescence. This method 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 prudent 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.

The credit lines and commercial paper in place at 31 December 2015 are shown below:

2015 (in € millions)	Total amount available	**Total amount drawn down**
Unconfirmed credit lines (*)	65.0	-
Credit lines maturing in less than two years	150.0	-
Credit lines maturing in more than two years	80.0	-
Sub-total: credit lines	**295.0**	**-**
Commercial paper	300.0	52.5
Sub-total: commercial paper	**300.0**	**52.5**
Total credit lines and commercial paper	**595.0**	**52.5**

(*) Repayment schedule not defined.

The credit lines ensure that the Group has the liquidity needed to fund its assets, short-term cash requirements and development at the lowest possible cost.
In October 2015, Econocom set up a commercial paper programme on the French market. At 31 December 2015, the amount outstanding under this programme (capped at €300 million) was €52.5 million.

Econocom has no material repayments due besides those due under the commercial paper program.

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 annual coupon of 1.5%, 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.

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).

In May 2015, the Group successfully completed an issue of bonds with maturities of five and seven years as part of a private placement (Euro PP) with eight institutional investors. These bonds are redeemable at par. The first €45.5 million tranche pays a nominal interest rate of 2.36%, while the second €55.5 million tranche pays a nominal interest rate of 2.8%.

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 for financial liabilities (excluding derivative instruments)

The following maturity analysis for financial liabilities (principal and interest) shows remaining contractual maturities on an undiscounted basis:

31 December 2015 (in € millions)	Total commitment	Less than 1 year	1 to 5 years	Beyond 5 years
Finance lease liabilities	3.6	0.7	2.9	
Gross liability for purchases of leased assets	71.8	20.8	51.0	-
Bank borrowings	65.3	57.7	7.3	0.3
Convertible bonds (ORNANE)	194.7	2.6	192.1	-
Non-convertible bonds (Euro PP)	117.2	2.6	56.0	58.6
Trade and other payables	751.5	751.5	-	-
Factoring	10.8	10.8	-	-
Other financial liabilities	0.8	0.1	0.5	0.2
Non-current non-interest-bearing liabilities	69.2	0.4	68.8	
Total	**1,284.9**	**847.2**	**378.6**	**59.1**

31 December 2014 (in € millions)	Total commitment	Less than 1 year	1 to 5 years	Beyond 5 years
Finance lease liabilities	3.5	0.8	2.7	-
Gross liability for purchases of leased assets	54.3	13.2	40.9	0.2
Bank borrowings	85.7	44.4	41.3	-
Convertible bonds	197.3	2.6	194.7	-
Trade and other payables	685.2	685.2	-	-
Factoring	7.5	7.5	-	-
Other financial liabilities	1.0	1.0	-	-
Non-current non-interest-bearing liabilities	20.7	-	20.7	-
Total	**1,055.2**	**754.7**	**300.3**	**0.2**

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

31 December 2015 (in € millions)	Carrying amount	Receivables not past due	Receivables past due			
			Total	< 60 days	60-90 days	> 90 days
Trade receivables – refinancing institutions[1]	135.7	85.9	49.8	39.3	4.7	5.8
Other receivables	611.6	477.3	134.3	51.6	10.4	72.3
Impairment of doubtful receivables	(48.4)	(11.4)	(37.0)	(0.1)	(0.1)	(36.8)
Trade and other receivables, net	**698.9**	**551.8**	**147.1**	**90.8**	**15.0**	**41.3**

(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 2015 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 was carried in liabilities for an amount of €11.9 million at 31 December 2015 versus €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. At 31 December 2015, no single client represented over 5% of the Group's consolidated revenue and no supplier accounted for more than 15% 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 familiar with the applicable laws and regulations in those countries.

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 2015 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 itself 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"). 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, whose integration was completed in 2015, 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. 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 €0.5 million on the Group's profit.

The Group also manages finance lease agreements denominated in US dollars in its Technology Management & Financing business. Currency risk is hedged naturally due to the specific way in which these agreements work. Regardless of movements in the dollar, the impact on profit or loss is not material.

As regards interest rates, the sensitivity analysis shows that a 1% (100-basis point) change in short-term interest rates would result in a €1.3 million increase/decrease in profit before tax and non-recurring items.

34. OFF-BALANCE SHEET COMMITMENTS

34.1. Commitments received as a result of acquisitions

Vendor warranties relating to acquisitions in 2015

Total warranties granted by vendors in connection with acquisitions carried out in 2015 are capped at €12.6 million. The warranties are valid through to 2019, 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 2014

Total warranties granted by vendors in connection with acquisitions carried out in 2014 are capped at €7.3 million. The warranties are valid 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.

Put and call options on shares

In connection with its acquisition of certain subsidiaries in 2014 and 2015 (see Note 3), the Group set up put and call options on the remaining shares held by non-controlling shareholders. Under these options, Econocom agreed to acquire the shares and also has the right to be sold the shares by the non-controlling shareholders. A liability was recognised in the statement of financial position at fair value in respect of these put and call options, representing the commitments given by the Group. The Group has also been granted put options representing a similar amount, as described in Note 20.

34.2. Commitments given in respect of disposals

Vendor warranties relating to disposals in 2015

Total vendor warranties given to acquirers in connection with disposals which took place in 2015 are capped at €2.1 million and expire between 2015 and 2017.

34.3. Bank covenant

The Group is subject to a single covenant, on the Euro PP bond. A breach would not result in early redemption; rather, it would force the Group to pay a higher interest rate until the ratio is brought back within the relevant bounds. The ratio in question is net debt to proforma EBITDA. It is calculated as of 31 December of each year, and may not exceed 3x over two consecutive years.

34.4. Guarantee commitments

(in € millions)	Total guarantees given
Guarantees given by Econocom to banks for securing credit lines(1)	329.6
Guarantees given by Econocom to refinancing institutions to cover certain operational risks, residual financial values, and invoice and payment agency granted to Econocom(2)	265.5
Guarantees given to clients and suppliers for the Group's sales activities	16.1
TOTAL AT 31 DEC. 2015	**611.2**

(1) Including €34.9 million recognised in financial liabilities. The guarantees relating to financing lines not yet drawn at 31 December 2015 totalled €292.1 million.

(2) Including €171.7 million refinanced at 31 December 2015. The amount of guarantees given to refinancers and not refinanced at 31 December 2015 was €93.8 million compared to €86.2 million at 31 December 2014.

Off-balance sheet commitments can be analysed as follows by maturity and type of commitment:

(in € millions)	Less than 1 year	1 to 5 years	Beyond 5 years	Total at 31 Dec. 2015	Total at 31 Dec. 2014
Commitments given	**24.1**	**373.6**	**213.5**	**611.2**	**592.1**
Commitments given to banks	21.2	308.4	-	**329.6**	337.1
Commitments given to refinancers	-	52.0	213.5	**265.5**	240.3
Commitments given to customers and suppliers	2.9	13.2	-	**16.1**	14.7
Commitments received	**1.0**	**58.5**	**1.1**	**60.6**	**29.9**
Guarantees and pledges	1.0	58.5	1.1	**60.6**	29.9

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 2015, the Company had assigned €204.1 million to factoring companies and had obtained financing of €162.6 million, €10.8 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 €41.4 million is recognised in long-term financial assets and other receivables, and corresponds to unassignable receivables.

(in € millions)	31 Dec. 2015	31 Dec. 2014
Receivables assigned to factoring companies	**204.1**	**197.5**
Liabilities	**10.8**	7.4
Non-factored receivables	**41.4**	42.4
Factored receivables	**151.9**	147.7

The overall factoring cost amounted to €1.6 million in 2015 compared with €2.0 million in 2014.

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 €37.2 million at 31 December 2015 (€43.6 million at 31 December 2014).

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 except in very rare 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 statement of financial position liabilities.

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 classified within net financial expense. Gains and costs relating to unwinding the discount on 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 and digital investments more generally are concerned.

36. RELATED-PARTY INFORMATION

36.1. Management compensation

The conditions underlying compensation payable to the Group's corporate officers are approved by the Board of Directors based on recommendations of the Compensation Committee.

(in € millions)	Total at 31 Dec. 2015	Total at 31 Dec. 2014
Short-term benefits (including payroll costs)	3.4	4.6
Retirement benefits and other post-employment benefits	-	0.1
Other long-term benefits	-	0.1
Termination benefits	0.9	0.7
Share-based payments	0.8	0.9
Attendance fees	0.1	0.1
Total	**5.2**	**6.5**

The table above shows the amounts expensed for the members of the Executive Committee, Executive Directors and non-executive Directors (attendance fees). Compensation 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.

The number of Executive Committee members fell from nine at end-2013 to five at 31 December 2014 and four at 31 December 2015.

The compensation policy for Directors and members of the Executive Committee is set out in further detail in the Management Report in section 5.7.1.

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.

Transactions between related parties are carried out on an arm's length basis.

	Income		Expenses		Receivables		Payables	
(in € millions)	2015	2014	2015	2014	2015	2014	2015	2014
SCI Dion-Bouton			(2.4)	(2.4)	2.1	2.1	0.0	
Econocom International BV (EIBV)	0.2	0.4	(2.5)	(2.9)	0.0		0.0	0.0
SCI Maillot Pergolèse		0.0	(0.3)	(0.4)	0.1	0.2	0.0	
Ecofinance International				(0.5)		0.1		
SCI JMB			(0.0)		0.4		0.4	
APL			(0.4)	(0.5)			0.1	0.1
Audevard	0.0							
Total	**0.2**	**0.4**	**(5.6)**	**(6.7)**	**2.6**	**2.4**	**0.5**	**0.1**

Econocom International BV (EIBV) – of which Jean-Louis Bouchard is a Partner – is a non-listed company that holds 41.03% of the capital of Econocom Group SE at 31 December 2015. Econocom International BV billed fees to Econocom Group SE and its subsidiaries for managing and coordinating the Group. These fees amounted to €2.5 million in 2015, compared with €2.9 million in 2014.

SCI Dion-Bouton – of which Jean-Louis Bouchard is Managing Partner – owns the building in Puteaux and received €2.4 million in rent in both 2015 and 2014.

As part of its Technology Management & Financing business, the Group refinanced a number of contracts on a non-recourse basis with Ecofinance International. Rafi Kouyoumdjian and EIBV were directors of this company, which was dissolved in July 2015. Econocom gradually acquired the remaining contracts financed with Ecofinance International for a total amount of €2.6 million, recognised within assets in the statement of financial position.

Transactions with SCI Maillot Pergolèse, which owns the premises in Clichy and of which Jean-Louis Bouchard is Partner and Robert Bouchard Manager, consist of rent for 2015 amounting to €0.3 million. This amount decreased in the year as the teams were gradually reorganised and brought together at the Puteaux premises leased to SCI Dion-Bouton.

APL – of which Robert Bouchard is Chairman – invoiced the Group €0.4 million for maintenance services in 2015.

SCI JMB, which owns the premises in Villeurbanne and of which Jean-Louis Bouchard is Managing Partner, billed the Group for three months rent, for an amount not exceeding €0.1 million in 2015. Receivables and payables relate to the amounts billed by SCI JMB in respect of a guarantee deposit (€0.2 million) and rent for the first quarter of 2016 (€0.1 million).

37. SUBSEQUENT EVENTS

In February 2016, the Group took control of French company Cineolia by acquiring 60% of its capital. Cineolia specialises in digital services in the hospital sector and posted revenue of €1.3 million in 2015. The company offers high-quality digital and multimedia solutions for patients and dovetails perfectly with Econocom's strategy, combining technological expertise and financial solutions for end-clients. Econocom thus confirms its intention to invest in digital services with public and private hospitals, by providing end-users with a tailored, pay-per-use service.

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 SE, 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 (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, conservative settlement assumptions. To determine these assumptions, Group Management relies, where necessary, on assessments made by external consultants.

• Like most digital service companies, Econocom benefits from a research tax credit (*Crédit d'impôt recherche*) and a competitiveness and employment tax credit (*Crédit d'impôt pour la compétitivité et l'emploi*) in France. The findings of the tax audits conducted in 2015 confirmed the positions adopted by the Group in its financial statements.

• The accounting methods used in the event of acquisitions are described in the note on business combinations.

• Osiatis brand: the Group has decided to focus communication with respect to its three core businesses on a single brand. The infrastructure and application services business which previously traded as Econocom-Osiatis will now come under the Econocom brand. The Group continues to own the Osiatis brand which will continue to be used in current contracts spanning several years. However, Econocom intends to gradually refocus the internal and external communications for its Services business on the Econocom brand. To take this change into account, the estimated useful life of the brand has been reduced. The Osiatis brand was initially amortised over ten years. Econocom Group estimates that the remaining useful life is four years as of 1 January 2015. The amortisation schedule for the Osiatis brand has thus been adjusted prospectively in order to take into account this change in estimation. The amortisation expense for 2015 amounted to €2.2 million, compared with €1 million in 2014.

STATUTORY AUDITORS' REPORT TO THE GENERAL SHAREHOLDERS' MEETING ON THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2015

VI.

STATUTORY AUDITORS' REPORT TO THE GENERAL SHAREHOLDERS' MEETING ON THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2015

STATUTORY AUDITORS' REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF THE COMPANY ECONOCM GROUP SE ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

In accordance with the legal requirements, we report to you on the performance of our mandate of statutory auditor. This report includes our report on the Consolidated Financial Statements for the year ended 31 December 2015 as defined below, as well as our report on other legal and regulatory requirements. These Consolidated Financial Statements comprise the consolidated statement of financial position as at 31 December 2015, the consolidated income statement and earnings per share for the years ended, the consolidated statement of comprehensive income for the years ended, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes.

Report on the Consolidated Financial Statements – Unqualified opinion

We have audited the Consolidated Financial Statements of Econocom Group SE ("the Company") and its subsidiaries (jointly "the group") for the year ended 31 December 2015, 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 EUR 1.817,5 million and the consolidated income statement and earnings per share show a profit for the year 2015 (attributable to owners of the parent) of EUR 57,8 million.

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 determines, 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 (ISA). 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 judgment, 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 unqualified 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 2015 and of its consolidated financial performance and its consolidated statement of 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 board of directors' 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 board of directors' 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, 25 March 2016

The Statutory Auditor
PwC Reviseurs d'Entreprises sccrl/ Bedrijfsrevisoren bcvba
Represented by

Damien Walgrave
Reviseur d'Entreprises / Bedrijfsreviso

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 2015, 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.

20 March 2016

On behalf of the Board of Directors

Jean-Louis Bouchard,
Chairman of Econocom

CONDENSED PARENT COMPANY FINANCIAL STATEMENTS*

for the year ended 31 December 2015

CONTENTS

(*) The parent company financial statements are prepared in accordance with Belgian GAAP.

ECONOCOM GROUP SE PARENT COMPANY FINANCIAL STATEMENTS

In accordance with article 105 of the Belgian Companies Act, Econocom Group SE 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

At 31 December 2015

Assets

(in € thousands)	31 Dec. 2015	31 Dec. 2014
Fixed assets	**666,371**	**652,518**
Start-up costs	**1,939**	**1,818**
Intangible assets	**107**	**245**
Property, plant and equipment	**42**	**50**
Land and buildings		
Plant and equipment, fixtures and fittings	**19**	28
Other property, plant and equipment	**23**	23
Property, plant and equipment in progress		
Long-term financial assets	**664,283**	**650,405**
Related parties	**662,433**	649,998
Equity interests	***507,042***	*493,607*
Receivables	***155,391***	*156,391*
Entities with capital links	**752**	
Equity interests	***752***	
Other long-term financial assets	**1,098**	407
Shares	***1,092***	*401*
Receivables and cash guarantees	***6***	*6*
Current assets	**56,112**	**38,918**
Inventories and work in progress	**9**	**17**
Inventories	**9**	17
Current receivables	**10,806**	**29,865**
Trade receivables	**9,697**	27,170
Other receivables	**1,108**	2,695
Cash investments	**43,715**	**8,985**
Treasury stock	**43,136**	8,701
Other investments	**579**	283
Cash and cash equivalents	**1,570**	**38**
Accrual accounts	**14**	**13**
Total assets	**722,483**	**691,436**

Equity and liabilities

(in € thousands)	31 Dec. 2015	31 Dec. 2014
Equity	**288,415**	**299,985**
Share capital	**21,564**	**21,564**
Paid-in capital	21,564	21,564
Additional paid-in capital	**172,320**	**188,568**
Revaluation gain	**2,520**	**2,520**
Reserves	**45,710**	**11,275**
Statutory reserve	2,156	2,156
Unavailable reserves	43,136	8,701
For treasury shares	*43,136*	*8,701*
Available reserves	418	418
Retained earnings	**46,302**	**76,058**
Provisions and deferred taxes	**13,700**	**13,289**
Provisions for contingencies and losses	13,700	13,289
Other contingencies and losses	*13,700*	*13,289*
Liabilities	**420,368**	**378,162**
Non-current liabilities	**279,498**	**281,157**
Unsubordinated debt	*279,498*	*176,657*
Bank loans and borrowings		
Other borrowings		*104,500*
Current liabilities	**140,784**	**96,981**
Current portion of non-current liabilities	4,102	2,625
Unsubordinated debt	4,102	2,625
Financial liabilities	129,665	80,404
Bank loans and borrowings	*52,500*	*126*
Other borrowings	*77,165*	*80,278*
Trade payables	3,189	11,461
Suppliers	*3,189*	*11,461*
Accrued taxes and personnel costs	2,914	830
Income tax	*2,098*	*230*
Personnel costs including social security charges	*816*	*600*
Other liabilities	914	1,661
Accrual accounts	**86**	**23**
Total equity and liabilities	**722,483**	**691,436**

2. PARENT COMPANY INCOME STATEMENT

For the year ended 31 December 2015

Expenses

(in € thousands)	31 Dec. 2015	31 Dec. 2014
Cost of sales and services	**17,641**	**7,754**
Materials and goods for resale		
Services and miscellaneous goods	**13,930**	19,100
Personnel costs (including social security charges) and pensions	**2,723**	12,589
Amortisation/depreciation and impairment of start-up costs, property, plant and equipment and intangible assets	**153**	139
Additions to (reversals of) impairment of inventories, work-in-progress and trade receivables	**2**	5
Additions to (reversals of) provisions for contingencies and losses	**411**	(24,080)
Other operating expenses	**422**	
Financial expenses	**9,250**	**14,340**
Cost of debt	**8,587**	11,164
Impairment of current assets other than inventories, work-in-progress and trade receivables	**15**	8
Other financial expenses	**648**	3,168
Non-recurring expenses	**33**	
Impairment of long-term financial assets	**33**	
Additions to (reversals of) non-recurring provisions for contingencies and losses		
Loss on disposal of fixed assets		
Other non-recurring expenses		
Income tax	**1,869**	**83**
Profit for the year	**4,634**	**27,155**
Total	**33,426**	**49,332**

Income

(in € thousands)	31 Dec. 2015	31 Dec. 2014
Sales of services	**19,256**	**29,948**
Revenue	**14,228**	28,676
Other operating income	**5,028**	1,272
Financial income	**14,170**	**15,575**
Income from long-term financial assets	**10,815**	12,617
Income from current assets	**74**	2
Other financial income	**3,281**	2,955
Non-recurring income		**3,810**
Reversals of impairment of long-term financial assets		
Gain on disposal of fixed assets		3,810
Other non-recurring income		
Tax adjustments and reversals of tax-related provisions		
Total	**33,426**	**49,332**

	31 Dec. 2015	31 Dec. 2014
Total profit available for distribution	**80,692**	**98,392**
Profit for the year	***4,634***	*27,155*
Retained earnings	***76,058***	*71,237*
Deductions from equity		
From equity and paid-in capital		
From reserves		
Appropriations to equity	**(34,390)**	**(22,335)**
To the statutory reserve		*(169)*
To other reserves	***(34,390)***	*(22,166)*
Appropriation to retained earnings	**46,302**	**(76,058)**
Amount carried forward	***46,302***	*(76,058)*
Profit available for distribution		
Dividends		

3. PARENT COMPANY STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

(in € thousands)	31 Dec. 2015	31 Dec. 2014
Profit for the year	**4,634**	27,155
Income tax expense		
Depreciation, amortisation and impairment	**188**	152
Impact of changes in provisions for other contingencies and losses	**411**	(24,079)
Gains/losses on disposal of long-term financial assets		
Dividends received from equity interests	**(4,284)**	(5,328)
Interest received on non-current financial receivables	**(6,531)**	(7,289)
Gains/losses on disposal of treasury shares	**10**	2,841
Operating cash flow (a)	**(5,572)**	**(6,548)**
Change in current receivables	**19,059**	(10,913)
Change in other current assets	**3**	99
Change in trade payables	**(8,272)**	6,535
Change in accrued taxes and personnel costs (current portion)	**215**	(48)
Change in other current liabilities	**63**	23
Change in working capital (b)	**11,068**	**(4,304)**
Income tax expense (c)	**1,869**	
Net cash from (used in) operating activities (a+b+c)	**7,365**	**(10,852)**

(in € thousands)	31 Dec. 2015	31 Dec. 2014
Start-up costs		
Acquisition of property, plant and equipment and intangible assets for internal use	(6)	(9)
Disposal of property, plant and equipment and intangible assets for internal use		
Acquisition of equity interests	(14,219)	(55,335)
Disposal of equity interests		3,285
Acquisition of non-current financial receivables		
Repayment of non-current financial receivables	1,000	125,521
Acquisition of other long-term financial assets	(391)	(200)
Disposal of other long-term financial assets		
Dividends received from equity interests	4,284	5,328
Interest received on non-current financial receivables	6,531	7,289
Net cash from (used in) investing activities (d)	**(2,801)**	**85,879**
OCEANE convertible bonds – redemption		(47,503)
OCEANE convertible bonds – interest		(1,654)
OCEANE convertible bonds – financial expense		3,279
ORNANE convertible bonds – issue		175,000
ORNANE convertible bonds – issue costs	450	(1,818)
ORNANE convertible bonds – financial expense	4,467	4,283
ORNANE convertible bonds – interest	(2,625)	
Euro Private Placement	101,000	
Euro Private Placement – issue costs	(571)	
Euro Private Placement – financial expense	1,477	
Commercial paper	52,500	
Change in current borrowings and debt	(3,239)	(16,535)
Change in non-current borrowings and debt	(104,500)	(122,967)
Acquisition of treasury shares	(38,725)	(58,286)
Disposal of treasury shares	4,280	33,401
Dividends paid during the year/refund of share premiums	(16,143)	(12,867)
Change in other liabilities	(1,107)	(29,963)
Cash flows from (used in) financing activities (e)	**(2,736)**	**(75,630)**
Change in cash and cash equivalents (a+b+c+d+e)	**1,828**	**(603)**

KEY CONSOLIDATED FIGURES

IX.

KEY CONSOLIDATED FIGURES

	2010 (reported)	2011 (reported in AR 2012)	2012 (reported in AR 2013)	2013 (reported in AR 2014)	2014 (restated)	2015
Number of shares (at 31 December)						
Ordinary shares	104,691,588	104,691,588	96,691,588	106,517,314	112,519,287	112,519,287
AFV (preferred shares)	-	-	-	-	-	-
Total	104,691,588	104,691,588	96,691,588	106,517,314	112,519,287	112,519,287
Free float	20.93%	20.79%	48.08%	48.44%	57.67%	53.82%
Average number of shares outstanding	93,500,948	100,281,668	96,241,520	95,940,400	109,938,391	108,508,895
Per share data (in €)						
Net dividend (on ordinary shares)*	0.07	0.08	0.08	0.09	0.15	0.175
Gross dividend (on ordinary shares)*	0.09	0.10	0.10	0.12	0.15	0.175
Payout rate (a)	0.32	0.42	0.21	0.29	0.52	0.34
Recurring operating profit	0.50	0.64	0.78	0.95	0.84	1.05
Operating profit	0.43	0.46	0.74	0.81	0.62	1.00
Profit before tax	0.44	0.34	0.69	0.71	0.51	0.83
Profit for the year attributable to owners	0.31	0.21	0.48	0.46	0.28	0.53
Consolidated operating cash flow	0.36	0.57	0.86	0.82	0.77	0.92
Equity attributable to owners	1.20	1.30	1.60	2.44	2.31	2.03
Price/earnings (b)	8	18	12	18	23	16
Price/operating cash flow (c)	7	7	7	10	8	9
Net yield (d)	2.60%	1.93%	1.26%	1.08%	2.29%	2.05%
Gross yield (d)	3.50%	2.57%	1.68%	1.44%	2.29%	2.05%
Stock market data (in €)						
Average share price	2.63	3.59	4.55	6.20	7.10	7.70
At 31 December	2.50	3.89	5.95	8.32	6.56	8.55
High	3.06	4.29	5.95	8.35	9.15	8.98
Low	2.25	2.51	3.56	4.98	4.83	6.02
Annual yield at 31 December (e)	-1%	59%	55%	41%	-19%	33%
Annual trading volume (in units)	12,657,460	15,374,444	19,746,496	21,489,188	29,095,420	24,880,553
Average daily trading volume	49,252	59,836	77,437	84,938	114,100	97,190
Annual trading volume (in €m)	33.65	52.9	89.0	140.4	201.1	191.5
Market capitalisation at 31 December (in €m) (f)	262	407	575	886	738	962
Listing market (g)	TC	TC	TC	TC	TC	TC
Number of employees at 31 December	**3,664**	**3,610**	**3,700**	**8,195**	**8,587**	**9,134**

** Before 2014: distribution of dividends. For 2014 and 2015: refund of share premiums.*
(a) Payout rate = gross return/ profit for the year attributable to owners of the parent before amortisation or reduction of goodwill.
(b) Share price at 31 December / profit for the year.
(c) Share price at 31 December / cash flow.
(d) Net (gross) return/ share price at 31 December
(e) Annual yield = change in share price at 31 December relative to 31 December of the previous year plus net return/ share price at 31 December of the previous year.
(f) Market capitalisation: total number of shares at 31 December x share price at 31 December.
(g) Listing market = Brussels from 9 June 1988. The Econocom Group share has been listed on the Marché à terme continu (TC) since 16 March 2000.

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A printed brochure is also available in both languages
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