Registration Document 2014

Including the Annual Financial Report

Limited company with a capital of 2,662,782 Euros
Tour Gallieni II
36, Avenue du Général de Gaulle
93170 BAGNOLET

This document was filed with the French Financial Markets Authority on April 30, 2015, in compliance with Article 212-13 of its general regulations. It may be used in support of a financial transaction when accompanied by a transaction note approved by the French Financial Markets Authority. This document was prepared by the Issuer and engages the responsibility of its signatories.

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MESSAGE FROM THE CHAIRMAN

Madame, Sir,
Dear stockholder,

In 2014, Infotel recorded a revenue of €157m, for an entirely organic growth of 10.1% over 2013, while maintaining its profitability.

Services activity revenue stands at €149.8m, up 11.4%. This increase surpasses average growth in the IT services sector (+0.9% in 2014) and shows that the Infotel group gained market share, particularly in the Banking/Finance area, which exceeds Industry, the most important sector in recent years. This growth was accompanied by 222 new recruitments, a significant increase (170 in 2013).

Revenue for software products fell by 11.6% with €7.2m, resulting from a drop in IBM royalties (€3.9m) in a single semester, but remains nonetheless higher than that of 2012.

Current operating income for the year stands at €16.8m (compared to €14.3m in 2013), representing 10.7% of revenue. This increased profitability for the Services activity more than compensates for the decrease in Software revenue. This was achieved with controlled costs: Personnel costs represented 45.5% of revenue and outsourcing costs were up to 34.4% of revenue. The inter-contract rate remained very low and stable at 2%.

Net income (Group share) stands at €11.0m (7.0% of revenue). Given the excellent level of cash resources (€38.2m), which gives us the ability to pursue substantial acquisitions, we are offering a dividend of €0.8 per share.

Bernard Connes-Lafforet
Chairman of the Board

1. PERSONS RESPONSIBLE

1.1. REGISTRATION DOCUMENT MANAGER

Michel Koutchouk
Executive Officer.

1.2. STATEMENT FROM THE REGISTRATION DOCUMENT MANAGER

I hereby declare, having taken every reasonable precaution, that the information provided in this document is, to my knowledge, true and free of omissions that would affect its import.

I hereby declare that, to the best of my knowledge, all accounts have been prepared in accordance with applicable accounting standards and are an accurate reflection of the assets, financial position and profit or loss of the Company, and all the companies included in the consolidation, and the management report, (including the elements that appear in Chapters 4, 7, 8, 9, 11, 12, 15, 17, 18 and 21) presents a true and fair view of the business developments, income and financial position of the Company and all the companies in the consolidation as well as a description of the main risks and uncertainties that they face.

I have received a letter of completion from the statutory auditors in which they confirm that they have verified the information regarding the financial position and the Financial Statements provided in this document and that they have read this Registration Document in its entirety.

The historical financial information presented in this Registration Document was the subject of Statutory Auditors' reports, which appear on page 128.

The Consolidated Financial Statements of December 31, 2011 were monitored by the Statutory Auditors concerning the application of a new standard.

The Consolidated Financial Statements of December 31, 2013 were monitored by the Statutory Auditors concerning the provisions for risks and expenses relating to the recognition of the tax audit currently underway in our main subsidiary.

2. STATUTORY AUDITORS

2.1. PRINCIPLE STATUTORY AUDITORS

Audit Consultants Associés
29 rue d'Astorg
75008 Paris
Represented by Jacques Rabineau
First appointed on: December 7, 2011 (for the remainder of his or her predecessor's term)

Constantin Associés
185, Avenue du Général de Gaulle
92524 Neuilly-sur-Seine Cedex
Represented by Jean-Paul Seguret
First appointed on: May 26, 2010

2.2. SUBSTITUTE STATUTORY AUDITORS

Rouer, Bernard, Bretout (RBB Advisors)
133bis rue de l'Université,
75007 Paris
Represented by Thierry Bretout
First appointed on: December 7, 2011 (for the remainder of his or her predecessor's term)

CISANE
185, Avenue du Général de Gaulle
92524 Neuilly-sur-Seine Cedex
Represented by José-Luis Garcia
First appointed on: May 26, 2010

2.3. STATUTORY AUDITORS' FEES

In €k	Audit Consultants Associés		Constantin Associés		Audit Consultants Associés		Constantin Associés	
	2014		2014		2013		2013	
	Amount (excl. taxes)	%	Amount (excl. taxes)	%	Amount (excl. taxes)	%	Amount (excl. taxes)	%
Audit - Statutory audit, certification and review of the individual and consolidated financial statements								
- Issuer	49	45	58	55	45	54	53	58
- Wholly consolidated subsidiaries	59	55	37	35	38	46	38	42
- Other work and services directly related to the statutory audit - Issuer - Wholly consolidated subsidiaries			10	10				
Sub-total	108	100	105	100	83	100	91	100
Other Services Provided by the Networks to Wholly Consolidated Subsidiaries - Legal, fiscal, social - Other (to be specified if > 10% of audit fees)	0	0	0	0	0	0	0	0
Sub-total	0	0	0	0	0	0	0	0
TOTAL	108	100	105	100	83	100	91	100

3. SELECTED FINANCIAL INFORMATION

For each of the fiscal years ending December 31, 2012, 2013 and 2014, the annual financial information described below was extracted from the Company's consolidated financial statement prepared in accordance with IFRS standards as adopted by the European Union, audited and included in this Registration Document in Chapter 20.

In €k	2014	2013	2012
Revenue	157 030	142 687	134 266
Purchases	(194)	763	(77)
Personnel costs	(71,450)	(66,029)	(62,815)
External costs	(63,330)	(56,797)	(60,136)
Taxes	(2,375)	(2,377)	(1,966)
Depreciation, Amortization	(2,815)	(2,623)	(2 096)
Provisions	46	(1 185)	(218)
Other income from operations and expenses	(152)	(104)	124
CURRENT OPERATING INCOME	**16,760**	**14,335**	**7,083**
Other operating income and expenses	(15)	619	(81)
NET OPERATING INCOME	**16,745**	**14,954**	**7,002**
Financial income	244	182	295
Financial expenses	(106)	(190)	(79)
FINANCIAL INCOME	**138**	**(8)**	**216**
Income tax	(5 732)	(5 514)	(2 580)
Share in profits of entities accounted for by the equity method	(16)	177	116
NET INCOME FOR THE PERIOD	**11,135**	**9,610**	**4,754**
of which Group share	11,000	9,500	4,674
Including minor interests	135	110	81
Earnings per share - Group share	1.65	7.18	3.51
Diluted earnings per share - Group share	1.65	7.18	3.51

The earnings per share in 2014 take into account a split of shares by 5, whose number increased from 1,331,391 to 6,656,955 (Combined Stockholders' Meeting on May 21, 2014).

3.1. FINANCIAL POSITION INDICATORS

Additional indicators in €k	2014	2013	2012
Stockholders' equity	57,686	50,782	44,180
Loans and other financial debts	0	19	31
Cash	38,243	25,673	16,902
Cash flow	14,126	12,272	6,895
Working capital requirements	(1 383)	3,500	4,442
Investments	3,369	2,660	2,887

4. RISK FACTORS

Investors should take into account the risk factors described below, in addition to other information and consolidated company financial statements, to evaluate **Infotel** and its activities before deciding to invest in **Infotel** stock.

Certain risk factors impacting the IT service provision sector also apply to **Infotel**. These factors include:

- Increased competition in services, with aggressive price strategies due to the appearance of competitors from emerging countries and increased growth on the part of fixed-price services with respect to revenue;
- The use by customers of new technologies to create their IT applications;
- New technology purchasing strategies based on free or open source programs.

Each of these factors can have a negative impact on operating income and the financial position of the Company. There cannot be any guarantee that the risks described in this Registration Report will not generate problems significantly affecting the financial situation of its activity or the price of its stock. The Company has carried out a review of the risks listed above, which could have an unfavorable effect on its activity, financial position, profit or loss or capacity to undertake the objects and considers that there are no other significant risks other than those described. Other risks or uncertainties of which the Company is unaware or which it considers insignificant may also become important factors and adversely affect the Company.

4.1. BUSINESS RISKS

4.1.1. Specific Business Risks (Including Reliance on Suppliers, Customers, Sub-contractors, Manufacturing Processes, etc.)

Customers

Given the quality of the customer companies of the **Infotel** group and the history of **Infotel**'s relationship with its customers, there is little appreciable customer risk: **Infotel** works with the IT management of large French and international groups, at times customers that date back more than 30 years, for whom IT is a strategic tool and who sub-contract to sustainable companies only.

Business clientele is broken down by economic sector in the paragraph "Distribution of Infotel's Activities" on page 31 of this document.

The Services revenue of the **Infotel** group is made up of cost-plus services and fixed-price services. The breakdown of the revenue between these modes of service provision over the past three fiscal years is shown here:

(as a percentage)	**2014**	**2013**	**2012**
Cost-plus services	29.1	28.1	33.8
Fixed-rate services and service desks	70.9	71.9	66.2

During the fiscal year ending December 31, 2014, the risks related to reliance on customers lessened. **Infotel**'s largest customer currently represents only 19.3% of consolidated revenue as opposed to 24.6% for the previous fiscal year. The second-largest client represented 11.1% of revenue in 2014, against 9.5% in 2013. **Infotel**'s five largest customers currently represent a total of 52.9% of consolidated revenue as opposed to 56.0% for the previous fiscal year. The majority of services provided for these customers are performed by service desks, subject to multi-year contracts.

Suppliers

There are no risks linked to suppliers that would have an impact on the execution of the financial or technical business activities of the **Infotel** Group. The Group's Quality charter, drawn up for its ISO 9001 certification, states its motto: *"Searching for excellence through what we do well and doing what we do well"*: **Infotel** has always aimed to take responsibility for its technical choices, and relies only on its management skills and those of its internal teams, and never on external suppliers.

Dependence on Key Personnel

The Company is dependent on its Senior Managers, whose departure could impact its outlook. However, it is progressively implementing a middle management structure aimed at, in the long term, taking up Senior Management positions in the Company.

Sub-contracting
Sub-contracting represented 34.4% of revenue in 2014 (33.5% in 2013). The risk of reliance on sub-contractors is low given their high level of segmentation.

Fixed-Price Services
The services carried out by the Company are invoiced on a fixed-price or cost-plus basis.
For fixed-price invoicing, as the price is negotiated in advance with the customer, there is a risk of under-valuing costs, difficulties linked to the project and additional requests from the customer.
To manage this risk, the Group has implemented a managerial policy aimed at training and supporting its project managers in estimating costs and customer management during the contractual period (CMMI, ISO).

4.1.2. Technological risks

The main technological risk faced by **Infotel** concerns changes in technological data on the market that could impact the Group's position in both of its business sectors.
It should be noted that the Group is specialized in management IT sectors linking mainframes to the Web and using very large databases. Experts do not foresee their rapid disappearance in terms of a significant market. The Group has demonstrated that it can take on board other technologies adopted by its customers while remaining their supplier and also winning new customers.

4.1.3. Fall in Prices

The Group may be subject to price pressure.
It must nonetheless be noted that the Group, in the past, has succeeded in avoiding this type of risk and that the type and quality of its services – with high added value and targeted to the vital IT activity of large companies to ensure their growth – is an important factor in reducing the impact of this risk.

4.1.4. Emergence of New Competitors

The Group may have to face the appearance of new competitors in a sector undergoing continual technological change. It should nonetheless be noted that:

- Its software publishing activity addresses a niche market occupied by companies that have acquired past specialization in z/OS and DB2; it has succeeded in renewing and expanding its range to regain market share from its competitors;
- The Group succeeded in the past in coping with the consequences of the frequent arrival of new competitors in its service provision activity, and is now a major player.

4.1.5. Difficulty in Managing Growth

Infotel predicts growth in the coming year, especially in exports.
Difficulties linked to this growth are likely to arise in the sales, technical and administrative sectors.
In the past, **Infotel** has successfully addressed this type of difficulty. It should be noted that international expansion takes place in conjunction with the growth of major customers.

4.2. INSURANCE – RISK COVERAGE

Insurance subscribed to by the **Infotel** group with a view to covering any risks to which the issuer might be exposed concerning:

- Civil liability;
- All tangible assets;
- Rented premises;
- Retirements;
- Senior managers.

All of these contracts were taken out with well-known insurance companies, in consultation and with the expertise of the broker in charge of the **Infotel** group account.

The table below describes the level of coverage of the main potential risks as of December 31, 2014, as well as the amount of premiums paid in 2014.

Risks	Level of coverage (€k)	Premium amount 2014 (€k)
General civil liability	10,000	72
Retirement	167	0
Tangible and intangible damages (all-inclusive)	4,277	61

All risks are reassessed every year by the Executive Management and each contract is updated according to inventories or revenue or other elements affecting the contracts.
Operating loss is not guaranteed, as an accident on its premises would result in almost no operating disturbance.
All critical data, such as software sources in particular, is subject to regular backups located in different physical venues and stored in fireproof cabinets.
There are no risks insured internally.

4.3. MARKET RISKS

4.3.1. Exchange Risk

In thousands of US Dollars	Amount
Assets	1,983
Liabilities	659
Net balance	1,324

The net balance before management corresponds to the difference between foreign currency assets and liabilities.

The parent company assumes the currency risk on intra-group billing and IBM royalties. It has not taken steps to cover this risk until now, apart from the occasional use of forward currency transactions held on account. In 2014 the parent company did not need to resort to forward currency transactions held on account.
Foreign subsidiaries of **Infotel** invoice their services in local currency. They also bear commercial costs in local currency.
The portion of the **Infotel** group's revenue that could be impacted by a change in the US dollar is about €4,542k, or 2.9% of global revenue.

A change in the US dollar rate of about 10% would impact the financial result by about €109k.
Sales in Europe are carried out in the Euro zone and therefore carry no currency risk.

4.3.2. Interest Rate Risk

At this time, the Group has no significant financial debt, and does not hold financial assets other than cash mutual funds. Interest rate risk is thus marginal.

The Company and the Group have no need for financial tools to address interest rate risk.

4.3.3. Liquidity Risk

Infotel has carried out a specific review of its liquidity risk, which it considers to be nil due to the lack of any loans and its excess cash resources. As a result, it considers itself able to deal with future obligations.

4.3.4. Equity Risk

The management policy of the Group's funds is extremely prudent: it consists of placing liquid assets into mutual funds and fixed term deposits, so that these sums attract payment and remain readily available. The exposure of the Company to equity risk is confined to mutual funds and treasury stock. The Company does not bear equity risks in unconsolidated entities because it does not invest in equity.

The portfolio of marketable securities and treasury stock, as it appears in the consolidated accounts of the **Infotel** group, is broken down as follows:

- Treasury stock: €104k
- Mutual funds: €12,065k

No provisions are allocated to these assets.

4.3.5. Country Risk

As the activity of the group is essentially carried out in Western Europe and the United States, country risk is considered marginal.

4.4. LEGAL RISKS

The legal risks management policy consists of allocating sums to certain disputes, up to the estimated risk amount for the Group. The allocations for risk rise to €1,005k (where there is a provision for employment tribunal risk up to €183k for **Infotel Conseil**, and a provision for tax and social risk of €535k for the ongoing CIR tax audit on **Infotel Conseil** and a provision for a risk of €287k for a current dispute concerning **Infotel Conseil**).

The details of disputes are described in the annex to the consolidated accounts in section 20.2.6.6 "Notes on the financial position" on page 105.

4.4.1. Specific Legislation

Infotel's activity is not contingent upon legal, legislative or administrative authorizations, or approval procedures.

4.4.2. Confidentiality

Almost all documents given to the Company by its customers are subject to confidentiality agreements. The risk exists of disclosure of confidential information by the Company concerning the projects of a customer company. The Company has, however, established ethical standards that apply to its personnel, with a view to avoiding this risk.

4.4.3. Reliance on Intellectual Property Rights

It should be noted that computer programs developed by **Infotel** are not patentable inventions.
At this time, the Group has not commenced, nor is it a party to, any litigation in this domain.
Infotel does not rely on software emanating from third parties; the sale of software, whether direct or indirect, concerns only software developed by **Infotel**, which does not lead to the payment of license fees.

4.4.4. Non-Compliance with Performance Obligations

The Group could face a risk of not meeting its obligations of result for its fixed-price contracts. It should be noted, however, that if this risk cannot be avoided, the Group has prior experience in managing this risk.

4.4.5. Exceptional Events and Disputes

The Company has no knowledge of any exceptional events or disputes that could have or have had, in the recent past, a significant impact on the activity, assets or financial position of **Infotel**.

4.4.6. Assets Used as Collateral

None of the assets of the **Infotel** group are used as collateral security.

4.5. INDUSTRIAL AND ENVIRONMENTAL RISKS

Infotel performs an intellectual activity that is non-polluting. The Company has implemented a selective waste-collection system (mainly for printer ink cartridges) and makes all its personnel aware, from the time of their recruitment, of environmental values.

Even though the provision of Group services has little impact on the environment, **Infotel** nevertheless endeavors to limit the impact of its activity on the environment through the measures described in the Chapter “REPORT ON CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY (CSR) - ENVIRONMENTAL INFORMATION” on page 41 of this document.

In particular, the **Infotel** group has been ISO 14001 certified since July 29, 2011.

In the absence of any direct environmental and/or industrial risk, the Group's companies have not made any provision nor entered into any guarantee for pollution risk.

5. INFORMATION ABOUT THE ISSUER

5.1. HISTORY AND GROWTH OF THE COMPANY

5.1.1. Corporate Naming and Trade Name of the Company

Infotel

5.1.2. Address and Registration Number

RCS: Bobigny 317 480 135.
APE – NAF Code (French classification of activities): 5829A (software system and network publishing).

5.1.3. Date and Term of Incorporation

Infotel was incorporated on December 31, 1979, for an initial term of 99 years, i.e. until December 30, 2078 unless it is dissolved early or extended by law.

5.1.4. Headquarters, Legal Structure and Applicable Legislation

Infotel
36, Avenue du Général de Gaulle
Tour Gallieni II
93175 Bagnolet Cedex
Telephone +33 (0)1 48 97 38 38

French public limited company with a Board of Directors governed by the French Commercial Code.

5.1.5. History

5.1.5.1. Creation of the Company: Database and Real-Time Experts (1979 – 1988)

The **Infotel** group was created at the end of 1979 by a team of experts: Bernard Connes-Lafforet, a mathematics researcher at CNRS and a renowned specialist in solving complex programming problems requiring the construction of sophisticated algorithms; Michel Koutchouk, head of applications development with the IT Department at Air France; and Alain Hallereau, Project Manager at Cap Gemini. They were subsequently joined by Josyane Muller, who had been Branch Manager at Cap Gemini.
They foresaw that databases and real-time movement were to become the two main pillars in the IT growth of major software accounts and decided that **Infotel** would specialize in these areas by offering services, training and software packages.
The services activity of the Group started with a number of large companies and spread to a range of customers attracted by the highly professional reputation of its founders.
The first projects were carried out on a fixed-price basis for major customers, and the Group's expertise and research led to innovative achievements, such as the first dematerialization of incoming mail for a large insurance company.
With the increase in sales of its first software packages, the **Infotel** Group was organized into a number of entities, encouraging the legal separation between software publishing and service activities.
With the success of its software (and in particular, Infopak, a database compression software package), with an international clientele, the group decided to open a branch office in the United States and bolster **Infotel**'s reputation with respect to its growth capacity and software research.

5.1.5.2. Growth of the Company: Grassroots Software and Services for Relational Databases (1989 – 1998)

The services and training activity pursued its growth based on technologies used by major customers: **Infotel** became the specialist in relational databases with the appearance of DB2, and integrated customer techniques.

Regional expansion started in 1989 with the opening of the Toulouse branch.
Infotel strengthened its investment policy in the services sector to meet a strong demand linked to the diversification of software technologies.
During this period, the Group also undertook the development and launching of new ranges of utility software for databases.
As of 1996, **Infotel** foresaw changes in large software systems, which would lead to the arrival of new technologies such as Internet and Java.
The Group carried out its first external growth phase in 1998, and obtained its ISO 9001 certification the same year.

5.1.5.3. Web-To-Database Expansion (1999 – 2008)

On January 21, 1999, with the introduction of the New Market section of the Paris Stock Exchange, **Infotel** entered the next phase in its development and obtained the means to finance its own new growth projects. The Group then accelerated its acquisition policy by taking over SI2 in December 1999 and Sporen and Innovaco Formation the following year.
In 1999, **Infotel** took a strategic position: Web-To-Database, the concept of a global technological service offering to meet the needs of growth and assist companies in expanding their information systems. The Group then expanded and strengthened its sales force, both in its Services activity where **Infotel** put forward the results of its technological watch, notably in Java, and in its Software activity. Here the technical talents of the teams were put to use in developing in-house software ranges and developing and adapting DB2 utilities sold by IBM, after a first agreement was signed in 1999.
The Group then multiplied its service provision skills: in Services, with new activities such as TPAM (Third-party Application Maintenance), decision making and archiving, in the Software sector with the development of High Performance Unload for DB2 for Linux, UNIX and Windows for IBM, which easily and rapidly optimizes data unloading onto distributed environments.
The Group based its strategy on three fronts: remaining close to large customers, achieving the growth to reach the size required to reply to calls for tender, and maintaining the quality of services and their added value. **Infotel** pursued its external growth strategy with the acquisition and subsequent integration, starting in 2006, of the Odaxys group, based in Rennes and Nantes, a major player in the IT software services in the Greater West area of France. Regional expansion was pursued with the opening of local branch offices (Lyon, Bordeaux, Le Mans, Niort).

5.1.5.4. The “Ambitions 2012” plan (2009 – 2012)

The growth has confirmed the accuracy of **Infotel**’s positioning: in Software, where IBM royalties reflect the efficiency of fast database unloading utilities created by Infotel; in Services, where the rise in service desks and TPAM, fixed-price services and service provisions combining software and services, especially based on archiving and Arcsys software, show that customers consider **Infotel** to be a key partner.
The aim of becoming a world-class player on an equal footing with the major players on the French IT scene has been attained. The quality of the **Infotel** group's services and software means it is recognized as a major player by its customers, often making **Infotel** the first choice for their suppliers.
In an increasingly difficult economic environment, **Infotel** persevered in its growth strategy. The “Ambitions 2012” plan defined two strategic avenues for growth:

- Service desks, where the software applications of our customers are developed, maintained and tested. Located close to customers and operating on a fixed-price basis, they will be key to future growth;
- Dematerialization software that is at the heart of customer concerns.

The aims of the plan have been reached, despite the slowdown in the economy. Over this time, growth has exceeded 50% (for an annual average growth of over 9.2%, higher than the market).

The Group's scope has expanded in three directions:

- Firstly, geographically: The acquisition of Addax, at the start of 2010, created a presence in the Nice region (Sophia Antipolis), in Aix-Marseille and Monaco, and the acquisition of Empeiria, at the start of 2012, created a presence in the Lille region;
- Secondly, core business-wise: Participation in the successive creations of Harwell Management and **Infotel** Business Consulting expanded the services of the Group to include consulting and project management;
- Last but not least, with respect to software: Investment in creating Archive Data Software added a new distribution channel for our Arcsys software, and the acquisition, at the end of June 2011, of the German software firm Insoft Software GmbH, added new software to our service offering.

5.1.5.5. The Performance 2016 Plan

The **Infotel** group can now embark on a new stage of its growth with the strategic "Performance 2016" plan, detailed on page 26.

5.2. INVESTMENTS

The investment policy of the Group reconciles ambition and reason: Ambition, when it comes to developing the Group's services, especially in software, or when seizing opportunities for external growth. And Reason, because **Infotel**, always mindful of its profitability and independence, favors investments that offer a rapid return on capital investments.

5.2.1. Main Investments

Current investments of the Group are comprised of, for the most part, IT equipment, software, transport and office equipment, fixtures and fittings and facilities.

(in €k)	**2014**	**2013**	**2012**
Fixtures and fittings, facilities	383	229	270
IT and office equipment	892	402	791
Transport equipment	8	136	35

These investments are amortized on a straight-line basis according to the following terms:

Fixtures and fittings	4 to 10 years
Furniture and office equipment	3 to 8 years
IT equipment	3 years
Transport equipment	4 to 5 years

Current annual investment budgets represent for the most part the renewal of existing equipment and are in step with the growth of the Company.
Ongoing investments concern overall renewal of fixtures and fittings, facilities and IT and office equipment.
These investments are self-financed, and no individual investment attracts any commentary.

Investments in research and development are described in Chapter 11 on page 49.

5.2.2. Main Ongoing Investments

For the 2014 accounts, the Group pursued the renewal of its tangible assets in line with the growth of its activities.

The main investment of the Group is evident in research and development, as described in Chapter 11 "Research and Development, Patents and Licenses" page 49.

6. OVERVIEW OF ACTIVITIES

The change in revenue and earnings by operational sector are also outlined in the annex on consolidated accounts in the section 20.2.6.8 “Segment reporting” on page 113.

6.1. OVERVIEW

6.1.1. Main Activities

Infotel is both an IT service company and a software publisher:

- With its consulting, analysis, IT system audit and TPAM (Third-party Maintenance Application) services, **Infotel** can design, create, maintain and update, as a fixed-price or cost-plus based service, within the service desks, projects implementing the most advanced methods and technical services, from terminals connected to the Web to large databases. With its personalized training, **Infotel** meets the changing needs of the skills of its IT engineers.
  During the fiscal year ending December 31, 2014, the IT services activity represented a revenue of €149,782k and a net profit of €8,396k;

- **Infotel** has developed software to assist companies in such areas as operational support for large relational databases (security, performance, management), archiving, data management and application quality and performance.
  During the fiscal year, the software publishing activity represented a revenue of €7,248k and a net profit of €2,739k;

6.2. STRATEGY

The **Infotel** group was successful in its growth over the last three decades because it remained true to its basic values, while adapting them to an ever-changing context.
The **Infotel** values are embodied in a number of concepts:

- ***Excellence***: Being the best in its practices, in its core businesses, alongside its customers, in the technologies the Group has chosen to focus on, such as Web technologies and databases.
- ***Proximity***: Remaining close to its customers, attentive to their concerns in order to provide the best solution for their issues; staying close to employees, ensuring the best development possible.
- ***Respect***: Respect for its customers and employees, respect for the rules, deadlines, commitments and the environment.
- ***Agility***: Knowing how to evolve, understanding new technologies, improving our core business, procedures and management and continuously adapting while remaining true to our other values (excellence, proximity, respect).

6.2.1. The Infotel Model

6.2.1.1. Making IT a Powerful Tool…

Infotel’s core business is to design, develop and maintain powerful and efficient IT systems, and market them within the context of service offerings and/or as autonomous software packages. **Infotel** builds IT applications for its users, above and beyond the compartmentalized notions of software publishers or IT service companies.

6.2.1.2. … For its Biggest Users …

All of **Infotel**‘s customers base their growth on highly performing IT systems. For them, IT is key. It is often their production tool (this is the case for banks, insurance companies, pension institutions). Their IT systems also contribute to their competitive advantage, as is the case for companies in the transport or aeronautic sectors.

As it is not their core business, these companies look for specialists to manage their IT, particularly within service desks: **Infotel**'s goal is to be a reliable and sustainable partner for these companies and administrations, from the design of program tools to development and maintenance.

6.2.1.3. … In the Interest of Growth

It is through the growth of its customers and their IT needs that **Infotel** achieves its own growth.
This growth is multi-dimensional:

- Vertical growth, with expertise in customer core businesses and constraints and its continuous application from high-level consultancy to development and maintenance;
- Horizontal and geographical growth: Everywhere its customers are found, in France, in all its national and international branch offices, irrespective of their economic sector;
- Technical and functional growth, open to new techniques and new core businesses to develop the skills to ensure tomorrow's growth.

6.2.1.4. An Overview: The Quality Charter

To **satisfy its customers** needs, **Infotel** undertakes to:

- Listen to their needs, and anticipate future requirements with ongoing R&D in leading-edge technologies;
- Manage their projects functionally and technically;
- Go beyond their expectations in terms of advice, deadlines and performance.

To satisfy its employees, **Infotel** undertakes to:

- Bring out their potential through basic and further training;
- Encourage development with ongoing coaching from management;
- Drive career advancement through rewarding tasks.

To respect its environment, **Infotel** undertakes to:

- Comply with regulations and internal guidelines;
- Continue its efforts to save resources;
- Encourage environmentally friendly behavior among its employees and subcontractors.

In summary, ***"Searching for excellence in what we do well, and doing what we do well"***

6.2.2. <u>The "Performance 2016" Plan</u>

To drive its growth, **Infotel** has defined the "Performance 2016" plan".

Based on organic growth paired with external growth, this plan is based on four pillars:

- Pursuing a growth strategy with major accounts through the creation of **service desks**;
- Assisting the IT departments of major accounts in their path to **mobile communication**;
- Supporting major accounts in managing large volumes of **Big Data**;
- Increasing its **internationalization**.

Infotel has notified the market of its intention to reach, at the end of this plan by the end of 2016, a revenue of €200m, by including a share of external growth.

To achieve these goals, a number of initiatives have been implemented.

6.2.2.1. Service Desks

The context of the relationship between major principals and service companies has changed: They are no longer looking for resources, but a total commitment. **Infotel**, which was at the fore of this change, wants to base its growth on fixed-price services in service desks.

The service desk consists of taking complete charge of a company's IT developments and maintenance, along with specific commitments (service quality, prices, deadlines, etc.).

With the "Performance 2016" plan, this operating mode will become more widespread to make up almost all of **Infotel**'s service provision offering, in its various forms:

- Fixed price services consist of taking complete charge of application development, from design to implementation. These can be unitary fixed-price services, obtained following a response to a call for tender for a new customer, or fixed-price services for development within the service desk of an existing customer. In any case, it is the technical culture of teams who know how to assess loads and risks, and follow deadlines, as well as the expertise in developments and tests that constitute the **Infotel** competitive advantage;
- TPAM and TPSV:
    - TMAP (Third-party Application Maintenance) consists, for a customer, of sub-contracting all upgrades of one or more application or sub-system;
    - TPSV (Third-party Software Validation) consists, for a customer, of sub-contracting, for one or more applications or sub-systems, all test and acceptance operations, functionally, technically, for performance, etc.
- The location of service desks: The service desk is efficient if it is close, geographically and culturally, to the customer. **Infotel** continues to give priority to this proximity approach through its branch offices, rather than turn to distant offshore solutions that have only the advantage of short-term gain with respect to labor costs.

6.2.2.2. Mobility

The switch to mobility makes up one of the major challenges in the changing IT system needs of major accounts. Having integrated users connected to the Web via PC-type computers, we must now offer services and applications for these new types of terminals that include smartphones and tablets.
Over the next few years, the number of these terminals is going to explode. According to the Strategy Analytics consulting firm, the first billion smartphones was reached in September 2012, and the next billion will be reached in 2015 (estimated number of 1.5 billion by the end of 2013). According to Gartner, in four years, more tablets than PCs will be sold in the world (467 million tablets over 271 million PCs).
The mobile terminal is looking like a driving force for growth in coming years and **Infotel**'s goal is to support the IT departments of major accounts in the switch to mobility. This requires technical and functional skills (we must be able to manage different platforms, operating with systems such as Android, iOS, Microsoft and BlackBerry), by transforming all the applications on these platforms while remaining attentive to user demands.
The **Infotel** teams have proven their skills (for example, with the development of banking applications on iPads and Android) and can in the same way rise to this challenge.

6.2.2.3. Big Data

According to the “Digital Universe” IDC study published in December 2012, 2.8 zettabytes (10^{21} bytes) of data was created in the world in 2012, and 40 zettabytes are predicted for 2020. This data is the raw material for IT: It needs to be input, stored, archived, managed, its content needs to be analyzed to extract its meaning, and the performance problems that these large volumes generate must be handled.
Since its creation, **Infotel** has specialized in databases for large volumes, even before the term “big data” came into use to define this concept. For the “Performance 2016” plan, **Infotel**'s hope is to help major accounts to manage big data, and it has the advantage of in-depth knowledge of complex databases.
This acceptance of large volumes of data has a number of dimensions:

- Continuing and extending its relationship with IBM in marketing powerful utility software aimed at large databases;
- Developing **Infotel** software ranges for archiving, database management, quality and performance;
- Developing tools and associated services, such as e-vaults and business intelligence;
- Researching and developing new algorithms to create tomorrow’s software.

6.2.2.4. Internationalization

During the period covered by this plan, **Infotel**'s goal is to increase the share of its business abroad by making the most of its global customers and software.
To reach this goal, the Group will use a number of channels that:

- Cover the service needs of our customers abroad (such as, for example, Airbus, the European Patent Office, BNP Paribas, etc.);

- Expand the distribution of our software internationally, by using the skills of the Insoft Software GmbH subsidiary in Germany and its network of distributors;
- Develop the references for our Arcsys software internationally, by extending what we have already done in Belgium and Luxembourg.
- Open, where appropriate, local offices abroad, such as **Infotel** UK in the United Kingdom, in early 2015.

6.3. SERVICES: CUSTOM SOLUTIONS FOR CUSTOMERS

In this activity, **Infotel**'s services consist of consulting, researching and carrying out the complex and innovative solutions integrating the most cutting-edge technologies.
Infotel has its own notion of service. To **Infotel**, service means:

- Becoming a privileged partner for companies wishing to upgrade their IT systems by offering them high-quality services based on our skills and the technical edge of our Company's teams;
- Anticipating, on an ongoing basis, the demands and needs of our customers by remaining on the leading edge of emerging technologies to assist our customers in taking these technologies on board and using them to their best advantage;
- Consolidating and strengthening the loyalty of our major customers (our first customers are today our biggest customers) by continuing to remain attentive to their needs and to market developments;
- Positioning ourselves, with our service desks, as a player close to our customers and their concerns, their problems, their culture, their geographical facilities, and their teams.

6.3.1. The Infotel Difference

Technical Skills
The **Infotel** expertise covers all company IT system layers, from workstations to central servers:

- At the client station (front-end) level, with browsers, languages such as HTML, XML, JavaScript, Java, techniques such as Ajax and Rich Client, and the integration of mobile terminals (smartphones, tablets, etc.) as essential components for client-oriented IT systems;
- At the intermediate server (middle-end) level, with expertise in middleware, network and firewall layers, operating systems such as Windows or Unix and variants such as Linux, application servers such as WebSphere or Tomcat, Java (JEE) and EJBs, etc.;
- At the central server level (back-end), with a recognized expertise in operating systems such as z/OS, real time monitors (CICS, IMS), relational database management systems (IMS, DB2 and Oracle), languages and applications.

At **Infotel**, technical skills, whether they are well established or emerging, are at the heart of our core businesses.

Expertise in all Our IT Service Activities
Infotel covers the entire lifecycle of applications, from their initial design up to their development and beyond production start-up.
Infotel teams are present:

- During the analysis phase, at the level of architectural choices, methodological choices, specifications and design;
- During the development phase by taking partial or complete responsibility (on a package basis) for building applications and carrying out tests and third-party application acceptance;
- During operational functioning, ensuring application maintenance (in service desks with TPAM and TPSV activities), performance audits and optimization initiatives that make the most of investment.

For all phases in the life cycle of applications, the **Infotel** experience is a guarantee of quality.

Client Proximity
Infotel has facilities that cover the needs of its customers:

- Offices in the Paris area in Bagnolet, Neuilly-sur-Seine and Nanterre;
- Coverage in the south west of France with its Toulouse agency;
- Offices in the west, including Rennes, Nantes, Le Mans, Niort, Bordeaux and Brest;
- Offices in the south east in Lyon, Dijon, Nice, Aix-Marseille and in the north.

An Adapted Organization and Resources
To best serve its customers, **Infotel** has human and equipment resources:

- The management team is made up of real professionals who have all worked in IT service;
- A Research and Development role whose goal is to maintain a technological watch on a permanent basis to guarantee technical excellence;

- Technical platforms with the hardware and software necessary to anticipate training needs for staff and project execution.

6.3.2. Some of the Infotel Group's World-class References

In its service activity, **Infotel** operates in four key markets:

- **Banking/Finance:** Banque de France, Groupe BNP Paribas, Groupe Banques Populaires, Groupe Caisse d'Épargne, Groupe Crédit Agricole, Groupe Crédit Mutuel, Société Générale, Fortuneo, La Banque Postale, etc.
- **Insurance/Pensions:** Allianz, AGIRC ARRCO, AG2R, APB, AXA, Europ Assistance, GENERALI, Groupama GAN, KLESIA, Lybernet, MAAF, MAIF, Malakoff Médéric, Covea, NOVALIS TAITBOUT, PRO BTP, SCOR, SMABTP, Swiss Life, Systalians, etc.
- **Industry:** Airbus, Airbus Defence and Space, Airbus Helicopters, Groupe PSA (Peugeot, Citroën), Siemens, Sun, Groupe Total, Fromageries Bel, LDC, Daunat, Coopagri, Sanders, etc.
- **Transport / Services / Telecommunications / Distribution / Administration:** Air France KLM, Bouygues Télécom, CGEA, EDF, Éducation Nationale (CINES, CNOUS, CROUS, Rectorats), EPO (European Patent Office), Euroclear, ERDF, Gefco, Groupe Accor, Groupe Leclerc, La Poste, Nouvelles Frontières, Orange, Semvat, SNCF, Sysmedia, Yves Rocher, Système U, etc.

6.4. SOFTWARE: LARGE IT SYSTEM TOOLS

6.4.1. Designing and Marketing Leading Software

Databases are a vital resource for companies. Efficient tools are needed to best manage databases and ensure operational optimization and sustainability.

Since its inception, **Infotel** has developed software improving the operation of large IT systems, such as Infopak, leader in database compression.
This software is developed by **Infotel** teams based in its laboratories in Paris and Toulouse.

They are marketed in France and in French-speaking Europe by its sales teams, and in the rest of the world by distributors or by IBM for software subject to distribution agreements.

6.4.2. Software that Meets the Needs of Large IT Sites

Infotel designs, develops, markets and maintains software, which is upgraded, added to and fine-tuned over time. The common area is the management of big data in all its dimensions.
Infotel software packages are divided into three product lines:

Digital archiving
Arcsys software provides a global solution to all organizations wishing to implement a sustainable and secure archiving platform for their electronic data. ***Arcsys*** guarantees the retention of all information and provides search and restore functions for data years later.

Intelligent Database Management
iDBA-Online is an intelligent management solution for administering and maintenance operations for DB2 databases. The software optimizes practical tasks such as reorganizations and back-ups, according to business constraints and their impact on applicable costs.

Quality Application Testing
Infoscope provides a global solution to any organization wishing to implement a control process for the quality of its application set. Based on a modular architecture, the platform covers all software quality control processes, from checking source code to performing functional tests.
The Infoscope range is being restructured to integrate functionalities from the DB/IQ range.

Other Software
In addition to these three product lines, **Infotel** continues to support older software (such as InfoPak, InfoVic, and InfoUtil) and develop new lines, either marketed directly or via its branch offices and partners.

Agreements with IBM
In March 1999, **Infotel** and IBM signed an initial worldwide sales distribution agreement. This agreement gave IBM the right to sell software developed by **Infotel** under the name “DB2 High Performance Unload for z/OS”. A new agreement was signed at the start of 2002 for a fast unload software program now called “InfoSphere Optim High Performance Unload for DB2 for Linux, UNIX and Windows”.
In 2011, a new software developed by **Infotel**, "DB2 Merge Backup for Linux UNIX and Windows", was added to the range. Sales are encouraging.

6.4.3. Technical support

Infotel provides technical support 24/7 for customer questions. On product purchase, a direct telephone number is made available to customers to put them in contact with the support service, for technical assistance in French or English, at any time.

6.5. MAJOR MARKETS

6.5.1. The Market for Software and Services in France

Syntec Numérique, in its memo of April 1, 2015, analyzes the French software and services market as follows:

Consultancy, Software and Services sectors showing an increase of 1.8% in 2015.

- *Forecast for 2014: slight increase: +0.9 %*
- *The sector continues its growth in 2015: +1.8 %*
- *Employment: more than 35,000 new recruitments are expected in 2015*

In 2014, the sector showed growth of 0.9% in a sluggish economic context.

- *Technology consultancy: -1.5%;*
- *Consultancy and services: +1%;*
- *Software publishing: + 2.3%*

The market picked up during the first quarter of 2015 for software publishing, digital service companies and technology consultancy. Most indicators are on the rise and are positive; thus, order books are improving for one out of two publishers and digital service companies, and a third of technology consultancy firms. The outlook for orders for the year are up for 57% of companies.
For 2015, Syntec Numérique predicts an increase of 1.8% with growth levels that will nonetheless remain lower than those of 2011.

- *0% for technology consultancy;*
- *+1.7% for consultancy and services;*
- *+ 3.4% for software publishing.*

One out of two IT departments is forecasting an increase in its IT spending with digital transformation as a priority (whereas in 2014 projects dealt first and foremost with rationalization).
SMACS (social, mobility, analytics, cloud, security) technologies will continue to grow by 18% in 2015, as in 2014. They will represent 13% of the service and software market in 2015.
The involvement of business units in IT project purchasing continues in 2014 according to CXP - PAC. IT projects decided on by business units increased by 4% between 2014 and 2018 (for 1.3 billion Euros). The influence of business units is growing in tandem with the acceleration of digital transformation.

Technology Consultancy Stability
The technology consultancy market is growing steadily. The number of accounts noted is stable and the capacity to transform projects is rallying in the first quarter of 2015.
Customer activity sectors remain steady. The automobile, transport and energy sectors will drive growth in 2015.
With 1.4% of the technology consultancy market in 2013 and 2.4% in 2014, offshore activity continues to accelerate in 2015.

Consultancy and Services: Increase of 1.7%
Demand indicators (calls for tender, number and size of projects awarded, order books) grew for this sector in the first quarter of 2015.

69% of digital service companies saw an increase in transformation and innovation projects. SMACS will reach 10% of the consultancy and services market with an increase of 15.8% in 2015.
In 2014, offshore activity represented 7.7% of the IT services market, and will continue this acceleration in 2015.

- *Consultancy: + 2.1%*
- *Integration: + 2.1%*
- *Development & Technical Assistance: + 1.3 %*
- *Training and support: + 0.2 %*
- *Applicative Managed Services: +3.1%;*
- *Infrastructure Managed Services: + 0.1%*

Syntec Numérique / IDC, March 2015

Increase in software publishing: +3.4 %
The number of new accounts and projects granted is on the rise in the first quarter of 2015.
Two drivers for growth are working together: the provision of initial equipment for new customers and software replacement projects are pushing growth in software publishing.
SMACS represent 22% of the software publishing market in 2015 and will increase by +21%.
SaaS continues its growth and will increase by 26% in 2015 to reach 15% of the software market.

- *Infra. software / Tools + 3.5%;*
- *Application software + 3.3%;*
- *Embedded software + 2.9%;*

Syntec Numérique / IDC, March 2015

Employment
In the fourth quarter of 2014, the IT activity and IT services sector continued to create employment for the 18th quarter in a row, with an every-increasing dynamism since the second half of 2014.
A further increase in executive hiring is anticipated, with more than 35,000 recruitments expected in 2015, according to APEC. In 2015, this sector will be the leading recruiter and main net creator of executive positions. It will also be the leading recruiter of graduates for executive positions. "

Infotel's Position

In the TOP 2014 ranking of French digital service companies in 2013 global consolidated revenue, published by i-Logiciels&Services in June, 2014, **Infotel** ranked 25th.

6.5.2. Distribution of Infotel's Activities

More detailed information on the breakdown of **Infotel**'s activity is provided below:

Breakdown by activity

€k	**2014**		**2013**		**2012**	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
Services	149,782	95	134,504	94	127,265	95
Software	7,248	5	8,183	6	7,000	5
including IBM royalties	3,968		4,609		3,642	
Total	157 030	100	142 687	100	134 266	100

Breakdown by geographical zone

€k	**2014**		**2013**		**2012**	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
France	138,254	88.0	125,595	88.3	121,266	90
Europe (Excluding France)	14,234	9.1	11,923	8.3	8,835	6.5
United States	4,542	2.9	5,169	3.4	4,165	3.5
Total	157 030	100	142 687	100	134 266	100

Service activity breakdown by economic sector

	% revenue 2014	% revenue 2013	% revenue 2012
Banking, Finance	31.8 %	27.4 %	25.4 %
Insurance/Pensions	14.8 %	16.8 %	17.1 %
Industries	31.0 %	36.0 %	40 %
Services/Transport/Telecommunications	21.1 %	17.6 %	15 %
Administration	1.3 %	2.2 %	2.5 %

Breakdown of the revenue of the ten largest customers of the Services activity

Revenue per Customer (€k)	2014	% revenue 2014	2013	% revenue 2013	2012	% revenue 2012
Client No. 1	30,261	19.3 %	35,044	24.6 %	25,678	19.1 %
Client No. 2	17,440	11.1 %	13,504	9.5 %	11,437	8.5 %
Client No. 3	15,078	9.6 %	12,350	8.7 %	10,721	8.0 %
Client No. 4	10,423	6.6 %	7,387	5.2 %	9,895	7.4 %
Client No. 5	9,899	6.3 %	7,179	5.0 %	5,709	4.3 %
Client No. 6	8,742	5.6 %	6,955	4.9 %	4,696	3.5 %
Client No. 7	8,736	5.6 %	5,939	4.2 %	4,354	3.2 %
Client No. 8	6,658	4.2 %	5,767	4.0 %	4,270	3.2 %
Client No. 9	4,917	3.1 %	5,474	3.8 %	4,147	3.1 %
Client No. 10	4,605	2.9 %	4,669	3.3 %	3,726	2.8 %

The difference in revenues and profit/loss by sector is described in section 20.2.6.8 “Segment reporting” on page 113.

Competition in Services

In its service activities, **Infotel** encounters, according to contract type, a number of players:

- International players (such as Cap Gemini, CGI France (ex Logica) and Atos Origin) for customers seeking suppliers that ensure them coverage that exceeds the territory; **Infotel** is able to address this competition by driving or participating in consortiums that can offer its customers business and territorial coverage meeting their needs;
- National players representing the largest service companies such as Sopra, GFI Informatique, etc.; **Infotel** is able to compete with these competitors in calls for tender that are often awarded to **Infotel** thanks to the relevance of its responses and the quality of its solutions;
- Local or specialized players with specific skills in software, solutions, functional domains or particular customers.

Infotel‘s wide ranging areas of activity mean that the Company does not always come up against the same competitors, and the professionalism of its teams often places **Infotel** at the top of customers’ preferred suppliers.

Competition in Software

In its software publishing activity, **Infotel**‘s two main competitors are large American publishers: Computer Associates and BMC Software, who are also IBM adversaries in their strategy to conquer the utility software segment for relational databases.
For archiving and digitization, **Infotel** encounters both hardware suppliers and integrators, such as, for example, EMC (who bought out Documentum and Legato), and IBM (who bought out FileNet), and smaller companies seeking to take advantage of the dynamism of this market segment. **Infotel**'s double skills set (software publishing and IT service provider) is an asset, as customers prefer a single point of contact able to customize and implement solutions.

6.5.3. The Infotel Software Publisher Position

In the TOP 2014 of French software editors according to the global consolidated revenue 2013, published by i-Logiciels&Services in June 2014, **Infotel** ranks 12th.

6.6. EXCEPTIONAL EVENTS

There have been no exceptional events during the year ending December 31, 2014.

6.7. INTELLECTUAL AND INDUSTRIAL COPYRIGHT

Infotel owns the industrial and intellectual copyright for its software. **Infotel** has implemented procedures aimed at protecting its rights, notably by imposing a confidentiality agreement on personnel with access to the Company's legacy information, and by restricting access to the Company's software source codes. **Infotel** complies with the regulations concerning commercial secrets and authors' rights, which nonetheless provide limited protection, to ensure the protection of its software products and documentation and miscellaneous written supports. **Infotel** may take measures to protect its industrial proprietary and intellectual rights based on the laws concerning authors' rights and trademark and product applications, commercial secrets, confidentiality agreements and contract terms and conditions.
The **Infotel** trademark and that of its products are registered in Europe, in North America and in a number of Asian countries.
Infotel sells licenses, **Infotel** intellectual property in exchange for the payment of fees.
The software source codes have been filed in France with the Agency for the Protection of Programs.

6.8. COMPETITIVE POSITION

The competitive position of the **Infotel** group is described in the section 6.5 "Major markets".

7. ORGANIZATION OF THE GROUP

On December 31, 2014, **Infotel** directly held 100% of the capital stock of its French subsidiary **Infotel Conseil**, 33.33% of its French subsidiary **Archive Data Software**, 75% of its French subsidiary **Infotel Business Consulting** and 100% of its four foreign subsidiaries.

Infotel is the lead holding company for the Group, and performs training, design and software sales activities. It also carries out software research and development for the Group. **Infotel** holds the intellectual copyright for its software and the largest part of the Group's cash resources.

The Executive Committee is shared by **Infotel** and its main IT service subsidiary **Infotel Conseil**, whose weight in the economic activity of the Group is the largest of all the subsidiaries.

Infotel's income appears in section 20.3 “Corporate Financial Statements” on page 116.

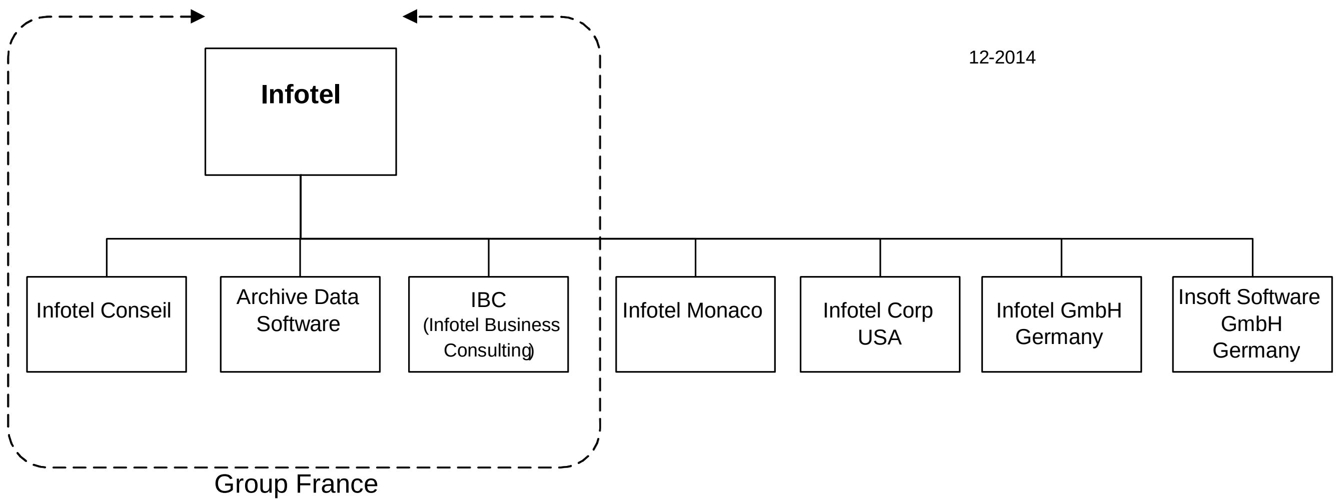
The scope of the Group, as well as the percentages of control and interest are described on page 104 in the section 20.2.6.5 “Statement of facts and scope of consolidation”.

7.1. INFOTEL'S POSITION WITHIN THE GROUP

7.2. SUBSIDIARIES

7.2.1. Description and Activities of Subsidiaries

Infotel is the parent company of the group, including as of December 31, 2014, the French subsidiaries **Infotel Conseil, Infotel Business Consulting, Archive Data Software**, and four subsidiaries abroad.
The stockholders and the control of the Group is described in 18 “Major Stockholders” on page 87.



Infotel Conseil performs the service provision activities of the Group. It is based in Neuilly-sur-Seine, and carries out its activity in the Paris area, in the west of France from its offices in Rennes, Nantes, Le Mans, Niort, Brest and Bordeaux, in the south west from its site in Toulouse, in the south east from its offices in Lyon, Dijon, Aix-Marseille and Nice, and in the north from its offices in Lille.

The company **Infotel Business Consulting** is based in Neuilly-sur-Seine and provides operational consultancy for companies in the financial, banking, insurance and industrial sectors.

The company **Archive Data Software** is based in the Lyon area and specializes in digital archiving.

The company **Infotel Monaco** based in the Principality of Monaco performs an IT service activity.

Other subsidiaries abroad distribute software developed by **Infotel** for export:

- **Infotel Corp.** (Tampa - Florida) provides technical support in the United States and manages certain distributors;

- **Infotel GmbH** (Frankfurt) distributes in Germany;
- **Insoft Software GmbH** (Düsseldorf) designs, develops and markets technical software in the IBM DB2 sector.

7.2.2. Infotel Conseil Activity in 2014

Revenue for **Infotel Conseil** reached €149,154k for the fiscal year 2014 compared to €134,616k for the previous year, showing an increase of 10.80%.

Operating costs increased by 8.57%. They rose from €125,919k in 2013 to €136,712k in 2014.

Operating income was at €12,932k representing 8.67% of revenue for the fiscal year 2014, whereas operating income for the previous year stood at €9,083k and represented 6.75% of revenue.

The financial result showed a profit of €89k compared to a loss of €34k for the previous fiscal year.

After €2,620k tax on profits (given a research tax credit of €885k and tax on profits of €3,506k) and after deducting employee profit-sharing for an amount of €1,447k, the net profit/loss stood at €9,025k compared to €6,357k for the previous year.

7.2.3. Infotel Business Consulting Activity in 2014

Infotel Business Consulting, 75% owned by **Infotel** and 25% by its Manager, Jean-Philippe Lamy, achieved a revenue of €3,984k compared to €2,985k for the previous year, representing an increase of 33.45%.

Operating costs increased by 37.36 %. They increased from €2,332k in 2013 to €3,203k over the past fiscal year.

Operating income was at €782k, representing 19.63% of revenue for the fiscal year 2014, whereas operating income for the previous year stood at €654k, representing 21.89% of revenue.

After deduction of tax on profits for an amount of €246k, net profit/loss stood at €535k compared to €441k for the previous fiscal year.

7.2.4. Archive Data Software Activity in 2014

Archive Data Software, 33% held by **Infotel**, showed a revenue in 2014 of €675k down 42.85% and a net profit/loss of €49k.

7.2.5. Infotel GmbH Activity (Germany)

Infotel GmbH (Germany), 100% owned, has had no activity since 2013.

As with the previous fiscal year, the company therefore had zero revenue and zero profit/loss.

7.2.6. Infotel Corporation Activity (USA)

Infotel Corporation (USA), 100% owned, provides technical support for software in the United States and manages relations with certain distributors.

It showed, in 2014, a revenue of €573k up 2.50% (€559k in 2013) and a profit of €2k, compared to €11k for the previous fiscal year.

7.2.7. Infotel Monaco Activity (Monaco)

Infotel Monaco (Monaco), 100% owned, achieved a revenue of €1,453k compared to €1,610k for the previous year, showing an increase of 9.75%. Revenue from this activity showed a profit of €158k compared to profit of €298k for the previous fiscal year.

7.2.8. Insoft Software GmbH Activity (Germany)

Insoft Software GmbH (Germany), 100% owned, achieved a revenue of €1,286k up 1.82% (€1,263k in 2013). Revenue from this activity showed income of €271k compared to profit of €328k for the previous fiscal year.

7.2.9. Other Information Related to Subsidiaries

Additional information on the subsidiaries, in particular their revenue and profit/loss, is provided below.

€k	**Infotel Conseil**	**Infotel Monaco**	**Infotel Corporation**	**Infotel GmbH**	**Infotel Business Consulting**	**Archive Data Software**	**Insoft Software GmbH**
Capital	20,000	150	1	26	60	150	50
Stockholders' equity (before capital and before profit/loss)	15,211	34	204	21	608	26	480
Holding	100%	100%	100%	100%	75%	33%	100%
Book value 12/31/2014	6,269	128	1	26	446	50	2,000
Loans and advances sanctioned	0	0	0	0	0	0	0
Guarantees granted to the subsidiary	0	0	0	0	0	0	0
Revenue before taxes	149,154	1,453	573	0	3,984	675	1,286
Profit/loss	9,025	158	2	0	535	(49)	271
Dividends received from the subsidiary	3,500	400	0	0	150	0	253

Financial flows existing between the parent company and its subsidiaries are as follows:

Management fees	€2,400k	Invoiced by Infotel to Infotel Conseil
Sub-contracting and personnel made available by Infotel Conseil to Infotel	€3,637k	Invoiced by Infotel Conseil to Infotel
Infotel Corporation royalties	€460k	Invoiced by Infotel to Infotel Corp
Infotel GmbH royalties	€0k	Invoiced by Infotel to Infotel GmbH
Civil liability insurance costs	€137k	Invoiced by Infotel to Infotel Business Consulting

These transactions are also cited in section 20.4.3 “Special Report from the Statutory Auditors regarding the regulated agreements and commitments” on page 132.

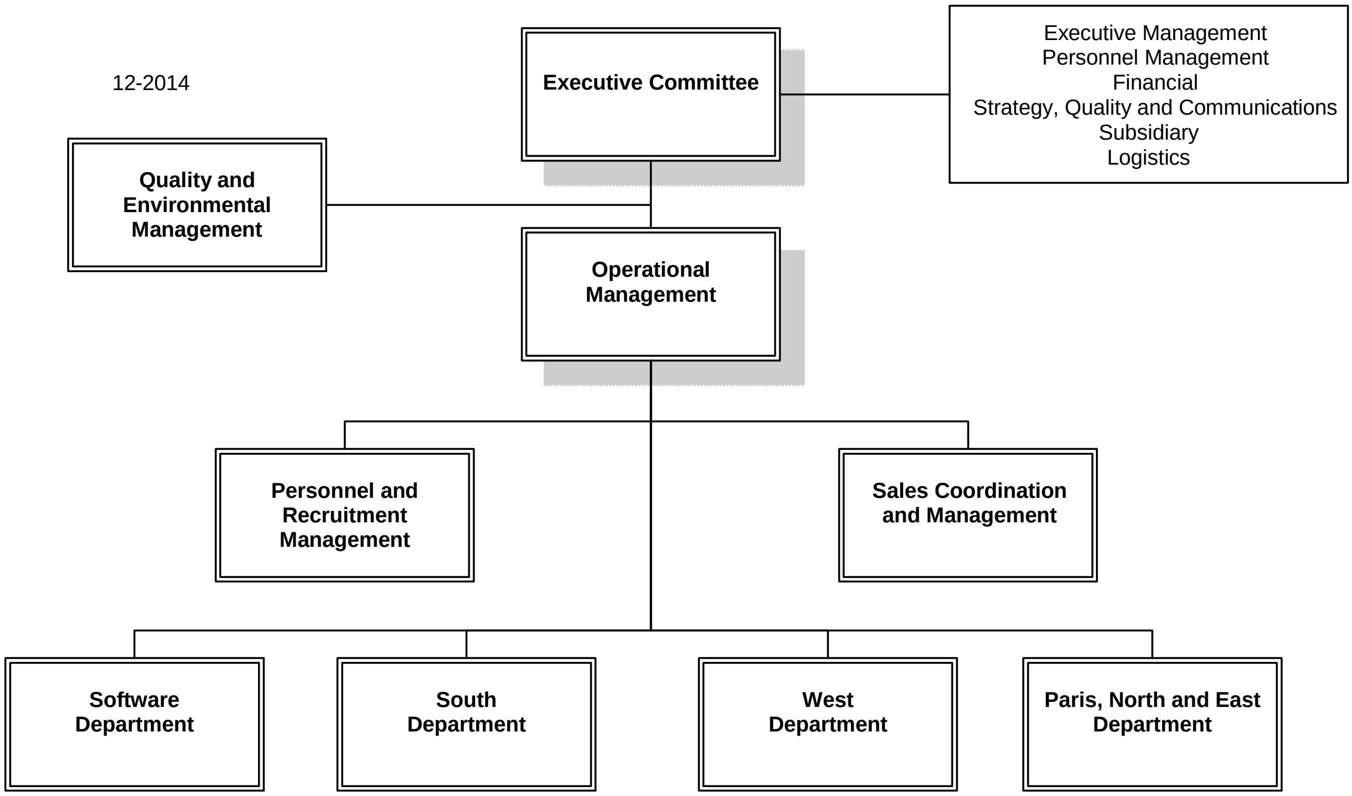
Overview of parent company-subsidiary relationship				
Consolidated items (excluding dividends) in €k	**Infotel Conseil**	**Other subsidiaries**	**Infotel**	**Consolidated total**
Fixed assets (including goodwill)	13,069	1,528	5,557	20,154
Debt ex. group	0	0	0	0
Cash on balance sheet	29,672	1,925	6,646	38,243
Total net cash flow	10,849	121	1,599	12,569

7.3. FUNCTIONAL ORGANIZATIONAL AND HUMAN RESOURCES

The Group's organization note, an element of the **Infotel** Quality system, describes the Group's organization and operation. The management bodies of the Group carry out functional roles and Operational Management manages departments responsible for establishing and carrying out a set of operations in compliance with the defined strategy and objectives.

7.3.1. Organizational chart

The organizational chart appears here:



7.3.2. Operations

The Executive Committee

The Executive Committee is the decision-making body for the Group.
Its major roles are to:

- Study the measures concerning the Group's operations and their application;
- Perform a monthly assessment of the summary activity report, a quarterly assessment of the detailed report of operational departments, and make decisions leading to the achievement of goals;
- Check the progression of decisions;
- Coordinate the actions of different entities;
- Summon, where appropriate, the persons necessary to manage dossiers and make decisions.

The Executive Committee for the Group is made up of six members, each with a functional activity:

- Bernard Connes-Lafforet, Chairman-Chief Executive Officer;
- Michel Koutchouk, Vice-President, Strategy, Communications and Quality;
- Josyane Muller, Vice-President, Finance;
- Jean-Marie Meyer, Vice-President, Human Resources and subsidiaries;
- Éric Fabretti, Vice-President, Sales;
- Jean-François Castella, Vice-President, Software.

The members of the Executive Committee share Executive Management, Personnel Management, Financial, Strategy, Quality and Communications Management, Subsidiary Management and Logistics functions.
Thus, it works closely with the Financial Department, which is responsible for managing the Group's accounting and cash resources, and performs a management control function. These tasks are performed directly or with the assistance of outside firms.

Operational Management

This management team is responsible, via the departments that it coordinates, for designing, marketing and ensuring profitability for all services with a commitment to results (service desks), technical support and training adaptable to customer needs as well as software.
It is also responsible for implementing the sales policy for the Group, and ensuring that it is followed consistently by all relevant departments.
It carries out functions that include personnel and recruitment management as well as operational management and subsidiary management. **Infotel**'s management places special importance on human relations. In a services activity and an economic context noted for an increasingly demanding customer base, it is essential that **Infotel** carries out an ongoing recruitment strategy for high-quality and committed personnel. **Infotel** achieves this with a HR policy based on the following major elements:

- Motivation of its staff members to whom the Company provides the training necessary for their work with customers, and a career plan that allows them to grow within the Group and carve out a career path. This means the Group's employees remain longer than the employees of other players in the sector, thus preserving the most important investment for a service company: Human investment;
- Technical skills required at all hierarchical levels to allow each staff member, whether beginner or advanced, to efficiently carry out assignments for the customer, under the Company's watchful eye;
- Accessibility of all managers, approachable by all employees for any technical, personal or working relationship issue.

Departments

The departments are the operational bodies of the Group. A department carries out, autonomously, all or part of the functions and core businesses of the Group. The overall goal of the department is to design, market, develop and ensure the profitability of all TPAM and TPSV, training and technical assistance services and adapt them to customer needs in defined territories. The Software department is responsible for the design, development, maintenance and technical support of Software.
There are currently four departments:

- The Paris North East department;
- The South department;
- The West department;
- The Software department;

The sales engineers are attached to the departments.

8. PROPERTY, FACTORIES AND EQUIPMENT, ENVIRONMENT, SUSTAINABLE DEVELOPMENT

8.1. PREMISES USED BY THE GROUP

Premises	Surface in m²	Type of premises	Annual rent €	Rent per m²	Owner or Agent
Infotel 36, Avenue du Général de Gaulle 93170 Bagnolet					
Headquarters – 11th floor	1,080	Offices	189,671	175	SCI NASTHEL II
7th floor	1,076	Offices	166,421	155	SCI PAGESTI
Infotel Conseil 6 rue des Graviers 92200 Neuilly-sur-Seine					
° Headquarters – 4th floor	610	Offices	326,147	538	GECINA SA
* Rennes	844	Offices	139,840	166	SCI MABILAND
* Blagnac le Millénaire	4,427	Offices	627,919	142	EDISSIMO
* Bordeaux – Pessac	326	Offices	43,154	132	SERGERINVEST
* Nanterre	623	Offices	197,443	317	SCI Nanterre Etoile Par
* Nantes-Saint Herblain	511	Offices	79,700	156	SCI TALIABU
* Lyon - Écully	312	Offices	45,668	146	SCI BAPTISTE
* Le Mans	512	Offices	60,986	119	SA SIIM
* Mougins	550	Offices	105,622	192	SC ALBORE/ SCI PFO2
* Aix-en-Provence	378	Offices	74,390	162	SCI SAPHI/SOPHIPRO
* Brest	403	Offices	59,833	148	SCI 3C
* Brest	100	Offices	16,200	162	SCI WYZ
* Lille-Lézennes	657	Offices	85,514	130	TOLEFI
* Niort.	454	Offices	36,000	79	SC MK2
* Dijon	-	Physical address	864	-	LBA Business center
Infotel Business Consulting 1 rue Garnier 92200 Neuilly-sur-Seine Cedex Headquarters	110	Offices	43,450	395	NEXITY

No equipment was acquired through capital lease arrangements as of December 31, 2014.

For subsidiaries abroad, premises are in business centers or not significant.

There is no direct or indirect capital-based link between the Company and its managers and the owners or agents of rented premises.

8.2. REPORT ON CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY (CSR) - ENVIRONMENTAL INFORMATION

Pursuant to the provisions of Article L. 225-102-1 paragraph 4 of the French Commercial Code, the stipulations relating to the way in which the **Infotel** Group takes into account the environmental consequences of its activity is described below.

Infotel's commitment to promoting sustainable development is also described.

8.2.1. General Environmental Policy

The Company and Environmental Issues

Infotel performs an intellectual activity that is non-polluting.

Infotel is, nonetheless, aware of the impact of its activities on the environment. In this way, the Group endeavors to reduce the negative impact in the sectors that concern it, comply with environmental legislation and standards, and improve in an ongoing manner the environmental performance of its activities. The carbon footprint of the

Group is, for the most part, due to the energy consumption of its facilities and, in particular, the consumption in terms of IT equipment.

In addition, concern for the **Infotel** Group environment has been formalized in a structured procedure, which culminated in ISO 14001 certification on July 29, 2011 and its renewal in 2014.

Training and Employee Initiatives for Environmental Protection

The Group measures, on a daily basis, the energy consumption in its offices and service desks and analyzes opportunities for increased efficiency.

On hiring, all employees are made aware of our environmental values. Within the framework of ISO 14001 certification, the Group asks each of its partners to adopt an eco-responsible approach and gives priority to relationships with suppliers with eco-labels.

Resources Dedicated to the Prevention of Environmental Risks and Pollution

All company departments are required to rationalize their electrical consumption.

Each renovation or opening of new facilities must serve as an opportunity to plan for and adopt efficient technology systems for energy savings.

Within the framework of ISO 14001 certification, the Group has implemented an Environmental Management System (EMS) inspired by the requirements of the standard aimed at ongoing improvement of its environmental performance. The Group has implemented an environmental policy aimed at reducing its paper and energy consumption. Our goal is to not exceed 2014 consumption levels of paper and energy.

Amount of Provisions and Guarantees for Environmental Risks

In the absence of any environmental risks, the companies of the Group have not made any provision for pollution risk.

No environmental issues impact the use made by the issuer of its tangible assets.

8.2.2. Pollution and Waste Management

Measures for Preventing, Reducing or Repairing Emissions in Air, Water and Soil that Seriously Impact the Environment

The activity of the companies in the **Infotel** Group does not represent a risk to the environment in a way that seriously impacts the air, water or ground and is therefore not concerned by any prevention or reduction measures to this effect.

Measures for Preventing, Recycling and Eliminating Waste

The company has put in place a system for selective sorting of waste (paper, D3E). The quantity of paper and cartons generated by our activity for the fiscal year 2014 was six tons. A global collection system for D3E was started in 2013 and quantities amounted to 1.3 tons in 2014.

Sound Pollution and any Other Type of Pollution Specific to an Activity

Within the framework of its activities, the company does not emit sound pollution.

Generally speaking, **Infotel** is not affected by any form of pollution specific to its activity.

8.2.3. Sustainable Use of Resources

Environmental information	2014	2013	2012
Water consumption	2,912 m^3	3,062 m^3	3,211 m^3
Electricity consumption	1,165 MWh – 90.9 kT CO^2	1,008 MWh – 78.6 kT CO^2	1,033 MWh – 80.6 kT CO^2
Consumption of raw materials	None	None	None
Consumption of other energy	None	None	None
Land use	None	None	None

To evaluate the CO^2 equivalent in electricity consumption, it was decided that 1kWh = 0.078 tons of CO^2 equivalent.

8.2.4. Climate Change

Greenhouse Gas Emissions

The Group is preparing a Company Mobility Plan that will contribute to reducing greenhouse gas emissions. It is preparing to implement the conditions required to measure greenhouse gas emissions.

Greenhouse gas emissions linked to Group employee business travel are low due to the extensive transportation system from employees' homes to the customer site. In addition, most employee vehicles do not belong to the Group. The impact of business travel on greenhouse gas emissions is thus, for the most part, indirect.

The Group has a fleet of vehicles that includes ten cars and five motorcycles. Emissions are very low due to the small size of the fleet. The Group has also implemented a video conferencing system to limit business travel.

In spite of an increase in the number of employees, the change in CO^2 emissions is minimal, reflecting good management of electrical consumption.

Adapting to the Consequences of Climate Change

Through its facilities, the Group follows a policy that encourages economic growth requiring little carbon consumption and adaptation strategies to climate change.

8.2.5. Protecting Biodiversity

Given the nature of its activities, **Infotel** has not implemented a biodiversity plan.

8.3. REPORT (CRS) ON CORPORATE COMMITMENT TO SUSTAINABLE DEVELOPMENT

Infotel wishes to contribute to the quality of life and the environment wherever the Group does business.

The Group places sustainable development at the heart of its strategy, and expresses this in its Quality Charter. The Group's policy is in line with a sustainable growth procedure that is based on the conviction that its long-term growth depends in part on the way in which **Infotel** accepts its responsibility in the social and environmental areas.

Territorial, Economic and Social Impact on the Company's Activity

With respect to employment and regional growth, **Infotel** is highly committed to the local economy via its facilities throughout France:

- In the Paris region, via it sites in Neuilly-sur-Seine, Bagnolet and Nanterre;
- In the North of France, via its site in Lille;
- In the West of France, via service desks in Rennes, Nantes, Mans, Niort de Brest and Bordeaux;
- In the South West of France, via its service desk in Toulouse;
- In the South East of France, via service desks in Lyon, Dijon, Aix-Marseille and Nice.

In its capacity as a French company, **Infotel** is pursuing a grassroots strategy to remain close to its customers and also to provide quality of life for its employees.

With respect to the territorial, economic and social impact on the local population, the Group has made regional growth part of its strategy, thus contributing to the territorial impact of its activities with respect to employment. **Infotel** is very involved in the local economy and is generally committed to a “nearshore” policy, meaning national players (or nearby countries) as opposed to “offshore”: Infotel therefore has no interest in the use of remote labor, even at low cost.

While **Infotel** may not have defined partnership projects with schools and universities, the Group is committed to a dynamic recruitment policy for young people: **Infotel** hires many young graduates without previous work experience, who benefit from in-house training. **Infotel** participates regularly in forums held by schools and universities.

Relations with Persons or Organizations Interested in the Company's Activity

Given the nature of the Group's activity, **Infotel** does not undertake privileged relationships or sponsorship activities or partnerships with associations combating social exclusion, environmental defense, consumer protection or with local inhabitants.

Infotel is, however, particularly committed to training, and maintains close relationships with IT training establishments, and builds partnerships that lead to apprenticeships, internships and training programs.

In terms of governance, Executive Management is responsible for implementing the Group's sustainable growth policy.

Sub-contracting and Suppliers

In the same way, **Infotel** takes into account social and environmental issues in its choice of suppliers and sub-contractors and prioritizes national contacts in compliance with its policy of employment growth.

Infotel use of sub-contractors outside of France is marginal. It represents less than 0.5% of total sub-contracting.

Generally speaking, **Infotel** maintains a relationship with stakeholders. This relationship can be different in nature and respond to different needs.

Fair Trade Practices

Infotel is not affected by provisions dealing with the health and safety of consumers given its IT service provision activities with companies.

Given **Infotel**'s activity, no particular anti-corruption initiatives need be implemented.

The Group has implemented anti-discrimination and equal opportunity initiatives.

Other Initiatives Undertaken to Promote Human Rights

Infotel is pursuing its growth while respecting basic human and social rights and the environment in all the territories where it operates.

The countries in which **Infotel** operate do not contravene basic human and social rights.

In terms of equality, **Infotel** takes care to have an equal number of women and men on its teams. Although the provisions in the French Law of January 27, 2011 relating to the equal representation of women and men on Boards of Directors and Supervisory Boards and to professional equality does not become valid until January 1, 2017 the **Infotel** Board of Directors already has an equal number of female and male directors.

The CSR strategy for 2015 plans to strengthen the dialog between stakeholders with the purpose of implementing CSR subjects in our activities and, in particular, on the subject of human rights.

Henceforth, particular attention will be paid to the working conditions of all of the Group's employees, as well as those of its sub-contractors. An article published in Capital magazine in February 2015 ranked **Infotel** in the top 400 of best employers in France, 24th for High Tech companies for the quality of the working conditions in the company.

9. REVIEW OF THE COMPANY'S FINANCIAL POSITION AND PROFIT/LOSS

9.1. FINANCIAL POSITION

Over the last two fiscal years, Group has financed its operational activity and its investments mainly using cash flow from operations.

At December 31, 2013 and 2014, the Group held cash and cash equivalents in the amount of €25.7k and €38.2k respectively. In 2014, cash and cash equivalents were held in the amount of €174k between them in US Dollars and €38,069k in Euros.

The activity has generated a net positive cash flow of €19,644k due to an increase in revenue and good management. This cash flow was used to purchase fixed assets of €3,369k.
Cash flow linked to financing transactions concern mainly the distribution of dividends for €4,660k (€4,659k after elimination of treasury stock).

9.2. PROFIT/LOSS

9.2.1. Group

Revenue for the Group reached €157,030k for the fiscal year 2014 compared to €142,687k for the previous year, showing an increase of 10.10%.

2014 was driven by strong growth in the Services activity (95.38% of revenue), which increased by 11.36% from €134,504k to €149,782k, and saw a decrease in the Software activity of 11.43%, from €8,183k to €7,248k.

Operating costs increased by 9.29%. They rose from €128,352k in 2013 to €140,270k in 2014.

Current operating income amounted to €16,760k and represented 10.67% of revenue whereas it stood at €14,335k in 2013 and represented 10.05% of revenue, a slight decrease of 0.62 points.

The financial result is €138k against a negative financial result of €8k for the previous fiscal year.

After deduction of tax on profits for an amount of €5732k, the net consolidated income (Group share) comes to €11,000k compared to €9,500k for the previous fiscal year.

9.2.2. Parent Company

The **Infotel** parent company has a software creation, development and sales activity in France and abroad.

The lead holding company for the Group, it obtains its revenues in the form of the granting of software rights in compliance with its distribution agreement with IBM, dividends from its subsidiaries and its share of financial income resulting from the Group's cash management.

Revenue for the fiscal year 2014 stands at €8,389k, down 10.79% compared to the previous fiscal year.

Operating costs remain stable with respect to the previous year. They went from €9,085k in 2013 to €9,108k in 2014.

Operating income is down from €2,759 to €1,390k, and financial result stands at €5,156k compared to €2,867k for the previous fiscal year.

The current profit amounts to €6,546k compared to €5,626k for the previous fiscal year.

Exceptional income amounts to €260 against €1,449k in 2013.

Income tax stands at €855k.

Last but not least, profit for the fiscal year ending December 31, 2014 amounts to a sum of €5,691k compared to €5,970k for the previous fiscal year.

The growth of the activity of the **Infotel** parent company, corresponding to software publishing, is described in section 6.5.2 “”““Distribution of Infotel's Activities” on page 31, as well as in paragraph 20.2.6.8 “Segment reporting” on page 113.

9.2.3. Governmental Strategies or Factors

Infotel is not aware of any governmental, economic, budgetary, monetary or political strategies or factors that could have a significant influence, directly or indirectly, on the operations of the Group.

9.3. STOCKHOLDERS' EQUITY

Equity – Group share amounts stood at €57,385k on December 31, 2014.

A change in the consolidated equity position of €6,820k is explained by the following elements:

- profit/loss 2014: + €11 000k;
- distribution of dividends of the assembly of May 21, 2014: - €4,659k;
- capital increase following the exercise of stock options: None;
- change in additional paid-in capital: None;
- change in translation reserve: + €31k;
- accounting of stock-based payments: None;
- impact of movements in treasury stock: - €688k;
- change in scope: - €240k;
- other changes. None.

10. LIQUIDITY AND CAPITAL RESOURCES

Activities related to finance capital acquisition generated, in 2014, €3,369k in cash outflows compared to €2,260k in 2013 as well as well as a distribution of dividends granted by the parent company of €4,660k, against €2,969k in 2013.

The Group deems that it has enough working capital to meet its short-term commitments. The Company is not in debt and is not planning on incurring debts.

Detailed information on stockholders' equity and cash flow appear in Chapter 20 “Financial Information regarding the Issuer's Holdings, Financial Position and Results” on page 91.

In compliance with the provisions of Article L 441-6-1 para. 1 of the French Commercial Code, the information relating to payment deadlines is outlined in the table below:

2014				
Sundry suppliers' debts (ex. group) in €k	**Not due**	**Due at less than 60 days**	**Due at more than 60 days**	**Total**
	234	0	0	234

2013				
Sundry suppliers' debts (ex. group) in €k	**Not due**	**Due at less than 60 days**	**Due at more than 60 days**	**Total**
	307	0	0	307

11. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

During the year 2014, the **Infotel** group has pursued its research and development efforts for its Software and Services activities.

For Software, research and development costs focused on innovative software:

- Arcsys (archiving technology platform), including:
  - Development of an e-vault with strong authentication for individuals that meets the NF Z42-020 standard,
  - Development of a real-time supervision module for incoming and outgoing flows;
  - Development of management mechanisms for clustered resources with high availability, with communication between transfer servers via a cauterization framework.
  - Continued research to upgrade obsolete data storage based on super-computer use with volume constraints and very high performance,
- Continued research and development on our iDBA product as well as other products in the **Infotel** range.

For this activity, costs amounted in 2014 to €2,105k registered as assets.

For Services, research and development costs focused on a number of elements including:

- Continued research on a semantic engine based on an indexing system used to locate data and documents in high volume archiving systems with high performance constraints;
- Continued research for the integration of a MongoDB NoSQL database in the Elastic search engine to associate advance search solutions with high archiving volumes;
- Search for solutions to sort text using a machine-learning method to increase the performance of metadata extraction from scientific archive databases with very high volumes;
- Research and development to deploy a Wi-Fi point of access onboard aircrafts allowing pilot tablets to connect to the IT system to perform security and reliability analyses for the aircraft and their systems in compliance with the requirements defined by the aeronautics certification authorities;
- Analysis and design of an algorithm and development of a prototype used to determine the optimum solution from among a set of solutions in an industrial production context with very short turn-around times and high volumes;
- Design of an algorithm on a distributed calculation basis and development of a tool to compare similar documents from scientific literature with performance issues and high volumes.

For these service activities, research costs were in the amount of €1,270k, corresponding only to the personnel costs used in the CIR calculation.

The table below summarizes the R&D costs over the last three years:

In €k	**2014**	**2013**	**2012**
Capitalized development costs	2,105	2,440	2,425
Development costs recorded as expenses	1,270	1,349	1,945
Total cost of research and development	3,375	3,789	4,370

12. TRENDS

12.1. TRENDS SINCE THE END OF THE FISCAL YEAR 2014

The start of 2015 followed in the same vein as the end of 2014.
As Syntec Numérique announced in its press release of April 2, 2014, the “Consultancy, Software and Services” sectors were expected to grow in 2015: Following a slight increase in 2014 of +0.9%, the sector should show an increase of +1.8% in 2015, including +1.7% for consultancy and services, and +3.4% for software publishing.

Infotel has taken advantage of its position at the heart of strategic systems for major customers with its service desks, leading to a high level of recurring business from one year to the next. The inter-contract rate remains very low (in the order of 2%). Recruitment efforts continue, with an objective of 300 new hires (the sector foresees a net creation of 35,000 jobs in 2015). Sales teams are in the field to consolidate our positions with current customers and transform prospective customers into new customers.

As described in the section “Financial Calendar” on page 147, the information on revenue and trends for the first quarter of 2014 will be released on the evening of May 21.

12.2. TRENDS FOR THE FISCAL YEAR 2015

Even though **Infotel** has excellent assets in both of its business sectors, the Group is approaching the fiscal year 2015 both confidently and cautiously.
The Services activity must take into account keen competition, and growth must not be at the expense of profitability. The Software activity must consolidate its growth and capitalize on both its current software and its new products, while remaining increasingly open to international opportunities through the search for distributors and partners, in particular for the Arcsys archiving software.

In 2015, **Infotel** will concentrate on the following:

- More efficient sales and marketing initiatives;
- Optimized project management to control risks;
- Efficient recruitment procedures in advance of sales and marketing needs;
- Cost management, whether internal or from sub-contracting;
- Ongoing attention to quality.

These initiatives are in keeping with the “Performance 2016” strategic plan defined in paragraph 6.2.2 on page 26 based on the following:

- Pursuing a growth strategy with major accounts through the creation of service desks;
- Assisting the IT departments of major accounts in their path to mobility;
- Supporting major accounts in managing large volumes of big data;
- Increasing its internationalization.

For 2015, **Infotel** intends to pursue the same growth in activity seen in 2014, while continuing to improve its results.

13. EARNINGS FORECAST OR ESTIMATE

The Company does not provide a forecast or estimate of its future results.

14. ADMINISTRATIVE, MANAGEMENT, SUPERVISORY AND EXECUTIVE MANAGEMENT BODIES

14.1. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

14.1.1. Membership of Administrative and Management Bodies

The administration of the Company is entrusted to a Board of Directors consisting of four members. Directors are elected for a six-year term and may stand for re-election. The Board of Directors met a total of eight times over the fiscal year 2014. The attendance rate of those meetings was 93.75%, accounting for participants with the right to vote.

As of December 31, 2014, the Board of Directors was composed as follows:

First and last name of member	Date of first appointment	Expiry date of term	Main position held within the Company	Main position held outside the Company	Other terms of office and positions held in any company
Bernard Connes-Lafforet	December 31, 1979	Stockholders' Meeting called to approve the financial statements for fiscal year 2017	Chairman - Chief Executive Officer	None	"Chairman - Director" of Infotel Corp. "Chairman – Executive Officer" of Infotel Monaco
Michel Koutchouk	June 3, 1982	Stockholders' Meeting called to approve the financial statements for fiscal year 2017	Executive Officer	None	"Director" of Infotel Corp.
Josyane Muller	May 23, 2006	Stockholders' Meeting called to approve the financial statements for fiscal year 2017	Executive Officer	None	Chairperson of Infotel Conseil,:
Janina Cohen	May 23, 2012	Stockholders' Meeting called to approve the financial statements for fiscal year 2017	None	None	None

The Group's management team consists of five members:

- Bernard Connes-Lafforet, Chairman-Chief Executive Officer, graduated in mathematics from the French Ecole Normale Supérieure, founded Infotel after ten years in research with the CNRS; his term expires after the General Stockholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2017;
- Michel Koutchouk, Director and Executive Officer, graduated from IEP Paris and engineer of the Arts et Métiers, joined Mr. Connes-Lafforet to create Infotel after ten years with the IT Department at Air France; his term expires after the General Stockholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2017;
- Josyane Muller, Executive Officer, graduated from ISIN-ESSTIN in Nancy, joined Infotel in 1985 after 18 years with IT service companies including nine with Cap Gemini as Branch Manager; her term expires after the General Stockholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2017;
- Jean-Marie Meyer, Executive Officer, graduated from ENSEEIHT in Toulouse, joined Infotel in 1985 after four years in electronics and IT; his term expires after the General Stockholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2017;
- Éric Fabretti, Executive Officer, with a Masters in IT from Paris V, joined Infotel in 1996 after 12 years in the IT service field including two for Sopra and ten as a consultant; his term expires after the General Stockholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2017.

The experience and skills of Janina Cohen are described in Chapter "The Board of Directors" on page 61.

For the purpose of fulfilling their professional duties, these persons are domiciled at the Company's Headquarters.

The management expertise and experience of these individuals is a result of previous salaried positions and/or management positions previously held and/or still held in other companies or various bodies.

There are no family ties between the people in this list.

Over the past five years, none of the people mentioned in Chapter 14, page 55 held offices in companies other than those of the Group which are, for some, no longer part of the Group or have been absorbed.

Bernard Connes-Lafforet acted as a permanent representative of **Infotel** in Infotel Conseil, before its transformation as a simplified joint stock company. He is also “Chairman-Executive Officer” of Infotel Monaco and “Chairman-Director” of Infotel Corporation. He was also Chairman of Addax until its dissolution through a merger of assets and liabilities on January 1, 2011.

Michel Koutchouk holds the office of “Director” with Infotel Corporation. He was also Chairman of Harwell Management until the transfer of its company stock on June 28, 2013.

Josyane Muller holds the position of “Chairperson” of Infotel Conseil. She was Chair of Infotel Ouest until its dissolution through a merger of assets and liabilities on January 1, 2012.

Éric Fabretti holds the position of Chairman of Infotel Business Consulting. He was also Chief Executive Officer of Empeiria until its dissolution through a merger of assets and liabilities on January 1, 2013.

Jean-Marie Meyer holds the position of Chief Executive Officer of Infotel Conseil, Director of Infotel Monaco and Managing Director of Insoft Software GmbH. He was also Chief Executive Officer of Infotel Ouest until its dissolution through a merger of assets and liabilities on January 1, 2012, Chief Executive Officer of Addax until its dissolution through a merger of assets and liabilities on January 1, 2011, and Chairman of Empeiria until its dissolution through a merger of assets and liabilities on January 1, 2013.

During the previous five years, no member of the Executive Committee has been convicted of fraudulent offences, has been involved in bankruptcy, receivership or liquidation proceedings, has been subject to a prohibition to manage, or has been subject to official public incrimination and/or sanctions imposed by other public authorities.

14.2. CONFLICTS OF INTEREST

With the exception of a large number of shares held by the persons mentioned in paragraph 14.1.1, to the Company's best knowledge, there are no existing or potential conflicts of interest between it and these persons.

There are no service contracts linking the members of the administrative or management bodies to the Company or its subsidiaries and from which a member may derive economic benefits.

15. SALARIES AND PENSIONS

15.1. EXECUTIVE SALARIES

All remunerations paid during the past three accounting periods, to each company officer, are as follows, on a gross pre-tax basis:

In Euros	2014	2013	2012
Bernard Connes-Lafforet	216,000	217,320	226,500
Michel Koutchouk	195,820	195,820	195,820
Josyane Muller	191,614	192,000	192,000
Jean-Marie Meyer	210,000	210,000	210,000
Éric Fabretti	210,000	210,000	210,000

All above remunerations are allocated to a company officer.

Michel Koutchouk received, over the course of the last three accounting periods, a benefit in kind in the form of the use of a vehicle.

Bernard Connes-Lafforet received, over the course of the 2012 accounting period, a benefit in kind in the form of the use of a vehicle. This benefit was removed during the accounting period of 2013.

For accounts ending on December 31, 2012, 2013 and 2014, no proportional, variable or exceptional remuneration, or fee, was made to any executive.

It is noted that no company officer received any other remuneration or any sort of benefit in kind from the companies controlled by **Infotel**, as per Article L. 233-16 of the French Commerce Code.

No stock subscription or purchase options, or any instrument providing access to capital, were granted to the company officers.

No loans, nor any guarantees, were accorded in favor of the company officers.

There are no arrangements, of any kind, made by the Company in favor of the company officers, and which may correspond to any form of remuneration, provision of service, compensation or benefits due or liable to be due upon or after assuming, leaving or changing their position.

The regulated agreements are described in section 20.4.3 “Special Report from the Statutory Auditors regarding the regulated agreements and commitments” on page 132.

These agreements as reported do not provide for the provision of services linked to management duties.

15.2. PENSIONS AND OTHER EMPLOYEE BENEFITS

Provisions are made for legal and contractual indemnities for each employee present from December 31, 2014, calculated according to how long, theoretically, they would have worked at the day of their retirement, and in accordance with the projected credit unit method.

The commitment to pay a bonus for ten years of service is also provided for under the same conditions as of January 1, 2004.

Pensions, including the seniority bonus, are calculated using the following criteria:

- Turnover for employees under 56 years:
  - 10% for employees of Infotel Conseil;
- Turnover for employees over 56 years:
  - 0.4% for the Group's entire workforce;
- Discount rate: 1.80% for pensions and 1.37% for 10-year seniority bonus (3.10% in 2013);
- Retirement age: 65 years;
- Rate of increase in salaries for employees under 56 years: 2.5 %;

- No increase in salaries is planned for employees over 56 years;
- Rate of employer's contribution: 45%.

As of December 31, 2013 and 2014, the total provisions for retirement bonuses for the Group had risen to €1,297k and €1,666k respectively, including social security taxes. As of December 31, 2013 and 2014, these commitments were subject to insurance cover for €197k and €166k respectively.

As of December 31, 2013 and 2014, the provisions relating to the ten-year service bonus had risen to €374k and €448k respectively

16. OPERATION OF ADMINISTRATION AND MANAGEMENT BODIES

16.1. TERMS AND SERVICE CONTRACTS

The expiry dates of directors' terms are indicated in section 14.1.1 on page 55.
No service contracts connect the members of the administrative and management bodies with the issuer.

16.2. CORPORATE GOVERNANCE AND COMMITTEES

This information is described in section 16.5 “Chairman's Report on Internal Control Procedures” on page 60.

16.3. RESTRICTIONS TO THE POWERS OF THE CHIEF EXECUTIVE OFFICER

No restriction on the powers of the Chief Executive Officer is provided for, either in the Articles of Incorporation or by the Board of Directors. As a result, the Chief Executive Officer is invested with extensive powers, within the confines of the corporate purpose, to act in the name of the Company.

16.4. ADDITIONAL INFORMATION ON CORPORATE GOVERNANCE

In addition to the information above, the following details are added:

- Number of independent directors: 1
- Number of directors elected by employees: None.
- Attendance fees: None.
- Audit committee: Board members carrying out the Audit Committee assignments.
- Remunerations committee: None.
- Gender equality: Two women and two men.

The Company complies with the corporate governance regime in force in France, as it refers to in the Middlenext Code, for which the application procedures are laid out in the internal control report.

16.5. CHAIRMAN'S REPORT ON INTERNAL CONTROL PROCEDURES

Chairman's report on internal control procedures
as provided for in Article L. 225-37 of the Commercial Code
(Article 117 of the Financial Security law) as of the financial position on December 31, 2014

Introduction: Review of Legal Obligations

In accordance with the provisions of Article L. 225-37 (limited company with a Board of Directors) or L. 225-68 (for limited companies with a Management Board and CS) of the French Commercial Code, the aim of this report is to document the preparation and organization conditions of the work of the board, the limitations to the Chief Executive Officer's powers, as well as the internal control procedures implemented by the Company.

This report has been prepared with the support of the financial departments, and was approved by the Board of Directors at its meeting of March 25, 2015.

Infotel will henceforth refer to the December 2009 Middlenext Code of Corporate Governance for Midcaps, available at the following website: http://www.middlenext.com/IMG/pdf/Code_de_gouvernance_site.pdf, hereafter the Reference Code.

At its meeting of March 10, 2010, the Board of Directors decided to change the Reference Code for corporate governance and adopt the Middlenext Code, which is more in keeping with the Group's issues and size, the make-up of its management team and the high level of involvement of its members (managers-stockholders).

The Board took note of the contents of the Middlenext Code's "vigilance points".

Regarding the remuneration of its executive officers, an important point in the Reference Code, it should be noted that **Infotel** has always adopted an exemplary policy of remuneration and benefits for its officers-directors. Officers-directors do not benefit from either proportional, variable or exceptional remuneration, or advantages such as: attendance fees, stock-option purchases, instruments providing access to capital, free stock or severance pay.

Pursuant to the provisions of paragraph 7 of Article L.225-37 of the French Commercial Code, this report sets out the provisions of the Middlenext Code that have been omitted and the reasons why.

Part 1: Corporate Governance and Operation of the Board of Directors

Corporate Governance

The Management Team

The Group management team consists of five members:

- Bernard Connes-Lafforet, Chairman – Chief Executive Officer, is graduate of the French Ecole Normale Supérieure in mathematics. He founded Infotel after 10 years of research at the CNRS;
- Michel Koutchouk, Director and Executive Officer, is a graduate of the IEP Paris and engineer of the Arts et Métiers. He joined Mr. Connes-Lafforet to create Infotel after ten years with the IT department at Air France;
- Josyane Muller, Executive Officer, a graduate of the ISIN-ESSTIN in Nancy, joined Infotel in 1985 after 18 years in the IT consulting industry, including nine at Cap Gemini as Branch Manager;
- Jean-Marie Meyer, Executive Officer in charge of human resources and subsidiaries, graduate of the ENSEEIHT of Toulouse, non-director;
- Éric Fabretti, Executive Officer in charge of commercial activity, holder of a Masters in IT from Paris V, non-director.

The Board of Directors

The Board of Directors is comprised as follows:

- Bernard Connes-Lafforet, Chairman-Chief Executive Officer;
- Michel Koutchouk, Director and Executive Officer;
- Janina Cohen, Director;
- Josyane Muller, Director and Executive Officer;

Ms. Cohen is a graduate of the Institut d'Etudes Politiques de Paris economic and financial section) and has a Masters in economics. In her professional career, she has held the highest executive positions in a number of French and international structures in the field of financial analysis. Worth mentioning is her position as Chair and Chief Executive Officer at Eurostaf (Europe, Strategy, Financial analysis) from 1986 to 1994. Several times member of the Board of Directors for SFAF, she was President of the permanent “Accounting and Financial Analysis” commission and Director of CFAF (Centre for Training in Financial Analysis). From 1994 to 2003, she was an associate professor of finance at the Université de Saint Quentin en Yvelines.

Minutes of the Board of Directors

During the fiscal year ending December 31, 2014, the Board of Directors of **Infotel** met on eight occasions (with an average attendance rate of 93.75%) with the following agendas and dates:

- January 29, 2014 company strategy (no. 1), an overview of status and financial markets;
- January 29, 2014, appointment of an independent third-party body to examine the CSR report;
- March 25, 2014, closing of 2014 accounts and preparation for the Combined Stockholders’ Meeting;
- April 22, 2014, corporate strategy (no. 2), an overview of the stock and financial markets;
- May 20, 2014, launch of repurchase plan;
- July 29, 2014, company strategy (no. 3), an overview of the stock and financial markets;
- August 26, 2014, closing of 2015 first half-year accounts;
- October 22, 2014, company strategy (no. 4), an overview of the stock and financial markets;

In any event, the Board of Directors meets whenever the Company requires.

Internal Rules of Procedure of the Board of Directors

On January 26, 2011, the **Infotel** Board of Directors opted for an Internal Regulation. This can be viewed on the Company's website.
These Rules of Procedure outline the various duties of the members of the Infotel Board of Directors and complete the legal, regulatory and statutory rules thus specifying the working methods of the Board of Directors, and integrating the five sections set out in recommendation R6 of the Middlenext Code:

- Role of the Board;
- Composition of the board/criterion for members' independence;
- Duties of members (ethics: loyalty, non-competition, disclosure of conflicts of interest and duties of abstention, confidentiality, etc.);
- Board operations (frequency, convening, member information, use of video-conferencing and telecommunications) and the audit committee;
- Rule for determining the remuneration of members.

Provisions Regarding Directors – Presence of an Independent Director

The qualities that should apply to a director are competence, experience and respect for the corporate interest of the company.
Although the size of the Group and the significant involvement of the three members of the board performing their executive functions (officers-stockholders)—highly involved in the key management processes of the Group, and concerned at all times for the corporate interest of the company—do not require the presence of an independent director, the Board of Directors of **Infotel** considers, in compliance with Recommendation R8 of the Middlenext Code, that the fourth director, Ms. Janina Cohen, is independent, insofar as she does not maintain any financial, contractual or family ties with the other three directors that could affect her unbiased judgment.

It is further noted that, in compliance with this recommendation, Ms. Janina Cohen is neither a customer nor a supplier nor a banker of the company, and has no family ties to any corporate officer or major stockholder, and has not been an auditor of the company.

Ms. Janina Cohen is not subject to any commitment to preserve the conditions that qualify her as an independent director, and does not maintain any business relationship with **Infotel**.

Conflicts of Interest

With a view to avoiding conflicts of interest, **Infotel** has adopted the MEDEF criteria (in its guide "preventing and managing conflicts of interest"), which identify such conflicts: a conflict of interest exists when a significant interest (be it sentimental, familial, financial, associative, cultural, sporting, political, charitable, religious, trade union, philosophical, etc.) that is external to the company managed by the director may interfere in the positions or decisions he or she may take while carrying out his or her executive duties.

A conflict of interest is seen when an individual risks losing his or her objectivity and intellectual independence, and finds him/herself weakened in carrying out their responsibilities.

Managing conflicts of interest within the board relies on voluntary disclosure by each Director according to the internal regulation of the board. An absence of information is interpreted as an absence of any conflict of interest. Where a conflict of interest arises after a Director is appointed, he/she must inform the board, abstain from voting or participating in discussions and, if necessary, resign.

Board Relationships with Third Parties

In fulfilling their duties attributed by the law to the Audit Committee, the Board of Directors monitors the information provided to stockholders as well as to the market. It examines the press releases distributed by the Company to inform market players of key events concerning the **Infotel** group.

Pursuant to Article L.225-238 of the French Commercial Code, auditors are summoned to board meetings that examine interim accounts (six-month consolidated financial statements) as well as annual accounts (company and consolidated).

Audit Committee

The Board of Directors, through Executive Management and the firm of internal chartered accountants that supports the Group in its work, performs the audit functions for the Group.

Infotel has elected to exempt itself from the obligation of setting up an Audit Committee as provided for in Article L 823-20 4° of the French Commercial Code regarding individuals and entities with a body fulfilling the functions of a specialist committee mentioned in Article L 823-19, provided that this body, which may be the administrative body, is identified.

Infotel's Board of Directors is identified, in the conditions laid down in the text, as the body responsible for performing audit committee functions as mentioned in the law.

In accordance with the duties of the audit committee, the Board of Directors, in fulfilling the functions of the audit committee, thus ensures the:

- Financial reporting processes;
- Efficiency of internal control and risk management systems;
- Legal control of annual and consolidated accounts by the auditors;
- Independence of the auditors.

At its meeting of January 26, 2011, the Board of Directors specified, in its Rules of Procedure, the working rules of the Board of Directors in its capacity of audit committee, and the responsibilities it will bear.

There is no requirement for the presence within the Board of a member competent in accounting and financial practices.

Nevertheless, Janina Cohen, the independent director, embodies all the financial expertise required to chair the Board when it meets as the Audit Committee:

Ms. Cohen is Chair of the Board when it meets as the Audit Committee, as decided at the board meeting of March 12, 2013.

To promote efficient and frank debate, the Chairman – Chief Executive Officer, however, attends when the Board meets as the Audit Committee.

Assessment of the Board of Directors

In line with recommendation R 15 of the Middlenext Code of Governance and incorporated in Article 4 of the Rules of Procedure, once a year the members of the Board are asked by the Chair to give their views on Board of Directors operations and work preparation. This discussion is recorded in the minutes of the Board of Directors meeting.

It is also noted that the Company encourages self-monitoring by the Directors with respect to their capacity to assess the relevance of the operations of the Board of Directors, and the Directors are regularly asked to give their opinion on Board operations and work preparation.

At the last meeting of the Board on March 25, 2015, relating to the 2014 accounts, the Directors gave their views on the assessment of the work of the Board.

It emerged from this debate that the Directors consider that the Board is functioning in a satisfactory manner and in the best interests of the Company.

Further to the nomination of Janina Cohen as a Director, at the general assembly of May 23, 2012, the Board consists of two women and two men and hence, is in perfect compliance with the diversity principles of Law no. 2011-103 of January 27, 2011 on gender equality and boards of directors.

The Board has also improved on the independence criteria required by the Middlenext Code and attributed to the independent director position held by Janina Cohen, who has considerable ability in financial matters.

First name, last name of the Directors and Executive Officers	Positions occupied in other companies
Directors	
Bernard Connes-Lafforet, Chairman-Chief Executive Officer;	"Chairman - Director" of Infotel Corp. Chairman – Executive Officer of Infotel Monaco
Michel Koutchouk	Director of Infotel Corp.
Janina Cohen	None
Josyane Muller	Chairperson of the S.A.S. Infotel Conseil
Executive Officers	
Michel Koutchouk	See above
Josyane Muller	See above
Jean-Marie Meyer	Chief Executive Officer of Infotel Conseil Director Infotel Monaco Managing Director of Insoft Software GmbH Managing Director of Infotel GmbH
Éric Fabretti	Chairman of Infotel Business Consulting

Executive Committee

The Executive Committee consists of:

- Bernard Connes-Lafforet, Chairman-Chief Executive Officer;
- Michel Koutchouk, Executive Officer;
- Josyane Muller, Executive Officer.
- Jean-Marie Meyer, Executive Officer;
- Éric Fabretti, Executive Officer;
- Jean-François Castella, Senior Vice-President, Software.

This Committee falls under the authority of the Chief Executive Officer and consolidates the management and duties of department heads. The Executive Committee studies the forecasts and the revenue in terms of achievement for all entities of the Group on a monthly basis.

The Executive Committee studies the income for all parts of the Group, on the basis of quarterly statements.

Part 2: Restrictions to the Powers of the Chief Executive Officer

No restriction on the powers of the Chief Executive Officer is provided for, either in the Articles of Incorporation or by the Board of Directors. As a result, the Chief Executive Officer is invested with extensive powers, within the confines of the corporate purpose, to act in the name of the Company.

Part 3: Internal Control Procedures

1. INTERNAL CONTROL DEFINITION AND GOALS

Internal control procedures in effect at **Infotel** are designed to:

- Ensure that management procedures and operation execution, as well as the conduct of personnel, are in keeping with the corporate framework of Company activities, as defined by the Executive Management, by applicable laws and regulations and in keeping with the values, standards and internal rules of the Company;
- Ensure that the accounting, financial and management information communicated to Management accurately reflect the Company's operations and financial position;
- Monitor the effectiveness of the internal processes of the Company, especially those relating to preserving assets.

One objective of the internal control system is to prevent risks arising from company activities and risks of error or fraud, especially in the areas of accounting and finance.

As with all control systems, it cannot provide an absolute guarantee that these risks will be totally eradicated.

These objectives are compatible with the definition of C.O.S.O (Committee of Sponsoring Organizations of the Treadway Commission). C.O.S.O has defined internal control as a process implemented by the Corporate and Executive Management bodies of a company to obtain a reasonable assurance of achieving efficient and smooth operations and reliable financial reporting, in compliance with applicable laws and regulations.

2. OVERALL ORGANIZATION OF INTERNAL CONTROL PROCEDURES

Infotel is the parent company of the group founded in 1979.

As of December 31, 2014 the Group was composed of its subsidiaries **Infotel** Conseil, Archive Data Software and Infotel Business Consulting, held 100%, 33.33% and 75% respectively by **Infotel**, in addition to foreign overseas commercial agencies in the form of subsidiaries established in the United States, Germany and Monaco.

INTERNAL CONTROL BODIES

The Board of Directors is responsible for the Company policy for evaluating risks, implementing appropriate internal control and monitoring its effectiveness. This policy corresponds to legal and financial management controls and procedures.

As part of its Audit Committee responsibilities, the Board of Directors is responsible for preparing financial information, monitoring the effectiveness of internal control and risk management processes, monitoring the legal control of the annual and consolidated accounts by the auditors and monitoring the independence of the auditors.

Infotel operational subsidiaries are wholly owned (except Infotel Business Consulting, which is 75% held, and Archive Data Software, which is 33.33% held), and the internal control of the Group is carried out laterally across all entities.

Infotel is centrally organized. As a result, the subsidiaries are managed by the **Infotel** Chief Executive or the Executive Officers who perform most operational control activities.

MANAGEMENT OF MAJOR RISKS

The risk management policy consists of anticipating significant impacts of business activity on the assets and revenue of the Company. In the **Infotel** group, these preventive actions are the responsibility of the Executive Management. A detailed study of the risk factors weighing on **Infotel** was drawn up in **Infotel**'s 2013 registration document. Below is a summary of the main risk factors studied by **Infotel**.

Market Risks (Liquidity, Interest Rate, Currency, Stock Portfolio)

Interest Rate Risk

At this time, the Group has no significant financial debt, and does not hold financial assets other than cash mutual funds. Interest rate risk is thus marginal.

The Company and the Group have no need for financial tools to address interest rate risk.

Foreign Exchange Risks

The parent company bears the currency risk on intra-group billing and IBM royalties. It has not taken steps to cover this risk until now, apart from the occasional use of forward currency transactions held on account. In 2014 the parent company did not need to resort to forward currency transactions held on account.

Foreign **Infotel** subsidiaries invoice their services in local currency. They also bear commercial costs in local currency.

The portion of the revenue that can be affected by a fluctuation in the US dollar is about €4,541k, or 2.9% of global revenue.

Sales in Europe are carried out in the Euro zone and therefore carry no currency risk.

At December 31, 2014, the net value of assets and liabilities accounted by the entities of the Group in currencies other than Euro stood at USD 1,324k, or €1,089k.

Liquidity Risks

Infotel has carried out a specific review of its liquidity risk, which it considers to be nil due to the lack of any loans and its excess cash resources. As a result, it considers itself able to deal with future obligations.

Equity Risks

The exposure of the Company to equity risk is confined to mutual funds and treasury stock. The Company does not bear equity risks in unconsolidated entities because it does not invest in equity.

Specific Business Risks (Including Reliance on Suppliers, Customers, Sub-contractors, Manufacturing Processes, etc.)

Customers

Given the quality of the customer companies of the **Infotel** group and the history of its relationship, there is little appreciable customer risk:
The breakdown of business clientele appears in the paragraph “Distribution of Infotel's Activities” on page 31 of this registration document.

Suppliers

There are no risks linked to suppliers that would have an impact on the execution of the financial or technical business activities of the **Infotel** Group.

Dependence on Key Personnel

The Company is dependent on its Senior Managers, whose departure could impact its outlook. However, with the appointments of Jean-Marie Meyer and Éric Fabretti as Executive Officers on October 1, 2009, it has in put in place a middle management.

Technological Risks

The main technological risk faced by **Infotel** concerns changes in technological data on the market that could impact the Group’s position in both of its business sectors.

It should be noted that the Group is specialized in management IT sectors linking mainframes to the Web and using very large databases. Experts do not foresee their rapid disappearance in terms of a significant market.

Falling Prices - Fixed-Price Services

The Group may be subject to price pressure.
It must nonetheless be noted that the Group, in the past, has succeeded in avoiding this type of risk and that the type and quality of its services – with high added value and targeted to the vital IT activity of large companies to ensure their growth – is an important factor in reducing the impact of this risk.

The services delivered by the Company are invoiced on a fixed-price or cost-plus basis. For fixed-price invoicing, as the price is negotiated in advance with the customer, there is a risk of under-valuing costs, difficulties linked to the project and additional requests from the customer.

To manage this risk, the Group has implemented a managerial policy aimed at training and supporting its project managers in estimating costs and customer management during the contractual period (CMMI, ISO).

Emergence of New Competitors

The Group could be faced with the appearance of new competitors in a sector undergoing continual technological change. It should nonetheless be noted that:

- Its software publishing activity is aimed at a niche market where the companies that operate are specialists in database management;
- The Group has been able in the past to cope with the consequences of the frequent arrival of new competitors in its service provision activity.

Growth Management

Infotel foresees strong growth in the coming years, especially in exports.
Difficulties linked to this growth are likely to arise in the sales, technical and administrative sectors.

In the past, **Infotel** has successfully addressed this type of difficulty. It should be noted that international expansion will take place in conjunction with the growth of major customers.

Legal Risks

Specific Legislation

Infotel's activity is not contingent upon legal, legislative or administrative authorizations, or approval procedures.

Confidentiality

Almost all documents given to the Company by its customers are subject to confidentiality agreements. The risk exists of disclosure of confidential information by the Company concerning the projects of a customer company. The Company has, however, established ethical standards that apply to its personnel, with a view to avoiding this risk.

Reliance on Intellectual Property Rights

It should be noted that computer programs developed by **Infotel** are not patentable inventions.
At this time, the Group has not commenced, nor is it a party to, any litigation in this domain.

Non-Compliance with Performance Obligations

The Group could face a risk of not meeting its obligations of result for its fixed-price contracts. It should be noted, however, that if this risk cannot be avoided, the Group has prior experience in managing this risk.

Exceptional Events and Disputes

The Company has no knowledge of any exceptional events or disputes that could have or have had, in the recent past, a significant impact on the activity, assets or financial position of **Infotel**.

Assets Used as Collateral

None of the fixed assets of the **Infotel** group are used as collateral security.

Industrial and Environmental Risks

Infotel performs an intellectual activity that is non-polluting. The Company has implemented a selective waste-collection system (mainly for used printer ink cartridges and batteries) and makes all its personnel aware, from the time of their recruitment, of environmental values.

Given the nature of the business of the Company and its subsidiaries, no environmental policy has been implemented.
In the absence of any direct environmental and/or industrial risk, the Group's companies have not made any provision nor entered into any guarantee for pollution risk.

Quality

Infotel Conseil is ISO 9001:2000 certified and follows a comprehensive approach called **I**nfotel **Q**uality **M**anagement designed to establish and organize its Quality system. This approach is described in a documented reference that appears in the Quality Assurance Manual of the Group. It is based on an internal Code of Ethics.
Infotel has published a Group Quality Charter, which is the foundation for its commitments to its customers.
Infotel also follows a Quality system within the framework of CMMI (Capacity Maturity Model Integration), which is defined by the SEI (Software Engineering Institute) of Carnegie Mellon University. This is the benchmark model for engineering companies to grasp and improve their good practices.
On March 30, 2009, the Paris Banque Finance Industry department of **Infotel** was rated at the maturity level CMMI 2 ("Managed").
On July 8, 2009, ISO 9001 certification was attained. It currently adheres to the 2008 version of the standard, which now concerns """"the design, execution, maintenance and support of software, with performance obligations, for the Neuilly-sur-Seine, Bagnolet, Toulouse, Bordeaux and Lyon sites."
On July 6, 2010, ISO 9001:2008 certification was extended to Infotel Ouest. It currently applies to the Neuilly-sur-Seine, Bagnolet, Toulouse, Bordeaux, Lyon, Brest, Niort, Rennes, Le Mans and Nantes sites. This certification was renewed in 2014.

It is noted that the Quality unit, which is under the authority of the Executive Management, is based in the Tour Gallieni II at Bagnolet. It reports to the Executive Management and works in direct collaboration with Operational Management.
Through its assignments, and in accordance with its objectives, the Quality unit brings real added value to **Infotel** partners in terms of:

- Operational assistance for Quality;
- Advice and support on HR;
- Rationalization and effectiveness of IT tools available to all.

Within a framework of concern for quality, on July 27, 2011, the Group obtained the environmental certification ISO 14001:2004. This certification was renewed in 2014.

Infotel policy relating to the environment is described in Chapter 8.2.1 "General Environmental Policy" on page41 of this document.

Organization of the Executive Authority

Large operations requiring the approval of the Executive Committee or Executive Management are as follows:

- Written offers relating to actions that carry a large risk are subject to the opinion of the Executive Committee;
- Important decisions concerning research and development;
- Implementing actions affecting the IT system of the Group.

The integration of subsidiaries, on both the legal and operational levels, is described above. Subsidiaries are managed by the Executive Management.

Description of Internal Control Procedures

The internal control procedures are described below.

Infotel operational subsidiaries are wholly owned (except Infotel Business Consulting, which is 75% held, and Archive Data Software, which is 33.33% held), and the internal control of the Group is carried out laterally across all entities.

The Group is thus divided over a number of departments, each of which provides their own level of specific controls.

An Executive Committee, under the authority of the Chairman and including the managers and department heads, is responsible for the operational management of the Group. It meets weekly.

1) Executive Management

The Executive Management of the Group is responsible for defining strategy, overall policy, objectives and action plans. It also directs organizational functions and special assignments not covered by operational management.

A number of meetings take place periodically to review the major objectives of the Group, the medium and long-term strategy and the values on which the Group relies to meet these objectives.

2) Operational Management

The operational department is responsible for designing, marketing and ensuring profitability for all fixed-price (service desks) and cost-plus based services, technical support and training adapted to customers' needs according to their geographical locations, and for the design, development, maintenance and technical support of the Software.

Two Executive Officers are responsible for this department.

3) Financial Department

The Financial Department is responsible, for the Group as a whole, for managing the cash resources, supervising the accounting management and producing the necessary information for management control, especially financial performance indicators and margin calculations.

It also coordinates financial communication and takes part in meetings along with the Executive Management in information meetings with financial analysts on the publication of six-monthly and annual reports.

This department is headed by an Executive Officer.

4) HR Department

The HR department is responsible for all the employees of the Group. Its duty is to define the standards and regulations, administer personnel, manage HR relations, participate in hiring procedures and career decisions, set salaries, monitor the consistency of the pay policy and manage relations with bodies representing employees. This department reports to operational management under the leadership of an Executive Officer.

5) Communications

Executive Management is responsible for communications.

3. INTERNAL CONTROL RELATING TO FINANCIAL AND ACCOUNTING INFORMATION

As at the operational level, **Infotel**'s financial information is centralized.

1) Managing cash resources and delegating signing authority

Expenditure in the French companies of the Group shall not be instituted except by or with the consent of the Chief Executive Officer or Deputy Chief Executive Officers of **Infotel**.

For its foreign subsidiaries, only a small part of operational expenditures can be undertaken by the local managers. Customer payments take place exclusively via bank transfer to accounts dedicated to payments. Only the Chief Executive Officer or the Executive Officers are authorized to perform expenditures of funds from those accounts.

2) Preparing corporate financial statements

The accounts of all the Group's entities are held or monitored by chartered accountant firms, under the control of **Infotel**'s Executive Management.

These firms also prepare the corporate financial statements.

The chartered accountant of the parent company holds the office of accounting manager for the Group.

3) Preparing the consolidated financial statements

The chartered accountant firm of the parent company prepares the six-monthly and annual consolidated financial reports under the control of **Infotel**'s Executive Management.

The Executive Management also performs a follow-up of off-balance sheet items and assets.

IMPROVING INTERNAL CONTROL PROCEDURES

Infotel operates in a context of ongoing improvement of its internal control procedures.

The financial control system (budget/reporting), in place for a number of years, is operational. The tools on which they are based appear to be suitable to our needs but must be adapted in the event of significant growth.

Executive Management ensures the proper application of rules. Depending on how its size evolves, **Infotel** will strengthen, in a pragmatic fashion, this function (strengthened management control, fine-turning of the organization and systems).

Infotel will periodically audit its risk management procedures, either internally or externally and formalize regular action plans for improvement.

COMPLIANCE WITH THE LAWS AND REGULATIONS IN EFFECT

The **Infotel** organization is also centralized within the framework of compliance procedures with laws and regulations in effect, which fall under the authority of the Executive Management and the Executive Officers.

It is noted that in the preparation, implementation and description of its internal control and risk management system, the Company relies on a *“Reference Framework for Internal Control: Implementation Guide for Midcaps”* offered by the Financial Markets Authority and that the use of this guide did not lead to the identification of failures or inadequacies in the internal control system implemented in the **Infotel** group.

Tables Recommended by the Financial Markets Authority on the Remuneration of Corporate Officers

Table 1: Summary of remunerations and options and stock granted to each Corporate Officer

Bernard Connes-Lafforet, Chairman	**2012 (Fiscal year N-2)**	**2013 (Fiscal year N-1)**	**2014 (Fiscal year N)**
Remuneration due for the fiscal year (*as itemized in table 2*)	€227k	€217k	€216k
Valuation of the options granted during the fiscal year (*as itemized in table 4*)	None	None	None
Valuation of the performance stock granted during the fiscal year (*as itemized in table 6*)	None	None	None
TOTAL	€227k	€217k	€216k

Michel Koutchouk, Chief Executive Officer	**2012 (Fiscal year N-2)**	**2013 (Fiscal year N-1)**	**2014 (Fiscal year N)**
Remuneration due for the fiscal year (*as itemized in table 2*)	€196k	€196k	€196k
Valuation of the options granted during the fiscal year (*as itemized in table 4*)	None	None	None
Valuation of the performance stock granted during the fiscal year (*as itemized in table 6*)	None	None	None
TOTAL	€196k	€196k	€196k

Josyane Muller, Executive Officer	**2012 (Fiscal year N-2)**	**2013 (Fiscal year N-1)**	**2014 (Fiscal year N)**
Remuneration due for the fiscal year (*as itemized in table 2*)	€192k	€192k	€192k
Valuation of the options granted during the fiscal year (*as itemized in table 4*)	None	None	None
Valuation of the performance stock granted during the fiscal year (*as itemized in table 6*)	None	None	None
TOTAL	€192k	€192k	€192k

Jean-Marie Meyer, Executive Officer	**2012 (Fiscal year N-2)**	**2013 (Fiscal year N-1)**	**2014 (Fiscal year N)**
Remuneration due for the fiscal year (*as itemized in table 2*)	€210k	€210k	€210k
Valuation of the options granted during the fiscal year (*as itemized in table 4*)	None	None	None
Valuation of the performance stock granted during the fiscal year (*as itemized in table 6*)	None	None	None
TOTAL	€210k	€210k	€210k

Éric Fabretti, Executive Officer	**2012 (Fiscal year N-2)**	**2013 (Fiscal year N-1)**	**2014 (Fiscal year N)**
Remuneration due for the fiscal year (*as itemized in table 2*)	€210k	€210k	€210k
Valuation of the options granted during the fiscal year (*as itemized in table 4*)	None	None	None
Valuation of the performance stock granted during the fiscal year (*as itemized in table 6*)	None	None	None
TOTAL	€210k	€210k	€210k

Table 2: Overview of remuneration for each executive director

Bernard Connes-Lafforet, Chairman	**2012 (Fiscal year N-2)**		**2013 (Fiscal year N-1)**		**2014 (Fiscal year N)**	
	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Base remuneration	€216k	€216k	€216k	€216k	€216k	€216k
Variable remuneration	None	None	None	None	None	None
Multi-annual variable remuneration	None	None	None	None	None	None
Exceptional remuneration	None	None	None	None	None	None
Attendance fees	None	None	None	None	None	None
Benefits in kind	€11k	€11k	€1k	€1k	None	None
TOTAL	€227k	€227k	€217k	€217k	€216k	€216k

Michel Koutchouk, Chief Executive Officer	**2012 (Fiscal year N-2)**		**2013 (Fiscal year N-1)**		**2014 (Fiscal year N)**	
	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Base remuneration	€192k	€192k	€192k	€192k	€192k	€192k
Variable remuneration	None	None	None	None	None	None
Multi-annual variable remuneration	None	None	None	None	None	None
Exceptional remuneration	None	None	None	None	None	None
Attendance fees	None	None	None	None	None	None
Benefits in kind	€4k	€4k	€4k	€4k	€4k	€4k
TOTAL	€196k	€196k	€196k	€196k	€196k	€196k

Josyane Muller, Executive Officer	**2012 (Fiscal year N-2)**		**2013 (Fiscal year N-1)**		**2014 (Fiscal year N)**	
	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Base remuneration	€192k	€192k	€192k	€192k	€192k	€192k
Variable remuneration	None	None	None	None	None	None
Multi-annual variable remuneration	None	None	None	None	None	None
Exceptional remuneration	None	None	None	None	None	None
Attendance fees	None	None	None	None	None	None
Benefits in kind	None		None		None	
TOTAL	€192k	€192k	€192k	€192k	€192k	€192k

Jean-Marie Meyer, Executive Officer	2012 (Fiscal year N-2)		2013 (Fiscal year N-1)		2014 (Fiscal year N)	
	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Base remuneration	€210k	€210k	€210k	€210k	€210k	€210k
Variable remuneration	None	None	None	None	None	None
Multi-annual variable remuneration	None	None	None	None	None	None
Exceptional remuneration	None	None	None	None	None	None
Attendance fees	None	None	None	None	None	None
Benefits in kind	None		None		None	
TOTAL	€210k	€210k	€210k	€210k	€210k	€210k

Éric Fabretti, Executive Officer	2012 (Fiscal year N-2)		2013 (Fiscal year N-1)		2014 (Fiscal year N)	
	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Base remuneration	€210k	€210k	€210k	€210k	€210k	€210k
Variable remuneration	None	None	None	None	None	None
Multi-annual variable remuneration	None	None	None	None	None	None
Exceptional remuneration	None	None	None	None	None	None
Attendance fees	None	None	None	None	None	None
Benefits in kind	None		None		None	
TOTAL	€210k	€210k	€210k	€210k	€210k	€210k

Table 3: Attendance fee table

Board members	Amounts paid during the year N-2	Amounts paid during the year N-1	Amounts paid during the year N
Bernard Connes-Lafforet	None	None	None
Michel Koutchouk	None	None	None
Josyane Muller	None	None	None
Janina Cohen	None	None	None
TOTAL	None	None	None

Table 4: Stock options granted to each Executive Officer by the issuer and any other Group company

Name of the Executive Corporate Officer	Plan no. and date	Type of options (purchase or subscription)	Valuation of the options according to the method selected for the consolidated financial statements	Number of options granted during the fiscal year	Exercise price	Fiscal year period
Bernard Connes-Lafforet	None	None	None	None	None	None
Michel Koutchouk	None	None	None	None	None	None
Josyane Muller	None	None	None	None	None	None
Jean-Marie Meyer	None	None	None	None	None	None
Éric Fabretti	None	None	None	None	None	None
TOTAL	**None**	**None**	**None**	**None**	**None**	**None**

Table 5: Stock options exercised during the fiscal year by each Executive Corporate Officer

Name of the Executive Corporate Officer	Plan no. and date	Number of options exercised during the fiscal year	Exercise price
Bernard Connes-Lafforet	None	None	None
Michel Koutchouk	None	None	None
Josyane Muller	None	None	None
Jean-Marie Meyer	None	None	None
Éric Fabretti	None	None	None
TOTAL	**None**	**None**	**None**

Table 6: Performance stocks granted to each Executive Corporate Officer

Performance stocks granted during the fiscal year to each Executive Corporate Officer by the issuer and any other Group company (list of names)	Plan no. and date	Number of options granted during the fiscal year	Valuation of the options according to the method selected for the consolidated financial statements	Acquisition date	Vesting date	Performance conditions
Bernard Connes-Lafforet	None	None	None	None	None	None
Michel Koutchouk	None	None	None	None	None	None
Josyane Muller	None	None	None	None	None	None
Jean-Marie Meyer	None	None	None	None	None	None
Éric Fabretti	None	None	None	None	None	None
TOTAL	**None**	**None**	**None**	**None**	**None**	**None**

Table 7: Performance stock vested for each Executive Corporate Officer

Performance stocks vested for each Executive Corporate Officer	Plan no. and date	Number of shares vested during the fiscal year	Acquisition date	Vesting date	Acquisition terms
Bernard Connes-Lafforet	None	None	None	None	None
Michel Koutchouk	None	None	None	None	None
Josyane Muller	None	None	None	None	None
Jean-Marie Meyer	None	None	None	None	None
Éric Fabretti	None	None	None	None	None
TOTAL	**None**	**None**	**None**	**None**	**None**

Table 8: Employment contracts, top-up pension schemes, benefits or payments due or likely to fall due owing to the termination of or change in an appointment, compensation under a non-compete clause

Executive Corporate Officers	Employment contract		Top-up pension scheme		Benefits or payments due or likely to fall due owing to the termination of or change in an appointment.		Compensation under a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Bernard Connes-Lafforet Chief Executive Officer		☒		☒		☒		☒
Michel Koutchouk Executive Officer		☒		☒		☒		☒
Josyane Muller Executive Officer		☒		☒		☒		☒
Jean-Marie Meyer Executive Officer		☒		☒		☒		☒
Éric Fabretti Executive Officer		☒		☒		☒		☒

Table 9: History of stock options granted

INFORMATION ON STOCK OPTIONS	
	Plan
Meeting date	None
Date of Board of Director's Meeting	None
Total number of shares that can be taken up or purchased, *Including the number that can be taken up or purchased by the corporate officers*	None
- Bernard Connes-Lafforet, Chief Executive Officer	None
- Michel Koutchouk, Executive Officer	None
- Josyane Muller, Executive Officer	None
- Jean-Marie Meyer, Executive Officer	None
- Éric Fabretti, Executive Officer	None
First stock option exercisable date	None
Expiration date	None
Issue or offer price	None
Terms of exercise (where the plan includes several tranches)	None
Number of shares taken up as of March 31, 2015	None
Total number of stock options cancelled or lapsed	None
Stock options remaining at the end of the fiscal year	None

Table 10: Stock options granted for the top 10 non-executive officer employees and options exercised

	Total number of stock options	**Weighted average price**	**Plan**
Stock options granted during the fiscal year by Infotel and any company within the scope of granting stock options, to the ten employees of Infotel and any company including in this scope, for which the number of options granted is the highest	None	None	None
Stock options held for Infotel and previously authorized companies, exercised during the fiscal year by the top Infotel employees, of which the number of options purchased or fully paid-up is the highest	None	None	None

Table 11: History of assignment of free shares

INFORMATION ON FREE SHARES	
	Plan
Meeting date	None
Date of Board of Director's Meeting	None
Total number of shares that can be taken up or purchased, *Including the number that can be taken up or purchased by the corporate officers* *- Bernard Connes-Lafforet, Chief Executive Officer* *- Michel Koutchouk, Executive Officer* *- Josyane Muller, Executive Officer* *- Jean-Marie Meyer, Executive Officer* *- Éric Fabretti, Executive Officer*	None None None None None None
Vesting date of shares	None
End of lock-in date for shares	None
Number of shares taken up as of March 31, 2015	None
Total number of shares cancelled or lapsed	None
Free shares remaining at the end of the fiscal year	None

16.6. STATUTORY AUDITORS' REPORT ON THE CHAIRMAN'S REPORT

Auditors' Report on accounts drawn up pursuant to Article L. 225-235 of the French Commercial Code, on the Chairman of the Board's Report

Fiscal year ending December 31, 2014

To the stockholders,

In our capacity as Statutory Auditors for **Infotel**, and pursuant to the terms of Article L. 225-235 of the French Commercial Code, we hereby present you our report on the report prepared by the Chairman of your Company pursuant to the terms of Article L. 225-37 of the French Commercial Code regarding the fiscal year ended on December 31, 2014.

It is the Chairman’s responsibility to prepare and submit to the Board of Directors for approval a report reviewing the internal control and risk management procedures implemented by the Company and providing the other disclosures required by Article L. 225-37 of the French Commercial Code in particular relating to corporate governance.

It is our responsibility to:

- report to you our observations stemming from the information contained in the Chairman’s report, concerning the internal control and risk management procedures relating to the preparation and processing of accounting and financial information; and
- attest that the report includes the other disclosures required by Article L. 225-37 of the French Commercial Code, it being specified that we are not responsible for assessing the fairness of this other information.

We have carried out our tasks in conformity with the professional standards applicable in France.

Information concerning the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

Professional standards require that we implement procedures to assess the fairness of the information regarding the internal control and risk management procedures relating to the preparation and processing of accounting and financial information set out in the Chairman’s report. These procedures mainly consisted of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman’s report is based, and of the existing documentation;
- obtaining an understanding of the work that enabled this information to be prepared and with the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we may have identified in the course of our work are properly described in the Chairman’s report.

On the basis of our work, we have no observations to make on the information concerning the Company’s internal control procedures and risk management relating to the preparation and processing of the accounting and financial information set out in the Chairman of the Board of Directors’ report, prepared pursuant to Article L. 225 37 of the French Commercial Code.

Other disclosures

We attest that the Chairman of the Board of Directors’ report sets out the other information required by Article L. 225-37 of the French Commercial Code.

Paris and Neuilly-sur-Seine, April 28, 2015

The Statutory Auditors

Audit Consultants Associés	Constantin Associés Member of Deloitte Touche Tohmatsu Limited
Jacques Rabineau	Jean-Paul Seguret

17. EMPLOYEES AND WORKFORCE

17.1. WORKFORCE

The changes in the workforce are shown in the table below:

	2014	2013	2012
Voluntary departure rate (in %)	8.3	9.0	10.5
Average workforce in the Group	1192	1116	1024
Average annual salary in the Group (€k)	40.4	40.1	41.0
Apprenticeships	9	6	5
Average permanent workforce	1183	1110	1019
Executive management	6	6	5
Sales personnel	46	45	39
Administration personnel	30	29	27
Engineers	1089	997	919
Technicians	18	39	34

This table does not include subcontracting. This data includes the IBC subsidiary in 2013.

The inter-contract rate in the Service activity is defined in days with regard to the potential activity time (excluding vacations, unpaid leave and reduced working hours) of employees that is directly chargeable.

	2014	2013	2012
Inter-contract rate	2.0 %	2.0 %	2.7 %

17.2. EMPLOYEE PROFIT-SHARING AND INCENTIVE PLANS

Year	2014	2013	2012	2011	2010
Employee profit-sharing	€1,447,300	€1,168,825	€666,963	€1,097,448	€1,113,919

The company Infotel Conseil has calculated, for several years, employee profit-sharing according to a formula defined in agreement with employee representatives and based on the calculation methods allowed by the French Administration and recognized in the marketplace.
A ruling of the Council of State of March 20, 2013 has amended the profit-sharing calculation method as regards the recognition of tax credits. The position of the Council of State indicated in this ruling for the calculation of employee profit-sharing has been taken into account in the 2013 and 2014 accounts.

17.3. EQUITY INVESTMENT

Employee equity investment in the company **Infotel** at January 26, 2015 was:

- Infotel Conseil employees: 46,510 shares representing 0.70% of the capital stock of Infotel.

Equity investment among executive management is detailed in paragraph 18.1 “Changes in the Breakdown of Capital Stock over the Last Three Years” on page 87.

17.4. STOCK OPTION PLAN

There is currently no stock option plan implemented in the Company.

Allocations and options exercised in 2014 by the top 10 non-executive officer employees

Stock options granted for the top 10 non-executive officer employees and options exercised	Total number of stock options	Weighted average price	Plan
Stock options granted during the fiscal year by Infotel for which the number granted is the highest	None	None	None
Stock options held for Infotel and previously authorized companies, exercised during the fiscal year by the top Infotel employees, of which the number of options purchased or fully paid-up is the highest	None	None	None

17.5. REPORT ON CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY (CSR) – CORPORATE SOCIAL INFORMATION

17.5.1. Summary

Corporate Social Information	2014	2013
Total workforce at December 31	1247	1146
Permanent staff	197	170
Contract staff	0	0
Redundancies on economic grounds	0	0
Redundancies for other reasons	12	11
Additional contract hours	100 per person and per year	100 per person and per year
External labor	None	None
Staff restructuring plan	None	None
Work time organization	Annualization of working time at 80%	Annualization of working time at 80%
Work time duration	37.20 hours per week	37.20 hours per week
Part time duration (average)	31 hours per week	31 hours per week
Absenteeism reasons and rate	Sickness, maternity: 2.4 %	Sickness, maternity: 2.2 %
Average pay including bonuses (excluding executives)	€40,365 / year	€40,100 / year
Change in individual base pay during the year	+3.6% on average	+3.4 % on average
Social security costs	45% of wages	45% of wages
Incentive plans	None	None
Profit sharing (Infotel Conseil)	4/7 coefficient	4/7 coefficient
Company savings plan	Yes, included in shareholding	Yes, included in shareholding
Gender equality: average salary	2.5% more for men	3.6 % more for men
Equality: middle qualification (C2.2) salary	Difference -0.1% not significant	Difference -0.7 % not significant
Collective bargaining agreements	Reduction of work time	Reduction of work time
Health and safety	4 health & safety committees, occup. illness : none	4 health & safety committees, occup. illness : none
Work accidents and commuting accidents with absence from work	4	8
Fatal work accidents and commuting accidents	0	0
Training	€1,058k, 2.3% of salaries	€921k, 2.1% of salaries
Disabled employees	5	5
Company welfare service	None	None
Sub-contracting	47% of total positions + subcontracting rate	42 % of total positions + subcontracting rate
Territorial impact	None	None
Relationship with associations	None	None
Sub-contracting abroad	<0.5%	None
Impact on local development abroad	None	None

17.5.2. Combating Discrimination in the Workplace

Pursuant to the provisions of Articles L225-102-1 sub-paragraph 5 and R225-105-1 of the French Commerce Code, this section contains the Company's commitments to providing equal opportunities and promoting diversity in the workplace.

As the table below illustrates, equality between men and women has been respected and the number of people with disabilities employed by the Group is slightly lower.
Furthermore, the Group has defined an employment policy on age and implemented an action plan.

17.5.3. Training Policy

Following an assessment of individual interview reports for 2014, a training plan was set up for each site of the Group and validated by Management. This plan is reassessed every six months using performance indicators for each department.
The number of internship hours fulfilled for 2014 was 13,290.

17.6. METHODOLOGICAL NOTE ON CORPORATE, ENVIRONMENTAL AND SOCIAL INFORMATION

17.6.1. Scope of CSR Reporting

The scope of social reporting covers the employees of the Group in France registered on December 31, 2014.

The scope of environmental reporting covers the sites in France.

Employees of foreign subsidiaries represent less than 1% of the Group's total workforce.

17.6.2. CSR Indicators

In line with the provisions in the French Grenelle II Law and its main principles, the Infotel Group endeavors to provide the greatest degree of transparency in its non-financial disclosures. In compliance with the *comply or explain* rule specified in the text of the Law, the Infotel Group nonetheless recognizes that a limited amount of information is not included in this document. The main reasons could include the absence of weak indicators on these issues to date or the proven absence of significance of certain issues with respect to the Group's activities, the size and the geographical location of the Group's branch offices. The selected CSR indicators therefore meet a materiality criterion and a logic of relevance in link with Infotel Group activities.

17.6.3. Specific Points by Indicator

Energy consumption: this is the amount of energy bought directly by the entity.

Total workforce and distribution by gender, age and geography: this means all the employees in the workforce at the end of the fiscal year, irrespective of type of work contract (excluding interns, temporary staff and sub-contractors).

Total intake: this is the total number of hires during the fiscal year for the company. The eligible population is that used in the “total employees” indicator.

Total departures: this is the total number of departures during the fiscal year for the company. The eligible population is that used in the “total employees” indicator.

Number of accidents: this is the total number of accidents:

- Counted as a work accident, any accident arising suddenly from or during the course of work and giving rise to official justification;
- Accidents arising during travel for business reasons or during the commute regularly used by the employee between home and work are recognized as “"”“commuting accidents”.

Absenteeism: this is the total number of working days of absence during the fiscal year for the following reasons:

- Absences for family or parental reasons: maternity leave, parental leave, leaves authorized for family events (marriages, funerals, etc.);
- Absence for personal reasons: company creation; sabbaticals, unpaid leave;
- Absence due to illness or non-work related accidents;
- Absence for “occupational diseases” or “commuting accidents”.

17.6.4. Verification of information

Pursuant to article L225-102-1 of the French Commercial Code, Infotel has appointed Deloitte et Associés as an independent third-party organization in charge of verifying the CSR information for 2014 published in the management report.
The report of the independent third party concerns the presence and sincerity of the CSR information published will appear on **Infotel**'s website.

17.7. INDEPENDENT AUDITORS' REPORT ON CSR INFORMATION

Independent Third-Party Report on Corporate Social and Environmental Responsibility (CSR) - Environmental Information

Fiscal year ending December 31, 2014

To the stockholders,

In our capacity of independent third-party, approved by the French National Accreditation Body (COFRAC) under the number 3-1048[1] and a member of the Deloitte network and statutory auditor of the Infotel accounts, we hereby present you with our report on the consolidated corporate, environmental and social information for the fiscal year ending December 31, 2014 (hereafter called "CSR Information"), presented in the management report pursuant to the provisions set out in Article L.225-102-1 of the French Commercial Code.

Responsibility of the Company

The Board of Directors is responsible for preparing a management report including the CSR information in accordance with the provisions of Article R.225-105-1 of the French Commercial Code, prepared in accordance with the reporting protocols used by the company, , (hereafter the “Reporting Protocols”), which are available for consultation at the headquarters of the company and for which a summary is presented in the chapter entitled "Methodological Note on Corporate, Environmental and Social Information" in the management report.

Independence and Quality Control

Our independence is defined by regulatory texts, the profession's Code of Ethics as well as by the provisions set forth in Article L.822-11 of the French Commercial Code. Furthermore, we have set up a quality control system that includes documented policies and procedures designed to ensure compliance with the rules of ethics, professional auditing standards and applicable legal texts and regulations.

Responsibility of the Independent Third-Party

Based on our work, our responsibility is to:

- Attest that the required CSR Information is presented in the management report, or in the event of omission, is explained pursuant to the third paragraph of Article R.225-105 of the French Commercial Code (Statement of completeness of the CSR Information);
- Express limited assurance on the fact that, taken as a whole, the CRS Information is presented fairly, in all material aspects, in accordance with the Reporting Protocols (Formed opinion on the fair presentation of the CSR Information).

Our work was carried out by a team of four people between March and April 2015 over a period of two weeks. To assist us in conducting our work, we referred to our corporate responsibility experts.
We conducted the following procedures in accordance with professional auditing standards applicable in France, and with the order of May 13, 2013 determining the methodology according to which the independent third-party entity in conducts its assignment and, with respect to the formed opinion on the fair presentation of Information, with the ISAE (International Standard on Assurance Engagements) 3000[2].

1. Statement of Completeness of the CSR Information

Based on interviews with the relevant department managers, we reviewed the company's sustainable development strategy with regard to the social and environmental impacts of the company's activities and its corporate commitments and, where appropriate, with resulting actions and plans.
We have compared the CSR Information presented in the management report with the list stipulated in Article R.225-105-1 of the French Commercial Code.
In the event of omission of certain consolidated information, we have verified that explanations were provided in accordance with the third paragraph of Article R.225-105 of the French Commercial Code.
We have verified that the CSR Information covers the consolidated scope, i.e. the company as well its subsidiaries as per Article L.233-1 and the companies that it controls as per Article L.233-3 of the French Commercial Code, subject to the limits presented in the section entitled “Methodological Note on Corporate, Environmental and Social Information” in the management report.

[1] the scope of which is available at www.cofrac.fr

[2] ISAE 3000 – *Assurance engagements other than audits or reviews of historical financial information*

Based on these procedures and considering the limitations mentioned above, we attest that the required CSR Information is presented in the management report.

2. Reasoned Opinion on the Fair Presentation of CSR Information

Nature and Scope of Procedures

We conducted interviews with the persons responsible for preparing the CSR information in the departments responsible for information collection processes, and where appropriate, those responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Reporting Protocols with respect to their relevance, completeness, reliability, neutrality and clarity, by taking into consideration, where appropriate, the sector's best practices;
- verify that a data collection, compilation, processing and verification procedure has been implemented to ensure the completeness and consistency of the CSR Information and review the internal control and risk management procedures used to prepare the CSR Information.

We determined that the nature and scope of our tests and checks according to the nature and significance of the CSR Information with regard to the company's characteristics, the social and environmental challenges of its activities, its sustainable development strategies and the sector's best practices.

Concerning the CSR information that we have considered the most important[3]:

- For the consolidating entity, we consulted the documentary sources and conducted interviews to corroborate the qualitative information (organization, policies, actions), we performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the data consolidation and we verified their consistency with the other information presented in the management report;
- For a representative sample of sites that we have selected[4] according to their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify the correct application of procedures and performed substantive tests using sampling techniques, consisting in checking the calculations performed and reconciling the data with supporting evidence. The selected sample represented 37% of employees and between 18% and 24% of the environmental quantitative information.

Regarding the other consolidated CSR Information, we have assessed its consistency in relation to our understanding of the company.

Finally, we have assessed the relevance of the explanations relating to, where appropriate, the total or partial omission of certain information.

We believe that the sampling methods and sample sizes that we have used in exercising our professional judgment has enabled us to express limited assurance; a higher level of assurance would have required more in-depth verification. Due to the use of sampling techniques and the other limits inherent to the operations of any information and internal control system, the risk that a material anomaly may not be identified in the CSR Information cannot be completely eliminated.

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[3] **Quantitative information:** Electricity consumption; D3E quantity generated by the activity; quantity of paper and cardboard generated by the activity; greenhouse gas emissions; number of recruitments and departures; absenteeism rate; number of internship hours; work accidents and commuting accidents with absence from work.
Qualitative information: ISO 14001 certification; environmental management system; training policy, gender equality.

[4] **Social information:** the Bagnolet and Neuilly-sur-Seine sites.
Environmental information: the Bagnolet site.

Conclusion

Based on our work, we did not identify any significant material anomalies likely to call into question the fact that the CSR Information, taken as a whole, is presented fairly, in accordance with the Reporting Protocols.

Neuilly-sur-Seine, April 28, 2015

Independent Third-Party Body,

Deloitte & Associés

Jean-Paul Séguret
Partner

18. MAJOR STOCKHOLDERS

18.1. CHANGES IN THE BREAKDOWN OF CAPITAL STOCK OVER THE LAST THREE YEARS

To the Company's knowledge, the holders of **Infotel** common stock are:

	Situation at 04/01/2013			Situation at 04/01/2014			Situation at 04/01/2015		
Stockholder	Number of shares	% of capital stock	% voting rights	Number of shares	% of capital stock	% voting rights	Number of shares	% of capital stock	% voting rights
Bernard Connes-Lafforet	450,127	33.81	43.13	450,127	33.81	43.33	2,250,635	33.81	43.22
Michel Koutchouk	77,360	5.81	7.41	77,360	5.81	7.25	386,800	5.81	7.24
Josyane Muller	50,380	3.78	4.83	48,380	3.63	4.66	211,900	3.18	4.07
Jean-Marie Meyer	40,835	3.07	3.91	40,835	3.07	3.93	200,000	3.00	3.84
Éric Fabretti	43,426	3.26	3.87	36,626	2.75	3.24	200,130	3.01	3.84
Total Executives	662,128	49.73	63.16	653,328	49.07	62.41	3,249,465	48.81	62.20
Treasury stock	10,663	0.80	0	0	0	0	0	0	0
Liquidity agreement	1,793	0.13	0	639	0	0	5,267	-	-
Alto Invest	117,374	8.82	5.62	92,214	6.93	4.44	360,631	5.42	3.46
NextStage	89,167	6.70	4.27	81,077	6.09	3.90	207,534	3.12	1.99
Odyssée Venture	72,776	5.47	3.49	72,626	5.45	3.50	240,743	3.62	2.31
Public	377,490	28.35	23.46	431,507	35.76	37.59	2,593,315	38.96	30.03
Total	1,331,391	100	100	1,331,391	100	100	6,656,955	100	100

In the absence of treasury stock at December 31, 2014 within the framework of the repurchase plan, the table above does not distinguish between theoretical voting rights and exercisable voting rights, which total 10,431,780. Treasury stock within the framework of previous repurchase plans were subject to an off-market transfer on March 2014.

Pursuant to the minutes of the Combined Stockholders' meeting on May 21, 2014, 1,331,391 shares at a par value of 2 Euros of the Company's capital stock was divided into 6,656,955 shares of 0.40 Euros. The shares were exchanged on the basis of five new shares for one old share.

The issuer's major stockholders, as well as all stockholders whose stock is registered nominatively for at least two years, have double voting rights according to statutory provisions.

To the Company's knowledge, the issuer is not held or more than 50% controlled by one individual or legal entity, taking into account the totality of the stock and voting rights making up the Company's capital stock, of which 38.96% and 30.03% of voting rights are held by the public.

However, it may be considered that Bernard Connes-Lafforet exercises de facto control of the Company in terms of the percentage of voting rights he holds, compared to the number of rights effectively exercised at the AGM. In this regard, no particular measures have been taken to ensure that this control is not exercised abusively.

To the Company's knowledge, there is no agreement whereby such implementation could, at a later date, involve a change in its control.

The nature of the leading stockholders of Infotel since its listing on the stock market in January 1999 shows great stability.

The executives, strongly involved in the Group's expansion, are majority stockholders. At April 1, 2015, they held 48.81% of the capital and 62.20% of voting rights.

On December 9, 2014, the Company was made aware of Odyssée Venture SAS falling below the 5% threshold.

With the exception of Alto Invest, to the Company's knowledge, there are no other direct, indirect or concert stockholders with 5% or more of the capital or the voting rights.

At January 26, 2015, employee holdings accounted for 46,510 shares, or 0.70% of capital stock, through the company savings plan. Representing less than 3% of capital stock, this participating interest is not significant.

On January 26, 2015, the company **Infotel** carried out a TPI (identifiable bearer securities) inquiry, enabling it to determine the number of stockholders: there were 2,083 stockholders at the date in question.

To the Company's knowledge, the breakdown of the capital stock and the voting rights has not changed significantly during the last three fiscal years. The executives still hold majority voting rights.

To the Company's knowledge, the shares were not subject at December 31, 2014 to any obligation to be held as part of the Dutreil transmission agreement.

Infotel confirms its PEA-PME eligibility in accordance with French Decree no. 2014-283 of March 4, 2014 implementing Article 70 of the Law no. 2013-1278 of December 29, 2013 for 2014 finances. As a result, **Infotel** stock can still be fully integrated in PEA-PME accounts that benefit from the same fiscal advantage as a traditional stock savings plan (PEA).

19. RELATED PARTY TRANSACTIONS

These transactions are described in paragraph 7.2.9 "Other Information Related to Subsidiaries" on page 37.

The regulated agreements are described in paragraph 20.4.3 "Special Report from the Statutory Auditors regarding the regulated agreements and commitments" on page 132.

There are no transactions with associated parties.

20. FINANCIAL INFORMATION REGARDING THE ISSUER'S HOLDINGS, FINANCIAL POSITION AND RESULTS

20.1. HISTORICAL FINANCIAL INFORMATION

The key financial information presented was verified and must be read in reference to the comments by the management board regarding the financial statements and financial position of the company, the consolidated accounts and their annex notes, as well as other financial information appearing in this registration document.
Information on previous fiscal years is available in the registration documents for previous years that can be viewed on our website: www.infotel.com, in the section Investors > Registration documents.
Pursuant to Article 28 of Commission Regulation (EC) no. 809/2004 of the European Commission, the following information is included for reference in these registration documents:

- consolidated accounts and audit reports for the year ending December 31, 2013, appearing on pages 90 to 114 and 127 to 128 of the registration document for the 2011 fiscal year, submitted to the French Financial Markets Authority on April 30, 2014 under number D.12-0460; the corporate financial statements and audit reports for the year ending December 31, 2013, appearing on pages 115 to 126 and 129 to 132 of the same document, the analysis of the financial position and results appearing on pages 47 and 48, the investments on page 23, and the related party transactions on page 87 of this document;
- consolidated accounts and audit reports for the year ending December 31, 2012, appearing on pages 86 to 110 and 123 to 124 of the registration document for the 2012 fiscal year, submitted to the French Financial Markets Authority on April 30, 2013 under number D.13-0484; the corporate financial statements and audit reports for the year ending December 31, 2012, appearing on pages 111 to 122 and 125 to 128 of the same document, the analysis of the financial position and results appearing on pages 45 and 46, the investments on page 23, and the related party transactions on page 83 of this document;
- consolidated accounts and audit reports for the year ending December 31, 2011, appearing on pages 84 to 108 and 121 to 122 of the registration document for the 2011 fiscal year, submitted to the French financial markets authority on April 26, 2012 under number D.12-0448; the corporate financial statements and audit reports for the year ending December 31, 2011, appearing on pages 109 to 120 and 123 to 126 of the same document, the analysis of the financial position and results appearing on pages 43 and 44, the investments on page 23, and the related party transactions on page 81 of this document.

The parts not included in these documents are either not applicable for the investor or covered in another part of the above-mentioned registration documents.

20.2. CONSOLIDATED FINANCIAL STATEMENTS

20.2.1. Consolidated Balance Sheet

20.2.1.1. Assets

ASSETS (*in thousands of Euros*)	**Notes**	**12/31/2014**	**12/31/2013**
Goodwill	1	10,973	10,973
Intangible assets	2	5,860	5,637
Tangible assets	3	2,692	2,374
Other financial assets	4	629	579
Investments in entities accounted for using the equity method	5	42	58
Deferred taxes	15	1,236	1,026
NON-CURRENT ASSETS		**21,432**	**20,647**
Accounts receivable	6	46,422	47,507
Other receivables	7	4,408	4,321
Current tax assets	7	2,500	3,515
Cash and cash equivalents	9	38,243	25,673
CURRENT ASSETS		**91,573**	**81,016**
TOTAL ASSETS		**113,005**	**101,664**

20.2.1.2. Liabilities and Stockholders' Equity

LIABILITIES (*in thousands of Euros*)	**Notes**	**12/31/2014**	**12/31/2013**
Capital	11	2,663	2,663
Retained earnings		7,581	7,581
Accumulated comprehensive income		47,245	40,589
Treasury stock	11	(104)	(268)
GROUP EQUITY		**57,385**	**50,565**
Non-controlling interests		301	217
STOCKHOLDERS' EQUITY		**57,686**	**50,782**
Loans and other long-term debts			19
Provisions	12	3,120	2,607
Deferred taxes	15	236	378
NON-CURRENT LIABILITIES		**3,356**	**3,004**
Current liabilities			
Accounts payable	13	15,602	12,689
Other debts	13	36,361	35,189
Current tax assets			
CURRENT LIABILITIES	13	**51,963**	**47,878**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**113,005**	**101,664**

20.2.2. Income Statement and Statement of Comprehensive Income

In thousands of Euros	Notes	12/31/2014	12/31/2013
Revenue	16	**157 030**	**142 687**
Purchases	17	(194)	763
Personnel costs	18	(71,450)	(66,029)
External costs	17	(63,330)	(56,797)
Taxes		(2,375)	(2,377)
Depreciation, Amortization		(2,815)	(2,623)
Provisions		46	(1 185)
Other income from operations and expenses		(152)	(104)
CURRENT OPERATING INCOME		**16,760**	**14,335**
Other operating income and expenses		(15)	619
NET OPERATING INCOME		**16,745**	**14,954**
Financial income	19	244	182
Financial expense	19	(106)	(190)
FINANCIAL INCOME	19	**138**	**(8)**
Income tax	20	(5 732)	(5 514)
Share in profits of entities accounted for by the equity method		(16)	177
NET INCOME FOR THE PERIOD		**11,135**	**9,610**
of which Group share		11,000	9,500
of which minor interests	21	135	110

Earnings per share - Group share	22	1.65	7.18
Diluted earnings per share - Group share	22	1.65	7.18

NET INCOME FOR THE PERIOD		**11,135**	**9,610**
Profit and loss accounted for directly in equity		(240)	0
COMPREHENSIVE INCOME FOR THE PERIOD		**10,895**	**9,610**
of which Group share		10,760	9,500
of which minor interests		135	110

20.2.3. Statement of Cash Flows

In thousands of Euros	12/31/2014	12/31/2013
NET INCOME FOR THE PERIOD	**11,135**	**9,610**
Net income variance N-1		
Amortizations and provisions - net	2,972	3,444
Net gain/loss on asset transfer	3	(605)
Share in profits of entities accounted for using the equity method	16	(177)
Others		
Deferred taxes		
CASH FLOW AFTER NET BORROWING AND TAXES	**14,126**	**12,272**
Net borrowing	(145)	8
Taxes (including deferred taxes)	5,732	5,514
CASH FLOW BEFORE NET BORROWING AND TAXES	**19,713**	**17,794**
Paid taxes	(4 949)	(5 267)
Variation in WCR associated with activity	4,881	947
NET CASH PROVIDED BY OPERATING ACTIVITIES	**19,644**	**13,474**
Tangible and intangible acquisitions	(3 369)	(2 660)
Long-term investments net of transfers		
Income from transfer of assets	212	659
Variation deposits and bonds	(50)	(28)
Changes in scope of consolidation		
NET CASH PROVIDED BY INVESTING ACTIVITIES	**(3 207)**	**(2 029)**
Capital increase (including stock options)		
Treasury stock repurchase and resale	688	5
Dividends paid to stockholders of the parent company	(4 659)	(2 639)
Dividends paid to minority stockholders of subsidiaries	(50)	
Dividends received (companies at equity, non-consolidated securities)		
Loan repayment (including financed lease agreements)	(19)	(11)
Net interest paid (including financed lease agreements)	145	(8)
Other cash linked to financing operations		
NET CASH PROVIDED BY FINANCING ACTIVITIES	**(3 896)**	**(2 663)**
Effect of currency fluctuations	30	(8)
Net change in cash	**12,569**	**8,770**
Cash at the beginning of the fiscal year	**25,672**	**16,902**
Cash at the end of the fiscal year	**38,242**	**25,672**

20.2.4. Consolidated Statement of Changes in Equity

in thousands of Euros	Capital	Retained earnings	Treasury stock	Accumulated other comprehensive income	Stockholder's equity - Group share	Non-controlling interests	Total stockholders' equity
Equity at December 31, 2012	**2,663**	**7,581**	**(273)**	**34,016**	**43,987**	**193**	**44,180**
Changes in capital stock and stock option plan							
Treasury stock operations			(4)		(4)		(4)
Dividends				(2 639)	(2 639)		(2 639)
Net income for the fiscal year			9	9,491	9,500	110	9,610
Translation adjustments				(8)	(8)		(8)
Subtotal Comprehensive income				*9,492*	*9,492*	*110*	*9,602*
Other changes				(271)	(271)	(85)	(356)
Equity at December 31, 2013	**2,663**	**7,581**	**(268)**	**40,589**	**50,565**	**217**	**50,782**
Changes in capital stock and stock option plan							
Treasury stock operations			164	524	688		688
Dividends				(4 659)	(4 659)	(50)	(4 709)
Net income for the fiscal year				11,000	11,000	135	11,135
Change in scope of consolidation				(240)	(240)		(240)
Translation adjustments				31	31		31
Subtotal Comprehensive income				*10,791*	*10,791*	*135*	*10,926*
Other changes							
Equity at December 31, 2014	**2,663**	**7,581**	**(104)**	**47,245**	**57,385**	**301**	**57,686**

20.2.5. General Information

Infotel SA ("the Company") is a corporation with registered address in France.

Infotel primarily engages in software development and commercialization activities and the maintenance of these software through its subsidiaries: Infotel Corporation, Infotel GmbH, Insoft Software GmbH and Archive Data Software. Its Infotel Conseil, Infotel Monaco and Infotel Business Consulting subsidiaries are engaged in IT service provision.

The consolidated financial statements include the Company and its subsidiaries (collectively called “the Group”).

The information disclosed as part of the accounts is an integral part of these financial statements. Unless otherwise stated, these accounts are expressed in thousands of Euro, the Euro being the reporting currency of the Group.

The consolidated financial statements were approved by the Board of Directors on March 25, 2015; they will submitted for approval at the Annual General Stockholders' Meeting on May 20, 2015.

20.2.6. Accounting Principles and Methods

20.2.6.1. Basis of presentation

The consolidated financial statements have been prepared in accordance with IFRS international accounting principles and reporting standards applicable at December 31, 2014, available on the website:
http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

The data relating to the fiscal year 2013, given for comparative reasons, were prepared according to the same accounting principles and standards.

The following texts are of mandatory application as of January 1, 2014:

- Amendment to IAS 32, relating to the presentation of financial instruments for offsetting financial assets and liabilities;
- Amendment to IAS 39, relating to the novation of derivatives and to continue to apply the hedge accounting requirements;
- IFRS 10, IFRS 11, IFRS 12, relating to the requirements for consolidated company financial statements, joint arrangements, and disclosures about the entity's interests in subsidiaries, joint arrangements, associates and un-consolidated 'structured entities';
- Revised IAS 27, relating to how the preparation of separate financial statements;
- Revised IAS 28, relating to the application of the equity method to investments in associates and joint ventures;
- Amended IAS 36, relating to disclosures to be provided on the recoverable amount for non-financial assets;
- Amended IAS 19, relating to defined benefit plans: employee contributions.

These new provisions do not have any impact on the Group's consolidated accounts.

The Group has not opted for early application of 2015 standards and interpretations as their application is not mandatory for the fiscal year 2014.

The impact of the main new texts listed below should be limited for the Group:

- IFRIC Interpretation 21 – Levies – relating to the accounting of liabilities for a levy paid by an entity to a public authority, applicable to fiscal years beginning on June 17, 2014;
- Amendments to IAS 19 relating to employee contributions.

However, the practical consequences of these texts and the impact of their application on the consolidated accounts is currently being assessed.

20.2.6.2. Accounting method

Rules of consolidation and scope

The companies over which Infotel has direct or indirect control are fully consolidated.
The companies over which Infotel has significant influence are accounted for using the equity method.
The financial statements of the subsidiaries are incorporated in the consolidated financial statements from the date on which control is obtained until the date on which such control ceases.
All companies of the Group have a year-end of December 31.

Intra-group transactions removed from the financial statements

Balances, underlying profit and loss, income and expenses from intra-group transactions have been removed during the preparation of the consolidated financial statements. Underlying losses have been removed in the same way as underlying profit, but only where they are not representative of a loss in value.

Foreign currency transactions

Foreign currency transactions are translated using the exchange rate prevailing at the date of the transaction.
Monetary assets and liabilities denominated in foreign currency at the end of the period are translated into Euros by using the exchange rate prevailing at that date. Translation adjustments are accounted for in income or expenses. Non-monetary assets and liabilities in foreign currency that are assessed at acquisition cost are translated into Euros using the exchange rate prevailing at the transaction date.

Financial statements of foreign subsidiaries

Goodwill and fair value adjustments treated as assets and liabilities of the foreign entity are translated into Euros by using the exchange rate prevailing the end of the fiscal year. Income and expenses of the foreign entity are translated into Euros using the average rate of rates that approximate the exchange rate at the dates of the transaction.
Translation adjustments are offset in translation reserve, a separate component of stockholders' equity, and in non-controlling interests.

The exchange rates held for the main currencies are as follows (currencies outside the Euro zone):

Exchange rate against EUR		*Average exchange rate 2014*	*Average exchange rate 2013*	*Rate at year-end 2014*	*Rate at year-end 2013*
US dollar	USD	0.7533	0.7532	0.8224	0.7251

Translation methods

In the application of IAS 21 – The Effects of Changes in Foreign Exchange Rates, all subsidiaries of the Group express operations in the most representative currency of their economic environment, the functional currency. The functional currency of the Infotel Corporation statements is the US dollar.

20.2.6.3. Use of estimates and assumptions

The preparation of consolidated financial statements in accordance with IFRS standards requires certain accounting estimates and assumptions to be made that may affect the carrying amount of assets and liabilities, income and expenses, and disclosures given in the notes.

The estimates and assumptions herein are carried out from prior experience and other factors considered as reasonable in view of the circumstances. They are also used to make the necessary judgments in determining the carrying amounts of assets and liabilities, which could not be obtained directly from other sources. The real values may be different to their estimated values.

Management has been required to exercise its judgment during the application of the Group accounting methods. The areas for which assumptions and estimates may be significant as regards the consolidated financial statements are primarily the assessment of goodwill, the recognition of revenue associated with IBM royalties, and the assessment of development costs.

20.2.6.4. Methods of valuation

Goodwill

The business combination is accounted for by applying the acquisition method in accordance with IFRS 3 R. According to this method, the acquirer purchases the net assets and recognizes the assets acquired and liabilities assumed at their fair value.
Goodwill represents the difference between the acquisition cost of securities (including the expected price complements that are recognized and the amounts that can be reliably measured) and the non-controlling interest's share of the fair value of the assets and liabilities and assumed liabilities identified at the acquisition date.
Therefore, in certain business combinations, when the nature of the client portfolio held by an entity and the nature of the activity performed must allow the entity to continue its commercial relations in order to create loyalty, relationships with customers are valued as intangible assets and amortized according to the average age of active customers.
Subsequently, goodwill is impacted by each cash generating unit that is expected to benefit from the business combination. It is subjected to impairment testing (see accounting method described in note 1) annually or more regularly where there are indicators of impairment.
The Group assesses the non-controlling interests during a takeover either at fair value (full goodwill method) or on the basis of their proportional share in the net assets of the company acquired (partial goodwill method). The method is decided according to each acquisition.

Intangible assets

Separately acquired assets

These correspond to software packages acquired and recognized at acquisition cost and software packages, customer relationships assessed at fair value as part of the reallocation of acquisition prices of entities as part of a business combination. These assets are amortized on a straight-line basis over three to seven years according to their estimated useful life.

Internally generated assets

In the application of IAS 38 – Intangible assets:

- expenditure on research is recognized as an expense in the fiscal year in which it is incurred;
- software development expenses are recognized as intangible if, and only if, the following six criteria are met:
    - the technical feasibility of completing the intangible asset so that it will be available for use or sale,
    - the intention to complete the intangible asset and use or sell it,
    - the ability to use or sell the intangible asset,
    - how the intangible asset will generate probable future economic benefits,
    - the availability of adequate technical, financial or 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.

Expenses thus transferred to the asset include direct labor costs. Other development expenses are booked when they are incurred.
Development costs are amortized over the probable life span of the project, which is generally seven years.

Tangible assets

Tangible assets comprise fixtures and fittings, office furniture and equipment, and computer hardware.

Tangible assets are booked at acquisition cost, less cumulated amortization and expected loss in value. They are not subject to any reassessment.

The Group accounts in the carrying amount of a tangible asset, for the cost of replacement of a component of the tangible asset when this cost is incurred if the economic benefits projected for the asset are for the Group and if its cost can be assessed reliably. All current upkeep and maintenance costs are recorded as expenses when they are incurred.

Amortization is calculated on a straight-line basis, retaining the expected useful life of the different asset categories:

Buildings, facilities	5 – 10 years
Fixtures and fittings	4 to 10 years

Office furniture, office equipment and IT equipment 3 to 8 years
Transport equipment 4 to 5 years

Amortization is calculated on the acquisition cost, less any residual value. The residual value and the useful life are reviewed at the end of each fiscal year.

There are no lease agreements to transfer to the Group substantially all the risks and benefits of ownership of an asset. The lease agreements are simple operating leases.

Impairment of assets

IAS 36 Impairment of Assets requires the assessment at each reporting date of whether there is any indication that an asset may be impaired. If such indication exists, the entity must assess the recoverable value of the asset.

An entity must also, even in the absence of such impairment:

- test annually an intangible asset with an indefinite useful life;
- perform an impairment test on goodwill acquired in a business combination.

Impairment tests are performed at cash generating unit level (CGU) affecting the assets. A CGU is 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.

Impairment tests compare the carrying amount and the recoverable amount of cash generating units. The recoverable amount of a CGU represents the highest value between its fair value (generally market price) and its value in use.

The value in use of a CGU is determined according to the discounted future cash flow method:

- flows relating to a 3-year forecasting period;
- flows after this 3-year period calculated by applying an infinite growth rate.

If the carrying amount of the CGU exceeds its recoverable amount, the assets of the CGU are amortized to be brought back to its recoverable amount. The impairment loss is entered as goodwill and recognized in the balance sheet in the section, *Other Operating Costs*.

CGU segmentation held by the Group, and the calculation parameters used for the impairment tests, are given in note 1.

Cash and cash equivalents

Cash and cash equivalents include near cash, bank demand deposits, other investment income held for short-term cash flow.

IAS 7 defines cash equivalents as short-term, highly liquid investments that are readily convertible to a known amount of cash, and that are subject to an insignificant risk of changes in value.

Treasury stock and other equity instruments

Treasury stock held by the Group is deducted from stockholders' equity at acquisition cost. Any gains or losses associated with the purchase, sale, issue or cancellation of treasury stock are booked directly to stockholders' equity without affecting the net income.
Moreover, in accordance with IAS 32, equity composes subordinate securities responding to the definition of an equity instrument.

Employee benefits

For the defined contribution plans, the Group's payments are indicated as expenses in the fiscal year in which they are incurred.
For the defined contribution plans for post-employment benefits, the contribution costs are estimated using the projected credit unit method. According to this method, the contribution rights are allocated in the periods of service according to the acquisition formula for the plan rights, taking into account a straight-line effect when the rate of acquisition of rights is not uniform during future service periods.

The amounts of future payments corresponding to employee-agreed benefits are assessed on the assumption of future salary increase, end-of-career age, life expectancy, then brought to their current value on the basis of the interest rate of the long-term obligations of the first category issuers.
When the calculation assumptions are revised, actuarial assumptions are used that are fully accounted for in the income for the period. The Group does not apply the corridor approach.
The cost for the fiscal year, corresponding to the sum of the cost of services rendered, of the discounted cost less the performance expected of the assets in the plan, is entirely recognized in “Personnel costs”.

Stock-based payment

IFRS2 – Stock-based payment deals with transactions performed with employees or other third parties where payment is based on stock.
Its application in the Group concerns stock options granted to employees and free stock allocated to specific employees. According to the option offered by IFRS 1, only stock options allocated from November 7, 2002, and where the fiscal year date is after December 31, 2004 have been taken into account.
The cost of stock option and free stock plans is determined in relation to the fair value of the equity instruments granted, valued at the allocation date.
The fair value of free stock is determined in relation to the current market value at the allocation date, taking into account the potential dividends paid by the company between the allocation date and the vesting date.
The cost of transactions settled in stock is accounted as an expense, offsetting a corresponding increase in stockholders' equity, for the duration ending on the date on which the employee becomes fully entitled to the allocation. No expense has been recognized for benefits where the holders do not fulfill the conditions required to acquire a definitive claim.
This accounting is done by entry in “Personnel costs”, offset directly in stockholders' equity under “Issue premiums”.

Provisions

A provision is accounted for where there is an obligation to a third party arising before the end of the fiscal year and when the loss or liability is probable and can be assessed reliably.

Accounts payable and other debts

Accounts payable and other debts are assessed at their fair value during initial accounting, then at amortized cost.

Revenue recognition

The applicable standard is IAS 18 – Ordinary Revenue.

“Software” Activity

The services provided as part of the Software activity include:

- right of use (license) of software and solutions;
- maintenance;
- associated services: installation, configuration, customization, training, etc.
- IBM royalties.

Licensing is booked during the delivery, this being deemed accomplished when all contractual obligations have been met, i.e. when the services to be performed are not significant or susceptible to challenge the customer's acceptance of the products delivered or the services rendered.
Maintenance, generally billed as prepaid, is reported on a pro rata basis.

Services are more frequently performed on a subcontracting basis and are recognized at the end of their performance, i.e. upon billing.

The revenue is made up of IBM royalties where quarterly accounting is done during collection. A provision is given at the end of the period. In the absence of information from IBM on the date of publication of the revenue, this allowance is determined, for prudence purposes, by taking the weakest amount in dollars perceived during the last four quarters.

"Service" Activity

Technical assistance, consulting, training and subcontracting
The services are reported when rendered, i.e. generally when billed.

Production is subject to assessment at each statement of accounts:

- the services rendered that have not yet or that have been partially invoiced are assessed according to the contractual sale price and the chargeable time. They are recorded in revenue and appear in the balance sheet under the "Invoices to be issued" heading of the "Accounts receivable" entry;
- the services invoiced but not fully completed are deducted from the revenue invoiced and offset in the liabilities of the balance sheet under the "Unearned revenues" heading of the "Other liabilities" entry.

Services part of a fixed-price contract
These contracts involve a contractual undertaking in terms of price, conformity and deadline. The services rendered as part of these contracts are recorded according to the percentage-of-completion method, according to the procedures below:

- the revenue and net income generated in the contract are accounted for according to a qualified estimation of the percentage of completion of the contract;
- the amount accounted for at each statement of accounts is obtained by the difference between the budget and the amount reserved for the total coverage of the days remaining in the contract. It is brought booked either under the "Invoices to be issued" heading of the "Accounts receivable" entry or "Unearned revenues" of the "Other debts" entry depending on the billing performed.

Grants & subsidies

The Group incurs R&D expenses as part of the growth of its IT projects and can benefit from a research tax credit. IAS 20 prescribes that companies account for government grants under the costs, expenses or assets, which they are intended to offset. The research tax credit is similar to a government grant and must be associated either to the development cost it offsets in part or to other operating income.

Tax on profits

Tax on profits (expense or income) involves the current tax liability or asset and the deferred tax liability or asset. The tax is accounted for under income except where it is associated with items that are directly accounted for under equity, in which case it is accounted for under stockholders' equity.

The current tax is the estimated amount of the taxable profit for a period, determined by using the tax rate adopted or substantively adopted at the end of the fiscal year, and any adjustments of the current tax amount for prior periods.

The deferred tax is determined according to the variable reporting method on the basis of the tax known at the end of the fiscal year, for all temporary differences between the carrying amount of assets and liabilities and their tax bases. The following exceptions are not recognized as deferred taxes:

- non-deductible goodwill;
- initial reporting of an asset or a liability in a transaction that is not from a business combination or that does not affect either the accounting or taxable profit;
- temporary differences associated with investments in subsidiaries, but only to the extent that they will not be reversed in the foreseeable future.

The assessment of deferred tax assets or liabilities depends on the way in which the Group expects to recover or settle the carrying amount of the assets and liabilities by using the tax rates adopted or substantively adopted by the end of the fiscal year.

A deferred tax asset is only recognized where it is probable that the Group will have future taxable profits on which the asset can be entered. Deferred tax assets are reduced where it is no longer probable that a sufficient taxable profit will be available.

The additional tax resulting from the distribution of dividends is recognized when the dividends to pay are recognized as liabilities.

The French accounting standards authority, ANC, issued a statement on January 14, 2010 on the accounting of the French corporate value-added contribution (CVAE – *Cotisation sur la Valeur Ajoutée des Entreprises*), component of the local economic contribution (*Cotisation Économique Territoriale*). The ANC announced that each company should exercise its judgment in determining the CVAE according to its particular situation.

The Infotel group considers that the CVAE recorded in its accounts falls within the scope of IAS 12.

The consequences are the recognition of deferred taxes in the income for all temporary differences on all assets and liabilities in the balance sheet. It is stipulated that depreciable assets representing as a minimum future taxable income in CVAE fall within the field of scope of IAS 12 for the recognition of deferred tax liabilities.

Earnings per share

The basic net earnings per share is calculated according to the weighted average number of outstanding common stock in circulation in the fiscal year.

The diluted net earnings per share is calculated according to the weighted average number of outstanding stock plus the number of shares resulting from the stock options exercised and the number of free shares that can be granted.

Segment reporting

According to IFRS 8, segment reporting is based on the internal management information used by Management.

An operating segment is a component of the entity:

- corresponding to an activity that can generate income or for which expenses are incurred, even though the income or expenses relate to other components of the entity;
- where the operating revenue is evaluated regularly by the chief operating decision-maker in order to decide how to allocate resources and to assess performance;
- for which separate financial information is available.

The two segments identified are “Services” and “Software”, as described previously.

20.2.6.5. Statement of facts and scope of consolidation

Legal transactions

There were no changes in the scope of consolidation in 2014. Infotel SA decided, at its Annual General Shareholders' Meeting of May 21, 2014, to divide the par value of shares by five for a change in par value from 2.00 Euros to 0.40 Euros.

In 2013, the following operations took place:

- On January 1, 2013, Infotel Conseil completed the transfer of assets and liabilities of its subsidiary, Empeiria.
- On June 28, 2013, Infotel SA transferred its holding in the company Harwell Management, of which it held 40%. One part of the transfer price was invested in securities of Infotel Business Consulting, bringing Infotel SA's holding in Infotel Business Consulting from 55% to 80%.
- On September 20, 2013, the company transferred 500 securities of Infotel Business Consulting. Its participating interest in the company at December 31, 2013 is currently 75%.

Characteristic operations

- Infotel SA transferred treasury stock in the first quarter of 2014, for a net gain of €756,754 before income tax.

Audits

- Infotel Conseil underwent a tax audit in 2012 for the fiscal years 2009, 2010 and 2011, which was completed in the second quarter of 2013. An adjustment offer of €2,531k dealing essentially with the research tax credit (CIR) was received in 2013 and challenged.

  The tax authorities replied to this challenge in January 2015 with a new adjustment offer of €600k. This amount is still being challenged and is subject to a provision of €535k.

List of consolidated companies at December 31, 2014

Company name	Headquarters	SIREN No.	Consolidation method	% control	% interest	Country of activity
Infotel SA	Tour Gallieni II - 36 av du Général de Gaulle 93170 Bagnolet	317,480,135	Parent company - Head of the group			France
Infotel Conseil SAS	6 rue des Graviers 92200 Neuilly-sur-Seine	344,122,262	FC	100 %	100 %	France
Infotel Business Consulting SAS	6 rue des Graviers 92200 Neuilly-sur-Seine	530 823 020	FC	75 %	75 %	France
Archive Data Software	1, rue Claude Chappe 69370 Saint Didier au Mont d'Or	518 038 542	EM	33 %	33 %	France
Infotel GmbH	Walter – Kolb Str. 9-11 60594 Frankfurt/Main	119 571 114 45	FC	100 %	100 %	Germany
Insoft Software GmbH	Derendorfer Str. 70 40479 Düsseldorf	10357360260	FC	100 %	100 %	Germany
Infotel Corporation	P.O Box 5158 Gulfport, 33737 Florida	592 644 116	FC	100 %	100 %	United States
Infotel Monaco	57 rue Grimaldi Monaco	01 S 03972	FC	100 %	100 %	Monaco

20.2.6.6. Notes on the financial position

Note 1 – Goodwill

Changes in goodwill

The movements during 2014 are as follows:

In thousands of Euros	12/31/2013	Changes in scope	Increase	Decrease	12/31/2014
Infotel Conseil	9,200				9,200
Empeiria	770				770
Insoft Software GmbH	1,003				1,003
Total	**10,973**		**-**	**-**	**10,973**

Impairment tests

Impairment testing on goodwill is carried out annually on December 31, or more regularly if there are indications of impairment loss.

The CGU value in use is determined by the discounted future cash flow method (DCF) according to the following principles:

- cash flows are issued with operating forecasts stated by management for the coming fiscal year with the growth forecasts for the following three years;
- the discount rate is 8%;
- the terminal value is calculated by summation in perpetuity of the discounted future cash flows, determined on the base of a nominal cash flow and a continuous growth rate. This growth rate is in line with the development potential of markets in which the entity operates, as well as its concurrent position;
- the growth rate in perpetuity is 2%.

The resulting value in use is compared to the contributive value in the consolidated balance sheet of fixed assets, including goodwill. Impairment loss is recognized if this recoverable value is lower than the carrying value entered in the accounts.

At December 31, 2014, the value test indicates that the goodwill is not overvalued and therefore, no impairment loss is allocated.

The business plan of the CGU Infotel Conseil shows an average growth rate in revenue of 4.8% over the three years, and a similar margin associated with the management of primarily personnel costs. On this basis, the thresholds from which impairment may have been shown are a discount rate of 61.08%, the other assumptions remaining constant.

The business plan of the CGU Insoft Software GmbH shows an average growth rate in revenue of 3% over the three years, and a similar margin associated with the management of primarily personnel costs. On this basis, the thresholds from which impairment may have been shown are a discount rate of 20.39 %, the other assumptions remaining constant.

Breakdown of goodwill by CGU

The Group is segmented in Cash-Generating Units (CGU) in line with the operating organization and the management and reporting system. The group is organized in such a way that each subsidiary represents a CGU. For impairment testing requirements, from the acquisition date, the goodwill acquired in a business combination must be allocated to each of the acquirer's CGUs or groups of CGUs that are expected to benefit from business combination synergies, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Note 2 – Other intangible assets

In thousands of Euros	**12/31/2013**	**Changes in scope**	**Increase**	**Decrease**	**12/31/2014**
Assets					
Customer relationships	2,489				2,489
Development costs	7,692		2,064		9,756
Patents and licenses	537		23		560
Total	**10,718**		**2,087**		**12,805**
Amortizations, Depreciations					
Customer relationships	1,537		238		1,775
Development costs	3,032		1,589		4,621
Patents and licenses	511		37		548
Total	**5,080**		**1,864**		**6,944**
NET ASSETS	**5,638**		**223**		**5,861**

The development costs recognized in the Group's assets during the fiscal year refer to Arcsys, HPU, Info Recovery, Merge Backup, iDBA, DB/IQ, Portail Web, Infoscope and CFN Digital Vault projects. They are amortized over the probable life span of the project, which is generally seven years.

Note 3 – Tangible assets

In thousands of Euros	**12/31/2013**	**Changes in scope**	**Increase**	**Decrease**	**12/31/2014**
Assets					
Buildings	31				31
Other assets	7,862		1,283	160	8,985
Total	**7,893**		**1,283**	**160**	**9,016**
Amortizations, Depreciations					
Buildings	20		3		23
Other assets	5,499		948	146	6,301
Total	**5,519**		**951**	**146**	**6,324**
NET ASSETS	**2,374**		**332**	**14**	**2,692**

Note 4 – Other financial assets

This includes mainly guarantee deposits.

Note 5 – Investments in companies accounted for using the equity method

In thousands of Euros	**Value at 12/31/2013**	**Dividends received**	**Income for the period**	**Others**	**Value at 12/31/2014**
Archive Data Software	58		(16)		42
Total	**58**		(16)		**42**

Archive Data Software (100% share):

(in thousands of Euros)	**12/31/2014**	**12/31/2013**
Revenue	675	1,181
Total for the year	(49)	7
Total balance sheet	663	1,211
Stockholders' equity	127	177

Note 6 – Accounts receivable

(in thousands of Euros)	**12/31/2014**	**12/31/2013**
Accounts receivable	43,974	46,099
Doubtful debts	8	48
Invoices to be issued	2,448	1,400
Depreciation/amortization	(8)	(40)
Net value	**46,422**	**47,507**

Statement of accounts receivable at 12/31/2014

Statement of accounts receivable at 12/31/2014	**Total**	not due	due, less than 30 days	due, less than 60 days	due, less than 90 days	due, more than 91 days
Accounts receivable	**43,982**	19,695	1,518	16,381	2,903	3,485
%	**100 %**	45 %	3 %	37 %	7 %	8 %

Statement of accounts receivable at 12/31/2013

Statement of accounts receivable at 12/31/2013	**Total**	not due	due, less than 30 days	due, less than 60 days	due, less than 90 days	due, more than 91 days
Accounts receivable	**46,148**	20,983	3,012	15,986	3,488	2,679
%	**100 %**	45 %	6 %	35 %	8 %	6 %

Note 7 – Other receivables

(in thousands of Euros)	**12/31/2014**	**12/31/2013**
Fiscal and social security-related debts	2,775	2,622
Sundry debts	200	450
Prepaid expenses	1,433	1,249
Advances and supplier advance payments	0	0
Total	**4,408**	**4,321**
Tax assets (including research tax credits)	2,500	3,515

Note 8 – Working capital requirements

(in thousands of Euros)	**12/31/2014**	**12/31/2013**	**Total change**	**Changes in scope**	**Change for the period**
Accounts receivable	46,422	47,507	(1 085)		(1 085)
Suppliers	(15 602)	(12 689)	(2 913)		(2 913)
Fiscal and social security-related debts	(22 454)	(21 632)	(822)		(822)
Other debts	(9 949)	(9 236)	(713)		(713)
Vendor loans	200	(450)	650		650
Working Capital Requirements	**(1 383)**	**3,500**	**(4 883)**		**(4 883)**

Note 9 — Cash and cash equivalents

(in thousands of Euros)	**12/31/2014**	**12/31/2013**
Marketable securities	12,065	6,345
Cash on hand	26,178	19,328
Cash assets	**38,243**	**25,673**
Bank overdraft	0	0
Cash liabilities	0	0
Net cash	**38,243**	**25,673**

Note 10 – Financial instrument assets

(in thousands of Euros)	**12/31/2014**		**Analysis by instrument category**			
	Value in balance sheet	**Fair value**	**Fair value in income**	**Assets available for sale**	**Loans and debts**	**Derivative instruments**
Equity securities	42	42	42			
Non-current financial assets	629	629			629	
Accounts receivable	46,422	46,422			46,422	
Other receivables	4,408	4,408			4,408	
Current tax assets	2,500	2,500			2,500	
Cash	38,243	38,243	38,243			
Total Assets	**92,244**	**92,244**	**38,285**		**53,959**	

Note 11 – Stockholders' Equity

Changes in capital stock

The capital stock of Infotel at December 31, 2014 was €2,663k. It comprised 6,656,955 fully paid-up shares with a par value of €0.40 per share.

Infotel SA decided, at its Annual General Stockholder' Meeting of May 21, 2014, to divide the par value of shares by five for a change in par value from 2,00 Euros to 0.40 Euros.

There were no movements during the 2014 fiscal year.

Treasury stock

Movement in securities	**12/31/2014**
Number of securities held at the beginning of the fiscal year	11,740
Number of securities purchased before the increase in the number of securities	9,624
Number of securities purchased after the increase the number of securities	59,515
Number of securities sold before the increase in the number of securities	21,547
Number of securities sold after the increase in the number of securities	54,065
Number of securities held at the end of the fiscal year	5,267

Security value	12/31/2014
Security value at the beginning of the fiscal year	268,235
Purchases of securities during the fiscal year before the increase in the number of securities	775,613
Purchases of securities during the fiscal year after the increase in the number of securities	1,175,896
Transfer of securities during the fiscal year before the increase in the number of securities	1,024,631
Transfer of securities during the fiscal year after the increase in the number of securities	1,091,531
Security value at the end of the fiscal year	103,582

Transfers are valued at the average price at the time of exit

Dividends

The Infotel Annual Stockholders' Meeting held on May 21, 2014 decided to distribute a dividend of €3.50 per share. This dividend was issued for payment on May 30, 2014. The dividends for treasury stock are recorded as least equity. The net amount distributed is €4,659k.

Note 12 – Provisions for risks and expenses

(in thousands of Euros)	12/31/2013	Changes in scope	Provisions	Use	Reversal	12/31/2014
Disputes	281		7		(104)	184
Litigations	827		287		(292)	822
Retirement	1,104	330	232			1,666
Length of service bonuses	374	28	46			448
Translation adjustment	21				(21)	0
Provisions for risks and expenses	**2,607**	**358**	**572**		**(417)**	**3,120**

The provisions for disputes only include pay disputes.

The provision for litigations includes, for €287k, a dispute with a supplier.
Infotel Conseil carried out a tax audit and an adjustment offer was addressed during 2013 to the company. This primarily concerned the research tax credit (CIR) determined by the company during 2009, 2010 and 2011 and the amount was €2,531k.
The company responded to this notification, challenging the totality of the adjustment offer for CIR.
The CIR being based on a number of days assessed, we have broken down the Administration's expectations as regards the days unquestionably devoted to research and the days which are questionable. The latter, which for prudence purposes gave rise to the observation of a provision, was €535k.

Pensions, including the seniority bonus, are calculated using the following criteria:

- Turnover for employees under 56 years:
    - 10% for Infotel Conseil employees
- Turnover for employees over 56 years:
    - 0.4% for the Group's entire workforce
- Discount rate: 1.80% for pensions and 1.37% for the seniority bonus of ten years (3.10% in 2013).
- Retirement age: 65 years
- Rate of increase in salaries for employees under 56 years: 2.5 %
- No increase in salaries is planned for employees over 56 years;
- Employer contribution rate: 45%.

The Group has taken out an insurance contract for pensions with an external organization since January 1, 2004 for Infotel and Infotel Conseil. The amount covered at December 31, 2014 was €172k. The provision for severance pay on retirement was €1,656k corresponding to the difference between the total commitment calculated according to the criteria established above, €1,828k, and the fair value of the assets of the plan at December 31, 2014.

No supplementary payments were made to insurance organizations during the fiscal year.

The company has chosen to offset actuarial differences directly in the consolidated reserves.

Note 13 – Accounts payable and other current liabilities

Accounts payable and other current liabilities are distributed as follows:

(in thousands of Euros)	**12/31/2014**	**12/31/2013**
Accounts payable	15,602	12,689
Fiscal and social security-related debts	25,229	24,254
Other debts	735	765
Unearned revenues	10,398	10,170
Total	**51,963**	**47,878**

All debts are less than a year old.

Note 14 – Financial instrument liabilities

(in thousands of Euros)	**12/31/2014**		**Analysis by instrument category**			
	Value in balance sheet	Fair value	Fair value in income	Other debts	Debts at amortized cost	Derivative instruments
Other non-current liabilities	-	-		-		
Accounts payable	15,602	15,602		15,602		
Other debts	36,977	36,977		36,977		
Current tax liabilities	-	-		-		
Total liabilities	**52,579**	**52,579**		**52,579**		

Note 15 – Deferred taxes

In thousands of Euros	**12/31/2013**	**Changes in scope**	**Change for the period**	**12/31/2014**
Deferred tax assets				
- associated with employee benefits	492	120	92	704
- associated with profit sharing	400		51	451
- associated with temporary differences	134		(53)	81
Total	**1,026**	**120**	**90**	**1,236**

Deferred tax liabilities				
- associated with offsetting of statutory provisions	1		(1)	0
- associated with customer relationships	317		(81)	236
- associated with adjustment of the loss in value on the exchange of securities	22		(22)	0
- associated with temporary differences	38		(38)	0
- associated with CVAE	0			
Total	**378**		**(142)**	**236**

20.2.6.7. Notes on the consolidated income statement

Note 16 – Revenue

The Group's revenue comprises two activities:

- IT services for companies;
- Software publishing.

Information regarding the revenue is given in the section 20.2.6.8 “Segment reporting” on page 113.

Note 17 – Purchases and external expenses

In thousands of Euros	**2014**	**2013**
Sub-contracting	53,943	47,755
Other external expenses	9,388	9,042
Purchases	194	(763)
Total	**63,525**	**56,034**

Note 18 – Personnel and workforce costs

The average workforce of the Group for the year ending December 31, 2014 was 1,233 employees. For 2013, the average workforce for the Group was 1,120 employees. Given the nature of the activity, personnel is mainly made up of managers.

In thousands of Euros	**2014**	**2013**
Remuneration	53,357	47,630
Social security costs	21,506	22,005
Profit sharing	1,447	1,169
Retirement bonuses	270	277
Provision for wage disputes	(98)	(281)
CICE wage tax credits	(2 031)	(1 159)
Capitalized development costs	(2 105)	(2 440)
Research tax credit for non-capitalized development projects	(314)	(592)
Amortization of research tax credit associated with development costs	(531)	(463)
CPAM and FAFIEC reimbursements	(51)	(116)
Total Personnel Costs	**71,450**	**66,029**

The total number of training entitlement hours for the Group is 86,705 hours at December 31, 2014 (compared to 79,355 hours at December 31, 2013).

Furthermore, Article 66 of the amended Law no. 2012-1510 of December 29, 2012 for 2012 created the CICE wage tax credits. As such, proceeds of €2,031k were accounted for in 2014, against €1,159k in 2013, as a reduction in personnel costs in accordance with the memo of February 28, 2013 from the French Accounting Standards Authority (ANC).

Note 19 – Financial result

(in thousands of Euros)	**2014**	**2013**
Interest paid on term deposits	141	56
Capital gains on transfer of marketable securities	62	110
Interest on current accounts	(58)	(118)
Cash and cash equivalents	**145**	**48**
Foreign exchange gains	20	16
Foreign exchange losses	(27)	(72)
Other financial income/expenses	**(7)**	**(56)**
Financial result	**138**	**(8)**

Note 20 – Income tax

The income tax expense results from

(in thousands of Euros)	**2014**	**2013**
Tax payable for the year	4,476	4,314
Deferred corporate income taxes	(231)	(206)
CVAE	1,487	1,406
Income tax	**5,732**	**5,514**

The tax analysis is as follows:

(in thousands of Euros)	**2014**	**2013**
Net profit before equity-accounted subsidiaries	11,151	9,433
Income tax	5,732	5,514
Profit before tax	16,883	14,947
Current corporate tax applicable to parent company	33.33%	33.33%
Theoretical income tax	**5,628**	**4,982**
Company vehicle tax and non-deductible amortizations	12	12
Non-deductible provision	(88)	267
Stock costs and expenses	22	9
Amortization acquisition costs		
Tax credits and fiscal subsidies	(941)	(810)
Total Monaco	(53)	(99)
Tax on dividends	140	80
Social security contribution on earnings (CSB)	112	151
CVAE net of income tax	991	937
Others	(92)	(15)
Actual income tax	**5,732**	**5,514**

Note 21 – Non-controlling interests

The non-controlling interests are only made up of the company IBC. This company is 75% held by the Group.

Note 22 – Earnings per share

	2014	2013
Net profit (Group share):	11,000	9,556
Number of shares comprising capital stock	6,656,955	1,331,391
- of which are treasury stock	5,267	11,740
Average number of shares for the period	6,651,688	1,319,651
Basic earnings per share	1.65	7.18
Average number of potential outstanding stock options	0	0
Average number of outstanding free shares	0	0
Number of diluted shares of capital stock	0	0
Diluted earnings per share	1.65	7.18

20.2.6.8. Segment reporting

The Infotel Group's activity is broken down into two segments: software and services.

Net profit for the fiscal year by segment

(in thousands of Euros)	2014			2013		
	Software	**Services**	**Total**	**Software**	**Services**	**Total**
Revenue	7,248	149,782	157 030	8,183	134,504	142 687
Current operating income	3,484	13,261	16,745	3,397	11,030	14,427
Net profit	2,739	8,396	11,135	2,190	7,475	9,665

Distribution of revenue by geographical region

	2014	%	2013	%
France	138,254	88.0%	125,595	88.3%
Europe	14,234	9.1%	11,923	8.3%
United States	4,542	2.9%	5,169	3.4%
Total	**157 030**	**100%**	**142,687**	**100%**

Customers representing more than 10% of revenue

One customer represents more than 10% of consolidated revenue.

Distribution of assets by segment

	12/31/2014		12/31/2013	
	Software	**Services**	**Software**	**Services**
Non-current assets	7,090	14,342	6,582	14,027
Current assets	12,769	78,804	12,753	68,280
Total	**19,859**	**93,146**	**19,335**	**82,307**

20.2.6.9. Supplementary information

Financial risk factors

Credit risk

Regarding the credit risk for the Group's financial assets, notably customers, the Group's exposure is associated with the possible non-performance by third parties.

Customer accounts are continually monitored. The analysis of the maturity of these financial assets that are past-due and not written down are given in “Note 6 – Accounts receivable” en page 107.

Liquidity risk

In accordance with the definition given by the French financial markets authority, AMF, the liquidity risk results from having an asset with a longer term than the liability, and translates to an inability to repay short-term debts in the event of being unable to mobilize assets or take out new credit lines.

The Group considers that it is not exposed to this risk, given the absence of borrowing and its surplus cash.

Market risks

a. Interest rate risk

Since the Group has no financial debt, it is not exposed to changes in interest rates.

b. Foreign exchange risk

The foreign exchange risk affects primarily IBM royalties, which are issued in US Dollars, and the billing of royalties by the Group to the US subsidiary. This risk is not subject to specific coverage.
At December 31, 2014, the net value of assets and liabilities accounted for by the entities of the Group in currencies other than Euro stood at USD 1,324k, or €1,089k. It comprises solely the net assets of the US subsidiary and the IBM royalties from Q414.

c. Equity risk

The marketable securities held by the Group are exclusively in UCITS securities. The risk associated with the change in financial markets is, as a result, limited.
Moreover, Infotel held at December 31, 2014, 5,267 shares of its treasury stock, for a total amount of €103,582, at an average price of €19.67.

Off-balance sheet commitments

Real estate commitments are associated with leases according to the French regulation on commercial leases, called “3-6-9”. These commitments are valued at the maximum commitment.

In thousands of Euros	Less than a year	Between 1 and 5 years	More than 5 years
Commercial lease commitments	2,108	4,516	1,352

To the Infotel Group's knowledge, no significant off-balance sheet commitments have been omitted from this list, in accordance with applicable accounting standards.

Statutory Auditors' fees

In thousands of Euros	**Constantin 2014**	**ACA 2014**	**Constantin 2013**	**ACA 2013**
Audit for Infotel SA				
Statutory auditor	58	49	53	45
Additional tasks	10			
Audit of subsidiaries				
Statutory auditor	37	59	38	38
Additional tasks	-		-	
Total	**105**	**108**	**91**	**83**

Current liabilities

To our knowledge, there are no other liabilities that have had in the recent past, a significant impact on the activity, results, financial situation and holdings of the Infotel company and its subsidiaries.

Subsequent events

No relevant events to report.

Information on transactions with associated parties

Executive compensation

The gross compensation allocated to management and for functions performed in the Infotel group for 2014 was €1,023k.

The Group has not assumed any commitment regarding post-employment benefits for its directors (retirement benefits, severance pay, etc.).

Other transactions

There are no other transactions with associated parties.

20.3. CORPORATE FINANCIAL STATEMENTS

20.3.1. Balance Sheet – Assets

Amounts in €	Gross	Amortization/depreciation	Net at 12/31/2014	Net at 12/31/2013
ASSETS				
Intangible assets				
Research and development costs	13,356,712	6,093,514	7,263,198	6,747,469
Concessions, patents and licenses	264,360	257,497	6,864	19,107
Tangible assets				
Buildings	31,278	23,339	7,938	11,066
Other tangible assets	1,129,020	823,281	305,739	260,242
Financial assets				
Investments and associated debts	8,919,195		8,919,195	8,919,195
Other financial assets	205,504		205,504	370,105
TOTAL FIXED ASSETS	**23,906,068**	**7,197,631**	**16,708,437**	**16,327,184**
h				
Stocks				
Debts				
Accounts receivable	1,361,049		1,361,049	1,612,639
Suppliers' debts				
State, Income tax payable	2,441,608		2,441,608	3,617,853
State, Tax on revenue	288,837		288,837	346,387
Other receivables	720,970		720,970	450,000
Others				
Advances and advance payment on orders				
Cash on hand	6,646,953		6,646,953	5,046,911
Prepaid expenses	210,936		210,936	212,557
TOTAL CURRENT ASSETS	**11,670,353**		**11,670,353**	**11,286,247**
Translation adjustments - Assets				**20,160**
ACCRUALS				
TOTAL ASSETS	**35,576,421**	**7,197,631**	**28,378,790**	**27,663,590**

20.3.2. Balance Sheet – Liabilities

Amounts in €	Net at 12/31/2014	Net at 12/31/2013
LIABILITIES		
Capital stock	2,662,782	2,662,782
Issue, merger, acquisition premiums, etc.	7,410,179	7,410,179
Statutory reserve	266,278	266,278
Other reserves	393,591	393,591
Retained earnings	7,103,922	5,793,223
Total for the year	**5,691,166**	**5,969,629**
TOTAL STOCKHOLDERS' EQUITY	**23,527,918**	**22,495,682**
TOTAL OTHER STOCKHOLDERS' EQUITY		
TOTAL PROVISIONS FOR RISKS AND EXPENSES		20,160
Overdrafts and credit lines	*796*	
Loans and debts associated with credits	796	
Loans and other financial debts - Affiliates	2,859,180	3,500,248
Debts, Accounts receivable	815,023	641,272
Social security bodies	*142,455*	*142,515*
State, Tax on revenue	*45,461*	*130,607*
Other fiscal and social security-related debts	*15,822*	*60,509*
Fiscal and social security-related debts	203,738	333,632
Secured liability on property		
Other debts	560,795	267,820
Unearned revenues	411,341	374,776
TOTAL DEBT	**4,850,872**	**5,117,748**
TOTAL LIABILITY	**28,378,790**	**27,663,590**

20.3.3. Income statement

Amounts in €	12/31/2014	12/31/2013
Operating revenue		
Sale of commodities		
Production sold (goods)		
Production sold (services)	8,388,865	9,404,012
Net revenue	**8,388,865**	**9,404,012**
Production left in stock		
Production capitalized		
Cash subsidies		
Write-backs of amortization and provisions, expenditure transfers	2,109,015	2,440,482
Other income	4	21
Total operating revenue (I)	**10,497,884**	**11,844,515**
Operating expenses		
Purchase of commodities		
Change in stock		
Purchase of raw materials and other supplies		
Change in stock		
Other purchases and external expenses	5,866,374	5,909,654
Taxes and similar payments	135,893	208,704
Salaries	1,031,950	1,036,847
Social security costs	377,067	373,184
Operating costs:		
- On fixed assets: amortization	1,696,879	1,556,936
- On fixed assets: provisions		
- On current assets: provisions		
- For liabilities and charges: provisions		
Other costs	-7	11
Total operating expenses (II)	**9,108,156**	**9,085,337**
OPERATING INCOME (I - II)	**1,389,724**	**2,759,178**
Share of profit of shared operations		
Allocated gain or transferred loss		
Sustained loss or transferred gain		
Financial income		
Investments	4,302,750	2,847,250
Other securities and fixed asset receivables		
Other interests and income	44,481	25,253
Write-backs of provisions, expenditure transfers	20,160	
Positive currency fluctuations		122
Net gains on disposal of trading securities	810,431	33,695
Total financial income (V)	**5,177,822**	**2,906,320**
Financial expenses		
Depreciation and amortization and transfer to provision		20,160
Interest and associated costs		
Negative currency fluctuations	1,655	1,883
Net charges on disposal of trading securities	20,006	17,373
Total financial expenses (VI)	**21,661**	**39,415**
FINANCIAL INCOME (V - IV)	**5,156,162**	**2,866,904**
CURRENT INCOME BEFORE TAX (I-II+III-IV+V-VI)	**6,545,891**	**5,626,082**

…/…

	12/31/2014	12/31/2013
Exceptional revenue		
On management operations	300	1,685
On capital operations		1 551 757
Write-backs of provisions and expenditure transfers		
Total exceptional revenue (VII)	**300**	**1 553 442**
Exceptional expenses		
Fines	40	
On management operations		3,000
On capital operations		101,754
Exceptional depreciation/amortization and transfer to provision		
Total exceptional expenses (VII)	**40**	**104,754**
EXCEPTIONAL INCOME (VII-VIII)	**260**	**1 448 688**
Profit sharing (IX)		
Income tax payable (X)	854,985	1 105 142
Total revenue (I+III+V+VII)	**15,676,006**	**16 304 275**
Total expenses (II+IV+VI+VIII+IX+X)	**9,984,840**	**10,334,647**
PROFIT OR LOSS	**5,691,166**	**5,969,629**

20.3.4. Annex to the Annual Accounts

1 Accounting principles

These annual accounts were prepared and presented in line with generally accepted accounting principles in France, with regards to the principles of prudence and independence of the fiscal years and assuming the principle of going concern. The assessment of the items accounted for was performed in reference to the historical cost method.
They were prepared in accordance with the accounting principles and standards and methods used for financial statements (French Regulation 2014-03 of the Accounting Standards Committee).

The fiscal period covers the calendar year 2014. The notes and tables given above are an integrated part of the annual accounts.
Apart from the remuneration and dividends, there is no other relation with the directors. The information with the affiliated companies is specified at each individual level in the annexed notes.

Change in method

There has been no change in accounting method during the fiscal year ending December 31, 2014.

Use of estimates

In order to prepare the financial statements in line with the accounting standards applied in France, management is required to make estimates and assumptions that may impact the amounts reported in these financial statements. The real results may ultimately show significant differences to these estimates.

Development costs

Pursuant to the French accounting standards authority (ANC) regulation no. 2014-03, Infotel records as intangible assets the development costs of software and amortizes them over the probable life span of the projects when they comply with activation criteria defined by Article 212-3:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale,
- the intention to complete the intangible asset and use or sell it,
- the ability to use or sell the intangible asset,
- how the intangible asset will generate probable future economic benefits,
- the availability of adequate resources to complete the development of the intangible asset,
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs are amortized over the probable life span of the project, which is generally seven years.

Development costs that do not meet the activation criteria and research costs are recognized directly in expenses.

Software

Software and usage rights acquired with full ownership are recorded as assets and amortized on a straight-line basis during their estimated useful life.

Tangible assets

Tangible assets are accounted for at their acquisition cost.
Amortization is calculated on a straight-line basis for the expected useful life of the different categories.
The generally accepted amortization span is:

Buildings, facilities	10 years
Fixtures and fittings	4 to 10 years
Furniture and office equipment	3 to 8 years
IT equipment	3 years
Transport equipment	5 years

Equity securities

Equity securities are recorded at acquisition cost. A provision for impairment is accounted for if this value is greater in the long-term than the value in use. The value in use is reviewed according to long-term development prospects for securities as well as the return on investment, assessed on the basis of the expected discounted future cash flow of the companies concerned.

Debts

Debts are accounted for at par value. On a case by case basis, they are assessed for provision if their recovery appears to be compromised.

Stock options

Stock option plans for Group employees are not accounted for at allocation date, rather they result, at the exercise date for their holders, in an increase in capital corresponding to the number of shares issued.
Given the conditions of issue of these options (option exercise period and exercise price), Infotel is not subject to social security contributions on stock options.

Treasury stock

The treasury stock acquired by the company is accounted for as financial assets. It is subject to impairment when the inventory value (based on the average market price over the last month before the end of the fiscal year) is less than the purchase price.

Pensions and other employee benefits

The workforce of Infotel SA at December 31, 2014 comprises five people, all corporate officers.
According to the recommendations of the AFEP and the MEDEF, pensions and other employee benefits for company officers must be decided by the Board of Directors. Since the Board of Directors of Infotel SA has not made any decision on pensions or other benefits for company officers, no provision has been allocated.

Revenue recognition

Revenue is recognized according to the following principles:

Software sale: the revenue is recognized during installation and at the latest during the final acceptance.

Software maintenance: the invoices issued for maintenance are recognized on a pro rata basis spread over the contract duration and result in the accounting of unearned revenues.

IBM royalties: the revenue is made up of IBM royalties where quarterly accounting is done during collection. A provision is given at the end of the period. In the absence of information from IBM on the date of publication of the revenue, this provision is determined, for prudence purposes, by taking the lowest amount of royalties perceived during the last four quarters.

The **Infotel** Group does not have any revenue in countries with specific economic risks.

2 Statements of fact for the fiscal year

Infotel SA transferred treasury stock in the first semester of 2014, for a net gain of €756,754 before income tax.

3 Notes annexed to the accounts

The figures given in the balance sheet are in Euros. Those in the income statement are given in thousands of Euros.

a) Stockholders' equity

The changes in equity during the fiscal year were as follows:

In €	**12/31/2013**	**Increase**	**Decrease**	**12/31/2014**
Capital	2 662 782			2 662 782
Premiums	7 410 179			7 410 179
Statutory reserve	266,278			266,278
Other reserves	393,591			393,591
Retained earnings	5,793,223	5,969,629	4,658,930	7 103 922
Income for the previous year	5,969,629	(5 969 629)		
Total for the year		5,691,166		5,691,166
TOTAL	**22,495,682**	**5,691,166**	**4 658 930**	**23,527,918**

The changes in capital, premiums and reserves are attributed essentially to the following:

- distribution of a dividend of €3.50 per share, (for 1,331,391 shares before the split of the par value by five) for a total amount of €4,659,896 and €4,658,930 after removing dividends on treasury stock.

The capital stock, fully paid up, comprised on December 31, 2014, 6,656,955 shares at €0.40, including 5,267 held by Infotel.

Stock options

No stock options plan was issued in 2014.

b) Intangible assets

The changes in intangible assets, in gross values, are as follows:

In €	**12/31/2013**	**Increase**	**Decrease**	**12/31/2014**
Software acquired	255,611	8,749		264,360
Development costs	11 251 517	2 105 195		13,356,712
TOTAL	**11 507 128**	**2 113 944**		**13 621 072**

The development costs recognized in the Group's assets during the fiscal year refer to Arcsys, HPU, Info Recovery, Merge Backup, iDBA, DB/IQ, Portail Web, Infoscope and CFN Digital Vault projects. They are amortized over the probable life span of the project, which is generally seven years.

The changes in amortization are as follows:

In €	**12/31/2013**	**Increase**	**Decrease**	**12/31/2014**
Software acquired	236,504	20,993		257,497
Development costs	4,504,048	1 589 466		6 093 514
TOTAL	**4,740,552**	**1,610,459**		**6 351 011**

c) Tangible assets

The changes in tangible assets, in gross values, are as follows:

In €	12/31/2013	Increase	Decrease	12/31/2014
Installations and facilities	31,278			31,278
Fixtures and fittings	493,360	23,602		516,962
Transport equipment	0			
Office equipment	506,870	105,188		612,058
TOTAL	**1 031 508**	**128,790**		**1 160 298**

The changes in amortization are as follows:

In €	12/31/2013	Increase	Decrease	12/31/2014
Installations and facilities	20,212	3,128		23,340
Fixtures and fittings	272,379	45,382		317,761
Transport equipment	0			
Office equipment	467,610	37,910		505,520
TOTAL	**760,201**	**86,420**		**846,621**

d) Financial assets

The changes in financial assets, in gross values, are as follows:

In €	12/31/2013	Increase	Decrease	12/31/2014
Equity securities	8,919,195			8,919,195
Treasury stock	268,234	121,369	286,020	103,583
Guarantee deposits	101,871	49		101,920
TOTAL	**9 289 300**	**121,418**	**286,020**	**9 124 698**

Treasury stock as part of the repurchase plan was transferred in the first half of 2014. This resulted in a net gain of €757k. Treasury stock is held only within the framework of the Liquidity Program to boost stock market movements.

e) Accounts receivable

Accounts receivable of €1,361,049 corresponds invoices issued and unpaid at the end of the fiscal year; the latter corresponding to licenses delivered and maintenance services performed at the end-date of the fiscal year.

Invoices to be issued totaled €973,873 at December 31, 2014, €881,336 of which corresponds to royalties to be billed to IBM for sales during the last quarter of 2014, calculated according to the method described above. The balance of €92,537 corresponds to rebilling of civil liability insurance to the Infotel Conseil and Infotel Business Consulting subsidiaries.
Company credits stood at €387,175 at December 31, 2014.

f) Other receivables

In €	12/31/2014	12/31/2013
Corporate income tax	2,441,608	3,617,853
Value added tax	288,837	346,386
Other receivables	720,970	450,000
Tax consolidation current account		
TOTAL	**3,451,415**	**4 414 239**

The corporate income tax is associated with the impact of tax consolidation and tax credits. Other credits include ,in particular, a credit with Infotel Conseil of €500,000 for dividends to be paid and a credit of €200,000 with regard to vendor loans granted to purchasers of Harwell Management stock in 2013.

g) Prepaid expenses

Prepaid expenses were €210,936 at December 31, 2014. This only includes operating expenses (rents, insurance, maintenance, etc.). They were €212,557 at the start of the previous fiscal year.

m) Accounts receivable

In €	**Gross amount**	**Maturities less than one year**	**Maturities more than one year**
Fixed asset receivables			
Receivables associated with investment	0		
Loans	0		
Others	101,920		101,920
Current asset receivables			
Accounts receivable	1 361 049	1 361 049	
Others	3,451,415	3,451,415	0
Prepaid expenses	210,936	210,936	
Total	**5,125,320**	**5,023,400**	**101,920**

i) Loans and other financial debts

The company does not have any loans.

Financial debts at December 31, 2014 were €2,859,180 as opposed to €3,500,248 at December 31, 2013. This results from down payments made by French subsidiaries for tax integration.

j) Trade notes and accounts payable

Suppliers debts and accounts payable stood at €815,023 as opposed to €641,272 as of December 31, 2013.
The invoices receivable totaled €227,830 at December 31, 2014. This figure represents general costs, where the due date is less than one year.
Debts to associated companies was €353,486.

k) Fiscal and social security-related debts

Fiscal and social security-related debts are broken down as follows:

In €	**2014**	**2013**
Personnel	0	0
Social security bodies	142,455	142,515
VAT	45,461	130,607
Other taxes	15,822	60,509
TOTAL	**203,738**	**333,631**

Fiscal and social security-related debts have a maturity of less than one year.

l) Unearned revenues

At December 31, 2014, unearned revenues represented €411,341 corresponding to the *pro rata* spread of maintenance contracts and royalties from our subsidiary Infotel Corp. They were €374,776 at the end of the previous fiscal year.

m) Debt maturity

In €k	Gross amount	Maturities less than one year	Maturities more than one year	Maturities more than five years
Loans and other financial debts	2,859	2,859		
Supplier debt	815	815		
Fiscal and social security-related debts	204	204		
Debts on fixed assets	0	0		
Other debts	561	561		
Unearned revenues	411	411		
Total	**4,850**	**4,850**	**-**	**-**

Other debts correspond only to customer payments for the account of its subsidiary Infotel Conseil.

n) Operating revenue

The breakdown of revenue by geographical region is as follows:

In €k	2014	2013
Non-group France	906	986
Non-group USA	3,968	4,609
Non-group Europe	56	30
Non-group Export (others)	30	66
SUBTOTAL NON-GROUP	***4,960***	***5,691***
Group France	2,969	3,225
Group USA:	460	488
Group Europe:		
SUBTOTAL GROUP	***3,429***	***3,713***
TOTAL	**8,389**	**9,404**

Infotel SA operates in a single activity segment, providing the commercialization of software. For its implementation, it may occasionally perform service provisions. At December 31, 2014, these provisions were €110k as opposed to €5k in 2013.

Intra-group billing involves:

- in France: management fees of the Group and the training of employees in subsidiaries where Infotel SA has control;
- in Europe and the USA: royalties associated with the sale of Infotel products abroad.

o) Financial result

Financial assets were €5,178k as opposed to €2,906k in the previous period and consist of received dividends, interest on term deposits in Euros or US Dollars, gain from currency adjustments and capital gains on marketable securities or treasury stock.
Infotel transferred treasury stock for a net gain of €757k before income tax.
In 2014, the company received €3,500k in dividends from Infotel Conseil, €253k from Insoft Software, €400k from Infotel Monaco and €150k from Infotel Business Consulting.
Financial costs were €22k in 2014 as opposed to €39k in 2013. They correspond primarily to capital losses on treasury stock transfer.

p) Foreign exchange risks

The parent company assumes the currency risk on intra-group billing and on revenue with IBM. Foreign Infotel subsidiaries invoice their services in local currency.

The portion of the revenue that can be affected by a fluctuation in the US Dollar is about €4,458k, or 53% of revenue.

q) Income tax payable

Net income tax for Infotel SA on profits was €855k in 2014 as opposed to €1,105k in 2013, determined pursuant to tax regulations and the applicable rates. This includes €140k in taxes on dividends paid for the fiscal year (against €80k in 2013).

Infotel SA is the head of a tax consolidation group consisting of the company Infotel Conseil. Tax consolidation generates a saving in corporate income tax of €35k as shown in the Infotel SA accounts.

Increases and decreases in future tax liabilities

In Euros	**Amount**
Increases in future tax liabilities	
Accelerated depreciation Provisions for price increases Capital gains Other items Provision and expenses	17,308
Total	**17,308**
Decreases in future tax liabilities	
Provisions for paid leave Non-deductible provisions and payable expenses Other items	
Total	**0**

4. Workforce at the end of the fiscal year

The workforce of Infotel at December 31, 2014 comprises 5 people, all corporate officers.

5. Remuneration of management bodies

The gross compensation allocated to management and for functions performed in the Infotel group for 2014 was €1,023k.

No advances or credits were allocated to the company officers during 2014.

6. Statutory Auditors' fees

The fees of the statutory auditors' for 2014 were €107k.

7. Commitments

Pensions and other employee benefits

No supplementary plans or differential plans were implemented that involve future supplementary pension payments for Infotel, either as defined benefits or defined contributions.

Pursuant to French law of March 4, 2004, on life-long training and social dialogue, Infotel employees benefit from an individual right to training. The rights acquired by company employees in terms of the individual right to training were nil.

Financial commitments received or granted (including leasing)

None

To the Company's knowledge, no significant off-balance sheet commitments have been omitted, in accordance with the applicable accounting standards.

8. Subsequent events

No relevant events subsequent to the closing date to report.

9. List of subsidiaries and investments

The company Infotel SA is the parent company of the Infotel group.

€k	Infotel Conseil	Infotel Monaco	Infotel Corp.	Infotel GmbH	Infotel Business Consulting	Archive Data Software	Insoft Software GmbH
Capital	20,000	150	1	26	60	150	50
Stockholder's equity (excluding capital stock and earnings)	15,211	34	204	21	608	26	480
Holding	100%	100%	100%	100%	75%	33%	100%
Gross book value of treasury stock	6,269	128	1	26	446	50	2,000
Net book value of treasury stock	6,269	128	1	26	446	50	2,000
Loans and advances granted	0	0	0	0	0	0	0
Guarantees in favor of subsidiaries	0	0	0	0	0	0	0
Revenue before tax	149,154	1,453	573	0	3,984	675	1,286
Profit/loss	9,025	158	2	0	535	(49)	271
Dividends received by the company during the fiscal year	3,500	400	0	0	150	0	253

All of the companies close their annual accounts on December 31, 2014. All of the data presented is for 2014.

The data for Infotel Corp. was converted at the following exchange rates:
average exchange rate of $1 = €0.7527 for the income statement and $1 = €0.8237 for equity.

20.4. STATUTORY AUDITORS' REPORT

20.4.1. Statutory Auditors' Report on the Consolidated Accounts

Fiscal year ending December 31, 2014

To the stockholders,

In accordance with our appointment as Statutory Auditors by your Annual General Stockholders' Meeting, we hereby present our report for the year ended December 31, 2014 on:

- the audit of the consolidated financial statements of the company Infotel, annexed to this report;
- the justifications on our assessments;
- the specific verification of disclosures, stipulated by law.

The consolidated financial statements have been prepared by the Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We have conducted our audit in accordance with auditing standards generally accepted in France. These standards require that we 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
In our opinion, the consolidated financial statements present fairly, in all material respects, the assets and liabilities, the consolidated financial position, and the consolidated results of the people and entities included in the consolidation in accordance with the IFRS standards accepted in the European Union.

II. Justification of our assessments

Pursuant to Article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we hereby draw your attention to the following information:

- The “Revenue recognition” paragraph in note 3.4 in the annex gives the accounting principles and methods for recognizing the revenue.
  As part of our assessment of the accounting principles followed by the company, we have verified the appropriateness of the accounting method used as well as the disclosures made in the notes annexed to the consolidated financial statements and attest to their correct application.
- Your company systematically performs annual impairment testing on goodwill and fixed assets, according to the methods described in note 1 “Goodwill” in section 4 of the annex.
  We have assessed the methods implemented in these impairment tests, as well as the cash flow forecasts and the assumptions used, and have verified that the note provides an appropriate disclosure.
  As part of our assessments, we attest to the reasonableness of these accounting estimates.

The assessments were performed as part of our audit of the consolidated financial statements, taken as a whole, and thus contribute to the expression of our opinion given in the first part of this report.

III. Specific verifications and disclosures

We have also performed the specific verification, as stipulated by law, of disclosures made by the group in the management report in accordance with professional practice standards in France.

We have no matters to report regarding the fair presentation and consistency of the disclosures made with the consolidated financial statements.

Paris and Neuilly-sur-Seine, April 28, 2015

The Statutory Auditors

Audit Consultants Associés

Jacques Rabineau

Constantin Associés
Member of Deloitte Touche Tohmatsu Limited
Jean-Paul Seguret

20.4.2. <u>Statutory Auditors' Report on Annual Accounts</u>

Fiscal year ending December 31, 2014

To the stockholders,

In accordance with our appointment as Statutory Auditors by your Annual General Stockholders' Meeting, we hereby present our report for the year ended December 31, 2014 on:

- the audit of the annual accounts of the company Infotel, annexed to this report;
- the justifications on our assessments;
- the verification of disclosures, stipulated by law.

The annual accounts have been prepared by the Board of Directors. Our responsibility is to express an opinion on these annual accounts based on our audit.

I. Opinion on the annual accounts

We have conducted our audit in accordance with auditing standards generally accepted in France. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the annual accounts present fairly, in all material respects, the assets and liabilities, the financial position, and the consolidated results of the operations of the past fiscal year in accordance with accounting principles generally accepted in France.

II. Justification of our assessments

Pursuant to Article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we hereby draw your attention to the following information:

- The “Development costs” note in paragraph “1. Accounting principles” of the annex gives the activation criteria taken in this regard. The “Revenue recognition” note of the same paragraph gives the accounting principles and methods for recognizing the revenue.
  As part of our assessment of the accounting principles and standards followed by the company, we have verified the appropriateness of the accounting methods used as well as the disclosures made in the notes annexed to the annual accounts and attest to their correct application.
- As described in the “Equities securities” note in paragraph “1 Accounting principles” of the annex, capitalized securities are assessed at acquisition cost. A provision for impairment is accounted for when the value in use is lower than its acquisition cost. The value in use is evaluated according to the medium-term development prospects for securities and notably in reference to discounted expected future cash flows.
  Our work involves assessing the data and the assumptions on which the values in use are based and reviewing the calculations made by your company.
  As part of our assessments, we attest to the reasonableness of these accounting estimates.

The assessments were performed as part of our audit of the annual accounts, taken as a whole, and thus contribute to the expression of our opinion given in the first part of this report.

III. Specific verifications and disclosures

We have also performed the specific verifications required by law in accordance with professional practice standards applicable in France.

We have no matters to report regarding the fair presentation and consistency with the annual accounts of the disclosures made in the Board of Director's management report and in the documents addressed to the stockholders with regard the financial position and annual accounts.

With regard to the disclosures made pursuant to Article L.225-102-1 of the French Commercial Code on remunerations and benefits paid to corporate officers as well as commitments granted in their favor, we have verified their consistency with the annual accounts or with the data used to prepare these financial statements and, where necessary, with the information collected by your company from companies controlling your company or controlled by your company. In our opinion, based on our work, the disclosures made herein are accurate and fair.

In application of the law, we attest that the disclosures made relating to the acquisition of participating and controlling interests, as well as the identity of the stockholders and their voting rights have been communicated in the management report.

Paris and Neuilly-sur-Seine, April 28, 2015

The Statutory Auditors

Audit Consultants Associés

Jacques Rabineau

Constantin Associés
Member of Deloitte Touche Tohmatsu Limited

Jean-Paul Seguret

20.4.3. Special Report from the Statutory Auditors regarding the regulated agreements and commitments

Fiscal year ending December 31, 2014

To the stockholders,

As your Company's Statutory Auditors, we hereby present our report on the regulated agreements and commitments.

The terms of our engagement require us to communicate to you, based on the information provided to us, the principle terms and conditions of those agreements and commitments brought to our attention or which we may have discovered during the course of our audit, without expressing an opinion on their usefulness and appropriateness or identifying other such agreements and commitments. Pursuant to Article R.255-31 of the French Commercial Code, it is your responsibility to assess the interest of these agreements and commitments for the purpose of approving them.

Furthermore, our role is to provide you with the information stipulated in Article R.225-31 of the French Commercial Code regarding the fulfillment, during the past year, of any agreements and commitments previously approved by the Annual General Stockholders' Meeting.

We have conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors relating to this engagement. These procedures consisted in verifying the concordance of the information provided to us with the relevant source documents.

Agreements and commitments submitted for approval at the Annual General Stockholders' Meeting

Agreements and commitments authorized during the fiscal year

We hereby inform you that we have not been advised of any agreements or commitments already approved by the Annual General Stockholders' Meeting that continued to be applied in the last fiscal year.

Paris and Neuilly-sur-Seine, April 28, 2015

The Statutory Auditors

Audit Consultants Associés	Constantin Associés Member of Deloitte Touche Tohmatsu Limited
Jacques Rabineau	Jean-Paul Seguret

20.5. DATE OF LAST FINANCIAL DISCLOSURE

The last year for which financial information was verified is the fiscal year ending December 31, 2013.

20.6. INTERMEDIATE FINANCIAL INFORMATION

The Company publishes its financial information each quarter. The last disclosure was for the results for the year 2014, published on March 26, 2015. This disclosure was assessed and audited by the statutory auditors.

20.7. DIVIDEND POLICY

It is the Company's desire to pay dividends, although it has not implemented a strict policy for the distribution of profits between dividends and financing its activities.
Since its listing on the stock market, Infotel has always issued a dividend.

In previous years, these dividends were:

- 2011: €2.25 dividend per share;
- 2012: €2.00 dividend per share;
- 2013: €3.50 dividend per share;

The Board of Directors proposed to the Annual General Stockholders' Meeting of May 20, 2015, the payment of a dividend of €0.80 per share, taking into consideration the split of the par value of shares by 5 as decided by the Combined Stockholders' meeting of May 21, 2014, which would correspond to a dividend of €4 before this split.

Dividends not claimed within 5 years of the date of payment are paid over to the State (Article 2277 of the French Civil Code).

20.8. LEGAL PROCEEDINGS AND ARBITRATION

To date, there are no governmental or legal proceedings or arbitration, including any proceedings that the Company is aware of, that are pending or are threatened, which may have or have had over the last 12 months a significant impact on the financial position or profitability of the Company.

20.9. MAJOR CHANGES IN THE FINANCIAL OR COMMERCIAL POSITION

No significant changes in the financial or business situation of Group have taken place since the end of the last fiscal year.

21. SUPPLEMENTARY INFORMATION

21.1. CAPITAL STOCK

At December 31, 2014, the capital stock was €2,662,782 divided into 6,656,955 shares of 0.4 Euros each.

21.1.1. Changes in capital stock since the incorporation of the Company

Date	Transaction nature	Increase in capital	Contribution / issue premium	Total number of shares	Par value	Capital amount
December 31, 1979	Incorporation	150,000 FF	0	1,500	100 FF	150 000 F
June 3, 1982	Capitalization of reserves	450 000 F	0	1,500	400 FF	600 000 F
June 7, 1983	Capitalization of reserves	1,800,000 FF	0	1,500	1 600 F	2,400,000 FF
June 17, 1987	Capitalization of reserves	900 000 F	0	1,500	2 200 F	3,300,000 FF
June 17, 1987	Par value split by 22		0	33,000	100 FF	3,300,000 FF
May 30, 1988	Capitalization of reserves	1,200,000 FF	0	45,000	100 FF	4,500,000 FF
December 31, 1992	Contributions in cash (1)	14,800 FF	525 FF	45,148	100 FF	4 ,514,800 FF
December 31, 1995	Contributions in cash (1)	33,200 FF	525 FF	45,480	100 FF	4,548,000 FF
July 8, 1998	Capitalization of reserves	4,548,000 FF	0	90,960	100 FF	9,096,000 FF
July 8, 1998	Par value split by 10		0	909,600	10 FF	9,096,000 FF
January 21, 1999	Contributions in cash (1)	2,550,000 FF	165.99 FF	1,164,600	10 FF	11,646,000 FF
May 31, 2001	Capitalization of reserves	3,632,550 FF	0	1,164,600	13.11 FF	15,278,550 FF
December 31, 2003	Contributions in cash (1)	€4,000	€7.91	1,166,600	€2	€2,233,200
December 31, 2004	Contributions in cash (1)	€17,000	€7.91	1,175,100	€2	€2,350,200
December 31, 2005	Contributions in cash (1)	€22,160	€24.58	1 186 180	€2	€2,372,360
December 31, 2006	Contributions in cash (1)	€7,876	€28.46	1 204 140	€2	€2,408,280
December 31, 2007	Contributions in cash (1)	€30,040	€24.75	1 219 160	€2	€2,438,320
May 23, 2008	Capitalization of reserves (2)	€70,480	0	1 254 400	€2	€2,508,800
December 31, 2008	Contributions in cash (1)	€33,760	€28.34	1 271 280	€2	€2,542,560
October 12, 2009	Capitalization of reserves (2)	€106,770	0	1 324 665	€2	€2,649,330
October 12, 2009	Contributions in cash (1)	€252	€28	1 324 791	€2	€2,649,582
December 31, 2009	Contributions in cash (1)	€200	€33.50	1,324,891	€2	€2,649,782
December 31, 2010	Contributions in cash (1)	€9,400	€21.94	1 329 591	€2	€2,659,182
December 31, 2011	Contributions in cash (1)	€2,200	€35.91	1 330 691	€2	€2,661,382
December 31, 2012	Contributions in cash (1)	€1,400	€37.30	1,331,391	€2	€2,662,782
May 21, 2014	Shares split by five		0	6,656,955	€0.4	€2,662,782

(1) employee subscription as part of a stock option plan.
(2) allocation of free stock.

The stock and assets of the Company were not subject to any collateralization.

21.1.2. Granted, Outstanding Stock

AGM	Delegation type	Amount granted	Date	Amount exercised
May 22, 2013	Stock options and securities issued	1,300,000 Euros	July 21, 2015	0
May 21, 2014	Stock repurchase	10% of the capital of the Company calculated on the purchase decision date, deducted from the stock resold as part of this authorization	November 20, 2015	0

At December 31, 2014, there are no outstanding diluted stock that may represent a potential dilution of the capital stock at that date.

21.1.3. Non-Equity Stock

There are no non-equity stocks.

21.1.4. Treasury Stock

Pursuant to Article 225-209 of the French Commercial Code, the Annual General Stockholders' Meeting may authorize the Company to purchase on the regulated market, treasury stock to a maximum amount of 10% of the capital stock in order to stimulate the market or the liquidity of the share, through an investment partner, perform external growth operations, cancel shares acquired, allocate them to security holders by providing access to the capital or allocate them to employees or corporate officers as part of a stock options plan, free share allocation or a company savings plan.
All authorizations by the General Stockholders' Meeting must establish the conditions for the operation and notably, the maximum purchase price and the date on which the acquisition can be made, not exceeding eighteen months. Along these lines, the Annual General Stockholders' Meeting for the years 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012 and 2013 agreed to such authorizations.

At December 31, 2014, the Company held 5;267 shares at a par value of €0.40 each, representing a book value of 104 thousand Euros.

The Annual General Stockholder' Meeting of May 22, 2014 authorized the Board of Directors to acquire on the regulated market, a maximum number of shares corresponding to 10% of the capital stock of the Company calculated at the purchase decision date, deducting the stock resold during the authorization period according to the provisions of Article 225-209 of the French Commercial Code and fixed at a maximum purchase price of 40 Euros, after the split of shares by five as decided by the Combined Stockholders' Meeting of May 21, 2014 in its eighth resolution.

This authorization is valid for a duration of eighteen months. It cancels and replaces that which was given by the Annual General Stockholders' Meeting of May 22, 2013.

This authorization has not given rise to any purchase of treasury stock as part of the stock repurchase, between May 21, 2014, and March 25, 2015. At December 31, 2014, the Company held 5,267 treasury shares purchased as part of the liquidity agreement. On December 31, 2014, the Company did not hold any treasury shares purchased as part of previous stock repurchase plans. This stock was subject to transfer off market in March 2014.

The transactions performed as part of the liquidity agreement finalized with the company Gilbert Dupont, between January 1, 2014 and December 31, 2014 are as follows:

	Quantity	Weighted average cost	Gross amount
Purchase	107,635	€18.1308	€1,951,509.18
Sale	107,753	€18.0321	€1,943,020.36

21.1.5. Complex Securities

There are no convertible, exchangeable securities or other subscription warrants.

21.1.6. Acquisition and/or Bond Rights for Unreleased Capital

There are no acquisition and/or bond rights associated with the subscribed capital that is not released.

21.1.7. Options or Conditional Agreements for Group Members

There are no capital portions belonging to a Group member subject to an option or a conditional or unconditional agreement.

21.1.8. History of Capital Stock

This information is described au-dessus in paragraph 21.1.1 “Changes in capital stock since the incorporation of the Company” on page 135.

21.2. MEMORANDUM AND ARTICLES OF INCORPORATION

21.2.1. Corporate Purpose

Article 3 of the Articles of Incorporation defines the corporate purpose as:
“"The Company's purpose, both in France and abroad, and in the following domains, is:

- consulting and provision of IT and electronic services;
- analysis, programming, execution and sale of software;
- advisory consulting, expertise and auditing regarding IT hardware purchase, the development of application programs or systems, and the organization of IT departments;
- support in the implementation of transmission networks;
- staff training;
- hire, sale of electronic material or for its partial use;
- and in general, all industrial, commercial, tangible and intangible property, and financial operations associated directly or indirectly in their entirety or in part with any of the purposes specified above and similar or related purposes. "

21.2.2. Members of the Management Bodies

Articles 16, 17 and 20 of the Articles of Incorporation respectively define the composition of the Board of Directors, its organization and its management and Executive Management as:

Article 16 – BOARD OF DIRECTORS

1 – Unless otherwise stipulated by legal deviations, the Company shall be managed by a Board of Directors with three members at least, and eighteen members at most.

2 – During the course of the Company's existence, the directors shall be appointed or reappointed by ordinary General Stockholders' Meeting. In any case, in the event of merger, directors may be nominated during the extraordinary General Stockholders' Meeting on the operation.

3 – The term of office for directors shall be SIX years.

This term shall start from the appointment by the ordinary Annual General Stockholders' Meeting for the financial year elapsed and held in the year in course during which the term of the director expires.

The directors may be reappointed. Their appointment may be revoked at any stage by ordinary General Stockholders' Meeting.

4 – Individuals over 90 years of age may not be appointed as director if their nomination means that more than a third of the members of the Board are over this age. If this proportion is exceeded, the oldest director is deemed to have withdrawn from office at the ordinary Annual Shareholders' Meeting for the year in which this proportion is exceeded.

5 – The directors may be individuals or legal entities. Legal entities, on their nomination, must designate a permanent representative who is subject to the same conditions and obligations and who carries out the same responsibilities as if they were a director themselves, notwithstanding the group liability of the legal entity they represent.

When the permanent representative of the legal entity reaches the end of his or her term, the legal entity must notify, by registered mail, the Company immediately of their decision and the identity of the new permanent representative. The above is also applicable in the event of the decease or the resignation of the permanent representative.

6 – In the event of vacancy due to the decease or the resignation of one or more directors, the Board of Directors may, between two Annual General Stockholders' Meetings, proceed to appoint a director or directors temporarily in order to complete the positions of the Board. These appointments must act deliberately in the three months of the vacancy where the number of directors is less than the statutory minimum, without which it would be below the legal minimum.

Temporary appointments made by the Board are subject to ratification at the next ordinary General Stockholders' Meeting. In the absence of such ratification, the deliberations taken and the actions accomplished remain, however, valid.

When the number of directors falls below the statutory minimum, the directors in office must immediately convene the ordinary General Stockholders' Meeting in order to complete the Board.

The director appointed to replace another director may only remain in office for the duration remaining to cover the term of their predecessor.

7 – Individuals may not simultaneously hold a position on more than five Board of Directors or Supervisory Boards of public limited companies with their corporate address in mainland France, unless in those cases stipulated by law.

8 – A Company employee may only be appointed as director if their contract is an actual position in the company. They shall not lose the benefits of this work contract. The number of directors associated with the Company through a work contract may not exceed a third of the current directors.

Article 17 – ORGANIZATION AND MANAGEMENT OF THE BOARD OF DIRECTORS

1 – The Board of Directors shall choose from its members a chairman and determine his or her remuneration. The Board shall determine the duration of his or her duties as chair, which cannot exceed that of his or her term as director.

2 – The age limit for the chairman of the Board of Directors is 90 years. If the chair exceeds that age, he or she is deemed to have withdrawn from office.

3 – The chair represents the Board of Directors. He or she shall organize and manage the work of the Board, reporting back at the General Stockholders' Meeting. He or she shall be responsible for the proper operation of the Company's bodies and for ensuring, in particular, that the directors fulfill their tasks.

4 – In the absence of the chairman or the inability to fulfill his or her duties, the Board of Directors shall nominate the chair of the meeting.

5. The Board of Directors shall nominate a secretary, who may be an Executive Director or not. He or she shall be replaced by simple decision of the Board.

Article 20 – EXECUTIVE MANAGEMENT

Forms of exercise

Pursuant to Article L.225-51-1 of the French Commercial Code, Executive Management of the company shall be assumed either by the chairman of the Board of Directors or another individual appointed by the Board of Directors who takes on the role of Chief Executive Officer.

The choice of these two forms of exercise of Executive Management is made by the Board of Directors. The decision of the Board regarding the form of exercise shall be taken by majority ruling of the directors present or represented. The Board of Director's decision shall be communicated to stockholders and third parties according to the terms and conditions stipulated by applicable law.

The option chosen by the Board of Directors shall remain valid while the Board of Directors does not make any changes in the form of exercise.

Any change in the form of exercise of Executive Management shall not require a change in the Articles of Incorporation.

Executive Management

According to the form of exercise chosen by the Board of Directors, the Chairman or Chief Executive Officer shall be responsible for the general management of the Company.

The Chief Executive Officer is appointed by the Board of Directors who determines his or her term, remuneration and, where appropriate, the limitations of his or her powers.

To exercise his or her duties, the Chief Executive Officer must be younger than 90 years. If this age limit is reached during his or her term, the Chief Executive Officer shall be deemed to have withdrawn from office and a new Chief Executive Officer shall be appointed.

The position of Chief Executive Officer can be revoked at any time by the Board of Directors. The dismissal of a non-chairman Chief Executive Officer may result in damages if it is deemed to be without reasonable grounds.

Powers of the Chief Executive Officer

The Chief Executive Officer has the broadest power to act in all circumstances on behalf of the Company. He or she exercises these powers within the corporate purpose, and under the reserve of the powers expressly allocated by law to General Stockholders' Meetings and to the Board of Directors.

He or she shall represent the Company in all its dealings with third parties. The Company is also bound by the actions of the Chief Executive Officer that are not relevant to the company's purpose, unless the Company can prove that the third party knew that the action surpassed this purpose or it should have been aware of the fact given the circumstances, although it should be clarified that simply publishing the Articles of Incorporation does not constitute as proof.

Executive Officers

Based on a proposal of the Chief Executive Officer, where this function is assumed by the chairman of the Board of Directors or another person, the Board of Directors may appoint one or more individuals responsible for assisting the Chief Executive Officer with the title of Executive Officers.

The maximum number of Executive Officers is five.
In agreement with the Chief Executive Officer, the Board of Directors shall determine the scope and term of these powers granted to Executive Officers and their remuneration.

As regards third parties, the Executive Officer or Officers hold the same powers as the Chief Executive Officer.

In the event of termination of his or her functions or his or her inability to perform as Chief Executive Officer, the Executive Officers retain, unless otherwise decided by the Board of Directors, their functions and powers until a new Chief Executive Officer is appointed.

The positions of Executive Officers may be revoked at any time, under the proposal of the Chief Executive Officer. The dismissal of an Executive Officer may result in damages if it is deemed to be without reasonable grounds.

21.2.3. Rights, Privileges and Restrictions Associated with Stock

Each share shall confer the right to a share of the profits and corporate assets proportional to the amount of the capital that it represents. Stockholders are only liable for losses up to the amount of their capital contributions.
The rights and obligations associated with the stock shall be transferred to any owner thereof. The ownership of stock automatically entails full acceptance of the Articles of Incorporation and the resolutions of the General Stockholders' Meetings.

The heirs, creditors, trustees or other representatives of a stockholder may not demand for the Company's assets or valuables to be sealed or call for the division or sale by auction thereof. The stockholders may not interfere in any manner whatsoever in the actions of its administration. To exercise their rights, the stockholders shall be bound by the statements of corporate assets and liabilities and the resolutions of the General Stockholders' Meetings.

Whenever a certain number of shares is required for the exercising of any particular right, for an exchange, pooling or allocation of stock, or for a capital increase or decrease, merger or any other operation, the holders of individual shares or a number under the limit required to exercise that right shall personally see to the pooling and, where applicable, purchasing or selling the stock necessary.

Unless forbidden by law, during the Company's existence or its liquidation, all stock shall be jointly beneficiary and liable for tax exemptions and charges as well as any taxation likely to be borne by the Company, before any distribution or reimbursement, in such a way that, taking into account par value and dividend date, the stock of the same category receive the same net sum.

Double voting right

However, there are still shares with double voting rights. At the General Stockholders' Meeting of July 8, 1998, it was decided to confer double voting rights on all fully paid-up shares, which are justified as having been registered for two years in the name of the same stockholder, as well as to those issued shares allocated to a stockholder in the event of capital increase by capitalization of reserves, profits or issue premiums, where his or her previous shares already benefited from double voting right. In this decision, the holding period allows the allocation of a double voting right with retroactive status from the General Stockholders' Meeting of July 8, 1998. This double voting right ceases automatically with any share converted to bearer shares or whose ownership is transferred.
The double voting right can be abolished by resolution of the extraordinary General Stockholders' Meeting and following the ratification of the special Stockholders' Meeting for owners of the shares in this category.

At March 31, 2015, the number of shares with double voting rights was 3,758,820.

21.2.4. Change in Stockholder Rights

Any change in possible stockholder rights is associated with the acquisition of double voting rights (see paragraph 21.2.3 au-dessus).

21.2.5. Notification of Ordinary and Extraordinary General Stockholders' Meetings

The convening, holding and voting in General Stockholders' Meetings shall be performed in accordance with law. The General Stockholders' Meeting includes all stockholders of at least one share, who exercise their voting right according to the terms and conditions stipulated by the Articles of Incorporation. The right to attend or be represented at the General Stockholders' Meeting depends on the registration of the stockholder in the Company's register two working days before the date of the meeting.
The General Stockholders' Meeting is presided by the chairman of the Board of Directors or by a member of the Board of Directors appointed by the Board for this purpose, or alternatively, by a person appointed by the General Stockholders' Meeting. The duties of the scrutineers shall be performed by two members of the General

Stockholders' Meeting with the highest number of votes who accept the duties. The office appoints a secretary who can be chosen from outside the stockholders.
The resolutions of the General Stockholders' Meeting are recorded in the minutes in accordance with law. Ordinary and extraordinary General Stockholders' Meetings, held with the quorum and majority legally applicable to each, shall exercise the powers vested in them by law.
In the event of an initial public offering, a notice of meeting containing the indications stipulated by Article R 225-73 of the French Commercial Code is published in BALO, the French Official Legal Notices Bulletin, at least 30 days before the date of the General Stockholders' Meeting.
It is noted that the concept of an "*appel public à l'épargne*" (public issue) was replaced by that of an "*offre au public de titres financiers*" (public offering) since the ruling of January 22, 2009 regarding the initial public offering, and which included diverse provisions for financial matters.

21.2.6. <u>Changes in the Control</u>

The Articles of Incorporation do not contain any provision that may delay, defer or prevent a change in the Company's control.

21.2.7. <u>Stockholding Thresholds</u>

The Company's Articles of Incorporation do not anticipate any additional declaration of shareholding thresholds other than those stipulated by applicable legal provisions. It is noted that the threshold of 30% was added to the legal thresholds by French Law no. 2010-1249 of October 22, 2010, on the banking and finance regulation.
As a result, pursuant to the provision of Article L 233-7 of the French Commercial Code, all stockholders who come to hold directly or indirectly a number of shares that represent a shareholding percentage of at least equal to the following legal thresholds: 5%, 10%, 15%, 20%, 25%, 30%, 33.33%, 50%, 66.66%, 90%, 95% of the capital stock, must disclose to the Company the number of shares held within fifteen days from exceeding one of the threshold limits.
In the event of failure to comply with this obligation, the shares exceeding the portion that should be disclosed shall be disqualified from voting according to the terms and limits established by law.
Any stockholder whose holding falls below one of these thresholds is also obliged to disclose this fact to the Company within the same fifteen-day period.

21.2.8. <u>Changes in the Capital Stock</u>

The Articles of Incorporation do not contemplate any stricter conditions for changes in capital stock, whether an increase or a decrease, than those applicable by law.

Therefore the conditions stipulated by law must be respected.

22. SIGNIFICANT CONTRACTS

Not applicable

23. DISCLOSURES FROM THIRD PARTIES, EXPERT DECLARATIONS AND DECLARATIONS OF INTERESTS

Not applicable

24. DOCUMENTS AVAILABLE TO THE PUBLIC

Legal documents on the Company can be viewed at its corporate headquarters:
Tour Gallieni II
36, Avenue du Général de Gaulle
93175 Bagnolet Cedex.

Corporate information is available on the company's website at: www.infotel.com.
More specially, you will find information on:

- Financial calendar;
- Press releases;
- Annual reports;
- Analysis notes;
- Stockholders' questions.

24.1. FINANCIAL CALENDAR

For information purposes, the financial calendar for 2015 is as follows:

- January 28, 2015 Revenue Q4 2014
- March 26, 2015 morning Audited Annual Financial Statements 2014
- March 26, 2015 morning Analysts' meeting
- May 20, 2015 afternoon Annual General Stockholders' Meeting
- May 20, 2015 Revenue Q1 2015
- July 29, 2015 Revenue Q2 2015
- August 26, 2015 Audited results Q1 2015
- September 16, 2015 morning Analysts' meeting
- October 28, 2015 Revenue Q3 2015
- January 27, 2016 Revenue Q4 2015

25. INVESTMENT INFORMATION

Paragraph 7.2.9 on page 37 provides information on investments.

26. NON-FINANCIAL INFORMATION

Not applicable

27. CSR REPORT CORRESPONDENCE