Registration Document
2015

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 28, 2016, 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.

CONTENTS

MESSAGE FROM THE CHAIRMAN

Dear stockholder,

In 2015, Infotel recorded a revenue of €174.6 million, for an entirely organic growth of 11.2% over 2014, while maintaining its profitability.

In a global market, IT services grew 2.1% in 2015, revenue for the Services activity was €167 million, an increase of 11.5% thanks to strong service desk activity, enhancing the strength of activity in the Banking/Finance sector. This growth was accompanied by 271 new recruitments, 8 permanent contracts and 45 internships.

Software product revenue rose 5.3%, with €7.6 million. With a strong established base and profitability, software contributed net to good profits despite weaker growth than in Services.

Current operating income was €19.8 million, as opposed to €16.9 million the previous year, with operating profitability at 11.3%. This performance is linked to controlled costs: Personnel costs represented 45.2% of revenue for 2015 and outsourcing costs rose to 34.3% of revenue. The inter-contract rate remained very weak for the year, around 1.8%.

Net income - Group share stands at €13.1 million (7.5% of revenue). Excellent results for the year also translate into strong cash flow generation. With cash flow before taxes of €22.3 million, working capital requirements and controlled investment, Infotel increased its cash to €8.7 million in 2015. Infotel's financial situation at December 31, 2015 remains stable with €65.2 million in equity, no debt, and a cash of €47 million. This enabled us to put forward payment of a dividend of €1 per share, representing a little more than half of the net income.

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 130.

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 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

RBB Business 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 2015		Constantin Associés 2015		Audit Consultants Associés 2014		Constantin Associés 2014	
	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	46	47	54	53	49	45	58	55
- Wholly consolidated subsidiaries	51	53	38	37	59	55	37	35
- Other work and services directly related to the statutory audit								
- Issuer			10	10			10	10
- Wholly consolidated subsidiaries								
Sub-total	97	100	102	100	108	100	105	100
Other Services Provided by the Networks to Wholly Consolidated Subsidiaries	0	0	0	0	0	0	0	0
- Legal, fiscal, social								
- Other (to be specified if > 10% of audit fees)								
Sub-total	0	0	0	0	0	0	0	0
TOTAL	97	100	102	100	108	100	105	100

3. SELECTED FINANCIAL INFORMATION

For each of the fiscal years ending December 31, 2013, 2014 and 2015, 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.

(thousand EUR)	2015	2014	2013
Revenue	174,630	157,030	142,687
Purchases	(135)	(194)	763
Personnel costs	(78,972)	(71,450)	(66,029)
External costs	(69,915)	(63,330)	(56,797)
Taxes	(2,710)	(2,195)	(2,377)
Depreciation, Amortization	(3,134)	(2,815)	(2,623)
Provisions	77	46	(1,185)
Other income from operations and expenses	(37)	(152)	(104)
CURRENT OPERATING INCOME	**19,804**	**16,940**	**14,335**
Other operating income and expenses	38	(15)	619
NET OPERATING INCOME	**19,842**	**16,925**	**14,954**
Financial income	317	244	182
Financial costs	(65)	(106)	(190)
FINANCIAL INCOME	**252**	**138**	**(8)**
Income tax	(7,050)	(5,792)	(5,514)
Share of profits of entities accounted for by the equity method	4	(16)	177
NET INCOME FOR THE PERIOD	**13,048**	**11,255**	**9,610**
Group share	12,944	11,119	9,500
Non-controlling interests	104	136	110
Basic earnings per share - Group share	1.94	1.67	7.18
Diluted earnings per share - Group share	1.94	1.67	7.18

The earnings per share in 2015 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	2015	2014	2013
Stockholders' equity	65,568	57,686	50,782
Loans and other financial debts	0	0	19
Cash	46,988	38,243	25,673
Cash flow before taxes	22,360	19,893	17,794
Working capital requirements	(2,169)	(1,383)	3,500
Investments	2,656	3,369	2,660

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 complete the objectives, and considers that there are no other significant risks other than those described. Additional risks or uncertainties not presently known to the Company or that it considers insignificant may also impair its business and operations.

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 32 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)	**2015**	**2014**	**2013**
Cost-plus services	32.4	29.1	28.1
Fixed-rate services and service desks	67.6	70.9	71.9

During the fiscal year ending December 31, 2015, the risks related to reliance on customers lessened. **Infotel**'s largest customer currently represents only 17.3% of consolidated revenue, as opposed to 19.3% for the previous fiscal year. The second-largest client represented 9.8% of revenue, compared to 11.1% in 2014. **Infotel**'s five largest customers currently represent a total of 51.9% of consolidated revenue as opposed to 52.9% 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 taking up Senior Management positions in the Company in the long term.

Sub-contracting
Sub-contracting represented 34.3% of revenue in 2015 (34.4% in 2014). 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 managing customers during the contractual period (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 principal 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, 2015, as well as the amount of premiums paid in 2015.

Risks	Level of coverage (€k)	Premium amount 2015 (€k)
General civil liability	10,000	66
Retirement	166	0
Tangible and intangible damages (all-inclusive)	4,277	11

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. Foreign Currency Exposure

(thousand USD)	Amount
Assets	1,681
Liabilities	572
Net balance	1,109

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 2015 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 share of the revenue of the **Infotel** Group that may be affected by a fluctuation in the US dollar is about €4,801 k, or 2.7% of global revenue.

A change in the US dollar rate of about 10% would impact the financial result by about €23 k.
Sales in Europe are carried out in the Eurozone 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: €97 k
- Mutual funds: €12,149 k

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 €858 k (where there is a provision for employment tribunal risk up to €135 k for **Infotel Conseil**, and a provision for tax and social risk of €535 k for the ongoing CIR tax audit on **Infotel Conseil** and a provision for a risk of €188 k 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 106.

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 should it be unable to avoid this risk, the Group has prior experience in managing such risks.

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 Name 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 electronic document processing of incoming physical 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 the 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 as their supplier.
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;
- Electronic document processing 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.
As indicated here, the Infotel offering, both in terms of services and software, has evolved to remain focused on customer demands.

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.

(thousand EUR)	**2015**	**2014**	**2013**
Fixtures and fittings, facilities	203	383	229
IT and office equipment	662	892	402
Transport equipment	47	8	136

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 line 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 2015 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 to the consolidated accounts, in the section 20.2.6.8 “Segment reporting” on page 115.

6.1. OVERVIEW

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

- With its consulting, analysis, IT system audit and TPAM (Third-party Application Maintenance) 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, 2015, the IT services activity represented a revenue of €166,996 k and a net profit of €10,412 k;

- **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 €7,634 k and a net profit of €2,636 k.

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***: Showing 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, **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. The "Performance 2016" Plan

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 **mobility**;
- Supporting major accounts in managing large volumes of **big data**;
- Increasing its **internationalization**.

Infotel has notified the market of its intention to reach by the end of 2016, according to this plan, a revenue of €200 million, 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 contractors 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:
  - TPAM (Third-party Application Maintenance) consists of sub-contracting all upgrades of one or more application or sub-system;
  - TPSV (Third-party Software Validation) consists 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 approach of proximity through its branch offices, rather than turn to distant offshore solutions that have only offer short-term gains with respect to labor costs.

6.2.2.2. Mobility

The switchover to mobility represents a major challenge in the evolution of IT systems for 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.
The number of mobile terminals has exploded: the consultancy firm IDC estimated that 355.2 million terminals were delivered in the third quarter of 2015, representing 6.8% more than the previous year. During the fourth quarter, IDC calculated that 399.5 million smartphones were delivered by manufacturers (+5.7%). For 2015 as a whole, the growth has remained at a high level: 10.1%, despite being half that registered in 2014 (+27.6%). For 2016, global smartphone shipments are predicted at 1,519 million units.
Mobile terminals seem to be a driving force for growth in the coming years and **Infotel**'s goal is to support the IT departments of major accounts in the switch to mobile communications. This requires technical and functional skills (capability to manage different platforms, operating with systems such as Android, iOS, Microsoft and BlackBerry), 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 for both iOS and Android) and will rise to this challenge.

6.2.2.3. Big Data

According to the IDC "Digital Universe" study published in December 2012, 2.8 zettabytes (10^{21} bytes) of data were 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 any performance problems that these large volumes generate must be addressed.
Since its creation, **Infotel** has specialized in databases for large volumes, even before the term "big data" came into use. 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 consideration of big data covers 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 achieve this objective, 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 Infotel Software GmbH subsidiary in Germany and its network of distributors, as well as those offered by our new subsidiary created in 2015, Infotel UK Consulting Ltd, in the UK;

- Develop references for our Arcsys software internationally, by extending what we have already done in Belgium and Luxembourg.

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 Group's teams;
- Anticipating the demands and needs of our customers on an ongoing basis 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 (**Infotel**'s first customers are today our biggest customers) by continuing to remain attentive to their needs and to market developments;
- Positioning ourselves, through 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 workstation level (front-end), 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.) and connected objects (watches, for example) as essential components for client-oriented IT systems;
- At the intermediate server level (middle-end), 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 to their development and beyond deployment.
Infotel teams are present:

- During the analysis phase, at the level of architecture decisions, methodological choices, specifications and design;
- During the development phase, by taking partial or complete responsibility (on a fixed-price contract 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 application lifecycle, 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 east with Lille and Strasbourg.

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

- The management team is made up of true professionals who have all worked in IT service;
- A R&D section 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 / Caisse d'Épargne, Natixis, Groupe Crédit Agricole, Groupe Crédit Mutuel, Société Générale, Fortuneo, La Banque Postale, Banque Accord, etc.
- **Insurance/Pensions:** Allianz, AGIRC ARRCO, AG2R, APB, Aviva, AXA, Europ Assistance, GENERALI, Groupama GAN, Humanis, KLESIA, Lybernet, MAAF, MAIF, Malakoff Médéric, MGEN, 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, Roquette, 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, Lyra Networks, 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 big data management 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 application 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. Infotel also distributes software written by other partners (such as zCost, DL/2, SQData, DataKinetics, Hostbridge, etc.) that complements its offering.

Agreements with IBM
In March 1999, **Infotel** and IBM signed an initial worldwide sales distribution agreement. This agreement gave IBM the right to sell a DB2 mainframe data unload 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 multi-platform fast unload software program now called “InfoSphere Optim High Performance Unload for DB2 for Linux, UNIX and Windows”.
In 2011, new software developed by **Infotel**, “DB2 Merge Backup for Linux UNIX and Windows”, was added to the range.

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 6, 2016, analyzed the French software and services market as follows:

[Growth forecasts for 2016] +2.6% for the “***Technology consultancy, Software and Consultancy and Services***” ***sector***

- *Forecast for 2016: increase: + 2.6%*
- *Significant recruitment expected for 2016: over 39,000 new hires*

Growth in the technology consultancy is expected for 2015: + 1.6%. This brings sector growth to +2.2%.
- Technology consultancy: + *1.6%*
- Consultancy and services: + *2 %*

- Software publishing: +*3.4%*.

Demand indicators (calls for tender, number and size of projects awarded, order books) are positive and grew in the first quarter of 2016 for both large enterprises and SMEs.

For 2016, Syntec Numérique predicts sector growth of 2.6%.
- *Technology consultancy + 2%;*
- *Consultancy and services + 2.5%*;
- *Software publishing + 3.6%*;

Growth is sustained for SMACS (Social, Mobility, Analytics, Cloud, Security) technologies, which will rise 18.2% in 2016 and represents 16% of the market.
A rise in IT spending by IT departments is expected with operating expenses remaining stable and an increase in new digital transformation projects: 80% of IT departments plan to increase or maintain IT costs in 2016.
Like 2015, digital transformation remains a priority for IT departments in 2016. This transformation is under way and is expected to ramp up for almost two thirds of IT departments. IT departments stated that their solution and service providers have a good vision of their requirements and business areas. In parallel, digital spending influenced by business areas will be strengthened, with 63% of expenditure.

Technology consultancy: + 2% in 2016
After a difficult 2014 and recovery in 2015, 2016 offers great promise with 2% growth. In the first quarter of 2016, the number of calls for tender grew by 43% for technology consultancy firms. Order books were stable for smaller organizations and improved for larger enterprises.
Energy, Industry, Military & Defense and Automobile sectors show growth momentum in technology consultancy.

Consultancy and services: + 2.5% in 2016
The number of awarded projects increased in the first quarter of 2016 for 68% of IT service companies, as well as in size for 45% of enterprises. Transformation and innovation projects remain a priority for IT service companies, similar to the third quarter of 2015. The SMACS share in the IT services sector in 2016 is expected to be 13%. Partnership policies with startups will be strengthened in 2016. The Energy/Utilities/Transport, Banking/Insurance/Finance and Commerce/Distribution sectors will bring growth in consultancy and services.
- Consultancy: +*3.6%*;
- Integration: +*3.5%*;
- Development & Technical Assistance: +*1.4%*;
- Training and support: +*0.7%*;
- Application Managed Services: +*2.8%*;
- Infrastructure Managed Services: +*0.9%*

Source: IDC / Syntec Numérique

Software publishing: + 3.6% in 2016
Order books are rising steadily for almost one out of every two publishers. SaaS is expected to grow 23% in 2016 and achieve 14% of the software market. The SMACS share of the sector is 22% and is expected to grow 18.6% in 2016.
The Healthcare, Commerce/Distribution and Services sectors will contribute to the growth in the software sector.
- Infra. software / Utilities +*3.4%*;
- Application software +*3.7%*;
- Embedded software +*3.6%*.

Source: IDC / Syntec Numérique

Employment
The age composition of the sector continues year after year its move towards professionalism. Since 2007, the share of young people has dropped in favor of more experienced and senior age groups. For the first time, the 30–34 age group surpasses the 25–30 group. 60% of employees in the sector are between 30 and 50 years. Work conditions in the software and IT services sector continue to be attractive, with 93.9% permanent contracts and 69.3% executives. In 2015, senior-level recruitment in the IT and telecommunications sector increased by 8% following a 9% rise in 2014. In 2016, companies expect to recruit between 38,800 and 41,800 executives. The sector continues to be the leading recruiter of executives in France. Young graduates and executives with up to five years' experience will be the most sought-after profile.
According to Acoss, the IT activities and services sector will create employment after 22 consecutive quarters, with a strong acceleration towards the end of the year.]

Infotel's Position

Infotel ranked 26th in the TOP 2015 ranking of French digital service companies in terms of Global Consolidated Revenue for 2014, published by i-Logiciels&Services in June, 2015.

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	2015		2014		2013	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
Services	166,996	96	149,782	95	134,504	94
Software	7,634	4	7,248	5	8,183	6
inc. IBM royalties	4,172		3,968		4,609	
Total	174,630	100	157,030	100	142,687	100

Breakdown by geographical zone

€k	2015		2014		2013	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
France	154,792	88.6	138,254	88.0	125,595	88.3
Europe (ex. France)	15,037	8.6	14,234	9.1	11,923	8.3
United States	4,801	2.7	4,542	2.9	5,169	3.4
Total	174,630	100	157,030	100	142,687	100

Service activity breakdown by economic sector

	% revenue 2015	% revenue 2014	% revenue 2013
Banking, Finance	33.9%	31.8%	27.4%
Insurance/Pensions	14.3%	14.8%	16.8%
Industries	28.2%	31.0%	36.0%
Services/Transport/Telecommunications	22.3%	21.1%	17.6%
Administration	1.3%	1.3%	2.2%

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

Revenue per Customer (€k)	2015	% revenue 2015	2014	% revenue 2014	2013	% revenue 2013
Client No. 1	30,210	17.3%	30,261	19.3%	35,044	24.6%
Client No. 2	17,120	9.8%	17,440	11.1%	13,504	9.5%
Client No. 3	15,687	9.0%	15,078	9.6%	12,350	8.7%
Client No. 4	14,883	8.5%	10,423	6.6%	7,387	5.2%
Client No. 5	12,780	7.3%	9,899	6.3%	7,179	5.0%
Client No. 6	10,369	5.9%	8,742	5.6%	6,955	4.9%
Client No. 7	9,592	5.5%	8,736	5.6%	5,939	4.2%
Client No. 8	7,852	4.5%	6,658	4.2%	5,767	4.0%
Client No. 9	5,260	3.0%	4,917	3.1%	5,474	3.8%
Client No. 10	4,598	2.6%	4,605	2.9%	4,669	3.3%

The difference in revenues and profit/loss by sector is described in section 20.2.6.8 "Segment reporting" on page 115.

Competition in Services

For its Service activities, **Infotel** encounters, according to contract type, a number of players:

- International players (such as Cap Gemini, Tata, and Atos) 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 capable of customizing and implementing solutions.

6.5.3. Infotel's Position as Software Publisher

Infotel ranks 113rd in the TOP 2015 of French software editors according to Global Consolidated Revenue for 2014, published by i-Logiciels&Services in June 2015.

6.6. EXCEPTIONAL EVENTS

There have been no exceptional events during the year ending December 31, 2015.

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 media. **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, 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, 2015, **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**, 51% of its British subsidiary **Infotel UK Consulting Ltd** 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 118.

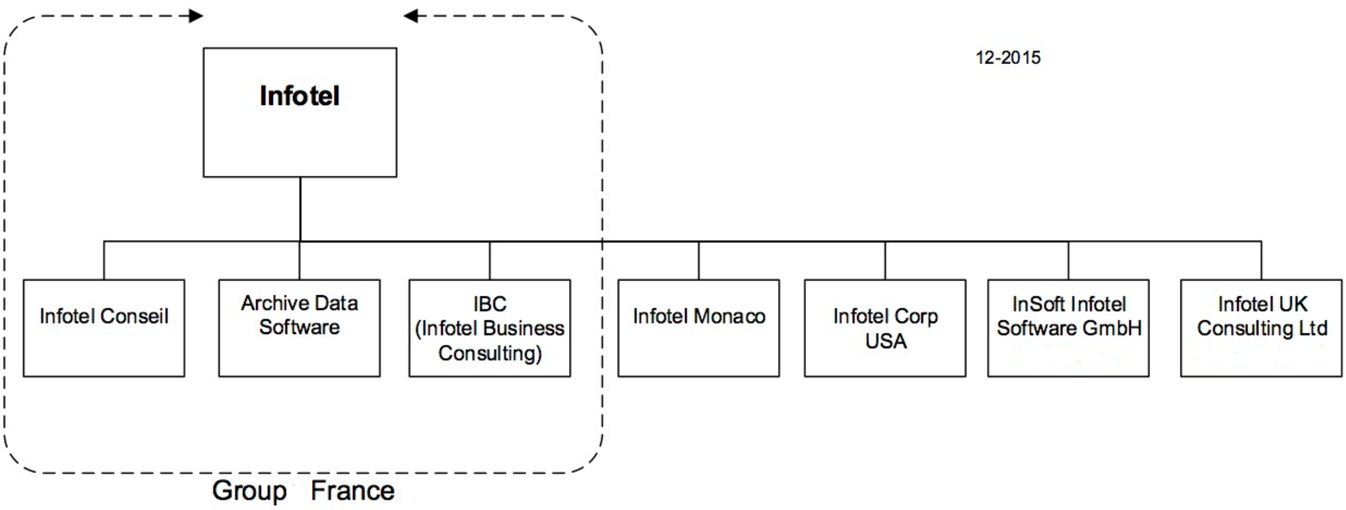
The scope of the Group, as well as the percentages of control and interest are described on page 105 in the section 20.2.6.5 "Statement of facts and scope of consolidation".

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, 2015, 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 east from its offices in Lille and Strasbourg.

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 IT service activity.

The company **Infotel UK Consulting Ltd** (Newcastle) performs IT service consultancy activities in the UK.

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

7.2.2. Infotel Conseil Activity

Revenue for **Infotel Conseil** reached €165,492 k for the fiscal year 2015 compared to €149,154 k for the previous year, showing an increase of 10.95%.

Operating costs increased by 8.98%. They rose from €136,712 k in 2014 to €148,982 k in 2015.

Operating income was €16,732 k, representing 10.11% of revenue for the fiscal year 2015, whereas operating income for the previous year stood at €12,932 k and represented 8.67% of revenue.

The financial result showed a profit of €230 k compared to €89 k for the previous fiscal year.

After €4,030 k tax on profits (given a research tax credit of €606 k and tax on profits of €4,636 k) and after deducting employee profit-sharing for an amount of €2,066 k, the net profit/loss stood at €10,992 k compared to €9,025 k for the previous year.

7.2.3. Infotel Business Consulting Activity

Infotel Business Consulting, 75% owned by **Infotel** and 25% by its Director, Jean-Philippe Lamy, achieved a revenue of €4,155 k compared to €3,984 k for the previous year, representing an increase of 4.31%.

Operating costs increased by 11.46%. They went from €3,203 k in 2014 to €3,570 k over the past fiscal year.

Operating income was at €599 k, representing 14.41% of revenue for the fiscal year 2015, whereas operating income for 2014 stood at €782 k and represented 19.63% of revenue.

After deduction of tax on profits for an amount of €183 k, net profit/loss stood at €416 k compared to €535 k for the previous fiscal year.

7.2.4. Archive Data Software Activity

Archive Data Software, 33% held by **Infotel**, showed a revenue in 2015 of €715 k increasing 5.92% and a net profit/loss of €11 k.

7.2.5. Infotel GmbH Activity (Germany)

Infotel GmbH (Germany), 100% owned, has had no activity since 2013.
The company **Infotel GmbH** (Germany) was absorbed during the year ending December 31, 2015 by the company **Insoft Software GmbH**, becoming henceforth the company **Insoft Infotel Software GmbH**.

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 2015, a revenue of €629 k, up 9.77% (€573 k in 2014) and a profit of €4 k, compared to €2 k for the previous fiscal year.

7.2.7. Infotel Monaco Activity (Monaco)

Infotel Monaco (Monaco), 100% owned, achieved a revenue of €1,772 k compared to €1,453 k for the previous year, showing an increase of 22%. Revenue from this activity showed a profit of €159 k compared to profit of €158 k for the previous fiscal year.

7.2.8. Insoft Infotel Software GmbH Activity (Germany)

Insoft Software GmbH (Germany), 100% owned, achieved a revenue of €1,075 k down 16.41% (€1,286 k in 2014). Revenue from this activity showed a profit of €237 k compared to €271 k 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 Corp.	Infotel Business Consulting	Archive Data Software	Insoft Infotel Software GmbH
Capital	20,000	150	1	60	150	50
Stockholder's equity (ex. capital stock and earnings)	19,853	-8	250	898	-23	584
Holding	100%	100%	100%	75%	33%	100%
Book value 12/31/2015	6,269	128	1	446	50	2,000
Loans and advances granted	0	0	0	0	0	0
Guarantees in favor of subsidiaries	0	0	0	0	0	0
Revenue before tax	165,492	1,772	628	4,155	715	1,075
Profit/loss	10,982	159	4	416	11	237
Dividends received from the subsidiary	4,500	200	0	185	0	200

Infotel UK Consulting Ltd, recently incorporated, did not have any activity in 2015.
Financial flows existing between the parent company and its subsidiaries are as follows:

Management fees	€2,400 k	Invoiced by Infotel to Infotel Conseil
Sub-contracting and personnel made available by Infotel Conseil to Infotel	€3,424 k	Invoiced by Infotel Conseil to Infotel
Infotel Corporation royalties	€490 k	Invoiced by Infotel to Infotel Corp
Insoft Infotel Software GmbH costs	€9 k	Invoiced by Insoft Infotel Software GmbH to Infotel
Civil liability insurance costs	€101 k	Invoiced by Infotel to Infotel Business Consulting

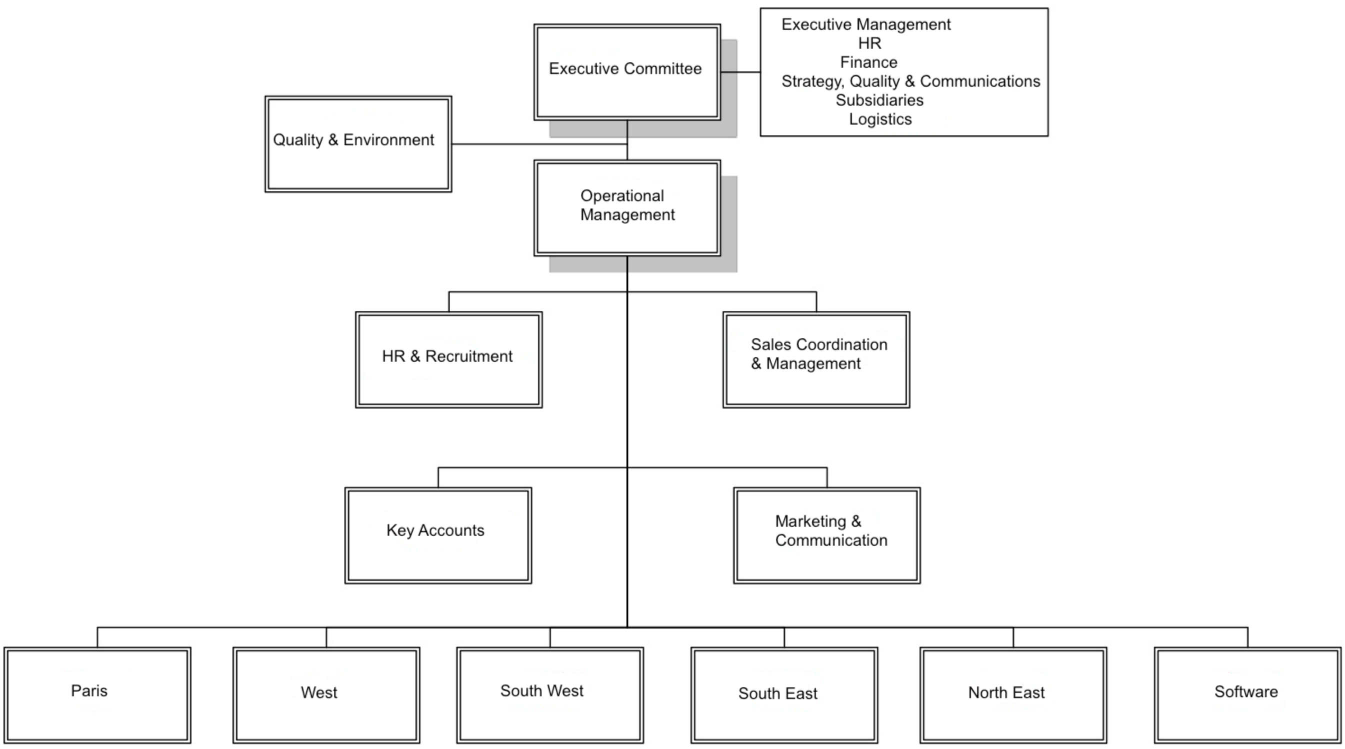
Overview of parent company-subsidiary relationship				
Consolidated items (exc. dividends) in €k	**Infotel Conseil**	**Other subsidiaries**	**Infotel**	**Consolidated total**
Fixed assets (including goodwill)	12,871	1,271	6,084	20,226
Debt ex. group	0	0	0	0
Cash on balance sheet	37,787	2,195	7,006	46,988
Total net cash flow	8,115	271	360	8,746

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, HR and subsidiaries;
- Éric Fabretti, Vice-President, Sales;
- Jean-François Castella, Vice-President, Software.

The members of the Executive Committee share Executive Management, HR 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 regional divisions 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 divisions.
It carries out functions that include managing personnel and recruitment as well as operations and subsidiaries. **Infotel**'s management places special importance on human relations. In Services and an economic context noted for an increasingly demanding customer base, it is essential that **Infotel** carries out an ongoing recruitment strategy to attract 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 stay on in the company 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.

Regional divisions and Software division
The regional divisions are the operational bodies of the Group. A regional division carries out, autonomously, all or part of the functions and core businesses of the Group. The overall goal of the regional division is to design, market, develop and ensure the profitability of all TPAM and TPSV, training and technical assistance services and adapt them to customers' needs in a specific territory. The Software division is responsible for the design, development, maintenance and technical support of Software.
There are currently six divisions:

- Paris
- West
- South-West
- South-East
- North-East
- Software

The sales engineers are attached to the divisions.

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	191,955	178	SCI NASTHEL II
* 7th floor	1,076	Offices	164,807	153	SCI PAGESTI
Infotel Conseil 6 rue des Graviers 92200 Neuilly-sur-Seine					
* Headquarters - 4th floor	610	Offices	257,669	422	GECINA SA
* Rennes	844	Offices	140,440	166	SCI MABILAND
* Blagnac le Millénaire	4,427	Offices	626,359	141	EDISSIMO
* Bordeaux – Pessac	326	Offices	47,604	146	SERGERINVEST
* Nanterre	623	Offices	206,966	332	SCI Nanterre Etoile Par
* Nantes-Saint Herblain	758	Offices	120,941	160	PFO2
* Lyon - Écully	312	Offices	46,093	148	SCI BAPTISTE
* Le Mans	512	Offices	61,553	120	SA SIIM
* Mougins	550	Offices	105,472	192	SC ALBORE/ SCI PFO2
* Aix-en-Provence	378	Offices	60,131	159	SCI SAPHI/SOPHIPRO
* Brest	403	Offices	59,833	148	SCI 3C
* Brest	100	Offices	16,200	162	SCI WYZ
* Lille-Lézennes	657	Offices	89,456	136	TOLEFI
* Niort.	454	Offices	36,000	79	SC MK2
* Dijon	-	Physical address	864	-	LBA Business Center
* Strasbourg	-	Physical address	11,045	-	REGUS
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, 2015.

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.

Commitments Towards a Circular Economy

One of Infotel's main challenges is to reduce its environmental footprint in its service provision. The Group's environmental policy is based on actions such as providing training, implementing means for reducing energy consumption, and establishing a selective waste collection system, as described below.

Training and Employee Initiatives for Environmental Protection

The Group measures the energy consumption in its offices and service desks on a daily basis 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 for Preventing Environmental Risks and Pollution

All company departments are required to reduce 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, which is aimed at continuously improving its environmental performance. The Group has implemented an environmental policy designed to reduce 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 Group companies 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. <u>Pollution and Waste Management</u>

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 affected 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, electronic waste). The quantity of paper and cartons generated by our activity for the 2015 was 5.7 tons compared to 6 tons in 2014. A global collection system for electronic waste was started in 2013 and quantities amounted to 1.3 tons in 2014. For 2015, we are waiting for information from our supplier.

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	2015	2014	2013
Water consumption	2,888 m^3	2,912 m^3	3,062 m^3
Electricity consumption	1,463 MWh (114.1 kT CO_2)	1,165 MWh (90.9 kT CO_2)	1,008 MWh (78.6 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 1 kWh = 0.078 tons of CO_2 equivalent.

8.2.4. Climate Change

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 11 cars and 5 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 electricity 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 wants 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 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 its sites in Neuilly-sur-Seine, Bagnolet and Nanterre;
- In the north of France, via its sites in Lille and Strasbourg;
- 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 specific 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, the 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's 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 vary in nature and responds 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 2016 plans to strengthen the dialog between stakeholders with the purpose of implementing CSR issues 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, the Group has financed its operational activity and its investments mainly using cash flow from operations.

At December 31, 2014 and 2015, the Group held cash and cash equivalents in the amount of €38.2 k and €46.9 k, respectively. In 2015, cash and cash equivalents held was €183 k between them in US Dollars and €46,805 k in Euros.

The activity has generated a positive net cash flow of €16,406 k due to an increase in revenue and good management. This cash flow was used to purchase fixed assets of €2,656 k.
Cash flow linked to financing transactions concern mainly the distribution of dividends for €5,324 k (€5,323 k after elimination of treasury stock).

9.2. PROFIT/LOSS

9.2.1. Group

Revenue for the Group reached €174,630 k for the fiscal year 2015 compared to €157,030 k for the previous year, showing an increase of 11.21%.

2015 was driven by strong growth in the Services activity (95.63% of revenue), which increased by 11.49% from €149,782 k to €166,996 k, and saw a rise in the Software activity of 5.32%, from €7,248 k to €7,634 k.

Operating costs increased by 10.51%. They rose from €140,105 k in 2014 to €154,788 k in 2015.

Current operating income amounted to €19,804 k and represented 11.34% of revenue, whereas it stood at €16,940 k in 2014 and represented 10.79% of revenue, a slight drop of 0.55 points.

Financial income was €252 k against a financial income of €138 k for the previous fiscal year.

After deduction of tax on profits for an amount of €7,050 k, the consolidated net income (Group share) comes to €12,944 k, compared to €11,119 k for the previous fiscal year.

9.2.2. Parent Company

The **Infotel** parent company creates, develops and sells software in France and abroad.

As the lead holding company for the Group, it obtains its revenues in the form of the granting of software rights in accordance 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 2015 stands at €8,937 k, up 6.53% compared to the previous fiscal year.

Operating costs remain stable with respect to the previous year. They went from €9,108 k in 2014 to €9,279 k in 2015.

Operating income went from €1,390 k to €1,716 k, and financial income stands at €5,175 k compared to €5,156 k for the previous fiscal year.

Current income amounts to €6,891 k compared to €6,546 k for the previous fiscal year.

Exceptional income amounts to €17,000 against €260 in 2014.

Income tax stands at €793 k.

Last but not least, profit for the fiscal year ending December 31, 2015 amounts to a sum of €6,081 k compared to €5,691 k for the previous fiscal year.

Growth in 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 32, as well as in paragraph 20.2.6.8 “Segment reporting” on page 115.

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 was €65,224 k on December 31, 2015.

A change in the Group’s equity position of €7,719 k is explained by the following elements:

- Profit/loss 2015: +€12,944 k;
- Distribution of dividends of the assembly of May 20, 2015: - €5,324 k;
- Change in capital: €33 k;
- Change in additional paid-in capital: none;
- Change in translation reserve: + €24 k;
- Accounting of stock-based payments: none;
- Impact of movements on treasury stock: €42 k;
- Change in scope: none;
- Other changes: none.

10. LIQUIDITY AND CAPITAL RESOURCES

Activities related to finance capital acquisition generated in 2015 €2,656 k in cash outflows, compared to €3,369 k in 2014, as well as well as a distribution of dividends granted by the parent company of €5,324 k, against €4,660 k in 2014.

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 for the company Infotel SA is outlined in the table below:

2015				
Sundry suppliers' debts (ex. group) in €k	**Not due**	**Due at less than 60 days**	**Due at more than 60 days**	**Total**
	514	0	0	514

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

11. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

During 2015, the **Infotel** Group has engaged in 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:
  - Research associated with designing a search engine, incorporating highly specific languages (Korean, etc.);
  - Design of new search modules for document content and metadata in a big data context and with high performance constraints;
  - Design of an automatic format recognition software for documents, separate from archiving types used and incorporating strong security measures;
  - Continued research to upgrade obsolete data storage based on super-computer use with volume constraints and very high performance,
- Continued research and development on other products in the **Infotel** range.

For this activity, costs amounted in 2015 to €2,058 k registered as assets.

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

- Research associated with designing a technical documentation processing framework for high volumes, supported by big data concepts and adhering to ATAiSpec 2200, ATA2300 and S1000D standards;
- Design of a NoSQL database performance assessment platform, incorporating a large number of comparison parameters;
- Research linked with designing algorithms and `processing tools for non-textual information in unstructured PDF documents;
- 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;
- Research on using RFID prototypes in storage and archiving solutions;
- Continued research on algorithms for automatically comparing similar documents in scientific literature with performance issues and high volumes, based on distributed calculations.

For these service activities, research costs were €1,370 k, 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	**2015**	**2014**	**2013**
Capitalized development costs	2,058	2,105	2,440
Development costs recorded as expenses	1,370	1,270	1,349
Total cost of research and development	3,428	3,375	3,789

12. TRENDS

12.1. TRENDS SINCE THE END OF THE FISCAL YEAR 2015

The start of 2016 followed in the same vein as the end of 2015.
As *Syntec Numérique* announced in its press release of April 6, 2016, the "Technology Consultancy, Software Publishing, Consultancy and Services" sectors were expected to grow 2.6% in 2016, with 2% growth for technology consultancy, 2.5% for consultancy and services, and 3.6% 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 400 new hires (the sector foresees the creation of 39,000 jobs in 2016). Sales teams are in the field to consolidate our position with existing customers and transform prospective customers into new customers.

As described in the section "Financial Calendar" on page **Erreur ! Signet non défini.**, the information on revenue and trends for the first quarter of 2016 will be released on the evening of May 25.

12.2. TRENDS FOR THE FISCAL YEAR 2016

Even though **Infotel** has excellent assets in both of its business sectors, the Group is approaching the fiscal year 2016, similar to previous years, 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 existing software and its new products, while remaining increasingly open to international opportunities through the search for distributors and partners.

In 2016, for Services, **Infotel** will concentrate on the following:

- Accentuate its areas of excellence (mobility, big data, service desks) and its capacity to develop new applications;
- Intensify its national network (greater proximity to customers);
- Develop sales activity towards the innovative sectors of digitalization and connected objects;
- Accompany major customers in their internationalization processes and proposed solutions adapted to the evolution in their business.

For Software, **Infotel** will showcase the following actions:

- Commercialize its products abroad through its network of distributors;
- Distribute products from international publishers (such as zCost, DL/2, SQData, DataKinetics, Hostbridge, etc.) in France and in Germany;
- Continue to develop new products (archiving, search engines, software quality assurance, etc.).

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 internationalization.

In 2016, **Infotel** aims to grow and secure margins, with a revenue in the order of €200 million with acquisitions.

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 2015. The attendance rate of those meetings was 96.67%, accounting for participants with the right to vote.

As of December 31, 2015, 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,
Hélène Kermorgant	May 20, 2015	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 Hélène Kermorgant 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 Infotel 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	2015	2014	2013
Bernard Connes-Lafforet	216,000	216,000	217,320
Michel Koutchouk	195,983	195,820	195,820
Josyane Muller	192,000	191,614	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.

For accounts ending on December 31, 2013, 2014 and 2015, 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.

“Special Report from the Statutory Auditors Regarding the Regulated Agreements and Commitments” covered in section 20.4.3 on page 134 does not mention any regulated agreements.

15.2. PENSIONS AND OTHER EMPLOYEE BENEFITS

Provisions are made for legal and contractual indemnities for each employee present from December 31, 2015, 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 of employees under 56 years:
  - 10% for employees of Infotel Conseil;
- Turnover of employees over 56 years:
  - 0.4% for the Group’s entire workforce;
- Discount rate: 2.28% for pensions (1.80% in 2014) 1.85% for 10-year seniority bonus (1.37% in 2014);
- 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, 2014 and 2015, the total provisions for retirement bonuses for the Group had risen to €1,666 k and €1,755 k respectively, including social security taxes. As of December 31, 2014 and 2015, these commitments were subject to insurance cover for €166 k and €165 k respectively.

As of December 31, 2014 and 2015, the provisions relating to the ten-year service bonus had risen to €448 k and €472 k 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, 2015

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 16, 2016.

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, hereinafter 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, a 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, 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. She 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;
- Josyane Muller, Director and Executive Officer;
- Hélène Kermorgant, Director.

Graduate of the French École Supérieure de Gestion, Hélène Kermorgant is currently partner at RSM Paris, chartered accountant and statutory auditor. During her career, she has acted as Statutory Auditor and chartered accountant, notably as Financial Director for a mixed economy company from 1994 to 1999 and from then on as Director then partner at COREVISE -RSM Paris. She has lectured at the University Paris Dauphine and is a trainer at the French National Auditing Authority (*Compagnie Nationale des Commissaires aux Comptes*).

Minutes of the Board of Directors

During the fiscal year ending December 31, 2015, the Board of Directors of **Infotel** met on eight occasions (with an average attendance rate of 96.67%) with the following agendas and dates:

- January 28, 2015, company strategy (no. 1), an overview of status and financial markets;
- March 25, 2015, closing of 2014 accounts and preparation for the Combined Stockholders' Meeting;
- April 22, 2015, corporate strategy (no. 2), an overview of the stock and financial markets;
- April 22, 2015, proposal of the appointment of a new director to replace a director withdrawing from office;
- May 20, 2015, launch of the stock repurchase plan, appointment of the independent director as Chairperson of the Board when it meets as the Audit Committee;
- July 29, 2015, corporate strategy (no. 3), an overview of the stock and financial markets;
- August 26, 2015, closing of 2015 first half-year accounts;
- October 21, 2015, 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. Hélène Kermorgant, 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 Kermorgant 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 Kermorgant 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, Ms Kermorgant, the independent director, embodies all the financial expertise required to chair the Board when it meets as the Audit Committee:

Ms Kermorgant is Chair of the Board when it meets as the Audit Committee, as decided at the board meeting of May 20, 2015.

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 16, 2016, relating to the 2015 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 Ms Hélène Kermorgant as a Director, at the general assembly of May 20, 2015, 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 Hélène Kermorgant, who has considerable ability in financial matters.

Administration and Management Bodies

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.
Hélène Kermorgant	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 Infotel Software 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, Director of 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, 2015, the Group is made up of its French subsidiaries, **Infotel** Conseil, Archive Data Software and Infotel Business Consulting, with 100%, 33.33% and 75% holding held by **Infotel**. The Infotel Group is also present internationally through its foreign subsidiaries in the United States, Germany and Monaco, the companies Infotel Corporation, Insoft Infotel Software GmbH and Infotel Monaco, with 100% holding, and its UK subsidiary, Infotel UK Consulting Ltd with 51% holding.

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 2015 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 2015 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 of the **Infotel** Group that can be affected by a fluctuation in the US dollar is about €4,801 k, or 2.7% of global revenue.

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

At December 31, 2015, the net value of assets and liabilities accounted for by the entities of the Group in currencies other than Euro stood at USD 1,109 k, or €1,018 k.

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 32 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.
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.
In July 2014, ISO 9001 and ISO 14001 certifications were obtained for the Lille site.
In 2016, Infotel implemented a security certification process in its West regional division.

It is noted that the Quality unit, which is under the authority of the Executive Management, is based at Tour Gallieni II, 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 quality assurance framework, 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 page 41 of this document.

Organization of the Executive Authority

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

- Written offers relating to actions that carry a major risk are subject to the opinion of the Executive Committee;
- Important decisions concerning research and development;
- 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's 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 divisions, each of which provides their own level of specific controls.

An Executive Committee, under the authority of the Chairman and including the managers and regional division 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 recruitment 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 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 it is 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 the company 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	**2013 (Year N-2)**	**2014 (Year N-1)**	**2015 (Year N)**
Remuneration due for the fiscal year (*as itemized in table 2*)	€217 k	€216 k	€216 k
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	€217 k	€216 k	€216 k

Michel Koutchouk, Executive Officer	**2013 (Year N-2)**	**2014 (Year N-1)**	**2015 (Year N)**
Remuneration due for the fiscal year (*as itemized in table 2*)	€196 k	€196 k	€196 k
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	€196 k	€196 k	€196 k

Josyane Muller, Executive Officer	**2013 (Year N-2)**	**2014 (Year N-1)**	**2015 (Year N)**
Remuneration due for the fiscal year (*as itemized in table 2*)	€192 k	€192 k	€192 k
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	€192 k	€192 k	€192 k

Jean-Marie Meyer, Executive Officer	**2013 (Year N-2)**	**2014 (Year N-1)**	**2015 (Year N)**
Remuneration due for the fiscal year (*as itemized in table 2*)	€210 k	€210 k	€210 k
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	€210 k	€210 k	€210 k

Éric Fabretti, Executive Officer	2013 (Year N-2)	2014 (Year N-1)	2015 (Year N)
Remuneration due for the fiscal year (*as itemized in table 2*)	€210 k	€210 k	€210 k
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	€210 k	€210 k	€210 k

Table 2: Overview of remuneration for each executive director

Bernard Connes-Lafforet, Chairman	2013 (Year N-2)		2014 (Year N-1)		2015 (Year N)	
	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Base remuneration	€216 k	€216 k	€216 k	€216 k	€216 k	€216 k
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	€1 k	€1 k	None	None	None	None
TOTAL	€217 k	€217 k	€216 k	€216 k	€216 k	€216 k

Michel Koutchouk, Executive Officer	2013 (Year N-2)		2014 (Year N-1)		2015 (Year N)	
	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Base remuneration	€192 k	€192 k	€1Year92 k	€192 k	€192 k	€192 k
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	€4 k	€4 k	€4 k	€4 k	€4 k	€4 k
TOTAL	€196 k	€196 k	€196 k	€196 k	€196 k	€196 k

Josyane Muller, Executive Officer	2013 (Year N-2)		2014 (Year N-1)		2015 (Year N)	
	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Base remuneration	€192 k	€192 k	€192 k	€192 k	€192 k	€192 k
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	€192 k	€192 k	€192 k	€192 k	€192 k	€192 k

Jean-Marie Meyer, Executive Officer	2013 (Year N-2)		2014 (Year N-1)		2015 (Year N)	
	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Base remuneration	€210 k	€210 k	€210 k	€210 k	€210 k	€210 k
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	€210 k	€210 k	€210 k	€210 k	€210 k	€210 k

Éric Fabretti, Executive Officer	2013 (Year N-2)		2014 (Year N-1)		2015 (Year N)	
	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Base remuneration	€210 k	€210 k	€210 k	€210 k	€210 k	€210 k
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	€210 k	€210 k	€210 k	€210 k	€210 k	€210 k

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
Hélène Kermorgant	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 December 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 December 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, 2015

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, 2015.

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, 2016

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:

	2015	2014	2013
Voluntary departure rate (in %)	10	8.3	9.0
Average workforce in the Group	1304	1192	1116
Average annual salary in the Group (€k)	41.7	40.4	40.1
Apprenticeships	14	9	6
Average permanent workforce	1290	1183	1110
Executive management	6	6	6
Sales personnel	49	46	45
Administration personnel	40	30	29
Engineers	1179	1089	997
Technicians	22	18	39

This table does not include subcontracting.

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.

	2015	2014	2013
Inter-contract rate	1.8%	2.0%	2.0%

17.2. EMPLOYEE PROFIT-SHARING AND INCENTIVE PLANS

Year	2015	2014	2013	2012	2011
Employee profit-sharing	€2,066,525	€1,447,300	€1,168,825	€666,963	€1,097,448

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, 2014 and 2015 accounts.

17.3. EQUITY INVESTMENT

Employee profit-sharing in the company **Infotel** at January 15, 2016 was:

- Infotel Conseil employees: 47,610 shares representing 0.72% 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 2015 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	2015	2014
Total workforce at December 31	1336	1247
Permanent staff	271	197
Contract staff	0	0
Redundancies on economic grounds	0	0
Redundancies for other reasons	7	12
Additional contract hours	100 per year or 2.75 per week according to function	100 per person and per year
External labor	None	None
Staff restructuring plan	None	None
Work time organization	Annualization of working time at 90%	Annualization of working time at 80%
Work time duration	37.20 or 37.75 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: 2.6%	Sickness, maternity: 2.4%
Average pay including bonuses (excluding executives)	€41,652 / year	€40,365 / year
Change in individual base pay during the year	+2.4% on average	+3.6% 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	2.8% more for men	2.5% more for men
Equality: middle qualification (C2.2) salary	Difference = +0.3% not significant	Difference -0.1% 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	17	4
Fatal work accidents and commuting accidents	0	0
Training	€1,093 k, 2% of salaries	€1,058 k, 2.3% of salaries
Disabled employees	5	5
Company welfare service	-	-
Sub-contracting	42% of total positions + subcontracting rate	47% of total positions + subcontracting rate
Territorial impact	None	None
Relationship with associations	None	None
Sub-contracting abroad	<0.5%	<0.5%
Impact on local development abroad	None	None

It should be noted in this table in particular that gender equality is properly respected.

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 stable.
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 2015, 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 division.
The number of internship hours fulfilled for 2015 was 12,579.

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, 2015.

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 accordance with the "*Comply or Explain"* principle stipulated by law, the Infotel Group recognizes however that there are a limited number of disclosures that are not covered by this document: the freedom of association and the right to collective bargaining, the elimination of forced and compulsory labor and the abolition of child labor. The main reasons may be the absence of reliable indicators on these issues to date or the proven absence of stake on certain issues with regard to activities, size or geographical location of the Group. 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 2015 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 information in the Management Report

Fiscal year ending December 31, 2015

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, 2015 (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"), a summary of which is presented in the chapter entitled "Methodological Note on Corporate, Environmental and Social Information" in the Management Report and are available for consultation at the headquarters of the company.

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 verification work was undertaken by a team of five people between March and April 2016, over an estimated cumulative duration of 2 weeks. To assist us in carrying out our task, we involved CRS experts.
We conducted the work described below in accordance with professional auditing standards applicable in France, and the Order of May 13, 2013 determining the methodology under which an independent third-party verifier performs its task and, in relation to the opinion on fairness of disclosure, according to the ISAE (International Standard on Assurance Engagements) 3000a[2] standard.

1. Statement of Completeness of the CSR Information

Nature and Scope of Procedures

Based on interviews with the relevant departments, we able to gain an understanding of the company's strategy on sustainable development 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.

---

[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*

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.

Conclusion

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 Fairness of CSR Information

Nature and Scope of Procedures

We conducted five 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, industry 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 strategies in relation to sustainable development and industry best practices.
Concerning the CSR information that we have considered the most important[3]:

- at the level of the consolidated 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;
- at the level of 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 36% of employees and between 20% and 36% 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 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.

[3] **Quantitative information:** Electricity consumption; Quantity of paper and cardboard generated; Greenhouse gas emissions; Total workforce at December 31; Permanent contracts; Temporary contracts; Redundancies on economic grounds; Redundancies for other reasons; Absenteeism rate; Number of internship hours.
Quantitative information: ISO 14001 certification; Waste prevention, recycling and disposal measures; Training policy; Gender equality.
[4] 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, 2016

Independent Third-Party Body,

Deloitte & Associés

Jean Paul Seguret
Associate

Julien Rivals
Associate, Sustainable Development

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 04/01/2014			Situation at 04/01/2015			Situation at 04/01/2016		
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	43.33	2,250,635	33.81	43.22	2,150,635	32.31	41.99
Michel Koutchouk	77,360	5.81	7.25	386,800	5.81	7.24	386,800	5.81	7.55
Josyane Muller	48,380	3.63	4.66	211,900	3.18	4.07	190,648	2.86	3.72
Jean-Marie Meyer	40,835	3.07	3.93	200,000	3.00	3.84	185,693	2.79	3.63
Éric Fabretti	36,626	2.75	3.24	200,130	3.01	3.84	180,130	2.71	3.52
Total Executives	653,328	49.07	62.41	3,249,465	48.81	62.20	3,093,906	46.48	60.40
Treasury stock	0	0	0	0	0	0	0	0	0
Liquidity agreement	639	0	0	5,267	-	-	3,113	0	0
Alto Invest	92,214	6.93	4.44	360,631	5.42	3.46	161,108	2.42	1.57
Next Stage	81,077	6.09	3.90	207,534	3.12	1.99	70,215	1.05	0.69
Odyssée Venture	72,626	5.45	3.50	240,743	3.62	2.31	141,796	2.13	1.38
Public	431,507	35.76	37.59	2,593,315	38.96	30.03	3,186,817	47.87	35.96
Total	1,331,391	100	100	6,656,955	100	100	6,656,955	100	100

In the absence of treasury stock at December 31, 2015 within the framework of the repurchase plan, the table above does not distinguish between theoretical voting rights and exercisable voting rights, which total 10,253,673.

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 47.87% and 35.96% 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, 2016, they held 46.48% of the capital and 60.40% of voting rights.

On April 23, 2015, the Company was made aware of Alto Invest falling below the 5% threshold.

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 15, 2016, employee holdings accounted for 47,610 shares, or 0.72% of capital stock, through the company savings plan. Representing less than 3% of capital stock, this participating interest is not significant.

At December 31, 2015, there were no shares acquired by employee shareholding according to the conditions of Article L.225-102 of the French Code of Commerce.

On January 15, 2016, the company **Infotel** carried out a TPI (identifiable bearer securities) inquiry, enabling it to determine the number of stockholders: there were 2,551 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.

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).

On December 7, 2015, **Infotel** announced that its shares would be eligible for the French Deferred Settlement System (SRD) of Euronext Paris from December 29, 2016 in the segment "long only".

On January 28, 2016, the Group announced that the Infotel title would be transferred from the C compartment to the B compartment of Euronext Paris, with an effective date of January 29, 2016. Compartment B contains listed companies with a market capitalization between 150 million and 1 billion euros.

19. RELATED PARTY TRANSACTIONS

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

“Special Report from the Statutory Auditors Regarding the Regulated Agreements and Commitments” covered in section 20.4.3 on page 134 does not mention any regulated agreements.

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, 2014, appearing on pages 94 to 117 of the 2014 Registration Document, submitted to the French Financial Markets Authority on April 30, 2015 under number D.15-0466; the corporate financial statements and audit reports for the year ending December 31, 2014, appearing on pages 118 to 129 and 130 to 134 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 91 of this document;
- consolidated accounts and audit reports for the year ending December 31, 2013, appearing on pages 90 to 114 and 127 to 128 of the 2013 Registration Document, submitted to the French Financial Markets Authority on April 30, 2014 under number D.14-0460; 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 2012 Registration Document, 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;

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. <u>CONSOLIDATED FINANCIAL STATEMENTS</u>

20.2.1. <u>Consolidated Balance Sheet</u>

20.2.1.1. Assets

ASSETS *(in thousands of Euros)*	**Notes**	**12/31/2015**	**12/31/2014**
Goodwill	1	10,973	10,973
Intangible assets	2	6,058	5,860
Tangible assets	3	2,584	2,692
Other financial assets	4	611	629
Investments in entities accounted for using the equity method	5	46	42
Deferred taxes	15	1439	1,176
NON-CURRENT ASSETS		**21,711**	**21,372**
Trade and other receivables	6	54,903	46,422
Other receivables	7	5,329	4,408
Current tax assets	10	2,277	2,500
Cash and cash equivalents	9	46,988	38,243
CURRENT ASSETS		**109,497**	**91,573**
TOTAL ASSETS		**131,208**	**112,945**

20.2.1.2. Liabilities and Stockholders' Equity

LIABILITIES *(in thousands of Euros)*	**Notes**	**12/31/2015**	**12/31/2014**
Capital	11	2,663	2,663
Retained earnings		7,581	7,581
Accumulated comprehensive income		55,077	47,365
Treasury stock	11	(97)	(104)
GROUP EQUITY		**65,224**	**57,505**
Non-controlling interests		344	301
STOCKHOLDERS' EQUITY		**65,568**	**57,806**
Loans and other long-term debts			
Provisions	12	3,085	3,120
Deferred taxes	15	155	236
NON-CURRENT LIABILITIES		**3,240**	**3,356**
Current liabilities			
Trade and other payables	13	16,277	15,602
Other debts	13	46,123	36,181
Current tax liabilities			
CURRENT LIABILITIES	14	**62,400**	**51,783**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**131,208**	**112,945**

20.2.2. Income Statement and Statement of Comprehensive Income

In thousands of Euros	**Notes**	**12/31/2015**	**12/31/2014**
Revenue	**16**	**174,630**	**157,030**
Purchases	17	(135)	(194)
Personnel costs	18	(78,972)	(71,450)
External costs	17	(69,915)	(63,330)
Taxes		(2,710)	(2,195)
Depreciation, Amortization		(3,134)	(2,815)
Provisions		77	46
Other income from operations and expenses		(37)	(152)
CURRENT OPERATING INCOME		**19,804**	**16,940**
Other operating income and expenses		38	(15)
NET OPERATING INCOME		**19,842**	**16,925**
Financial income	19	317	244
Financial costs	19	(65)	(106)
FINANCIAL INCOME	**19**	**252**	**138**
Income tax	20	(7,050)	(5,792)
Share of profits of entities accounted for by the equity method		4	(16)
NET INCOME FOR THE PERIOD		**13,048**	**11,255**
Group share		12,944	11,119
Non-controlling interests	21	104	136

Basic earnings per share - Group share	22	1.94	1.67
Diluted earnings per share - Group share	22	1.94	1.67

NET INCOME FOR THE PERIOD		**13,048**	**11,255**
Profit and loss accounted for directly in equity			(240)
COMPREHENSIVE INCOME FOR THE PERIOD		**13,048**	**11,015**
Group share		12,944	10,879
Non-controlling interests		104	136

20.2.3. Statement of Cash Flows

In thousands of Euros	**12/31/2015**	**12/31/2014**
NET INCOME FOR THE PERIOD	**13,048**	**11,255**
Net income variance N-1		
Amortizations and provisions - net	2,525	2,972
Net gain/loss on asset transfer	(7)	3
Share of profits of entities accounted for using the equity method	(4)	16
Others		
Deferred taxes		
CASH FLOW AFTER NET BORROWING AND TAXES	**15,562**	**14,246**
Net borrowing	(252)	(145)
Taxes (including deferred taxes)	7,050	5,792
CASH FLOW BEFORE NET BORROWING AND TAXES	**22,360**	**19,893**
Paid taxes	(7,172)	(4,949)
Variation in WCR associated with activity	1,218	4,701
NET CASH PROVIDED BY OPERATING ACTIVITIES	**16,406**	**19,645**
Tangible and intangible acquisitions	(2,656)	(3,369)
Long-term investments net of transfers		
Income from transfer of assets	12	212
Variation deposits and bonds	18	(50)
Changes in scope of consolidation		
NET CASH PROVIDED BY INVESTING ACTIVITIES	**(2,626)**	**(3,207)**
Capital increase (including stock options)	33	
Treasury stock repurchase and resale	42	688
Dividends paid to stockholders of the parent company	(5,324)	(4,659)
Dividends paid to minority stockholders of subsidiaries	(61)	(50)
Dividends received (companies at equity, non-consolidated securities)		
Loan repayment (including financed lease agreements)	0	(19)
Net interest paid (including financed lease agreements)	252	145
Other cash linked to financing operations		
NET CASH PROVIDED BY FINANCING ACTIVITIES	**(5,058)**	**(3,895)**
Effect of currency fluctuations	24	30
Net change in cash	**8,746**	**12,569**
Cash at the beginning of the fiscal year	**38,242**	**25,672**
Cash at the end of the fiscal year	**46,988**	**38,242**

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, 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
Sub-total Comprehensive income				*10,791*	*10,791*	*135*	*10,926*
IFRIC 21				120	120		120
Equity at December 31, 2014	**2,663**	**7,581**	**(104)**	**47,365**	**57,505**	**301**	**57,806**
Changes in capital stock and stock option plan				33	33		33
Treasury stock operations			7	35	42		42
Dividends				(5,324)	(5,324)	(61)	(5,385)
Net income for the fiscal year				12,944	12,944	104	13,048
Change in scope of consolidation					0		0
Translation adjustments				24	24		24
Sub-total Comprehensive income				*12,968*	*12,968*	*104*	*13,072*
Other changes					0		0
Equity at December 31, 2015	**2,663**	**7,581**	**(97)**	**55,077**	**65,224**	**344**	**65,568**

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, Insoft Infotel 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 euros, the euro being the reporting currency of the Group.

The Consolidated Financial Statements were approved by the Board of Directors on March 16, 2016; they will be submitted for approval at the Annual General Stockholders' Meeting on May 25, 2016.

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, 2015, available on the website: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

The data relating to the fiscal year 2014, given for comparative reasons, were prepared according to the same accounting principles and standards.

New standards and interpretations of mandatory application as of January 1, 2015 only concern the interpretation of IFRIC 21 *Levies*. The interpretation of IFRIC 21 *Levies* identifies the obligating event for the recognition of, in liabilities of the consolidated balance sheet, levies that are accounted for in accordance with IAS 37 *Provisions, Continent Liabilities and Contingent Assets*. The interpretation covers the accounting for recognizing these levies and is based generally on its obligating event.

At the Group level, the application of this interpretation principally translates into the modification of the recognition of outflows resulting from company solidarity social contributions (C3S). This cost is booked at the moment of eligibility of the levy.

This interpretation resulted in non-significant changes in the presentation of the financial statements. However, the figures for previous years have been restated for better reading.

The various changes made are summarized below:

	12/31/2014 published	IFRIC 21 correction	12/31/2014
Summary			
Assets			
Deferred tax assets	1,236	(60)	1,176
Liabilities			
Reserves and income	47,245	120	47,365
Other debts	36,361	(180)	36,181
Income Statement			
Taxes	(2,375)	180	(2,195)
Current Operating Income	**16,760**	**180**	**16,940**
Net Operating Income	**16,745**	**180**	**16,925**
Income tax	(5,732)	(60)	(5,792)
Net profit	**11,135**	**120**	**11,255**
Group share	11,000	119	11,119
Non-controlling interests	135	1	136

The cash flow table and disclosures were correlatively modified.

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

The Group has not opted for early application of 2016 standards and interpretations, as their application is not mandatory for the fiscal year 2015.

- IFRS 15 *Revenue from Contracts with Customers*;
- IFRS 9 *Financial Instruments*;
- Amendments to IAS 16 and IAS 38, *Clarification of Acceptable Methods of Depreciation and Amortization*;
- Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*;
- Amendments to IAS 1 *Disclosure Initiative*;
- Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*;
- Annual improvements, cycles 2010–2012 and 2012–2014.

Infotel is currently analyzing the impacts and practical consequences of the application of these standards.

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 Eurozone):

Exchange rate against EUR		Average exchange rate 2015	Average exchange rate 2014	Rate at year-end 2015	Rate at year-end 2014
US dollar	USD	0.9018	0.7533	0.9185	0.8224

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 the 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 the 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 – 10 years
Office furniture, equipment and IT equipment	3 – 8 years
Transport equipment	4 – 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

IFRS 2 *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 fulfil 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 (CIR). 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 income 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

The company Infotel GmbH was absorbed by the company Insoft Software GmbH, whose corporate name was modified. It is called henceforth Insoft Infotel Software GmbH.

A subsidiary was created in the UK, Infotel UK, in which the Group has a 51% holding. The activity of this company started in 2016.

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.

Characteristic operations

No characteristic operations were performed.

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 €2,531 k 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 €588 k. This amount is still being challenged and is subject to a provision of €535 k net of fee repayment receivable from the advisory firm on CIR calculation.
- A tax audit was started in December 2015 on the company Infotel Conseil. This audit refers to CIR (research credit) for the years 2012 and 2013.

List of consolidated companies at December 31, 2015

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
Insoft Infotel Software GmbH	Derendorfer STR.70 40479 Düsseldorf	10357360260	FC	100%	100%	Germany
Infotel Corporation	PO Box 5158 Gulfport, FL 33737	592,644,116	FC	100%	100%	United States
Infotel Monaco	57, rue Grimaldi Monaco	01 S 03972	FC	100%	100%	Monaco

The British company is not included within the scope, as it had no activity in 2015.

20.2.6.6. Notes on the financial position

Note 1 – Goodwill

Changes in goodwill

The movements during 2015 are as follows:

In thousands of euros	12/31/2014	Changes in scope	Increase	Decrease	12/31/2015
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 10%;
- 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, 2015, 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 7.15% over the three years and a table margin rate. On this basis, the thresholds from which impairment may have been shown are a discount rate of 55.76%, the other assumptions remaining constant.

The business plan of the CGU Insoft Software GmbH shows an average growth rate in revenue of 6.81% 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 17.83%, 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	**12/31/2014**	**Changes in scope**	**Increase**	**Decrease**	**12/31/2015**
Assets					
Customer relationships	2,489				2,489
Development costs	9,756		1,662		11,418
Patents and licenses	560		82		642
Total	**12,805**		**1,744**		**14,549**
Amortizations, Depreciations					
Customer relationships	1,775		239		2,014
Development costs	4,621		1,247		5,868
Patents and licenses	548		61		609
Total	**6,944**		**1,547**		**8,491**
NET ASSETS	**5,861**		**197**		**6,058**

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	**12/31/2014**	**Changes in scope**	**Increase**	**Decrease**	**12/31/2015**
Assets					
Buildings	31				31
Other assets	8,985		912	24	9,873
Total	**9,016**		**912**	**24**	**9,904**
Amortizations, Depreciations					
Buildings	23		3		26
Other assets	6,301		1,010	17	7,294
Total	**6,324**		**1,013**	**17**	**7,320**
NET ASSETS	**2,692**		**(101)**	**7**	**2,584**

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 12/31/2014**	**Dividends received**	**Income for the period**	**Others**	**Value at 12/31/2015**
Archive Data Software	42		4		46
Total	**42**		**4**		**46**

Archive Data Software (100% share):

(in thousands of euros)	**12/31/2015**	**12/31/2014**
Revenue	715	675
Total for the year	11	(49)
Total balance sheet	645	663
Stockholders’ equity	138	127

Note 6 – Accounts receivable

(in thousands of euros)	**12/31/2015**	**12/31/2014**
Accounts receivable	46,048	43,974
Doubtful debts	7	8
Invoices to be issued	8.886	2,448
Depreciation/amortization	(35)	(8)
Net value	**54,903**	**46,422**

Statement of accounts receivable at 12/31/2015

Statement of accounts receivable at 12/31/2015	**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	**54,903**	29,283	4,169	16,991	2,126	2,334
%	**100%**	53%	8%	31%	4%	4%

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%

Note 7 – Other receivables

In thousands of euros	**12/31/2015**	**12/31/2014**
Fiscal and social security-related debts	3,657	2,775
Sundry debts	0	200
Prepaid expenses	1,672	1,433
Advances and advance payments	0	0
Total	**5,329**	**4,408**
Tax assets (including research tax credits)	**2,277**	2,500

Note 8 – Working capital requirements

In thousands of euros	**12/31/2015**	**12/31/2014**	**Total change**	**Changes in scope**	**Change for the period**
Accounts receivable	54,903	46,422	8,480		8,480
Suppliers	(16,277)	(15,602)	(676)		(676)
Fiscal and social security-related debts	(25,518)	(22,274)	(3,245)		(3,245)
Other debts	(15,276)	(9,700)	(5,577)		(5,577)
Vendor loans		200	(200)		(200)
Working Capital Requirements	**(2,169)**	**(952)**	**(1,218)**		**(1,218)**

Note 9 — Cash and cash equivalents

In thousands of euros	**12/31/2015**	**12/31/2014**
Marketable securities	12,149	12,065
Cash on hand	34,839	26,178
Cash assets	**46,988**	**38,243**
Bank overdraft	0	0
Cash liabilities	0	0
Net cash	**46,988**	**38,243**

Note 10 – Financial instrument assets

In thousands of euros	**12/31/2015**		**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	46	46	46			
Non-current financial assets	611	611			611	
Accounts receivable	54,903	54,903			54,903	
Other receivables	5,329	5,329			5,329	
Current tax assets	2,277	2,277			2,277	
Cash	46,988	46,988	46,988			
Total Assets	**110,154**	**110,154**	**47,034**		**63,120**	

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, 2015 was €2,663 k. It comprised 6,656,955 fully paid-up shares with a par value of €0.40 per share.

There were no movements during the 2015 fiscal year.

Treasury stock

Movement in securities	12/31/2015	12/31/2014
Number of securities held at the beginning of the fiscal year	5,267	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	128,208	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	130,362	54,065
Number of securities held at the end of the fiscal year	3,113	5,267

Security value (in euros)	12/31/2015	12/31/2014
Security value at the beginning of the fiscal year	103,582	268,235
Purchases of securities before the increase in number		775,613
Purchases of securities after the increase in number	3,597,812	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	3,604,440	1,091,531
Security value at the end of the fiscal year	96,954	103,582

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

Dividends

The Infotel Annual Stockholders' Meeting held on May 20, 2015 decided to distribute a dividend of €0.80 per share. This dividend was issued for payment on May 27, 2015. The dividends for treasury stock are recorded as least equity. The net amount distributed is €5,324 k.

Note 12 – Provisions for risks and expenses

(in thousands of euros)	12/31/2014	Changes in scope	Provisions	Use	Reversal	12/31/2015
Disputes	184				49	135
Litigations	822				99	723
Pensions	1,666		99		10	1,755
Length of service bonuses	448		24			472
Translation adjustment	0					
Provisions for risks and expenses	**3,120**		**123**		**158**	**3,085**

The provisions for disputes only include pay disputes.

The provision for litigations includes, for €187 k, a dispute with a supplier.
Infotel Conseil was subject to a tax audit and an adjustment offer was addressed during 2013 to the company. This concerned the research tax credit (CIR) determined by the company during 2009, 2010 and 2011 and the amount was €2,531 k.
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 €535 k, without movement for the fiscal year.

The criteria held to determine the amount for pensions are as follows:

- 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: 2.28% for pensions (1.80% in 2014) and 1.85% for the seniority bonus of ten years (1.37% in 2014).
- 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, 2015 was €165 k. The provision for severance pay on retirement was €1,755 k corresponding to the difference between the total commitment calculated according to the criteria established above, €1,921 k, and the fair value of the assets of the plan at December 31, 2015.

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	**12/31/2015**	**12/31/2014**
Accounts payable	16,277	15,602
Fiscal and social security-related debts	29,175	25,049
Other debts	20	735
Unearned revenues	16,928	10,398
Total	**62,400**	**51,784**

All debts are less than a year old.

Note 14 – Financial instrument liabilities

In thousands of euros	**12/31/2015**		**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	16,277	16,277		16,277		
Other debts	46,123	46,123		46,123		
Current tax liabilities						
Total liabilities	**62,400**	**62,400**		**62,400**		

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	**12/31/2014**	**Changes in scope**	**Change for the period**	**12/31/2015**
Deferred tax assets				
associated with employee benefits	704		38	742
associated with profit sharing	451		238	689
associated with temporary differences	21		(13)	8
Total	**1,176**		**263**	**1,439**
Deferred tax liabilities				
- associated with offsetting of statutory provisions	0			
associated with customer relationships	236		(81)	155
- associated with adjustment of the loss in value on the exchange of securities	0			
associated with temporary differences	0			
- associated with CVAE				
Total	**236**		**(81)**	**155**

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 115.

Note 17 – Purchases and external expenses

In thousands of euros	**2015**	**2014**
Sub-contracting	59,940	53,943
Other external expenses	9,975	9,388
Purchases	135	194
Total	**70,050**	**63,525**

Note 18 – Personnel and workforce costs

The average workforce of the Group for the year ending December 31, 2015 was 1,344 employees. For 2014, the average workforce for the Group was 1,233 employees. Given the nature of the activity, personnel is mainly made up of managers.

In thousands of euros	**2015**	**2014**
Remuneration	55,957	53,357
Social security costs	26,053	21,506
Profit sharing	2,066	1,447
Retirement bonuses	114	270
Provision for wage disputes	(49)	(98)
CICE wage tax credits	(2,265)	(2,031)
Capitalized development costs	(2,058)	(2,105)
CIR - Research tax credit for non-capitalized development projects	(214)	(314)
Amortization of research tax credit associated with development costs	(575)	(531)
CPAM and FAFIEC reimbursements	(57)	(51)
Total Personnel Costs	**78,972**	**71,450**

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 €2,265 k were accounted for in 2015, against €2,031 k in 2014, 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	**2015**	**2014**
Interest paid on term deposits	175	141
Capital gains on transfer of marketable securities	116	62
Interest on current accounts	(57)	(58)
Cash and cash equivalents	**234**	**145**
Foreign exchange gains	26	20
Foreign exchange losses	(8)	(27)
Other financial income/expenses	**18**	**(7)**
Financial result	**252**	**138**

Note 20 – Income tax

The income tax expense results from

In thousands of euros	**2015**	**2014**
Tax payable for the year	5,719	4,476
Deferred corporate income taxes	(345)	(171)
CVAE	1,676	1,487
Income tax	**7,050**	**5,732**

The tax analysis is as follows:

In thousands of euros	**2015**	**2014**
Net profit before equity-accounted subsidiaries	13,052	11,271
Income tax	7,050	5,792
Profit before tax	20,102	17,063
Current corporate tax applicable to parent company	33.33%	33.33%
Theoretical income tax	**6,700**	**5,687**
Company vehicle tax and non-deductible amortizations	13	12
Non-deductible provision		(86)
Stock costs and expenses	10	22
Amortization acquisition costs		
Tax credits and fiscal subsidies	(1,018)	(941)
Total Infotel Monaco and Infotel Corp.	(74)	(53)
Tax on dividends	159	140
Social security contribution on earnings (CSB)	144	112
CVAE net of income tax	1,117	991
Others	(1)	(92)
Actual income tax	**7,050**	**5,792**

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

	2015	2014
Net profit (Group share):	12,944	11,119
Number of shares comprising capital stock	6,656,955	6,656,955
- of which are treasury stock	3,113	5,267
Average number of shares for the period	6,653,842	6,651,688
Basic earnings per share	1.94	1.67
Average number of potential outstanding stock options		0
Average number of outstanding free shares		0
Number of diluted shares of capital stock		0
Diluted earnings per share	1.94	1.67

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	2015			2014		
	Software	Services	Total	Software	Services	Total
Revenue	7,634	166,996	174,630	7,248	149,782	157,030
Net Operating Income	3,577	16,265	19,842	3,466	13,459	16,925
Net Profit	2,636	10,412	13,048	2,727	8,528	11,255

Distribution of revenue by geographical region

In thousands of euros	2015	%	2014	%
France	154,792	88.6%	138,254	88.0%
Europe	15,037	8.6%	14,234	9.1%
United States	4,801	2.7%	4,542	2.9%
Total	174,630	100%	157,030	100%

Customers representing more than 10% of revenue

Only one customer represents more than 10% of consolidated revenue.

Distribution of assets by segment

In thousands of euros	12/31/2015		12/31/2014	
	Software	Services	Software	Services
Non-current assets	7,848	13,863	7,090	14,282
Current assets	13,281	96,214	12,769	78,804
Total	21,129	110,077	19,859	93,146

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" in page 108.

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, 2015, the net value of assets and liabilities accounted for by the entities of the Group in currencies other than Euro stood at USD 1,109 k, or €1,018 k (compared to USD 1,324 k or €1,089 k at December 31, 2014). It comprises solely the net assets of the US subsidiary and the IBM royalties from Q4 2015.

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, 2015, 3,113 shares of its treasury stock, for a total amount of €96,954, at an average price of €31.14.

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.

	Less than a year	Between 1 and 5 years	More than 5 years
Commercial lease commitments	2,037	4,248	1,483

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 2015	ACA 2015	Constantin 2014	ACA 2014
Audit for Infotel SA				
Statutory auditor	54	46	58	49
Additional tasks	10		10	
Audit of subsidiaries				
Statutory auditor	38	51	37	59
Additional tasks				
Total	102	97	105	108

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 2015 was €1,024 k.

The Group has not assumed any commitment regarding post-employment benefits for its directors (pensions, 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 12/31/2015	Net at 12/31/2014
ASSETS				
Intangible assets				
Research and development costs	15,411,006	7,915,237	7,495,769	7,263,198
Concessions, patents and licenses	314,598	288,472	26,126	6,864
Tangible assets				
Buildings	31,278	26,467	4,810	7,938
Other tangible assets	1,176,908	918,101	258,807	305,739
Financial assets				
Investments and associated debts	8,893,378		8,893,378	8,919,195
Other financial assets	198,471		198,471	205,504
TOTAL FIXED ASSETS	**26,025,637**	**9,148,277**	**16,877,361**	**16,708,437**
Stocks				
Debts				
Accounts receivable	1,635,717		1,635,717	1,361,049
Suppliers' debts				
State, Income tax payable	2,129,490		2,129,490	2,441,608
State, Tax on revenue	593,469		593,469	288,837
Other receivables	48,640		48,640	720,970
Others				
Advances and advance payment on orders				
Cash on hand	7,007,022		7,007,022	6,646,953
Prepaid expenses	198,904		198,904	210,936
TOTAL CURRENT ASSETS	**11,613,242**		**11,613,242**	**11,670,353**
Translation adjustments - Assets				
ACCRUALS				
TOTAL ASSETS	**37,638,705**	**9,148,277**	**28,490,603**	**28,378,790**

20.3.2. Balance Sheet – Liabilities

Amounts in €	Net at 12/31/2015	Net at 12/31/2014
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	7,471,331	7,103,922
Total for the year	6,080,835	5,691,166
TOTAL STOCKHOLDERS' EQUITY	**24,284,996**	**23,527,918**
TOTAL OTHER STOCKHOLDERS' EQUITY		
TOTAL PROVISIONS FOR RISKS AND EXPENSES		
Overdrafts and credit lines	1,173	796
Loans and debts associated with credits	1,173	796
Loans and other financial debts - Affiliates	2,792,183	2,859,180
Accounts receivable	649,457	815,023
Social security bodies	143,464	142,455
State, Tax on revenue	120,774	45,461
Other fiscal and social security-related debts	24,426	15,822
Fiscal and social security-related debts	288,664	203,738
Secured liability on property		
Other debts	2,232	560,795
Unearned revenues	468,339	411,341
TOTAL DEBT	**4,202,047**	**4,850,872**
Translation adjustments - Assets	3,560	
TOTAL LIABILITY	**28,490,603**	**28,378,790**

20.3.3. Income Statement

Amounts in €	12/31/2015	12/31/2014
Operating Revenue		
Sale of commodities		
Production sold (goods)		
Production sold (services)	8,937,001	8,388,865
Net Revenue	**8,937,001**	**8,388,865**
Production left in stock		
Production capitalized		
Cash subsidies		
Write-backs of amortization and provisions, expenditure transfers	2,058,277	2,109,015
Other income	3	4
Total Operating Revenue (I)	**10,995,281**	**10,497,884**
Operating Expenses		
Purchase of commodities	4,699	
Change in stock		
Purchase of raw materials and other supplies		
Change in stock		
Other purchases and external expenses	5,742,599	5,866,374
Taxes and similar payments	169,286	135,893
Salaries	1,034,610	1,031,950
Social security costs	377,153	377,067
Operating costs:		
- On fixed assets: amortization	1,950,728	1,696,879
- On fixed assets: provisions		
- On current assets: provisions		
- For liabilities and charges: provisions		
Other costs	268	-7
Total Operating Expenses (II)	**9,279,344**	**9,108,155**
OPERATING INCOME (I - II)	**1,715,937**	**1,389,729**
Share of profit of shared operations		
Allocated gain or transferred loss		
Sustained loss or transferred gain		
Financial Income		
Investments	5,085,250	4,302,750
Other securities and fixed asset receivables		
Other interests and income	54,719	44,483
Write-backs of provisions, expenditure transfers		20,160
Positive currency fluctuations	356	
Net gains on disposal of trading securities	76,195	810,429
Total Financial Income (V)	**5,216,519**	**5,177,822**
Financial Costs		
Depreciation and amortization and transfer to provision		
Interest and associated costs	121	7
Negative currency fluctuations		1,655
Net charges on disposal of trading securities	41,208	19,999
Total Financial Costs (VI)	**41,328**	**21,661**
FINANCIAL INCOME (V - IV)	**5,175,191**	**5,156,162**
CURRENT INCOME BEFORE TAX (I-II+III-IV+V-VI)	**6,891,128**	**6,545,891**

…/…

	12/31/2015	12/31/2014
Exceptional Revenue		
On management operations		300
On capital operations	12,000	
Write-backs of provisions and expenditure transfers		
Total Exceptional Revenue (VII)	**12,000**	**300**
Exceptional Costs		
Fines		40
On management operations		
On capital operations	28,927	
Exceptional depreciation/amortization and transfer to provision		
Total Exceptional Costs (VII)	**28,927**	**40**
EXCEPTIONAL INCOME (VII-VIII)	**-16,927**	**260**
Profit sharing (IX)		
Income tax payable (X)	793,366	854,985
Total Revenue (I+III+V+VII)	**16,223,800**	**15,676,007**
Total Expenses (II+IV+VI+VIII+IX+X)	**10,142,965**	**9,984,841**
PROFIT OR LOSS	**6,080,835**	**5,691,166**

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 2015. 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, 2015.

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, 2015 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.

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 €	**12/31/2014**	**Increase**	**Decrease**	**12/31/2015**
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	7,103,922	5,691,166	5,323,757	7,471,331
Income for the previous year	5,691,166	(5,691,166)		
Total for the year		6,080,835		6,080,835
TOTAL	**23,527,918**	**6,080,835**	**5,323,757**	**24,284,996**

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

- distribution of a dividend of €0.80 per share, (for 6,656,955 shares) for a total amount of €5,325,564 and €5,323,757 after removing dividends on treasury stock.

The capital stock, fully paid up, comprised on December 31, 2015, 6,656,955 shares at cap €0.40, including 3,113 held by Infotel.

Stock options

No stock options plan was issued in 2015.

b) Intangible assets

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

In €	**12/31/2014**	**Increase**	**Decrease**	**12/31/2015**
Software acquired	264,360	50,238		314,598
Development costs	13,356,712	2,054,294		15,411,006
TOTAL	**13,621,072**	**2,104,532**		**15,725,604**

The development costs recognized in the Group's assets during the fiscal year refer to the following projects: Arcsys, HPU, Merge Backup. They are amortized over the probable life span of the project, which is generally seven years.

The changes in amortization are as follows:

In €	**12/31/2014**	**Increase**	**Decrease**	**12/31/2015**
Software acquired	257,497	30,975		288,472
Development costs	6,093,514	1,821,723		7,915,237
TOTAL	**6,351,011**	**1,852,698**		**8,203,709**

c) Tangible assets

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

In €	12/31/2014	Increase	Decrease	12/31/2015
Installations and facilities	31,278			31,278
Fixtures and fittings	516,962			516,962
Transport equipment		37,059	3,193	33,866
Office equipment	612,058	14,022		626,080
TOTAL	**1,160,298**	**51,081**	**3,193**	**1,208,186**

The changes in amortization are as follows:

In €	12/31/2014	Increase	Decrease	12/31/2015
Installations and facilities	23,340	3,128		26,468
Fixtures and fittings	317,761	45,714		363,475
Transport equipment		4,485	83	4,402
Office equipment	505,520	44,703		550,223
TOTAL	**846,621**	**98,030**	**83**	**944,568**

d) Financial assets

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

In €	12/31/2014	Increase	Decrease	12/31/2015
Equity securities	8,919,195		25,817	8,893,378
Treasury stock	103,583	41,710	48,339	96,952
Guarantee deposits	101,920		404	101,518
TOTAL	**9,124,698**	**41,710**	**74,560**	**9,091,848**

The reduction in equity securities is associated with the merger of Infotel GmbH securities by the company Insoft Software GmbH, hereinafter Insoft Infotel Software GmbH.

e) Accounts receivable

Accounts receivable of €1,635,717 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. They were €1,361,049 at the start of the previous fiscal year.

Invoices to be issued totaled €783,694 at December 31, 2015, which corresponds to royalties to be billed to IBM for sales during the last quarter of 2015, calculated according to the method described above. Company credits stood at €423,024 at December 31, 2015.

f) Other receivables

In €	12/31/2015	12/31/2014
Corporate income tax	2,129,490	2,441,608
Value added tax	593,468	288,837
Other receivables	48,640	720,970
Tax consolidation current account		
TOTAL	**2,771,598**	**3,451,415**

The corporate income tax is associated with the impact of tax consolidation and tax credits. Other receivables contained notably a credit with Infotel UK of €27,624 and with the State for CVAE balance.

g) Prepaid expenses

They were €198,904 at December 31, 2015. This only includes operating expenses (rents, insurance, maintenance, etc.). They were €210,936 at the start of the previous fiscal year.

h) 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	101,518		101,518
Current asset receivables			
Accounts receivable	1,635,717	1,635,717	
Others	2,771,598	2,761,425	0
Prepaid expenses	198,904	198,904	
TOTAL	**4,707,737**	**4,596,046**	**101,518**

i) Loans and other financial debts

The company does not have any loans.

Financial debts at December 31, 2015 were €2,792,183 as opposed to €2,859,180 at December 31, 2014. 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 €649,457 at December 31, 2015, as opposed to €815,023 the previous year.
The invoices receivable totaled €212,145 at December 31, 2015. This figure represents general costs, where the due date is less than one year.
Debts to associated companies was €347,471.

k) Fiscal and social security-related debts

Fiscal and social security-related debts are broken down as follows:

In €	**2015**	**2014**
Personnel	0	0
Social security bodies	143,464	142,455
VAT	120,774	45,461
Other taxes	24,426	15,822
TOTAL	**288,664**	**203,738**

Fiscal and social security-related debts have a maturity of less than one year.

l) Unearned revenues

At December 31, 2015, unearned revenues represented €468,339 corresponding to the pro rata spread of maintenance contracts and royalties from our subsidiary Infotel Corp. They were €411,341 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	2,792	2,792		
Supplier debt	649	649		
Fiscal and social security-related debts	289	289		
Debts on fixed assets	0	0		
Other debts	2	2		
Unearned revenues	468	468		
TOTAL	**4,200**	**4,200**	**-**	**-**

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	**2015**	**2014**
Non-group France	1,069	906
Non-group USA	4,172	3,968
Non-group Europe	200	56
Non-group Export (others)	15	30
SUBTOTAL NON-GROUP	**5,455**	**4,960**
Group France	2,991	2,969
Group USA	490	460
Group Europe		
SUBTOTAL GROUP	**3,481**	**3,429**
TOTAL	**8,937**	**8,389**

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, 2015, these provisions were €79 k as opposed to €110 k in 2014.

Intra-group billing involves:

- in France, management fees of the Group and the rebilling of costs;
- in Europe and the USA, royalties associated with the sale of Infotel products abroad.

o) Financial result

Financial assets were €5,217 k as opposed to €5,177 k 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.

In 2015, the company received €4,500 k in dividends from Infotel Conseil, €200 k from Insoft Software, €200 k from Infotel Monaco and €185 k from Infotel Business Consulting.

Financial costs were €41 k in 2015 as opposed to €22 k in 2014. 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 outside the Eurozone (essentially, Infotel Corporation) 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 €4,677 k, or 52% of revenue.

q) Income tax payable

Net income tax for Infotel SA on profits was €793 k in 2015, as opposed to €855 k in 2014, determined pursuant to tax regulations and the applicable rates. This includes €144 k in taxes on dividends paid for the fiscal year (against €140 k in 2014).

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 €55 k as shown in the Infotel SA accounts.

Increases and decreases in future tax liabilities

There are no increases or decreases in future tax liabilities.

4. Workforce at the end of the fiscal year

The workforce of Infotel at December 31, 2015 comprises of a team of 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 2015 was €1,024 k.

No advances or credits were allocated to the company officers during 2015.

6. Statutory Auditors' fees

The fees of the statutory auditors for 2015 were €121 k.

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.

From January 1, 2015, Infotel employees benefit from a state-managed personal training account, which replaces the individual right to training.

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 Business Consulting**	**Archive Data Software**	**Insoft Infotel Software GmbH**
Capital	20,000	150	1	60	150	50
Stockholder’s equity (excluding capital stock and earnings)	19,853	-8	250	898	-23	584
Holding	100%	100%	100%	75%	33%	100%
Gross book value of treasury stock	6,269	128	1	446	50	2,000
Net book value of treasury stock	6,269	128	1	446	50	2,000
Loans and advances granted	0	0	0	0	0	0
Guarantees and backing provided by the company	0	0	0	0	0	0
Revenue (excl. taxes)	165,492	1,772	628	4,155	715	1,075
Profit/loss	10,992	159	4	416	11	237
Dividends received by the company during the fiscal year	4,500	200	0	185	0	200

All of the companies close their annual accounts on December 31, 2015. All of the data presented is for 2015.

The data for Infotel Corp. was converted at the following exchange rates:
average exchange rate of $1 = €0.9018 for the income statement and $1 = €0.9185 for equity.

20.4. STATUTORY AUDITORS' REPORT

20.4.1. Statutory Auditors' Report on the Consolidated Accounts

Fiscal year ending December 31, 2015

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, 2015 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 "Notes on the financial position" 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, 2016

The Statutory Auditors

Audit Consultants Associés

Jacques Rabineau

Constantin Associés
Member of Deloitte Touche Tohmatsu Limited
Jean-Paul Seguret

20.4.2. Statutory Auditors' Report on Annual Accounts

Fiscal year ending December 31, 2015

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, 2015 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 "Equity 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 identity of the stockholders and their voting rights have been communicated in the Management Report.

Paris and Neuilly-sur-Seine, April 28, 2016

The Statutory Auditors

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

20.4.3. <u>Special Report from the Statutory Auditors Regarding the Regulated Agreements and Commitments</u>

Fiscal year ending December 31, 2015

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 as well as the justifying reasons of interest for the company 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 entered into during the fiscal year

We hereby inform you that we have not been advised of the existence of any agreements or commitments entered into during the fiscal year and subject to approval by Annual General Stockholders' Meeting in accordance with the terms of Article L. 225-38 of French Commercial Code.

Agreements and commitments already approved by the Annual General Stockholders' Meeting

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, 2016

The Statutory Auditors

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

20.5. <u>DATE OF LAST FINANCIAL DISCLOSURE</u>

The last year for which financial information was verified is the fiscal year ending December 31, 2015.

20.6. <u>INTERMEDIATE FINANCIAL INFORMATION</u>

The Company publishes its financial information each quarter. The last disclosure was for the results for the year 2015, published on March 17, 2016. This disclosure was assessed and audited by the statutory auditors.

20.7. <u>DIVIDEND POLICY</u>

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:

- 2012: €2.00 dividend per share;
- 2013: €3.50 dividend per share;
- 2014: dividend of €0.80 per share (after the split of the par value by 5).

The Board of Directors proposed to the Annual General Stockholders’ Meeting of May 25, 2016, the payment of a dividend of €1 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 €5 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. <u>LEGAL PROCEEDINGS AND ARBITRATION</u>

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. <u>MAJOR CHANGES IN THE FINANCIAL OR COMMERCIAL POSITION</u>

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 FF
June 3, 1982	Capitalization of reserves	450,000 FF	0	1,500	400 FF	600,000 FF
June 7, 1983	Capitalization of reserves	1,800,000 FF	0	1,500	1,600 FF	2,400,000 FF
June 17, 1987	Capitalization of reserves	900,000 FF	0	1,500	2,200 FF	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 20, 2015	Stock options and securities issued	1,300,000 Euros	July 20, 2017	0
May 20, 2015	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, 2016	0

At December 31, 2015, 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, 2013, 2014 and 2015 agreed to such authorizations.

At December 31, 2015, the Company held 3,113 shares at a par value of €0.40 each, representing a book value of 97 thousand Euros.

The Annual General Stockholder' Meeting of May 20, 2015 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 50 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 21, 2014.

No treasury stock purchases were made as part of the stock repurchase between January 1 and December 31, 2015. At December 31, 2015, the Company held 3,113 treasury shares purchased as part of the liquidity agreement. On December 31, 2015, the Company did not hold any treasury shares purchased as part of previous stock repurchase plans.

The transactions performed as part of the liquidity agreement finalized with the company Gilbert Dupont, between January 1, 2015 and December 31, 2015 are as follows:

	Quantity	Weighted average cost	Gross amount
Purchase	128,208	€28.0623	€3,597,812
Sale	130,362	€27.6494	€3,604,440

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 137.

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 fulfil 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. <u>Rights, Privileges and Restrictions Associated with Stock</u>

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 receives 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, 2016, the number of shares with double voting rights was 3,586,418.

21.2.4. <u>Change in Stockholder Rights</u>

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. <u>Notification of Ordinary and Extraordinary General Stockholders' Meetings</u>

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. Changes in the Control

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. Stockholding Thresholds

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. Changes in the Capital Stock

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 2016 is as follows:

• January 27, 2016	Revenue Q4 2015
• March 17, 2016 morning	Audited Annual Financial Statements 2015
• March 17, 2016 morning	Analysts' meeting
• May 25, 2016 afternoon	Annual General Stockholders' Meeting
• May 25, 2016	Revenue Q1 2016
• July 27, 2016	Revenue Q2 2016
• September 14, 2016	Audited results H1 2016
• September 15, 2016 afternoon	Analysts' meeting
• October 26, 2016	Revenue Q3 2016
• January 25, 2017	Revenue Q4 2016

25. INVESTMENT INFORMATION

Paragraph 7.2.9 on page 37 provides information on investments.

26. NON-FINANCIAL INFORMATION

Not applicable

27. CSR REPORT CORRESPONDENCE