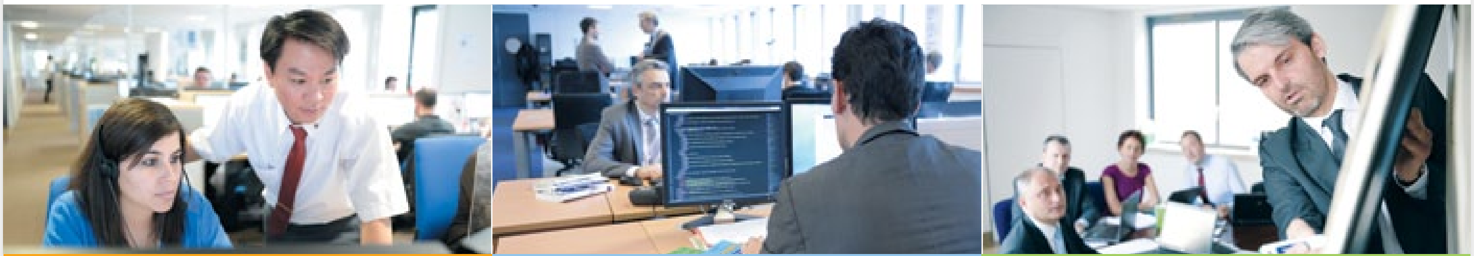
NEURONES

CONSULTING - INTEGRATION - OUTSOURCING



ANNUAL REPORT 2013

Forward together...®

A number of staff members kindly allowed us to take photos of them at work for this annual report. We would like to thank them. This report presents a glimpse of our 19,600 m^2 of infrastructure and the 4,060 people behind the Group's achievements in 2013.

Contents

Forward together...®

OVER 25 YEARS OF PROFITABLE GROWTH

1985

NEURONES is founded and rapidly becomes one of the leading local network integrators.

1994

NEURONES' service offering is expanded to include Help Desk services and Training, and the Outsourcing business gains momentum.

1999

New business lines are added:
- Security,
- an Application Development business.

€343.2m
2013 REVENUES

9.6%
2013 OPERATING MARGIN

€21.4m
2013 NET PROFIT

With a staff of over 4,000 and revenues of €343 million, NEURONES boasts a prime position on the French market:

- in the top 15 Consulting and IT Services companies and,
- 6th largest listed company in its key industries in terms of market capitalization.

Created from scratch in 1985 and listed since 2000, the Group has:

- experienced nearly 30 years of rapid, profitable growth,
- formed a proven, solid core, mainly through organic growth,
- joined forces with about 10 companies with complementary core businesses through external growth,
- more than doubled in size over the past six years.

NEURONES has grounded its enduring success on a continually tailored service offering, a dynamic human resources policy and a novel, attractive organization of shareholder-entrepreneurs.

Since 2000

NEURONES is listed on the stock exchange. 10 significant external growth operations have expanded and strengthened the Group's range of expertise.

2008

Continued strong organic growth. Significant development of the Management and Organization Consulting business. The Group launches private cloud hosting services.

2013

With over 4,000 employees, NEURONES has worked its way up to become one of the 6 biggest Consulting and IT Services companies on the Paris stock exchange.

Chairman's message

Dear shareholders and prospective shareholders,

Investors like companies that make people dream...

At the risk of seeming too down-to-earth, NEURONES' figures are undeniably solid:

- 8.8% organic growth,
- a 17.2% increase in operating profit (9.6% of revenues),
- a 24% increase in net profit (6.3%, and 5.4% for the Group share),
- €16.4m of free cash flow and €100m of net cash at the end of the year (no debt),
- a 38.5% tax rate (including the CVAE tax),
- 361 jobs created, net.

Is that all there is to say about 2013? That's the essentials, in any case. Businesses, like sports people, are not the best placed to expound on their own performances.

But because of the public offering, it is important to put the present into perspective, tell people about the driving forces behind a group with over 4,000 employees, and share a glimpse of its future so that investors can freely weigh up the potential of their investments.

WHAT OPINION CAN WE FORM ABOUT 2013?

After analysis, those inclined to praise will point out that:

- 8.8% organic growth is a fine achievement, especially against the backdrop of a slack market (-0.2%) and sluggish French GDP;
- this rise is an average: over half of the businesses recorded double-digit growth, while five significantly-sized entities topped the 20% mark;
- profitability is growing: operating profit is on the rise (from 8.9% to 9.6%) and net profit - the most significant factor here - has gone from 5.4% to 6.2%;
- shareholders' equity is reaching significant proportions (€175.2m). The acquisition differences (€36.2m) represent less than 3 years' cash flow;
- in percentage terms, operating profit and net profit are once again up with the industry's best.

More demanding observers (including, of course, the Group's ambitious senior managers!) will point out, though, that:

- last year's 9.3% organic growth was slightly higher;
- it is normal to grow faster than your peers when you represent only 1% of the French market;
- any sector, even a stagnant one, contains more recent sub-segments, such as cloud computing, where NEURONES was a trailblazer, with +30% and +40% growth rates,

> "Technology is no longer simply the solution to change, it is also the cause."

- without the benefit of the CICE tax credit, the operating profit (which the CICE increased by 0.8%) would have been slightly lower, in percentage terms, than the year before (8.8%, as against 8.9% in 2012),
- we cannot say that the mounting cash and cash equivalents were put to any use.

In the end, the opinion we form on the 2013 performance matters little:

- firstly because, as the Duc de Levis wisely said, *"the past is finished, the present is beyond your control, so look to the future",*
- secondly because, in a financial year, we mainly reap the benefits of the past. What matters is to set the bar high in the choices we make each year (people, clients and businesses) so that we are constantly building a more secure future.

BEHIND THE FIGURES...

... there are the people who make this success possible. It seems logical to start by thanking the line-of-business departments and IT departments that are increasingly placing their trust in NEURONES Group companies. Alongside a sizeable share of the CAC 40 companies, there are close to 1,000 clients behind our 2013 achievements.

Clients are looking for service providers who will shepherd them through a demanding context:

- increasingly fierce international competition, combined with new regulations, deregulations, mergers, changes in the scope of consolidation, and the demands of financial shareholders, are pushing companies into fast-paced organizational changes;
- technology is no longer simply the solution to change, it is also the cause, and economic agents are having to adapt. And because technology is an essential, it is even fostering the emergence of new competitors. In any case, it prompts employees, who are also digital technology consumers, to require their employer to adopt the latest standards. Simple, live access to everything has almost become a new right!
- IT is constantly expanding and changing, delivering increasingly remarkable services, and the prospects for the future are still promising (it is thought that there will be 40-80 billion connected devices in 2020!). But this "living" matter is not easy to manage, especially as everyone knows that the simpler it is for the user, the more complicated it is to manage the back office;
- a host of new challenges have emerged: the growth in mobile computing, the sea change involved in enterprises' switch to digital, the migration of applications and data to the cloud, the multiplicity of screens, interconnected tools, and the prevention of cyber-attacks.

As for NEURONES' more than 4,000 employees, I'd like to thank them for once again bringing their contribution to this ongoing venture. All managers have a dream of enabling every single staff member to find, if not enjoyment, then at least prospects for the future, recognition, skills development and a friendly working atmosphere. The most dedicated employees will see their sphere of responsibility and autonomy expand and will be promoted in step with their employer's brisk growth. And those who feel they are marking time will always find a manager with pointers to help them move up to the next level on their "ladder to success".

The Group's performance also depends on the ability of the sales, technical and administrative managers to grow their teams, create a good atmosphere, transmit and share their energy and map out prospects for each member that will foster engagement. Generally they find that they have a lot to gain by seeing themselves not as "above" the members of their department but as "serving" their team members. By encouraging people to express themselves, trusting them, treating each and every one of them with respect, and then stepping aside, we empower our people and create autonomy, a spirit of initiative, optimism, enthusiasm and responsiveness in their dealings with clients, who will in turn be satisfied. Over and above the remuneration we derive from our clients, Group companies' capital is of course open to the Group's most determined managers.

> "By trusting people, treating each and every one of them with respect, and then stepping aside, we empower our people and create autonomy."

Lastly, 2013's achievements can, once again, be attributed to the managers of your company's 14 subsidiaries. These entrepreneurs have their feet on the ground and their eyes on the future. They are leaders who know how to paint a picture of the future that inspires followers; they have the magical knack of creating the conditions for collective success. And because they have committed their own money alongside the Group's finances, they are accountable

> "What matters is to set the bar high in the choices we make each year (people, clients and businesses) so that we are constantly building a more secure future."

to themselves - and are therefore all the more demanding. In any case, they embody a common destiny and a long-term project, and their behavior rubs off on the community of people that trust them. Theodore Roosevelt may well have had them in mind when he wrote *"The only man deserving of praise is he who stands alone in the arena, his face covered with dust, sweat and blood…".*

WHAT TO EXPECT FOR 2014 AND THE FOLLOWING YEARS

Main trends

MTrade globalization, technology development, and financial markets are the three factors that will continue to join forces to speed up time, standardize, reduce distances, create a state of permanent change, increase competition and transparency and, in so doing, change working environments.

Our Consulting and IT Services market will continue to be gripped by these mini-revolutions, which drive their own development:

- one technology pushes the other out the door. Businesses will regularly feel the need to call in consultants to assist them and integrate the new tools into their organization, to maintain and boost added value. And technologies are only new until the next wave of innovations comes along… which seldom takes long!
- communication tools are bringing about far-reaching, regular changes in opportunities and hence in companies' organization. As a result, companies will increasingly call on the Group's specialists in management and organization consulting;
- after having been used to store, sort, transmit, share and enhance information, even on the move, IT is now being asked to leverage the exponential growth in digital data, leading to the emergence at NEURONES of a new business line based on Big Data.

And in economies where the tertiary sector represents 80% of GDP, much remains to be done to:

- adapt organizations to increasingly stringent requirements, for example in energy management, or information transparency and traceability,
- continue collecting, digitizing and ranking oral recordings and written documents disseminated over the social networks or elsewhere, thereby adding to the body of knowledge and helping people make decisions and manage their time,
- manage the customization and immediacy that everyone with purchasing power expects, if not every online user, employee or citizen.

This explains the foreseeable and lasting success of the digital services companies and management consulting firms that will pave the way for and support these radical changes. And economic agents that refuse or merely "accept" the change would do well to think again!

Standing by our beliefs

Against this backdrop, your company has every reason to maintain the bearings that have underpinned its development to date:

- **faith in the future:** the consulting and IT services businesses are driven by the powerful forces described above and do not hold any identifiable threat. Because success breeds success, the Group's future would appear to be mapped out before it in these businesses, which have remained very local (and very competitive!);

> "Your group is fortunate enough to be on a market that surpasses its dreams."

- the force is with us: while multinationals track growth rates in the emerging countries, mid-caps fashion their own future by observing the market, designing innovative products and services, keeping a constant eye out for committed staff, and closely monitoring their cost prices;
- a focus on net profit: the essential indicator of success. There may not always be much point in striving for greater volumes or presence in a large number of countries. And accepting to slide the slippery slope of profitability would amount to accepting never to reach the top again: the ratchet effect of charges is so inevitable and price increases so uncertain;
- organic growth, symbol of good health: organic growth is absolutely essential to a) boost net profit, b) offset the lower prices demanded by clients, c) give employees motivating prospects (and further boost their morale!);
- trust in people: people can make up their own mind if we recognize their reliability, unleash their energy and give meaning to their working life;
- the development of entrepreneurship: financing employees from

The Management Committee

within or outside the Group who plan to set up or take over a business that complements NEURONES' operations, in their region or home country, encourages managers to think "Why not me?" and gives them a helpful nudge;

- building the long term: economics, geopolitics and demography will decide where our clients will be located in the near future, and hence where we will be located, in addition to our current facilities in France, Tunisia, Singapore and Romania;
- financial independence: this is our moral obligation to the employees and entrepreneurs who join NEURONES. It means that each one of us can confidently build a career without having to worry about meddling capitalists that just "arrive from nowhere". And, for almost 30 years now, we have honored this obligation;
- weeding out faceless bureaucracy: it is an unrelenting effort to eliminate complexity and rein in centralization, the loss of a soul and those matrix organizations that generate sometimes contradictory instructions and employee disengagement;
- humility, grounded in the firm belief that:
  - a supplier has to go out and prove its worth every day, especially when it does not hold any proprietary technology;
  - when a bad year comes along, it would be childish to try to put it down to the market or our competitors, when the problem (and its solution) is in our hands;
  - success, even if it has lasted 29 years, is like happiness: you have to work on it every moment of the day!

What tangible results can we see?

In September 2011, 15 or so senior managers drew up an unpublished five-year plan. The 2013 results, for both revenues and profit, were slightly above these consolidated forecasts. We can therefore reasonably expect another year of organic growth in 2014, with profitability on a par with that of 2013.

And what will happen to the share price then? The fact of the matter is that you will never hear a NEURONES spokesperson comment on – let alone predict – the share price (or the price of oil, sugar or rare metals!), because:

- firstly, comment on a share price is about as well-founded as a critical interpretation of the weather: an interested observer is just as qualified;
- secondly, a share price is shaped by factors over which entrepreneurs have no control whatsoever, such as which sectors are fashionable at the moment, how the central banks have organized liquidity, investors' morale, geopolitics, and so on.

All we can do is note that the 51% increase in NEURONES' share price between December 31, 2012 (€8.33) and December 31, 2013 (€12.59) illustrates Warren Buffet's comment that *"In the short run, the market is a voting machine but in the long run it is a weighing machine".*

*
* *

Your group is fortunate enough to be on a market that surpasses its dreams, in the middle of a fully-fledged "digital revolution" that is generating global battles for new distributions in the value chain. This shuffling of the cards is definitely helping the consulting and IT services businesses, which thrive on change.

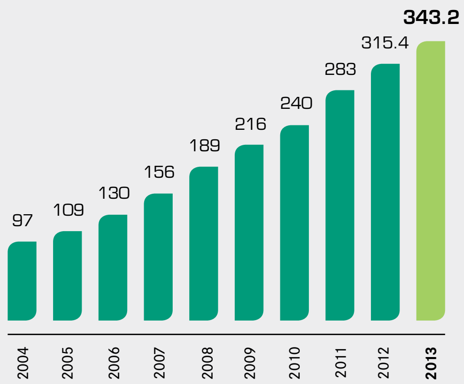
2013 has been another step forward, bringing fresh causes for satisfaction along with regret that time is passing all too quickly. Since NEURONES was listed on the stock exchange in 2000, its revenues, operating profit and net profit (Group share) have nevertheless been multiplied by more than five. And the future is still bright, if every employee bears in mind Antoine de Saint-Exupéry's advice: *"Make of your life a dream, and of a dream, a reality"!*

Luc de CHAMMARD
Chairman and CEO

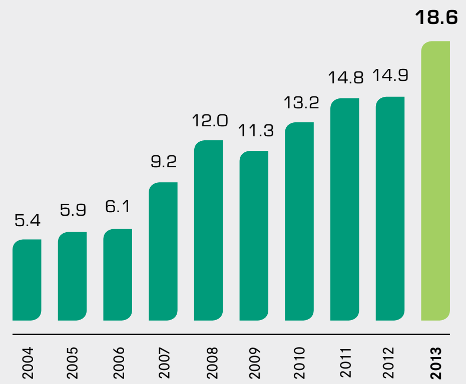
> "The managers of your company's 14 subsidiaries have the magical knack of creating the conditions for collective success."

2013
key figures

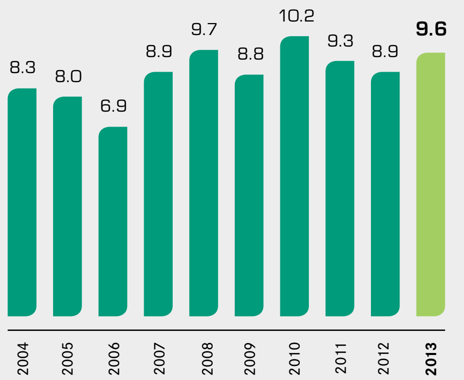
CONSOLIDATED REVENUES
(in € millions)



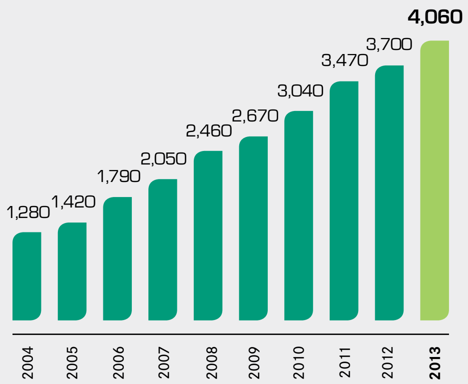
NET PROFIT - GROUP SHARE
(in € millions)



OPERATING MARGIN*
(as a %)



STAFF
(at year end)



* IFRS accounting standards. From 2010 onwards, the Company Value Added Contribution (CVAE), totaling approximately 1% of revenues, is classified as a tax. Since 2013, the competitiveness and employment tax credit CICE), representing roughly 0.8% of revenues, has been recognized as operating income.

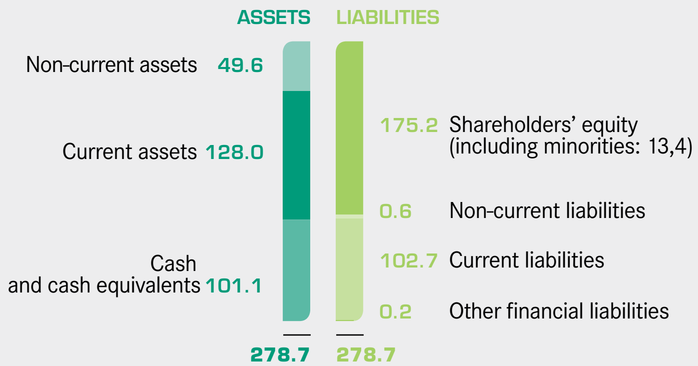
+8.8%

ORGANIC REVENUE GROWTH
IN 2013

+13%

COMPOUND ANNUAL GROWTH RATE
OVER 5 YEARS

CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 2013 (in € millions)

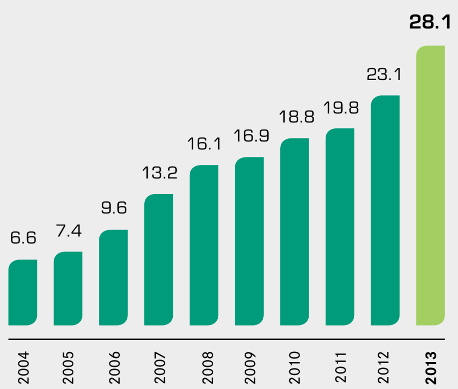


CONSOLIDATED INCOME STATEMENT (in € millions)

	2012	2013
Revenues	315.4	343.2
Business operating profit*	**29.2**	**34.1**
% of revenues	9.3%	9.9%
Operating profit	**28.1**	**32.9**
% of revenues	8.9%	9.6%
Net financial income	1.4	1.9
Income tax	(12.3)	(13.4)
Net profit for the period	**17.2**	**21.4**
% of revenues	5.4%	6.2%
- of which net profit – group share	**14.9**	**18.6**
- of which minorities	2.3	2.8

* Prior to cost of stock options, bonus shares and impairment of assets. In 2013, the CICE tax credit boosted operating profit by 0.8% of revenues.

CASH FLOW FROM OPERATING ACTIVITIES (in € millions)



SIMPLIFIED CASH FLOW STATEMENT (in € millions)

Cash flow	2012	2013
Net profit	17.2	21.4
Non-monetary items	5.9	6.7
Change in WCR (increase)/decrease	(2.5)	(6.2)
Net industrial investments	(4.4)	(5.5)
Free cash flow	16.2	16.4
Net financial investments	(1.9)	(1.7)
Net capital increase	0.4	0.3
Other (dividends, etc.)	(2.0)	(1.9)
Change in cash and cash equivalents	+12.7	+13.1
Cash and cash equivalents at year-end	**87.8**	**100.9**

9.9%

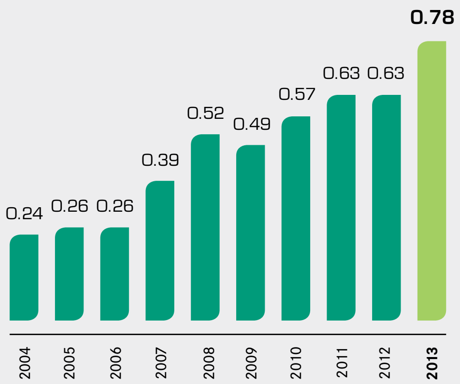
2013 OPERATING MARGIN

€100.9m

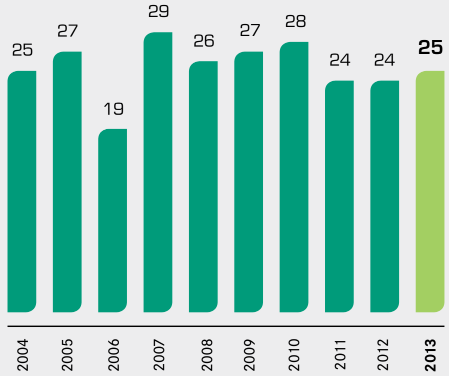
NET CASH AT DECEMBER 31, 2013

Shareholder information

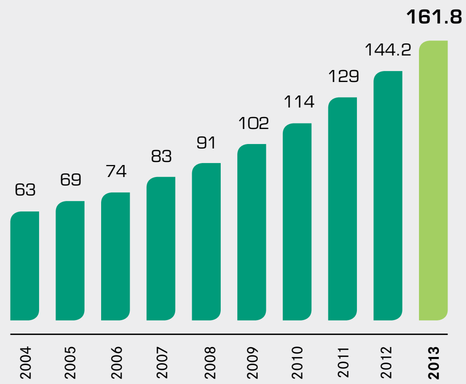
NET EARNINGS PER SHARE (GROUP SHARE) (in €)



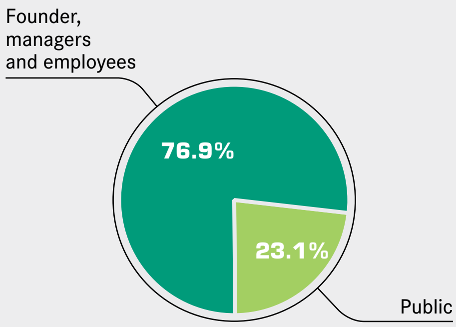
RETURN ON CAPITAL EMPLOYED (ROCE) (as a %)



CONSOLIDATED SHAREHOLDERS' EQUITY GROUP SHARE (in € millions)



SHAREHOLDING (breakdown of capital)



25%

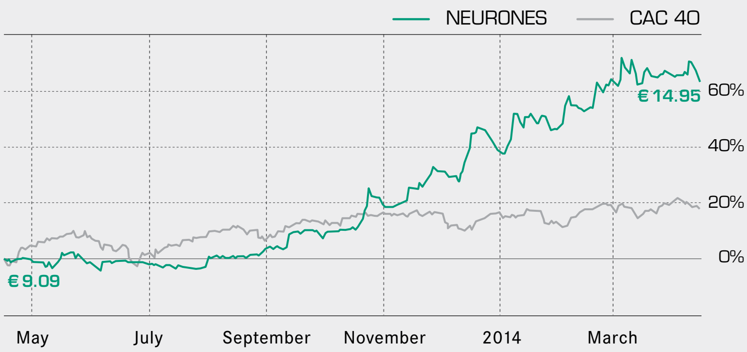
2013 RETURN ON CAPITAL EMPLOYED

€0.06

DIVIDEND PER SHARE FOR 2013 PROPOSED AT THE SHAREHOLDERS' MEETING ON JUNE 5, 2014

CHANGES IN NEURONES' SHARE PRICE OVER PAST YEAR

(from April 16, 2013 to April 15, 2014)



CALENDAR

Revenues 1st quarter 2014:
Wednesday May 14, 2014

Shareholders' Meeting:
Thursday June 5, 2014

Revenues 2nd quarter 2014:
Wednesday July 30, 2014

Profit 1st half 2014:
Wednesday September 10, 2014

Revenues 3rd quarter2014:
Wednesday November 12, 2014

CHANGES IN NEURONES' SHARE PRICE OVER THE PAST FIVE YEARS

(share price, capitalization, number of shares)

	2009	2010	2011	2012	2013
Highest price (in €)	7.15	7.74	9.10	9.20	13.58
Lowest price (in €)	4.14	6.01	6.85	6.95	8.30
Closing price at December 31 (in €)	**6.06**	**6.88**	**7.30**	**8.33**	**12.59**
Stock market capitalization at December 31 (in € millions)	142.2	162.1	172.4	197.9	301.7
Number of shares at December 31 (in millions)	23.5	23.6	23.6	23.8	23.9

CONTACTS

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NEURONES SHARE DATA SHEET

Average daily volume traded in 2013:	8,000 shares
Share price (at April 15, 2014):	€14.95
Market capitalization (at April 15, 2014):	€358m
Number of shares (at April 15, 2014):	23,966,283

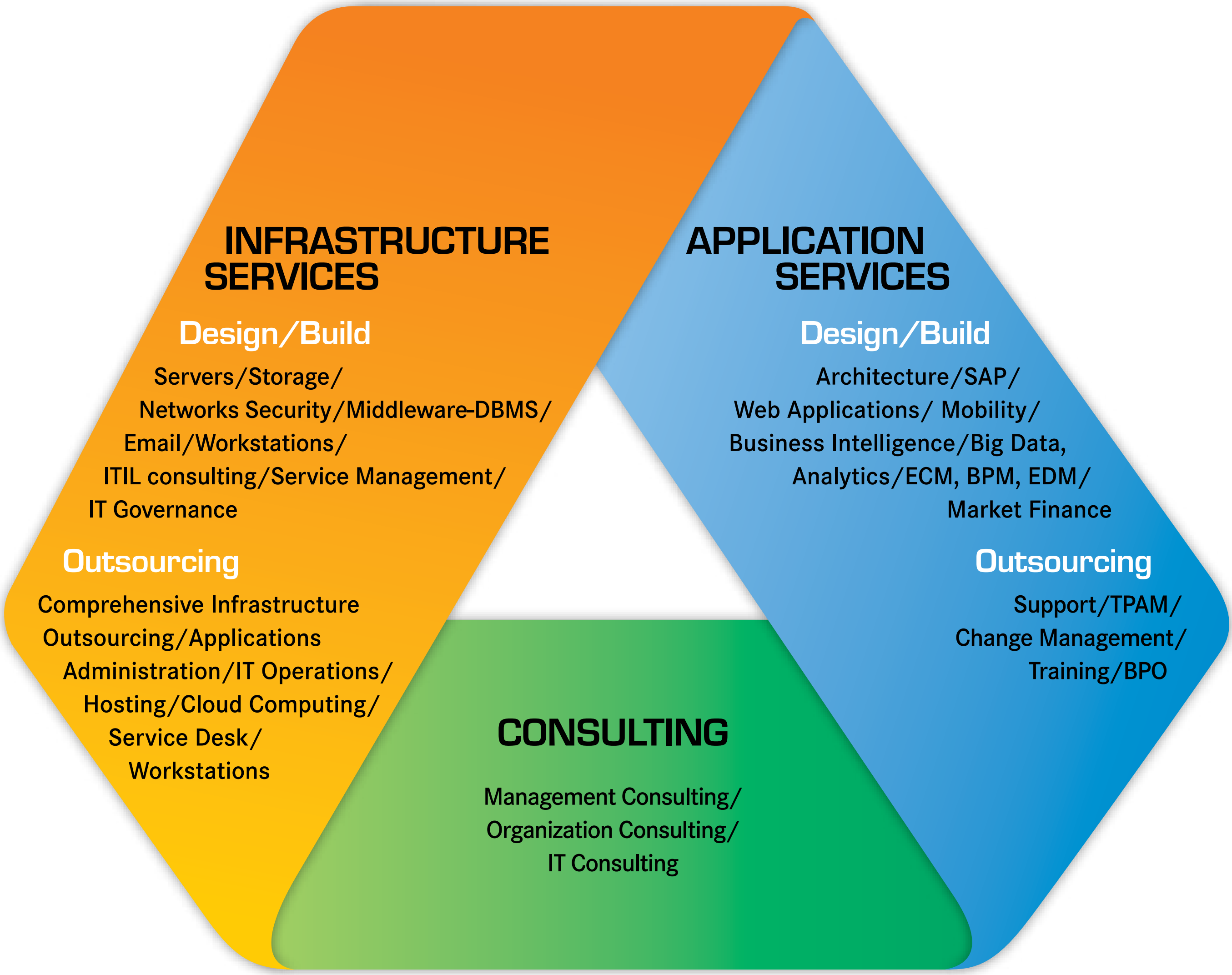
NYSE Euronext Paris - Compartment B
ISIN Code: FR0004050250 (NRO)
Bloomberg: NEUR FP - Reuters: NEUR.LN
Index: CAC All tradable - CAC Small - CAC IT

The Group's core businesses

3,325	600	135
EMPLOYEES IN THE INFRASTRUCTURE SERVICES BUSINESS*	EMPLOYEES IN THE APPLICATION SERVICES BUSINESS*	EMPLOYEES IN THE CONSULTING BUSINESS*

* At December 31, 2013.

Neurones is active in both IT Services and Management Consulting. Implemented by entities with specific areas of expertise, NEURONES' core IT Services business combines Consulting, Integration of state-of-the-art technological solutions and Outsourcing of information systems (design/build/run).



A CROSS-FUNCTIONAL MANAGEMENT STRUCTURE IS DEDICATED TO OUTSOURCING

The assignments of this structure include:

- drawing up comprehensive service line-ups involving several Group entities,
- managing comprehensive outsourcing contracts during the initial start-up phase, the routine operating phase and the reversibility phase,
- capitalizing on experiences, gradually industrializing and regularly updating the Group's standards.

FOR SOME KEY ACCOUNTS, A CENTRAL TEAM HANDLES TOTAL CUSTOMER RELATIONSHIP MANAGEMENT

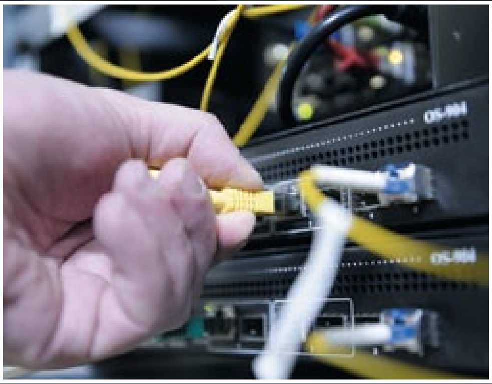
To support the various businesses' sales forces, this central team fulfills the following assignments:

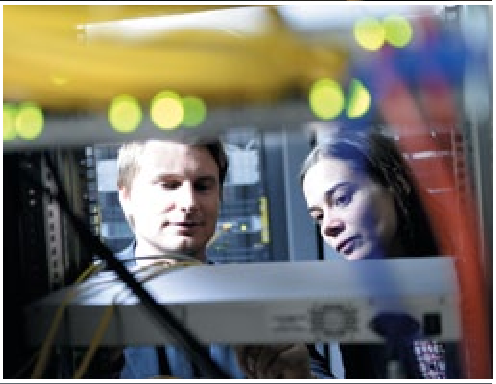
- organizing and coordinating the Group's sales initiatives,
- sounding out new business opportunities,
- consolidating completed projects and assignments,
- preparing reports for key accounts.

Infrastructure services

Core businesses

- Systems and networks
- Server and application outsourcing in cloud computing mode
- Workstation outsourcing
- Service desk
- IT production
- IT service management, IT governance.





71%
SHARE OF THIS SEGMENT IN TOTAL BUSINESS (2013 REVENUES)

9.0%
2013 OPERATING MARGIN

€244.1m
2013 REVENUES

Guaranteeing high availability and secure access to IT infrastructures, operating them, making them profitable and developing them is the task of this business line boasting over 3,300 employees.

DESIGN/BUILD

Infrastructures are constantly evolving as new applications are brought into operation, volumes steadily grow and organizations merge and change. The Group undertakes not only major transformation projects but also more localized responses in a wide variety of fields. The majority of these are fixed-price projects.

Typical projects include

- Server consolidation and virtualization
- Set-up and management of private clouds
- Networks and email systems (migration, administration, etc.), storage, backups
- Workstation management
- Information system security

OUTSOURCING

Outsourcing services typically involve multi-year contracts (3 to 5 years), under which NEURONES provides project management and guaranteed service levels. For each contract, the sole person in charge of service delivery ensures ongoing compliance with the service level agreements and manages the improvement plan based on a benchmark and a catalog of standard actions.

In this line of business, it is crucial to rapidly capitalize on knowledge and best practices. The Group has introduced standard processes for all of its contracts, applying tried and tested ITIL practices. The drive to industrialize outsourcing services is leading to a marked increase in the volume of operations performed through service centers.

SELECTED 2013 PROJECTS

For the world's leading spirits company: handled IT support for four of its subsidiaries with specific requirements. One required outsourcing, another technical support, and the holding company required a VIP environment, with locations in Paris, Marseille and Cognac.

For a major player in private banking: overall transformation of the user environment, involving multiple migrations (Windows 7, Active Directory and Citrix). This project, which began in January with the installation of the technical platform, ended up mobilizing over 40 experts through to November 2013, and the company is already positioned for a future outsourcing job.

For Europe's second-largest air carrier: in connection with the merger of the processes of two of its airlines and the ensuing reorganization of the IT Department, migrated the HP Asset Manager tool and set up a common user portal. This project represented 600 man-days.

For a leading pharmaceutical laboratory: in connection with the re-engineering of its information system, set up a comprehensive outsourcing system (to manage all of the infrastructure operations: production management and engineering, level 2 support, etc.) for 2,000 servers, mobilizing over 40 NEURONES employees.

For a major player in legal protection: to make its information system more robust as part of its "Disaster Recovery Plan", implemented a project to transform (modify and enhance) and fully outsource its system in cloud computing mode.

For a large inter-municipal structure in France: migrated 1,200 workstations to Windows 7, involving tasks from workstation design through to deployment using virtualization techniques.

HIGHLIGHTS

Double-digit organic growth in "private cloud" computing.

Numerous transformation projects, and growth in the processing operations performed in Group service centers. A new service center opened in Romania.

Stable margins, even though outsourcing operations are still under pressure. Outsourcing is becoming a renewal business, with steadily rising productivity.

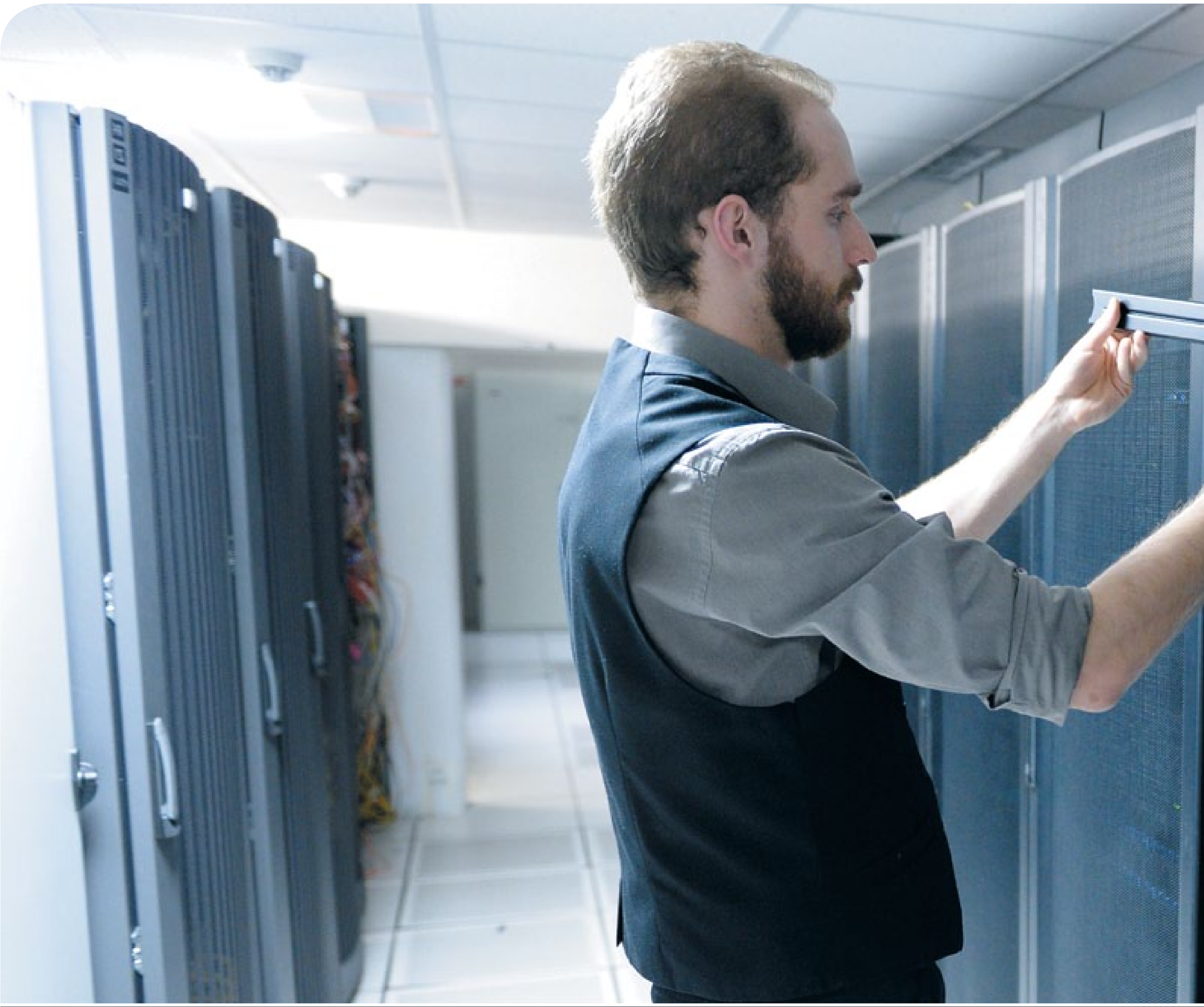
OUTLOOK

Infrastructure outsourcing remains a buoyant market segment.

Strong, steady growth in private cloud computing, backed by 7 years' experience.

Development of service centers in France, in near- and offshore mode.

Since 1995, NEURONES' infrastructure outsourcing business has been using pooled service centers: hosting, servers and applications, workstation management and support.



OUTSOURCING

250

INFRASTRUCTURE OUTSOURCING CONTRACTS

Top 25 contracts
€3m per year, on average

+

125 contracts
€0.5m per year, on average

+

100 cloud computing contracts

1,700

EMPLOYEES WORKING ON CONTRACTS

15,000

SERVERS USED

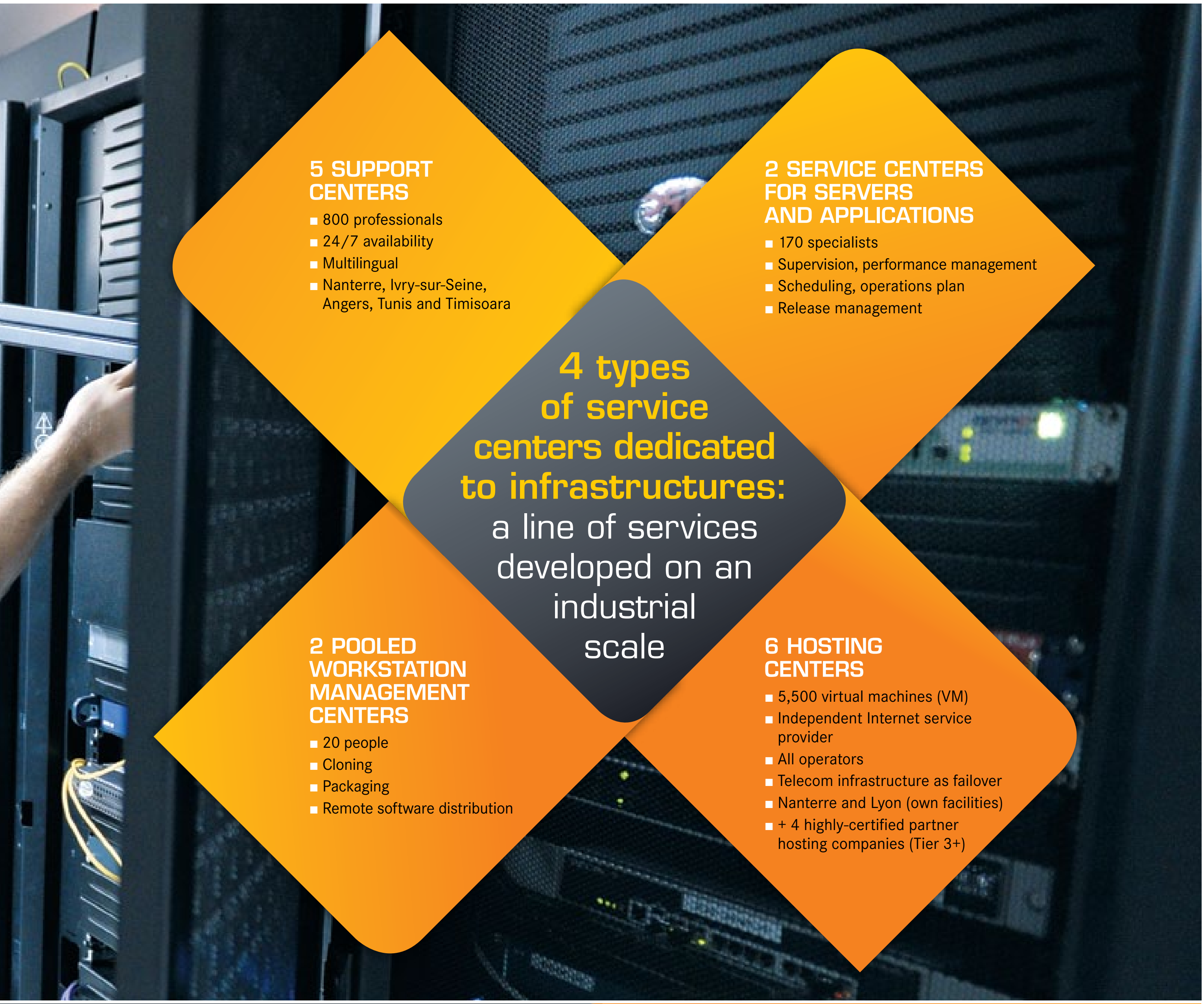
Certified to ISO 9001:2008 (outsourcing and three other businesses)

150 certified employees

Founding member

Sponsor member

CERT certification of the Security Operation Center



4 types of service centers dedicated to infrastructures: a line of services developed on an industrial scale

5 SUPPORT CENTERS

- 800 professionals
- 24/7 availability
- Multilingual
- Nanterre, Ivry-sur-Seine, Angers, Tunis and Timisoara

2 SERVICE CENTERS FOR SERVERS AND APPLICATIONS

- 170 specialists
- Supervision, performance management
- Scheduling, operations plan
- Release management

2 POOLED WORKSTATION MANAGEMENT CENTERS

- 20 people
- Cloning
- Packaging
- Remote software distribution

6 HOSTING CENTERS

- 5,500 virtual machines (VM)
- Independent Internet service provider
- All operators
- Telecom infrastructure as failover
- Nanterre and Lyon (own facilities)
- + 4 highly-certified partner hosting companies (Tier 3+)

165,000
WORKSTATIONS

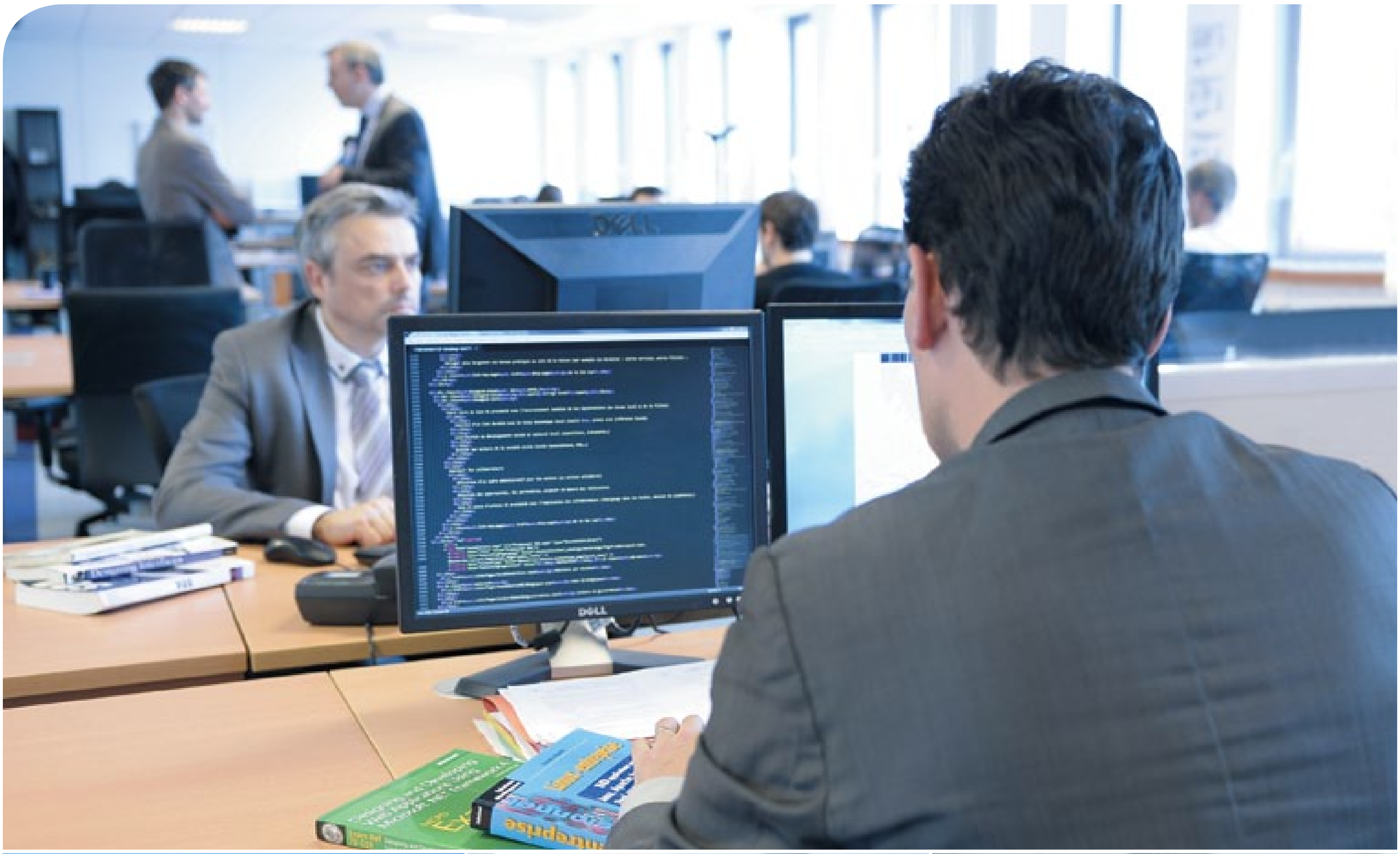
6 MILLION
SERVICE DESK AND APPLICATION SUPPORT TICKETS HANDLED

CLOUD COMPUTING

5,500
SERVERS HOSTED IN PRIVATE CLOUD MODE

6
DATACENTERS

Application services



Core businesses

- SAP
- ECM, EDM, BPM
- IT consulting for finance
- Web and BI
- IT training, change management

22%

SHARE OF THIS SEGMENT IN TOTAL BUSINESS (2013 REVENUES)

10.3%

2013 OPERATING MARGIN

€75.2m

2013 REVENUES

The Application Services business and its 600+ team members are backed by 15 years' experience in applications projects, supporting clients through successive transformations of their information system.

DESIGN/ARCHITECTURE/INTEGRATION

Neurones is active in both software integration (ERP/CRM, BPM and EDM) and custom application development (on Java, .Net platforms, etc.), including open-source software. The consultants work either at customer sites or on the Group's premises, where teams involved in fixed-price projects work alongside their counterparts from third-party application maintenance (TPAM) service centers.

The emphasis is on the preliminary functional analysis phases and on project development methodology (standard documentation, software engineering, standards, etc.), areas for which training and inspection are pooled.

OUTSOURCING

This business line includes support services and application maintenance, corrective maintenance and upgrading. The 50 or so contracts cover batches of several applications, interfaces or even entire application asset bases.

The TPAM centers for SAP, BPM/EDM applications and web applications use common tools and methods. Some of the teams are assigned to combined infrastructure and application maintenance contracts.

Training includes the "user support" component, in particular during ERP deployments.

2 service centers dedicated to applications:

THIRD PARTY APPLICATIONS MAINTENANCE

- All ERP and applications
- KM base, test tools, versioning

SELECTED 2013 PROJECTS

For an Italian finance player with operations in France: designed a cash management tool for business clients, anywhere in the world, for easier cash-inflow management. This assignment represented 600 man-days, in three languages (French, Italian and English). It also included a third-party application maintenance (TPAM) contract.

For an international French-language TV channel: re-engineered the platform used to manage the large amount of audiovisual content broadcast in multichannel mode (10 French-language partner channels, all with varied programs, acquired via 8 different signals, transmitted via 18 satellites for broadcasting as 34 digital channel packages), including flow scheduling for acquisition and broadcasting. Around 10 experts were assigned to this project to meet the challenge in one year, whereas this type of project would normally take twice that long to complete.

For a major French banking group: as part of developing its digital strategy, provided support for the transformation to online banking, including the back office, front office, project management and contractorship. Objective: streamline and more closely tailor the line-of-business processes.

For an airline catering company: helped the 2,200 users migrate to Windows 7, Office 2010, Lync and GoToMeeting, using a dedicated communication system to provide guidance (visual identity, videos, e-letters, etc.), in order to raise users' awareness, get them involved, both before and after the migration, and lay the groundwork for learning. Assignments carried out in airport zones in France and abroad.

For an international petrochemicals group: designed a dispute-management tool for the legal department to monitor major litigation cases (in excess of €1 million and/or with a high media profile), and which was also capable of generating annual and econometric reports. This project represented 360 man-days and was carried out in two languages (French and English).

HIGHLIGHTS

19% organic growth driven by a range of operations: SAP, market finance and ECM/BPM/EDM (electronic document management, digitalization).

A rise in operational profitability.

Launched a new business line revolving around mobility, Big Data and analytics.

OUTLOOK

Bright outlook for multi-technology shared service centers in banking.

Brisk business in SAP, ECM/BPM/EDM (dematerialization) and market finance.

Continuing recovery in Web and BI applications development.

Management and organization consulting

Core businesses

- Management consulting
- Organization consulting
- Information system consulting

7%	13.1%	€23.9m
SHARE OF THIS SEGMENT IN TOTAL BUSINESS (2013 REVENUES)	2013 OPERATING MARGIN	2013 REVENUES

Managed by consultants with previous experience in major international firms, this 130-strong business segment mainly provides consulting services in management and organization.

The business consists in supporting complex projects for groups that are currently engaged in transformation, and helping them incorporate new regulations and generally become more efficient and effective. Management consulting services are provided to the operational or functional divisions of corporate accounts. Projects sometimes include a component that requires competencies in information systems.

Typical assignments include

- Guidance and support for complex projects
- Impact studies on regulatory or technology changes
- Change management
- Operational coordination and management
- Completed projects

SELECTED 2013 PROJECTS

For public health body: drew up a national support scheme to help healthcare establishments make the change to digital technology ("digital hospital" program). Set up a community website and a knowledge base for use by the establishments, developed a network of experts and "ambassadors" to represent the project throughout France, developed tools (feedback, training courses, methods) to help the establishments carry out the program. Contract term: 4 years.

For a major banking group: gave the Chief Financial Officers the support they needed to contribute to the current reform of the IAS accounting standards.

For a financial body: as part of the group-wide organizational improvement program, provided consulting services to help the corporate IT department define an action plan to simplify project financial oversight.

For a player in the shipbuilding industry: helped conduct a program to secure the IT installed base, including support with goal-driven strategic management, the operational phase and consulting services in complex project-management methodology.

For a national healthcare agency: as part of monitoring pilot projects in telemedicine, helped the agency set out the existing knowledge and provide operational documents describing and comparing identical mature projects.

HIGHLIGHTS

Revenues and profitability remained stable after strong growth in 2012.

Development of a partnership system.

The "Consulting" and "IT Services" segments have been kept quite distinct.

OUTLOOK

The portfolio includes briefs with a rapid return on investment, a buoyant market sub-segment.

Despite the inherent lack of visibility in the Consulting business, the Group intends to develop this segment.

Growing international development.

Strategy and line of services

25%
OF THE REVENUES FROM CONTRACTS CONCERN SEVERAL GROUP ENTITIES

63%
SHARE OF GUARANTEED-PERFORMANCE SERVICE CONTRACTS IN TOTAL BUSINESS VOLUME

45%
OF REVENUES IS GENERATED BY OUTSOURCING

Our strategy for lasting, profitable growth is to tailor our range of consulting and IT services to clients' changing needs and build a long-term entrepreneurial project with partner managers.

An unwavering strategy

Strategic policy directions

- expand our footprint with corporate clients and earn their recognition;
- maintain a multi-specialist profile;
- broaden the service range to cater to the full spectrum of new technologies;
- industrialize production and adjust organization and cost structure to the market.

Resources

- above-market organic growth, and external growth;
- expanded footprint within and outside France, wherever clients' needs become apparent;
- investments not reliant on the general economic situation (€100m in free cash, no debt);
- an ongoing, decentralized entrepreneurial model that has proven its worth.

Core principles

- focus on profitability (an indicator of customer satisfaction) rather than size alone;
- align managers' and shareholders' capitalist interests;
- open up the capital to managers to build the long term;
- keep the fundamental business processes under quality assurance.

A flexible service line-up

Infrastructure services

The Group's core business - and its original business - is installing and managing infrastructures (cloud computing, virtual servers, active components, storage, workstations, etc.).

These diverse, fast-moving environments mean that network design and integration is a job for specialists, especially when project management is involved.

The Group operates in a variety of ways: through turnkey projects, working in clients' teams, needs-based expertise, service-center or fully-fledged outsourcing.

It takes the same technical know-how to run systems and networks, but we also industrialize certain specific services (cloning, packaging, help desk, supervision, security management, etc.) to achieve productivity gains. This drives down the cost of IT while improving the service delivered to users.

Application services

When enterprises need to adapt their legacy applications, they call on NEURONES to:

- develop or rewrite applications to adjust them to changed purposes and scopes, and make them suitable for new devices (smartphones, tablets, etc.);
- integrate software packages (ERP, CRM, BI, HRIS, etc.) or new applications used for the Web or for managing an IT department's content, processes, services and assets;
- provide "industrialized" support and maintenance for these applications.

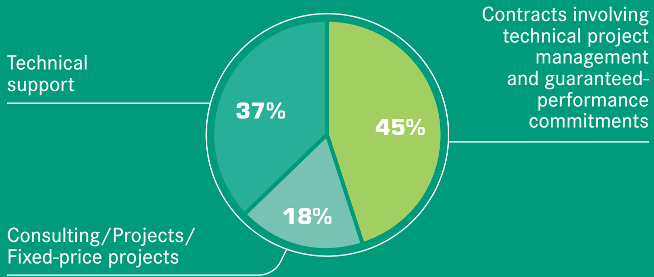
The Group is involved in combined outsourcing contracts covering both infrastructures and application maintenance.

Consulting

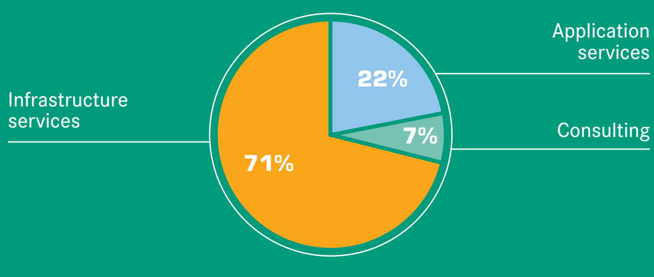
To adjust to digital technology and fast-paced enterprise transformation, enterprises are increasingly relying on consulting services in either organization and management or IT.

This business line, though situated upstream and separate from IT services, is nevertheless complementary and related to them. Technology eases reorganizations, but also prompts them by promoting new competitors or suggesting new processes.

SERVICE REVENUE BREAKDOWN BY TYPE OF SERVICE



REVENUE BREAKDOWN BY BUSINESS SEGMENT



Responsible and sustainable development

361

NET JOBS CREATED IN 2013

92%

OF THE 2013 PROFITS WILL BE REINVESTED IN FUTURE DEVELOPMENTS

48

NATIONALITIES REPRESENTED AMONG EMPLOYEES

Our number 1 asset: human resources

Right from the outset, the Group has pursued an ambitious, innovative HR policy that fosters a diverse workforce (48 different nationalities represented, a variety of academic backgrounds, both novices and experienced workers, 170 apprentices, interns and employees on professionalization contracts in 2013, over 94% on permanent contracts, etc.).

Numerous job creations:

- net creation of jobs each year (over 1,000 in the past three years),
- company growth and acquisitions are handled without using redundancy plans,
- an IT retraining program helps young graduates to find a job.

Longstanding capital sharing scheme:

- around 30 company managers and executives hold stakes in the capital of the companies they are developing,
- bonus-share scheme,
- new key executives are regularly given the opportunity to acquire stakes in the capital of the companies and/or the Group.

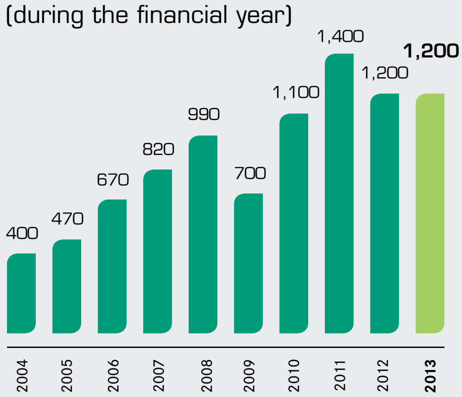
Ongoing career management:

- lateral moves encouraged between different job fields and different functions, preference for internal promotion (especially for managerial and executive positions),
- annual performance reviews and interviews every few years are standard practice.

Long-term training policy:

- we do significantly more training than is legally required,
- training plans are easier to carry out because they use the Group's own training centers,

NEW HIRES
(during the financial year)



"I joined the Group in 2000 as Administrative and Financial Manager of the Service Desk business, which had 200 employees at the time. 14 years later, and with an extra 1,800 employees, I'm now Administrative and Financial Director.

Trust, autonomy and an energetic can-do attitude are the driving forces behind my career at NEURONES. I've gone from filling out VAT forms to being in charge of the entire department, with 15 team members to manage in the accounting, controlling and sales administration functions. Those are motivating responsibilities when you think that the business's revenues represent nearly €100 million today. With the expansion into the international market, I also provide administrative, financial and legal support for the projects outside France. So there's no need to change company to change job!

NEURONES provides a managerial model in which you know that anything's possible. This promotes trust-based relationships and opens up new perspectives. It's enough to make you love the future!"

> "NEURONES provides a managerial model in which you know that anything's possible."

Laurence
Administrative and Financial Director | *Service desk*
With NEURONES since 2000

Four line-of-business entities have signed the charter.

A Group entity obtained this label in 2013.

Two subsidiaries participate in the United Nations Global Compact.

"After studying engineering and working as a sales engineer in an IT services company, I started setting up companies (on the Web, then in a completely different sector). But I had a hunch that Big Data would be the next IT challenge of the decade. So, with a partner from a big consulting firm, we drew up a business plan based on technology innovations and the new business wave to come.

We presented the project to an entrepreneur who had set up his own company within the NEURONES Group 6 years ago. Then, in early 2013, the dedicated "Mobility, Big Data and Analytics" business line started up, affiliated to the Group's IT Finance entity. Less than a year later, the structure already has nearly 30 expert employees!

When you join forces with an organization like NEURONES, you share its values of autonomy and ambition. For an entrepreneur, it's also a tremendous "business accelerator". Our goal in two years' time? Triple our headcount and our revenues... of course!"

- employees encouraged to obtain qualifying certifications (ITIL and the main market players: Microsoft, VMware, SAP, HP, IBM, etc.).

Motivating working environment:

- an environment that empowers people and lets them build their own future,
- recurrent distribution of bonus shares and stock options: 11 successive plans (all exercisable) since 1999 representing over 5% of the capital,
- Group management holds a majority shareholding, which rules out takeover bids and decisions made by financiers or uninvolved shareholders.

Clients

The Group applies a continuous improvement policies to its service lines in a bid to constantly adapt its solutions to IT decision-makers' needs.

Pooled services on an industrial scale:

- in 2013, €5.5m of industrial investments were channeled primarily into the service centers (a new center opened in Romania, and extensions in Angers and Tunis) and the cloud computing line-up (hardware and software, and reserved areas with third-party hosters),

Active quality development:

- ISO 9001:2008 certification for its outsourcing, service desk, IT operations and technical support businesses,
- 150 employees ITIL (Information Technology Infrastructure Library) certified.

Constant tailoring to needs:

- mergers with around 10 significant-sized firms since NEURONES

"When you join forces with an organization like NEURONES, it's a real 'business accelerator'."

Michael
Managing Partner | *Mobility, Big Data, Analytics*
With NEURONES since 2012

became a listed company have expanded and enhanced the range of services and expertise available for its clients.

Markets and shareholders

Profit reinvestment:

- for a long time (before the company was listed), profits were reinvested in full. Today, a large percentage of the profits is set aside to enable the Group to achieve its ambitions, irrespective of trends in the financial markets, the economic situation or bank policy.

Regular, transparent communications:

- the annual (audited) results are published within two months of the financial year end. The (unaudited) results are published every quarter. The Group has also issued a twice-yearly Shareholders' Newsletter since 2000.

Proven resistance to cyclical uncertainties:

- the diversified business portfolio and the recurrent nature of certain core businesses have allowed the company to come through the years of market contraction without too great an impact on profitability and without having to resort to staff cuts.

The environment

Given the nature of its core businesses, NEURONES has only marginal impact on the environment. However, the Group:

- systematically recycles consumables (printer toners, electric batteries, etc.),
- has installed low-energy systems (lighting, HVAC, etc.),
- recruits, as far as possible, in labor market areas close to its service centers to limit daily commutes.

NEURONES is regularly evaluated by the EcoVadis questionnaire.

The Group has been included in the Gaïa Index (a CSR rating for listed companies) since 2011, and in 2013 worked its way up into the Top 5 cluster (in the €150-500m revenue category).

Group literature is printed by printers committed to protecting the environment.

"After 3 years' experience as a freelance consultant in auditing and consulting, I joined NEURONES' Systems and Networks business in 2008 in a pre-sales position to start up the Security business. Just three years later, I was rising to a whole new challenge as Head of Network & Security services, managing a ten-person team. Then, in late 2013, I jumped on the opportunity to develop these services in the Asian market from our Singapore offices.

I joined the Group because I like a challenge. As my experience has shown, I knocked on the right door. Everything I've done has been possible because the organization gives you the means to turn an ambition into a tangible reality.

Belonging to a fast-growing, ambitious group that really values autonomy is not only stimulating, it's a real accelerator for people who want to go places. NEURONES offers you a future studded with challenges."

> "And all this has been possible because the organization gives you the means to turn an ambition into tangible achievements."

Cédric
Business Development Manager | *Systems and Networks*
With NEURONES since 2008

References
(extract)

Banking – Insurance

AVIVA
AXA
BNP-PARIBAS
BPCE
CRÉDIT AGRICOLE
CRÉDIT MUTUEL
EULER HERMÈS
GENERALI
GROUPAMA
MONTEPASCHI GROUP
HSBC
MACIF
MALAKOFF-MEDERIC
SOCIÉTÉ GÉNÉRALE
TEXA SERVICES

Services - Consumer Goods

ACCOR
AIR FRANCE
APTARGROUP
CFDT
EDENRED
GIDE LOYRETTE NOUEL
BEL GROUP
HEINEKEN
HERMÈS
KPMG
LVMH
NESTLÉ
OPCALIA
PRICEWATERHOUSECOOPERS
SOLOCAL (FORMERLY PAGES JAUNES)

Public sector

AGENCE FRANÇAISE DE DÉVELOPPEMENT
ANDRA
ANR
BANQUE DE FRANCE
CAISSE DES DÉPÔTS
CEA
HAUTS-DE-SEINE DEPARTMENTAL COUNCIL
EDF
IRSN
LA POSTE
PARIS CITY COUNCIL
FRENCH MINISTRY OF EDUCATION
PMU
RFF
SNCF

Energy - Utilities - Healthcare

BAYER
CROIX-ROUGE FRANÇAISE
ENI
GDF-SUEZ
LABORATOIRE ROCHE
LFB
MIPIH
NOVARTIS
OCP
SAGESS
SANOFI
SUEZ ENVIRONNEMENT
TOTAL
UGI CORPORATION
VEOLIA ENVIRONNEMENT

Industry - Public works & civil engineering

ALBÉA
BOUYGUES
DAHER
EIFFAGE
ERAMET
JC DECAUX
MICHELIN
NEXANS
PLASTIC OMNIUM
SAFRAN
SAINT-GOBAIN
TARKETT
THALÈS
TRÈVES
VINCI

Technology - Media - Telecoms

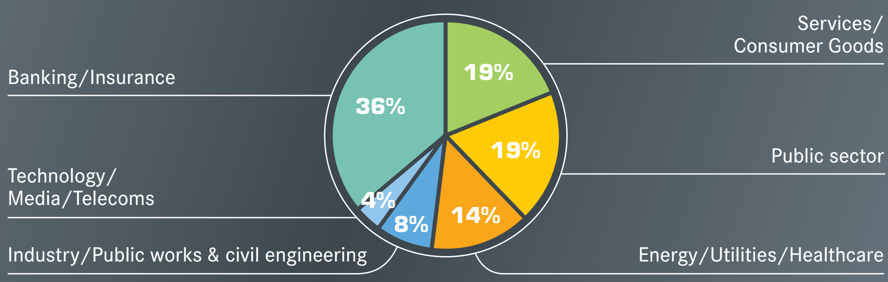
BOUYGUES
COMPUTER ASSOCIATES
DASSAULT
ÉDITIONS FRANCIS LEFEBVRE
EUROSPORT
FLAMMARION
GÉNÉRALE DE TÉLÉPHONE
IBM
NUMERICABLE-COMPLETEL
ORANGE
SAFRAN
THE NEW YORK TIMES COMPANY
TSR
TV5 MONDE
VIVENDI

In addition to some 1,000 groups, companies and public bodies of all sizes.

73%

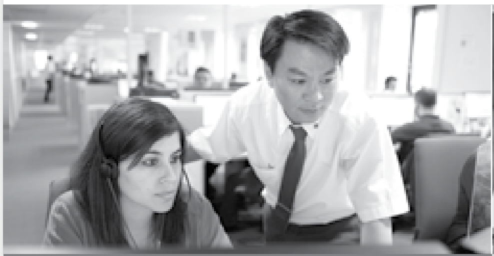
OF CAC 40 COMPANIES PLACE THEIR TRUST IN NEURONES

REVENUE BREAKDOWN BY SECTOR



NEURONES

CONSULTING - INTEGRATION - OUTSOURCING



REFERENCE DOCUMENT 2013

Forward together...®

CONTENTS

1 GROUP BUSINESSES

1.1. GENERAL PRESENTATION

Identity and background

With a staff of over 4,065 and revenues of €343.2 million at the end of 2013, NEURONES is one of the top 15 IT services companies in the French market. In terms of market capitalization, it is one of the top 10 players listed on the Paris stock exchange:

At December 31, 2013		Capitalization (in € millions)*	Year-on-year change
1	Capgemini	7,818	+47%
2	Atos	6,375	+42%
3	Sopra Group	874	+50%
4	Steria	473	+8%
5	Bull	373	0%
6	**NEURONES**	302	+53%
7	GFI Informatique	258	+74%
8	Solucom	149	+71%
9	Sword Group	144	+24%
10	Devoteam	127	+28%

* Excluding technology consulting companies: Altran (€1,114m), Alten (€1,087m), Assystem (€386m), Akka Technologies (€356m) and SII (€158m).

Created from scratch in 1985, the Group has experienced steady growth (averaging +13% per year over the last five years). Today two-thirds of its revenues stem from internal growth.

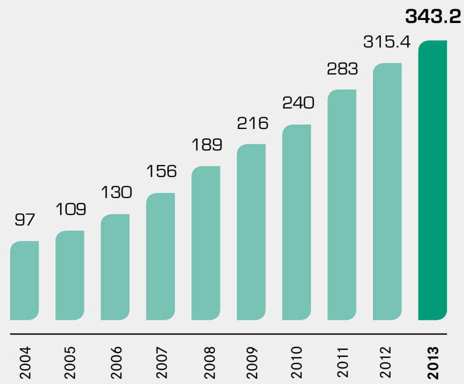
The Group was built by setting up dedicated subsidiaries for each business segment, with their own technical know-how and using their own commercial brand. These entities were given the task of rapidly attaining a significant size in their field so that they could provide the best level of services at controlled structural costs. A cross-functional team coordinates the different entities working on contracts involving several complementary businesses.

NEURONES has thus based its business on proven, sound foundations to further its internal development, and grow through acquisitions of companies with the same or complementary core businesses.

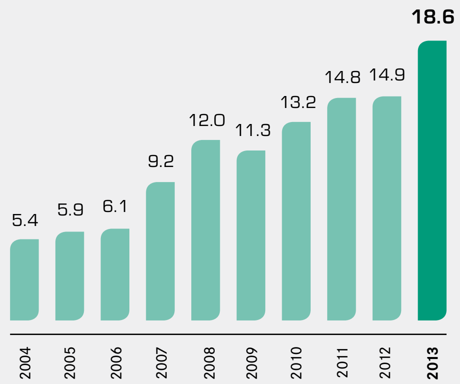
Since floating on the Stock Exchange in May 2000, the Group has made around ten significant acquisitions, which now account for roughly a third of its business.

Key figures

CONSOLIDATED REVENUES
(in € millions)



NET PROFIT - GROUP SHARE
(in € millions)



Trends in the key figures *(in € millions)*	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues	97.1	108.9	130.0	156.0	189.3	216.4	239.6	283.3	315.4	**343.2**
Operating profit *	8.0	8.7	9.0	13.8	18.4	19.1	24.5	26.3	28.1	32.9
Operating margin	8.3%	8.0%	6.9%	8.9%	9.7%	8.8%	10.2%	9.3%	8.9%	**9.6%**
Net profit	5.7	6.3	6.6	9.9	13.0	12.8	14.9	17.0	17.2	**21.4**
Net margin	5.9%	5.8%	5.1%	6.3%	6.9%	5.9%	6.2%	6.0%	5.4%	**6.2%**
Net profit – Group share	5.4	5.9	6.1	9.2	12.0	11.3	13.2	14.8	14.9	18.6
Staff at year-end	1,284	1,424	1,787	2,054	2,455	2,665	3,036	3,471	3,704	4,065

* IFRS accounting standards. From 2010 inclusive, the Company Value Added Contribution (CVAE – 1% of revenues) was reclassified as a tax. In 2013, the operating profit benefited from the positive effect of the CICE (competitiveness and employment tax credit), equal to 0.8% of revenues. To obtain a comparable series of operating margins, the figures for 2010 to 2012 should be reduced by approximately 1% (to 9.2%, 8.3% and 7.9%) and those for 2013 reduced 1.8% (to 7.8%).

1.2. BUSINESS OVERVIEW

Business segments

The revenue breakdown is as follows:
• IT services:
  - Infrastructure (71%*),
  - Applications (22%*),
• Management consulting (7%*).

* 2013-related revenues

There are three different types of service delivery:
• Fixed-price projects: 18%
• Technical support (on a time basis): 37%
• Outsourcing (multi-year contracts with guaranteed performance commitments): 45%

It has been agreed to consider all consulting work as a project activity. The activity's overall recurrence rate is estimated at around 70%.

The Group's long-established IT Services activities (93% of its revenues) can be broken down as follows:

Type of activity carried out	Information system domain	
	Infrastructures	Applications
Design/build	Network projects, consolidation, virtualization, storage, backups, packaging, tool integration, security projects, ITIL process implementation, migrations, deployments	Web (Java, .Net, open-source), e-business, intranets, portals, EAI, business intelligence (BI), SAP, content management (ECM, EDM), business process management (BPM), service oriented architecture (SOA), big data, data analysis, integration, tests/acceptance and training
Run	Outsourced networks, servers and applications, hosting, cloud computing, service desk (24/7, multilingual), workstation management	Support and third-party application maintenance (TPAM) for entire application asset bases, SAP support and TPAM, business process outsourcing (BPO)

Change (by business segment) *(in € millions)*	2012	% Total revenues	2013	% Total revenues	% total growth	% organic growth
Infrastructure services	228.2	72%	244.1	71%	+6.9%	+6.9%
Application services	63.4	20%	75.2	22%	+18.6%	+18.6%
Consulting	23.8	8%	23.9	7%	+0.4%	+0.4%
TOTAL CHIFFRE D'AFFAIRES	315.4	100%	343.2	100%	+8.8%	+8.8%

Total customer relationship management of corporate accounts, management of cross-functional contracts

A cross-functional department has been set up to fulfill the following two roles:
• total customer relationship management of selected corporate accounts: an account manager coordinates the action of the entities' sales engineers, who are specialized by type of service and by sector. The account manager also does the reporting for the business at the desired intervals;
• direction and management of multi-entity projects and in particular outsourcing: the central team then takes charge of the whole pre-contractual phase: organization and coordination of the submission (presentations, references, formation of the expected team, etc.).

Once the project has been launched, the central team monitors progress during the probationary phase, then the routine operation phase. It takes all of the Group's commitments to customers and manages the contract through its Service Delivery Managers in the different entities and service centers involved.

The rules governing relations between entities are set out in a regularly updated Group document.

Geographic presence

Personnel are based in Ile-de-France (3,280 people at end of 2013 – 80.7% of total), in French regions (645 people at end of 2013 – 15.9% of total) and abroad (140 people at end of 2013 – 3.4% of total). Outside France, the Group is present through service centers in Tunisia (116 people at end of 2013), in Singapore (12 people at end of 2013) and in Romania (12 people at end of 2013). The people outside France perform services for a clientele located in metropolitan France.

The Group performs most of its services in France and occasional missions abroad.

1.3. THE CORE BUSINESSES IN DETAIL

Core businesses making up the various segments

Each business segment comprises one or more core businesses, addressing both design/build phases and recurrent phases. Each core business is housed in a dedicated company, which enables the Group to have a simple legal structure that reflects its organization. Minority interests are held exclusively by the directors and executives of the subsidiaries, who accordingly act as shareholder-entrepreneurs.

Segment	Core businesses
Infrastructure services	- Systems and networks - Service desk, workstation outsourcing - Server and application outsourcing in cloud computing mode, IT security - IT operations - IT service management, IT governance
Application Services	- SAP - Content management (ECM, EDM), business process management (BPM) - IT consulting for finance - Web (Java, .Net, open-source) and decision-support (BI) - Mobility, social media, data analysis, big data - IT training and working with change
Consulting	- Management and organization consulting

In this sub-chapter (1.3. The Core Businesses in Detail), the key figures shown are the contributions to the Group's consolidated revenues, after restatement of the intra-group transactions (i.e. they are not the company revenues of the enterprises in which these businesses are housed).

Core businesses of the Infrastructure Services segment

Systems and networks

LThe design/build business consists in designing and implementing all or part of the computer systems and networks (local and remote) requiring the integration of disparate elements: servers, active and passive components, workstations, etc.

This is a project business, often carried out in the context of fixed-price "turnkey" projects.

The upstream expertise consists in identifying the solutions that are long-lasting, productive and robust in operation. Given the great diversity of the products and their rapid development, costing often involves a number of technical experts. They are coordinated by a project manager, who is solely responsible for the undertaking made by NEURONES.

The assignments typically carried out are as follows:
- design servers and model workstations, carry out migrations and deployments,
- datacenter architecture, Lan/Wan, server and workstation virtualization (VDI), set up networked storage solutions (San), backup solutions and "thin client" solutions,
- audit and redesign directory services, e-mail services,
- handle mobility, firewalls, VPN (Virtual Private Network).

The technical specializations mentioned above are used in combination to help clients carry out virtualization projects and set up cloud computing services (see glossary at the end of this document). The Systems and Networks entity, for instance, has invested in a private cloud solution, which it manages.

For comprehensive projects, the Group provides software (system, antivirus, e-mail, backup, etc.) and hardware (servers, storage, network equipment, etc.). The share of software and hardware resales is marginal.

The fixed-price integration department provides project management services on major projects. This is an appreciable differentiating factor.

System and network operations includes all assignments related to IT infrastructure management: stand-alone technical support, service outsourcing (on client sites and remotely from the Group's service centers), full operation with NEURONES project management and service level agreements (managed services, outsourcing). In technical terms, the scope of service is typically as follows: workstations, local and remote servers (proxy servers and enterprise servers) and networks.

The two activities, consulting and integration, on one hand, and operations, on the other, draw on the same technical profiles: consultants, architects, project managers, administrators, engineers and technicians.

KEY FIGURES

(in € millions)	2012	2013	13/12
TOTAL REVENUES	71.3	79.9	+12%

Service desk, workstation outsourcing

A service desk is a structure (using telephone, IT and human resources) that receives and handles information system user requests, and either resolves them or passes them to other entities for resolution ("escalation"). Service desks can be located on an organization's site or remotely outsourced in a service provider's service centers.

The use of specialized structures of this sort is common practice in large organizations. They provide full tracking of operations, professional response times, a high rate of immediate handling or handling by remote control, thorough investigation of the cause of incidents then the introduction of action plans to reduce the number of incidents on a long-term basis.

The service desk is, first and foremost, a support and customer relations business, for which a sense of service is just as important as technical knowledge. Maintaining the quality of service over a period of time (several years) is a key success factor. For this reason, service desk staff are given regular training and practice in customer service techniques. Half of the services are delivered on site and half in the Group's 5 multilingual, 24/7 service centers, which are all interconnected.

Support for business applications is rocketing. The teams who provide it have a combination of technical and functional expertise (with industry professionals). The software they support is specific to different professions (the hotel industry, car dealerships, the travel industry, laboratory sales representatives, etc.). It may also be Human Resources applications or applications related to Enterprise Resource Planning (ERP) software. Applications support is sometimes coupled with a contract for the Group to provide TPAM.

To achieve a lasting reduction in the number of incidents, the service desk uses the Experteam® workstation industrialization solution. This includes upstream consulting (needs, life cycle, optimization strategies), use of model workstations and recurrent operations (packaging, cloning, remote software distribution) through a specific service center.

NEURONES' service desk business holds a recognized leadership position in France.

KEY FIGURES

(in € millions)	2012	2013	13/12
REVENUES	93.6	94.0	+0.4%

Server and application outsourcing in cloud computing mode, IT security

The remote server and application operation center (Osmose® solution) is a service center that provides shared remote management of servers, networks and applications. The Group's teams handle alert reports transmitted by supervision tools (reactive mode), take preventive action (proactive mode), perform tasks planned using a scheduler, manage releases and changes.

The remote-operation center runs on a 24/7 basis. It has been able to increase productivity by pooling certain resources, such as supervision, database administrators, specialist ERP operators (SAP's BC profiles), on-call security experts, etc.

A clear distinction is made between Tier 1 operations (where incidents are handled according to a predefined set of instructions in a highly industrialized process) and Tier 2 operations (search for the root cause of the incidents, analysis and preventive measures, capacity review, technical office, preparation for implementations).

The main supervision tool used by the server service center was developed internally. It gives the Group a substantial competitive - and in particular financial - advantage. The Group also has a new-generation configuration management database (CMDB), which is systematically used for contracts.

At the same time, the infrastructure service line, which includes infrastructure hosting - now entirely in private cloud mode (Iode®) -, is experiencing strong growth. The old physical servers have been virtualized and installed on high-performance sets of blade servers. Data storage and backups are pooled and centralized. Invoices are calculated on a pay-per-use basis (processor power and memory capacity, terabits of storage, Internet megabytes, etc.). The private cloud offer represents a volume of 5,000 virtual servers (VM), including VDI.

Virtually all of the private cloud hardware and software is owned by NEURONES (Capex); the client pays a lease that covers the supply and hosting of the hardware (Opex).

Recognizing that it was difficult to stay in the race (size and technology) imposed by datacenter specialists and not wanting to maintain in-house the specialist "property" skills specific to hosting (building, electrical safety, fire safety, air conditioning, access security, etc.), NEURONES has progressively transferred its datacenter equipment to hosting specialists.

Most hosted servers are now with four "Tier 3+" certified partner hosting companies in eight different datacenters. The Group's two datacenters (Nanterre and Lyon) are being kept temporarily. They serve as a back-up telecom and datacenter network hub for some customers. Subcontracting is limited strictly to "dry hosting". Hosting partners do not have access to the servers managed in the areas rented from them nor do they perform outsourcing services.

The Group has several years' experience and feedback in private cloud computing with a large number of clients, which gives it a competitive edge in this sector.

The security business, which is a key success factor for outsourcing in cloud computing mode, is also growing in a market that remains fundamentally buoyant. Information systems are now more open and readily accessible - and hence more vulnerable - than ever before, with e-mail, systematic Internet connections, interconnections between a company's headquarters, its agencies, clients, suppliers and partners, and the widespread practice of remote access from portable computers or devices (staff who work off site or from home, etc.).

The security business embraces two complementary missions:
- qualification: audits and intrusion testing,
- consulting: i.e. defining security policy and plans.

KEY FIGURES

(in € millions)	2012	2013	13/12
REVENUES	25.7	27.9	+9%

IT production

IT operations consists in managing the processing operations of business applications installed on enterprise servers and using database management systems (DBMS such as Oracle, SQL Server, Sybase, etc.). IT operations draws on a variety of profiles: operators, operations analysts (support, operation, preparation), operations engineers, systems engineers and operations project managers, along with datacenter architects and PMO (Project Management Office) profiles.

The IT operations business has changed considerably and now deals primarily with real-time applications, along with the methods and software tools it uses. The IT operations business requires proficiency in Unix, the main schedulers on the market ($Universe and Control M), the main supervision (HP-OV) and alert tools (Patrol), and the main backup tools (Netbackup, Networker). For many clients, it is also necessary to have a good grasp of Internet architectures (e.g. Websphere).

Proper integration of the applications in operation (adjusting processing and controls, documentation) and efficient management of changes and releases remain key success factors, together with competent completion of the operations plan.

The client base of this business segment is essentially made up of corporate accounts in the banking and insurance sector, and outsourced clients.

KEY FIGURES

(in € millions)	2012	2013	13/12
REVENUES	30.4	34.2	+12%

IT service management, IT governance

The areas covered include managing services and assets for an IT department (IT Service Management, ITSM). The projects carried out enable customer organizations to improve their cost control and structure their IT services in order to increase the IT service quality and user satisfaction.

There are various types of missions:
- certificate training courses for ITIL (EXIN accreditation),
- consulting: defining organization and setting up ITIL processes, benchmarking,
- assistance to contracting authority: defining projects, drafting specifications, managing change,
- operational IT process management and IT project management,
- implementation of ITSM software solutions and project portfolio management (partnerships with HP Software, ServiceNow, EasyVista and others),
- Third-Party Application Maintenance, either dedicated on client premises or provided through the Group's shared service center.

KEY FIGURES

(in € millions)	2012	2013	13/12
REVENUES	7.2	8.1	+12%

Core businesses of the Application Services segment

SAP integration and outsourcing

ERP (Enterprise Resource Planning, see Glossary) is the main software package used by major organizations. SAP is the leader on the ERP market.

SAP activities can be broken down as follows:
- Integration: project managers and consultants (functional and technical) implement a pre-configured SAP solution for service companies and the retailing sector. They also produce extensions to existing facilities for corporate accounts (new modules, new site, etc.).
- Expertise: work on the key points of projects (data transfer, structural changes, non-regression testing, BI, etc.),
- Outsourcing (support and TPAM), sometimes combined with broader outsourcing contracts.

NEURONES carries out the following types of assignment:
- fixed-price, turnkey SAP integration projects, with a commitment to a specific start date,
- country roll-out: a core model is rolled out in France, then extended to other European countries,
- expertise in a SAP competency center: new modules, re-engineering, optimization, upgrades,
- SAP administration,
- support and TPAM, "ABAP factory",
- documentation and user training.

KEY FIGURES

(in € millions)	2012	2013	13/12
REVENUES	12.9	16.6	+29%

Content management (ECM, EDM), business process management (BPM)

Enterprise Content Management (ECM) consists in managing unstructured information in electronic form (letters, contracts, invoices, e-mails, miscellaneous electronic documents, photos, films, etc.) as opposed to information that is already structured in databases.

It includes all of the management and formatting of content published on large-scale enterprise websites (Intranets, Extranets and the Internet), which is known as web content management (WCM).

ECM also includes electronic document management (EDM) applications, which acquire, classify, store, archive and distribute scanned documents such as bank statements, telephone or electricity bills, etc.

Business process management (BPM) is a set of methods and applications that optimize and automate a company's workflows.

ECM and BPM (see Glossary) converge when the workflows concern case handling (insurance claims, subscriptions, etc.) and document circulation.

As a result of the steep increase in paperless mail, both incoming (letters) and outgoing (statements and invoices), and the proliferation of unstructured data, these ECM/BPM applications today make up a sizable market segment, just like ERP, CRM (Customer Relationship Management), SCM (Supply Chain Management), etc.

This business segment is made up of two entities:
- an ECM specialist and major partner of IBM FileNet,
- a BPM specialist that is a partner of Tibco Software, Software AG, EMC Documentum, Microsoft Sharepoint and Alfresco, among others.

KEY FIGURES

(in € millions)	2012	2013	13/12
REVENUES	15.2	18.2	+20%

IT consulting for finance

This "market finance" entity advises corporate and investment banks for what is commonly referred to as their trading activity (shares and derivatives, rates, credit, exchange and raw materials). It provides expertise in assistance to contracting authority, architecture and project management for information system projects in the different business segments of the finance industry:
- Front Office: pricing, position management, negotiation, risk management, liquidity forecasts,
- Middle Office: control, validation, enrichment,
- Back Office: confirmation, settlement and delivery, cash flow, accounting.

It is also involved in Asset Management and Services (Securities).

KEY FIGURES

(in € millions)	2012	2013	13/12
REVENUES	15.3	19.2	+25%

Web and BI

New-technology application development can be broken down into five areas:
- consulting,
- Internet applications: Intranets, Extranets, portal sites, groupware,
- web integration projects with application servers: Java, Websphere (IBM), .Net (Microsoft),
- decision support (Business Intelligence): data warehousing, decision support systems, requesters, etc.,
- support and TPAM.

The application support and TPAM activities have been grouped together with those of the ERP entity (Proxima® offer) in order to continue industrialization and to standardize the methods and tools: track requests and set up development and testing environments with the help of virtual machines (VMs), testing tools, and versioning and documentation tools, etc. Support is both technical and functional, thanks to the recruitment of line-of-business profiles. Support and TPAM can be included in combined outsourcing contracts (infrastructures and applications).

KEY FIGURES

(in € millions)	2012	2013	13/12
REVENUES	11.2	11.7	+4%

Mobility, social media, analytics and Big Data

This entity was launched in 2013 to explore a number of promising new technology waves that are having a significant influence on IT:

- Mobility: adapts integrated management suites to their users' various mobile devices,
- Social media: integrates social media into existing and new CRM and marketing applications,
- Big Data and analytics: new digital marketing applications that analyze large volumes of data to derive meaningful information from them. The target markets for this type of processing are digital marketing and market finance.

KEY FIGURES

(in € millions)	2013
REVENUES	0.5

IT training and change management

This business segment encompasses consulting in the organization of training plans (educational engineering, management of training plans and courses), the actual delivery of training (traditional training sessions, distance training, e-learning, etc.), the design and management of "IT stores" or "IT counters" on client premises, and support and assistance with rolling out office software (such as Windows 7) or ERP software.

One of the most buoyant segments in this business is providing support for the installation of new ERP or line-of-business software packages. These are tailored training courses related to deployment projects. They include an upstream phase of consultancy and design of learning and documentary tools (e-learning, instructions for use) and a downstream support phase. Learning tools are disseminated through LMS (Learning Management Systems) platforms.

In 2013, the unit as a whole delivered roughly 90,000 trainee days.

KEY FIGURES

(in € millions)	2012	2013	13/12
REVENUES	8.8	9.0	+2%

Outsourcing

For recurrent operations, the business entities have two distinct types of response: stand-alone Technical Support, with no project supervision, and outsourcing. This second type of service typically involves multi-year contracts (3 to 5 years), NEURONES in the role of project supervisor, and guaranteed performance commitments in terms of service levels (with related penalties).

When a client signs up for just one type of service, the contract is handled by just one entity. When several services are concerned, a single contract manager is appointed to make sure that service level agreements are honored over the long term. The contract manager also manages the improvement plan, based on a benchmark and a service request catalog.

A concerted effort is made to rapidly capitalize on knowledge and best practices: this is vitally important for the service line's development. Proven ITIL practices have been used to set up consistent processes. A methods and tools team consolidates data about the asset base and productivity (benchmark), as well as enhancement projects carried out on contracts and their metrics. It maintains documentation on the methods (takeover, recurrent operations, reversibility). It develops and disseminates outsourcing tools.

Where improvement plans are concerned, the Group has 15 years' experience and feedback, with concrete, significant gains. The unit has routinely cut the number of tickets by 20% to 25% in three years. The productivity gains are split evenly between the client and its outsourcer in the form of a lower fee or a rise in the level of service.

At end-2013, there were 150 active outsourcing contracts (as well as 100 cloud computing contracts and 50 contracts for TPAM alone). Around 1,700 people - nearly half of the Group's billable staff - are engaged in carrying them out.

In a bid to industrialize operations, an ever-growing percentage of the business is generated by the five types of shared service centers:
- 5 service desks in Nanterre, Ivry-sur-Seine, Angers, Tunis and Timisoara,
- 2 remote workstation management platforms (Experteam® and CSP): cloning, packaging, remote software distribution,
- 2 remote operation centers for servers and applications (Osmose® and CSI),
- 6 private cloud hosting centers (Iode®) in Nanterre and Lyon, and reserved areas with four accredited "Tier 3+" third-party partner hosters,
- 2 service centers for application support and TPAM (Proxima®) in Nanterre and Angers.

In order to set up the service centers, the Group had to first develop rigorous processes and sophisticated interfaces between the service centers and the onsite teams.

When used for an Outsourcing contract, the service centers become part of comprehensive, cross-functional, "internal client"-focused processes. The crucial goal for the Outsourcer is to achieve consistent user satisfaction by ensuring that the different technology "silos" harnessed to work on the contract (service desk, server and network service center, support center and TPAM, onsite teams) interact correctly with each other. The service centers have been set up to achieve productivity gains. They must be combined with sound management of cross-functional aspects so that the outsourcer's internal organization is "transparent" for the client.

There is a very real entrance barrier here, as a competitor must possess the following competencies:
- ability to provide project management,
- possession of different service centers (which entails substantial financial investment),
- technical expertise in systems and networks,
- sufficient know-how to rapidly assign a suitable team to each project.

As a result, NEURONES is regularly confronted with the same handful of competitors in RFP processes. The Outsourcing sales cycle spans approximately six months. Relatively large teams are required during the pre-contractual phase and project ramp-up.

Whereas stand-alone technical support assignments are often subject to listing by the purchasing department, outsourcing contracts are also negotiated, then signed, by general management or IT departments.
Apart from the growth of remotely-delivered services, the main trends in this business segment are as follows:
- third-generation "consolidated outsourcing", which merges several already-outsourced domains (as opposed to second-generation "selective outsourcing", which is split up into batches, and first-generation "end-to-end outsourcing", which often involves transferring staff,
- outsourcing, which generally goes hand-in-hand with major projects in information-system transformation and often server virtualization,
- a maturing market, with a trend towards opening ongoing outsourcing contracts to tendering - possibly with an extended scope - rather than launching totally new outsourcing projects.

Outsourcing revenues are recorded for each entity in proportion to its contribution to the contract.

Consulting business

Management and organization consulting

The management and organization consulting segment is directed by partners drawn from major international firms. At end-2013, it employed 135 consultants.

Management consulting services are provided to the operational or functional divisions of corporate accounts. Projects sometimes include a component that requires competencies in information systems.

The management and organization consulting services provided include:
- corporate strategic plans,
- organizational audits,
- design, implementation and optimization of organizations (re-engineering, restructuring operations),
- transformation, change management,
- audits, master plans, project management.

(in € millions)	2012	2013	13/12
REVENUES	23.8	23.9	+0.4%

Financial information per business segment

To form the operating profit (shown as OpP in the table below) of €32.9 million in 2013, the various business segments made the following contributions:

(in € millions)	OpP 2012	OpP as % of revenues	OpP 2013	OpP as % of revenues
Infrastructure services	19.6	8.6%	22.0	9.0%
Application Services	5.4	8.5%	7.8	10.3%
Management consulting	3.1	13.2%	3.1	13.1%
TOTAL	28.1	8.9%	32.9	9.6%

In 2013, operating profit was boosted by the CICE tax credit. For the Group as a whole, it increased the percentage of OpP by around 0.8% of revenues.

Operating rate

The operating rate is defined as the ratio between the time allocated to clients' projects and the time the technical resources are available (number of working days less leave, sick leave and miscellaneous absences). This indicator is not defined the same way by all IT consulting and service companies.

Moreover, standard operating rates vary greatly from one line of business to another: consulting (around 70%), projects (around 80%), technical support (around 90%) and outsourcing (not applicable).

For projects, it is more meaningful to look at the operating rate and the average selling price per day together, rather than the operating rate in isolation. In entities with a high proportion of technical support, the operating rate is a key management indicator and monitored on a weekly basis.

In outsourcing, on the other hand, it is the margin made on contracts that is monitored, not the operating rates, which are inherently the highest in the Group. The main factor that determines how much profit is made on a contract is the productivity rate.

Likewise, the service desk's operating rate (which can top 95%) is meaningless. It should be analyzed in combination with productivity indicators (the number of calls handled per day per support technician).

Similarly, for training, the occupancy rate (number of participants per room, number of rooms occupied) should be analyzed at the same time as the operating rate to see whether good use is being made of the technical resources.

Partners

An impartial specifying policy

From the outset, NEURONES has remained strictly independent of any vendor, services company or manufacturer. This complete impartiality is vital for supporting its clients and nurturing their trust on a long-term basis.

The main partners and certifications

This has not stopped the Group from being recognized by the main technology developers and certification bodies - for many years now in some cases - as a partner of choice in its various business lines.

Methods (NEURONES' service desk subsidiary is a founding member of the itSMF):
150 ITIL-certified staff.

Systems and network integration:
Microsoft Gold Partner - IBM Advanced Business Partner - HP Software Gold Business Partner - VMware Service Provider - Barracuda Diamond Partner - CA Gold Partner - Centreon Silver Partner - Cisco Partner Silver Certified - Citrix Gold Solution Advisor - Fortinet Silver Partner - IP Label Gold Certified Partner - Kaspersky Certified Partner - LANDesk Silver Certified - Oracle Gold Partner - PaloAlto Networks Silver Partner – Prim'X Partner - Riverbed Gold Partner - Wyse Premier Partner.

Server and application outsourcing in cloud computing mode, IT security:
VMware Service Provider Program (level 3) - VMware vCloud Powered - Citrix Gold Solution Advisor - Microsoft Gold Partner Hosting - Oracle Gold Partner - IBM Global PartnerWorld Service Provider - Qualys Value Added Services Program - Arjel - Checkpoint - Cisco - Fortigate - Juniper - Passi.

Service desk/Telephony/CTI:
Microsoft Gold Certified Partner - Acronis - Amici - Arp - BMC Software - Comsoft - Easyvista - Eptica - Exin - Flexera - Frontrange - G2G3 - HP Software - Igel Technology - Isilog - Knowesia - Landesk - ServiceNow - S&T - Vytalink - Weelog.

ERP, CRM, BPM, EDM:
SAP Partner - Avid - BonitaSoft Open Solution - Celum – Coheris - Everteam - EZ - IBM ECM FileNet/CMOD/Content Manager/Datacap - Kofax - Microsoft BizTalk - Microsoft Dynamics CRM - Open Text Global 360 - Oracle/Siebel/PeopleSoft - Sony - Tibco Software.

Internet consulting & development, Portals:
Microsoft Silver Partner Software Development - IBM WebSphere Portal - J2EE - LAMP - Liferay.

Decision-making tools:
SAP Business Objects Partner - Cognos - Datastage - Informatica - Microsoft SQL Server.

Groupware – Unified communications:
Microsoft Silver Partner Portal & Collaboration - Microsoft Office Sharepoint Server.

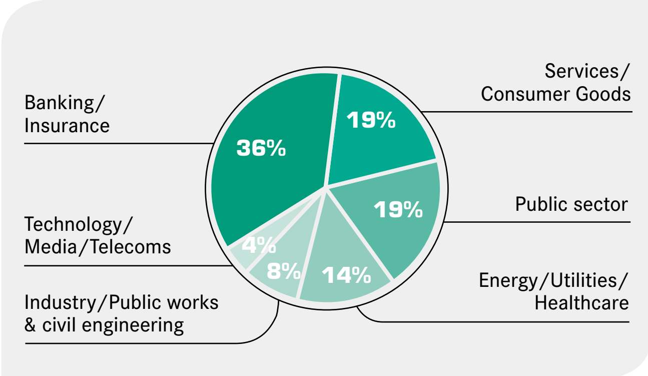
Mobility:
Responsive design development (HTML 5, JavaScript, CSS 3).

Training:
Microsoft Gold Learning Partner - Oracle Training Partner - SAP End-user Education - SAP Training Partner - AutoDesk Training Center - Prometric Test Center - Cisco - Citrix - Exin - IBM - Oracle - VMware.

Clients

NEURONES' client base is made up of around 1,000 medium and large-sized private-sector companies, in addition to state-owned enterprises, local authorities and government departments, for whom the Group carries out mid-size projects (up to €10 million per year).

The revenue breakdown by industry varies little from one year to the next:



At the end of this financial year, as in previous years, the number one client is a major group whose many decision centers order services independently of each other and from different Group entities.

All told, 73% of NEURONES' client base (i.e. 29 of the 40 clients) are CAC 40 groups.

In 2013, the top 20 clients were (in alphabetical order): Accor, Axa, BNP-Paribas, BPCE, Crédit Agricole, Bouygues, Caisse des Dépôts et Consignations, CEA, EDF, Fromageries Bel, GDF Suez, IRSN, LVMH, Médéric-Malakoff, RFF, Saint-Gobain, Sanofi, SNCF, Société Générale, Veolia Environnement.

As the Group grows, there is a tendency for its revenue to become increasingly concentrated:

Sales breakdown *(in € millions)*	2009	2010	2011	2012	2013
Top 20 clients					
- Value	109.3	128.9	160.6	174.0	198.7
- As % of consolidated revenues	50.5%	53.8%	56.7%	55.2%	57.9%
Top 10 clients					
- Value	77.7	96.3	119.3	129.1	147.6
- As % of consolidated revenues	35.9%	40.2%	42.1%	40.9%	43.0%
Top 5 clients					
- Value	55.4	70.0	86.4	89.3	102.3
- As % of consolidated revenues	25.6%	29.2%	30.5%	28.3%	29.8%
Share of the no. 1 client					
- Value	19.9	25.9	30.8	30.6	31.9
- As % of consolidated revenues	9.2%	10.8%	10.9%	9.7%	9.3%

At December 31, 2013, client receivables represented 89 days' revenue. Invoices to be issued have deteriorated by 5 days, while outstanding invoices have improved by 3 days.

2009	2010	2011	2012	2013
73 days	75 days	87 days	87 days	89 days

The Group uses neither factoring nor the exchange of securities for debt.

Subcontracting

Upstream subcontracting

A small portion of the revenues (roughly 2%, in 2013) is generated by acting as a subcontractor for a manufacturer, vendor or fellow company.

Downstream subcontracting

Occasional use is made of independent subcontractors, who are incorporated into NEURONES teams. No projects whatsoever are subcontracted, either partially or in full, to fellow companies. Heavy use is made of independent subcontractors in three business segments: training, systems and network integration, and IT operations. The value of subcontracting purchases, as a percentage of the Group's revenues, has increased as follows:

2009	2010	2011	2012	2013
11.6%	14.2%	14.4%	14.7%	16.7%

Trademarks and patents - Industrial and intellectual property

Software

The Group has developed and is the owner of various software building blocks, which it uses for its own requirements or those of its clients.

Patents

By law, software cannot be patented as such, so there are no patent license agreements.

Trademarks

The Group owns or uses, free of charge, the trademarks used for the business names of its entities, websites and offers.

1.4. MARKET AND COMPETITION

The IT services market: size and trends

The digital sector, in the broad sense of the term, is reported to employ around 380,000 people out of a total of nearly 600,000 IT specialists in France (2.5% of salaried employment, if we include IT specialists working on client premises). It is expected to generate revenues of around 49 billion. After growing fivefold in 20 years, it generates twice the revenue of the pharmaceutical industry and employs twice as many people as the aviation and aerospace sector. It can be broken down into three subsectors as follows:

French market	Revenues	%
IT consulting and services	€30 billion	61%
Technology consulting	€9 billion	18%
Software publishing	€10 billion	21%
TOTAL	€49 billion	100%

(Source: Syntec Numérique & IDC).

In 25 years, the sector is understood to have grown 4.5 times faster than the GDP. Since 1999, the compound annual growth rate of investments in IT services is reported to be 2.8 times higher than that of investment as a whole.

According to various analysts and forecasters, the French consulting and IT services market, in the strict sense, sagged slightly by 0.5% in 2013. It is expected to grow by 1.2% in 2014:

Change in the French market	2012	2013	2014 (e)
IT consulting and services	+0%	-0.5%	+1.2%
Technology consulting	+2.0%	-1.5%	-0.5%
Software publishing	+1.9%	+1.7%	+2.0%
TOTAL	+0.8%	-0.2%	+1.1%

(Source: estimates by Syntec Numérique, April 2014).

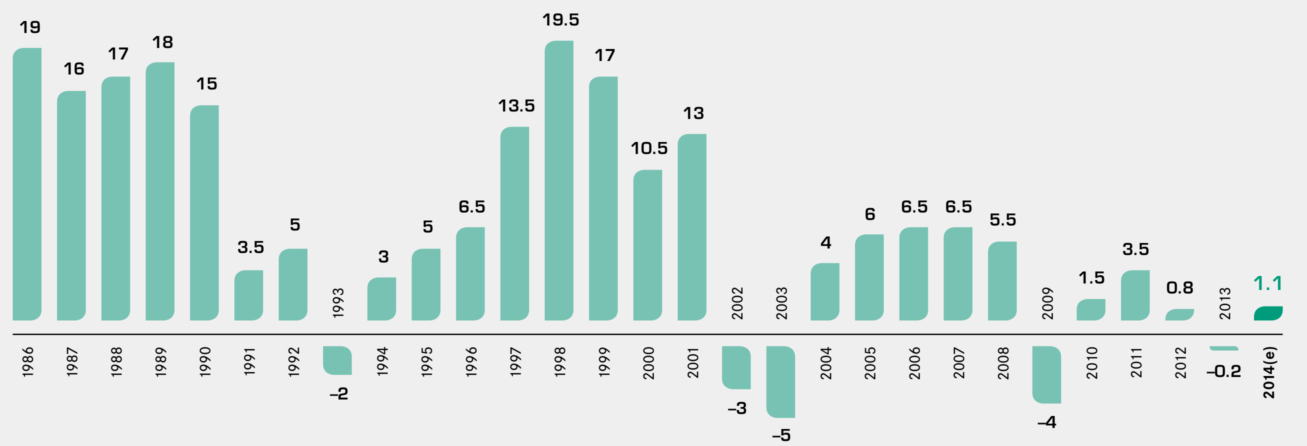
Currently, the most buoyant client sectors are: utilities, transport, retail & distribution, banking & insurance, and aviation. The least dynamic sectors, on the other hand, are telecoms and the automobile industry.

In 2013, the offshore segment accounts for 6.7% of the IT services market in France, as against 6.1% in 2012.

The main growth drivers in 2014 are expected to be the following: outsourcing, infrastructure rationalization and upgrading (cloud computing, VDI, etc.), mobility (e.g. mobile banking), digital marketing (analytics, Big Data, etc.), innovations (e-health, personalized medical records, paperless offices, e-commerce, e-signature solutions, etc.).

IT service companies - recently also dubbed digital service companies - and software vendors are continuing to upgrade their service lines (cloud computing, IaaS, PaaS, SaaS, etc.) and their service delivery models (shared service centers, etc.).

Annual growth (in %) of the software and IT services market in France (1986-2014) – Source: Syntec Numérique



Competition

NEURONES encounters a wide range of IT services companies and management consulting firms of all sizes on its various markets. As a multi-specialist, the Group tends to find itself up against different competitors in each of its business lines, rather than overall competitors.

Design, integration and operation of systems and networks

This is a highly fragmented market made up of departments of some larger IT services companies, divisions of manufacturers, dedicated companies of various sizes (pure-play remote network integrators, or specialists in supervision or virtualization tools, for example) and distributors.

Service desk

The Group's specialized entity is the leader on its market. Its main competitors are outsourcers' support centers, a handful of small or medium-sized IT services companies, and enterprises' in-house solutions.

Server outsourcing in cloud computing mode, and IT security

The players are small and the competition is still fragmented, especially in the security business (the Group is not involved in public cloud computing).

Infrastructure outsourcing

Given the "entrance barrier" in this business, the Group encounters competition from only a dozen players, which are either comprehensive outsourcers or outsourcers specialized in distributed systems.

Application development, SAP integration and outsourcing, ECM and BPM

The competitors here are either specialized services companies in the small to mid-size range, or specialized departments of large IT services companies.

IT consulting for finance

The challengers in this business tend to be relatively recently-established specialized services companies in the small to mid-size range.

Mobility, social media, Big Data and analytics

The major IT service companies have been setting up specialized in-house departments, so there are now numerous startups catering to these new technology waves.

IT training and change management

The unit formed by the Group's two dedicated subsidiaries is one of the top five specialized IT-training players in France (apart from manufacturers' and vendors' training departments). The competitors are mainly independent subcontractors, followed by the subsidiaries of major IT services companies or manufacturers.

Management and organization consulting

The competition is extremely varied, including both the "top players" and numerous medium and small-sized consulting firms (between 200 and 300 of them in all).

1.5. ORGANIZATION

Operational organization chart

The following functions are centralized:
- Group senior management,
- finance (cash position, consolidation, management control coordination, legal),
- external growth,
- Group marketing and communications,
- cross-functional outsourcing management and total corporate-customer relationship management,
- quality (coordination).

The operational subsidiaries perform the following functions:
- senior management,
- sales,
- service delivery (team allocation, contract performance and monitoring),
- marketing,
- recruitment, human resources management and payroll,
- quality (certification, monitoring, improvement plans),
- accounting and management control,
- IT and support services.

At December 31, 2013, the billable (or "productive") workforce made up 90% of the total headcount:

2009	2010	2011	2012	2013
89.6%	90.6%	90.1%	90.0%	90.0%

The Group is organized into highly independent profit centers, with the central functions kept to a strict minimum. Each subsidiary communicates in its business line under its own name.

The Group-wide central management handles relations with certain corporate accounts, organizes submissions for projects that involve several entities, especially in outsourcing, and coordinates work on these same projects.

The management committee is composed of around fifteen senior managers, most of whom are shareholders in the entity they manage or which they set up, and also hold shares in the Group.

Sales organization

The sales organization has two levels:
- the sales forces, specialized by type of service and by the business sector, are divided up among the entities, business by business,
- on top of which sits a cross-functional Group department for certain corporate accounts. In the Group-wide department, the overall account manager coordinates the work of the different entities' sales engineers and carries out consolidated reporting for the clients.

Marketing and communication organization

The marketing and communication department reports to general management. It designs and deploys operational marketing initiatives to support the sales forces, as well as notoriety and image-building initiatives. The team handles both external communication (clients, recruitment, shareholders and investors) and in-house communication. Its annual budget is stable at around 1% of revenues.

As soon as an entity attains a sufficient size, a local marketing team handles its own marketing for service lines and clients, if necessary in coordination with the Group-wide marketing team.

Technical organization

The technical departments are distributed in the business entities. The Group-wide department studies the major Outsourcing projects. Each subsidiary manages its technical knowledge in its Intranets.

For projects involving several lines of business, quality processes ensure the technical project managers meet during the pre-contractual phase, and for the bid review and the contract review.

Human resources organization

Each subsidiary handles its own recruitment, training plan and compensation policy. Payroll management is pooled in several processing centers, as are relations with higher-education establishments and participation in selected career fairs.

Administrative and financial organization

The following functions are centralized:
- the budgeting process,
- management of the Group's cash position and cash pooling,
- monthly consolidation and statutory half-yearly consolidations,
- support for external growth,
- the legal function, in liaison with the Group's legal advisors.

Each subsidiary is responsible for its accounting, management control and cash management.

Internal control

Internal control focuses on two processes:
- the forecasting process: annual budget in November of year N-1, sometimes followed by another forecast in September of year N,
- the progress tracking process: monthly financial reporting (month-end consolidated statement, available on 25th of the following month), with full application of the consolidation rules each month.

Operational activity is also tracked by a staffing-levels dashboard and relevant indicators for each business (number of job applications received, operating rate, average selling price per day, occupancy rate, etc.).

NEURONES also has a regularly-updated "Group Management Rules" handbook that sets out the procedures and management rules to be applied by all of its subsidiaries.

Quality system

The three main entities in the Infrastructures business are ISO 9001 certified, along with the training operations, which together represent 80% of the Group' revenues. The certified activities include systems and network design/build and operation, IT operations, and the service desk and workstation remote management.

For its other businesses, NEURONES generally has a quality manual and a set of documented procedures.

1.6. RISK FACTORS

Financial risk

Financial risk under IFRS 7

Financial risk management (IFRS 7) is described in the appendix to the consolidated financial statements. It covers:
- credit risk,
- liquidity risk,
- market risk,
- capital management.

Country risks

Because NEURONES generates 98% of its revenues in France, it does not carry any particular country risk.

Off balance sheet commitments

There are no significant off balance sheet commitments. The commitments include:
- office rentals: standard 3, 6 and 9-year commercial leases,
- standard office equipment rentals and maintenance contracts (3-year photocopier servicing, etc.).

There are no other off balance sheet commitments, such as: unmatured discounted bills, contingent commitments, financial guarantees, holdings, etc.

Minority interest repurchase agreements

Repurchase agreements were signed with the minority shareholders of three Group companies. The repurchase prices are indexed on the operating profits of the companies concerned. These commitments therefore do not represent any significant risk, especially given the Group's financial situation.

Business risks

Risks associated with recruiting and retaining staff

The Group cannot guarantee that it will be able to recruit and retain the consultants, engineers and technicians it needs to achieve its objectives, especially when the predicted shortage of executives occurs. Despite continuing high turnover in the Paris region, NEURONES has always been able to recruit sufficient staff to date (without lowering its recruitment criteria), even in very tight periods. To lessen the risk of key staff leaving the company, the Group practices very decentralized management and runs profit-sharing and bonus-share schemes.

Risks associated with the competition

On the whole, the information technology market has very few entrance barriers likely to curb the emergence of new competitors, which is a threat for certain Group businesses.

The businesses least at risk are:
- the service desk: the initial investment required acts as an entrance barrier,
- Outsourcing: the entrance barrier in this case is the long sales cycle of at least 6 months, and above all the need for all the necessary skills and service centers: project management, service desk, remote device management center, hosting, systems and network technical expertise, ability to deploy large teams, etc.

Technological risks

The environment in which NEURONES operates is characterized by advanced technology, changing industrial standards, the arrival of new competitors and the rapid emergence of new services, software and products. The Group's success in the future will depend in part on its ability to immediately adapt its offers to meet clients' changing needs, at the best possible price.

Client risks

The largest client represented 9.3% of the 2013 revenues. Its total volume of orders corresponds to a variety of deals concluded between several NEURONES business entities and different decision-making centers within the client's group.

When appropriate, the risk of non-payment is covered by a credit insurer.

Risks associated with failure to meet the commitments of fixed-price projects

Apart from the Consulting business, which is deemed to be a 100% project activity, fixed-price project activities for the IT services business account for 10% of revenues.

For infrastructure fixed-price projects, the risks of off-target performance are limited. They stem from a mismatch between the different hardware and software items to be integrated. Occasionally an item of hardware or software cannot finally be installed to fulfill its intended purpose. In these rare cases, NEURONES complains to the manufacturer or vendor, assisted by its insurer if legal action has to be taken.

For application development fixed-price projects, the number of days actually worked is seldom equal to the number of days initially calculated. There is a real risk of overshooting the target, which can become quite significant. For this reason, a maximum commitment is set for each lot. When a project is too big, it is broken down into lots.

Stringent technical and legal checks are made during the pre-sale phase (and must be approved by an authorized person). In all of the entities concerned, the list of projects in progress is reviewed at the end of each month and a fresh estimate of the advance or delay is made for each project. Any sudden change in the estimated “still to do” triggers a review of the contract in question.

On the whole, experience shows that the risk of off-target performance on fixed-price application projects remains limited, given the size of the projects handled by the Group (< €1 million).

In the end, the most risky projects are now those involving infrastructure outsourcing, whereas they were virtually risk-free 10 years ago. These recurring services are charged on a fixed-price basis and penalties are applied if the contractual service levels are not achieved. In the pre-sales phase, the service provider has to anticipate productivity levels for each activity, using its nomograms but without having all of the necessary background information in the specifications (apart from the usual information about the size of the installed base and the volumes, though even this is often incomplete). Outsourcers generally commit to a fixed price per workstation or per server, regardless of the number of technical acts to be performed. Additionally, outsourcers often commit to binding productivity gains throughout the duration of the contract. However, operations become far more productive with each successive renewal. This means that a new outsourcer might have to assign higher-level teams than originally planned to meet its service level commitments during the handover period or, worse still, during the routine operations phase. If so, the situation is analyzed and discussed with the outsourcing client at meetings specified in the contract, and a jointly agreed action plan is set up. In some extreme cases, the outsourcer’s profitability may remain lastingly insufficient even so.

A provision for loss on termination is recognized for the projects or outsourcing operations concerned and in progress on the account-closing date (there were no instances prior to 2012, one contract at end-2012 and one contract at end-2013). In the event of an accident, the civil and professional liability insurance comes into play.

Offshore risks

Though rapidly expanding, offshoring is a risk that the Group wants to anticipate so that it can take advantage of it. Offshoring is thought to represent 10% of the IT services market in the United States and 6.7% of the IT services business in France in 2013 (40% of the offshore services delivered by French IT service companies are reported to be produced in India). Application development and TPAM, which represent only a small percentage of the Group’s revenues, are the businesses most affected by this trend. Certain phases of projects are said to be easier to offshore than others (detailed design, module development, unit tests). The upstream phases (functional specifications, overall design) and downstream phases (integration tests, acceptance testing), on the other hand, require staff to work close to clients’ sites.

In the wake of the service center set up in Tunis, the Group now has an offshore presence in Timisoara and Singapore.

Risks associated with external growth operations

In its future external growth operations, as in the past, the Group will select medium-sized enterprises whose teams can be easily integrated, with a culture similar to that of its current management team. Most of the time, this will allow these fellow companies to remain autonomous and keep their directors at the helm as they take advantage of synergies with the other companies in the Group. Great attention will be paid to ensuring that the owners and senior/key executives that join or become partners with NEURONES have a capitalist interest in maintaining their previous situation.

Environmental risks

The Group’s operations as a provider of IT services and consulting do not represent any particular risk for the environment.

Exceptional events, ongoing litigation and law suits

As far as the senior executives are aware, there are no exceptional events or litigation that have had or are likely to have any significant repercussions on the Group’s operations, assets or financial situation.

Insurance

The Group insurance policies provide the following cover and offer the following main features:
- professional civil liability: €10 million per claim and per calendar year (all damages combined: bodily injury, material and immaterial damage, whether consequential or not),
- operational liability: €10 million per claim (all damages combined: bodily injury, material and immaterial damage, whether consequential or not)
- senior managers’ civil liability: €5 million per calendar year (all damages combined),
- property damage and business interruption: general contractual indemnity limit of €35 million per claim, with a contractual indemnity limit of €10 million for buildings and/or lease risks, general and technical facilities and a limit of €20 million for business interruption and additional expenses,
- credit insurance (except for entities that deliver recurrent services, for which it is deemed that discontinuing the services is sufficient cover).

Total premiums (excluding vehicle insurance) stand at approximately 0.05% of consolidated revenues.

1.7. DEVELOPMENT STRATEGY AND INVESTMENT POLICY

Development strategy

To move significantly faster than the market, NEURONES applies a strategy that revolves around the following points:
- take advantage of the major trend towards outsourcing IT services to acquire a leadership position;
- extend its relations with corporate accounts and increase the size of the projects the Group handles;
- work with innovative or complementary consulting firms and IT services companies. Being organized into autonomous profit centers, with their own operating statements and resources, has accustomed NEURONES to dealing with partner companies. The Group makes available its tools, structure, databases and dense sales network. Providing it respects the personality of the directors and the distinctive strong points of the independent consulting firms and IT services companies that join the Group, these partnerships have great potential;
- play an active role in the slow but steady concentration of the sectors in which the Group operates. The main criteria for partnerships are as follows:
  - profitable companies (or subsets of companies),
  - management has a proven track record,
  - operation increases earnings per share;
- opportunity to expand by extending geographical coverage (regions, nearshore, international). To date, the Group has channeled its efforts into attaining a significant size in its businesses. It is still essentially based in Paris and the Paris region (87% of employees), and has not yet looked into other geographical zones, which represent potential growth areas. In time, there are plans for the Group to expand beyond its current zone of influence, depending on demand from clients, the entrepreneurs it meets and the opportunities for external growth that arise.

Core principles

In keeping with its strategic development priorities, NEURONES bases its operations on core principles that, according to its management, correspond to the deep-seated demand of its corporate accounts and will guarantee its medium and long-term presence on the market:
- recruit, train and develop its consultants: the Group makes a point of recruiting the most highly-qualified consultants, offering them an environment and culture that is rich and dynamic, along with stimulating remuneration and career prospects in a Group with solid growth. They are given the opportunity to boost their professional development by working on complex projects, in which they often provide real project management;

- maintain a sufficient number of fixed-price teams: to be able to provide an accurate, rapid technical opinion on increasingly complex problems, the Group needs to maintain and retain a strong technical core group of expert engineers who work exclusively on fixed-price projects - a prerequisite for providing project management. This core group also forges a deep-seated technical bond among the teams, alongside the essential knowledge-management tools, Intranets and other formal, cross-functional technical meetings;
- maintain quality assurance on two fundamental processes for guaranteeing medium-term growth:
- recruitment: provide mandatory multiple-choice questionnaires and personality interviews, and manage job applications in collaborative working tools;
- the pre-contractual phase of responding to a client request: “go/no go” procedures and risk assessment, mandatory formal description of the services, systematic appointment of a single account manager to handle all replies to calls for tender.

Investment policy

Research and development

R&D investments are not centralized, but planned and carried out in each entity. Days spent on technology watches and R&D are not capitalized on the balance sheet.

Since 2009, the Group has conducted a group-wide review of its R&D activities. In 2013, as in 2012, research tax credits were applied, to the value of €0.5 million.

Financial investments

Over the 14 financial years since it was listed on the stock exchange in May 2000, the Group has made a number of acquisitions, of which 10 were of a significant size, for a total disbursement of €43.8 million at December 31, 2013 (net of the acquired companies’ cash and cash equivalents). To date, these investments have been almost entirely financed by free cash flows generated by the Group’s operations over the same period (€126.7 million).

Cash flow statement* *(in € millions)*	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	TOTAL
Net profit	3.7	5.4	5.9	4.9	5	6.3	6.6	9.9	13	12.8	14.9	17.0	17.2	21.4	144.0
Amortization and provisions	1.1	1.3	1.9	1.9	1.6	1.1	3	3.3	3.1	4.1	3.9	2.8	5.9	6.7	41.7
CASH FLOW	4.8	6.7	7.8	6.8	6.6	7.4	9.6	13.2	16.1	16.9	18.8	19.8	23.1	28.1	185.7
Change in WCR (increase)/ decrease	(1.4)	2.5	(1.7)	1.3	0.9	(1.9)	(5.3)	2.1	0.6	(1.3)	(3.3)	(10.0)	(2.5)	(6.2)	(26.2)
Net industrial investments	(1.0)	(1.2)	(0.9)	(1.1)	(1.0)	(0.9)	(2.2)	(2.6)	(2.3)	(2.2)	(2.8)	(4.7)	(4.4)	(5.5)	(32.8)
FREE CASH FLOW	2.4	8.0	5.2	7.0	6.5	4.6	2.1	12.7	14.4	13.4	12.7	5.1	16.2	16.4	126.7
Net financial investments	(8.8)	-	(3.8)	(2.1)	(0.8)	(1.0)	(2.9)	(2.8)	(14.2)	(3.9)	(2.8)	2.9	(1.9)	(1.7)	(43.8)
Capital increase	29.9	-	-	-	0.2	0.8	0.3	0.5	0.1	0.3	0.4	1.1	0.4	0.3	34.3
Dividends and other items	(0.1)	(0.2)	-	-	-	(1.2)	(1.5)	(1.5)	(4.4)	(2.6)	(1.7)	(2.4)	(2.0)	(1.9)	(19.5)
CHANGE IN CASH AND CASH EQUIVALENTS	+23.4	+7.8	+1.4	+4.9	+5.9	+3.2	(2.0)	+8.9	(4.1)	+7.2	+8.6	+6.7	+12.7	+13.1	+97.7
Cash and cash equivalents at year-end	26.6	34.4	35.8	40.7	46.6	49.8	47.8	56.7	52.6	59.8	68.4	75.1	87.8	100.9	-

* Since the company was listed on the stock exchange in May 2000.

Net industrial investments

Industrial investments stood at €5.5 million (as against €4.4 million in 2012). This year again, they were channeled into developing data centers and service centers, including computer hardware and software, fittings and company cars.

In 2013, these investments were financed by the available cash and cash equivalents.

The Group leases all of the premises used (19,600 m² at January 1, 2014) from external owners who have no connection whatsoever with NEURONES shareholders or subsidiaries.

1.8. RECENT DEVELOPMENTS AND OUTLOOK

Quarterly growth and operating profit

NEURONES recorded 8.8% internal growth in 2013, broken down as follows:

(in € millions)	Q1	Q2	Q3	Q4	2013
2013 revenues	83.4	85.1	81.5	93.2	343.2
Year-on-year change	+6.9%	+10.0%	+8.1%	+10.1%	+8.8%
Operating profit *	8.6%	9.7%	10.3%	10.4%	9.6%

* As of 2013, operating profit includes the positive effect of the CICE tax credit, which represents roughly 0.8% of revenues.

2014 forecasts

When it met with financial analysts on March 5, 2014, NEURONES said that the macro-economic climate was unfavorable, despite the existence of growth drivers such as virtualization, cloud computing and mobility. Outsourcing prices will remain under pressure. It was also pointed out that, for 2013, the Group had enjoyed "embedded" growth and the positive effect of the CICE tax credit.

During this presentation, it reported the favorable and unfavorable factors that might affect the market and the company in 2014.

Favorable factors:
- the market is expected to remain propitious for outsourcing and transformation projects,
- the arrival of new technologies is "reshuffling" the market,
- revenues are spread over a number of specialized mobile entities with controlled costs and operating in a variety of sectors,
- the context may be favorable for mergers and partnerships (3,800 IT services companies with 10+ employees, 600 outsourced R&D companies).

Unfavorable factors:
- the macro-economic situation is not good for business,
- clients are taking longer to make decisions,
- the business has become more industrial and more buyer-focused,
- "embedded" low prices and difficulty raising outsourcing prices,
- few quality "targets" that create value and have a system of succession management.

NEURONES' estimates for 2014 would be announced, as usual, when it posts its first-quarter revenues (May 14, 2014).

Provisional calendar of financial events

Shareholders' Meeting:
- Thursday June 5, 2014.

Revenue announcements*:
- Wednesday May 14, 2014 (1st quarter 2014),
- Wednesday July 30, 2014 (1st half 2014),
- Wednesday November 12, 2014 (3rd quarter 2014).

Profit announcements*:
- Wednesday September 10, 2014 (1st half 2014).

* At the close of trading.

2 CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY REPORT

2.1. MESSAGE FROM GENERAL MANAGEMENT

A consulting and IT services group owes its existence to its clients and employees. It has a patent social responsibility to the latter.

NEURONES' managers have made it a priority to provide good working conditions for their employees, improve each person's well-being, avert risks, train, build loyalty, motivate, promote, anticipate expectations, engage in dialog and share the Group's capital. This is what is commonly called the employer's social responsibility, but it is obviously in the interests of both the company and its clients!

Success is not solely dependent on the three-part unit formed by the client, the service provider and the employee. It also hinges on being able to factor in all of the ecosystem's stakeholders, including the environment, in which any business player operates.

At first sight, service businesses would appear to have little impact on nature. On closer examination, though, when the headcount mounts into the thousands, the carbon footprint becomes a tangible reality. The challenge then is to analyze, challenge habits, anticipate, innovate and factor in the new environmental dimension, list avenues for improvement, measure, and rally the Group's people around issues that concern all citizens. After taking on a social dimension, the economy is now environmental, too.

Publishing this second Corporate Social and Environmental Responsibility Report 2013, after verification by an independent third party, is part of a proactive drive for continuous improvement.

2.2. E GROUP'S COMMITMENT

Governance

The Group has set up a system of corporate social responsibility (CSR) management: it entails a commitment on the part of senior management and addresses the distribution of roles and responsibilities, the introduction of indicators, the definition of action plans, the measurement of progress, and evaluation.

The Group's CSR initiative is led by a Sustainable Development Committee. This nine-member committee reports to the administrative and financial director and has the following responsibilities:
- pass on ideas for projects,
- select programs,
- for each of the projects selected: choose indicators and define their initial and target values,
- regularly review the progress made (continuous improvement),
- monitor developments in CSR,
- manage mandatory indicators over time.

Timeline

2010: four Group entities sign the Diversity Charter and two sign the United Nations Global Compact.

2011: fNEURONES is included in the Gaïa Index. Launched in 2009 with the backing of the SFAF (French financial analysts society) and Middlenext, this index ranks the 70 listed French companies that obtained the best non-financial ratings out of a panel of 230 listed companies. In 2013, NEURONES rose to the fifth place in the Gaïa Index in the category for companies with revenues in the €150-500 million bracket.

2012: fthe Sustainable Development Committee is set up.

2.3. SOCIAL POLICY

To enable its 4,065 employees (at end-2013) to enjoy a stimulating environment, NEURONES endeavors to apply the best practices of sound HR policy and measure the effects.

The workforce breakdown by geographic zone is as follows:
- Greater Paris region: 3,280,
- Other French regions: 645,
- International: 140.

Workforce-related figures are calculated for the entire Group, unless it is specifically stated that they refer to a smaller scope (e.g. France).

Active recruitment policy

Over 94.5% of the staff have an open-ended work contract. The remaining employees have fixed-term contracts, primarily professionalization and apprenticeship contracts. Interns are not included in the headcount. Part-time workers are counted as one person.

At end-2013, 90 young people were working under a professionalization contract and 24 were doing an apprenticeship. In the course of 2013, we received 41 people doing internships.

The number of new recruits (open-ended + fixed-term contracts) has evolved as follows:

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
400	470	670	820	990	700	1,100	1,400	1,240	1,250

The quality-assured recruitment procedures provide for the following, for example:
- technical multiple-choice questions for each specialization,
- at least one technical interview,
- at least one personality interview.

Staffing levels and turnover

The following trend has been observed in year-end staffing levels over the past 10 financial years:

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
1,284	1,424	1,787	2,054	2,455	2,665	3,036	3,471	3,704	4,065

Turnover (the number of voluntary staff departures during the year compared with the average number of employees for the year) was lower in 2013:

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
10%	15%	18%	20%	21%	10%	12%	16%	14%	11%

It should be pointed out that the bulk of the Group's operations are in the Paris region, where turnover is traditionally higher than in other parts of France.

In 2013, staff arrivals and departures can be broken down as follows:

Detailed breakdown of headcount	2012	2013
Arrivals	1,240	1,248
Departures:		
Resignations	513	421
End of trial periods	194	125
Redundancies	115	130
End of fixed-term contracts, internships and apprenticeship contracts	93	141
Mutual-agreement terminations	55	54
Transfers and others	32	16
Total departures	1,002	887
NET INCREASE IN HEADCOUNT	238	361

Working hours

Over 98% of the workforce in France work full time. With the exception of the two training subsidiaries, the Group's employees are covered by the Syntec collective agreement. This means they are entitled to a number of additional days' leave (called "RTT" in French), depending on the subsidiary for which they work and their position: non-managerial, admin, technician and supervisory staff; managers who work a set number of hours per week; managers who work a set number of days per year.

Remuneration

Remuneration is calculated on employees' profile and experience. It can be supplemented by optional and statutory profit sharing schemes.

In 2013, gross remuneration amounted to a total of €144,976,000 (€134,994,000 in 2012). This amount includes fixed and variable pay, and provisions for paid leave and RTT leave. It does not include the social security contributions paid by the employer, statutory and optional profit sharing, the employer's contribution to meals and public transport passes, occupational health services, payments to works councils, or, of course, the fees paid to subcontractors.

The Group's average headcount stood at 3,857 people in 2013 (3,608 in 2012). The average gross salary came to €37,600 per year (€37,400 in 2012).

Six stock option plans and five bonus-share plans were conducted between 1999 and 2012. Those that reached maturity were heavily subscribed. Contrary to the situation at most of its counterparts, all NEURONES employees involved in the stock option plans conducted since 1999 have been able to exercise their options at a profit and are currently enjoying capital gains. The plans that have yet to mature concern approximately 2% of the Group's staff.

Careers

The following concrete measures have been taken to facilitate mobility:
- for 92% of the workforce, their personnel records and in particular their annual performance appraisals are kept in a common computer system (Zadig Hypervision) that can be viewed selectively by HR managers and certain authorized managers,
- a statement of staff transfers between Group entities is drawn up each year.

Sustained, innovative in-house training

The presence of a training business - one of the leading French players in its field - within the Group is a major asset. A large part of the training plan is delivered in its own training premises. This simplifies enrolment and cancellation procedures and allows us to provide training material and in-house certification (the Group is certified to conduct technical certifications). Staff are encouraged to sit for these qualifying exams.

Training plan (days x participants)

2009	2010	2011	2012	2013
6,700	6,900	7,000	9,600	9,300

Continuing professional development. France + International headcount. 65,100 hours of training in 2013, i.e. 9,300 days x 7 hours.

Active in-house communications

Each line-of-business subsidiary has its own in-house communication tools (Intranets, in-house newsletters, briefing meetings or recreational gatherings), in addition to which there is the Group's in-house magazine ("Talents") and a half-day induction program for new hires. The whole is aimed at keeping staff informed and fostering dialog.

Well-balanced average age

The average age of our team members worked out at 34.7 years at end-2013 (compared with 34.3 years at end-2012), broken down as follows:

Workforce breakdown by age bracket	2012	2013
under 25 years	7%	7%
25 to 29 years	23%	23%
30 to 34 years	26%	24%
35 to 39 years	20%	20%
40 to 44 years	13%	14%
45 to 49 years	7%	7%
50+ years	4%	5%
TOTAL	100%	100%

Company-wide agreements and action plans for employees over the age of 50 were introduced at the end of 2009. At end-2013, over 50-year olds represented 4.7% of the workforce.

Diversity

NEURONES is actively involved in an initiative to promote diversity in all its forms - gender, age, background, disability, etc. - to make its teams more innovative, more productive and more competitive.

In all, 8.6% of the staff are non-French nationals from 49 different nationalities.

Gender equality

Although women are not well represented in engineering schools' IT courses, they make up 17% of the Group's workforce. The salaries earned by men and women in the Group's two largest entities were compared by level of qualification in preparation for the mandatory annual negotiations. It showed that, on the whole, the mean salaries of men and women were on a par. These comparisons may also be extended to other NEURONES entities.

Disability

The Group strives to be "disabled-friendly" and raise the percentage of disabled people in its workforce, currently 1.2%, which it feels is insufficient, even if around the average for digital service companies. The Group entity with the largest headcount takes an active part in the disabled employment week.

Purchases from businesses and establishments specifically set up to work with disabled staff came to a total of €28,000 in 2013, on a par with 2012.

Labor-management relations

There is regular dialog with the employee representative bodies (works council members, employee representatives, workplace health, safety and welfare committee (CHSCT) members and union representatives). Because of the Group's decentralized structure in line-of-business entities, there are a large number of collective agreements. The largest entities have six agreements in force: mandatory annual pay negotiations, night work and on-call duty, the "contrat de génération" mentoring scheme, gender equality, the 35-hour week, statutory profit sharing, optional profit sharing, if applicable, and employee savings schemes. The Group works council, with 14 union representatives, met in 2013.

GREAT PLACE TO WORK

One of the Group's companies was rated a "Great Place to Work" in 2012 and then again in 2013 ("A great place to work is one in which you trust the people you work for, have pride in what you do, and enjoy the people you work with." - Robert Levering, Co-Founder, Great Place to Work).

Health and safety at work

The workplace health, safety and welfare committees (CHSCT) in the various Group entities meet at regular intervals as required by law. They map the risks and take preventive measures (information, signage and drills) in close cooperation with the occupational health service.

In tertiary businesses, the main known risk remain road accidents (especially for employees riding two-wheeled vehicles) with private or company vehicles (commuting or business travel). Financial incentives (such as a bonus for keeping company vehicles in good working order, or a bonus for driving without incurring any sort of fine, etc.) help make drivers more careful.

Indicators	2012	2013
Absenteeism*	3.5%	3.7%
Number of lost-time injuries *(headcount on December 31, 2013: resp. 3,704 and 4,065)*	24	35
Lost-time injury frequency rate *(number of accidents at work resulting in lost time per million hours worked)*	4.9	6.5
Lost-time injury severity rate *(number of days of paid sick leave per thousand hours worked)*	0.17	0.23

* Number of days absent: sickness, accidents at work, leave to care for sick children, leave for family events, as a ratio of the theoretical number of days of work.

Promotion of and compliance with ILO (International Labour Organization) conventions

NEURONES is committed to abiding by the ILO Declaration on Fundamental Principles and Rights at Work. It undertakes to abide by national and local labor regulations on the minimum age for entering the workforce, the refusal of forced or compulsory labor or excessive disciplinary practices, non-discrimination, freedom of association and the right to collective bargaining, working hours, pay, health and safety.

2.4. COMMUNITY POLICY

NEURONES is keenly aware of being part of an ecosystem of stakeholders with whom it is duty-bound to establish balanced, ethical, law-abiding and motivating relations. The Group owes its past and future achievements to its staff, clients, subcontractors and other suppliers, editors, manufacturers, schools, the French government and local authorities, civil society and shareholders.

CSR service lines

Since 2007, the Group has offered training in making the most efficient use of enterprise printing systems, with a view to cutting costs and protecting the environment. The aim is to make users aware that printing has not only financial repercussions but also an impact on the environment.

The Group's specialized entities also carry out various projects to make incoming and outgoing documents paperless, thereby cutting down on the use of paper.

EcoVadis score

EcoVadis is a French SME set up in 2007 to develop responsible purchasing solutions. http://fr.wikipedia.org/wiki/Achats_responsables. It helps purchasing departments assess their suppliers' "sustainable development" performance. At the request of several of its clients, NEURONES regularly responds to EcoVadis questionnaires.

Subcontractors and suppliers

In 2013, purchases of subcontracted services amounted to €57.3 million, or 16.7% of sales.

The Group is at pains to make responsible purchases. Outsourcers who join NEURONES' project teams are treated and assessed in the same way as in-house staff. Self-employed contractors enjoy special payment terms: their invoices are paid at the end of the month, 30 days after receipt.

Subcontractors are formally evaluated and made aware of CSR concerns. In some ISO 9000-certified Group subsidiaries, part of the evaluation is based on CSR.

Relations with educational establishments

Attracting talent for the future is a key issue for NEURONES, which continues to invest in building its notoriety and becoming an employer of choice. Against this backdrop, a core part of its strategy consists in developing relations with a group of schools and universities:

- the Group uses the apprenticeship tax to finance target schools,
- it runs various initiatives to support students and recent graduates (seminars, forums, job interview practice sessions, resume workshops, sponsorship, etc.),
- it spots and hires interns, apprentices and recent graduates.

NEURONES channels its apprenticeship tax into the following establishments: Centrale Lille, Ece, Efrei, Em Strasbourg, Ensiee, Epita, Esg Management School, Esiea, Esiee, Esigetel, Esilv, Euridis, Ingesup, InTechInfo, Isep, Itic, Mines d'Alès, Mines de Paris, Supinfo, Telecom Paritech and Utc Compiègne.

Indicator	2012	2013
Number of school forums attended	14	40

Volunteering with civil society

The Group performs services free of charge for Croix Rouge (the French Red Cross) and is co-financing a skipper for the next Route du Rhum yacht race. It has signed a "Town Council-Company" charter with the municipality of Nanterre and the Mont-Valérian group of municipalities. It encourages initiatives by staff who wish to get involved in their local community or the voluntary sector (Handigolf, etc.), giving of their time or creativity.

Indicator (in € millions)	2012	2013
Budget devoted to partnerships and sponsorships	44	63

SKILL SPONSORSHIPS

This scheme, which was established by the French Aillagon Act in 2003, allows a business to delegate staff members to work for public-interest non-profits during their working hours on an occasional basis, either free of charge or at a discounted rate. The Group's consulting business provides assistance under this scheme to AFA (the French association of caregivers), the Relais des Aidants (a caregiver support network) and Conservation Capital (a non-profit devoted to defining viable economic models for Africa and Europe).

2.5. ENVIRONMENTAL POLICY

As part of its corporate social and environmental responsibility approach, NEURONES has thought about its impact on the environment and the best ways to reduce it. It must first measure, then take action.

For its two subsidiaries with over 500 employees, the Group sends in greenhouse-gas emission audits every three years to the DRIEE Ile-de-France (the local environment and energy department).

A carbon audit, which combines all greenhouse gas emissions on the same scale, shows that the emissions generated by a company such as NEURONES come from the following sources:

- over 70% come from travel (commuting and business travel),
- 10% come from energy consumption (at both client and company sites),
- 10% come from using durable goods (IT and non-IT goods),
- 8% come from eating meals (food production, etc.).

Reducing travel costs (business travel and commuting)

On a common scale (MWh), the Group's fuel consumption is five times higher than the electricity consumption in its buildings (excluding data centers).

NEURONES has therefore:

- started systematically using "place of residence" data in its project resource allocation systems. This means that, as far as possible, it recruits in labor market areas close to its service centers to limit daily commutes,
- since 2007, bought Eco2 company cars, which emit less than 120g of CO_2 per kilometer,
- run awareness-raising initiatives to encourage its staff to buy cars with smaller engines and use public transport,
- set up a car-sharing system (at the Angers service center),
- encouraged and facilitated the various videoconferencing systems.

Indicator	2012	2013
Share of employees using public transport to commute to work	53.3%	48.9%

A study of employees' place of residence in the Paris region (87% of the total headcount) shows that they are almost evenly distributed among the six departments 92, 75, 93, 95, 78 and 94, with 10-15% of the headcount in each. The density is only 5% in the 91 and 77 departments. The Group took the following initiatives: it takes employees' place of residence into consideration when it allocates assignments, it encourages car-sharing, it buys company cars with smaller engines, and it has bought video conferencing equipment.

It has found that it is more efficient to site its business premises close to employees' homes and public transport than to make its buildings more energy efficient, even if these two approaches are not mutually exclusive. It was decided to base the service centers in Nanterre and Ivry-sur-Seine so that employees could be assigned to either the west or the east of Paris, depending on where they lived.

CAR-SHARING PROJECT

The Angers facility brought in a system to encourage car-sharing. Parking spaces in the vicinity of the offices are reserved for employees who undertake to use this type of transport. The system has been in place for over a year and is now used by 20 people (10 pairs of two people).

VIDEOCONFERENCING AND REMOTE JOB-APPLICANT INTERVIEWS

Around 10 rooms have been equipped for videoconferencing (using the Polycom-QDX6000 system). Each room is used eight times a month on average. Staff are encouraged to use Webex. The number of remote job-applicant interviews (using Skype or Link) has risen to 30 per year for applicants in the Paris region and 100 per year for applicants in other French regions.

Energy efficient buildings

Low-energy systems have been installed, such as lighting, individually-adjustable energy-efficient air conditioning, and presence detectors.

Indicator	2012	2013	GRI*
Energy consumption per m^2 and per year (excluding datacenters)	157 kWh/m^2	151 kWh/m^2	EN3
Electricity consumption expressed as CO_2 emissions	13.2 $kgCO_2/m^2$	12.7 $kgCO_2/m^2$	

* GRI (Global Reporting Initiative): international reference base.
Scope: 69% of the area occupied by the Group.
Using the Ademe (French Environment and Energy Management Agency) conversion rate: 0.084 kg of CO_2 per kWh.

The average energy consumption for tertiary buildings in France stands at 211 kWh/m^2 (source: Club des Acteurs du Développement Durable). Work is in progress to make the measurement of this indicator more accurate.

STANDBY MODE FOR COMPUTERS AT NIGHT AND ON WEEKENDS

A novel system for turning off workstations was recently tested. It uses a "home-made" script rather than the standard Windows GPO tool to turn the machines off at 10:30pm. Users readily accepted the system because it enables a rapid workstation start-up in the morning (4 seconds), unlike the standard systems (a matter of minutes). At the test site, the new system cut electricity consumption by 10%. The script is currently being installed in other entities.

Green IT datacenters

It should be borne in mind that electricity consumption per m^2 in a datacenter is commonly around 50 times higher than in a regular office.

NEURONES has gradually transferred the servers managed in its own datacenters to hosting specialists. Most hosted servers are now with four "Tier 3+" certified partner hosting companies in eight different datacenters. The Group's two datacenters (in Nanterre and Lyon) are being maintained, but their servers are gradually being transferred elsewhere. Today they are used only as telecom network nodes and backup datacenters for certain clients. The Group has brought in CSR criteria and now selects subcontractor hosters with high PUE (Power Usage Effectiveness) ratios.

Recycling: paper, computer workstations, ink cartridges

Consumables (printer toners, electric batteries, etc.) are systematically recycled. In compliance with the current regulations on waste electrical and electronic equipment (WEEE), end-of-life computer hardware is sold to approved brokers (e.g. the "La Gerbe" association).

Printers and copiers are increasingly set up to print in black and white and recto/verso. Growing use is made of digitized archiving, especially by sales administration and accounting teams, rather than hard-copy files.

Indicator	2012	2013
Quantity of paper used per m^2 and per year	862 g/m^2	818 g/m^2

Paper in A4 or A3 format.

WASTE SORTING

An entity with about 100 employees is sorting waste for recycling with the "Le Cèdre" association. There are three bins, for paper and cardboard, cans and paper cups. "Le Cèdre" makes two collections per month, for around €80 (excluding tax) per collection. The system has not been brought into wider use at the large sites in Nanterre, where it is hoped that the city council will collect rubbish that has been sorted beforehand.

Reduction in the meal-related carbon footprint

This topic, though significant, is seldom documented in corporate social and environmental responsibility reports. The Group has scheduled an awareness-raising initiative to encourage employees to adopt a diet that entails fewer CO_2 emissions (by eating less meat, for example). It is included in a handbook of eco-friendly initiatives, the first version of which was brought out in 2013.

2.6. METHODS USED

Reporting scopes

Three scopes have been defined for producing detailed indicators:
- all of the France subsidiaries managed in ADP-GSI's HR software. This scope, known as "Zadig", covers 92.3% of the Group's workforce and 95.6% of the France workforce,
- the "France" scope, which covers 96.6% of the Group's workforce,
- the entire Group scope ("Group").

Indicators were produced for the following scopes:
- "Zadig" scope: percentage of open-ended work contracts (CDI), average age, breakdown by age bracket, percentage of senior employees, of non-French nationals, number of nationalities, gender breakdown, percentage of full-time jobs, absenteeism, lost-time injury frequency and severity rates, proportion of employees using public transport,
- "France" scope: number of apprenticeship contracts, professionalization contracts, interns, purchases from organizations set up to work specifically with disabled staff, number of school job fairs, sponsorship,
- "Group" scope: headcounts, incoming/outgoing employees, turnover, payroll, average salary, subcontracting purchases, training hours and days, weight of paper consumed per m^2 of office space.

The energy consumption indicator is calculated on the areas that correspond to the consumption and which were used for 12 months in a row. In 2013, this indicator was calculated on 69% of the premises' total surface area.

Sources and tools used

The indicators for the "Zadig" scope come from the common HR system. The indicators for the "France" and "Group" scopes come from non-financial and CSR annual reports in each subsidiary, and consolidated across the relevant scope.

Consolidation and control methods

A common reference base (a handbook containing explanations for each indicator) was sent to the person in charge of CSR reporting in each subsidiary. The results are compiled by the Group Finance Division.

Correspondence with the list of Grenelle II indicators (Article R. 225-105-1 of the French Commercial Code)

NEURONES chose to use only those indicators that were relevant to its businesses and could be calculated accurately. The following Grenelle II indicators were discarded: means devoted to the prevention of environmental risks and pollution, provisions and guarantees for environmental risks, measures concerning discharges into water, air and soil, noise pollution, adjustment to the consequences of climate change, impact of the business's operation on the neighboring or local population, measures taken to protect consumers' health and safety, initiatives taken to protect human rights, WEEE recycling, water consumption, measures taken to protect biodiversity.

2.7. AUDITOR'S OPINION

Report by one of the auditors, appointed independent third party, on the consolidated social, environmental and community information shown in the management report.

Financial year ended December 31, 2013

To the shareholders,

In our capacity as auditor of the company NEURONES S.A. (hereinafter "the company") and appointed independent third party, whose application for accreditation was deemed valid by the COFRAC, we hereby present our assurance report on the consolidated social, environmental and community information relating the financial year ended December 31, 2013, presented in the company's management report (hereinafter "the CSR information"), under Article L.225-102-1 of the French Commercial Code.

Company's responsibility

It is the Board of Directors' responsibility to draw up a management report containing the CSR information specified in Article R.225-105-1 of the French Commercial Code, prepared in accordance with the definitions and calculation methods used by the company (hereinafter "the reference bases"), a summary of which is included in the "Corporate social and environmental responsibility" section of the management report, and which is available on request from the company headquarters.

Independence and quality control

Our independence is defined by the regulatory texts, the code of professional conduct and the provisions of Article L.822-11 of the French Commercial Code. Moreover, we have set up a quality control system that contains documented policies and procedures aimed at ensuring compliance with the rules of professional conduct, the standards of professional practice and the applicable legal and regulatory texts.

Auditor's responsibility

Based on our audit, it is our responsibility to:
- certify that the required CSR information is contained in the management report or, in the event of omission, that there is an explanation under the third paragraph of Article R.225-105 of the French Commercial Code (statement confirming the presence of the CSR information);
- express a conclusion of limited assurance that all the significant aspects of the CSR information have been truthfully set out in accordance with the reference bases (assurance statement on the truthfulness of the CSR information).

Our audit was carried out by a team of three people between November 2013 and March 2014. To assist with the audit, we called on our CSR experts.

We conducted the audit described below in accordance with the professional standards applicable in France and the Order of May 13, 2013 setting out the procedure by which the independent third-party body is to carry out its assignment and, for the assurance statement, the ISAE 3000 international standard[1].

1. Statement confirming the presence of the CSR information

Through interviews with the department heads concerned, we learned about the sustainable development priorities, based on the social and environmental consequences of the company's business and its community commitments and, if applicable, the ensuring actions or programs.

We compared the CSR information presented in the management report with the list set out in Article R.225-105-1 of the French Commercial Code.

If certain consolidated information was missing, we checked that explanations had been provided in accordance with Article R.225-105 paragraph 3 of the Commercial Code.

We checked that the CSR information covered the consolidated scope, namely the company and its subsidiaries as defined in Article L.233-1 and the companies it controls as defined in Article L.233-3 of the Commercial Code, with the limitations specified in the "Corporate social and environmental responsibility" section of the management report.

Based on our work and given the limitations mentioned above, we certify that the required CSR information is contained in the management report.

2. Assurance statement on the truthfulness of the CSR information

Type and scope of the audit

We conducted a number of interviews with the people responsible for preparing the CSR information for the departments in charge of the information-gathering process and, where applicable, the people responsible for internal control and risk management processes, in order to:
- judge whether the reference bases were suitable, i.e. relevant, exhaustive, accurate, neutral and understandable, based on industry best practice, where appropriate;
- check that a process was in place for collecting, compiling, processing and checking the exhaustiveness and consistency of the CSR information, and learn about the internal control and risk management procedures applied to the production of the CSR information.

We determined the type and scope of our tests and controls on the basis of the type and importance of the CSR information in the light of the company's characteristics, the social and environmental issues at stake in its operations, it sustainable development policy and industry best practice.

For the CSR information we deemed most important[2]:
- for the consolidating entity, we consulted the source documents and conducted interviews to corroborate the qualitative information (organization, policies, actions), we applied analytical procedures to the quantitative information and, based on spot checks, checked the calculations and consolidation of the data, and we checked that it was consistent with and matched the other information contained in the management report;
- for a representative sample of entities that we selected[3] on the basis of their business, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to check that procedures had been correctly applied and we carried out tests of details on the basis of samplings, consisting in checking the calculations made and comparing the data with the supporting documents. The sample selected represents 92% of the workforce and 16-23% of the quantitative environmental information.

For the other consolidated CSR information, we assessed its consistency by comparison with our knowledge of the company.

Lastly, where applicable, we assessed the validity of the explanations for the total or partial absence of certain information.

We believe that the sampling methods and sample sizes we used on the basis of our professional judgment allow us to form a conclusion of limited assurance. A higher level of assurance would have required a more extensive audit. Because of the use of sampling techniques and the other limitations inherent in any information and internal control system, the risk of non-detection of a significant anomaly in the CSR information cannot be totally eliminated.

Conclusion

Based on our audit, we did not find any significant anomaly that could invalidate the fact that the CSR information, as a whole, is presented truthfully and in accordance with the reference bases.

Observations

Without calling into question the above conclusion, we would like to draw your attention to the following points:

- the quantitative information on energy consumption and CO_2 emissions does not include the datacenters;
- some of the information[4] relates to a smaller scope. In 2014, attention should be paid to making the scope of disclosure as broad as possible.

Nanterre and Paris-La Défense, April 4, 2014

KPMG Audit
Department of KPMG S.A.

Jean-Marc Laborie
Partner

KPMG Audit
Department of KPMG S.A.

Philippe Arnaud
Partner
Climate Change & Sustainable Development Department

(1) ISAE 3000 – International Standard on Assurance Engagements, setting out the principles and procedures to be applied during non-financial audits.

(2) Social information: Quantitative data: registered end-of-period headcount and breakdown by gender, age and geographic zone, number of new hires and redundancies, number of training days, absenteeism, lost-time injury frequency and severity rates. Qualitative data: equal treatment.
Environmental information: Quantitative data on energy consumption per m^2 (excluding datacenters), paper consumption per m^2 and per year.
Qualitative data: the company's organizational arrangements to address environmental issues, initiatives to raise employee awareness of environmental protection.
Qualitative community information: employment and regional development, partnerships and sponsorships, responsible purchasing.

(3) NEURONES S.A. in Nanterre.

(4) More specifically, indicators on the workforce breakdown by gender and age, absenteeism, accident analysis and electricity consumption.

3 CONSOLIDATED FINANCIAL STATEMENTS

3.1. CONSOLIDATED FINANCIAL SITUATION (AT DECEMBER 31, 2013)

ASSETS *(in € thousands)*	Notes	12/31/2012	12/31/2013
NON-CURRENT ASSETS			
Intangible assets	*Note 1 / Note 2*	36,748	36,700
Tangible assets	*Note 3*	6,279	7,668
Financial assets	*Note 4*	2,609	3,042
Other financial assets valued at fair value	*Note 4*	-	-
Deferred tax credits	*Note 5*	2,403	2,223
TOTAL NON-CURRENT ASSETS		48,039	49,633
CURRENT ASSETS			
Inventory	*Note 6*	200	206
Deferred tax credits due		1,957	4,255
Trade accounts and notes receivable	*Note 7*	111,943	123,567
Cash and cash equivalents	*Note 8*	87,858	101,055
TOTAL CURRENT ASSETS		201,958	229,083
TOTAL ASSETS		249,997	278,716

SHAREHOLDERS' EQUITY AND LIABILITIES *(in € thousands)*	Notes	12/31/2012	12/31/2013
SHAREHOLDERS' EQUITY			
Capital		9,504	9,585
Additional paid-in capital		31,071	31,059
Consolidated reserves and profits		103,645	121,136
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS	*Note 9*	144,220	161,780
Minority equity investments		11,198	13,429
SHAREHOLDERS' EQUITY		155,418	175,209
NON-CURRENT LIABILITIES			
Non-current provisions	*Note 10*	441	581
Non-current financial liabilities		-	-
Other non-current liabilities		-	-
Deferred tax liabilities		-	-
TOTAL NON-CURRENT LIABILITIES		441	581
CURRENT LIABILITIES			
Current provisions	*Note 11*	1,509	2,597
Taxes due		1,321	895
Trade and other accounts payable	*Note 12*	91,190	99,200
Current financial liabilities and bank overdrafts	*Note 13*	118	234
TOTAL CURRENT LIABILITIES		94,138	102,926
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		249,997	278,716

3.2. CONSOLIDATED INCOME STATEMENT (FOR THE YEAR ENDED DECEMBER 31, 2013)

(in € thousands)	Notes	12/31/2012	12/31/2013
Sales of goods		11,069	9,620
Sales of services		304,333	333,545
REVENUES		315,402	343,165
Purchases consumed		(9,023)	(8,166)
Salaries and related expenses	*Note 14*	(201,583)	(215,622)
External expenses	*Note 15*	(67,720)	(79,408)
Taxes and duties		(6,272)	(6,019)
Allocations to amortization and depreciation	*Note 16*	(3,627)	(4,107)
Allocations to provisions	*Note 16*	(991)	(687)
Impairment of assets	*Note 16*	234	-
Other income	*Note 17*	1,091	3,969
Other expenses	*Note 17*	(103)	(171)
Other operating income	*Note 18*	939	43
Other operating expenses	*Note 18*	(282)	(106)
OPERATING PROFIT		28,065	32,891
% OF REVENUES		8.9%	9.6%
Financial income		1,582	1,952
Financial expenses		(189)	(97)
Net Financial profit (loss)	*Note 19*	1,393	1,855
PRETAX PROFIT		29,458	34,746
% OF REVENUES		9.3%	10.1%
Income tax	*Notes 20 / 21*	(12,281)	(13,360)
PROFIT FOR THE PERIOD FROM ONGOING ACTIVITIES		17,177	21,386
% OF REVENUES		5.4%	6.2%
PROFIT FOR THE YEAR		**17,177**	**21,386**
Including:			
• Profit attributable to parent company shareholders (Group share)		**14,849**	**18,570**
• Profit attributable to minority equity investments		**2,328**	**2,816**
Undiluted earnings per share (Group share) – in euros		*0.63*	*0.78*
Number of shares*		*23,682,864*	*23,772,962*
Diluted earnings per share (Group share) – in euros		*0.62*	*0.77*
Number of shares*, stock options & exercisable bonus shares allocated		*24,024,325*	*24,024,123*

* Number of shares weighted over the period.

3.3. OTHER CONSOLIDATED FINANCIAL ITEMS

Statement of consolidated comprehensive income for the year ended December 31, 2013

(in € thousands)	12/31/2012	12/31/2013
Profit for the year	**17,177**	**21,386**
Translation adjustments – activities abroad	(5)	(72)
Other items in comprehensive income	(5)	(72)
Comprehensive income	**17,172**	**21,314**
Including:		
• share attributable to parent company shareholders (Group share)	14,846	18,506
• share attributable to minority equity investments	2,326	2,808

Consolidated statement of cash flows for the year ending December 31, 2013

(in € thousands)	12/31/2012	12/31/2013
Consolidated income before minority interests	**17,177**	**21,386**
Elimination of non-monetary items:		
• Net allocations to amortization, depreciation and provisions	4,329	5,336
• Expenses / (Income) related to stock options and similar items	1,133	1,221
• Effect of discounting receivables and debts maturing in more than one year	245	118
• Capital losses / (gains) from disposals, net of tax	238	28
• Capital losses / (gains) from disposals of consolidated securities, net of tax	-	-
Cash flows from operating activities after net financial income and tax	**23,122**	**28,089**
• Net financial profit	(1,393)	(1,855)
• Tax	12,281	13,360
Cash flows from operating activities before net financial income and tax	**34,010**	**39,594**
Cash variation in:		
• Working capital requirement for operations	(2,063)	(3,666)
• Corporate tax	(12,707)	(15,905)
CASH FLOW FROM OPERATIONAL ACTIVITIES	19,240	20,023
Acquisitions of intangible and tangible assets	(4,497)	(5,503)
Disposals of fixed assets, net of tax	74	42
Revenue from sales of financial assets	45	212
Acquisition of financial assets	(833)	(767)
Acquisition of companies, net of the acquired cash	(714)	-
Securities bought from minority shareholders of subsidiaries	(410)	(1,129)
Subscriptions to capital increases by minority interests of subsidiaries	130	118
Disposal of consolidated securities, net of tax	113	147
CASH FLOW FROM INVESTMENT ACTIVITIES	(6,092)	(6,880)
Capital increase – sums received from the exercise of stock options	141	69
Company buy-back and sale of its own securities	-	-
Dividends paid to parent company shareholders	(1,418)	(1,426)
Dividends paid to minorities of subsidiaries	(561)	(524)
New loans	13	57
Loan repayments	(1)	(13)
Net financial interest	1,393	1,855
CASH FLOW FROM FINANCING ACTIVITIES	(433)	18
NET CHANGE IN CASH AND CASH EQUIVALENTS	12,715	13,161
CASH AND CASH EQUIVALENTS AT OPENING	75,051	87,756
EFFECT OF FOREIGN EXCHANGE VARIATIONS ON THE CASH HELD	(10)	(36)
CASH AND CASH EQUIVALENTS AT CLOSING	87,756	100,881

Statement of changes in consolidated shareholders' equity for the year ended December 31, 2013

SHAREHOLDERS' EQUITY (in € thousands)	Capital	Additional paid-in capital	Consolidated reserves***	Share-based compensation reserve	Treasury shares	Profit for the year	Total shareholders' equity (group share)*	Minority equity investments **	Total shareholders' equity
SHAREHOLDERS' EQUITY AT 12/31/2011	9,449	30,986	73,370	802	0	14,799	129,406	9,721	139,127
Movements for FY2012									
• Consolidated profit for the year	-	-	-	-	-	14,849	14,849	2,328	17,177
Translation adjustment	-	-	(3)	-	-	-	(3)	*(2)*	(5)
• Total of other items in comprehensive income	-	-	(3)	-	-	-	(3)	(2)	(5)
Comprehensive income	-	-	*(3)*	-	-	*14,849*	*14,846*	*2,326*	*17,172*
• IFRS 2 restatements - stock options & bonus shares	-	-	-	1,133	-	-	1,133	-	1,133
• Capital transactions (exercise of stock options)	12	128	-	-	-	-	140	-	140
• Bonus shares delivered	43	(43)	-	-	-	-	-	-	-
• Treasury share purchases	-	-	-	-	(246)	-	(246)	(108)	(354)
• Allocation of 2011 profit	-	-	15,601	(802)	-	(14,799)	-	-	-
• Dividends paid by the parent company (€0.06 per share)	-	-	(1,418)	-	-	-	(1,418)	-	(1,418)
• Change in scope	-	-	359	-	-	-	359	(180)	179
Total transactions with shareholders recognized directly in shareholders' equity	*55*	*85*	*14,542*	*331*	*(246)*	*(14,799)*	*(32)*	*(288)*	*(320)*
Minorities' share in subsidiaries' dividend distributions	-	-	-	-	-	-	-	*(561)*	*(561)*
SHAREHOLDERS' EQUITY AT 12/31/2012	9,504	31,071	87,909	1,133	(246)	14,849	144,220	11,198	155,418
Movements for FY2013									
• Consolidated profit for the year	-	-	-	-	-	18,570	18,570	2,816	21,386
Translation adjustment	-	-	(64)	-	-	-	(64)	(8)	(72)
• Total of other items in comprehensive income	-	-	(64)	-	-	-	(64)	(8)	(72)
Comprehensive income	-	-	*(64)*	-	-	*18,570*	*18,506*	*2,808*	*21,314*
• IFRS 2 restatements - stock options & bonus shares	-	-	-	1,221	-	-	1,221	-	1,221
• Capital transactions (exercise of stock options)	5	64	-	-	-	-	69	-	69
• Bonus shares delivered	76	(76)	-	-	-	-	-	-	-
• Sale of treasury shares	-	-	-	-	33	-	33	14	47
• Allocation of 2012 profit	-	-	15,982	(1,133)	-	(14,849)	-	-	-
• Dividends paid by the parent company (€0.06 per share)	-	-	(1,426)	-	-	-	(1,426)	-	(1,426)
• Change in scope	-	-	(843)	-	-	-	(843)	(67)	(910)
Total transactions with shareholders recognized directly in shareholders' equity	*81*	*(12)*	*13,713*	*88*	*33*	*(14,849)*	*(946)*	*(53)*	*(999)*
Minorities' share in subsidiaries' dividend distributions	-	-	-	-	-	-	-	*(524)*	*(524)*
SHAREHOLDERS' EQUITY AT 12/31/2013	9,585	31,059	101,558	1,221	(213)	18,570	161,780	13,429	175,209

* Share of shareholders' equity attributable to parent company shareholders.

** Share of shareholders' equity attributable to minority equity investments corresponding to the shares held by subsidiaries' managers.

*** Including currency translation reserve (€66,000 in 2013).

3.4. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. COMPANY IDENTIFICATION

NEURONES is a public limited company, whose head office is located at 205, Avenue Georges Clemenceau, 92024 Nanterre Cedex, France. It is a consulting and IT services company.

2. DISTRIBUTION OF CONSOLIDATED FINANCIAL STATEMENTS

In its meeting held February 5, 2014, the Board of Directors closed the 2013 consolidated financial statements presented in this document, to be presented for approval at the Shareholders Meeting of June 5, 2014.

NEURONES' consolidated financial statements for the year ended December 31, 2013 include the company and its subsidiaries (together referred to as the "Group") and the share in affiliates or companies under joint control.

3. DECLARATION OF COMPLIANCE

The consolidated financial statements were prepared in compliance with the IFRS as adopted in the European Union. They differ in some aspects from the IFRS published by IASB. Nevertheless, the Group has made sure that the financial information for the periods presented would not be substantially different if it had applied the IFRS as published by the IASB. This compliance covers the definitions, accounting methods, valuation and presentation recommended by IFRS plus all information required by the standards.

Amendments to IAS 19: pension provisions

From January 1, 2013, actuarial gains and losses generated by changes in demographic or financial assumptions are recognized in "other items" of comprehensive income. At December 31, 2013, the assumptions had not changed from December 31, 2012 and their change over FY2013 did not have a significant impact on the income for the period.

Furthermore, application of IAS 19 amended results in breaking down the change in the debt between the cost of services rendered, presented as "operating income", and the financial cost (corresponding to interest on the debt calculated based on the discount rate), presented as "financial profit or loss". Given the amount of the debt related to pension liabilities, the financial cost impact is insignificant over the period.

4. ACCOUNTING PRINCIPLES

The accounting methods presented below have been applied consistently for all periods shown in the consolidated financial statements. They are identical to the accounting principles used in the financial statements at December 31, 2012.

The accounting methods were applied uniformly by Group entities.

4.1. Basis of preparing the consolidated financial statements

The financial statements are presented in euros rounded to the nearest thousand euros.

They were prepared based on historical cost except for short-term cash investments, share-based compensation and some non-current financial assets, valued at fair value.

4.2. Use of estimates

Preparing financial statements in accordance with the IFRS conceptual framework requires making estimates and formulating assumptions that affect the application of accounting methods and the amounts shown in these financial statements.

The estimates and underlying assumptions are made based on past experience and other factors considered as reasonable in view of the circumstances. Consequently, they form the basis for exercising the necessary judgment to determine the book values of assets and liabilities that cannot be obtained directly from other sources. The intrinsic values may differ from the estimated values.

The estimates and underlying assumptions are reexamined continuously. The impact of changes in accounting estimates is recognized during the period of change if it only affects this period, or during the period of change and subsequent periods, if they too are affected by the change. At the year-end closing, NEURONES does not foresee any changes in the key assumptions used or sources of uncertainty that would present a major risk of leading to a significant adjustment in the amounts of assets and/or liabilities during the following period.

The main items where estimates are made are asset impairments, pension liabilities, the valuation of share-based compensation and provisions. The assumptions used are specified in the corresponding notes to the financial statements.

4.3. Consolidation methods

Subsidiaries

A subsidiary is an entity the company controls. Control exists when the company has the power to directly or indirectly influence the entity's financial and operational policies in order to derive benefits from its activities.

To assess the control, voting rights that are potentially exercisable or convertible are taken into consideration.

Subsidiaries' financial statements are included line-by-line in the consolidated financial statements from the date when control is obtained until the date when control ceases.

The difference between the price paid to increase the percentage stake in entities already controlled and the additional share of shareholders' equity thus acquired is recorded as Group shareholders' equity. In the same way, a decrease in the Group's percentage stake in an entity that continues to be controlled is treated for accounting purposes as a shareholders' equity transaction, without any impact on profit.

Affiliates and associates

Affiliates and associates are entities where the Company has significant influence over their financial and operational policies without having control. The consolidated financial statements include the Group's share in the total amount of profits and losses recognized by these companies based on the equity method from the date when significant influence is exercised until the date when it ends.

If the Group's share in the losses of an affiliate or associate is greater than its investment in this entity, the book value of the shares accounted for by the equity method is reduced to zero and the Group ceases to recognize its share in the future losses, unless the Group has a legal or implicit obligation to participate in losses or to make payments on behalf of the affiliate or associate.

Joint ventures

Joint ventures are entities where the Group exercises joint control pursuant to a contractual agreement. The consolidated financial statements include the Group's share in the assets, liabilities, revenues and expenses, combined line by line (proportional consolidation), with the similar items of these financial statements from the date when the joint control is obtained until the date when it ends.

Transactions eliminated in the financial statements

Balance sheet balances, unrealized gains and losses, and revenues and expenses from intra-group transactions are eliminated when the consolidated financial statements are prepared. The unrealized gains resulting from transactions with affiliates, associates and joint ventures are eliminated up to the Group's equity share in the entity.

Unrealized losses are eliminated in the same way as unrealized gains, but only insofar as they do not represent impairment.

At December 31, 2013, all companies included in the scope of consolidation were subsidiaries. Subsidiaries' accounting principles have been modified to ensure homogeneity with the Group's accounting methods.

The list of consolidated companies is shown in chapter 5 hereafter, "Scope of Consolidation".

4.4. Intangible assets

Business combinations and goodwill

For the acquisitions completed since January 1, 2010, the Group values the goodwill as:
- the fair value of the consideration transferred,
- plus the amount recognized for any non-controlling investment in the acquired company,
- plus, if the business combination is done in phases, the fair value of any prior investment held in the acquired company,
- less the net amount recognized (generally at fair value) for identifiable acquired assets and assumed liabilities.

When the difference is negative, a bargain purchase profit is recognized immediately in income.

Since January 1, 2010, the following method is used to determine the fair value of the consideration transferred:
- the consideration transferred excludes the amounts related to the payment of pre-existing relationships and compensation for employees or former owners for future services,
- the costs related to the acquisition that the Group incurs, other than those related to a debt or share issue, are expensed when they are incurred,
- any potential consideration due is recognized at its fair value at the acquisition date. The potential consideration that was recorded in shareholders' equity is not restated and its payment is recognized in shareholders' equity. On the other hand, for potential consideration recorded as debt, subsequent variations in its fair value are recognized in profit or loss.

For the acquisitions completed between January 1, 2004 and January 1, 2010, the goodwill represents the difference between the acquisition cost and the Group's interest in the fair value of the assets, liabilities and identifiable potential liabilities acquired. When a company enters the scope of consolidation, its assets, liabilities and identifiable potential liabilities are entered on the consolidated balance sheet at their fair value and valued according to the Group's accounting principles.

For goodwill prior to January 1, 2004, the Group has chosen, according to the provisions of IFRS 3, not to restate goodwill from business combinations. Consequently, this goodwill is maintained at its assumed cost, which represents the amount recognized according to the previous accounting guidelines.

Goodwill is valued at its cost, less cumulative impairment. It is assigned to Cash Generating Units, is not amortized and is subject to an annual impairment test or more frequently in case there are signs of impairment (see the paragraph, "Impairment of fixed assets").

Contracts and contractual customer relationships

Contracts and contractual customer relationships are recorded in assets at their acquisition cost less cumulative depreciation and impairment. For the most part they come from purchased businesses and correspond to a volume of revenues and margin generated by these contracts. They are amortized over the useful life of the corresponding contracts.

In the case of technical assistance contracts renewable periodically, the useful life is indefinite. Consequently, the period during which the contracts will generate net cash inflows to the Group's benefit is without a foreseeable limit. In this case the contracts are not depreciated and are subject to an annual impairment test or whenever there is a sign of impairment (see note 4.7 hereafter: "Impairment of fixed assets").

4.5. Other intangible assets

The Group has not identified significant development expenses that meet the IAS 38.57 definition.

Other intangible assets, especially software acquired for internal use, are amortized over their useful life, generally from one to three years, as soon as the asset is ready to be commissioned.

The amortization and depreciation of intangible assets are recorded in operating income on the line, "Allocations to amortization and depreciation".

4.6. Tangible assets

Tangible assets are recorded at their acquisition cost less accumulated depreciation and recognized impairment.

The Group has not opted to use the revaluation method for its assets. Loan costs are excluded from the cost of fixed assets pursuant to IAS 23.

Tangible assets are depreciated over their useful life, according to the following methods as soon as the asset is ready to be commissioned:

Fixtures and installations	Straight-line 5 to 10 years
Transportation equipment	Straight-line 2 to 4 years
Computer hardware	Declining balance and straight-line 3 to 5 years
Office equipment	Straight-line 5 to 10 years

Case of business leases and long-term finance leases

Assets acquired in the form of a business lease or long-term finance lease have been restated. The asset is recorded on the balance sheet at the lower of the present value of the lease's minimum future payments and the asset's fair value. The asset is amortized over its useful life for the Group or the term of the contract if the term is less. The corresponding financial debt is recorded in liabilities and amortized over the term of the contract. In terms of the income statement, the lease expense is offset and replaced by an amortization expense and a financial expense.

4.7. Impairment of fixed assets

The carrying amounts of these assets are examined at each closing to assess whether there is a sign that an asset has sustained impairment. If there is such a sign, the asset's recoverable value is estimated. For goodwill and intangible assets with an indefinite useful life or that aren't yet ready to be commissioned, the recoverable value is estimated every year at December 31.

Goodwill and intangible assets with an indefinite useful life or intangible assets under construction

The tracking method used to test intangible assets for impairment is the DCF (discounted cash flow) method. This method is used each time there is a sign of impairment and at least once a year. To conduct these tests, goodwill is broken down into Cash Generating Units (CGU) corresponding to homogenous groups that jointly generate identifiable cash flows. The division into CGUs is done by legal entity. Each subsidiary corresponds to a CGU (see Note 4.23 hereafter: "Operating segments sectors").

An asset's book value is compared to its recoverable value, which corresponds to the maximum of the fair value less disposal costs and the value in use, determined by the discounted future cash flow method.

In case of impairment, it is recorded on the "Asset impairment" line in operating profit. Goodwill impairment is not reversed even if the asset's value in use recovers in future years.

Tangible and intangible assets with a definite useful life

The value in use of tangible and intangible assets with a definite useful life is tested for impairment as soon as signs of impairment appear, which are reviewed at each annual closing.

To perform this test, the tangible assets are grouped into Cash Generating Units (CGU). The CGUs constitute homogenous asset groups whose continuous use generates cash inflows that are substantially independent of cash inflows generated by other asset groups. The division into CGUs is done by legal entity, where each subsidiary corresponds to a CGU.

The asset's book value is compared to its recoverable value and corresponds to the maximum of the fair value less disposal costs and the value in use, determined by the discounted cash flow method. When the book value is less than the recoverable value, impairment is recorded in operating profit, on the "Impairment of assets" line.

Main criteria used to apply the DCF method of valuation

- the discount rate used is 6.41% after tax compared to 6.90% at December 31, 2012 based on the risk-free rate, the risk premium and the beta,
- the length of the explicit period is 5 years,
- the growth assumptions retained for revenues, operating margin, working capital requirements and capital expenditures are specific to each company, based on their size and business sector,
- the growth rate is based on planning budgets that take into account the organization's dynamism and market conditions. Depending on the companies, this rate is on average +3% to +20%,
- the residual value is determined based on a terminal growth rate of 2%.

Impairment recorded for a CGU is first allocated to reducing the book value of any goodwill allocated to the Cash Generating Unit, then to reducing the book value of the CGU's other assets on a pro rata basis with the book value of each asset in the unit.

Impairment recorded for an asset other than goodwill is written back if there is a change in the estimates used to determine the recoverable value. An asset's book value, increased due to the write back of impairment, should not exceed the book value that would have been determined, net of depreciations, if no impairment had been recorded.

4.8. Financial assets

Non-consolidated securities

Pursuant to IAS 39, equity investments in non-consolidated companies are analyzed as available for sale and are therefore recorded at their fair value, or at their acquisition cost if the fair value cannot be determined reliably.

In the case of recognition at fair value, any normal variation in fair value (positive or negative) is recognized directly in shareholders' equity.

In case of a recognition at acquisition cost and of an objective indication of impairment of the financial asset, impairment is recorded through profit/(loss). This impairment is written back through profit/(loss) only when the securities are sold.

Financial assets at fair value through the income statement

A financial asset is classified as a financial asset at fair value through the income statement if it is held for trading purposes or designated as such when it is initially recognized. Financial instruments are designated this way if the Group manages investments and makes purchase or sale decisions based on their fair value consistent with the risk management or investment strategy policy.

Other financial assets

The other financial assets that mature in more than one year and don't earn interest are initially recognized at fair value, plus the directly attributable transaction costs. After the initial recognition, they are valued at amortized cost calculated according to the effective interest rate less any impairment.

The interest rate used was 5%.

The Group has no derivatives among its financial assets and does not conduct any hedge operations.

4.9. Deferred income taxes

Pursuant to IAS 12, deferred taxes are recognized in the income statement and the balance sheet to account for the time lag between the book values and tax bases of certain assets and liabilities, except for the following items:

- goodwill
- time differences related to investments provided they will not inverse in the foreseeable future.

According to the liability method of tax allocation, deferred taxes are valued based on the known changes in tax rates that have been adopted or virtually adopted at the closing date.

Loss carry forwards are activated when it is likely there will be future taxable income that these tax losses can be charged against.

A deferred tax is recorded for assets and liabilities related to finance lease agreements.

Pursuant to IAS 12, deferred tax assets and deferred tax liabilities are not discounted.

Since the year ended December 31, 2010, the Company Value Added Contribution (CVAE) falls within the scope of IAS 12.

4.10. Inventory

Inventory is valued at the lowest cost based on the weighted price and net realizable value method. The net realizable value is the estimated sales price under normal business conditions, less the estimated costs required to complete the sale.

Impairment is recognized on a case-by-case basis when the net realizable value is less than the carrying amount.

4.11. Receivables

Receivables are recorded at cost less recognized impairment. Impairment is recognized when the book value of the receivable exceeds its recoverable value (i.e.; the value of estimated future cash flows).

4.12. Cash and cash equivalents

Short-term investments are valued at their fair value (as counterparty through the income statement).

Pursuant to IAS 7, the "Cash and cash equivalents" line includes the cash on hand and demand deposits. Bank overdrafts reimbursable on demand that are an integral part of the Group's cash management constitute a component of cash and cash equivalents for the needs of the cash flow statement.

The fair value corresponds to the cash-in value of the cash asset or liability at the closing date.

Variances in fair value are recorded in profit for the period under the "Financial income" category.

4.13. Treasury shares

The amount of the consideration paid for treasury shares, including directly attributable costs, is deducted from consolidated reserves.

In case the shares are subsequently disposed of, the profit/(loss) and any corresponding tax effects are recorded as a variation in consolidated shareholders' equity.

4.14. Share-based compensation

The Black & Scholes valuation model was used for options. The fair value valuation of the service rendered at the allocation date is expensed on a prorata temporis basis over the entire rights acquisition period as an adjustment to shareholders' equity.

4.15. Employee benefits

Defined benefits plan: provision for retirement benefits

This provision is intended to meet the commitments corresponding to the present value of rights acquired by employees regarding conventional benefits they will have a claim to when they retire. It is based on a calculation made according to the projected unit credit method, which takes into account seniority, life expectancy and the standard personnel turnover rate plus salary revision and discounting assumptions.

The actuarial gains and losses generated by changes in assumptions are recorded directly in profit/(loss).

Contributions owed to a fixed contribution plan are expensed when they are incurred.

4.16. Other personnel commitments

Rewards for long service

The collective bargaining agreements in force in Group companies do not make any special provisions for rewards for long service. No specific agreements have been concluded regarding this point in the Group's various subsidiaries.

4.17. Provisions

Pursuant to IAS 37, a provision is recorded when the Group recognizes a current obligation, legal or implicit, regarding a third party resulting from a past event and it is likely or certain that this obligation will cause an outflow of resources representing economic benefits whose amount may be estimated reliably.

Non-current provisions are discounted when the effect is significant.

4.18. Financial liabilities

The Group has no derivatives among its financial liabilities and does not conduct any hedge operations. The Group has no liabilities valued at fair value as an adjustment to profit.

The other financial liabilities correspond primarily to bank overdrafts.

4.19. Other non-current liabilities

No non-current liabilities were identified at December 31, 2013.

4.20. Trade and other accounts payable

Trade accounts and notes receivable are valued at their fair value when initially recorded, then at amortized cost.

4.21. Recognition of "service" revenues

Revenues realized in the form of services provided are recognized based on the stage of completion in accordance with IAS 11 and IAS 18.

The stage of completion is calculated based on the costs incurred compared to the total updated forecast costs.

Fixed-price projects

Revenues from fixed-price projects are recorded as the service is provided, based on the stage of completion method. According to this method, revenues are recognized in the period the service is rendered in. The variance between invoicing and revenues calculated based on the stage of completion is recorded in invoices to be prepared or in prepaid income, as required. When the forecast cost price of a contract is greater than the contractual revenues, an end of contract loss equal to the difference is recorded in contingency and loss provisions.

Annual or long-term contracts

Revenues from annual or long-term contracts are recorded based on the stage of completion, which corresponds to a prorata temporis treatment.

Services sold in the form of spendable checks

Some Group companies pre-sell checks for services, which represent days of service by engineers, developers, technicians or trainers. Revenues in the form of spendable checks are recorded as the services are provided and therefore as the checks are consumed.

Unused checks are recorded as prepaid income.

Long-term perennial outsourcing contracts

Long-term outsourcing contracts generally include two main types of services:

- initial engineering: this is an independent project prior to starting the current operating contract. In this case, revenues are recorded based on stage of completion,
- operational contract: the invoicing terms generally involve a fixed monthly fee. Revenues are recognized based on the stage of completion in phase with the services provided.

4.22. Method of calculating diluted earnings per share (EPS)

The number of shares taken into account in calculating diluted EPS is comprised of:

- number of shares at the beginning of the year,
- plus the weighted average number of bonus shares delivered during the year,.
- plus the weighted average number of stock options exercised during the year,
- plus the weighted average number of other dilutive share subscription options (stock options and bonus shares) allocated and not exercised or not delivered during the year, calculated according to the provisions of IAS 33.
- less the weighted average number of treasury shares during the year.

Earnings per share was calculated in accordance with IAS 33.

4.23. Operating segments (IFRS 8)

According to IFRS 8, an operating segment is a distinct component of the Group, which is either involved in providing specific services (business segment) or in providing services in an environment (geographic segment) that is exposed to risks and generates different profitability than the profitability in other sectors. It is identified and managed separately by senior management, in that it requires a specific strategy, resources and technologies.

The information transmitted internally to the CEO and Executive Vice-President is presented by legal entity, since line management's performance is assessed at this level. In this context, each of these entities would correspond to an operating segment. NEURONES does not consider this highly detailed level of information necessary for the reader to have a better understanding of the Group's performance. All of the legal entities operate in the Consulting and IT Services market for companies and present marketing methods and cost structures that are often comparable. Consequently, the Group has not identified operating segments to present in the context of IFRS 8.

4.24. Management of financial risk (IFRS 7)

Exposure to the following risks has been identified:

- credit risk,
- liquidity risk,
- market risk, and
- capital management risk.

The purpose of this note is to provide information about the exposure to each of these risks as well as the policies put in place to minimize these risks. Given the Group's current size and the daily involvement of two directors (CEO and Executive Vice-President) combined with the geographic proximity of most Group companies and subsidiary managers' participation in the share capital, it hasn't been deemed necessary to form a centralized risk management committee. Moreover, the Group's general and/or financial management is directly responsible for some risks.

Credit risk

Credit risk represents the possibility of a financial loss in the case where a customer or counterparty to a financial instrument fails to honor its contractual obligations. In the case of NEURONES and its subsidiaries, the risk is primarily limited to trade receivables and financial investments.

Concerning receivables, the credit risk exposure depends on the individual characteristics of the legal entities invoiced. The Group has a very broad spectrum of uniformly distributed customers in multiple business sectors, with the largest customer not accounting for more than 9.3% of the consolidated revenues. This customer is a major group whose multiple decision centers order services independently from each other. Moreover, Group companies took out a Coface credit insurance policy when their customer portfolio justified taking specific coverage guarantees.

Regarding cash and cash equivalents, the credit risk exposure is limited by only investing excess cash in money market type funds and certificates of deposit issued by the Group's banking partners.

Liquidity risk

The liquidity risk corresponds to difficulties the Group could encounter in honoring its commitments and paying its debts.

This risk is theoretical in light of a surplus cash position.

Market risk

Market risk corresponds to changes in market prices, such as exchange rates, interest rates and prices of equity instruments.

NEURONES is not really exposed to these risks since virtually all transactions are conducted in euros and no equity instruments have been issued.

Moreover, the Group is not in debt.

The only risk could be related to changes in interest rates on the cash investments. But a short-term investment strategy was chosen to reliably track changes in financial markets and thereby avoid being penalized by a long-term commitment that would be out of phase with current market conditions.

Capital management

By design, managers hold 75% of the capital, which constitutes a solid block that by nature gives third parties' confidence.

Even though NEURONES has substantial surplus cash (plus significant shareholders' equity), the Board of Directors makes sure that a balance is maintained between shareholder remuneration and long-term resources. The dividend policy, initiated as of 2005, has never resulted in distributing more than 25% of net profit.

The Company wants to have the possibility to buy-back its own shares. As such, every year the Ordinary Shareholders' Meeting is asked to approve such an authorization.

4.25. New standards and interpretations

IFRS measures, mandatory as of January 1, 2013, applied without impact on the Group's financial statements at December 31, 2013

- Amendments to IAS 1: Presentation of other items in comprehensive income;
- Amendments to IFRS 1: Serious hyperinflation and elimination of firm application dates;
- Amendments to IAS 12: Deferred tax liabilities/credits – Recovery of underlying assets;
- IFRS 13: Valuation at fair value;
- IFRIC 20: Overdraft expenses;
- Amendments to IFRS 7: Information to provide – Compensation for financial assets and liabilities;
- Amendments to IFRS 1: Government loans;
- Annual improvements 2009-2011.

Mandatory implementation provisions after December 31, 2013, not applied in advance

- IFRS 10: Consolidated financial statements;
- IFRS 11: Partnerships;
- IFRS 12: Information to provide on involvement with other entities;
- Amendments to IAS 27 and IAS 28 subsequent to IFRS 10, 11 and 12;
- Amendments to IFRS 10, 11, 12: Transitional provisions;
- Amendments to IFRS 10, 12 and IAS 27: Investment entities;
- Amendments to IAS 32: Presentation – Netting of financial assets and liabilities;
- IFRIC 21: Duties or taxes;
- Amendments to IAS 19: Defined benefit plans – Employee contributions;
- Amendments to IAS 36: Information about the recoverable amount of non-financial assets.

5. SCOPE OF CONSOLIDATION

5.1. List of consolidated companies

Companies consolidated by full consolidation	Registered head office	Commercial Register No.	12/31/2012 % Stake	12/31/2012 % Control	12/31/2012 Consolidation Method	12/31/2013 % Stake	12/31/2013 % Control	12/31/2013 Consolidation Method
Parent								
NEURONES	205, av. Georges Clemenceau 92024 NANTERRE	331,408,336	-	-	-	-	-	-
Subsidiaries								
Arondor	22, rue de la Pépinière 75008 PARIS	444,720,460	51%	51%	FC	51%	51%	FC
AS Connect	120/122, rue Réaumur 75002 PARIS	791,915,580	-	-	-	98%	100%	FC
AS Delivery	120/122, rue Réaumur 75002 PARIS	538,868,001	98%	100%	FC	98%	100%	FC
AS International	120/122, rue Réaumur 75002 PARIS	349,528,356	98%	100%	FC	98%	100%	FC
AS International Group	120/122, rue Réaumur 75002 PARIS	421,255,829	98%	98%	FC	98%	98%	FC
AS Production	120/122, rue Réaumur 75002 PARIS	451,310,502	98%	100%	FC	98%	100%	FC
AS Synergie	120/122, rue Réaumur 75002 PARIS	493,513,014	98%	100%	FC	98%	100%	FC
AS Technologie	120/122, rue Réaumur 75002 PARIS	417,586,609	98%	100%	FC	98%	100%	FC
AS Telecom & Réseaux	120/122, rue Réaumur 75002 PARIS	400,332,524	98%	100%	FC	98%	100%	FC
Axones	205, av. Georges Clemenceau 92024 NANTERRE	443,739,693	100%	100%	FC	100%	100%	FC
Axones Tunisie	21, rue de Jérusalem 1002 Belvédère - TUNISIA	N/A	99%	100%	FC	99%	100%	FC
Brains	27, rue des Poissonniers 92200 NEUILLY-SUR-SEINE	790,625,883	-	-	-	28%	53%	FC
Codilog	205, av. Georges Clemenceau 92024 NANTERRE	432,673,838	76%	76%	FC	76%	76%	FC
Colombus Consulting	138, av. des Champs Élysées 75008 PARIS	422,993,154	70%	70%	FC	71%	71%	FC
Colombus Consulting Tunisie	A.M1.2 Immeuble Emeraude Palace, rue du Lac Windermere 1053 Les berges du lac TUNIS	N/A	36%	51%	FC	38%	53%	FC
Deodis	171, av. Georges Clemenceau 92024 NANTERRE	439,832,353	92%	99%	FC	90%	99%	FC
Edugroupe	205, av. Georges Clemenceau 92024 NANTERRE	415,149,830	98%	98%	FC	98%	98%	FC
Edugroupe MP	205, av. Georges Clemenceau 92024 NANTERRE	494,800,121	98%	100%	FC	98%	100%	FC
Finaxys	27, rue des Poissonniers 92200 NEUILLY-SUR-SEINE	450,758,040	53%	53%	FC	53%	53%	FC
Helpline	171, av. Georges Clemenceau 92024 NANTERRE	381,983,568	94%	94%	FC	94%	94%	FC
Helpline Romania	Timisoara - 10/D rue Coriolan Brediceanu Timis County	N/A	-	-	-	75%	80%	FC
Helpline Tunisia	21, rue de Jérusalem 1002 Belvédère - TUNISIA	N/A	93%	100%	FC	94%	100%	FC
Intrinsec	215, av. Georges Clemenceau 92024 NANTERRE	402,336,085	77%	77%	FC	77%	77%	FC
Neurones Consulting	205, av. Georges Clemenceau 92024 NANTERRE	509,152,468	100%	100%	FC	100%	100%	FC
Neurones IT	205, av. Georges Clemenceau 92024 NANTERRE	428,210,140	99%	99%	FC	99%	99%	FC
Neurones IT Asia Pte Ltd	541 Orchard Road #09-01 Liat Towers SINGAPORE 238881	N/A	99%	100%	FC	99%	100%	FC
Novactor	22, av. J-J Rousseau 78800 HOUILLES	494,513,815	43%	81%	FC	48%	90%	FC
Pragmateam	205, av. Georges Clemenceau 92024 NANTERRE	411,264,641	56%	56%	FC	56%	56%	FC
RS2i	121-123, rue Edouard Vaillant 92300 LEVALLOIS-PERRET	385,166,640	85%	85%	FC	93%	93%	FC
Viaaduc	205, av. Georges Clemenceau 92024 NANTERRE	432,104,503	98%	100%	FC	98%	100%	FC

FC = Consolidation by full consolidation

5.2. Significant events

Impact of variations in scope on shareholders' equity

(in € thousands)	% Stake at 12/31/2012	% Stake at 12/31/2013	Variation (%)	Impact on shareholders' equity attributable to parent company shareholders	Impact on minority equity investments
RS2i	85.3	92.7	7.4	(719)	(383)
Others (< +/- €100,000)	-	-	-	(124)	316
TOTAL	-	-	-	(843)	(67)

Changes in percentage stakes

During FY2013 various transactions were carried out with certain minority partners in subsidiaries. They resulted in slight changes in percentage stakes.

Acquisition and disposal of companies

No significant acquisitions or disposals of companies occurred during FY2013.

6. NOTES TO THE BALANCE SHEET

Note 1 – Intangible assets

(in € thousands)	12/31/11	↗	Reclass.	↘	12/31/12	Change in Scope	↗	Reclass.	↘	12/31/13
Goodwill (details in Note 2)	36,416	44	-	-	36,460	-	-	-	-	36,460
Patents and licenses	2,958	538	-	205	3,291	-	452	-	255	3,488
Contracts and contractual relationships	575	-	-	234	341	-	-	-	-	341
GROSS TOTAL	39,949	582	-	439	40,092	-	452	-	255	40,289
Amortization and depreciation	(2,461)	(460)	-	(205)	(2,716)	-	(500)	-	(255)	(2,961)
Impairment	(862)	-	-	(234)	(628)	-	-	-	-	(628)
NET TOTAL	36,626	122	-	-	36,748	-	(48)	-	-	36,700

The acquisitions primarily correspond to computer software for the "cloud computing" activity, service centers, outsourcing contracts and finally internal use.

The contracts and contractual relationships recorded in assets are related to technical assistance contracts for an indefinite useful life (refer to note on accounting principles). They amount to €341,000 and are fully depreciated. No intangible assets have been pledged as security.

The reclassifications reflect adjustments to variations in prior years.

Note 2 – Goodwill

(in € thousands)	12/31/11	↗	Reclass.	↘	12/31/12	↗	Reclass.	↘	12/31/13
Companies concerned									
Colombus Consulting	10,386	-	-	-	10,386	-	-	-	10,386
AS International Group	8,874	-	-	-	8,874	-	-	-	8,874
Helpline	5,179	-	-	-	5,179	-	-	-	5,179
RS2I	3,460	-	-	-	3,460	-	-	-	3,460
Axones	3,237	-	-	-	3,237	-	-	-	3,237
Codilog	2,179	-	408	-	2,587	-	-	-	2,587
Arondor	1,444	36	-	-	1,480	-	-	-	1,480
Others (< €1 million)	1,656	8	(408)	-	1,256	-	-	-	1,256
GROSS TOTAL	36,416	44	-	-	36,460	-	-	-	36,460
Impairment	(287)	-	-	-	(287)	-	-	-	(287)
NET TOTAL	36,129	44	-	-	36,173	-	-	-	36,173

Method and key assumptions used for impairment tests

Impairment tests are performed once a year at closing on December 31. Based on these tests, there was no impairment to recognize for the year.

The sensitivity analysis did not reveal a likely scenario by which the recoverable value of the CGUs would fall below the net carrying amount.

Note 3 – Tangible assets

(in € thousands)	12/31/11	↗	Reclass.	↘	12/31/12	Change in Scope	↗	Reclass.	↘	12/31/13
Fixtures and installations	5,352	317	-	42	5,627	-	1,406	120	1,166	5,987
Transportation equipment	1,439	506	-	187	1,758	-	527	-	167	2,118
IT and office equipment	10,725	2,936	-	570	13,091	-	3,105	-	1,210	14,986
Leased fixtures	-	-	-	-	-	-	-	-	-	-
Leased IT equipment	-	-	-	-	-	-	-	-	-	-
Fixed assets under construction	-	112	-	-	112	-	8	(120)	-	-
GROSS TOTAL	17,516	3,871	-	799	20,588	-	5,046	-	2,543	23,091
Amortization and depreciation	(11,867)	(3,163)	-	(721)	(14,309)	-	(3,584)	-	(2,470)	(15,423)
NET TOTAL	5,649	708	-	78	6,279	-	1,462	-	73	7,668

The investments correspond to:

- computer hardware used for the "cloud computing" activity,
- computer hardware used in our service centers or at customer sites, as part of outsourcing contracts or for internal uses,
- fixtures used to furnish new premises, and
- service vehicles.

As in 2012, the bulk of the increase in FY2013 comes from the investments in "cloud computing".

No tangible asset has been pledged as security.

The decreases correspond primarily to scrapping.

Note 4 – Actifs financiers

(in € thousands)	12/31/11	↗	Reclass.	↘	12/31/12	Change in Scope	↗	Reclass.	↘	12/31/13
Non-consolidated securities	23	105	-	-	128	(50)	50	(105)	-	23
Loans	1,154	239	-	-	1,393	-	415	-	16	1,792
Other financial assets	900	243	-	45	1,098	-	234	-	95	1,237
GROSS TOTAL	2,077	587	-	45	2,619	(50)	699	(105)	111	3,052
Impairment	(7)	(3)	-	-	(10)	-	-	-	-	(10)
NET TOTAL	2,070	584	-	45	2,609	(50)	699	(105)	111	3,042

The decrease in non-consolidated securities corresponds to the consolidation of the company created at the end of FY2012, which began operations in 2013.

Financial assets correspond primarily to deposits paid in the form of loans as part of the 1% housing aid contribution plus security deposits (rent).

The present value of loans (1% housing aid contribution) and in particular the reimbursement due date have been calculated based on the reimbursement date provided for in the contract (20 year timeframe).

In accordance with IFRS 7.8, it is noted that all of the financial assets mentioned above correspond to investments held to maturity.

Note 5 – Deferred tax credits

The deferred tax credits shown on the balance sheet concern the following items:

(in € thousands)	12/31/12	12/31/13
Employee statutory profit sharing	1,052	825
Other temporary differences	605	545
Provision for retirement benefits	151	199
Present value of receivables maturing in more than one year	536	578
Tax losses deferrable indefinitely	59	76
DEFERRED TAXES CALCULATED	2,403	2,223
Compensation by tax entity	-	-
TOTAL DEFERRED TAXES	2,403	2,223

Note 6 – Inventory

(in € thousands)	12/31/12	12/31/13
Goods	224	211
GROSS TOTAL	224	211
Impairment	(24)	(5)
NET TOTAL	200	206

No inventory has been pledged as security.

Note 7 – Trade accounts and notes receivable

(in € thousands)	12/31/12	12/31/13
Trade receivables	84,982	89,708
Invoices to be issued	12,339	19,841
Payables: credit notes receivable	80	152
VAT and other taxes	12,048	11,193
Other receivables	165	188
Prepaid expenses	3,282	3,055
GROSS TOTAL	112,896	124,137
Impairment	(953)	(570)
NET TOTAL	111,943	123,567

The due date for these items is less than one year, except for some trade receivables. These items concern primarily certain financial arrangements granted to a few customers as part of outsourcing contracts. In this case, since the amount recognized as a receivable on the balance sheet bears interest, the receivable was not discounted for present value.

Trade receivables aging:

	Due				Not due	Total
(in € thousands)	< 3 months	< 6 months	< 1 year	> 1 year		
Trade receivables	30,152	2,093	1,142	509	55,812	89,708
Impairment	(4)	(193)	(93)	(268)	(12)	(570)
Net value	30,148	1,900	1,049	241	55,800	89,138
TOTAL	33.8%	2.1%	1.2%	0.3%	62.6%	100.0%

Note 8 – Cash and cash equivalents

(in € thousands)	12/31/12	12/31/13
Term deposits	61,345	71,095
Monetary funds	5,243	9,901
Available funds	20,565	18,300
Accrued interest	705	1,759
GROSS TOTAL	87,858	101,055
Bank overdrafts	(102)	(174)
NET TOTAL	87,756	100,881

Given the type of funds and supports selected to invest excess cash, no adjustment in the fair value or the future yield is anticipated.

Details of term deposits:

Financial institutions *(in € thousands)*	Rate*	Amount	Maturities			
			< 1 year	1 to 2 years	2 to 3 years	> 3 years
Financial institutions						
Crédit Agricole	3.3%	26,750	15,100	6,000	-	5,650
Société Générale	2.9%	9,000	9,000	-	-	-
LCL	1.6%	8,600	6,600	2,000	-	-
BPCE	1.9%	6,000	2,000	-	2,000	2,000
General Electric	3.5%	4,000	-	4,000	-	-
Crédit Coopératif	3.2%	3,000	-	-	-	3,000
Others < €2,500 million	2.3%	13,745	5,040	4,605	2,100	2,000
TOTAL	-	71,095	37,740	16,605	4,100	12,650

* The rates shown correspond to the average yields at maturity. The yields for these deposits (based on progressive rate scales) were valued in the financial statements at the yield for these scales at 12/31/2013.

These term deposits can be mobilized anytime.

Note 9 – Shareholders' equity

Note 9.1 – Capital

At December 31, 2013, the share capital amounted to €9,584,513.20; comprised of 23,961,283 fully paid-up shares of the same class with a face value of €0.40.

During FY2013, 11,619 stock options were exercised, which resulted in the creation of 11,619 new shares:
- 5,239 options were exercised at a price of €7.50, including a face value of €0.40 and €7.10 of additional paid-in capital (Plan No. 2),
- 2,380 options were exercised at a price of €3.80, including a face value of €0.40 and €3.40 of additional paid-in capital (Plan No. 3),
- 4,000 options were exercised at a price of €5.10, including a face value of €0.40 and €4.70 of additional paid-in capital (Plan No. 6),

These new shares increased the share capital by €4,647.60 and the additional paid-in capital by €64,088.90.

In addition, the bonus share plan D delivered on December 15, 2013 resulted in the creation of 190,000 new shares, which increased the share capital by €76,000 via the incorporation of reserves taken from the "additional paid-in capital" item.

The variation in the number of shares in circulation during FY2013 breaks down as follows:

Number of shares in circulation at 01/01/2013	Increase*	Decrease	Number of shares in circulation at 12/31/2013
23,759,664	201,619	-	23,961,283

* Including 11,619 stock options exercised and 190,000 bonus shares.

Note 9.2 – Share-based compensation

Stock option plans

All authorizations given by Shareholders' Meetings to the Board of Directors for stock option plans were wound up during prior years. It is noted that plan No. 5 expired on October 14, 2012.

Rules of the stock option plans:

	Stock option plan No. 2	Stock option plan No. 3	Stock option plan No. 6
Shareholders' Meeting	11/29/99 & 06/09/11	11/29/99 & 06/09/11	06/25/04
Board of Directors meeting	07/27/00 & 03/31/11	07/11/01 & 03/31/11	06/28/06
Maturity date of the plans	07/27/05	07/11/06	07/01/10
Expiry date of the plans	07/26/15	07/11/16	06/30/14
Number of beneficiaries	171	238	39
- of which managers	-	-	-
Number of shares granted	304,363	320,210	93,000
Number of expired options at 12/31/2012	(247,682)	(144,364)	(25,500)
Number of shares already subscribed at 12/31/2012	(6,668)	(152,184)	(49,500)
Number of options that expired during the period	-	-	-
Number of shares subscribed during the period	(5,239)	(2,380)	(4,000)
Number of options in circulation at 12/31/2013	44,774	21,282	14,000
Number of exercisable options at 12/31/2013	44,774	21,282	14,000
Subscription price (in €)	7.5	3.8	5.1
Potential dilution (excluding cancelled options): % of current capital at 12/31/2013	0.19%	0.09%	0.06%
TOTAL POTENTIAL DILUTION	-	-	0.34%

The share subscription price for beneficiaries is determined the day the Board of Directors grants the options and cannot be less than 80% of the average share price over the 20 stock market sessions preceding the day the options are granted.

Bonus share allocation plan

The Shareholders' meeting of June 9, 2011 authorized the Board of Directors to allocate up to 235,000 bonus shares in the form of common shares. Readers are reminded that during FY2011, the Board of Directors did not use this authorization, valid for a period of twenty-four months. During FY2012, the Board of Directors used part of this authorization by allocating 221,000 bonus shares (Plan E). This outstanding authorization was valid until June 8, 2013.

The Shareholders' meeting of June 6, 2013 authorized the Board of Directors to allocate up to 237,000 bonus shares in the form of common shares. During FY2013, the Board of Directors did not use this authorization, valid for a period of twenty-four months.

The different bonus share plans approved by the Board of Directors, still in their acquisition and/or holding period in 2013, have the following characteristics:

	Bonus share plan B	Bonus share plan C	Bonus share plan D	Bonus share plan E
Shareholders' Meeting	06/14/07	06/11/09	06/10/10	06/09/11
Board of Directors meeting	12/21/07	07/24/09	12/14/10	06/07/12
End of acquisition period	01/01/11	08/01/12	12/15/13	06/08/15
End of retention period	01/01/13	08/01/14	12/15/15	06/08/17
Number of beneficiaries	44	44	68	61
- of which managers	*1*	-	-	-
Number of free shares allocated	230,000	167,000	230,000	221,000
Number of cancelled shares at 12/31/2012	(30,000)	(59,000)	(25,500)	-
Number of shares in an acquisition period at 01/01/2013	-	-	204,500	-
Number of shares cancelled during the acquisition period throughout the year	-	-	(14,500)	-
Number of shares in the acquisition period at 12/31/2013	-	-	-	221,000
Number of shares in the retention period at 01/01/2013	200,000	108,000	-	-
Number of shares in the retention period at 12/31/2013	-	108,000	190,000	-
Potential dilution (excluding cancellations) - % of current capital at 12/31/2013	-	-	-	0.92%
TOTAL POTENTIAL DILUTION	-	-	-	0.92%

No performance conditions have been established for the plans allocated and described above.

The main criteria retained for the fair value valuation of the options and bonus shares for the plans attributed after November 7, 2002 (date when a new accounting standard applicable to stock options and other share-based payments took effect) are as follows:

	Stock option plan No. 6	Bonus share plan B	Bonus share plan C	Bonus share plan D	Bonus share plan E
Life	4 years	3 years	3 years	3 years	3 years
Volatility	35%	35%	35%	21%	25%
Risk-free rate	4.50%	4.50%	4.44%	4.33%	4.21%
Dividend payout rate	1%	1%	1%	1%	1%

Fair value of stock option plans granted after November 7, 2002

Based on the Black & Scholes model, the options' unit fair values are as follows:

Plan *(in €)*	Date of definitive allocation	Exercise price	Fair value	Price at the allocation date
June 2006 (plan No. 6) – Stock options	-	5.1	1.60	-
December 2007 (plan B) – Bonus shares	01/01/11	-	7.89	6.88
July 2009 (plan C) – Bonus shares	08/01/12	-	7.51	7.51
December 2010 (plan D) – Bonus shares	12/15/13	-	8.75	12.15
June 2012 (plan E) – Bonus shares	06/08/15	-	10.21	-

The expenses related to the stock option plans are presented in Note 16 hereafter.

Note 9.3 – Earnings per share

	2012	2013
Number of shares at the beginning of the year	23,622,759	23,759,664
Average number of shares issued	60,105	13,298
Average number of treasury shares	-	-
Average number of shares in circulation during the year	23,682,864	23,772,962
Dilutive instruments	341,461	251,161
Average number of shares in circulation after dilution	24,024,325	24,024,123
Earnings – Group share (in € thousands)	14,849	18,570
Earnings per share (Group share) – undiluted	0.63	0.78
Earnings per share (Group share) – diluted	0.62	0.77

Note 10 – Non-current provisions

(in € thousands)	12/31/11	Allocation for the year	Write-backs for the year (provision used)	12/31/12	Change in scope	Allocation for the year	Write-backs for the year (provision used)	Write-backs for the year (provision not used)	12/31/13
Provision for retirement benefits	309	132	-	441	-	145	-	5	581
TOTAL	309	132	-	441	-	145	-	5	581
Impact (net of expenses incurred)	-	-	-	-	-	-	-	-	-
Operating profit	-	132	-	-	-	145	-	5	-
Net cost of financial debt	-	-	-	-	-	-	-	-	-

Note 11 – Current provisions

(in € thousands)	12/31/11	Change in scope	Allocation for the year	Write-backs for the year (provision used)	Write-backs for the year (provision not used)	12/31/12	Change in Scope	Allocation for the year	Write-backs for the year (provision used)	Write-backs for the year (provision not used)	12/31/13
Provisions	694	13	1,257	455		1,509	-	1,394	306		2,597
TOTAL	694	13	1,257	455		1,509	-	1,394	306		2,597
Impact (net of expenses incurred)	-	-	-	-	-	-	-	-	-	-	-
Operating profit	-	-	1,257	455	-	-	-	1,394	306	-	-
Net cost of financial debt	-	-	-	-	-	-	-	-	-	-	-

The current provisions correspond primarily to employer social security contribution risks and losses on contracts, where the expected date when resources will be expended is less than 12 months.

The allocations correspond primarily to employer social security contribution risks and write-backs used primarily for fiscal risks and losses on contracts.

Note 12 – Trade and other accounts payable

(in € thousands)	12/31/2012	12/31/2013
Trade and other accounts payable	16,286	19,045
Employee statutory profit sharing and optional profit sharing	3,075	2,420
Taxes and employer social security contributions	66,005	70,303
Other debts	1,550	2,893
Prepaid income	4,274	4,539
TOTAL	91,190	99,200

Prepaid income corresponds to annual contracts invoiced in advance, "check books" for services sold that haven't been consumed and the variance between revenues invoiced and revenues recognized based on stage of completion as part of fixed-rate projects.

All operating debts are due in less than one year.

Note 13 – Other financial liabilities

(in € thousands)	12/31/2012	12/31/2013
Bank overdrafts	102	174
Medium-term loan: portion less than 1 year	-	-
Subtotal of bank overdrafts, loans and finance leases	**102**	**174**
Security deposits received	16	60
Subtotal security deposits received	**16**	**60**
TOTAL	118	234

All other financial liabilities are due in less than one year.

7. OPERATING SEGMENTS

The Group has not identified any operating segments (see paragraph 4.23 "Operating segments" above).

8. NOTES TO THE INCOME STATEMENT

Note 14 – Salaries and related expenses

(in € thousands)	2012	2013
Salaries	134,994	144,976
Employer Social Security contributions	61,787	66,854
Employee statutory profit sharing	3,286	2,431
Stock options & bonus shares	1,384	1,221
Provision for retirement benefits	132	140
TOTAL	201,583	215,622

Note 15 – External expenses

(in € thousands)	2012	2013
Subcontracting purchases	46,528	57,254
Purchases of materials and supplies not stored	430	537
Outside personnel	861	771
Other outside services	19,812	20,785
Rents and finance leases	89	61
TOTAL	67,720	79,408

Note 16 – Allocations to amortization and depreciation, provisions and impairment of assets

(in € thousands)	2012	2013
Amortization of intangible assets	460	500
Depreciation of tangible assets	3,167	3,607
Allocations to amortization and depreciation	**3,627**	**4,107**
Net contingency provisions	802	1,088
Net provisions for current assets	189	(401)
Net allocations to provisions	**991**	**687**
Impairment of "Contracts and contractual customer relationships"	(234)	-
Impairment of assets	**(234)**	-

Note 17 – Other income and expenses

(in € thousands)	2012	2013
Operating subsidies	768	3,558
Miscellaneous income	323	411
Other income	**1,091**	**3,969**
Miscellaneous expenses	(103)	(171)
Other expenses	**(103)**	**(171)**
NET OTHER INCOME / OTHER EXPENSES	988	3,798

As of 2013, operating grants include the competitiveness and employment tax credit (CICE). At December 31, 2013, the CICE amounted to €2.855 million.

The balance of operating grants is comprised primarily of €569,000 of Research Tax Credits (RTC).

These tax credits were recorded as other income because they are considered as a grant offsetting related costs incurred by the companies concerned.

Note 18 – Other operating income and expenses

(in € thousands)	2012	2013
Capital gain/(loss) on disposal of assets	(238)	(28)
Impairment of goodwill	-	-
Other	895	(35)
TOTAL	657	(63)

The "Other" item for 2012 includes the second installment of the Arondor prize for €918,000.

Note 19 – Analysis of the net cost of financial debt

(in € thousands)	2012	2013
Dividends received (non-consolidated equity investments)	-	-
Other interest and similar income	1,468	1,833
Capital gains on disposal of cash equivalents	114	119
Capital gain on disposal of financial assets	-	-
Write-backs of provisions	-	-
TOTAL FINANCIAL INCOME	1,582	1,952
Interest and similar expenses	186	97
Allocations to provisions	3	-
TOTAL FINANCIAL EXPENSES	189	97
FINANCIAL PROFIT (LOSS)	1,393	1,855

Financial interest corresponds to expenses deducted directly by the bank as part of cash centralization systems established between NEURONES and some of its subsidiaries.

Note 20 – Income tax

(in € thousands)	2012	2013
Corporate tax	9,306	9,347
Company Value Added Contribution (CVAE)	3,450	3,833
Taxes due	**12,756**	**13,180**
Deferred income taxes	**(475)**	**180**
TOTAL	12,281	13,360

Note 21 – Proof of tax

	2012			2013		
(in € thousands)	Base	Rate	Tax	Base	Rate	Tax
Pre-tax income, capital gain on sale of consolidated shares	29,469	34.43%	10,146	34,749	34.43%	11,964
Non-deductible calculated expenses	680	34.43%	234	1,394	34.43%	480
Impact of definitively non-deductible expenses	273	34.43%	94	418	34.43%	144
Generation / (Use) of tax losses not activated	(15)	34.43%	(5)	6	34.43%	2
Tax credits	-	-	(165)	-	-	(1,238)
CVAE impact on tax	-	-	2,262	-	-	2,513
Rate difference between Parent company and subsidiaries	-	-	(285)	-	-	(505)
EFFECTIVE TAX EXPENSE	-	-	12,281	-	-	13,360
Average tax rate	-	-	41.7%	-	-	38.5%

The decrease in the average tax rate is primarily due to the competitiveness and employment tax credit (CICE) recognized for the first time during FY2013.

Note 22 – Information about related parties

Legal entities

NEURONES has no sister company.

There are no economic transactions with Host Développement, a 45.8% shareholder in NEURONES, other than the payment of dividends, when applicable.

Directors

Directors' gross remuneration due during FY2013 is shown below:

	2012 gross remuneration due				Cumulative PDR* provision end-2012	2013 gross remuneration due				Cumulative PDR* provision end-2013
(in €)	Fixed	Variable	In kind	Total		Fixed	Variable	In kind	Total	
Luc de Chammard	172,000	21,000	6,960	199,960	40,796	172,000	28,000	3,000	203,000	49,488
Bertrand Ducurtil	135,000	65,000	-	200,000	8,662	135,000	65,000	-	200,000	10,602

* Payments due on retirement.

The remuneration details for NEURONES' directors are limited to the above information. NEURONES' application of Afep-Medef recommendations regarding the remuneration of senior executive corporate officers and non-executive representatives is described in paragraph 13 of the management report hereafter (chapter 5).

9. MISCELLANEOUS INFORMATION

9.1. Security given

No guarantees were given at December 31, 2013.

9.2. Off balance sheet commitments

The only off balance sheet commitments are guarantees received for €145,000.

9.3. Auditors' Fees

	Bellot Mullenbach & Associés				KPMG				M. Roussel			
	Amount		%		Amount		%		Amount		%	
(in € thousands)	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Audit												
Auditorship, examination of separate and consolidated financial statements												
- parent company	24	24	24%	23%	24	24	24%	23%	0	0	-	-
- subsidiaries	77	82	76%	77%	77	82	76%	77%	5	5	100%	100%
Accessory assignments (due diligence, etc.)	0	0	-	-	0	0	-	-	0	0	-	-
Subtotal	**101**	**106**	**100%**	**100%**	**101**	**106**	**100%**	**100%**	**5**	**5**	**100%**	**100%**
Other services	0	0	-	-	0	0	-	-	0	0	-	-
TOTAL	101	106	100%	100%	101	106	100%	100%	5	5	100%	100%

9.4. Average number of employees

	2012	2013
Managers	1,890	2,052
Employees	1,718	1,805
TOTAL	3,608	3,857

9.5. Subsequent events after the closing at December 31, 2013

On February 4, 2014, the Helpline company won an appeal in an employee lawsuit, covered by a provision of €1.1 million. In light of likely further actions and pending a complete analysis of the ruling, the provision was maintained at 31 December 2013.

No known events at February 7, 2014 had a significant impact on the Group's financial structure.

9.6. Dividend distribution

In its meeting on February 5, 2014, the Board of Directors decided to propose to the Ordinary Shareholders' meeting called to approve the financial statements for the year ended December 31, 2013, to pay a dividend of €0.06 per share.

3.5. AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

To the shareholders,

In accordance with the terms of our appointment at your ordinary shareholders' meeting, we hereby submit our report for the year ended December 31, 2013, regarding:
- the audit of the accompanying consolidated financial statements of NEURONES S.A.;
- the basis of our assessments;
- specific procedures and disclosures required by law.

Your Board of Directors has approved the consolidated financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.

1. Opinion on the consolidated financial statements

We conducted our work in accordance with the professional standards applicable in France. These standards require that we plan and perform our audit to obtain reasonable assurance that the consolidated financial statements are free from material misstatement. An audit includes examining, on a test basis or by other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used, the significant estimates made and the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities and financial position of the Group at December 31, 2013 and of the results of its operations for the year then ended in accordance with IFRS as adopted for use in the European Union.

2. Basis of our assessments

Pursuant to the provisions of Article L.823-9 of the French Commercial Code regarding the basis of our assessments, we bring to your attention the following matters:

- Note 4 "Accounting Principles" discloses the accounting methods used to recognize revenues and value the accounts receivable plus those related to cash and cash equivalents (respectively paragraphs 4.21, 4.11 and 4.12). As part of our assessment of the accounting rules and principles applied by your group, we verified the appropriateness of the accounting methods specified above and the disclosures provided in the notes to the financial statements and verified that they were applied correctly;
- Note 4.7 "Impairment of fixed assets" specifies that the Group performs an impairment test on:
  - goodwill and intangible assets with an indefinite life every time there is a sign of impairment and at least once a year;
  - tangible and intangible assets with a defined life as soon as there is a sign of impairment.

We have examined how these impairment tests are performed as well as the cash flow forecasts and assumptions used and we have verified that the notes to the financial statements disclose appropriate information.

As part of our assessments, we have ensured that these estimates are reasonable.

The assessments on these matters were made in the context of our audit of the consolidated financial statements taken as a whole and therefore helped us form our opinion expressed in the first part of this report.

3. Specific procedures and disclosures

In accordance with professional standards applicable in France, we have also performed the specific procedures required by law regarding the Group information given in the management report.

We have no matters to report regarding its fair presentation and consistency with the consolidated financial statements.

Paris La Défense, April 4, 2014
The Auditors

KPMG Audit
Department of KPMG S.A.

Jean-Marc Laborie
Partner

Bellot Mullenbach & Associés

Thierry Bellot
Partner

4 GENERAL INFORMATION CONCERNING THE COMPANY, ITS CAPITAL AND ITS ADMINISTRATION

4.1. DATA SHEET

Company name

NEURONES.

Trading name

NEURONES.

Registered head office

Immeuble "le Clemenceau 1" - 205, avenue Georges Clemenceau - 92024 Nanterre Cedex (France).

Legal form

The company was set up as a French société anonyme (limited liability company) with a Board of Directors governed by the French Commercial Code and the decree of March 23, 1967 on commercial companies.

Nationality

French.

Date of incorporation and duration of the company

The company was set up for a term of 99 years, as of its registration in the French Registre du Commerce et des Sociétés (Company Trade Register) on January 15, 1985.

It will end on January 15, 2084, unless an extraordinary shareholders' meeting decides to extend the term or disband the company early.

Corporate charter (Article 3 of the by-laws)

The purpose of the company, in France, the French overseas departments and abroad, is to carry out directly or indirectly all transactions concerning: consulting, design, production, development, deployment, installation, support, operation and distribution of any IT and electronic systems, both for services and software, applications and hardware, and generally any operation related to information, communication and training processes.

To achieve its purpose, the company may:
- do business, subcontract, represent and commission,
- import and export,
- own, acquire, lease, fit out, equip or convert any building, work site, store or warehouse,
- take out interests or holdings, by any means or methods, in any similar company or company likely to promote the development of its business, and
- generally, carry out any commercial, industrial and financial operations pertaining directly or indirectly to its purpose.

Company Trade Register

R.C.S. Nanterre 331 408 336.

Fiscal year

The fiscal year starts on January 1 and ends on December 31 of each year.

Place where documents and information concerning the company may be consulted

The company by-laws, financial statements and reports, and the minutes of Shareholders' Meetings, can be consulted at its head office.

Shareholders' Meetings

Shareholders' Meetings are convened and deliberate in the conditions laid down by law.

Meetings take place at the head office or any other place specified in the notice of meeting.

Attendance at the meeting is open to any shareholder who can furnish evidence of shares registered in his name, or in the name of the intermediary duly registered on his behalf, three working days before the meeting, either in the registered share accounts or the bearer share accounts held by his authorized intermediary.

Shareholders may also vote by correspondence or by proxy in the conditions laid down by law. To be counted in the ballot, the form for postal or proxy votes, accompanied by share-holding certificates for bearer shareholders, must have been received by the company or by the establishment holding the registered share accounts at least three days prior to the date of the meeting.

The meetings are chaired by the Chairman of the Board of Directors or, in his absence, by a Director specially appointed for the purpose by the Board. Failing that, the meeting elects its Chairman.

Minutes of the meeting are taken; copies are certified and issued as required by law.

Disposal and transmission of shares

There are no statutory provisions restricting share transfers.

Double voting right

Shareholders have as many voting rights as they have shares, or as the shares they represent, with no restrictions other than those laid down by law.

However, a double voting right is granted to all fully paid shares provided the shares have been registered in the same shareholder's name for at least four years. This right is granted from the time of issue to nominative shares freely attributed to a shareholder holding old shares entitled to this right. Every share that changes ownership loses this double voting right. Nevertheless, the transfer of ownership due to inheritance, the settling of communal estate between spouses or the donation inter vivos on behalf of a spouse or relation entitled to inherit does not cause the acquired right to be lost and does not interrupt the four-year period, if it is underway. The merger of the company has no effect on the double voting right, which may be exercised in the absorbing company, if the by-laws so provide.

Thresholds and crossing of thresholds

Under Article L.233-7 of the French Commercial Code, every natural person or legal entity, acting alone or in concert, has the obligation to inform the company if they end up holding or no longer holding more than one twentieth (5%), one tenth (10%), three twentieths (15%), one fifth (20%), one quarter (25%), three tenths (30%), one third (33.3%), one half (50%), two thirds (66.6%), nine tenths (90%) or nineteen twentieths (95%) of the capital or voting rights.

The information should be sent to the company and to the Autorité des Marchés Financiers (French financial markets authority) no later than before the close of trade on the fourth trading day following the day the threshold was crossed upwards or downwards. The procedure for notifying the Autorité des Marchés Financiers that certain thresholds have been crossed is set out in its general regulations. The Autorité des Marchés Financiers makes the information public within three trading days following receipt of the full declaration.

When the thresholds of one tenth, three twentieths, one fifth and one quarter of the capital or voting rights are crossed, the person required to report the fact must also declare to the company and to the AMF the objectives it intends to pursue over the six months to come, at least five stock exchange trading days before closure.

In addition, pursuant to Article 16 of the by-laws, every shareholder, acting alone or in concert, has an additional obligation to inform the company when he ends up directly or indirectly holding shares representing 2% of the capital or voting rights. This additional duty of disclosure applies to every 2% fraction of the capital or voting rights.

Company buy-back of its own shares

Implementation of this program falls within the scope of Article L.225-209 of the French Commercial Code.

During the 2013 financial year, the company did not buy back any of its own shares. Accordingly, at December 31, 2013, it did not possess any of its shares.

The Combined Shareholders' Meeting held on June 6, 2013 authorized the Company to buy-back its own shares subject to the main terms below:

- duration of the scheme: 18 months with effect from the date of the meeting (i.e. up until December 5, 2014),
- maximum share of the capital to be acquired: 10%,
- maximum purchase price: €15 per share,
- maximum share acquired with a view to the subsequent delivery of shares in exchange or as payment: 5% of the capital.

This authorization replaces the one given by the Ordinary Shareholders' Meeting of June 7, 2012, which the Board of Directors had not used.

A motion will be put to the Combined Shareholders' Meeting on June 5, 2014 to renew the authorization given to the company to buy back its own shares. The main terms and conditions would be as follows:

- duration of the scheme: 18 months with effect from the date of the meeting (i.e. up until December 4, 2015),
- maximum share of the capital to be acquired: 10%,
- maximum purchase price: €18 per share,
- maximum share acquired with a view to the subsequent delivery of shares in exchange or as payment: 5% of the capital.

This authorization will replace the unused portion of the authorization given by the Combined Shareholders' Meeting of June 6, 2013.

The actual launch of this scheme will be subject to a decision by the Board of Directors.

If necessary, after the Board of Directors' decision, the company shall have the Autorité des Marchés Financiers validate a memorandum concerning the program and publish it within the time frame stipulated by law and the regulations. The buy-back scheme could then be launched.

Statutory distribution of profits (Article 19 of the by-laws)

The profit or loss for the financial year consists of the difference between the income and expense for the financial year, after deducting amortization and provisions, as calculated from the income statement.

Any earlier losses are deducted from the year's profit, then at least 5% is deducted and allocated to a reserve fund known as "legal reserves".

This deduction ceases to be mandatory when the legal reserves amount to one tenth of the share capital.

If there is an outstanding balance available, the Shareholders' Meeting decides to either distribute it, carry it over again, or enter it under one or more reserve items, which it decides how to allocate and use.

Once it has noted the existence of reserves at its disposal, the Shareholders' Meeting can decide to distribute sums deducted from these reserves. If so, the decision must clearly state from which reserves the sums are to be deducted.

For all or part of the dividend or interim dividend to be distributed, the Shareholders' Meeting is entitled to give shareholders the choice of whether the dividend, or interim dividend, is to be paid in cash or shares.

Identifiable bearer shares (Article 7 of the by-laws)

The company is entitled, at any time and at its own expense, to ask the institution in charge of paying compensation for the shares to identify the shareholders giving proxy votes for its shareholder meetings, either immediately or in the future, as well as the number of shares held by each of them and, if applicable, the restrictions on the shares.

4.2. CAPITAL AND SHARES

Share capital

At December 31, 2013, the Company's share capital amounted to €9,584,513.20 divided into 23,961,283 fully paid-up shares with a face value of €0.40.

Other securities providing access to the capital

All of the stock option and bonus share allocation plans are set out in Note 9.2 below (Sub-chapter 6 "Notes to the balance sheet" in Chapter 3 "Consolidated financial statements").

The Combined Shareholders' Meeting of June 9, 2011 authorized the Board of Directors to allocate a bonus share plan for up to 235,000 common shares (valid 24 months). The Board of Directors made partial use of this authorization by approving, on June 7, 2012, a plan to allocate 221,000 bonus shares.

The Combined Shareholders Meeting of June 6, 2013 authorized the Board of Directors to allocate a bonus share plan for up to 237,000 common shares (valid 24 months). The Board of Directors did not use this authorization.

After deducting the options and bonus shares that had expired and the options already exercised, at 12/31/2013 there were still 301,056 allocated options or bonus shares in circulation, as shown in the table below:

	Number of shares in circulation (at 12/31/2013)	% of capital
Exercisable stock options (Plans No. 2, 3 and 6, less expired and already exercised options)	80,056	0.34%
Bonus shares during the acquisition period (Plan E, less expired shares)	221,000	0.92%
TOTAL IN CIRCULATION	**301,056**	**1.26%**

Authorized capital

The Combined Shareholders' Meeting of June 6, 2013, authorized the Board of Directors, including the possibility for the Chairman to delegate, to issue in France or on international markets during the subsequent 26 months (or until August 5, 2015), shares or securities giving access, immediately or at term, to company capital (fourteenth, fifteenth, sixteenth and seventeenth resolutions).

These issues can be realized with or without the maintenance of pre-emptive subscription rights and cannot give rise to an increase in share capital greater than €11 million (other than adjustments related in particular to the incorporation of earnings, reserves or additional paid-in capital or the maintenance of rights of the holders of securities).

Furthermore, the gross proceeds from issues of securities representing claims giving access to the capital cannot exceed €90 million.

Change in share capital since the company's founding

Date	Type of operation	Capital increase	Additional paid-in capital and contribution	Number of shares issued	Cumulative amount of share capital	
					Number of shares	Capital
December 1984	Company formed	-	-	-	8,000	F800,000
08/15/1985	Capital increase	F210,000	-	2,100	10,100	F1,010,000
06/30/1993	Company buy-back of its own securities and capital reduction	-	-	(4,954)	5,146	F514,600
06/30/1993	Capital increase by incorporating reserves and raising the share face value from 100 to 200 francs	F514,600	-	-	5,146	F1,029,200
12/30/1997	Capital increase by incorporating reserves and raising the share face value from 200 to 4,000 francs	F19,554,800	-	-	5,146	F20,584,000
11/29/1999	Capital increase by incorporating reserves, converting capital into euros and raising the share face value to €1,500	F30,049,320.83	-	-	5,146	€7,719,000
11/29/1999	Share face value divided from €1,500 to €2	-	-	-	3,859,500	€7,719,000
04/05/2000	Share face value divided from €2 to €0.40	-	-	-	19,297,500	€7,719,000
05/23/2000	Capital increase during the listing on the Nouveau Marché (New Market)	€1,389,420	€29,872,530	3,473,550	22,771,050	€9,108,420
12/31/2004	Capital increase following the exercise of BSPCE (company creator stock options)	€30,488	€213,416	76,220	22,847,270	€9,138,908
12/31/2005	Capital increase following the exercise of BSPCE (company creator stock options)/ stock options	€166,260	€1,163,820	415,650	23,262,920	€9,305,168
12/31/2005	Decrease in capital following the cancellation of a repurchased block of shares	-	-	(98,000)	23,164,920	€9,265,968
12/31/2006	Capital increase following the exercise of stock options	€33,353.60	€276,359.60	83,384	23,248,304	€9,299,321.60
12/31/2007	Capital increase following the exercise of stock options	€53,809.20	€402,778.20	134,523	23,382,827	€9,353,130.80
12/31/2008	Capital increase following the exercise of stock options	€10,916.40	€89,871.40	27,291	23,410,118	€9,364,047.20
12/31/2009	Capital increase following the exercise of stock options	€25,708	€238,298	64,270	23,474,388	€9,389,755.20
12/31/2010	Capital increase following the exercise of stock options	€34,682	€329,517	86,705	23,561,093	€9,424,437.20
12/31/2011	Capital increase following the exercise of stock options	€24,666.40	€253,087.50	61,666	23,622,759	€9,449,103.60
12/31/2012	Capital increase following the exercise of stock options and the delivery of shares to the beneficiaries of the Plan C bonus share allocation	€54,762	€85,775.50	136,905	23,759,664	€9,503,865.60
12/31/2013	Capital increase following the exercise of stock options and the delivery of shares to the beneficiaries of the Plan D bonus share allocation	€80,647.60	€(11,911.10)*	201,619	23,961,283	€9,584,513.20

* 64,088.90 of additional paid-in capital (in relation to the capital increase following the exercise of stock options), less €76,000 deducted from the "additional paid-in capital" item for the capital increase arising from the issue of new shares (in connection with the delivery of bonus shares).

Changes in the distribution of capital and voting rights during the past three years

	Situation at December 31, 2011				Situation at December 31, 2012				Situation at December 31, 2013			
	Number of shares	% of capital	Number of voting rights	% of voting rights	Number of shares	% of capital	Number of voting rights	% of voting rights	Number of shares	% of capital	Number of voting rights	% of voting rights
Directors												
Host Développement	10,790,444	45.7%	21,419,531	52.2%	10,968,683	46.2%	21,759,127	53.2%	10,968,683	45.8%	21,759,127	52.8%
Luc de Chammard and children	5,927,500	25.1%	11,855,000	28.8%	5,487,526	23.1%	10,975,052	26.9%	5,224,626	21.8%	10,449,252	25.3%
SUBTOTAL	**16,717,944**	**70.8%**	**33,274,531**	**81%**	**16,456,209**	**69.3%**	**32,734,179**	**80.1%**	**16,193,309**	**67.6%**	**32,208,379**	**78.1%**
Bertrand Ducurtil	804,167	3.4%	1,485,334	3.6%	769,167	3.2%	1,375,334	3.4%	809,167	3.4%	1,480,333	3.6%
Other officers (managers) with registered shares	577,686	2.4%	577,686	1.4%	785,186	3.3%	785,186	1.9%	1,059,938	4.4%	1,369,946	3.3%
SUBTOTAL OFFICERS (MANAGERS)	**18,099,797**	**76.6%**	**35,337,551**	**86%**	**18,010,562**	**75.8%**	**34,894,699**	**85.4%**	**18,062,414**	**75.4%**	**35,058,658**	**85%**
Employees with registered shares	197,752	0.8%	201,502	0.5%	341,752	1.4%	345,502	0.8%	370,200	1.5%	384,950	0.9%
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-
Public*	5,325,210	22.6%	5,531,091	13.5%	5,407,350	22.8%	5,638,228	13.8%	5,528,669	23.1%	5,790,347	14.1%
TOTAL	**23,622,759**	**100%**	**41,070,144**	**100%**	**23,759,664**	**100%**	**40,878,429**	**100%**	**23,961,283**	**100%**	**41,233,955**	**100%**

* Registered shares (other than Group officers and employees) and bearer shares.

Threshold crossings

During the 2013 financial year, the 2% statutory threshold was crossed upwards again twice:
- on February 19, 2013 by Jousse Morillon Investissement,
- on October 25, 2013 by Sycomore Asset Management.

Securities transactions carried out by officers (Article L.621-18-2 of the French Monetary and Financial Code)

During the 2013 financial year, as defined by Article L.621-18-2 of the French Monetary and Financial Code, officers did not carry out any transactions on the company's shares.

Share lock-up undertakings/Shareholder agreements/ Actions in concert

Lock-up undertakings concluded during the year

In the context of Article 885 I bis of the French General Tax Code, two collective lock-up agreements were concluded between Luc de Chammard, his children, Host Développement S.A.S. and Bertrand Ducurtil in January 2013 and in December 2013, for a period of 2 years.

In the context of Article 885 I bis of the French General Tax Code, a collective lock-up agreement was concluded in December 2011 between Luc de Chammard, Host Développement SAS and a company officer of two Group entities, for a period of 2 years. On the same grounds, a fresh collective lock-up agreement was concluded in December 2013 between the same shareholders for a period of 2 years.

In the context of Article 885 I bis of the French General Tax Code, a collective lock-up agreement was concluded between Luc de Chammard, Host Développement SAS and two company officers of a Group entity in December 2013 for a period of 2 years.

In the context of Article 787 B of the French General Tax Code, a collective share lock-up agreement was concluded in March 2011 between Luc de Chammard, Bertrand Ducurtil and 16 company officers at the head of Group entities, for a period of 2 years. On the same grounds and for the same period of time, a fresh collective lock-up agreement was concluded in December 2013 between Luc de Chammard, Host Développement SAS, Bertrand Ducurtil and 21 officers of Group entities.

Shareholder agreements

None.

Actions in concert

Luc de Chammard, his children and Host Développement S.A.S. (which is wholly owned by Luc de Chammard) act in concert. On the other hand, they do not act in concert with Bertrand Ducurtil.

Pledged shares

None.

4.3. THE MARKET FOR COMPANY SHARES

NEURONES' shares are listed in compartment "B" of the only list (Eurolist) on the Paris Stock Exchange (ISIN code: FR0004050250 – Bloomberg code: NEUR FP – Reuters code: NEUR.LN). The shares have been quoted continuously since the Group was listed (on May 23, 2000). NEURONES is also included in the CAC All Tradable, CAC Mid & Small, CAC Technology and CAC Soft & C.S. indexes in particular.

The trends in the share price and the volumes traded in 2013 were as follows:

Month	Highest price *(in €)*	Lowest price *(in €)*	Average closing price *(in €)*	Number of shares traded *(000s)*	Number of trading sessions
January 2013	8.98	8.30	8.65	170	22
February 2013	9.41	8.57	8.97	282	20
March 2013	9.48	8.80	9.14	184	20
April 2013	9.20	8.80	9.09	97	21
May 2013	9.40	8.76	9.06	160	22
June 2013	9.10	8.71	8.97	117	20
July 2013	9.06	8.78	8.86	133	23
August 2013	9.55	9.05	9.19	117	22
September 2013	10.10	9.36	9.78	180	21
October 2013	10.83	9.76	10.41	191	23
November 2013	12.15	10.70	11.32	171	21
December 2013	13.58	11.50	12.45	251	20
Highest, lowest and average for 2013	**13.58**	**8.30**	**9.66**	**171**	**255**

Source: NYSE Euronext.

The average volume traded daily during 2013 was approximately 8,000 shares.

4.4. CORPORATE GOVERNANCE

Board of Directors

Members

The Board of Directors is comprised of 5 directors, whose other offices (Group and non-Group), age and main position occupied are specified in the management report:

Director	Position	Number of offices held within the Group	Number of offices held outside the Group
Luc de Chammard	Chairman of the Board of Directors	NEURONES + 1 office	1 office
Bertrand Ducurtil	Director	NEURONES + 9 offices	1 office
Marie-Françoise Jaubert	Director	NEURONES	None
Jean-Louis Pacquement	Director	NEURONES	None
Hervé Pichard	Director	NEURONES	5 offices

Seniority in the position

Director	Date of first appointment	Date appointment expires
Luc de Chammard	December 5, 1984*	AGM on June 5, 2014
Bertrand Ducurtil	June 30, 1999	AGM on June 5, 2014
Jean-Louis Pacquement	December 5, 1984*	AGM on June 5, 2014
Hervé Pichard	October 15, 2004	AGM on June 5, 2014
Marie-Françoise Jaubert	June 9, 2011	AGM on June 5, 2014

* NEURONES' founding date.

Jean-Louis Pacquement is the long-standing director (more than 15 full years of seniority). Hervé Pichard is the Group's legal advisor. They have good knowledge of NEURONES' organization and its businesses, and have never exercised executive functions in the Group. Jean-Louis Pacquement, in addition to his finance and merger-acquisition skills, has the detachment and the perspective of an "historical" director. He has never had business relations with the company. Hervé Pichard brings his legal and business administration expertise. He is one of the company's advisors, which gives him excellent knowledge, early on, of the main strategic files and their background. The latest director appointed, Marie-Françoise Jaubert, has proven experience in law and more specifically in private law.

Marie-Françoise Jaubert and Jean-Louis Pacquement are independent directors as defined by the Middlenext Corporate Governance Code. They do not have any financial, contractual or family connection with the company or its managers likely to affect their ability to make independent judgments.

No specific rule has been established (ordinary law applies) concerning restrictions or bans on Directors participating in operations involving NEURONES' shares if they have inside information.

Nearly two thirds of the capital is represented on the Board by just one of the five directors. To date, the direct and indirect holder of this majority share of the capital, who is also the company Chairman and CEO, has not deemed it necessary to be more fully represented on the Board, to ensure a broad distribution of authority in the Board of Directors. Logically, therefore, no specific provision has been established to ensure that control of the Group is not misused.

Operation

The Board of Directors met 5 times in 2013. The attendance rate of members of the Board of Directors in 2013 was 76%.

Renewal of directors' terms of office

The directors' term of office expires annually. Accordingly, a motion will be submitted to approve the renewal of their term of office for one year at the Ordinary Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2013.

Remuneration of directors

No directors' fees have been paid since the company began.

Compliance with the governance rules of the MiddleNext Code for mid-cap and small-cap stock

As a medium-sized group, with a majority shareholder among the managers, NEURONES has chosen to refer to MiddleNext's Corporate Governance Code published in December 2009.

NEURONES' governance complies on the whole with the recommendations of this Code. The manager compensation issue, on which the company made a decision in 2008 in reference to the Afep-Medef code, is discussed in the Management Report (Paragraph 13).

In particular, the company is especially concerned about protecting the interests of minority shareholders since they include some of the managers of the parent company or its subsidiaries.

Accordingly:
- all major decisions are taken in collegial discussions among managers and then with the Board of Directors,
- arrangements are made for the Chairman's succession,
- supervisory authority is exercised as described in this paragraph,
- the Board adopted a set of by-laws at its meeting on June 10, 2010.

The Board's by-laws set out the Directors' legal and ethical obligations. They clearly establish the Board's missions and operating procedures in accordance with the principles of good governance.

Two points, among the most significant ones mentioned in the MiddleNext Code, call for the following explanations:
- there is no self-assessment of the Board's work,
- there are no specialized committees (audit, compensation, strategy).

There are no plans to establish such bodies. In view of the Group's size and its highly decentralized operations, these bodies do not seem to be the most appropriate way to achieve the desired outcomes. Additionally, as pointed out in Chapter 1 of the Chairman's Special Report, the auditors are present at both of the board meetings held to approve the financial statements. These meetings fulfill, in part, the role expected of an audit committee meeting, the main duties and functions of which are also covered by the Board, more specifically by the review of internal control work.

Updating of the risk map continued in 2013. It is described in Chapter 2 of the Chairman's Special Report, in the section containing the procedural guide to auditing risk management.

Managers' interests

The total gross amounts of remuneration and fringe benefits attributed to members of NEURONES' Board of Directors for FY2012 and FY2013 are set out in the management report. The report also specifies how the Afep-Medef Code recommendations on officers' remuneration are to be applied.

No NEURONES managers or members of their families hold, directly or indirectly, assets used by the Group, especially real estate.

They have no holdings in the capital of NEURONES subsidiaries, nor in the Group's clients or suppliers.

No loans or collateral have been granted or formed in favor of members of administrative and management bodies.

4.5. EMPLOYEE PROFIT SHARING

Stock options and bonus shares

The stock option and bonus share allocation plans are described in the notes to the consolidated financial statements (Note 9).

For all of these plans, there were still 301,056 options or bonus share allocations in circulation at December 31, 2013 as indicated in detail in this same note.

For the NEURONES officers and 10 Group employees who received the most options (for each plan), the history of the stock option allocation or purchase plans (currently valid) is shown below:

	Stock option plan No. 2	Stock option plan No. 3	Stock option plan No. 6
Shareholders' Meeting	11/29/99 & 06/09/11	11/29/99 & 06/09/11	06/25/04
Board of Directors meeting	07/27/00 & 03/31/11	07/11/01 & 03/31/11	06/28/06
Maturity date of the plans	07/27/05	07/11/06	07/01/10
Expiry date of the plans	07/26/15	07/11/16	06/30/14
Number of beneficiaries	10	10	10
- of which officers	-	-	-
Number of shares granted	34,298	81,000	33,000
- of which officers	-	-	-
Number of expired options at 12/31/2012	(27,629)	(16,000)	(4,000)
Number of shares already subscribed at 12/31/2012	-	(65,000)	(26,000)
Number of options that expired during the period	-	-	-
Number of shares subscribed during the period	-	-	(3,000)
- of which officers	-	-	-
- of which employees	-	-	*(3,000)*
Subscription price (in euros)	7.5	3.8	5.1
Number of options in circulation at 12/31/2013	6,669	-	-
Number of exercisable options at 12/31/2013	6,669	-	-

For the NEURONES officers and 10 Group employees who received the most bonus shares, the history of the bonus share allocation plans (that have not expired) is shown below:

	Bonus share plan B	Bonus share plan C	Bonus share plan D	Bonus share plan E
Shareholders' Meeting	06/14/07	06/11/09	06/10/10	06/09/11
Board of Directors meeting	12/21/07	07/24/09	12/14/10	06/07/12
End of acquisition period	01/01/11	08/01/12	12/15/13	06/08/15
End of retention period	01/01/13	08/01/14	12/15/15	06/08/17
Number of beneficiaries	11	10	10	10
- of which officers	*1*	-	-	-
Number of bonus shares allocated	123,000	72,000	68,000	75,000
- of which officers	*18,000*	-	-	-
- of which the first 10 employee beneficiaries	*105,000*	*72,000*	*68,000*	*75,000*
Number of expired shares at 12/31/2012	(24,000)	(27,000)	(5,000)	-
Number of shares in the acquisition period at 12/31/2012	-	-	63,000	75,000
Number of shares that expired during the acquisition period in the fiscal year	-	-	9,000	-
Number of shares in the acquisition period at 12/31/2013	-	-	-	75,000
Number of shares in the retention period at 01/01/2013	99,000	45,000	-	-
Number of shares in the retention period at 12/31/2013	-	45,000	54,000	-

Statutory profit sharing and optional profit sharing

In addition to potential stock option and bonus share attribution plans, employees are entitled to statutory profit sharing when their business entity satisfies the required conditions. During the past five years, the total amounts allocated to statutory profit sharing and optional profit sharing for employees were as follows:

(in € thousands)	2009	2010	2011	2012	2013
Statutory profit sharing	1,912	2,708	2,283	3,206	2,334
Optional profit sharing	95	76	146	80	97
TOTAL (statutory + optional profit sharing)	2,007	2,784	2,429	3,286	2,431

4.6. PERSONS IN CHARGE OF AUDITING THE FINANCIAL STATEMENTS

Statutory Auditors

KPMG S.A.
Immeuble Le Palatin – 3, Cours du Triangle – 92939 Paris La Défense cedex (France)
Represented by Mr. Jean-Marc Laborie.
Date of first appointment: appointed during the Combined Shareholders' Meeting of June 25, 2004.
Date of current appointment: renewed during the Combined Shareholders' Meeting of June 9, 2011.
End of appointment: appointment expires at the Ordinary Shareholders' Meeting called to rule on the financial statements for the year ended December 31, 2016.

Bellot Mullenbach & Associés
11, Rue Laborde – 75008 Paris
Represented by Mr. Thierry Bellot.
Date of first appointment: appointed during the Ordinary Shareholders' Meeting of June 30, 1997.
Date of current appointment: renewed during the Combined Shareholders' Meeting of June 11, 2009.
End of appointment: appointment expires at the Ordinary Shareholders' Meeting called to rule on the financial statements for the year ended December 31, 2014.

Alternate Auditors

KPMG Audit IS
Immeuble Le Palatin – 3, Cours du Triangle – 92939 Paris La Défense cedex (France)
Represented by Mr. Jay Nirsimloo.
Date of first appointment: appointed during the Combined Shareholders' Meeting of June 9, 2011.
Date of current appointment: appointed during the Combined Shareholders' Meeting of June 9, 2011
End of appointment: appointment expires at the Ordinary Shareholders' Meeting called to rule on the financial statements for the year ended December 31, 2016.

Mr. Éric Blache
11, Rue Laborde – 75008 Paris
Date of first appointment: appointed during the Combined Shareholders' Meeting of June 24, 2005.
Date of current appointment: renewed during the Combined Shareholders' Meeting of June 11, 2009.
End of appointment: appointment expires at the Ordinary Shareholders' Meeting called to rule on the financial statements for the year ended December 31, 2014.

Person in charge of information

Luc de Chammard – NEURONES – Immeuble “Le Clemenceau 1”
205, Avenue Georges Clemenceau – 92000 Nanterre (France)
Tel.: +33 (0)1 41 37 41 37 – Fax.: +33 (0)1 47 24 40 46

Affidavit of the person responsible for the reference document

“I hereby certify, after having taken all reasonable measures for this purpose and to the best of my knowledge, that the information contained in this reference document truly and fairly reflects the existing situation and contains no omissions that could impair its full meaning.

I certify, to the best of my knowledge, that the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and earnings of the company and all of its consolidated subsidiaries, and further that the management report, included in this document, presents a true and fair view of the ongoing development and performance of the business, earnings and financial position of the company and all of its consolidated subsidiaries as well as a description of the main risks and uncertainties to which they are exposed.

I have obtained from the statutory auditors a certificate of completion of audit affirming that they have verified the information related to the financial position and financial statements presented in this reference document. They also affirm that they have read this document in its entirety. The auditors’ certificate of completion of audit does not contain any observations.”

4.7. RELATED INFORMATION

Information included for reference purposes

The following information is included in this reference document for reference purposes:

- the consolidated financial statements for FY2010 established in accordance with the French accounting standards, plus the related statutory auditors’ report, shown on pages 43 to 64 of the 2010 annual report filed with the AMF on April 21, 2011 under number D.11-0348.
- the consolidated financial statements for FY2011 established in accordance with the French accounting standards, plus the related statutory auditors’ report, shown on pages 45 to 66 of the 2011 annual report filed with the AMF on April 12, 2012 under number D.12-0333.
- the consolidated financial statements for FY2012 established in accordance with the French accounting standards, plus the related statutory auditors’ report, shown on pages 48 to 68 of the 2012 annual report filed with the AMF on April 17, 2013 under number D.13-0372.

Publicly available documents

The following documents in particular are available on the company website (www.neurones.net):

- this Reference Document 2013,
- the Reference Documents 2010, 2011 and 2012.

The company by-laws can be consulted at NEURONES’ headquarters: 205, Avenue Georges Clemenceau – 92000 Nanterre (France).

The Reference Documents 2010, 2011 and 2012, and this Reference Document 2013, are also available on the AMF website (www.amf-france.org).

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

2013 REFERENCE DOCUMENT

This reference document was filed with the Autorité des Marchés Financiers on April 17, 2014 in accordance with Article 212-13 of its general regulations. It may be used as support for a financial transaction if it is accompanied by an offering memorandum certified by the AMF. This document was drawn up by the issuer and incurs its signatories’ liability.

This reference document is available at www.neurones.net – Investors – Regulated information.

Printed by Optimum (Steenvoorde, France), an Imprim'Vert-certified printer. This label is awarded to printers that have introduced industrial strategies designed to protect their environment (waste management, ban on toxic products, etc.). The paper used to print this Annual Report was produced in a paper mill certified to ISO 9001, ISO 14001, OHSAS 18001 and EMAS (Eco-Management and Audit Scheme). It holds FSC and PEFC certifications (the origin of the paper pulp can be traced back to sustainably managed forests) and was bleached using the ECF (Elementary Chlorine Free) process.

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NEURONES

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