KEYWARE TECHNOLOGIES

Your N°1 payments partner

2014 ANNUAL REPORT

POS • e-commerce • m-commerce

SHAREHOLDERS' MEETING

The Annual General Meeting of Shareholders of Keyware Technologies NV will be held on **Friday 22 May 2015** at 3 pm at the Company's registered office on the Ikaroslaan 24 at 1930 Zaventem.

AVAILABILITY OF THE ANNUAL REPORT

This annual report is available in Dutch, French and English. Keyware has checked the translation and the correspondence between the official Dutch version and the French and English version. In the event of contradictions between the Dutch version and the other versions, the Dutch version takes precedence.

In addition, an electronic version of this annual report is available on the website of Keyware Technologies NV (www.keyware.com)..

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COMMERCIAL SECTION OF THE ANNUAL REPORT

COMMERCIAL SECTION OF THE ANNUAL REPORT

INTRODUCTION

EURONEXT

LETTER TO OUR SHAREHOLDERS

Dear Shareholder,

The strategy that we have been following since the announcement of our strategic plan 2012-2105 has enabled us to achieve new records year after year.

In the strategic area, we have concluded agreements with various key players in the payment sector, which position us as an independent NSP (Network Service Provider) with a well-balanced range of payment terminals and transaction partners and offer our customers the unique possibility to opt for the most suitable payment solutions at any time. The Keyware concept guarantees high quality and competitive services for the customer as well as an increasing added value for the shareholder.

In addition, Keyware acquired the assets of competitor GlobalPay as of 2015. The advantages of this acquisition lie mainly in the shorter time-to-market with regard to the further development of our market share, additional economies of scale and the generating of direct contribution to both turnover and results. Keyware intends to integrate the activities of GlobalPay starting January 2015.

In the operational field, the focus was on a further optimisation of our services, future-oriented investments in our PayService payment platform and a thorough streamlining of the sales, marketing and services activities.

Our approach resulted in an increase in turnover by more than 11% in comparison to 2013, a corresponding increase of the EBITDA by 21.32% and an increase of the net profit by 85.62%.

Furthermore, we succeeded in further reducing our time-to-market:our recent partnership with Worldline already resulted in the successful connection of over 2,000 payment terminals in the first six months of the financial year. Three weeks after the announcement by Apple of its service Apple Pay, Keyware was ready to process this type of payment transaction. Immediately after the acquisition, the customers of GlobalPay were integrated and could thus enjoy Keyware's broad range of services.

Keyware has already had a very promising start of 2015. Various companies in the middle segment have already entered into long-term agreements. An independent market survey shows that Keyware scores high on customer satisfaction, quality and price and that our customers are pleased with the new developments on the PayService payment platform.

Yours sincerely,

Guido Van der Schueren
Chairman of the Board of Directors

MILESTONES IN 2014

FIRST QUARTER

Keyware confirms EBITDA and net profit increase

- net profit increased by 38% compared to the first quarter of 2013
- further growth of market share compared to the fourth quarter 2013 for the activity payment terminals and the activity transaction agreements
- successful inclusion of Worldline terminals in the product range

JAN FEB MAR APR MAI JUN

SECOND QUARTER

First six months of 2014:
Keyware's net profit rises by 86%

- net profit during first six months of 2014 rose by 86.14% compared to the first six months of 2013
- net profit of the second quarter of 2014 rose by 128.89% compared to the second quarter of 2013

THIRD QUARTER

Keyware increases its capital through the exercising of warrants

- capital was increased through the exercising of 25,000 warrants

Keyware concluded an excellent third quarter

- the net profit of the third quarter and over the first nine months of 2014 was nearly twice as high compared to the comparable periods of the previous financial year
- turnover grew 11.37% compared to the previous quarter
- growth of the terminal park in both Keyware's traditional markets and in the middle segment

JUL AUG SEP OCT NOV DEC

FOURTH QUARTER

Keyware ready for Apple Pay

- three weeks after the introduction by Apple of its service Apple Pay, Keyware was ready to process this type of payment transaction via its PayService payment platform

Keyware customers with Maestro problem-free on "Black Saturday"

- while there was a wide-spread and high impact failure of the payment system on one of the most busy shopping days of the year in Belgium, Keyware customers were able to pay for their purchases problem-free by making use of their Maestro application

Keyware purchases assets of GlobalPay

- Keyware purchased the assets of competitor GlobalPlay NV as of 1 January 2015
- as a result, Keyware will realise a shorter time-to-market with regard to the further development of its market share, additional economies of scale and a direct contribution to both turnover and results

Keyware's net profit nearly doubles in 2014

- the net profit compared to the financial year 2013 rose by 85.62%
- the EBITDA rose by 21.32% compared to the financial year 2013
- turnover rose by 11.08% in 2014 compared to the same period in 2013
- extension of long-term contracts supported by fast and efficient contract handling and high quality services and contributes to a substantial growth of the customer base

KEYWARE TECHNOLOGIES

COMPANY PRESENTATION

Corporate Fact Sheet

- Keyware (1996) positions itself as an independent Network Service Provider (NSP) and has a leading role within its market segment with regard to electronic payment solutions.
- Keyware is a payment service company with more than 15 years of experience that specialises in:
  - Personalisation, programming, installation, maintenance, rental and sales of payment terminals: fixed, portable and mobile
  - Execution of payment transactions with, for instance, Visa, MasterCard, Maestro, Amex, V-Pay, and JCB
  - Payment services for e-commerce and m-commerce
  - Solutions for loyalty cards
  - Development and management of its payment transaction platform
- Keyware is a fast-growing and profitable company with solid partnerships with various global players within electronic payments value chain such as terminal builders Verifone, Ingenico and Worldline and transaction partners Worldline, Six Pay, Square and EMS
- Above all, Keyware is an ambitious company with an end-to-end integrated business structure, a solid shareholder base and a focus on maximising value for its various stakeholders.
- Keyware has been listed on the stock exchanged since June 2000 (Euronext: KEYW - https://europeanequities.nyx.com/nl/products/equities/BE0003880979-XBRU).

The eco system within the world of electronic payments

The execution of a payment card transaction - via for instance a debit card or credit card payment - goes over various processes and actors. Various roles within the payment process can be observed by one or several participants. The most important parties involved can be specified as follows:

Cardholders:

In general, we define cardholders as the consumers who carry out a non-cash payment transaction, whereby goods or services are purchased from a retailer. The payment transaction can take place via a credit card, a debit card, a prepaid card, gift card, etc. Cards can be physical or virtual (for example, via a smartphone), they can be intended for use once-only or recurrently, they can be anonymous or personalised, etc.

Retailers:

"Retailer" is used as a general term for the party that supplies goods or services to the consumer and who receives a payment for this via a payment card.

Payment acceptance processing providers:

These providers supply the retailer with the necessary infrastructure and services to be able to capture the card data, send this on and to receive payment authorisations.

Acceptance-related service providers:

They provide the additional services to the retailers such as coupon, loyalty or ticket functionalities on the payment terminal, electronic meal vouchers, etc.

Acquirers:

These are the banks and the payment institutions that give the retailer access to the desired card schemes (such as MasterCard, Maestro, Visa, V-Pay, BCMC, JCB, Diners, etc.). For this purpose, the retailer receives a 'merchant account'. The acquirer receives the consumer's payment via the issuing bank and transfers this to the account of the retailer under the deduction of the related costs.

Acquiring processors:

Acquiring processors offer payment transaction services to the acquirers. They provide for the front-end and back-end processing. They send the transaction data that they receive from the retailer through the appropriate channels with the objective of receiving a payment authorisation via the involved debit or credit card schemes and they provide for the clearing and settlement of the transactions on the bank account of the retailer.

Card schemes:

Well-known card schemes are for example Visa, MasterCard, JCB, Diners or BCMC. Each card scheme has its own rules with regard to transaction processing, costs, etc.

Clearing and settlement institutes:

They provide for clearing and settlement of payment transactions between the "acquiring" banks and the "issuing" banks.

Issuing processors:

These provide for the authorisation of transactions that are received via the networks of card schemes and they provide for the clearing and settlement of each transaction with regard to the original account.

Issuing card management service providers:

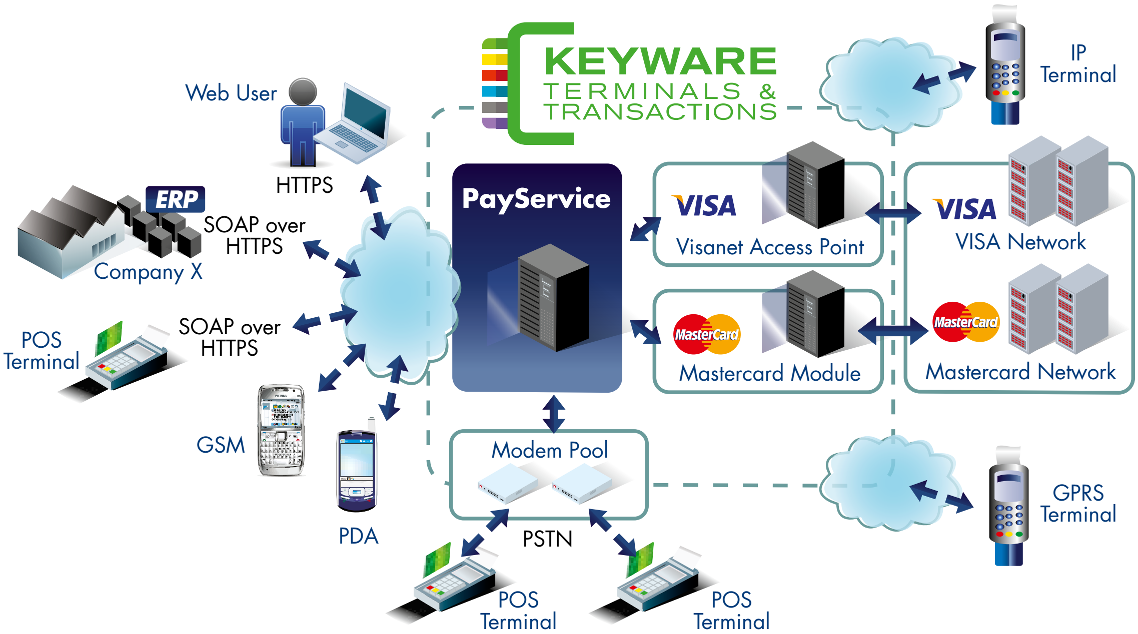
They are not involved in the transaction management, they handle the management aspects in connection with the issuing of cards.

Issuing banks:

These banks distribute the payment cards that contain one or several payment schemes.

Keyware as independent NSP

Keyware positions itself as an independent NSP as it has its own transaction platform and a selected number of strategic partners for payment terminals, acquiring services, e-commerce, m-commerce and telecom companies.



Personalised payment solutions

Due to its collaboration with various global players regarding payment terminals and payment transaction services, Keyware is able to offer cost-efficient payment solutions tailored to the market segment, type of organisation or working environment of the customer. This principle applies to the payment environment it self as well as to the maintenance and intervention contracts.

In this manner, every customer can select a fitting payment solution tailored to his needs and adapt this solution to his changing economic reality.
As a result, Keyware has succeeded in recording growth year after year and more than 16,000 customers make use of its payment services on a daily basis.
Keyware can justifiably call itself a valued partner of various government services (cities and municipalities, OCMWs, libraries, etc.), retail chains, hotels, restaurants and cafés, transport companies, professions, installers, door-to-door suppliers, etc.

LIBERAL PROFESSIONS

HORECA

DOOR TO DOOR

RETAIL

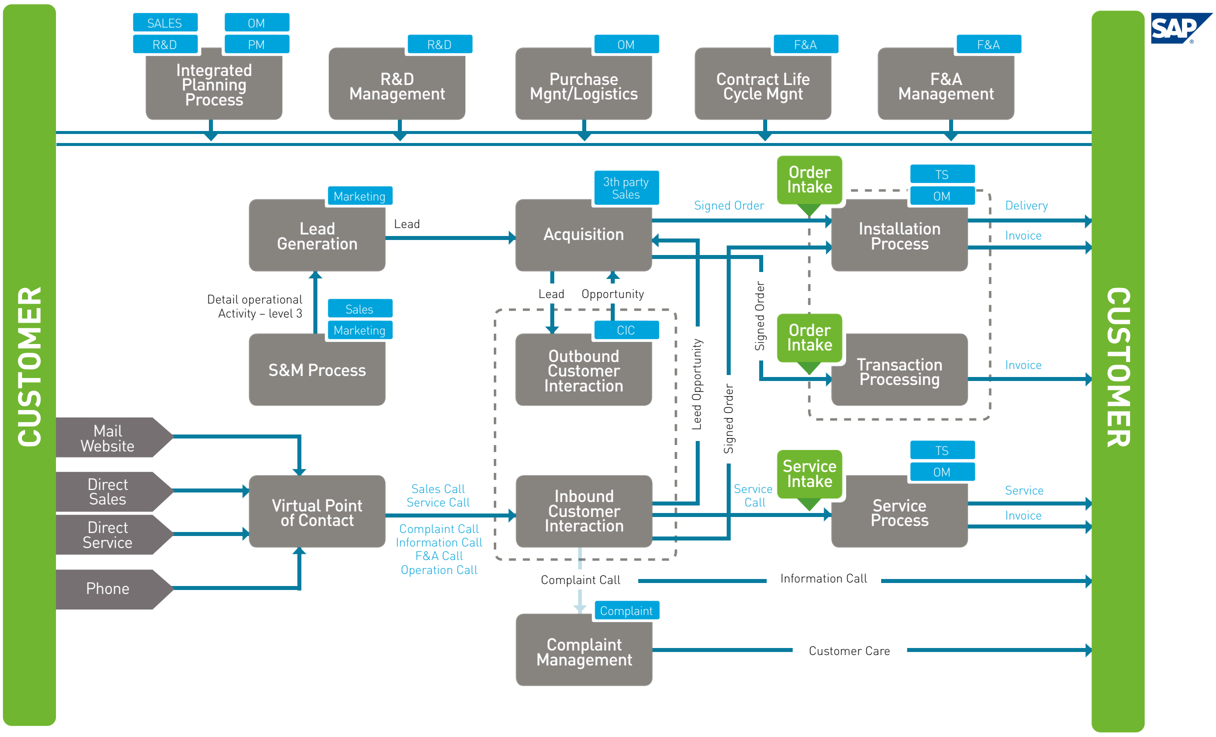
GARAGES

GOVERNMENTS

Integrated, streamlined and innovative technology

As a result of its investments in integrated operational processes and the continued monitoring of results and performance, Keyware can offer a high quality and customised payment service at extremely sharp conditions.

Keyware's business model allows the company to quickly capitalise on new market conditions or new electronic payment technologies and to offer these cost efficiently to the various market segments.



The near future

The near future is characterised by a growing number of technical developments in the field of payment technology and payment processing, a general increase in the number of non-cash transactions and the penetration of electronic payments in new market segments.

Electronic payments are continuing to supplant the number of cash payments. For example, according to A.T. Kearney, the number of non-cash payments in the European Union increased annually by 4.5% between 2005 and 2011, while the research agency estimates that this growth rate will accelerate to 8% per year resulting in a near doubling of the number of non-cash transactions in 2020 compared to the level of 2010.

An acceleration can be observed in the field of payment technology and processing where innovation is concerned. The performance of payment terminals and payment infrastructure is improving and they are becoming more versatile. New solutions such as paying with your smartphone, smartwatch, contact-free payment cards or the use of QR codes and biometric solutions are becoming increasingly popular, although still fragmented over various market segments and populations. Experiments are also taking place with new payment possibilities such as virtual coins.

Also as a consequence of these technological developments and the wider use of electronic payments by the consumer, new market segments are opening up in the retail sector.

As an independent NSP, Keyware is perfectly position to benefit from these new developments. Both the PayService payment platform and the operational structure enable Keyware to capitalise on lucrative opportunities in a fast and flexible manner.

KEYWARE TECHNOLOGIES

VISION AND MISSION

Keyware's vision

"To reduce the cost of cash by promoting electronic payment"

While retailers often require extensive information on the costs of electronic payments (rent or purchase costs of a payment terminal, prices of payment subscriptions, etc.) only a few closely examine the real costs and various cost components of cash payments. There are also various advantages for governments and consumers. Offering payment possibilities by bank card or credit card is more than just at the convenience of the user. Electronic payment:

for the retailer:

- is safer than keeping large amounts of cash in the shop;
- enables consumers to spend more. Often customers are not able to buy something because they do not have sufficient cash;
- is more hygienic than receiving and exchanging cash (for example at the baker's, the butcher's, etc.);
- ensures that retailers do not have to go back to the bank each time to deposit the cash that they receive into their bank accounts.
  Moreover it simplifies the administration;
- often results in shorter queues before the cash register, certainly in combination with contact-free payment;
- leads to an increase in turnover, on the one hand, and a decrease in bad debts at web shops, on the other hand;
- stimulates impulsive purchases, in particular in e-commerce and m-commerce environments;
- provides for more correct and easier to register receipts (counterfeit money, errors with change, ...).

for the consumer:

- leads to less traffic to and from ATMs and thus reduces transport costs and transport times.
- is also safer than having a lot of cash on you;
- shorten the waiting times at the cash register or payment terminal;
- provides for additional convenience (availability of money);
- allows you to choose between debit or credit payments.

for the government:

- provides for more transparency and traceability;
- reduces the share of the "unofficial" economy;
- contributes to the reduction of CO^2 emissions, traffic and hindrance.

Keyware's mission

"To be a leading, independent Network Service Provider delivering Value Added Payment Services for face-to-face, e-commerce and m-commerce environments"

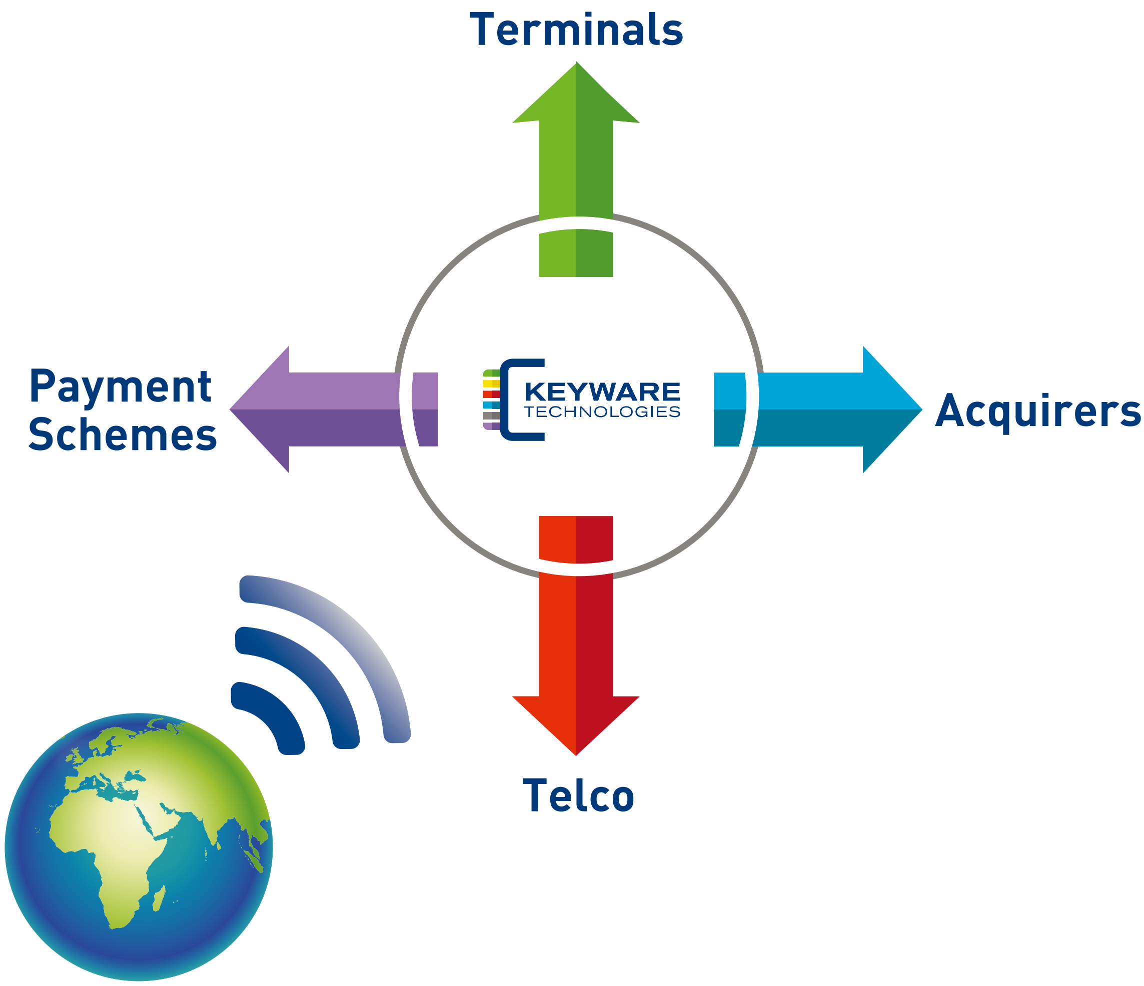
Keyware aims to be a leading company for electronic payment solutions for traditional sectors and for e-commerce and m-commerce environments.

Keyware fulfils this role as an independent NSP (Network Service Provider). Via its PayService transaction platform, Keyware connects its customers with a payment solution that is optimised for their organisation.

As a partner for total solutions, Keyware's added value consist of offering personalised payment services including terminals, applications, telecom and transactions, as well as providing maintenance and check-up services. Keyware enters into agreements with well-reputed companies or global players for each part of the payment solution.
As a result, Keyware can provide state-of-the-art solutions in a cost-efficient manner to both large and smaller market segments.

As each market segment has different needs with regard to electronic payments and because individual organisations within the same market operate differently, Keyware resolutely opts for personalised and flexible payment solutions.

Its unique business model provides this flexibility at the best conditions and provides a highly developed expertise in every aspect of a payment transaction, from the type of terminal to the type of connection to the most suitable transaction contracts. The payment aspect can also be expanded with loyalty formulas or identity applications options.




TAXI

ORGANISATION

Management Team

STÉPHANE VANDERVELDE, President & CEO

- more than 25 years of experience in the technology sector
- has been with Keyware Technologies for nearly 20 years
- member of the board of various companies in different economic and technological sectors
- civil engineer with a specialisation in micro-electronics and chip design

WIM VERFAILLE, COO

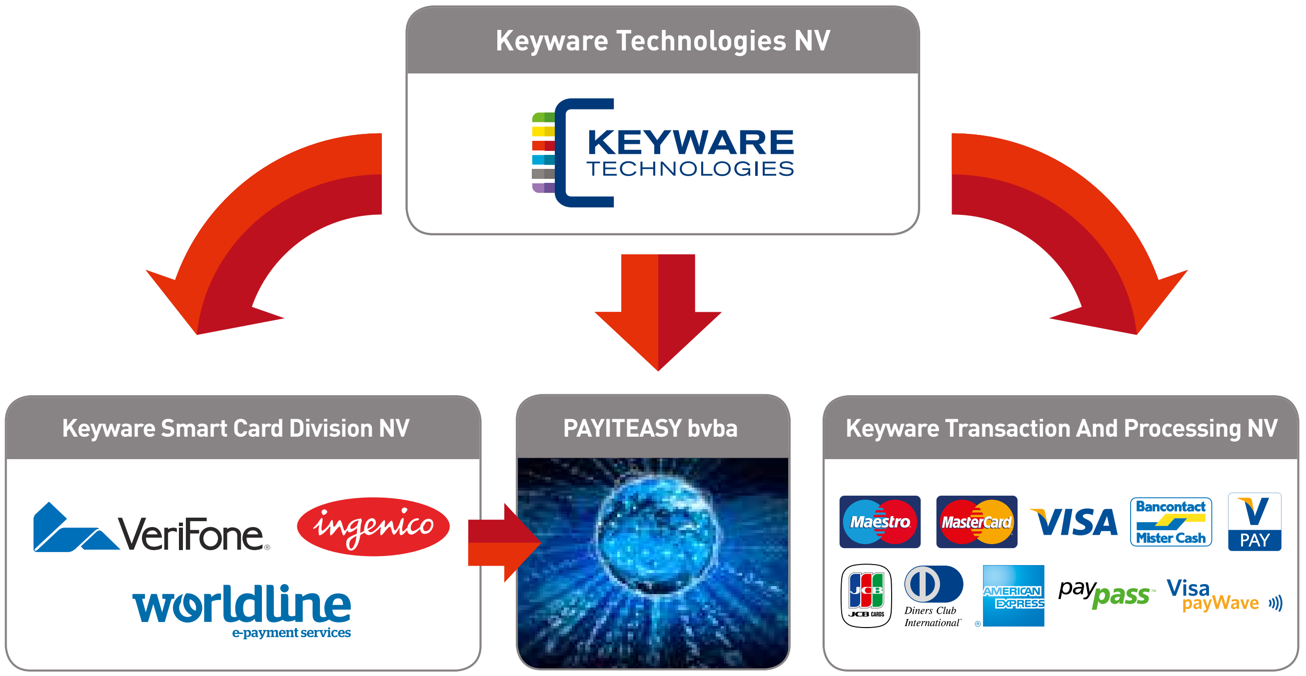
- more than 20 years of experience in operational management and the optimisation of business processes
- extensive knowledge of retail, telecom and payment technology
- has been with Keyware since 2007
- industrial engineer electricity

JORIS MAES, CCO

- more than 20 years of experience in various national and international sales & marketing positions
- Master in Industrial Engineering
- MBA in General International Management
- has been with Keyware since 2010

ALAIN HUBERT, CFO

- more than 20 years of experience in financial management, accounting and taxation
- former director at E&Y (Transaction Advisory Services)
- certified Auditor
- licentiate degree in applied economics
- also specialised in due diligence and quality & risk management
- has been with Keyware since 2013



Customer Operations

- Helpdesk
- Support
- Interventions
- Installations
- Stock control

Development

- Software for :
  - electronic payment
  - loyalty
  - terminals
- Porting
- Transaction systems

Transaction Processing

- Payment transactions & authorization services
- Transaction management for third parties
- Switching
- Private card processing
- Loyalty processing & analysis services

Commercial Services

- Rental and sale of terminals or card applications
- Transaction- & authorization contracts

Consulting Services

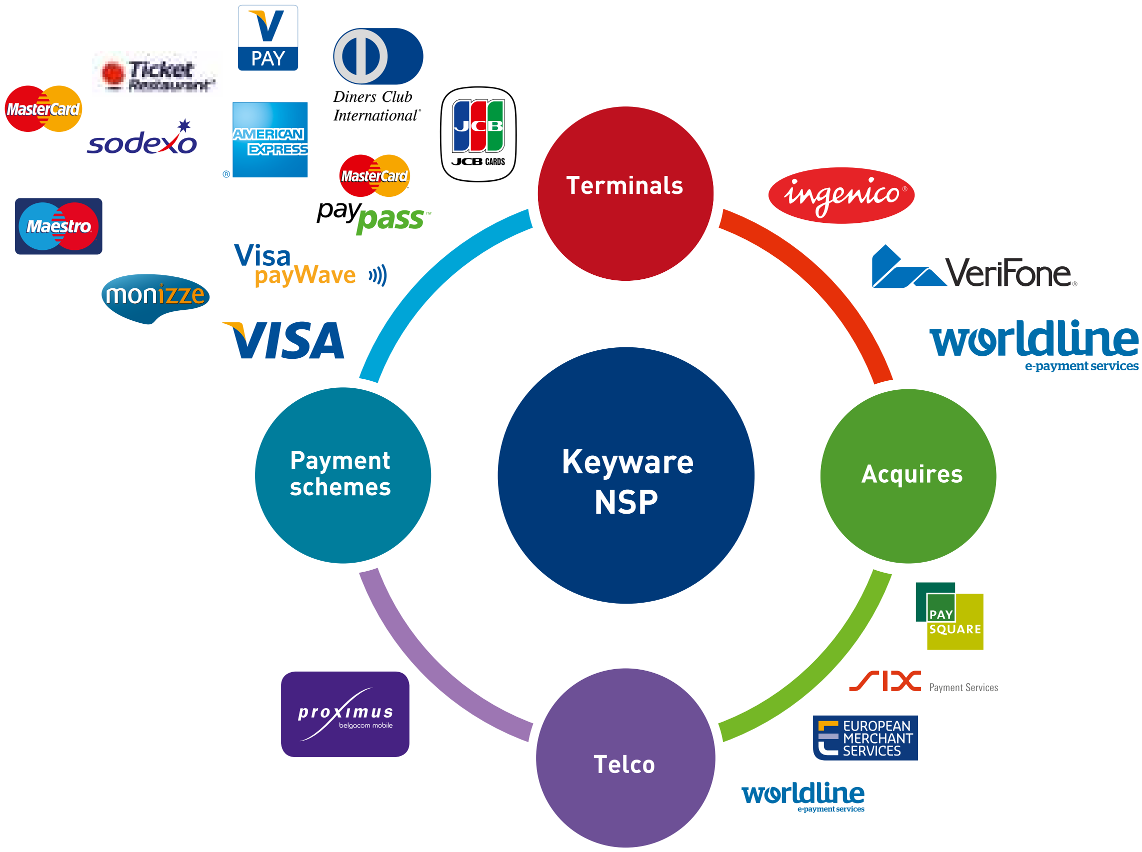
- Payment applications & services
- Loyalty
- Card or terminal related projects

TECHNOLOGY

PayService transaction platform

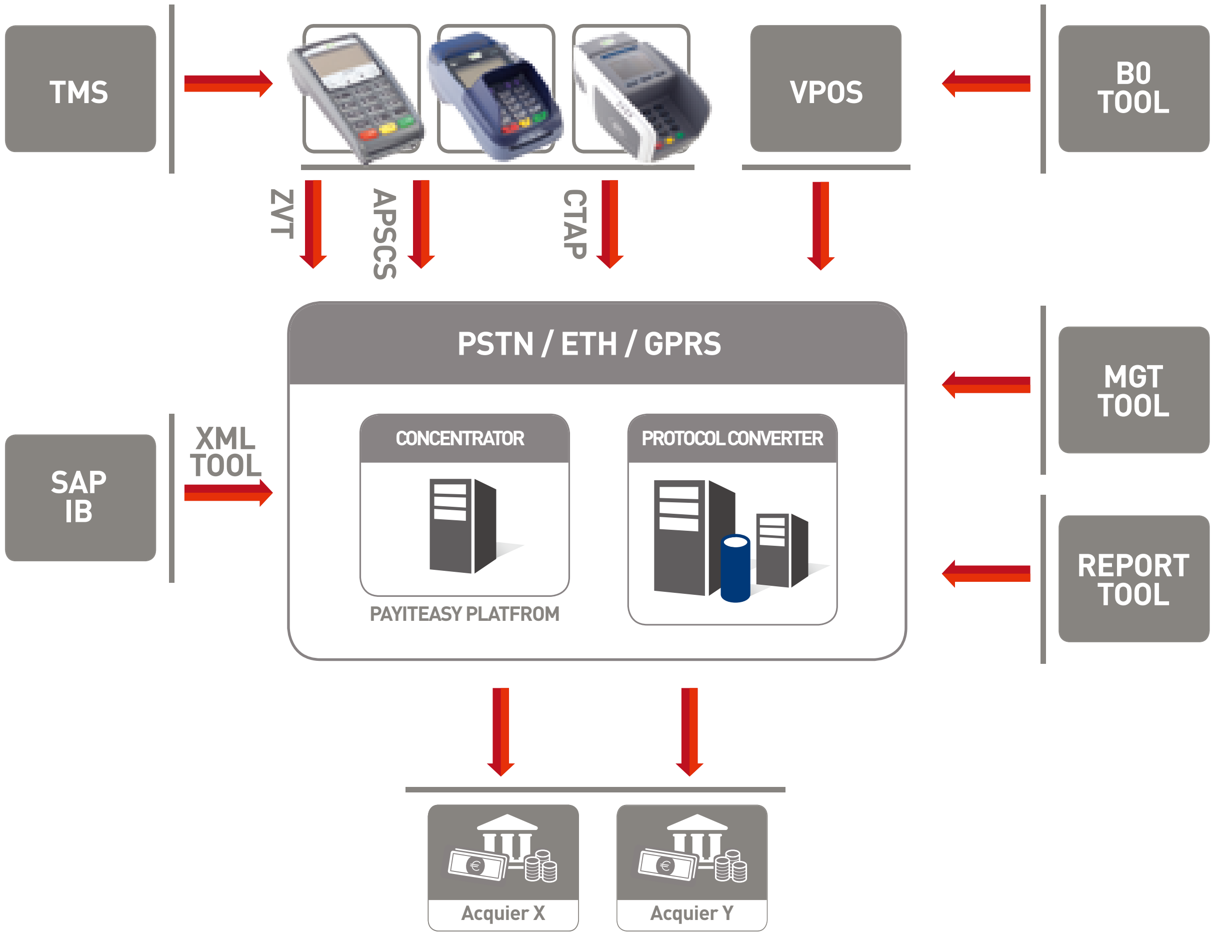
Keyware's PayService transaction platform forms the core of its NSP policy (Network Service Provider). It forms the link between the terminal supplier, transaction processors, payment schemes, telco operators and the ultimate customers.

The modular structure of the platform ensures that it can be used in its most simple configuration for protocol and transaction conversion. As a result, new types of terminals can be introduced on the market quickly and efficiently and thus Keyware can capitalise on new trends quickly and cost efficiently: payment terminals can thus be connected with almost any acquirer and almost any payment scheme.



In the extensive mode, the platform can work with various applications on the customer side, from payment terminals to websites, mobile telephones, ERP systems, PDAs, etc. With these services, Keyware can control a larger part of the value chain. The advantages for the customer are self-evident: different types of payments can be executed via one payment partner or the payment processing can be split up over various transaction processors (redundant payment solutions). On the acquirers side (for instance Visa or MasterCard), Keyware is providing a larger part of the services. For Keyware, this means more control over the value chain and the possibility to offer better integrated services to its customers.

Transaction platform PayItEasy

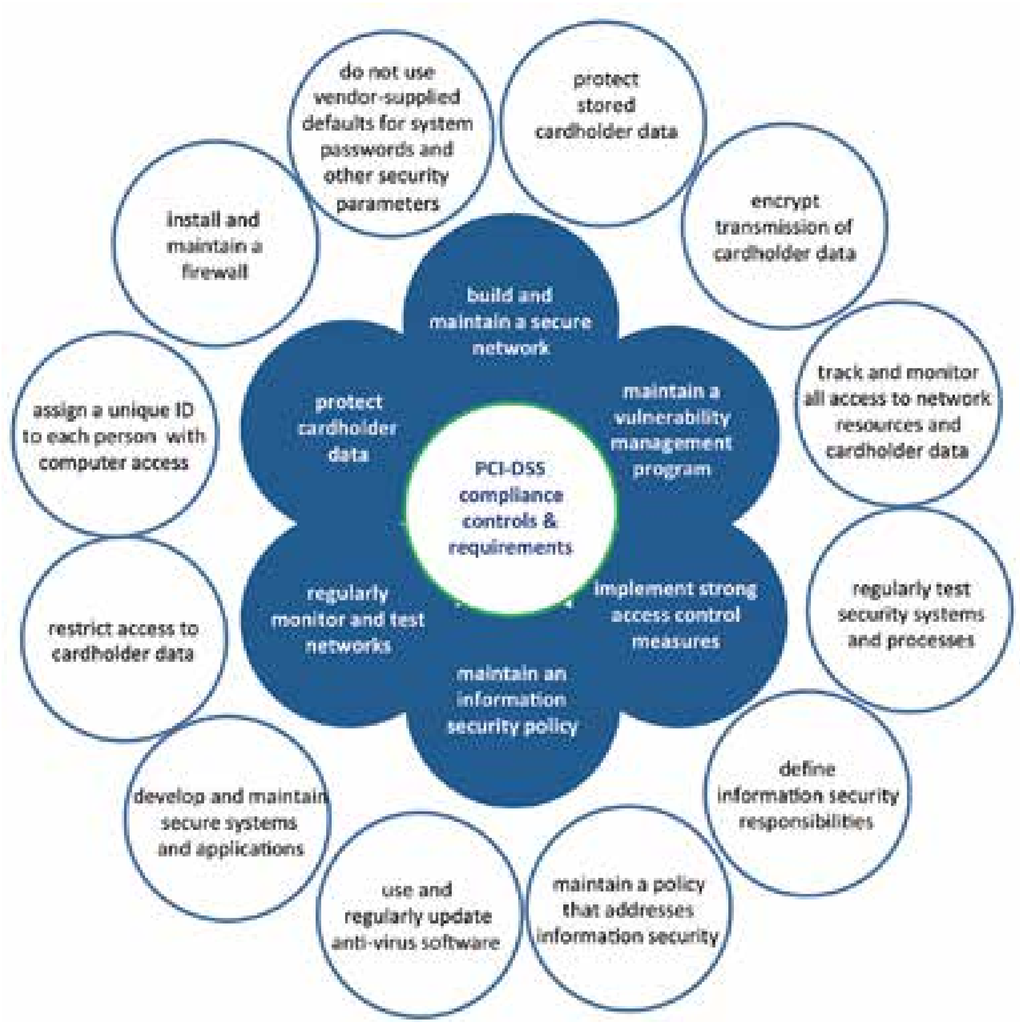


PCI-DSS Compliance

PCI-DSS stands for: Payment Card Industry Data Security Standards. PCI DSS is a set of standards for organisations that manage and store credit and debit card information. The number of transactions that are processed by an organisation determine the level of compliance that has to be met.

PCI-DSS only pertains to situations whereby PANs (Primary Account Numbers) are stored, processed, sent or received. The PAN is the complete card number on a payment card. Other card data, such as the name of the card holder, transaction amount, transaction date, transaction authorisation code or expiry date only fall under the protection measures if they are stored or processed together with the PANs. Authentication data such as the PIN code, CVC code or CVV code may not be stored.

PCI-DSS is the primary standard for the protection of card holder data. Whoever wishes to accept payment cards will have to satisfy the PCI-DSS requirements.



The PCI-DSS objectives are the following:

1. The organising of a payment network that is and remains safe
2. The protection of the data of the card holder
3. The setting up and managing of a programme with which vulnerabilities in the payment system can be managed and controlled
4. The limiting of the access to card data to a minimum
5. The setting up and maintaining of a reliable ICT infrastructure
6. The conducting of an efficient and effective information protection policy

SAP-backbone

Keyware has an end-to-end integrated business process based on SAP. The following advantages are realised with this:

for the customer:

- the complete customer status is known at every moment, with regard to installation, payments, maintenance, subscriptions, etc.
- there is less overhead due to the integrated processes, which translates into better prices;
- this model results in a faster through processing for orders or interventions;
- the error margin in comparison to traditional working environments is strongly reduced.

for Keyware:

- the system provides maximum support of the personnel, so that more customers can be served in less time with better results;
- the computerisation ensures less stress and a more positive interaction with the customer;
- the operation costs are strongly reduced and easier to control and as a result a competitive market positioning remains possible;
- integration of new services, terminals or partnerships takes place quickly, uniformly and efficiently.

THE KEYWARE CHARTER

THE KEYWARE CHARTER

Keyware: your reference for choosing the right payment solution!

Keyware is the only independent player with respect to payment terminals and transactions and related services such as e-commerce, m-commerce and loyalty. Offering the widest range of payment terminals and transaction partners, Keyware ensures that retailers, professionals, companies, organisation and government services get the best solution that is tailored to their requirements and evolves together with their changing needs, and this at the best conditions.

Keyware's conviction and continuous striving to be the best has been translated into the Keyware Charter: the guarantee of an excellent payment services, summarised in seven points.

01

QUALITY

Keyware offers its customers a range of high quality payment terminals, partnerships with technology partners and transaction processors.
With regard to payment terminals, Keyware has concluded agreements with a number of leading global players. Because of their size and specialisation, these companies guarantee a continuous investment in innovation and quality and they uphold strict quality control standards. All terminals are extensively retested at Keyware before being installed at the customer. As Keyware is not bound to one type of terminal or supplier, it can always offer the customer a high quality terminal. In the field of transaction processing, Keyware offers a model whereby several transaction processors are linked to thus guarantees additional redundancy and reliability.

- **PayFix:** our range of counter terminals. Compact, design or high speed ...
- **PayAway:** our range of portable terminals. Interruption free and inexpensive pay at the table or on the patio, Bluetooth instead of GPRS or GSM
- **PayMobile:** our mobile payment terminals. On-site payment processing at the customer!
- **Pay-e:** tailored payment solutions for your web store
- **Pay-m:** handy and safe payment solutions for payments per GSM or Smart Phone
- **PayService:** optimised processing of your payment transactions with Visa, MasterCard, Maestro, V-Pay, BMMC-EMV, JCB, Amex, etc

02

PRICE

Besides quality, the cost of its payments infrastructure is an important argument for the customer. The customer takes the total price over the term of the contract into account. Due to its streamlined infrastructure, flexible organisation and its agreements with various leading global players in the field of electronic payments, Keyware succeeds in offering personalised payment solutions at very competitive conditions. This of course for traditional payment environments and payment terminals and for e-commerce or m-commerce applications.

03 SERVICE

At Keyware, it is standard procedure to offer its customers a help desk that is easily and quickly accessible. Our response time is one of the best in the sector: 94% of all problems are solved by telephone. An additional service agreement can be concluded for customers who desire super fast on-site intervention. For customers who rent terminals, Keyware ensures that the terminals automatically comply with the applicable legal standards and adjustments. That is the big difference between renting or buying.

04 FLEXIBILITY

When a contract is signed, a note is immediately made of the most convenient time to install the terminal at the your site. If your business or service will be opening at a later date, you can opt for a postponement of the installation. If another payment terminal is to be replaced, the Keyware intervention team will complete all the required documents for the customer and Keyware ensures that if any compensation has to be paid (expressed in number of months' rent) it will be compensated by free rent from Keyware. In this manner, the customer never pays double.

05 FOCUS ON THE FUTURE

As far as payment terminals are concerned, Keyware recommends renting rather than buying a terminal. This offers the best guarantee and the lowest modification costs for upgrades, whether or not legally compulsory, and keeps the customer's terminal up-to-date. It also makes it easier to switch from one type of terminal to another as the customer's

requirements change or if there are new technological developments. Also in the field of transaction agreements, the customer can opt for the formula that is the most suitable, and that this can then be adapted to correspond with the customer's changing activities and requirements: if the customer's payments environment becomes more complex then the customer can even opt for a combination of various transaction processes. As a dynamic company, Keyware regularly introduces

new services or products to the market, which the customer can then benefit from optimally.

06 CLEAR AND TRANSPARENT AGREEMENTS

Keyware opts for clear and transparent agreements and for long-term customer relationships. This is why high quality service is included in the standard price and a separate contract can be concluded for customers who want customised service. In this way, customers can avoid unexpected costs for interventions or repairs.

07 STRONG POSITION ON THE BELGIAN MARKET

On its way to 20,000 customers, Keyware remains one of the fastest growing companies on the Belgian market. Every day, new retailers, professionals, companies, government institutions and other organisations are switching to Keyware because of the clear and lasting advantages of its products and its high service level.

PAYMENT SERVICES

KEYWARE PAYSERVICE: TRANSACTION PROCESSING FOR PAYMENT CARDS, LOYALTY CARDS, MEAL VOUCHERS, E-COMMERCE AND M-COMMERCE

Debit, credit and other payment cards

A large number of electronic transactions take place between the moment that the consumer inserts his debit card (MasterCard, Visa, BCMC) into the payment terminal and enters his PIN code and the moment that a message appears on the screen of the terminal that the payment has been accepted. The combination of all of these transactions (checking the PIN code, calling the payment network, checking the status of the card (stolen. blocked), verifying the available balance, etc.) is referred to as the 'payment transaction'.

A retailer who rents or buys a payment terminal cannot yet, on his own, have payment transactions executed with the terminal. To be able to do so, he has to take out one or several subscriptions, depending on what types of debit cards he wants to accept: whether he wants to accept Visa and Maestro cards or not, or only VIsa, or only normal debit cards? A subscription is therefore required per type of payment transaction. Keyware offers payment subscriptions under the name PayService.

The majority of payment transactions in the Belgian market can be divided into two categories:

DEBIT CARD

Debit card

In the case of a debit card, the money is immediately deducted from the customer's bank account when a payment is made rather than at a later date as is the case with credit card payments. The most well-known debit card system in Belgium is Bancontact/MisterCash (BCMC). Most people therefore also call their debit card their Bancontact card.

Internationally, the most well-known debit card schemes are Maestro and V Pay.

Keyware offers Local Maestro subscriptions for retailers who only execute a few hundred transactions a month. Most Belgian debit cards have a Maestro function in addition to the BCMC function. If the retailer ops for Local Maestro, nothing will change for the customer, but the retailer can benefit, in certain cases, from a less expensive payment formula than would be the case if he was to use BCMC.

CREDIT CARD

Credit Card

There are many different names and types of credit cards. The most well-known in Belgium are Visa and MasterCard. Characteristic for these cards is the fact that when payment is made, the money is not transferred from the account immediately; this takes place later.

Furthermore, there are private payment solutions that are customised to the customer's situation. This often concerns schools, company restaurants or closed communities. Examples include student passes for paying all expenses at the school and in the school canteen.

MEAL VOUCHER

The electronic meal voucher

More than 1.3 million employees receive meal vouchers in Belgium. For this purpose, an electronic prepaid card is defined, which is marketed b various suppliers. Besides the well-known players Sodexo and Edenred, these cards are also offered by E-ve and Monizze.

The electronic meal voucher should eventually replace the parallel existing paper version completely. As paper meal vouchers will be a thing of the past as of 1 October 2015. The social partners united in the Nationale Arbeidsraad (NAR) [National Labour Council] have agreed on abolishing the paper meal vouchers. As from 1 October 2015, only electronic meal vouchers will be distributed. The Council of Ministers has given the green light for a Royal Decree of the Minister of Economy and Consumer Affairs that follows the advice of the NAR to generalise the electronic meal vouchers as from 1 October 2015.

For retailers, this amounts to a savings of more than 67 million euros, for employers more than 12 million euros and for employees more than 13 million euros. These figures have been derived from a study by the Dienst Administratieve Vereenvoudiging [Administrative Simplification Service].

It is the intention that the electronic meal voucher can be read on most frequently used payment terminals. Low cost card readers will also be introduced on the market for retailers who do not yet have a payment terminal. At present, around 39% of the retailers accepts the electronic meal voucher.

Loyalty cards

Customer loyalty, retention policy, segmentation, customer life-cycle management, etc.

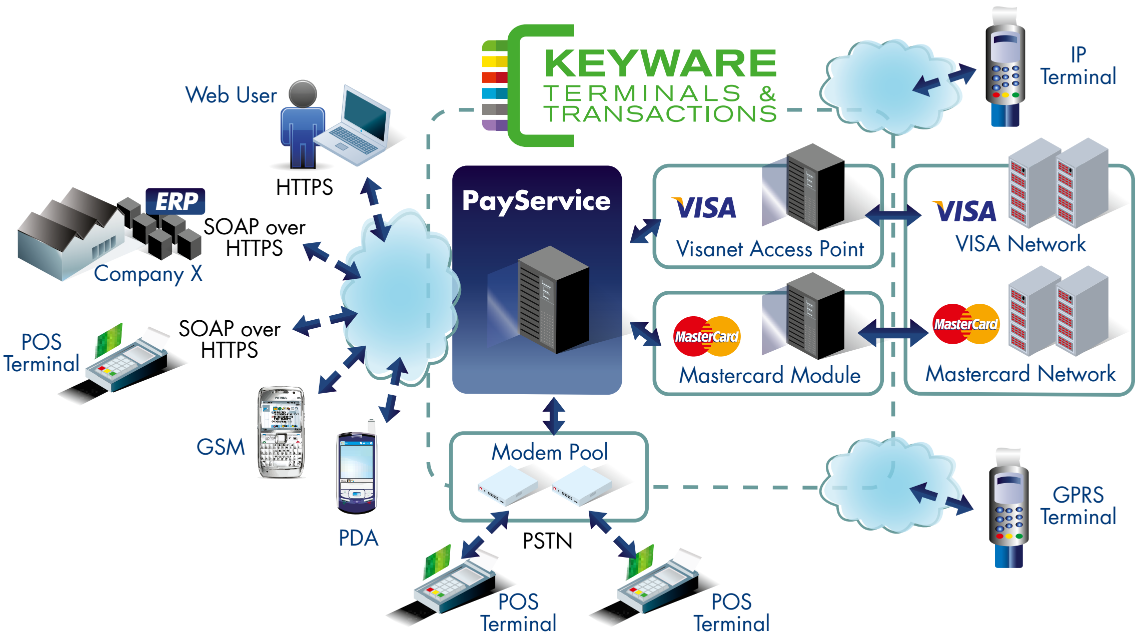
With PayService, Keyware also offers an easily accessible and modular solution for the secure reading and processing of transactions that form part of loyalty programmes. Wth this system, different customer categories of individual retailers or retail chains can save points in an easy manner and exchange these for cheques, purchase vouchers, discount vouchers, goods, services of combinations of this.

Keyware's loyalty solutions also form a point of references for (international) loyalty programmes whereby customers can save points at a group of different stores, financial institutions, petrol stations, travel agencies, etc.

Because of the modular structure, Keyware's loyalty solutions can grow in accordance with the number of participants, customers or exchange possibilities. It can be used with inexpensive bar codes or magnetic cards or with complex chip cards. Interactions are also possible with systems that make use of GSM/smartphone or internet.

PayService, the ideal solution for electronic payments

Retailers, professionals, government services, etc. electronic payments play an important role in various sectors, for payments via debit cards as well as electronic money transfers, providing credit card information by telephone or payments via a web shop. In addition to an efficient solution for the processing of payments via debit cards, credit cards or meal voucher cards on payment terminals, PayService is also software that allows the processing of debit card transactions that makes optimal use of the Internet and can be set up as an ASP service (Application Service Providing). As a result, no local installation of maintenance software is required and the customer always has the latest version of the software at his disposal. Both small shops and large retail chains can make optimal use of this payment service. Payment authorisations are processed real time, so that the retailer or service provider immediately receives a payment guarantee with regard to its customer.



PayService offers a wide-range of options for the management and the administration of your payment application. You can adjust various payment settings (country settings, cumulative amount per card, etc.). Furthermore, all your transactions are stored in a personal data base with an extensive search function. Various statics, daily, weekly or monthly overview reports are available.

Keyware offers a choice of different payment partners

As and independent Network Service Provider, Keyware has entered into agreements with various transaction partners, in order to:

- be able to offer the most suitable payment solution for each of its market segments
- provide redundant payment solutions for high performance / high availability customers
- guarantee its position as independent “trusted party”

Keyware can also offer payment transaction contracts in addition to payment terminals via these agreements, both to its own customer base and to the customers of third parties for the acceptance of debit card (Maestro, V Pay, BCMC over EMV) and credit card transactions (Visa, MasterCard, Amex, JCB, Diners Club, etc.).

Each transaction processor optimises its price/revenue model for certain market segments, volumes or average payment amounts. Keyware selected four partners:

KEYWARE PARTNERS

PAY SQUARE | worldline e-payment services | SIX PAY | EUROPEAN MERCHANT SERVICES

As are result, Keyware now occupies a unique position on the Belgian market. The brand promise: “For each sector a high quality and affordable solution” has thus been further fulfilled.

Keyware PayFix, PayAway and PayMobile

Keyware rents and sells multi-functional terminals. These terminals offer both payment functionalities and other application possibilities, such as reading loyalty cards. Keyware divides its terminal range into the following three main categories: fixed, portable and mobile terminals.

Keyware Payterminals

fixed, portable and mobile payment terminal solutions

worldline e-payment services

ingenico®

VeriFone®

- **PayFix:** fixed terminals: there is a fixed connection via a communication cable from the terminal to the telephone network or an Internet modem. Fixed terminals are mostly found in shops.

- **PayAway:** Portable terminals: the terminal consists of a base station and a portable device. The base station has a fixed connection via a communication cable from the terminal to the telephone network or an Internet modem. The portable device may be separated from the base station by approximately 150 meters to receive customers' payments. Such terminals are used particularly in restaurants and cafés: customers can pay by debit card at their table.

- **PayMobile:** Mobile terminals: the terminal can be taken anywhere within Belgium to receive payments. These terminals make use of GSM or GPRS communication technology instead of the telephone network or Internet. These terminals are ideal for mobile occupations such as door-to-door suppliers, taxi drivers, etc

It is Keyware's aim to enable its customers to choose from a wide range of high quality payment terminals that correspond as closely as possible to their payment needs. To this end, Keyware works together with leading global players with an excellent reputation. Keyware is thus able to offer a comprehensive, flexible solution at an affordable price.

Keyware Pay-e

Research shows that adding a payment module to your web shop results an increase in the number of visitors and in the turnover per visitor. E-shoppers prefer a site where they can settle their purchases directly, above a site with a wider range of products but without payment options.

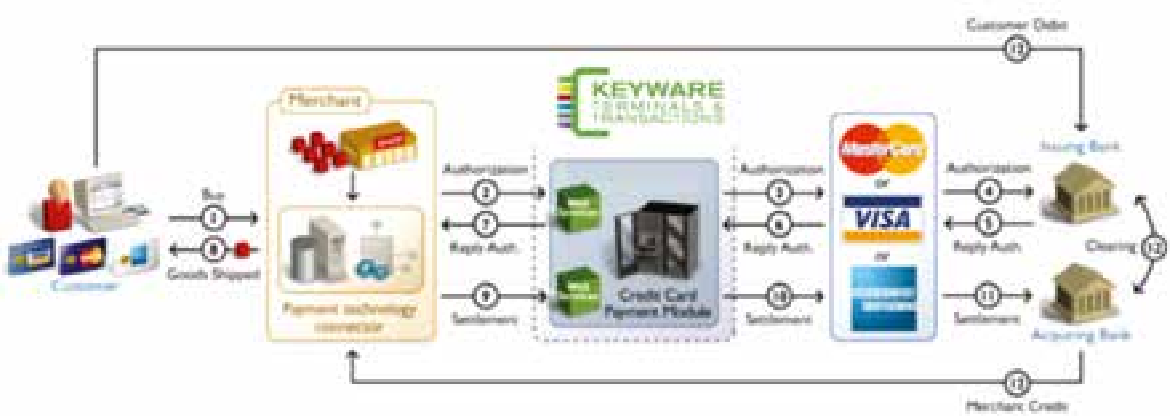
This is why Keyware has developed its own solution for on-line retailers that wish to add electronic payment to their web shop, based on its PayService payment platform. In addition to transaction processing, Keyware offers a number of standard templates that can be integrated directly into your e-commerce shop.

Based on your existing customer base, product or services range and your commercial strategy, Keyware will propose a customised payment solution. Keyware will also take into account the type of customer (national or international customers), purchases with debit or credit cards, the purchase frequency, average purchase value, etc.

The PayService purchase module is then integrated into your e-shop. Here as well, you can choose from various options. After the transaction agreements have been concluded, your customers can immediately settle their purchases.

Furthermore, you will also have secure access to the payment module on your site, where you can view various reports, activate options and monitor your payments.

The chart below illustrates a typical payment process with delivery of products:



1. Your customer purchases a product in your web shop and pays with his credit card
2. You send an (automatic) authorisation request to Keyware PayService
3. PayService receives the request, validates it and sends it the appropriate payment channel
4. The issuing bank processes the request
5. ... and blocks the amount for a specific period (depending on the bank in question) if approved, or sends a refusal back to PayService.
6. PayService receives the issuing bank's reply
7. The result is sent on to you
8. When you then deliver the goods to your customer, you are authorised to carry out the transaction
9. This authorisation is entered into the PayService system and validated
10. PayService groups these authorisations and sends them to the acquirer via the respective card networks (MasterCard, Visa...)
11. The authorisations are received by the acquirer
12. The execution of the authorisation are arranged between the banks of the retailer and the customer

Of course, the payment transactions process can be tailored to your delivery possibilities (immediate delivery of products such as photographs or software; postponed delivery via a courier service, etc.) and the types of payment cards can be defined, etc


htc
Maestro
SAMSUNG
V
PAY
VISA


PLATFORM
Research
APPLICATION
INFRASTRUCTURE

WORKING AT KEYWARE

Although Keyware is a highly computerised company that has been built up on supporting systems and end-to-end business processes, it is clear that the ultimate success of the company is achieved through skilled and committed employees.

This why Keyware provides for a pleasant working atmosphere and we offer our employees the opportunity to develop themselves both professionally and personally.

Education and training

When entering the employment of Keyware, each employee receives a personal training programme consisting of theory and practice. Depending on the employee's development, an additional training programme is provided. The sharing of knowledge and experience between colleagues is stimulated.

Sessions are organised regularly per working area or department with the objective of transferring new knowledge, discussing results, formulating objectives and the perfection of methods and techniques.

In this manner, Keyware also create opportunities for people without specific schooling or training and for people who are interested in a career switch. When there is a will, there is a way!

Career development

Practically each job offers opportunities for advancement, both horizontally and vertically. Creativity and dynamism are clearly stimulated. By means of regular contacts between the personnel of the various departments, business presentations and business meetings, Keyware employees learn more about the company's business operations and its stakeholders and discover the possibility to enrich their jobs with valuable contributions.

Information culture

Keyware employees are informed practically on a daily basis about the course of affairs. Formal meetings, e-mail flashes, briefings, etc. both with respect to practical information that is necessary for providing correct services to our customers and information about very specific subjects or general background information about specific strategic choices.

This ensures that employees can carry out their tasks optimally with the necessary knowledge, well informed and with confidence.

No-nonsense approach

At Keyware, achievements, initiatives and creativity are more important than degrees. All employees address each other using first names and are easily accessible for each other. Customers are given clear and direct answers to their questions, presentations are concise and to the point.

This no-nonsense approach is also reflected in our contracts, far-reaching administrative simplification and the direct accessibility of the various services.

Diversity

Already since it was founded, Keyware has employed employees with various cultural and social backgrounds, of various ages and educational levels. This is based on mutual respect, whereby the selection and appraisal of employees takes place based on objective criteria. Everyone speaks his or her own language or a language that all involved parties understand.

Keywares pluralistic working environment provides for a dynamic, active involvement and the desire to do what we do even better every day!

Financial participation

Employees are regularly given the opportunity to participate in Keyware through warrant plans. In this manner, they are given the opportunity to share in the company's success. As a stock-listed company, Keyware also offers everybody the opportunity to participate in the company in an easy manner via Euronext.

ENVIRONMENT

With customers spread all over Belgium, Keyware's sales, installation and support teams have, of course, a direct impact on the environment, more specifically in connection with emissions and traffic.

In order to limit the negative effects of this as much as possible, Keyware strives to achieve the following objectives, taking into account SLAs and other contracts and commitments vis-à-vis customers:

- matching the living and working area of these employees as much as possible
- to a maximum extent grouping appointments according to geographical area
- investing in a greener vehicle fleet
- making use of modern means of communication

For on-site personnel, taking into account the responsibilities, the emphasis is on:

- home connections
- attention for packaging material, economical printing, reduction of paper use

In the area of waste processing attention is paid to:

- the reduction of the amount of packaging and hazardous packaging materials;
- the extensive sorting of waste;
- the processing process of end-of-life devices.

In this manner, Keyware strives to make a contribution towards a greener economy.


KEYWARE
TERMINALS & TRANSACTIONS
BACK
9:41 AM Friday, June 18th, 2014
AMOUNT: 499 €
Insert your card
ISMP
F1 F2 F3 F4
KEYWARE
TECHNOLOGIES
V PAY
VISA
Maestro
MasterCard

KEYWARE TECHNOLOGIES

IN THE SPOTLIGHT

On the way to 20,000 customers – everyday again and again

Keyware's turnover grew by more than 11% in 2014. Year after year an increasingly large number of retailers are joining Keyware, while existing customers confirm their confidence in a fast, correct and affordable settlement of their payment transactions. Net profit increased by more than 85%, while at the same time customers were able to benefit from better conditions!

Although the secret of this recipe appears to be simple - a far-reaching customer orientation throughout all business processes - the execution of this demands a constant dedication to the company's vision, mission and strategy.

As one of the few suppliers on the market for payment terminals and payment transactions, Keyware offers five-year contracts: guarantees for the customer with regard to price, quality and service level. This both for the payment terminal itself and for every additional order of material or equipment. The order of a package of paper rolls is carried out with the same care and accuracy as an order for 100 new payment terminals.

Keyware also grows with the business of its customers. Within their contracts, customers can switch to another type of terminal free of charge, depending on changed market circumstances, sales, etc. In this manner, Keyware strives to offer its most optimal payment solution under all circumstances.

In the meantime, Keyware processes the payment receipts via debit or credit cards for its customers 24/7 throughout Belgium and the border areas both online and on-site, within various sectors such as the government, professions, retail, hotels, restaurants and cafés, taxi services, international organisations, hospitals, etc.

As the different sectors have different needs, requirements and wishes, Keyware approaches its customers in a segmented manner. Keyware has defined the following market segments within its products and services package: governments, retail, the hotel, restaurant and café sector, professionals, door-to-door and garages. This communication is also translated into the website, via segmented e-mailings, advertisements, etc. In this manner, Keyware conveys the right message to the right target group.

Maybe you will also become a customer tomorrow or you are a customer and you would like to recommend our services to a colleague? Do not hesitate to contact us, we will always have a gift lying ready for you!

Marketing campaigns

Where payment terminals are concerned, Keyware offers the largest selection on the Belgian market with customised terminals of global players such as Ingenico, Verifone and Worldline. Millions of these terminals of these manufactures have been installed in 2014 around the world.

Keyware concluded an agreement with Worldline in July 2013, so that the well-known Yomani, Yoximo and Xengo payment terminals are now also marketed via Keyware. During the first six months of 2014, this already resulted in the successful connection of more than 2,000 payment terminals.

As an independent NSP, Keyware occupies a unique position in its home market and it serves as a single point of contact for almost every market segment. Following the agreement with Worldline and the segmented approach of sectors and customers, various successful marketing campaigns were launched within different sectors.

In the field of providing services to its customers, results were again booked that exceeded the management's and the market's expectations. The targets regarding contract handling, installation and after-sales service are focus areas for providing high quality services. The ongoing growth of the active customer base confirms the direct influence of this high quality service level. Our customers opt for a five-year commitment, both for new contracts and for the extension of expiring rental contracts.

Keyware launched two brand new websites in mid-2014: keyware.com (for investors) and keyware.be (the platform for the payment terminals and the payment transactions). The segmented approach to the various sectors is applied concretely in these websites.

In addition, Keyware launched the “Premium Customer” concept at the end of 2014. In this manner, Keyware wishes to reward its loyal (exemplary) customers. Premium Customers are the ambassadors of Keyware and have several payment terminals and realise a high volume of monthly payment transactions executed with the newest Keyware payment technology. Chocolatier Dominique Persoone had the honour of receiving the first trophy with his shop “The Chocolate Line”.

Keyware expects to expand its market share even further in 2015 both within its key sectors and within the middle segment. Its competitive position in both payment terminals and transaction services promotes a sustainable and personalised payment solution for every retailer.

As an ambassador for electronic payments, Keyware also pays special attention to both starting companies and retailers that wish to introduce electronic payments in their business for the first time. In addition to professional advice and a correct offer, the customer enjoys a continuous follow up and a high quality after-sales service.

With its own Charter, Keyware aims to profile itself as the right partner for your payment facility at all times!

Examples of a number of marketing campaigns

Advertisements

Specific special offers

KEYWARE
TERMINALS & TRANSACTIONS

Union Nationale des Ambulants

L'Union Nationale des Ambulants s'est associé à la société Keyware, spécialiste de solutions de paiement électronique, pour réserver des conditions spécifiques pour ses membres.

Keyware propose une solution répondant aux besoins spécifiques des Marchand Ambulants :

- le terminal de paiement Mobile est autonome et offre la possibilité aux Marchand Ambulants d'offrir à leur clients le moyen de payer via la carte Bancontact-Mistercash-Maestro sur tout le territoire belge et dans les pays limitrophes,
- des coûts de transactions compétitifs,
- une réduction de 10 à 33% sur le prix de vente ou de location du terminal.

Pour plus d'infos,
Adressez un e-mail à l'adresse pierre.ghyssens.keyware@gmail.com et mentionnez « Action Union Nationale des Ambulants » ou téléphonez au numéro 0478 609 617 pour fixer un rendez-vous à votre meilleure convenance.

ATTENTION:
Pour bénéficier de cette offre unique prenez contact avant ce 25 janvier 2015.

Pour L'Union Nationale des Ambulants

Mr. Yannis Papassarantis
President

Pour Keyware Smart Card Div.

Mr. Pierre Ghyssens
Business Development Manager

www.keyware.be - 0800/40 900 - info@keyware.com

Publications

INTERVIEW STÉPHANE VANDERVELDE – C.E.O. KEYWARE

10/12/14

Bedankt voor dit boeiende gesprek mr. Vandervelde.

Publications

Keyware neemt activa GlobalPay over

Topman Stéphane Vandervelde, ceo van Keyware. © Thomas De Boever

Keyware neemt de activa van sectorgenoot GlobalPay NV over om zich te versterken op de markt van betaaldiensten. Het betreft een kleinere overname, waarbij geen personeelsoverdracht gemoeid is.

Het in Zaventem gelegen Keyware neemt sectorgenoot GlobalPay NV, uit Sint-Martens Latem, over. De overname van GlobalPay NV is vooral gericht op de activa, er is geen personeel mee gemoeid. Met de overname zegt Keyware haar marktaandeel op de Vlaamse betaalmarkt verder te willen ontwikkelen.

GlobalPay was vooral actief in het aanbieden van betaalterminals- en transacties in de kleinhandel. Klanten van GlobalPay kunnen volgens Keyware kosteloos overstappen naar een terminal uit het Keyware-gamma.

GlobalPay was in het boekjaar 2013 licht winstgevend, nadat er in 2011 en 2012 nog licht verlies werd opgetekend. De bedrijfswinst bedroeg 22.868 euro. Er was één personeelslid ingeschreven in het personeelsbestand.

Bron: Tijd

KEYWARE TECHNOLOGIES

Press release

KEYWARE TERMINALS & TRANSACTIONS

Persbericht

▸ Keyware Premium Customer van de maand December: The Chocolate Line van chocolatier Dominique Persoone

The Chocolate Line van chocolatier Dominique Persoone werd deze maand door Keyware uitgeroepen tot Premium Customer van de maand December in Vlaanderen. Keyware wil op deze manier haar trouwe (voorbeeld)klanten belonen én in de kijker zetten.

Met meer dan 15.000 klanten speelt Keyware een belangrijke rol inzake elektronisch betalen bij handelaren, overheidsdiensten en vrije beroepen. Om de wederzijdse samenwerking met deze klanten optimaal te laten verlopen, werd een aantal jaar geleden het Keyware Charter geïntroduceerd. Dit Charter is het meest omvattende in de sector en focust op kwaliteit, prijs, serviceverlening, flexibiliteit, toekomstgerichte oplossingen, duidelijke overeenkomsten en een sterke lokale aanwezigheid.

Premium Customers zijn klanten die na verloop van tijd ambassadeurs werden van Keywares betaaloplossingen en beantwoorden aan een reeks criteria zoals het gebruik van Keywares nieuwste betaaloplossingen, het verwerken van hun betaaltransacties via Keywares PayService-dienst en het actief deelnemen aan het peterschapsprogramma door een actieve promotie van Keyware-diensten aan collega's-handelaars.

De **Award 'Premium Customer'** werd uitgereikt door Stéphane Vandervelde, President & CEO van Keyware.

Wie is Keyware?

Keyware (EURONEXT Brussel: KEYW) is een vooraanstaande leverancier van oplossingen voor elektronisch betalen, getrouwheidsystemen, identiteitstoepassingen en daaraan verwant transactiebeheer. Keyware is gevestigd in Zaventem, België.
Meer informatie is beschikbaar op www.keyware.be.

Keyware Smart Card Division NV/SA
Ikaroslaan 24 · B-1930 Zaventem
t 0800 40 900 · f +32 (0)2 347 16 88
terminal@keyware.com · www.keyware.be

FINANCIAL SECTION OF THE ANNUAL REPORT

CONTENTS – FINANCIAL SECTION

SHARES AND SHAREHOLDERS

SHAREHOLDER STRUCTURE

Share capital and shares

As of 31 December 2014, the share capital of Keyware Technologies NV amounted to EUR 9,166,297.84, represented by 20,438,793 shares, which are all entitled to a dividend and which all have the same par value. This number can be increased with 3,135,000 shares to 23,573,793 by exercising the warrants that were still outstanding as of 31 December 2014.

Share regrouping in 2007

The Extraordinary General Shareholders' Meeting of 26 September 2007 decided on a combination of existing shares (reverse split) of the company, in which 50 shares give the right to one new share in the company. In addition, the Board of Directors was authorised to implement this reverse split. Following the decision by the Board of Directors on 6 November 2007, the reverse split was executed on 3 December 2007. This decision also had an impact on on the outstanding warrants.

Warrantschemes

At the time of the issue of the convertible bond in 2008, each subscriber also received 25,000 warrants for each EUR 50,000 Bond. This plan is referred to as the "Warrant Plan 2008". These warrants can be exercised at any time during a period of four (4) years as from the date of issue. The subscription price per share when exercising the warrant equals the lowest amount of (i) EUR 1.25 or (ii) the issue price of other securities that the Company may have issued since the issue of the warrants and that can be exchanged for, exercised or converted into shares of the Company. These 222,500 warrants were exercised by means of a notarial deed executed on 20 May 2009 resulting in a capital increase of EUR 278k and 222,500 new shares were issued. 187,500 warrants were exercised by means of a notarial deed executed on 30 April 2010 resulting in a capital increase of EUR 235k and 187,500 new shares were issued and 160,000 warrants were exercised by means of a notarial deed executed on 17 September 2010 resulting in a capital increase of EUR 200k and 160,000 new shares were issued. 105,000 warrants were exercised by means of a notarial deed executed on 16 February 2011 resulting in a capital increase of EUR 131k and 105,000 new shares were issued.

Via a notarial deed executed on 7 September 2012, the term of these 2008 warrants was extended by one year up to 17 September 2013. The 1,250,000 warrants that were still outstanding at year-end 2012 were exercised in March 2013 (500,000 warrants) and August 2013 (750,000 warrants) at an exercise price of EUR 0.70. This resulted in a capital injection of EUR 875,000 against which 1,250,000 new shares were also issued. The original exercise price was EUR 1.25, following the repricing provision, the exercise price with regard to the issue of the 2012 Warrants was adjusted. There were no more outstanding 2008 Warrants at year-end 2014.

The Extraordinary Shareholders' Meeting of 17 March 2010 took the decision to issue the **"Warrants Plan"** by creating 550,000 warrants. Of these 550,000 warrants, 390,000 warrants were allocated to specific persons (directors, consultants and managers) and 160,000 were reserved for employees. These warrants were offered within a period of three months as from the date of the Extraordinary Shareholders' Meeting, allocation and definitive issue thereof (by notarial deed). In total, 82,500 warrants were subscribed. In 2010, 10,000 warrants expired, so that 462,500 warrants were still exercisable at the end of December 2010. In 2011, another 15,000 warrants expired. No warrants were exercised in 2012, so that 447,500 warrants were still exercisable at the end of December 2012. No warrants were exercised in 2013 as well; however, 80,000 warrants expired, so that the number of outstanding warrants at year-end 2013 amounted to 367,500.

The issued warrants give the right to subscribe to an equivalent number of shares. The exercise price of these warrants is EUR 1.56 and was determined based on the average of the closing prices of Euronext Brussels during the thirty days prior to the day on which the issue commences.

The term of validity of these warrants is five years with March 2015 as the expiry date. At year-end 2014 there were still 367,500 outstanding "2010 Warrants"; however, these are now expired. Between 31 December 2014 and the expiry date of this plan, no more warrants were exercised.

At the Extraordinary General Meeting of Keyware Technologies NV on 12 June 2012, it was resolved to issue 1,240,000 naked 2012 warrants. In connection with this **"Warrant Plan 2012"** 1,225,000 warrants were subscribed to. No warrants were exercised in 2012. In March and June 2013, 80,000 and 50,000 warrants were exercised respectively, as a result of which the still outstanding number of warrants at year-end 2013 decreased to 1,095,000. In view of the exercise price of EUR 0.70, this represented a capital injection of EUR 91,000. 25,000 warrants were exercised in 2014, which represents a cash inflow of EUR 18,000. At year-end 2014, there were thus still 1,070,000 outstanding warrants.

The issued warrants give the right to subscribe to an equivalent number of shares. The exercise price of these warrants is EUR 0.70 and was determined based on the average of the closing prices of Euronext Brussels during the thirty days prior to the day on which the issue commences. The period of validity of these warrant is five years.

At the Extraordinary General Meeting of Keyware Technologies NV on 30 September 2014, it was resolved to issue 2,065,000 naked 2014 warrants. In connection with this **"Warrant Plan 2014"** 2,065,000 warrants were subscribed to. No warrants were exercised in 2014.

The issued warrants give the right to subscribe to an equivalent number of shares. The exercise price of these warrants is EUR 0.569 and was determined based on the average of the closing prices of Euronext Brussels during the thirty days prior to the day on which the issue commences. The period of validity of these warrant is five years.

Shareholder structure

The table below provides an overview of the shareholders of the company as at 31 December 2014 based on notifications that the company received from parties who have informed the company, by means of a transparency statement, that they have acquired Keyware Technologies shares.

Shareholder	Shares	%
Parana Management BVBA/Powergraph BVBA/ Guido Van der Schueren	9.894.195	48,41%
Drupafina NV/Guido Wallebroek	1.439.355	7,04%
Big Friend NV/Stéphane Vandervelde	1.197.522	5,86%

KEYWARE ON EURONEXT

Euronext Brussels

In June 2000, the Company concluded an initial public offering (IPO) with a listing of 23,098,831 shares on EASDAQ under the new symbol "KEYW".

Following the closure of NASDAQ Europe (formerly EASDAQ), the Keyware shares were listed on the First Market of Euronext Brussels, segment double fixing since 3 September 2003.
As of 1 September 2005, the listing migrated from double fixing to continuous trading.

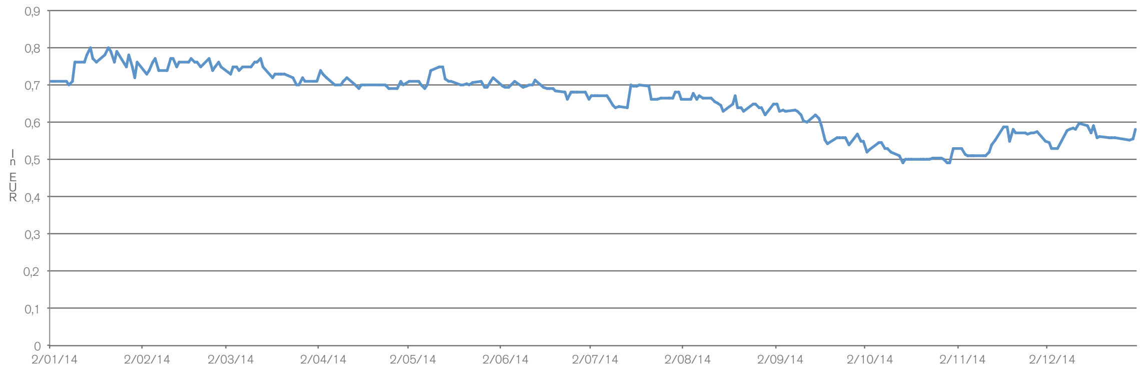
The Company has only ordinary shares listed on Euronext Brussels.

Capitalisation

As at 31 December 2014, a total of 20,438,793 ordinary shares were outstanding. Based on the listing on Euronext (EUR 0.58), this corresponds with a market capitalisation of EUR 11,855,000.

Chart

The chart below shows the monthly development of the Keyware Technologies share on Euronext Brussels during the period from 01 January 2014 through 31 December 2014.



Highest and lowest

The highest and lowest prices during the financial years 2012 through 2014 were as follows:

	Highest	Lowest
Financial year 2014	0,80 EUR	0,49 EUR
Financial year 2013	1,00 EUR	0,68 EUR
Financial year 2012	1,22 EUR	0,61 EUR

CORPORATE GOVERNANCE STATEMENT

BELGIAN CORPORATE GOVERNANCE CODE

The Board of Directors has decided to adopt the Belgian Corporate Governance Code 2009 as reference for the corporate governance within the Colruyt Group. This code has now been designated as the compulsory reference framework by the Royal Decree of 6 June 2010. The code and the Royal Decree of 6 June 2010 were published in the Belgian Official Gazette of 28 June 2010.

CORPORATE GOVERNANCE

Board of Directors

As at 31 December 2014, the Board of Directors has seven members, three of whom are independent directors. The members of the Board of Directors are:

Director	Position attended	Main function	End date of mandate after AGM of financial year ending on	Number of meetings
Guido Van der Schueren	Non-executive	Chairman	31 December 2014	5
Drupafina NV represented permanently by Guido Wallebroek[1]	Non-executive	Director	31 December 2014	5
Bruno Kusters	Independent	Director	31 December 2014	4
Pierre Delhaize	Non-executive	Director	31 December 2015	4
Sofia BVBA represented permanently by Chris Buyse	Independent	Director	31 December 2015	4
Big Friend NV represented permanently by Stéphane Vandervelde	Executive - CEO	Director	31 December 2015	5
Johan Bohets BVBA represented permanently by Johan Bohets	Independent	Director	31 December 2015	1

(1) Up to and including 24 May 2012,Guido Wallebroek personally as from 24 May 2012 Drupafina NV.

Guido Van der Schueren, Chairman of the Board of Directors

Guido Van der Schueren, co-founder of Artwork Systems, was Managing Director van Artwork Systems Group NV until the end of 2007. Since the takeover of Artwork Systems by Esko, Guido van Schueren was first CCO of Esko Artwork and subsequently Vice-Chairman of the Board. From 1982 to April 1992, he held various positions, including Sales and Marketing Director at DISC NV (later Barco Graphics NV), a company that develops and markets pre-press systems. From 1974 to 1982, Guido van der Schueren was the “Compugraphic” Sales Manager at BONTE NV, a distributor of equipment for the graphic sector. Guido van der Schueren holds degrees in Graphic Arts, Education and Marketing. He is also a director at several companies in various sectors.

Pierre Delhaize, Director

Pierre Delhaize has extensive experience in international business, in particular in the retail and distribution sectors. He currently plays an active role in several companies such as Sogedel France and Sogedel Lux. He is also “Maître de Conférences” at the Ecole de Commerce Solvay.

Drupafina NV, permanently represented by Guido Wallebroek, Director

Guido Wallebroek has gained extensive professional experience in the paper wholesale sector. In 1971, he founded the companies Olympia Papier NV and Universal Paper (Aartselaar) and Data Papier (Gent). These companies were sold to a European paper group. Guido Wallebroek is currently a director of Drupafina NV, Beluga NV, Sucraf NV and Sica Invest NV.

Bruno Kusters, Independent Director

Bruno Kusters has more than 15 years of experience in ICT and business consulting with references such as KKR, Avaya/Tenovis, Philips, Telindus, Unilever, Mitsubishi and Artesia. He obtained a degree in Commerical Engineering at the Catholic University of Leuven (KUL) and a Bachelor in Quantitative Methods at KUL.

Sofia BVBA, represented permanently by Chris Buyse, Independent Director

Sofia BVBA is the management company of Chris Buyse and acts as ian ndependent director of the Company.

Chris Buyse has more than 20 years of experience in international financial expertise and financial management. He was previously the CFO of the Belgian biotechnology company CropDesign, where he coordinated the takeover by BASF in July 2006. Before that, Chris Buyse was the financial director of WorldCom/MCI Belux and CFO / interim CEO of Keyware Technologies. In addition, he also held various financial positions including financial controller and internal auditor at Spector Photo Group, Suez Lyonnaise des Eaux and Unilever. Chris Buyse graduated with a Licentiate Degree in Applied Economics at the University of Antwerp and a MBA at the Vlerick Management School of Ghent. He also obtained a summer school certificate from Georgetown University In Washington (US). Chris Buyse also holds several directorships in other promising biotechnology companies such as Cardio 3 Biosciences, Bone Therapeutics, Iteos, Q Biologicals and the Bio Incubator NV.

Big Friend NV, permanently represented by Stéphane Vandervelde, Director

Big Friend NV is the management company of Stéphane Vandervelde. Stéphane Vandervelde has more than 20 years of experience in the software industry and was co-founder of Keyware. He has been the President and CEO of Keyware since 2001. Stéphane Vandervelde graduated as an Engineer in Electronics and completed an additional specialisation in Micro-Electronics and Chip Design at the Catholic University of Leuven (KUL). He is also a director at several other companies, such as Hybrid NV and US, Pinnacle Investments NV, Immo David NV, WEMA NV, CreaBuild NV, NiXPS NV, Nexus Investments NV and Big Friend NV.

Johan Bohets BVBA, permanently represented by Johan Bohets, Independent director

Johan Bohets BVBA is the management company of Johan Bohets, who was appointed as a director at the Ordinary General Shareholders' Meeting of May 2013 (at the time as Umami BVBA). Johan Bohets was also employed as a senior counsel at the European Investment Fund and as a senior associate in the capital markets and corporate department of a magic circle law firm, where he gained a lot of experience in cross-border transactional work and, in particular, mergers and acquisitions and private equity investments. At present, he is active as general counsel of a financial institution. He holds a Master's Degree in Law and a finance diploma for the Catholic University of Leuven, an additional degree in advanced corporate finance at the Insead/Amsterdam Insititute of Finance and an executive master in finance at the Solvay Business School.

The Board of Directors convened five times in 2014. The number of meetings enabled the Board of Directors to carry out its tasks in an effective manner and to fulfil its duties as the Company's consultation and decision-making body. The meetings of the Board of Directors took place on the following dates:

	11.03.2014	20.05.2014	19.08.2014	10.11.2014	04.12.2014
Guido Van der Schueren	X	X	X	X	X
Drupafina NV/Guido Wallebroek	X	X	X	X	X
Bruno Kusters	X	X	X	X	X
Pierre Delhaize	X	X	X	-	X
Big Friend NV	X	X	X	X	X
Sofia BVBA	X	X	X	X	X
Johan Bohets BVBA / Umami BVBA	X	X	-	X	X

X = present or represented via proxy.

During its meetings in 2014, the Board of Directors dealt with, among others, the following matters:

- financial results on a quarterly basis (IFRS quartly figures)
- discussion of the recommendations of the Audit Committee
- financing of the Group
- budget 2015
- the settlement of a number of legal disputes and claims
- conflicts of interest
- operational items (cooperation with new partners, etc.)
- acquisition opportunities

The company does not have a delegated director ("afgevaardigde bestuurder"). The Company is duly represented by two directors acting jointly.

With regard to the remuneration of the non-executive directors, we refer to that which was discussed under Remuneration of directors and members of the executive management.

Day-to-Day Management

In accordance with Article 23 of the Articles of Association, the Board of Directors has delegated the day-to-day management of the Company to a collegiate body that is referred to as the "management committee".

The Board of Directors has appointed the management committee of the Company. The powers of the management committee are specified by the Board of Directors. Stéphane Vandervelde is the chairman of the management committee.

At the end of December 2014, the management committee was comprised of the following members:

- CEO Stéphane Vandervelde – via Big Friend NV
- CFO Alain Hubert – via Hubert & Co BVBA
- COO Wim Verfaille – via IQuess Consulting BVBA
- CCO Joris Maes – via JM Services GCV

Stéphane Vandervelde has more than 20 years of experience in the software industry. He is currently President and CEO of Keyware since 2001. Stéphane Vandervelde graduated as an Engineer in Electronics and completed an additional specialisation in Micro-Electronics and Chip Design at the Catholic University of Leuven (KUL).

Alain Hubert is Licentiate Applied Economic Sciences (UG) and Special Licentiate in Accountancy (Vlerick School of Management). He has been a certified auditor since 1998 and until 2008 he was an audit partner at Constantin Bedrijfsrevisoren and after that Executive Director at Ernst & Young, Transaction department until May 2013. He has fulfilled the position of CFO at Keyware Technologies since June 2013.

Wim Verfaille is an Industrial Electricity Engineer. He worked as Operations Manager at Modular Lighting Industries from 1994 to 2003. He has worked as an Operational Business Consultant and interim manager since 2003. In this capacity, he was involved in a number of long-term projects at, among others, Tenovis (Telecom) and Maxeda (Retail). He has fulfilled the position of COO at Keyware Technologies since 2007.

Joris Maes has over twenty years of experience in sales and marketing in various industries and he has worked for companies such as Alcatel-Lucent, KPN, AT&T and Balta. At Balta, he enjoyed an 'expat experience' of more than two years when he was stationed in the United States (as Vice-President Sales & Marketing). He holds a Master's Degree in Industrial Engineering (electronics) and a MBA in General International Management from the Vlerick Leuven Gent Management School with as specialisation "inter-cultural negotiations".

With regard to the remuneration of the management committee, we refer to that which was discussed under Remuneration of the directors and members of the executive management.

Auditor

BDO Bedrijsrevisoren CVBA, with registered offices at Da Vincilaan 9 - Box E.6 Elsinore Building, 1935 Zaventem, duly represented by Koen De Brabander, has been appointed as the auditor of Keyware Technologies NV for a period of three years, which shall end after the General Shareholders' Meeting of 2017.

The total annual remuneration of the auditor amounts to EUR 53 k, of which EUR 33 k for the statutory and consolidated annual accounts of the Company and EUR 20 k for the statutory annual accounts of the Belgian subsidiaries. In addition, exceptional compensations were received for a total amount of EUR 21 K in connection with special reporting with regard to the capital increases due to warrants, the issue of the 2014 Warrants Plan and the capital increase by means of a contribution in kind.

The auditor and the companies with which he has a form of collaboration in connection with his profession carried out due diligence activities for an amount of EUR 22 K.

Audit Committee

The Audit Committee consisted of the following non-executive members:

- Sofia BVBA, represented by Chris Buyse, Chairman and Independent Director
- Guido Van der Schueren, non-executive director
- Guido Wallebroek, non-executive director

The Audit Committee convened four times in 2014. The meetings of the Audit Committee took place on 11 March 2014, 20 May 2014, 19 August 2014 and 10 November 2014.

	11.03.2014	20.05.2014	19.08.2014	10.11.2014
Sofia BVBA	X	X	-	X
Guido Van der Schueren	X	X	X	X
Drupafina NV/Guido Wallebroek	X	X	X	X

Remuneration Committee

The Remuneration Committee consists of the following members:

- Guido Van der Schueren, Chairman of the Management Board
- Bruno Kusters, Independent Director
- Sofia BVBA, represented by Chris Buyse, Independent Director

The Remuneration Committee convened once in 2014 on 11 March 2014.

INSIDER TRADING DIRECTIVE

In accordance with the Royal Decree of 5 March 2006 regarding market abuse, the Company has drawn up a guideline with regard to insider trading. As of June 2006, this guideline is applicable to the directors, persons with managerial responsibility and other employees who have access to inside information.

CONFLICTS OF INTEREST

Article 523 of the Company Code provides for an extraordinary procedure in the event that a director, directly or indirectly, has an interest of a proprietary nature that conflicts with a decision or a transaction that falls within the competence of the Board of Directors.

Article 524, paragraph 1, stipulates that the procedure that is specified in the paragraphs 2 and 3 must be applied in advance for each decision taken or each transaction executed in connection with the implementation of a decision of a stock-listed company.

Article 524, paragraph 2, stipulates that all decisions, specified in paragraph 1, must be subject to the prior assessment of a committee of three independent directors. This committee is assisted by one or several independent experts appointed by the committee.

The committee describes the nature of the decision or transaction and assesses the commercial advantage or disadvantage for the company and its shareholders. It estimates the proprietary consequences and determines whether or not the decision or transaction is of a nature that the company suffers a disadvantage that, in the context of the policy that the company implements, is manifestly unlawful. If the committee does not consider the decision or transaction to be manifestly unlawful, but the committee is of the opinion that the decision or transaction is to the disadvantage of the company, the committee will make clear which advantages the decision or transaction will charge as compensation for the aforementioned disadvantages.

The committee shall submit a substantiated advice to the Board of Directors, outlining each of the aforementioned assessment elements.

Article 524, paragraph 3, specifies that the Board of Directors, after taking note of the advice of the committee as stipulated in paragraph 2, proceeds to deliberate the proposed decision or transaction. In this case, Article 523 is applicable.

The Board of Directors states in its minutes of the meeting whether the procedure described above was complied with, and, if this should be the case, on which grounds the committee's advice was departed from. The auditor delivers an opinion on the correctness of the information that is stated in the committee's advice and in the minutes of the meeting of the Board of Directors. This opinion is attached to the minutes of the meeting of the Board of Directors. The committee's decision, an extract from the minutes of the meeting of the Board of Directors and the auditor's opinion are printed in the annual report.

No transactions took place during the course of the financial year 2014 that would have required the application of the article 523 and/or 524 of the Company Code.

EVALUATION BOARD OF DIRECTORS, COMMITTEES AND INDIVIDUAL DIRECTORS

The evaluation of the Board of Directors and its functioning takes place within the Company by the Remuneration Committee. The performance of the individual directors is also taken into account in the general assessment.

The Chairman organises individual interviews with all directors every two years. The following items, among others, are discussed during these interviews:

- the degree in which information is made available timely and fully to the directors and the manner in which any questions and comments are replied to by the management;
- the course of the discussions and the decision-making in the Board of Directors and, in particular, whether all standpoints can be formulated and taken into consideration;
- the participation of the individual directors in the discussions and a sufficient contribution of the specific expertise of the director during the discussions;
- the chairing of the meetings by the Chairman of the Board of Directors, whereby in particular attention is paid to a sufficient exercising of every person's right to speak, the conformity of the decisions with the discussions and the consensus of the directors.

The audit committee and the Remuneration Committee periodically carry out a self-assessment of their own functioning and effectiveness.

REMUNERATION REPORT

(a) Policy

The following principles are applied by the Company for the development of the remuneration policy and for determining the remuneration level for the non-executive directors:

- non-executive directors do not receive a fixed annual remuneration;
- non-executive directors do not receive an attendance fee;
- non-executive directors may subscribe for the warrants allocated to them by the Board of Directors in the event of the issue of a warrant plan;
- these principles can be departed from by a decision of the Remuneration Committee.

This remuneration policy remained unchanged during the financial year 2014.

The following principles are applied by the Company for the development of the remuneration policy and for determining the remuneration level for the members of the executive management:

- members of the executive management receive a fixed annual remuneration;
- members of the executive management receive a variable annual remuneration;
- members of the executive management may subscribe for the warrants allocated to them by the Board of Directors in the event of the issue of a warrant plan;
- members of the executive management may receive a refund of expenses that they have incurred in connection with the performance of their duties;
- these principles can be departed from by a decision of the Remuneration Committee.

This remuneration policy has remained unchanged during the financial year 2014.

(b) Remunerations

As stated above, directors can receive a remuneration in the form of warrants. 2,065,000 warrants were assigned in the course of the financial year 2014, including 1,740,000 warrant to the respective directors:

Director	Represented by	Number of warrants
Parana Management Corp BVBA	Guido Van der Schueren	1.000.000
Big Friend NV	Stéphane Vandervelde	665.000
Drupafina NV	Guido Wallebroek	15.000
Pardel NV	Pierre Delhaize	15.000
Bruno Kusters	-	15.000
Sofia BVBA	Chris Buyse	15.000
Johan Bohets BVBA	Johan Bohets	15.000

The variable remuneration policy of the Company for the non-executive directors remained unchanged, both with regard to the variable remuneration components and the allocation of warrants. The Management Board will invite the General Shareholders' Meeting of 2015 to apply the exception provided for in Article 520 of the Belgian Company Code (in combination with Article 525 of the Belgian Company Code) for this variable remuneration of the members of the executive management, in particular concerning on the one hand (i) the fact that a variable remuneration is allocated based on documented and objectively measurable performance criteria with regard to the past financial year instead of the distribution over time as laid down in Article 520 of the Belgian Company Code (i.e. at least one fourth over a minimum period of two years and another fourth over a period of at least three years, if this amounts to more than 25% of the total annual remuneration) and on the other hand (ii) the possibility to exercise Warrants under the General Warrant Plan 2014 before the expiry of the period of three years provided for in Article 520 of the Belgian Company Code.

Contrary to that which is stipulated under (a) Policy, the Remuneration Committee has allocated the following remuneration to the non-executive directors in 2014:

2014	Fixed	Variable	Pension	Expenses	Total (in (kEUR)	Warrants Number
Guido Van der Schueren (*)	60	50	-	-	110	-

(*) The above-mentioned remuneration components have been or will be paid through Powergraph BVBA

The executive management received the following remunerations in 2014:

2014	Fixed	Variable	Pension	Expenses	Total (in (kEUR)	Warrants Number
Big Friend NV	307	99	-	39	445	665.000
Hubert & Co BVBA	120	50	-	3	173	100.000
IQuess BVBA	179	50	-	11	240	125.000
JM Services Comm V	132	36	-	-	168	100.000

The management agreement with Big Friend NV, CEO of the Company, provides for a notice period of eighteen months, in the event of a termination of the agreement by the Company without giving reasons. This notice period may also be replaced, in mutual consultation between both parties, by a termination fee. The notice period of eighteen months was included in the management agreement at the time of signing, being 1 July 2000, causing this to differ from that which is prescribed in the Belgian Corporate Governance Code 2009. The variable remuneration is allocated based on documented and objectively measurable performance criteria regarding the past financial year.

The management agreement with Hubert & Co BVBA, CFO of the Company, provides for a notice period of six months, in the event of a termination of the agreement by the Company without giving reasons. This notice period may also be replaced, in mutual consultation between both parties, by a termination fee. The variable remuneration is allocated based on documented and objectively measurable performance criteria regarding the past financial year.

The management agreement with Iquess BVBA, COO of the Company, provides for a notice period of six months, in the event of a termination of the agreement by the Company without giving reasons. This notice period may also be replaced, in mutual consultation between both parties, by a termination fee. The variable remuneration is allocated based on documented and objectively measurable performance criteria regarding the past financial year.

The management agreement with JM Services GCV, CCO of the Company, provides for a notice period of three months, or otherwise to be agreed between the Parties. The variable remuneration is allocated based on documented and objectively measurable performance criteria regarding the past financial year.
The variable remuneration policy of the Company for the members of the executive management remained unchanged during the financial year 2014, both with regard to the variable remuneration components and the allocation of warrants.

The Management Board will invite the General Shareholders' Meeting of 2015 to apply the exception provided for in Article 520 of the Belgian Company Code (in combination with Article 525 of the Belgian Company Code) for this variable remuneration of the members of the executive management, in particular concerning on the one hand (i) the fact that a variable remuneration is allocated based on documented and objectively measurable performance criteria with regard to the past financial year instead of the distribution over time as laid down in Article 520 of the Belgian Company Code (i.e. at least one fourth over a minimum period of two years and another fourth over a period of at least three years, if this amounts to more than 25% of the total annual remuneration) and on the other hand (ii) the possibility to exercise warrants under the General Warrant Plan 2014 before the expiry of the period of three years provided for in Article 520 of the Belgian Company Code.

(c) Number of shares held by directors and executive management

The number of shares of Keyware Technologies NV held by non-executive directors as of 31 December 2014 is as follows:

Non-executive director	Number of shares
Guido Van der Schueren/Powergraph BVBA/Parana Management BVBA	9.894.195
Chris Buyse/Sofia BVBA	-
Guido Wallebroek/Drupafina NV	1.439.355
Pierre Delhaize/Pardel NV	372.400
Bruno Kusters	34.678
Johan Bohets/Johan Bohets BVBA	-

The number of shares of Keyware Technologies NV held by the executive management as of 31 December 2014 is as follows:

Executive management	Number of shares
Big Friend NV/Stéphane Vandervelde	1.197.522
Hubert & Co BVBA/ Alain Hubert	-
Iquess Consulting BVBA/Wim Verfaille	172.007
JM Services GCV/Joris Maes	14.836

(d) Warrants exercised during the financial year 2014

Both non-executive directors and members of the executive management have not exercised any warrants during 2014.

(e) Remuneration in the form of shares, share options or any right to acquire shares

In the past, the Company has issued warrant plans at irregular intervals, whereby directors, executive management and employees were given the opportunity to subscribe for these warrant plans.

During the financial year 2014, remunerations in the form of shares, share options or any right to acquire shares were allocated to non-executive directors or to the members of the executive management. In this context, reference is made to that which is stated above under (b) remunerations.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

Keyware's internal control structure consists or a number of guidelines that determine the main operational processes and that apply to the whole group. The Group has introduced various instruments for a constant monitoring of the effectiveness and efficiency of the system and the functioning of the internal control structure in connection with the financial reporting.

Keyware regularly evaluates the Group's risk position, the possible financial impact and the necessary actions to monitor and control risks.

For a detailed description of the various risks, reference is made to the annual report of the Board of Directors regarding the consolidated financial statements - section (2) Risk factors.

Until now, the company has not yet established an independent internal audit function. An internal evaluation takes place each year to assess whether there is a need for this.

ANNUAL REPORT OF THE BOARD OF DIRECTORS REGARDING THE CONSOLIDATED FINANCIAL STATEMENTS

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Section 119 of the Belgian Company Code, we have the honour of reporting to you on the activities of the Company in the financial year covering the period 01 January 2014 through 31 December 2014.

01 Comments with regard to the financial statements and information about the circumstances that could have a significant influence on the development of the consolidated company

The consolidated financial statements were prepared in accordance with IFRS by the Board of Directors on 10 March 2015.

(a) Financial statements and important events

The financial year closed with a profit after taxes of EUR 1,910 k. As a result, the shareholders' equity amounts to EUR 17,981 k after incorporation of the result.

(b) Comments relating to the main balance sheet items

For the comments with regard to the main balance sheet items, we refer to the Notes to the consolidated financial statements.

(c) Comments with regard to the main items of the profit and loss account

For the comments with regard to the main items of the profit and loss account, we refer to the Notes to the consolidated financial statements.

Besides the elements mentioned in these notes and the risk factors discussed in the paragraph below, there are no issues that could have a substantial impact on the development of the consolidated company.

02 Risk factors

In accordance with Section 119.1 of the Belgian Company Code, as amended by the Act of 13 January 2006, the Company hereby provides information about the most important risks and uncertainties that could have a negative impact on the development, the financial results or the market position of the Company.

(a) Products and markets

The Group operates in a market that is developing very rapidly with regard to technology. These developments concern the changing needs of customers, the need for the frequent development of new products, many of which have a short life as well as the changing industrial standards. Keyware also offers Worldline terminals since 2013 following the partnership that it concluded with Worldline mid-2013. The Group expects that turnover growth will depend largely on the degree to which it is able to respond to these new challenges. Not being able to react to this changed context in time can have negative consequences for the results of the Company and its financial situation. This risk has been reduced due to the broadening of the product range.

(b) Customer dependence

The Company has over 15,000 active customers. The most important customer represents less than 1% of the Group's turnover.

(c) Supplier dependence

In addition to the two new concluded agreements with new suppliers of payment terminals in 2009, Keyware also concluded an agreement with Worldline in 2013. As a result, the risk of discontinuity with regard to the supply of terminals has been reduced considerably.

(d) Concentration of credit risks

The concentration of credit risks is limited due to the large number of users, which are spread over Belgium and to a very limited extent over the Netherlands. The Group does not have any activities in countries with a highly inflationary economy.

(e) Legal proceedings

The Company is involved in a number of legal proceedings that can be regarded as contingent liabilities or contingent receivables based on IFRS. For more information on this item, reference is made to the Notes to the consolidated financial statements - (51) Pending disputes.

(f) Financial position

The Group had to raise additional funding in 2014. This need for additional funding will be strongly reduced for the financial year 2015. In this context, we refer to the Notes to the consolidated financial statements - (4) Going concern or continuity and (50) Important events after the balance sheet date.

(g) Going-concern/continuity

For this item, we refer to the Notes to the consolidated financial statements - (4) Going concern or continuity.

(h) Information technology risk

The information technology risk is mainly located in the subsidiaries and its contains a double aspect:

- SAP/Network management

  The entire IT infrastructure was completely optimised in 2010. In the event of discontinuity of the systems, an internal action plan provides for the reactivation of all IT services within four working hours with a loss of dynamic data of no more than one working day. The most recent SAP upgrades were carried out at the end of 2013 and the beginning of 2014 in combination with the replacement of the hardware.

- Converter and authorisations

  The Group has an entirely separate payment network for carrying out the NSP activity, which has been set up completely in accordance with PCI DSS level 1 regulations via a third party server farm. There is a complete parallel structure so that a possible discontinuity of the systems will have no influence on the business operations and whereby in the event of a combined discontinuity, all systems will be operational again with four working hours.

(i) Environment

The Group does not have any special remarks with regard to environmental matters.

(j) Personnel

The Group employed 40 employees (personnel and consultants) on 31 December 2014. With regard to the successful realisation of its objectives, the Company is partially dependent on the continuity of its personnel.

03 Justification of the application of valuation principles under the assumption of a going concern

For this item, we refer to the Notes to the consolidated financial statements - (4) Going concern or continuity.

04 Information regarding significant events after the financial year

For this item, we refer to the Notes to the consolidated financial statements - (50) Important events after the balance sheet date.

05 Information regarding activities in the area of research and development

These provisions are not applicable to the Group.

06 Capital increases and capital decreases

For this item, we refer to the Notes to the consolidated financial statements - (17) Capital structure.

07 Information regarding branch offices

These provisions are not applicable to the Group.

08 Own shares

These provisions are not applicable to the Group.

09 Decisions taken with application of legal procedures to avoid conflicts of interest

With regard to this item, we refer to that which is discussed in the section Corporate Governance – Conflict of interest.

10 Information on the use of financial instruments

The Company does not make use of financial instruments.

11 Justification of the independence and expertise in the areas of accounting and audit of one independent member of the Audit Committee

The General Shareholders' Meeting of 28 May 2010 has appointed Sofia BVBA, represented by Chris Buyse, as independent director of the Company. Sofia BVBA, represented by Chris Buyse, fulfils the criteria for independent directors stipulated in Section 524, subsection 4, and Section 526 of the Belgian Company Code. In addition, the Board of Directors is of the opinion that Chris Buyse has the required qualities for this position on the basis of his extensive professional experience.

Chris Buyse, the permanent representative of Sofia BVBA, has more than 20 years of experience in various financial and general management positions.

He graduated with a Licentiate Degree in Applied Economics (University of Antwerp) and a Degree in Management (Vlerick School). He gained experience at, among others, Unilever and Sita, before he helped realise the turnaround of Keyware between 2001 and 2003. After that, he was a board member and CFO of the stock-listed biotechnology company ThromboGenics.

Chris Buyse holds several directorships in other promising biotechnology companies such as Cardio 3 Biosciences, Bone Therapeutics, Iteos, Q Biologicals and the Bio Incubator NV.

Sofia BVBA, represented by Chris Buyse, is Chairman of the Audit Committee as of 1 January 2011.

CONSOLIDATED INFORMATION

MANAGEMENT DISCUSSION OF THE FINANCIAL SITUATION AND THE OPERATING RESULTS

01 Basis of presentation

The following discussion and analysis is based on the audited consolidated financial statements of Keyware Technologies NV and its subsidiaries ('the Group') for the financial year ending on 31 December 2014.

All intra-group balances and transactions were eliminated in the consolidation.

Until 30 September 2014, PayItEasy BVBA was accounted for based on the equity method. As from 1 October 2014, this company is fully owned by the Group and as a result the company has been fully included in the consolidation.

02 Historical overview and financial year 2014

(a) History

Keyware Technologies NV was founded in June 1996 as a public limited company under Belgian law. The Company originally developed security technologies based on biometric verification.

Four years later, in June 2000, the shares of the company were traded publicly for the first time on the EASDAQ, later renamed NASDAQ Europe. After a decision of the Extraordinary Shareholders' Meeting of NASDAQ Europe to cease its activities, it was decided to have the Keyware shares ('KEYW') listed on Euronext. The shares of Keyware Technologies NV were listed for the first time on Euronext on 3 September 2003.

There was great confidence in the breakthrough of biometric authentication technology when Keyware was established in 1996. This confidence was still intact when the Group was listed on the EASDAQ technologies exchange in June 2000.
Strengthened by this confidence, Keyware Technologies quickly took over a number of companies that were all active in biometrics to a greater or lesser extent or in the field of authentication.
The operational integration of these entities and the restructuring into one company that would be able to profit from synergies were never completely realised. The period of 18 months between flotation on the stock market and the end of 2001 showed that the market for biometric security was far from mature.

When at the end of 2001 it became apparent that the market acceptance of biometrics was slower than expected and the losses resulting from this activity were increasing, the decision was taken to cut back and sell these activities. During the year 2002, the Group was thoroughly reorganised and the activities were concentrated around the smart card.

The Group offered products and services in which the use of smart cards played a central role. The areas of application were access control, time registration and alarm monitoring, on the one hand, and loyalty and payment software on cards, on the other hand.

KEYWARE TECHNOLOGIES

The year 2003 was a year of consolidation and further focusing on the Group's core activities. The last divestment was completed in March and April 2003. The remaining assets related to the previous biometric activities were taken over by Bitwise NV and the shares of Able NV were sold to the former shareholders.

In July 2003, Keyware's payment software was certified by the EPCI (Electronic Payment Certificate Institute) (Bancontact/ Mister Cash and credit software such as VISA, MasterCard, American Express, Aurora and Diners Club).
The sale of this payment software together with the accompanying payment terminal was started in the fourth quarter of 2003.

Since February 2004, Keyware has focused completely on the payment terminals rental market. After a gradual start, this activity really took off in the last quarter of 2004 with approximately 1,000 new customers.

In 2005, the Group successfully continued to focus on the payment terminals market, and at the end of December 2005, the milestone of 5,000 customers was exceeded.

In 2005, Keyware focused on two product groups:

- Identification and applications for physical security (access control, time registration, alarm management and CCTV);
- Identification and applications on terminals (electronic payment, loyalty applications and ID cards).

Keyware also offered transaction services for both product groups: authorising, processing and analysing the transactions generated by these applications. The contracts with existing customers were extended in 2004. Keyware authorises transactions for Diners Club, Cetelem (Aurora and PASS cards), American Express and Citibank.

Digital Access Control (DAC) was acquired in March 2005, which gave Keyware access to the technology of electronic keys and electromagnetic locks via the eKeys product.

On 7 June 2006, Keyware Technologies NV announced that the Security & Time Management division would be sold to the Risco Group as of 1 June 2006.
Risco Group assumed the ownership of the Security & Time Management division on 6 June 2006 by purchasing 100% of the shares of the legal entities that constitute this division, being Keyware SA, Keyware France SA and Keyware Technologies Suisse SA.

Keyware exceeded the milestone of 10,000 payment terminals at the end of April 2006. It was clear that the Belgian market for payment terminals was still growing, but Keyware was growing even faster. Until the end of 2006, Keyware only sold its products through a number of independent sales organisations on a commission basis. In view of the further professionalization of the market segments and the increased sales volumes, these sales channels were expanded in 2007 with Keyware's own sales team. Besides an increase in the quality and quantity of contracts in certain market segments, it appeared that the new structure also resulted in lower operational costs.

On 26 April 2007, Keyware announced that a takeover agreement had been reached with the shareholders of B.R.V. Transactions NV. B.R.V. Transactions NV holds a licence from RBS (Royal Bank of Scotland) for the direct offering of credit card authorisation for Visa and MasterCard on the Belgian market.

Through the collaboration with RBS, Keyware can now also offer end-to-end solutions to retailers: from payment terminals to the processing of credit card authorisations for Visa and MasterCard and the processing of debit card authorisations for V Pay and Maestro.

In 2008, the emphasis within the payment division was on the further expansion of the installed base for contracts related to the rental of payment terminals. The focus was on Keyware's retention policy through which almost customers opted for a 48 or 60-month extension at the end of their contract.
With regard to the authorisation division, the focus in 2008 was on offering authorisation services for non-EMV transactions. However, the intended offering of authorisation services for EMV transactions was not realised.

In 2009, the planned expansion of the existing range of fixed and portable terminals with GRPS and IP terminals was realised. As from March 2009, the first contracts were concluded for the rental of IP terminals and as from September 2009, the first contracts were concluded for the GPRS terminals.

On 13 August 2009, Keyware announced that it had concluded a unique cooperative venture for the Belgian electronic payments market with the Dutch company PaySquare.
With this cooperative venture, Keyware and PaySquare aim to offer a unique service to Belgian retailers and self-employed professionals. Via the agreement with PaySquare, Keyware has its own payment platform to offer payment authorisations for credit cards (Visa, MasterCard) and debit cards (V Pay and Maestro) with respect to both its own terminals and terminals of third parties.
The collaboration with PaySquare is a milestone in the history of Keyware. As from August 2009, Keyware is now able to offer its customers a total solution in the form of a payment terminal in combination with subscription for payment transactions.

A further expansion of the existing range of payment terminals was realised in 2010, causing Keyware to become the market leader in sector-oriented payment solutions. In combination with an extensive range of transaction agreements for debit and credit card payments, the fixed (PayFix product range), portable (PayAway product range) and mobile payment terminals (PayMobile product range) provide an adequate solution for the specific requirements of each market segment. This vertical market approach resulted in a further penetration in Keyware's market segments in 2010, including the hotel, restaurant and café sector, local government institutions (cities, municipalities, OCMWs, etc.) and the retail sector.

In 2011, Keyware focused mainly on the more stable and higher market segments. With its sector-oriented payment solutions, Keyware increased its penetration in various government segments (cities and municipalities, schools, OCMWs, etc.) and the market of the larger service providers.

The new PayAway payment terminals based on bluetooth technology have rapidly become very popular among the regular market segments, especially in the hotel, restaurant and café sector. As opposed to the terminals based on DECT or GPRS technology, these PayAway terminals are practically immune to disruptions and payment transactions are processed at top speed. The new software provides for extra options such as a 'tip option', smart recharging, etc.

In addition, the PayMobile product range also showed a strong growth, in particular in the home delivery and services segment. In combination with telecommunication and payment subscriptions, Keyware clearly offers the right market combinations here.

With regard to services, it can be stated that the Keyware Charter remains the ultimate point of reference. With its well thought out seven points programme regarding quality, price, service level, flexibility, innovation, local presence and clear contracts, Keyware was again able in 2013 to convince the majority of its customers to renew their contract at the end of their initial contract period for periods of 48 or 60 months.

With regard to transactions, Keyware has been able to optimise its product range within the various market segments with regard to price and service due to its integrated cooperation with various transaction processors. In addition, Keyware offered very demanding customers unique redundant transaction solutions.

As Keyware continues to expand its own transaction platform, it is carrying out a increasingly larger part of the transaction processing. As a result, Keyware can exert more influence on the pricing and it can also offer extra services. This translated into a constant growth of the number of processed transactions in the various market segments in 2012 and 2013.

A dual partnership was concluded with Worldline in 2013 for the Benelux: an ISO (Independent Sales Organisation) agreement for the sale and rental of payment terminals and an Agency Agreement regarding acquiring contracts. This has already strengthened Keyware's service range together with the introduction of various new types of payment terminals on the market.

(b) The financial year 2014

A. Terminals

The financial year 2013 was characterised by a large number of bankruptcies. This has resulted in a more vertical market approach with a focus on segments that are less sensitive to economic cycles. This strategy was also continued in 2014 which has resulted in a further growth of Keyware's market share at various government bodies (cities and municipalities, OCMWs, etc.) as well as in the middle segment (customers with various branches or that need several terminals at one branch).

The product range of payment terminals in 2014 was strongly diversified as customers often opted for both Ingenico and Worldline terminals.

B. Transactions

The Keyware model whereby transactions agreements that are optimised for different market segments are offered via a selected number of transaction partners, provides substantial support to Keyware's growing market share. In this manner a customised solution can be offered with regard to price, service and technology for the individual retailer, a city or chain of stores.

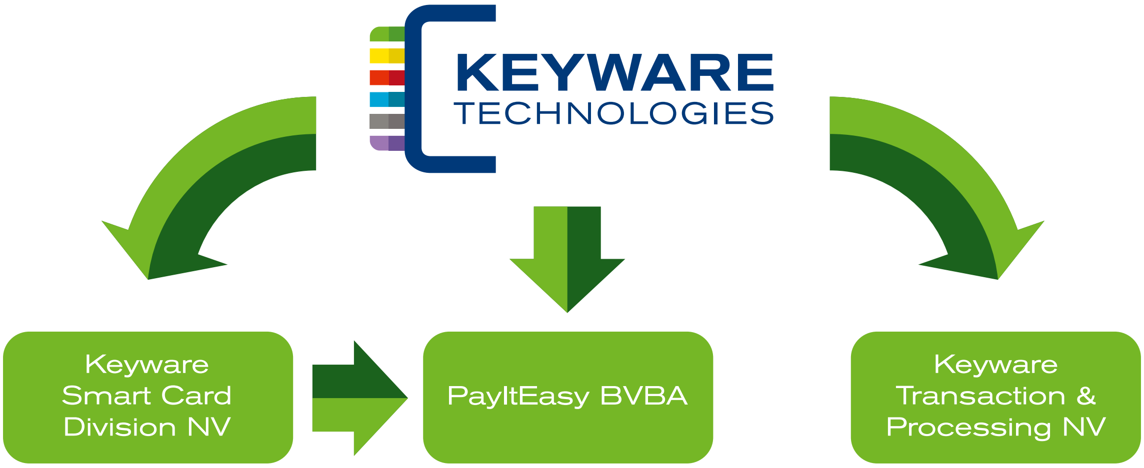
Furthermore, the expansion of Keyware's own transaction platform results in faster processing, a reduction of the operational costs and the possibility to offer extra services regarding reporting and functionality.

The transaction market reported further growth in 2014 due to the demand from both the government and the business community, that are stimulating electronic payments additionally and in some cases are even making this mandatory, due to the more and more frequent use of the card by the consumer and due to the growing success of the electronic meal voucher.

Keyware expects to perform better than the organic market growth again in 2015, in addition to the growth due to the acquisition on 1 January 2015 (asset deal with GlobalPay NV). The success of the diversified product range translates into a growth of the installed terminal base and the corresponding transaction subscriptions.

(c) Group chart

The group chart below provides an overview of the current group structure.



All companies are, direct or indirect, fully-owned subsidiaries of Keyware Technologies NV. PayItEasy BVBA was incorporated mid-2013 as a 50%-50% joint venture with J4S BVBA.

This company was included in the consolidated financial statements in accordance with the equity method until 30 September 2014 and since then fully consolidated.

(d) Financing of the Group

The Group required additional financing in 2013 and 2014 for the realisation of its activities.

In 2013, the Group filled in the existing financing requirement as follows:

- The Group concluded two investment loans with financial institutions in January 2013 for an amount of EUR 145 k in connection with the funding of the investment in the expansion of the vehicle fleet. This loan is repayable in monthly instalments over a period of 48 months;
- The same financial institution increased the straight loan for the first time by EUR 440 k in January 2013;
- During the first quarter of 2013, 580,000 warrants were also exercised, as a result of which the capital was increased by EUR 406 k and 580,000 new shares were also issued;
- In the second quarter of 2013, 50,000 warrants were also exercised, as a result of which the capital was increased by EUR 35 k and 50,000 new shares were issued;
- The same financial institution also financed the holiday allowance amount to EUR 40 k in June 2013;

- The same financial institution increased the straight loan for the second time by EUR 500 k in August 2013;
- In the third quarter of 2013, 750,000 warrants were also exercised, which resulted in a capital increase of EUR 338 k and issue premiums of EUR 187 k as well as the issue of 750,000 new shares;
- The same financial institution provided an investment loan of EUR 120,000 in October 2013 to fund the expansion of the vehicle fleet;
- Furthermore, in the fourth quarter 2013, for ... EUR 300 k in advances were made available by the management company of a director, being Big Friend NV, represented by Stéphane Vandervelde. One loan of EUR 200 k is repayable in 24 monthly instalments while the second loan of EUR 100 k was provided for a term of one month.

In 2014, the Group filled in the existing financing requirement as follows:
- During the first quarter of 2014, ING Lease NV provided a loan of EUR 114 k to fund the vehicle fleet;
- Parana Management Corp. BVBA provided a loan of EUR 1,500,000 and EUR 100 k with maturity dates of 31 December 2019 and 31 December 2015 respectively;
- Big Friend NV provided a loan of EUR 250 k also for a term of five years that ends on 31 December 2019;
- Iquess Consulting BVBA provided a loan of EUR 100 k for a term of one year, repayable on 30 June 2015;
- 25,000 warrants were exercised in 2014, which represents a cash inflow of EUR 18 K. This amount is expressed in the increase in the authorised share capital and the issue premiums of EUR 11 and EUR 7 respectively;
- ING Bank NV provided a new investment loan of EUR 750 k in 2014 with a term of four years, with a one year stand still. Therefore, this loan does not have to be repaid before 2016;
- The straight loan provided by Belfius Bank NV was reduced to EUR 1,000 k and was converted into an investment loan with a term of five years with 31 December 2019 as the end date;
- Finally, during the financial year, the Group concluded short-term bridge loans with Parana Management Corp. BVBA and with Big Friend NV for EUR 250 k and EUR 100 k respectively and these loans were repaid in the same year.

It should be mentioned that the loans provided by Parana Management Corp. BVBA and the investment loan provided by ING Bank NV were not fully drawn down in 2014. The remaining balance that can still be drawn amount to EUR 300 k and EUR 452 k respectively. These amounts will be drawn in 2015.

03 Operating results

The financial data below were derived from the consolidated financial statements (in accordance with IFRS) of Keyware Technologies ending on 31 December 2014 and 2013.

Consolidated profit and loss account for the period ending on	Financial year	
	31.12.2014 kEUR (audited)	31.12.2013 kEUR (audited)
Continuing operations		
Revenue	9.718	8.749
Other gains and losses	278	335
Raw materials and consumables	(2.318)	(1.903)
Salaries and employee benefits	(1.478)	(1.405)
Depreciation	(141)	(84)
Impairment	(100)	-
Net impairment of current assets	(1.002)	(1.863)
Other operating expenses	(3.587)	(3.351)
Operating profit /(operating loss)	***1.370***	***478***
Profit before taxes	***1.933***	***1.060***
Profit/(loss) for the period from continued operations	***1.910***	***1.029***

(a) Revenue and gross margin

The turnover, in this case the operating revenues without other operating income, can be specified as follows:

Gross margin	Financial year		Change
	31.12.2014 kEUR (audited)	31.12.2013 kEUR (audited)	
Revenue	9.718	8.749	969
Raw materials and consumables	(2.318)	(1.903)	(415)
Gross Margin	**7.400**	**6.846**	**554**
Gross margin in percentages	76,15%	78,25%	-

The consolidated revenue for the financial year 2014 amounts to EUR 9,718 k compared to EUR 8,749 k for the same period in 2013, which represents an increase of 11.08%.

The increase in revenue occurred in both the payment terminals division and the authorisation division. A higher number of newly concluded contracts were recorded again in 2014 in comparison to the previous year. This is mainly the result of maintaining the existing customer base whereby older terminals at existing customers are replaced by new terminals and the concluding of an important contract.

The large increase in the purchase of goods for resale in comparison to the increase in turnover is due to the cost price of Keyware's own platform on which transactions are processed as well as the valuation of the terminals in stock. As stated, this platform was launched in 2013 so that 2014 was the first full financial year.

(b) Operating expenses

The operating expenses can be summarised as follows:

Operating expenses for the period ending on	Financial year	
	31.12.2014 kEUR (audited)	31.12.2013 kEUR (audited)
Raw materials and consumables	(2.318)	(1.903)
Salaries and employee benefits	(1.478)	(1.405)
Depreciation	(141)	(84)
Impairment	(100)	-
Net impairment losses on current assets	(1.002)	(1.863)
Other operating expenses	(3.587)	(3.351)
Operating expenses	**(8.626)**	**(8.606)**

The following conclusions can be drawn:

- Impairments on current assets decreased by EUR 861 k from EUR 1,863 k in 2013 to EUR 1,002 k in 2014. This concerns impairments booked on receivables from financial leasing and impairments on inventories.

  The impairments on receivables from financial leasing or devaluations decreased by EUR 890 k compared to the previous financial year and amount to EUR 924 k instead of EUR 1,814 k. These impairments are the consequence of bankruptcies, termination of the activities by the customer or termination of the contract by the customer. There were a record number of bankruptcies and business terminations in the comparable financial year 2013 in comparison to the previous financial years and even in comparison to 2014 sot that impairments in 2014 are more in line.

  On the other hand, this item also contains the impairments on inventories of EUR 78 k in 2014 and EUR 49 k in 2013;
- The impairment of EUR 100 k concerns an impairment on a no longer operational platform;
- Other expenses increased by EUR 236 k in comparison to 2013. However, in 2014, this item contained the expenses in connection with the valuation of the warrants of 2014 amounting to EUR 260 k, so that the other expenses, without excluding this amount, actually showed a slight decrease.

(c) Net profit and net cash flow

Net profit for the financial year amounted to EUR 1,910 k in comparison to a net profit of EUR 1,029 k in 2013. The nearly twofold increase of the net profit was the result of a better gross margin as well as lower write offs of debtors.

Net cash flow amounted to EUR 2,863 k in comparison to EUR 2,476 k in 2013.

04 Personnel and subsidiaries

The Group employed 40 employees (personnel and consultants) on 31 December 2014.

FINANCIAL INFORMATION

(1) Consolidated balance sheet

Consolidated statement of financial position		31.12.2014 kEUR (audited)	31.12.2013 kEUR (audited)
Assets			
Goodwill	(6)	5.248	5.248
Other intangible fixed assets	(7)	14	28
Property, plant and equipment	(8)	485	479
Deferred tax assets	(9)	1.685	1.685
Receivables from finance leases	(10)	14.088	12.834
Other assets	(11),(38)	74	75
Non-current assets		**21.594**	**20.349**
Inventories	(12)	736	386
Trade and other receivables	(13)	843	679
Receivables from finance leases	(14),(38)	2.981	2.610
Deferred revenues	(15)	19	53
Cash and cash equivalents	(16)	915	97
Current assets		**5.494**	**3.825**
Total assets		**27.088**	**24.174**
Equity and liabilities			
Issued capital	(17),(37)	8.490	8.479
Share premiums		4.716	4.709
Other reserves		797	537
Result carried forward		3.978	2.068
Equity attributable to owners of the parent company		**17.981**	**15.793**
Provisions	(36)	**-**	**28**
Borrowings	(18)	3.342	1.743
Lease obligations	(19)	69	-
Trade payables	(20)	-	385
Non-current liabilities		**3.411**	**2.128**
Trade payables and other payables	(21)	3.833	3.511
Borrowings	(22)	1.443	2.323
Lease obligations	(23)	30	17
Other liabilities	(24)	22	37
Deferred revenues	(25)	368	337
Current liabilities		**5.696**	**6.225**
Total liabilities		**9.107**	**8.353**
Total equity and liabilities		**27.088**	**24.174**

(2) Consolidated profit and loss account

Consolidated profit and loss account for the period ending on		Financial year	
		31.12.2014 kEUR (audited)	31.12.2013 kEUR (audited)
Continuing operations			
Revenue	(28)	9.718	8.749
Other gains and losses	(29)	278	335
Raw materials and consumables		(2.318)	(1.903)
Salaries and employee benefits	(30)	(1.478)	(1.405)
Depreciation	(31)	(141)	(84)
Impairment	(31)	(100)	-
Net impairment losses on current assets	(32)	(1.002)	(1.863)
Other operating expenses	(33)	(3.587)	(3.351)
Operating profit /(operating loss)		**1.370**	**478**
Financial income	(34)	1.005	875
Financial expenses	(34)	(442)	(293)
Profit before taxes		**1.933**	**1.060**
Taxes on the result	(35)	-	-
Result from participations in Joint Ventures	(36)	**(23)**	**(31)**
Profit/(loss) for the period from continued operations		**1.910**	**1.029**
Profit/(loss) for the period		**1.910**	**1.029**
Weighted average number of issued ordinary shares		20.422.766	19.755.327
Weighted average number of shares for the diluted result per share		22.396.786	21.217.827
Profit/(loss) per share from the continuing and discontinued operations			
Profit/ (loss) per share	(40)	0.0935	0.0521
Profit/ (loss) per diluted share	(40)	0.0853	0.0469

Overview of comprehensive income for the period ending on	31.12.2014 kEUR (audited)	31.12.2013 kEUR (audited)
Profit/(loss) for the period	**1.910**	**1.029**
Other comprehensive income (net of taxes)		
Translation differences	-	-
Revaluation at fair value of 'financial fixed assets available for sale'	-	-
Cash flow hedges	-	-
Taxes on other comprehensive income	-	-
Other comprehensive income (net of taxes)	**-**	**-**
Total realised and comprehensive income for the period	**1.910**	**1.029**
Profit/(loss) for the period attributable to:		
The holders of equity instruments of the parent company	1.910	1.029
Non-controlling interests	-	-
Total of the other comprehensive income of the period attributable to:		
The holders of equity instruments of the parent company	-	-
Non-controlling interests	-	-
Weighted average number of issued ordinary shares	20.422.766	19.755.327
Weighted average number of shares for the diluted result per share	22.396.786	21.217.827
Profit/(loss) per share from the continuing and discontinued operations		
Profit/ (loss) per share	0,0935	0,0521
Profit/ (loss) per diluted share	0,0853	0,0469

(3) Consolidated statement of changes in equity

	Number of shares	Issued capital	Share premium	Other reserves	Result carried forward	Attributable to owners of the parent company	Non-controlling interests	Total
		kEUR	kEUR	kEUR	kEUR	kEUR		kEUR
Balance as at 01.01.2014	20.413.793	**8.479**	**4.709**	**537**	**2.068**	**15.793**	**-**	**15.793**
Profit / (loss) for the period	-	-	-	-	1.910	1.910	-	1.910
Total realised and comprehensive income for the period	-	-	-	-	**1.910**	**1.910**	**-**	**1.910**
Capital increase	25.000	11	7	-	-	18	-	18
Reserve for share-based remuneration of personnel	-	-	-	260	-	260	-	260
Balance as at 31.12.2014	20.438.793	**8.490**	**4.716**	**797**	**3.978**	**17.981**	**-**	**17.981**

Consolidated statement of changes in equity for the period	Number of shares	Issued capital	Share premium	Other reserves	Result carried forward	Attributable to owners of the parent company	Non-controlling interests	Total
		kEUR	kEUR	kEUR	kEUR	kEUR		kEUR
Balance as at 01.01.2013	19.033.793	**7.700**	**4.522**	**537**	**1.039**	**13.798**	**-**	**13.798**
Profit / (loss) for the period	-	-	-	-	1.029	1.029	-	1.029
Total realised and comprehensive income for the period	**-**	**-**	**-**	**-**	**1.029**	**1.029**	**-**	**1.029**
Capital increase	1.380.000	779	187	-	-	966	-	966
Balance as at 31.12.2013	20.413.793	**8.479**	**4.709**	**537**	**2.068**	**15.793**	**-**	**15.793**

(4) Consolidated cash flow statement

Consolidated cash flow statement for the period ending on		Financial year	
		31.12.2014 kEUR (audited)	31.12.2013 kEUR (audited)
Cash flow from operating activities			
Profit / (loss) for the period		1.910	1.029
Financial income	(33)	(1.005)	(875)
Financial expenses	(33)	442	293
Depreciation	(30)	241	84
Impairment of finance lease receivables	(31)	924	1.284
Impairment of inventories	(12)	78	49
Warrants recognised as expenses		260	-
Operating cash flow before changes in the working capital components		2.850	1.864
Decrease / (Increase) of inventories	(12)	(428)	(74)
Decrease / (increase) of financial lease receivables	(10/14)	(2.549)	(3.143)
Decrease / (increase) of trade and other receivables	(13)	(164)	106
Adjustment conversion receivable into participation		(131)	
Decrease / (increase) of prepaids	(15)	34	132
Increase / (decrease) of trade debts	(20-21)	(81)	(537)
Increase / (decrease) of other liabilities	(24-25)	35	21
Changes in working capital components		(3.284)	(3.495)
Interest paid	(34)	(399)	(246)
Interest received	(34)	962	828
Cash flow from operating activities		**129**	**(1.049)**
Cash flow from investment activities			
Acquisition of intangible and tangible fixed assets	(7-8)	(192)	(271)
Disposal of intangible and tangible fixed assets	(7-8)	12	-
Investment result in Joint Ventures	(36)	49	27
(Increase) / decrease of issued warranties	(11)	1	(4)
Cash flow from investment activities		**(130)**	**(248)**
Cash flow from financing activities			
Capital increase	(17)	18	966
(Repayment) / proceeds long-term and short-term loans	(18/22)	719	656
(Repayment) / proceeds long-term and short-term lease obligations	(19/23)	82	(343)
Cash flow from financing activities		**819**	**1.279**
Net (decrease) / increase in cash and cash equivalents		**818**	**(18)**
Cash and cash equivalents at the beginning of the period		**97**	**115**
Cash and cash equivalents at the end of the period		**915**	**97**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

01 Identification

Keyware Technologies NV was founded in June 1996 as a public limited company under Belgian law. The Company is established at Ikaroslaan 24, 1930 Zaventem, Belgium. Its company registration number is 0458.430.512.

The consolidated financial statements were adopted by the Board of Directors on 10 March 2015.

04 Statement of Conformity

Stéphane Vandervelde (CEO) and Alain Hubert (CFO) declare that the financial statements, which were prepared in accordance with IFRS, as adopted by the European Union, give a true and fair view of the equity, the financial position and the results of the issuer and the companies included in the consolidation. The annual report gives a true and fair view of the developments and the results of the company and the position of the issuer and the companies included in the consolidation, as well as a description of the principal risks and uncertainties with which the companies are confronted.

In this context, reference is also made to the auditor's opinion.

03 Companies included in the consolidation

The consolidated financial statements for the period ending on 31 December 2014 include Keyware Technologies NV and its subsidiaries.

The companies to be included in the consolidation was determined as follows:

Subsidiary	Consolidated up to	Method	%
Keyware Smart Card Division NV	31.12.2014	Full	100%
Keyware Transaction&Processing NV	31.12.2014	Full	100%
PayItEasy BVBA	31.12.2014	EM / Full	100%

A 50%-50% Joint Venture "PayItEasy BVBA" between Keyware Technologies NV and J4S BVBA was established in 2013. The participation in this company was accounted for in accordance with the equity method ('EM') until 30 September 2014, whereby this company remained outside of the consolidation base. In view of the negative equity, the share of the Group is expressed as a provision on the liability side of the balance sheet. The share of the Group in the result of the Joint Venture is shown in the income statement as a separate item. For 2014, this then pertains to the result between 1 January 2014 and 30 September 2014.

Following the acquisition of the other 50% of the shares, this company is fully consolidated for in accordance with the integral method as from 1 October 2014.

04 Going concern or continuity

The consolidated financial statements have been prepared on the basis of a going concern, which assumes that the assets are realised and the liabilities are paid as in the normal course of business. As of 31 December 2014, the Group has retained earnings amounting to EUR 3,978 k.

For the further growth and realisation of the the 2014-2018 strategic plan, the Group will require additional financing, on the one hand, for the further financing and expansion of activities related to payment terminals and, on the other hand, for carrying out the necessary investments for the authorisation of payment transactions.

As stated under Management discussion of the financial situation and the operating results - (2) Historical overview and financial year 2014, the Group has been able to call on various financing sources in 2014. This concerns loans provided by shareholders and members of the management team, bank loans in the form of new investment loans and to a limited extent the cash inflow as a result of warrant holders exercising their warrants.

On the other hand, a straight loan was converted into an investment loan. In September 2011, the Group concluded a loan agreement for an amount of EUR 1.5 million with Belfius Bank NV. The existing loan agreement was further expanded in 2012 by means of the granting of a straight loan of EUR 250 k. A new enlargement of this loan agreement in 2013 resulted in an increase of the existing straight loan for an amount of EUR 940 k. At the end of December 2014, the remaining balance of the straight loan of EUR 1 million was converted into an investment loan with a term of five years.

The GlobalPay acquisition (asset deal) will have an impact on the financial year 2015. This acquisition was made partially using the company's own funds and partially financed by loans. ING Bank NV provided a loan of EUR 250 k for a three-year period.

Finally, it should be mentioned that the Group can call on EUR 752 k in funds that have already been allocated but not yet drawn down as of 31 December 2014.

On the basis of the above, the Board of Directors is convinced that the Group is able to continue its activities on a going concern basis for a reasonable length of time.

05 Most important accounting principles for the financial reporting

(a) Basic principles for the presentation

The consolidated financial statements are expressed in thousands of euros (kEUR) and rounded off to the nearest thousand. The preparation of the financial statements in accordance with IFRS requires the management of the Group to make assessments, estimates and assumptions. These assessments, estimates and assumptions have an impact on the application of the accounting principles and thus on the reported values of assets and liabilities and of income and expenses.

The estimates and related assumptions are based on past experience and various other elements that are considered to be reasonable given the circumstances. The outcomes of these estimates and assumptions form the basis for the assessment of the book value of assets and liabilities that cannot easily be derived from other sources. Actual results may differ from these estimates and assumptions.

The estimates and underlying assumptions are reviewed annually and adjusted if necessary. Revisions of estimates are recognised in the period in which the estimate is revised, provided that the revision only has an effect on that period. If the revision has an effect on both the reporting period and the future period(s) then the revision is recognised in the period of the revision and the future period(s).

(b) Statement of Compliance

The consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board and adopted by the European Union, up to and including 31 December 2014.

(c) Consolidation principles

The consolidated financial statements of Keyware Technologies NV comprises Keyware Technologies as well as the subsidiaries that it controls. Control exists if the Group has an interest of more than half of the voting rights connected to the shares of the company, or if it has the power, directly or indirectly, to determine the financial and operational policy of a company is order to benefit from its activities.

The financial statements of the subsidiaries are included in the consolidated financial statements as from the date on which the control commences until the date on which the control ceases to exist.

The acquisition of subsidiaries is processed in the accounts as an acquisition. The cost of an acquisition is the consideration paid in cash or cash equivalents or the fair value, on the exchange date, of any other compensation that the acquiring party provides in exchange for the control over the assets and liabilities of the other company, plus any expenses that can be directly attributed to the acquisition.

In this context, the integration of the other 50% of the shares in PayItEasy BVBA has not resulted in the expression of any goodwill.
Intra-group balances and transactions and any unrealised profits from transactions within the Group are eliminated when preparing the consolidated financial statements.

(d) Reporting currency

The reporting currency of Keyware Technologies NV is the EURO.

(e) Foreign currency conversion

Transactions in foreign currency
Transactions denominated in foreign currencies are converted into euros based on an exchange rate that is determined on a monthly basis. Exchange rate differences that occur when settling monetary items or when reporting monetary items are included in the profit and loss account of the period in which they occur.

Financial statements of subsidiaries
Assets and liabilities of subsidiaries, expressed in a currency other than the euro, are converted using the exchange rate that applies at the end of the reporting period. Income and expenses are converted using the average exchange rate during that period. Components of shareholders' equity are converted using historical exchange rates. Gains and losses resulting from these conversions are recognised in the balance sheet item "translation differences", processed as a separate component of shareholders' equity.

(f) Goodwill

The additional acquisition value upon the acquisition of an interest in the company and the fair value of the underlying net asset acquired on the date of the transaction is booked as goodwill (consolidation difference) and recognised as an asset in the balance sheet. Identifiable assets and liabilities recognised at the time of the acquisition are valued at the fair value at that time.

Goodwill is recognised as an asset and initially valued at cost. After the initial recognition, goodwill is valued at cost less accumulated impairments.

In order to test for impairment, goodwill is allocated to the cash flow generating units of the Group. Cash flow generating units to which goodwill is allocated are tested annually for impairment and also during the year when there are indications that the book value of the unit may possibly exceed the realisable value.

Once an impairment of goodwill is recognised, this will not be reversed in a later period.

(g) Intangible fixed assets

Licences, patents and similar rights

Expenses for purchased licences ans similar rights are capitalised and depreciated in accordance with the straight-line method over the period of the contract, if applicable, or over the estimated period of use, which is normally estimated at five years.

Computer software

External expenses for the purchase of computer software are capitalised and depreciated in accordance with the straight-line method over a period of five years.

(h) Tangible fixed assets

Tangible fixed assets are valued at acquisition costs, less cumulative depreciation and, if applicable, taking into account impairments.

Depreciation is calculated according to the straight-line method in accordance with the estimated economic life, which can be specified as follows:

buildings	20 years
machinery and equipment	3-5 years
vehicles	5 years
computers, platform and peripherals	3 years
furniture	5-10 years
other tangible fixed assets	9 years

The depreciation method, period of use and residual value are re-evaluated each reporting date.

Acquisition costs and maintenance and repair costs

The costs of repairing and replacing part of a tangible fixed asset are capitalised subject to the conditions that:

- the cost price of the asset can be determined in a reliable manner, and;
- the costs will result in a future economic advantage.

Costs that do not satisfy these conditions are immediately recognised in the profit and loss account.

De-recognition of tangible fixed assets

The cost price of assets that are no longer in use and the total depreciation charges related to these assets, are recognised in the profit and loss account as part of the profit or loss on disposal in the year in which the disposal took place.

(i) Inventory

The inventories are recognised at cost or net realisable value if this is lower. The net realisable value is the estimated sales price in the context of normal business operations, less the estimated costs of completion and sales costs.

For newly purchased terminals, the costs is the purchase value of the terminal. For used terminals, the cost is the individual price of the terminal. This price is the purchase price less accumulated depreciation whereby the economic life of a terminal is estimated at five years.
The cost is determined based on the individual price of each article. Unsaleable inventories are written off completely.

(j) Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet of the Group when the Group becomes a party to the contractual provisions of the financial instrument in question. When the contractual rights to the cash flow of the financial asset expire or when the asset is transferred and the transfer qualifies no longer to be recognised, to the extent that the risks and rewards of the entitled parties are saved or transferred, the financial assets are no longer recognised in the balance sheet.
Financial obligations are no longer recognised in the balance sheet when they cease to exist, that is when the obligation laid down in the contract has been fulfilled or terminated or has expired. At present, the Group only maintains non-derivative financial instruments.

The Group does not have any security or other credit protection with regard to the financial assets.

Receivables from finance lease

Assets that are rented to customers in the context of finance lease contracts are recognised in the balance sheet and presented as a receivable, for an amount equal to the net investment in the lease.

The lease price of a contract is divided into net rent and maintenance. After which the present value of net rent for the full term of the contract, being 60 months, is calculated. This entire present value amount is recorded as turnover in the month in which the contract starts. The revenue related to maintenance is spread over the duration of the contract. Financial income equal to the difference between the total value of the contract and the discounted value is recorded each month.

Receivables
Receivables are non-derivative financial instruments with fixed or specific payments that are not listed on an active market. After the initial recognition, such financial assets are recognised at amortised cost using the effective interest method, less any impairments. Impairments of receivables are recognised in the event that the book value is higher than the realisable value and are processed through the profit and loss account.

Cash and cash equivalents
Cash and cash equivalents are included in the balance sheet at nominal value. They comprise cash and bank balances, as well as bank deposits and cash investments that can immediately be converted into cash and that furthermore are not subject to significant risks of fluctuations in value.

Trade payables
Trade payables are initially recognised at fair value and subsequently at amortised cost based on the effective interest method.

Interest bearing liabilities
Interest bearing liabilities include financial obligations and loans and are initially recognised at the fair value of the cash received, after the deduction of transaction costs. Later they are recognised at amortised cost based on the effective interest method. Differences between the amount received (after the deduction of transaction costs) and the to be repaid amount on the maturity date are recognised in the profit and loss in accordance with the straight-line method over the term of the obligation.

(k) Impairments

At each balance sheet date, the Group performs an impairment test with respect to the carrying value of its financial assets in order to determine if there is an indication that this asset has suffered an impairment. If such an indication exists, the realisable value of the asset is estimated in order to determine the amount of the impairment (if necessary). When it is not possible to estimate the realisable value of an individual asset, the Group will determine the realisable value of the cash generating unit to which the asset belongs.

The realisable amount is the highest of the fair value and the value in use. In order to determine the value in use, the expected future cash flows are discounted to the present value at a discounting rate that reflects the current market valuations of the time value of money and the specific risks of the asset. If the realisable value of an asset (or the cash generating unit) is estimated at lower than its book value, the book value of the asset (cash generating unit) is reduced to its realisable value.

An impairment is immediately recognised in the profit and loss account, unless the asset in question has been revalued at an earlier occasion. In that case, the impairment is accounted for as a reduction of the revaluation surplus. When an impairment is then subsequently reversed, the carrying value of the asset (cash generating unit) will be increased to the revised estimate of its realisable value, but only in the manner that the increased carrying value does not exceed the carrying value of the asset (cash generating unit) before impairment of previous years. A reversal of an impairment is immediately recognised in the profit and loss account, unless the relevant asset is valued at a revalued amount, in which case the reversal of the impairment is treated as a revaluation gain.

(l) Equity instruments

The equity instruments that are issued by the Group are recognised at the received income. Direct issue costs are deducted from the equity.

(m) Benefits in the form of equity instruments

The Group provides for the settlement of payment to employees in equity instruments based on shares. Payments settled in equity instruments based on shares are recognised at fair value (without taking into account the effect of non-market regulated granting conditions) on the grant date. The fair value of payments settled in equity instruments based on shares determined on the grant date is booked in the profit and loss account with a corresponding increase in equity.
For payment transactions based on shares with parties, other than employees, the Group values the received services and corresponding increase in equity directly at the fair value of the services received, unless the fair value cannot be estimated in a reliable manner. In this last case, the services received are value at the fair value of the allocated equity instruments based on the Black and Scholes valuation model.

(n) Provisions

A provision is booked if:

- the Group has an existing obligation;
- it is likely that an outflow of funds is required to settle the obligation; and
- the amount of the obligation can be estimated reliably.

The amount of the provision is determined by the best estimate of the amounts that are required to settle the obligations existing on the balance sheet date.

(o) Recognition of revenues

Revenues are recognised if it is likely that the economic benefits with regard to the transaction shall flow to the company and if the revenue amount can be estimated in a reliable manner. Turnover is recorded after the deduction of sales tax and discounts. Revenues from the sale of goods are recorded when the delivery as well as the complete transfer of risks and benefits have taken place.

Revenues with regard to contracts for the rental of payment terminals are processed in accordance with IAS 17 - Lease Contracts. The discount rate used for the rental income amounted to 7.50% in 2014. A 1% higher or lower discounting rate would have an impact on the recognised turnover of - 2.27% and +2.36% respectively. We refer to that which was discussed under financial lease receivables for more information.

Revenues related to maintenance contracts and other contracts for which a specific service is provided during an agreed contract period, are recognised according to the straight-line method during the term of the contract.

(p) Financial income and expenses

Financial income includes the interest income on invested funds. Interest income is recorded in the profit and loss account insofar as received and over the period to which the interest income pertains. Financial income also includes the financial revenues recorded in accordance with what was discussed under financial lease receivables.

Financial expenses pertain to interest and other costs in connection with loans and interest on financial lease repayments. All financial expenses are booked at the time that they occur.

(q) Taxes

The taxes on the result of the financial year concern current as well as deferred taxes and are reported in accordance with IAS 12 'Income Taxes'.

Current taxes

Current taxes are taxed that are expected to be paid on the taxable result of the financial year, based on the tax rates and tax laws of which the legislation process has been finalised (substantially) on the balance sheet date, as well as each correction of the taxes payable over the previous financial years.

Deferred taxes

Deferred income tax is provided in full using the balance sheet liability method, on temporary differences between the carrying amount of the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are booked for all taxable temporary differences, except when these are the result of goodwill impairment. Deferred tax liabilities are not recognised for taxable temporary differences that relate to investments in subsidiaries and interests in joint ventures, when the time on which the temporary difference can be settled can be determined by the parent company and it is likely that the temporary difference will not be settled in the near future.

A deferred tax asset must be included for all offsettable temporary differences, tax losses and tax credits insofar as it is likely that a taxable profit will be available against which the offsettable temporary differences, tax losses and tax credits can be offset. Offsettable temporary differences that result from investments in subsidiaries and interests in joint ventures are only included if the temporary difference will be settled in the near future (five years) and if taxable profit is available that can be used for the temporary difference. The carrying value of the deferred tax assets is revised on each balance sheet date and reduced insofar as it is no longer likely that there is sufficient taxable profit available to make use of the entire or part of the deferred tax asset.

Deferred tax assets and liabilities are valued at the tax rates that are expected to apply in the period in which the tax asset will be realised or the tax liability will be settled, based on the tax rates and the tax laws of which the legislation process has been finalised (substantially) on the balance sheet date.

(r) Segment information

The Group makes a distinction between, on the one hand, results in connection with activities regarding payment terminals and, on the other hand, results in connection with activities regarding credit card authorisations. The activities of Keyware Transaction & Processing NV and PayItEasy BVBA fall under this second segment.

Corporate expenses, which cannot be allocated, are reported separately.

(s) Net profit / loss per share

The basic profit (or loss) per ordinary share is calculated by dividing the net profit (or net loss) over the period, which can be allocated to ordinary shareholders, by the weighted average number of outstanding ordinary shares during the period.
The diluted profit (or loss) per ordinary share is calculated by dividing the net profit (or net loss) over the period, that can be allocated to ordinary shareholders, by the sum of the weighted average number of outstanding ordinary and potential shares. Potential ordinary shares are considered as having been converted into ordinary shares at the beginning of the reporting period, or on the date of issue of the potential ordinary shares, if later.

(t) Events after the balance sheet date

Events after the balance sheet date that have an impact on the result of the financial year or that provide more information about the position of the company on the balance sheet date are reported in the financial statements. Events after the balance sheet date that do not have an impact on the result are included in the explanatory notes, provided that they are of importance.

(u) New standards, interpretations and amendments

New and revised Standards and Interpretations applied by the Grou
During the present financial year, the Group applied all new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Committee (IFRIC), that are relevant for its activities and that became applicable for the accounting period starting on 1 January 2014. The Group did not apply any new IFRS guidelines that were not yet in force as of 31 December 2014.

The following new standards, interpretations and amendments issued by the International Financial Reporting Interpretations Committee apply with regard to the present financial year:

- IFRS 10 Consolidated financial statements (issued in May 2011 and amended in June and October 2012);
- IFRS 11 Joint Arrangements (issued in May 2011 and amended in June 2012);
- IFRS 12 Disclosures regarding investments in other entities (issued in May 2011 and amended in June and October 2012);
- IAS 27 Separate financial statements (amendments October 2012);
- IAS 32 Financial instruments: presentation (amendments December 2011): Offsetting financial assets and financial liabilities;
- IAS 36 Impairments on assets (amendments May 2013) – Disclosures regarding recoverable amounts for non-financial assets;
- IFRS 39 Financial instruments: Recognition and measurement (amendments June 2013) - Debt renewal of derivatives and continuation of hedge accounting.

The application of these new Standards, Interpretations and Amendments have not lead to important changes in the Group's valuation principles.

No effective standards, amendments, interpretations and improvements were applied earlier by the Group during the financial year 2014.

Standards and interpretations announced but not yet in force for the current financial year
The Group has opted not to early adopt the following new Standards, Interpretations and Amendments that were not yet obligatory before 31 December 2014:

- Annual improvement process 2010-2012 (issued in December 2013);
- Annual improvement process 2011-2013 (issued in December 2013);
- Annual improvement process 2012-2014 (issued in September 2014);
- IFRS 7 Financial instruments, disclosures (amendment December 2011) - Postponement of commencing date of IFRS 9 and amendments of related disclosures;
- IFRS 7 Financial instruments: disclosures (amendment November 2013) - Additional disclosures regarding hedge accounting following the introduction of hedge accounting in IFRS 9;
- IFRS 9 Financial instruments: classification and measurement (published in November 2009, and subsequent amendments);
- IFRS 10 Consolidated financial statements - Amendments regarding the sale or contribution of assets between an investor and the participation or joint venture (September 2014);
- IFRS 10 Consolidated financial statements – Amendments regarding the exceptions to consolidation of an investment entity (December 2014);
- IFRS 11 Joint agreements – Amendments regarding the accounting of joint agreements in the consolidated financial statements (May 2014);
- IFRS 12 Disclosures regarding investments in other entities – Amendments regarding the exceptions to consolidation of an investment entity (December 2014);
- IFRS 14 Regulatory deferral accounts (published in January 2014);
- IFRS 15 Revenue from Contracts with Customers (published in May 2014);
- IAS 1 Presentation of the financial statements – Amendment of the requirements for the presentation and providing of the (additional) comparable information (December 2014);

- IAS 16 Property, Plant and Equipment - Amendments regarding the clarification of acceptable depreciation methods (May 2014);
- IAS 16 Property, Plant and Equipment - Amendments to extend the applicability of IAS 16 to bearer plants (June 2014);
- IAS 19 Employee benefits - amendments related to employee contributions in connection with Defined Benefit Plans (November 2013);
- IAS 27 Separate financial statements - Amendment reinstatement of the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in the separate financial statements of a an entity (August 2014);
- IFRS 28 Investments in associates - Amendments regarding the sale or contribution of assets between an investor and the participation or joint venture (September 2014);
- IFRS 28 Investments in associates and joint ventures - Amendments regarding the exceptions to consolidation of an investment entity (December 2014);
- IAS 38 Intangible assets - Amendments regarding the clarification of acceptable depreciation methods (May 2014);
- IFRS 39 Financial instruments: Recognition and measurement - amendments regarding hedge acccounting when applying IFRS 9 (November 2013);
- IAS 41 Agriculture - Amendments to extend the applicability of IAS 16 to bearer plants (June 2014);
- IFRIC 21 Levies (May 2013).

No substantial impact is expected as a result of the application of other new and amended Standards and Interpretations on the following periods.

(v) Assessments and estimates

When preparing the consolidated financial statements, the management have to make assessments and estimates that have an effect on the amounts reported in the financial statements.

Assessments and estimates that are made on every reporting date reflect the circumstances that existed on that date (including interest rates, reference figures, etc.). Although the management bases these estimates on its best knowledge of the current occurrences and of the actions that the Group can take, actual results can differ from these estimates.

The most important assessments and estimates concern the following domains:

Realisable value of cash flow generating units with goodwill
The most important assumptions that were used for testing whether goodwill is subject to impairment, for the determination of the realisable value of the cash flow generating units with goodwill, are discussed in the explanatory note (6). The WACC that was used is an element of the assessment. The explanation (6) contains a sensitivity analysis with regard to the three main parameters.

Recognition of lease income
The principle of the recognition of lease income is stated under (5) (o). The discount rate of the financial years is used as the point of departure. Explanatory note (5) (o) also provides a sensitivity analysis in the event of a deviation of 1 percentage point due to the discount rate.

Impairments of lease receivables

Impairments of lease receivables are recognised in accordance with the principles discussed under (5) (k). This is partially based on empirical data from the past to determine the impairments to be recognised in the financial year.

Deferred taxes

The recognition of deferred tax credits is based on the principle that it is probable that the settlement will take place in the near future (explanatory note (5) (p)). The forecast of results in the near future forms an element of the estimate by the management.

Valuation of warrants

In connection with the approval of the "Warrants Plan 2014", a valuation was carried out based on the Black & Scholes method (explanatory note (37) (e)). The volatility of the share is then an element of assessment by the management.

Disputes

Assessments have to be made with regard to claims and conditional obligations with regard to the existence of an obligation that is a consequence of an event in the past, the determination of the likelihood of an economic outflow, and of the quantifying of this likely economic outflow. The various disputes are discussed in explanatory note (51) and if a provision was made in connection with the dispute this is stated.

06 Goodwill

This caption can be specified as follows:

Amounts in kEUR		
	31.12.2014 kEUR	31.12.2013 kEUR
Keyware Smart Card Division	5.248	5.248
Total	**5.248**	**5.248**

Goodwill is tested for impairment on the level of the cash generating units, which is the lowest level on which goodwill is monitored for management purposes. The impairment test is carried out on each balance sheet date.

Within the Keyware Group, the following cash flow generating units are defined, being:

- the cash flow generating unit with regard to payment terminals (the activities of the company Keyware Smart Card Division NV);
- the cash flow generating unit with regard to payment authorisations (the activities of the company Keyware Transaction&Processing NV and PayItEasy BVBA).

Outstanding goodwill of EUR 5,248 k as at 31 December 2014 pertains entirely to the cash flow generating unit with regard to payment terminals. No additional goodwill is expressed as a consequence of the integration of PayItEasy BVBA.

When performing impairment tests with regard to the payment terminals unit, the realisable value is based on the value in use which is calculated by discounting the future cash flows from the constant use of the cash flow generating unit. The future cash flows are based on a short-term cash flow forecast as approved by the management and the Board of Directors.

When preparing the cash flow forecasts, the factors below are taken into consideration:

- growth forecasts on future margins derived from the realised financial figures of the most recently available financial year and available historical information;
- the existing product mix (type of terminals) is used as the point of departure, supplemented with, where possible, measurable market data (total number of terminals in the market segments in which the Group is active);
- time lag between the moment of the recognition of turnover and the moment of effectively receiving the cash flows;
- the growth percentages used take into account the expected inflation but do not take into account any non-organic growth. The expected turnover growth percentages as used for the different types of terminals lie between 5% and 22.5%, whereby the higher growth percentages mainly apply for the most recent years;
- a residual value, whereby a growth rate of 1.5% is used;
- the cash flows, before financial results and taxes, are discounted using a discounting rate before tax, calculated based on the weighted average cost of capital. The weighted average cost of capital used per 31 December 2013 and 31 December 2014 was 13.07% and 7.96% respectively and is based on current market estimates of the time value of money and company-specific risks.

The cash flow forecasts prepared in this financial year based on these parameters have not given cause to recognise impairments. The management is aware of the fact that changes can occur in the assumptions that have been made following impairment tests.

Sensitivity analysis

In the analysis of the calculation of the sensitivity, the above-mentioned parameters (WACC, growth rate of the turnover and growth rate of the residual value) are each subject to a stress test whereby - when keeping the other two parameters unaltered - the value of the variable parameter is determined at which the carrying value of the goodwill equals the value in use.

Conclusions of the sensitivity analysis

The conclusions are as follows:

- in the event of a WACC of 10.52% (with an unchanged growth rate of the turnover and growth rate of the residual value), the difference between the carrying value and the value in use of this goodwill is zero;

- in the event of a decrease in the cash flows by 57% (with an unchanged WACC growth rate and growth rate of the residual value), the difference between the carrying value and the value in use of this goodwill is zero;
- a decrease in the growth rate of the residual value is required (by 4,16%) (with an unchanged growth rate of the turnover and unchanged WACC), for the difference between the carrying value and the value in use of this goodwill to amount to zero.

07 Other intangible fixed assets

This caption pertains to software, licences and distribution rights, whereby the cost of the intangible asset can be determined in a reliable manner. The movements for the financial year 2014 can be summarised as follows:

Amounts in kEUR	Software	Patents and licences	Total
Gross book value on 1 January 2014	590	1.047	1.637
Additions	-	-	-
Disposals	-	-	-
Gross book value on 31 December 2014	**590**	**1.047**	**1.637**
Accumulated depreciation and impairments on 1 January 2014	562	1.047	1.609
Depreciation costs of the financial year	14	-	14
Addition of amortisation	-	-	-
Withdrawal due to disposals	-	-	-
Accumulated depreciation and impairments on 31 December 2014	**576**	**1.047**	**1.623**
Net book value on 1 January 2014	**28**	**-**	**28**
Net book value on 31 December 2014	**14**	**-**	**14**

The software pertains to the SAP ERP package and the licences pertain to the RBS licence following the acquisition of BRV (authorisation services).

The movements for the comparable financial year 2013 can be summarised as follows:

Amounts in kEUR	Software	Patents and licences	Total
Gross book value on 1 January 2013	590	1.047	1.637
Additions	-	-	-
Disposals	-	-	-
Gross book value on 31 December 2013	**590**	**1.047**	**1.637**
Accumulated depreciation and impairments on 1 January 2013	548	1.047	1.595
Depreciation costs of the financial year	14	-	14
Addition of amortisation	-	-	-
Withdrawal due to disposals	-	-	-
Accumulated depreciation and impairments on 31 December 2013	**562**	**1.047**	**1.609**
Net book value on 1 January 2013	**42**	**-**	**42**
Net book value on 31 December 2013	**28**	**-**	**28**

08 Tangible fixed assets

The movements in tangible fixed assets for the financial year 2014 can be summarised as follows:

Amounts in kEUR	Land and buildings	Fixtures and machinery	Furniture, IT and vehicles	Leasing	Other	Total
Gross book value on 1 January 2014	**-**	**65**	**946**	**28**	**110**	**1.149**
Additions	-	-	124	115	-	239
Disposals	-	-	(21)	-	-	(21)
Gross book value on 31 December 2014	**-**	**65**	**1.049**	**143**	**110**	**1.367**
Accumulated depreciation and impairments on 1 January 2014	**-**	**65**	**568**	**28**	**9**	**670**
Depreciation costs of the financial year	-	-	112	15	-	127
Addition of amortisation	-	-	-	-	100	100
Withdrawal due to disposals	-	-	(9)	-	-	(9)
Accumulated depreciation and impairments on 31 December 2014	**-**	**65**	**671**	**43**	**109**	**888**
Net book value on 1 January 2014	**-**	**-**	**378**	**-**	**101**	**479**
Net book value on 31 December 2014	**-**	**-**	**384**	**100**	**1**	**485**

The investments of the financial year 2014 mainly pertain to the purchase of vehicles, including in leasing, as well as the payment transactions platform. The platform represents a net book value of EUR 77,000.

Other tangible fixed assets mainly concern the furnishing of rented buildings. An impairment of the former platform of EUR 100,000 was recognised in the financial year 2014 as a new platform is now operational.

The movements in tangible fixed assets for the comparable financial year 2013 can be summarised as follows:

Amounts in kEUR	Land and buildings	Fixtures and machinery	Furniture, IT and vehicles	Leasing	Other	Total
Gross book value on 1 January 2013	**-**	**65**	**675**	**28**	**108**	**876**
Additions	-	-	271	-	2	273
Disposals	-	-	-	-	-	-
Gross book value on 31 December 2013	**-**	**65**	**946**	**28**	**110**	**1.149**
Accumulated depreciation and impairments on 1 January 2013	**-**	**65**	**499**	**28**	**7**	**599**
Depreciation costs of the financial year	-	-	69	-	2	71
Addition of amortisation	-	-	-	-	-	-
Withdrawal due to disposals	-	-	-	-	-	-
Accumulated depreciation and impairments on 31 December 2013	**-**	**65**	**568**	**28**	**9**	**670**
Net book value on 1 January 2013	**-**	**-**	**176**	**-**	**101**	**277**
Net book value on 31 December 2013	**-**	**-**	**378**	**-**	**101**	**479**

09 Deferred tax assets

The deferred tax assets can be specified as follows:

Amounts in kEUR	31.12.2014 kEUR	31.12.2013 kEUR
Deferred tax assets as at 1 January	1.685	1.685
Capitalisation of deferred tax assets	667	209
Use of fiscal losses	(667)	(209)
Increase in the provision of deferred taxes	(309)	(472)
Neutralisation of increase in deferred tax liabilities (due to financial losses)	309	472
Total	**1.685**	**1.685**

The recognised deferred tax assets relate entirely to tax loss carry forwards. Based on the 2014-2018 strategic plan and the fiscal results over the financial year 2014, the Board of Directors has re-assessed the deferred tax assets related to deductible financial losses as of 31 December 2014. Based on this, the decision was taken not to express additional deferred tax assets, unless for the amount of the increase in deferred tax liabilities (due to temporary differences between BE GAAP and IFRS results) of the fiscal losses used in 2014.

In addition, the Group still has deferred tax assets that relate to tax loss carry forwards, which were not recognised in the financial statements as of 31 December 2014 or 31 December 2013. At the end of December 2014, this concerned a gross amount of EUR 73.2 million of losses carried forward, which corresponds with a deferred tax asset of EUR 24.9 million. For this reason, the deferred tax liabilities are also not expressed on the temporary differences between BE GAAP and IFRS.

The deferred tax liabilities with respect to Keyware Smart Card Division NV recognised following the IFRS amendment are deducted from the deferred tax assets and concern all recognitions of temporary differences.

The applicable tax rate remains unchanged at 33.99%.

10 Long-term lease receivables

This caption can be specified as follows:

Amounts in kEUR	31.12.2014 kEUR	31.12.2013 kEUR
Outstanding capital contracts	15.355	13.208
Outstanding capital financing Parfip Benelux	-	385
Write offs for the termination of outstanding contracts	(1.267)	(759)
Total	**14.088**	**12.834**

The finance lease receivables include the long-term portion of the receivables with regard to the finance lease contracts in accordance with IAS 17 - Lease contracts for payment terminals, taking into account the discount rate that applies at the moment of the recognition of turnover. This amounts to 7.5% for 2014. As at 31 December 2014, these receivables amount to EUR 15,355 k, compared to EUR 13,208 k as at 31 December 2013. This concerns net amounts, in other words, after the impairment of the outstanding capital in respect of receivables from financial leases in connection with customers who are in default, have terminated their activities or have terminated their contract (compare (32) Net impairments on current assets).

In addition, the non-current trade receivables pertaining to the financing agreement with Parfip Benelux BV are also included in this item.

The Group concluded a financing agreement with Parfip Benelux NV in 2005, whereby the Group had the possibility to assign contracts in connection with the rental of payment terminals to Parfib Benelux NV at a present value whereby an interest rate was used that varied between 10% and 16%. In other words, at the beginning of the contract, the Group received the entire discounted sum of the rent payments and Parfip Benelux NV invoiced and collected the rental income during the whole period of the contract (regarding the rental of the payment terminal). The agreement provided for the transfer of the ownership of the equipment to the Group at the end of the contract.

In accordance with this contract, the ultimate debtor risk was borne by the Group. Concretely, this meant that in the event of insolvency of a debtor, Parfip Benelux NV reserved the right to re-invoice this contract to the Group in proportion to the still outstanding amount of capital with regard to discounted amount received in advance. The Group could then invoice the end customer directly during the remaining term of the contract. This is expressed in the deferred receivable and the deferred liability which is recognised in the balance sheet by virtue of this.

At the end of December 2013, the Group had a deferred receivable / debt corresponding to the total amount of the outstanding sum of the contracts sold in 2008, 2009, 2010, 2011 and 2012, provided that no new contracts were assigned since mid-2012. This concerned a total amount of EUR 751,000, of which EUR 385,000 was long term and EUR 366,000 was short term.

The provision for the termination of contracts pertains to the whole population of contracts, whether or not assigned to Parfip Benelux NV. The total provision made as of 31 December 2014 amounted to EUR 1,527 k, of which EUR 1,267 k was recorded as long term and EUR 260 k as short term. The provision made as of 31 December 2013 amounted to in total EUR 977 k, with a long and a short term part of EUR 759 k and EUR 218 k respectively.

At year-end 2014, the deferred receivables and deferred liabilities with regard to these Parfip Benelux contracts amounted to EUR 384 k and they were reported as short term as the acquisition of this park, effectively as of 1 July 2014, was settled in March 2015.

11 Other assets

This caption pertains entirely to guarantees in cash.

12 Inventories

This caption can be specified as follows:

Amounts in kEUR		
	31.12.2014 kEUR	31.12.2013 kEUR
Gross value of stock of terminals	1.104	676
Write offs	(368)	(290)
Total	**736**	**386**

The goods for resale concern payment terminals and related equipment purchased from third parties. The increase in this item in comparison to the previous financial year can be attributed to the larger share of Worldline terminals in stocks as well as additional stocks in consignment of EUR 200 k.

In the financial year 2014, a write off was recognised amounting to EUR 78 k in comparison to EUR 49 k in 2013. Write offs and the reversal of write offs are recognised in the profit and loss account under the item ‘Provisions and write offs’.

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13 Trade receivables and other receivables

This caption can be specified as follows:

Amounts in kEUR	31.12.2014 kEUR	31.12.2013 kEUR
Trade receivables	299	195
Credit notes to be received	248	148
Credit notes to be issued	(123)	(82)
Bad debts	742	742
Write offs	(612)	(612)
Other receivables	289	288
Total	**843**	**679**

The item trade receivables concerns trade receivables that are not related to financial lease receivables. This concerns, in part, invoicing for third party costs, invoicing related to loyalty and authorisations.

The due dates of the trade receivables can be specified as follows:

Amounts in kEUR	Not yet due	1m-6m	>6m	Total
	kEUR	kEUR	kEUR	kEUR
As at 31.12.2014	299	-	-	299
As at 31.12.2013	145	-	50	195

The credit notes to be issued pertain mainly to an out-of-court settlement of a dispute with a trading partner. In connection with this dispute, the Group wrote off the entire amount of an outstanding receivable at the end of 2007 amounting to EUR 280 k. The outstanding debt vis-à-vis the same party remained unchanged. The counter party was summoned by the Court.

At the end of September 2010, the parties reached an out-of-court settlement whereby the Group will ultimately recoup an amount of EUR 193 k (partially in cash and partially the acquittal of debts owed to the same party). Following this settlement, the originally booked write off was reversed and a to be drafted credit note was registered.

The write-offs comprise the write-off in connection with bad debts and concern entirely the trade receivables from the past that are not related to financial leasing receivables, but still relate to the previously carried out loyalty activities. No additional write offs were booked during the financial year 2013 and 2014.

Other receivables can be specified as follows:

Amounts in kEUR	31.12.2014 kEUR	31.12.2013 kEUR
VAT to be reclaimed	97	95
Amounts owed to employees	28	8
Receivables as a result of expenses passed on	42	-
Other	8	8
Settlement receivable	114	162
Receivable PayItEasy BVBA	-	15
Total	**289**	**288**

In March 2010, the Board of Directors confirmed the mutual agreement that was concluded in connection with a legal dispute with a trading partner. As a result, Keyware is entitled to a compensation of 1 million euros.

In connection with the settlement agreement, this supplier agreed to pay an amount of 1 million euros to Keyware in the form of discounts on future orders. This concerned, in particular, a discount of 50% on all software and maintenance components and 25% on all hardware.

Of this total amount of EUR 1 million an amount of EUR 514 k still had to be used as of 31 December 2012 and an amount of EUR 162 k still had to be used as of 31 December 2013. As of 31 December 2014, the remaining receivable was further reduced to EUR 114 k.

The other items mainly concern to be claimed back VAT of EUR 97 k, which will be deducted from the to be paid VAT of January 2015 and passed on expenses of EUR 42 k.

The carrying value does not differ substantially from the actual value when re-evaluating these financial assets.

14 Short-term finance lease receivables

This caption can be specified as follows:

Amounts in kEUR	31.12.2014 kEUR	31.12.2013 kEUR
Outstanding capital contracts	2.857	2.462
Fees for the termination of outstanding contracts	(260)	(218)
Outstanding capital financing Parfip Benelux	384	366
Total	**2.981**	**2.610**

The item ‘outstanding capital contracts’ concerns the balance of all adjustments related to financial lease receivables. This item therefore contains both positive and negative adjustments. This include the short-term portion of the receivables with regard to the financial leases in accordance with IAS 17 - Lease contracts for payment terminals.

As stated under (10) Receivables from finance lease on the long term, the debtor risk applies both for the receivable that has been assigned to Parfip Benelux NV in connection with the financing agreement and for the other receivables that have not been assigned to Parfip Benelux NV (and are thus invoiced directly by Keyware).

The provision in connection with short-term finance lease receivables amounted to EUR 260 k as of 31 December 2014 compared to EUR 218 k as of 31 December 2013. The financial crisis was mainly felt strongly in 2013 in the sectors in which Keyware’s customers are active, and to a lesser extent in 2014.

15 Deferred charges

This caption can be specified as follows:

Amounts in kEUR	31.12.2014 kEUR	31.12.2013 kEUR
Prepaid communication expenses	-	2
Prepaid maintenance costs	-	39
Other	19	12
Total	**19**	**53**

The prepaid maintenance costs concerned the to be borne costs in connection with the maintenance and repairs of the payment terminals that were invoiced in advance. These amounts will be invoiced on a monthly basis as of 2014.

16 Cash and cash equivalents

In connection with its activities as a NSP (Network Service Provider), the Group is confronted with the fact that cash movements take place over so-called client accounts. The balance as of 31 December 2013 and 31 December 2014 was zero.

At year-end, cash and cash equivalents amounted to EUR 915 k, including EUR 630 k earmarked in connection with the settlement of the acquisition of the Parfip Benelux contracts. Therefore, this can be regarded as ‘trapped cash’. This amount was used at the end of March 2015 to settle the above-mention acquisition.

We refer to the cash flow statement for more insight into movements in cash and cash equivalents.

17 Capital structure

As of 31 December 2010, the issued authorised share capital of the Group amounted to EUR 6,745 K, represented by 16,703,279 ordinary shares without nominal value.

Since then, various capital increases have taken place.

A warrant holder confirmed his confidence in the Group in February 2011 and the capital was increased by EUR 131 k in exchange for 105,000 new shares, which increased the issued authorised share capital to EUR 6,876 k.

A capital increase of EUR 1,500 k was carried out in July 2012 with the issue of 2,225,514 new shares of the Company. The issue price was EUR 0.674 and corresponded with the average of the closing prices during thirty (30) calendar days before the date of issue (in accordance with the daily official list of NYSE Euronext Brussels).

In this case, the preferential rights of the Company's existing shareholders were withdrawn in favour of the following persons:

- Parana Management Corp BVBA, represented by Mr Guido Van der Schueren
- Big Friend NV, represented by Mr Stéphane Vandervelde
- Iquess Consulting BVBA, represented by Mr Wim Verfaille
- Mr Johan Hellinckx
- Mr Joris Maes
- Checkpoint X, BVBA, represented by Mr Giovanni Verborg
- Mr Marc Vandebergen

As of 31 December 2012, the issued authorised share capital of the Group amounted to EUR 8,376 K, represented by 19,033,793 ordinary shares without nominal value.

Various capital increases took place in 2013, whereby warrant holders proceeded to exercise their warrants.

- In the first quarter of 2013, 580,000 warrants were exercised, as a result of which the capital was increased by EUR 406 k in exchange for 580,000 new shares
- In the second quarter of 2013, an additional 50,000 warrants were exercised, as a result of which the capital was increased by EUR 35 k in exchange for 50,000 new shares
- In the third quarter of 2013, an additional 750,000 warrants were exercised, which resulted in a capital increase of EUR 338 k and issue premiums of EUR 187 k as well as the issue of 750,000 new shares.

As a result of these capital increases, the issued authorised share capital amounted to EUR 9,155 k as at 31 December 2013, consisting of 20,413,793 ordinary shares without nominal value.

Only one movement was reported in the capital in 2014. This concerned the exercising of 25,000 warrants of the "Plan 2012", which translated into an increase in the capital and the issue premiums of EUR 11 k and EUR 7 k respectively as well as 25,000 new shares.

As a result, as at year-end 2014, the issued authorised share capital amounted to EUR 9,166 k, representing 20,438,793 ordinary shares without nominal value.

The General Shareholders' Meeting of 17 March 2010 decided to renew the authorisation granted to the Board of Directors regarding the allowed capital with a maximum amount equal to the authorised capital of the Company for a period of five years, in accordance with Section 603 of the Belgian Company Code. The authorisation of the Board of Directors also applies for capital increases by contribution in kind and in cash, by converting reserves, or issue premiums , with or without issuing shares, and includes the authority to issue convertible loans, warrants that are or are not linked to another security, and bonds with warrants.

The General Shareholders' Meeting also resolved to renew the power of the Board of Directors for a period of three years from the date of this Shareholders' Meeting, to increase the issued capital of the Company in one or several stages, as from the date of the notification by the FSMA (formerly CBFA or the then Belgian Banking, Finance and Insurance Commission) of a public takeover bid for the shares of the Company by contribution in cash with the lifting of the limitation of the priority rights of the existing shareholders or by the contribution in kind in accordance with the relevant legal provisions.

The Board of Directors is authorised, within the framework of the authorised capital and in the interest of the Company and provided that the relevant statutory provisions are complied with, to cancel or limit the priority rights attributed by law to the shareholder. The Board of Directors is authorised to limit or cancel the priority right in favour of one or several specific persons, even if these persons are not employees of the Company or its subsidiaries. The above-mentioned authorisations can also be used for the transactions specified in Section 605 of the Belgian Company Code, in particular (i) the issue of convertible bonds or warrants whereby the priority right of the shareholders is limited or excluded, (ii) the issue of convertible bonds whereby the priority right of the shareholders is limited or excluded in favour of one or more specific persons, other than employees of the Company or of its subsidiaries, and (iii) the capital increases that occur as a result of the conversion of the reserves.
The General Shareholders' Meeting then resolved to a corresponding change of the transition provision of the articles of association.

Furthermore, the General Shareholders' Meeting of 17 March 2010 resolved:

- i) to authorise the Board of Directors to acquire a maximum amount of twenty (20) percent of the shares of the Company at a minimum price equal to the closing price of the share on Euronext Brussels on the trading day immediately prior to the acquisition less twenty (20) percent and at a maximum price equal to the closing price of the share on Euronext Brussels on the trading day immediately prior to the acquisition increased by twenty (20) percent, all of the above in compliance with Sections 620 through 625 of the Belgian Company Code. The authorisation for acquisition is valid for a period of five (5) years, calculated from the date of the publication of the above-mentioned resolution in the annexes of the Belgian Gazette, and can be renewed. The resolution that this authorisation also applies for the acquisition of shares of the Company by one of its directly controlled subsidiaries in accordance with Section 627 of the Belgian Company Code. The resolution to authorise the Board of Directors to dispose of its own shares, whereby the Board of Directors, to the degree permitted by law, is not bound by the aforementioned limitations in time and duration and whereby this authorisation also applies to the disposal of shares of the Company by one of its directly controlled subsidiaries within the meaning of Section 627 of the Belgian Company Code; and

- (ii) to authorise the Board of Directors for a period of three (3) years from the date of notification of this amendment to the Articles of Association to acquire, to take as security or to dispose of a minimum of twenty (20) percent of the registered shares, if such acquisition, taking as security or disposal is necessary to prevent a serious potential disadvantage for the Company.

The Board of Directors has the authority to amend the Articles of Association of the Company in accordance with the capital increase that was determined within the framework of it authority.

Each share entitles the holder to one vote. Under Belgian legislation, the capital structure of the Company, with the number of issued and authorised shares is laid down in the Articles of Association of the Company and can be amended by the shareholders provided that a specific majority of the votes is attained.

18 Borrowings – long-term liabilities

This caption can be specified as follows:

Amounts in kEUR	31.12.2014 kEUR	31.12.2013 kEUR
ING Bank financing	298	-
Big Friend NV financing	228	222
Belfius Bank financing	1.442	1.179
Parana Management Corp BVBA financing	1.263	192
Third-party financing	111	150
Total	**3.342**	**1.743**

ING Bank

On 17 May 2010, Keyware Smart Card Division NV concluded an investment loan with ING Bank for an amount of EUR 750 k. This loan is repayable in 16 quarterly payments of EUR 46 k (including interest). The applicable interest rate is 3-month EURIBOR increased by a margin of 4.5% per year. An amount of only EUR 187 k still had to be paid at year-end 2013, which was reported as a current liability in 2013.

On 19 November 2014, Keyware Smart Card Division NV concluded a new investment loan with this bank for an amount of also EUR 750 k. This loan only has to be repaid after a stand-still period of one year (the financial year 2015) during which the remaining amount of the capital can be drawn down. The repayment then starts in 2016 and takes place in 12 quarterly payments of EUR 63 k (increased with interest) so that the contract has an end date of 30 November 2018. The applicable interest rate is 2.34%.
An amount of EUR 298 k of this loan had been drawn down at the end of 2014. The balance of EUR 452 k will drawn down in 2015 in accordance with the requirements of the Group.

The loan is secured by a guarantee issued by Keyware Technologies NV and Keyware Transaction& Processing NV for an amount of EUR 750 k in principal.

Big Friend
During March 2011, the Group concluded a first loan agreement with Big Friend NV, the management company of the CEO, for an amount of EUR 500 k. This loan is repayable in 60 monthly payments of EUR 10 k (including interest). The applicable interest rate is 8.0% per annum.

A second loan agreement was concluded with Big Friend NV in October 2013 for an amount of EUR 200 k, for a term of two years with an interest rate of 8%. This loan is repayable by means of 24 monthly payments of EUR 9 k.

Finally, a third loan agreement was concluded with this company in May 2014 for an amount of EUR 250 k, with a term of 5.5 years (including a six-month still-stand period). The interest rate is 8% and this loan is repayable in 20 quarterly instalments. The end date is 31 December 2019.

Belfius Bank
In September 2011, the Group concluded a loan agreement for an amount of EUR 1.5 million with Belfius Bank. This loan is repayable in 60 monthly payments of between EUR 24 k and EUR 27 k (including interest). The applicable interest rate is 3.5% per annum.

The Group was able to expand the existing loan agreement on 22 June 2012 by concluding an additional investment loan for an amount of EUR 200 k. This loan is repayable in 48 monthly payments of 4 kEUR (including interest). The applicable interest rate is 3.91% per annum.

The Group was able to expand the existing loan agreement again on 25 September 2012 by concluding an additional investment loan with Belfius Bank for an amount of EUR 380 k. This loan is repayable in 60 monthly payments of EUR 7 k (including interest). The applicable interest rate is 2.64% per annum.

Finally, the Group was able to convert the straight loan obligation to Belfius Bank of EUR 1,000 k into an investment loan with a term of five years, whereby EUR 800 k is payable in the long term and EUR 200 k is payable in the short term. The repayment takes place via 60 equal monthly instalments. The interest rate is 2.75% per annum.

The Group has provided the following security for the existing loans from Belfius Bank:

- Parana Management Corp. BVBA has pledged securities for an amount of at least EUR 2,800 k in elaboration of an agreement of discretionary asset management. This secured amount will be reduced every six months by 10% as from 1 January 2015;
- the joint and several guarantee issued by Guido Van der Schueren for EUR 900 k

Parana Management Corp

The concluded a loan agreement with Parana Management Corp. BVBA on 25 September 2012 for an amount of EUR 250 k. This loan is repayable in 60 monthly payments of EUR 5 k (including interest). This loan will be repaid as from January 2015.

Keyware Smart Card Division NV concluded a loan agreement with Parana Management Corp. BVBA in May 2014 for EUR 1,500 k. This concerns a loan agreement with a term of 5.5 years (including a six-month stand-still period). The interest percentage is 8%. The repayments will take place on a quarterly basis (20 instalments of EUR 97 k). At year-end 2014 only EUR 1,200 k of this amount was drawn down. The remainder will be drawn down in 2015 in connection with the cash requirements of the Group.

Other loans

In June 2011, the Group concluded a loan agreement with an employee of the Group. In accordance with the agreement, this loan will be repaid after one year. This funding for an indefinite period was converted in 2014 into a contract with a definite term (5 years) with as end date 30 June 2019. The applicable interest rate is 8% per annum and this loan is being repaid on a quarterly basis since 30 September 2014.

The future repayment obligations as of 31 December 2014 of EUR 4,785 k in respect of long-term and short-term loans can be specified as follows:

Amounts in kEUR	31.12.2014 kEUR
2015	1.443
2016	1.165
2017	835
2018	714
2019	628
Total	**4.785**

19 Obligations under finance lease – long term

The lease obligations concern:

Amounts in kEUR	31.12.2014 kEUR	31.12.2013 kEUR
Lease obligations in connection with passenger cars	69	-
Total	**69**	**-**

As of 31 December 2014, there are no longer any long-term lease obligations with Parfip Benelux NV. Between June and December 2008, the Group concluded seven financing agreements - financing of the lease agreement - with Parfip Benelux NV for a total amount of EUR 2,029 k, whereby the interest rates lay between 11.48% and 13.48%. Therefore, at year-end 2014, there are no longer any outstanding debts.

Although there is a long-term lease obligation of EUR 69 k as of 31 December 2014 for the financing of six passenger cars by ING Lease. This concerns six contracts for the term of 48 months, from April 2014 up to and including March 2018. The investment amounts to EUR 114 k. The total lease liability at year-end 2014 amounted to EUR 99 k, of which EUR 69 k on the long term.

The future repayment obligations as of 31 December 2014 of EUR 99 k in respect of long-term and short-term loans can be specified as follows:

Amounts in kEUR	31.12.2014 kEUR
2015	30
2016	25
2017	26
2018	18
Total	**99**

20 Trade payables – non-current liabilities

This item can be specified as follows:

Amounts in kEUR	31.12.2014 kEUR	31.12.2013 kEUR
Financing through Parfip Benelux	-	385
Total	**-**	**385**

As stated under (10) Long-term finance lease receivables, the Group has concluded a financing agreement with Parfip Benelux NV, whereby the Group has the possibility to assign the contracts in respect of rental of payment terminals to Parfip Benelux NV.

In connection with this agreement, the contracts regarding the rental of payment terminals were sold to Parfip Benelux NV up to mid-2012 at the present value. At the end of the contract, the equipment, provided payment of a small residual value, again became the property of the Group.

In accordance with this contract, the ultimate debtor risk was for the account of the Group so that both deferred receivables and deferred liabilities were reported on the balance sheet in this context.

There where the deferred receivable / debt equalled the total amount of the outstanding capital for the contracts sold in 2008, 2009, 2010, 2011 and 2012, there is only a short-term liability as of the end of December 2014 in view of the acquisition by the Group of the still existing contracts as of 1 July 2014.

21 Trade, social security and fiscal liabilities - current liabilities

This caption can be specified as follows:

Amounts in kEUR	31.12.2014 kEUR	31.12.2013 kEUR
Trade payables	2.072	1.649
Deferred liability Parfip Benelux	384	366
Invoices to be received	1.192	1.369
Credit notes to be received	(115)	(115)
Turnover tax due	45	29
Withholding tax	18	10
Social security contributions	63	26
Salaries to be paid	44	66
Provision for holiday pay	130	111
Total	**3.833**	**3.511**

The total amount of outstanding suppliers includes an amount of 459 kEUR of overdue trade debts. This mainly concerns suppliers with whom a dispute is pending.

Outstanding trade payables can be specified as follows:

Amounts in kEUR				
	31.12.2014		31.12.2013	
	Number	kEUR	Number	kEUR
Current suppliers	-	1.545	-	969
Pending disputes	2	428	2	428
Internal consultants	7	68	7	221
Supplier and simultaneously client	2	31	2	31
Total		**2.072**		**1.649**

The internal consultants relate to independent suppliers of services to the Group, such as the CEO, CFO, COO, CCO, marketing director, business developer and a technical assistant..

As stated under (10) Finance lease receivables over more than one year, the Group had a deferred receivable / debt corresponding to the total amount of the outstanding sum of the contracts sold in 2008 and 2012. The total liability at year-end 2013 of EUR 751 k (EUR 385 k on the long term and EUR 366 k on the shor term) was reduced to EUR 384 k (only short term)

The due dates of the trade payables can be specified as follows:

Amounts in kEUR				
	< 1jr	1jr - 5jr	> 5jr	Total
	kEUR	kEUR	kEUR	kEUR
As at 31.12.2014	1.613	459	-	2.072
As at 31.12.2013	1.190	459	-	1.649

The carrying value does not differ substantially from the actual value when re-evaluating these financial assets.

22 Borrowings – short-term obligations

This caption can be specified as follows:

Amounts in kEUR	31.12.2014 kEUR	31.12.2013 kEUR
ING Bank financing	-	187
Big Friend NV financing	236	280
Belfius Bank financing	743	502
Parana Management Corp BVBA financing	331	164
Iquess Consulting BVBA financing	100	-
Other third-party financing	33	-
Straight loan Belfius Bank	-	1.190
Total	**1.443**	**2.323**

The above amounts concern the current liabilities of the above-mentioned loans. For the explanatory notes to this item, we refer to (18) Borrowings - long-term obligations.

The straight loan provided by Belfius Bank amounted to in total EUR 1,190 k at year-end 2013. This was reduced in 2014 by an amount of EUR 190 k. The balance of EUR 1,000 k has been converted into a 5-year investment loan with EUR 800 k on the long term and EUR 200 k on the short term. This explains the strong decrease in this item. For that matter the balance of EUR 200 k forms part of the EUR 743 k current liability.

Iquess Consulting BVBA provided a loan of EUR 100 k for a term of one year. This loan with an interest rate of 8% per annum will also be repaid on 30 June 2015.

23 Obligations under finance lease – short term

This caption can be specified as follows:

Amounts in kEUR	31.12.2014 kEUR	31.12.2013 kEUR
Sale&lease back Parfip Benlux	-	17
Financing passenger cars ING Lease	30	-
Total	**30**	**17**

For the explanatory notes to this item, we refer to (19) Obligations under finance lease - long term.

24 Other liabilities

This caption can be specified as follows:

Amounts in kEUR		
	31.12.2014 kEUR	31.12.2013 kEUR
Liabilities in connection with employees	22	37
Total	**22**	**37**

As of 31 December 2013, liabilities were recognised in connection with disputes with three former employees. Two of these disputes are still being reviewed by the Courts at year-end 2014.

25 Deferred revenues

This caption can be specified as follows:

Amounts in kEUR		
	31.12.2014 kEUR	31.12.2013 kEUR
Accured expenses	66	101
Deferred revenues	302	236
Total	**368**	**337**

The to be allocated expenses concern rent and interest expenses while the to be transferred income items concern the to be transferred maintenance income. The increase in this item is the result of a higher authorisation income in 2014 in comparison to 2013.

26 Business Segment Information

The Group reports its operational segments according to the nature of the activities. The Group makes a distinction between, on the one hand, results in connection with activities regarding payment terminals and, on the other hand, results in connection with activities regarding credit card authorisations.

The activities in connection with payment terminals comprise the rental, the sale and the installation of payment terminals as well as the revenues in connection with the help desk and maintenance and interventions.

The activities with regard to payment authorisations concern the revenues in connection with payment transactions and authorisation services, transaction management for third parties, loyalty processing and analysis services, etc. The activities carried out by PayItEasy BVBA have been integrally included in the consolidation since the fourth quarter of 2014. This activity has been grouped with authorisations for the business segment information analysis.

A number of the group supporting activities, such as finance and administration, expenses in connection with the listing on the stock market, etc. are reported as non-allocatable elements (corporate).

The breakdown of the results for the financial year 2014 is as follows:

Consolidated profit and loss account Segment Information	31.12.2014 kEUR Terminals (audited)	31.12.2014 kEUR Authorisations (audited)	31.12.2014 kEUR Corporate (audited)	31.12.2014 kEUR (audited)
Continuing operations				
Revenue (internal and external)	9.027	691	-	9.718
Revenue (internal in relation to other segment)	-	-	-	-
Revenue	9.027	691	-	9.718
Other gains and losses	150	64	64	278
Raw materials and consumables	(2.149)	(136)	(33)	(2.318)
Salaries and employee benefits	(1.237)	(137)	(104)	(1.478)
Depreciation	(15)	(3)	(123)	(141)
Impairments	-	(100)	-	(100)
Net impairments on current assets	(1.002)	-	-	(1.002)
Other operating expenses	(2.363)	(405)	(819)	(3.587)
Operating profit / (operating loss)	**2.411**	**(26)**	**(1.015)**	**1.370**
Financial income	1.005	-	-	1.005
Financial expenses	(262)	(4)	(176)	(442)
Profit before taxes	**3.154**	**(30)**	**(1.191)**	**1.933**
Taxes on the result	-	-	-	-
Result from participations in Joint Ventures	-	-	**(23)**	**(23)**
Profit/(loss) for the period from continued operations	**3.154**	**(30)**	**(1.214)**	**1.910**
Profit/(loss) for the period from discontinued operations	-	-	-	-
Profit/(loss) for the period	**3.154**	**(30)**	**(1.214)**	**1.910**

The breakdown of the balance sheet for the financial year 2014 is as follows:

Consolidated balance sheet Segment Information	31.12.2014 kEUR Terminals (audited)	31.12.2014 kEUR Authorisations (audited)	31.12.2014 kEUR Corporate (audited)	31.12.2014 kEUR (audited)
Assets				
Goodwill	5.248	-	-	5.248
Other intangible fixed assets	14	-	-	14
Property, plant and equipment	-	77	408	485
Deferred tax assets	1.685	-	-	1.685
Receivables from finance leases	14.088	-	-	14.088
Other assets	17	5	52	74
Non-current assets	**21.052**	**82**	**460**	**21.594**
Inventories	736	-	-	736
Trade and other receivables	480	215	148	843
Receivables from finance leases	2.981	-	-	2.981
Deferred charges	-	-	19	19
Cash and cash equivalents	643	222	50	915
Current assets	**4.840**	**437**	**217**	**5.494**
Total assets	**25.892**	**519**	**677**	**27.088**
Equity and liabilities				
Issued capital	-	-	8.490	8.490
Share premiums	-	-	4.716	4.716
Other reserves	-	-	797	797
Result carried forward	8.880	(520)	(4.382)	3.978
Equity	**8.880**	**(520)**	**9.621**	**17.981**
Provisions	**-**	**-**	**-**	**-**
Borrowings	2.892	-	339	3.231
Lease obligations	-	-	69	69
Other liabilities	111	-	-	111

Non-current liabilities	**3.003**	**-**	**408**	**3.411**
Borrowings	1.278	-	165	1.443
Lease obligations	-	-	30	30
Trade payables, social security contributions and tax liabilities	2.773	244	816	3.833
Other liabilities	1	-	21	22
Deferred revenues	324	-	44	368
Current liabilities	**4.376**	**244**	**1.076**	**5.696**
Total equity and liabilities	**16.259**	**(276)**	**11.105**	**27.088**

The breakdown of the result for the financial year 2013 is as follows:

Consolidated profit and loss account Segment Information				
	31.12.2013 kEUR Terminals (audited)	31.12.2013 kEUR Authorisations (audited)	31.12.2013 kEUR Corporate (audited)	31.12.2013 kEUR (audited)
Continuing operations				
Revenue (internal and external)	8.314	449	-	8.763
Revenue (internal in relation to other segment)	14	-	-	14
Revenue	8.300	449	-	8.749
Other gains and losses	301	9	25	335
Raw materials and consumables	(1.754)	(96)	(53)	(1.903)
Salaries and employee benefits	(1.251)	(61)	(93)	(1.405)
Depreciation	(15)	-	(69)	(84)
Net impairment of current assets	(1.849)	(14)	-	(1.863)
Other operating expenses	(2.478)	(425)	(448)	(3.351)
Operating profit / (operating loss)	**1.254**	**(138)**	**(638)**	**478**
Financial income	875	-	-	875
Financial expenses	(204)	(1)	(88)	(293)
Profit before taxes	**1.925**	**(139)**	**(726)**	**1.060**
Taxes on the result	-	-	-	-
Result from participations in Joint Ventures	-	-	**(31)**	**(31)**
Profit/(loss) for the period from continued operations	**1.925**	**(139)**	**(757)**	**1.029**
Profit/(loss) for the period from discontinued operations	-	-	-	-
Profit/(loss) for the period	**1.925**	**(139)**	**(757)**	**1.029**

The breakdown of the balance sheet for the financial year 2013 is as follows:

Consolidated balance sheet
Segment Information

	31.12.2014 kEUR Terminals (audited)	31.12.2014 kEUR Authorisations (audited)	31.12.2014 kEUR Corporate (audited)	31.12.2014 kEUR (audited)
Assets				
Goodwill	5.248	-	-	5.248
Other intangible fixed assets	28	-	-	28
Property, plant and equipment	1	100	378	479
Deferred tax assets	1.685	-	-	1.685
Receivables from finance leases	12.834	-	-	12.834
Other assets	18	5	52	75
Non-current assets	**19.814**	**105**	**430**	**20.349**
Inventories	386	-	-	386
Trade and other receivables	431	145	103	679
Receivables from finance leases	2.610	-	-	2.610
Deferred charges	42	-	11	53
Cash and cash equivalents	66	3	28	97
Current assets	**3.535**	**148**	**142**	**3.825**
Total assets	**23.349**	**253**	**572**	**24.174**
Equity and liabilities				
Issued capital	-	-	8.479	8.479
Share premiums	-	-	4.709	4.709
Other reserves	-	-	537	537
Result carried forward	5.726	(490)	(3.168)	2.068
Equity	**5.726**	**(490)**	**10.557**	**15.793**
Provisions	**-**	**-**	**28**	**28**
Borrowings	1.333	-	410	1.743
Trade payables	385	-	-	385
Non-current liabilities	**1.718**	**-**	**410**	**2.128**
Borrowings	2.108	-	215	2.323
Lease obligations	17	-	-	17
Trade payables, social security contributions and tax liabilities	2.079	178	1.254	3.511
Other liabilities	16	-	21	37
Deffered revenue	270	-	67	337
Current liabilities	**4.490**	**-**	**1.557**	**6.225**
Total equity and liabilities	**11.934**	**(312)**	**12.552**	**24.174**

27 Geographic segment information

The geographic segment information can be specified as followed: in both financial years, more than 99% of the turnover was realised in Belgium and the remainder in the Netherlands.

The turnover realised in the Netherlands was realised by the Belgian branches and with personnel and resources from Belgium.

28 Revenue categories

The various revenue categories, in respect of turnover, can be specified as follows:

Amounts in kEUR	31.12.2014 kEUR	31.12.2013 kEUR
Discounted rental income	4.867	5.132
Sale of goods	202	213
Providing services	3.878	2.747
Termination fees	771	657
Interest	-	-
Royalties	-	-
Dividends	-	-
Total	**9.718**	**8.749**

The Company has over 15,000 active customers. The most important customer represents less than 1% of the Group's revenue.

29 Other gains and losses

This caption can be specified as follows:

Amounts in kEUR	31.12.2014 kEUR	31.12.2013 kEUR
Recovery of meal vouchers	12	11
Withholding company cars	38	39
Withholding VAA GSM	7	6
Payment differences on receivables	17	83
Recuperation insurance	17	-
Terminated suppliers debts recognised in result	41	125
Other	146	71
Total	**278**	**335**

A mutual agreement was concluded with a trade partner in March 2010 whereby Keyware was awarded a compensation of EUR 1 million in connection with a legal dispute.
The settlement agreement provides for the up take of this amount in the form of discounts on future orders, 50% on all software and 25% on all hardware. The balance of the to be taken up amounts is reported under other receivables.

The comparable financial year 2013 was influenced positively by payment differences on debtors and creditors that had already expired many years ago. The positive impact on the result of 2013 amounted to EUR 83 k and EUR 125 k for the debtors and the creditors respectively.

A commercial consideration was received from a supplier in 2014 which actually pertained to the previous financial year. An amount of EUR 90 k was reported under the other gains and losses.

30 Employee benefits

The workforce and the employee benefits can be specified as follows:

Amounts in kEUR	31.12.2014	31.12.2013
Employees - excluding management	33	31
Management	-	-

Amounts in kEUR		
	31.12.2014 kEUR	31.12.2013 kEUR
Salaries	1.053	1.061
Social security contributions	301	266
Group insurance	13	7
Various benefits	52	57
Other	59	14
Total	**1.478**	**1.405**

31 Depreciation and impairments

This caption can be specified as follows:

Amounts in kEUR		
	31.12.2014 kEUR	31.12.2013 kEUR
Depreciation of intangible fixed assets	14	14
Depreciation of tangible fixed assets	127	70
Total	**141**	**84**

An impairment of EUR 100 k was recognised in 2014 for the previous platform as a new platform had been taken into use in the meantime:

Amounts in kEUR		
	31.12.2014 kEUR	31.12.2013 kEUR
Impairment of fixed assets	100	-
Total	**100**	**-**

32 Net impairment losses on current assets

This caption can be specified as follows:

Amounts in kEUR	31.12.2014 kEUR	31.12.2013 kEUR
Impairment of finance lease receivables	924	1.814
Write-offs of inventories	78	49
Total	**1.002**	**1.863**

We refer to sections 10 and 14 for more details regarding the impairment of financial lease receivables.

33 Other operating expenses

This caption can be specified as follows:

Amounts in kEUR	31.12.2014 kEUR	31.12.2013 kEUR
Accommodation	135	145
Car expenses	383	350
Material expenses	57	47
Communication expenses	200	243
Fees	1.822	1.632
Stock-market listing	42	66
Representation and delegation	141	134
Sales and marketing	284	441
Interim	11	97
Administration	128	112
Non-deductible VAT	35	53
Valuation of warrants	260	-
Other	89	31
Total	**3.587**	**3.351**

In accordance with IFRS, a valuation was performed of the warrants granted by the Pan 2014. The costs in connection with this amounted to EUR 260 k and were recorded as reserves amongst net equity.

34 Financial income and expenses

Financial income can be specified as follows:

Amounts in kEUR	31.12.2014 kEUR	31.12.2013 kEUR
Financing income from payment terminal contracts	1.005	875
Total	**1.005**	**875**

As stated in explanatory note (5) Main accounting principles governing the financial reporting - (j) Financial Instruments - Finance Lease receivables, the rental price of a contract is divided into net rent and maintenance. Subsequently, the present value for the full term of the contract, which is 60 months, is calculated (i.e. discounted). The entire present value amount is recorded as turnover in the month in which the contract starts. The revenue related to maintenance is spread over the duration of the contract. Financial income equal to the difference between the total value of the contract and the discounted value is recorded each month. This financial income concerns the financing income in respect of contracts for payment terminals.

Financial expenses can be specified as follows:

Amounts in kEUR	31.12.2014 kEUR	31.12.2013 kEUR
Interest and other expenses to shareholders	130	41
Interest on financial debts	245	105
Interest Parfip contracts	35	124
Interest on leasing	5	6
Interest on late payments	8	3
Other	19	14
Total	**442**	**293**

The increase in interest and other expenses in connection with advances or loans provided by the shareholders and the management increased due to the newly provided loans in 2014 as in previous financial years the financing was mainly provided by financial institutions.

The decrease in the interest in connection with the Parfip Benelux contracts resulted from the ongoing decrease in the number of contracts administrated by Parfip Benelux (until 30 June 2014) and from the fact that the Group took over the administration of contracts itself as from 1 July 2014.

35 Income tax

This caption tax can be specified as follows:

Amounts in kEUR	31.12.2014 kEUR	31.12.2013 kEUR
Profit before taxes	1.910	1.029
Taxes at the normal rate	649	350
Additional recognition of fiscal losses	(667)	(209)
Non-recognised deferred tax fiscal losses on losses of the financial year	307	310
Temporary differences and other	(289)	(451)
Total	-	-

36 Result from participations in Joint-Ventures

A 50%-50% joint venture was established between Keyware and J4S BVBA, "PayItEasy BVBA" ('PIE') in June 2013. Upon the founding the joint venture, the capital was paid up for one-third, therefore both parties have paid up EUR 3 k.

During the first year of its activities, the joint venture suffered a loss of EUR 62 k. In view of the 50%-50% shareholding and the recoginition of this participation in accordance with the equity method the corresponding share of the Group in this result of EUR 31 k was expressed in the consolidated profit and loss account of 2013. The share of both parties in the capital fo PayItEasy BVBA amounted to EUR 28 k (negative) on 31 December 2013, which was recognised on the liability side of the balance sheet under the provisions.

Following the acquisition of the other 50% of the shares of PayItEasy BVBA, this company became a wholly-owned subsidiary. On the date of the determination of this consolidation difference (1 October 2014) the equity capital of PayItEasy consisted of the following:

	30.09.2014 kEUR
Property, plant and equipment (platform)	27
Trade debtors	189
VAT to be reclaimed	2
Cash and cash equivalents	3
Total of the assets	**221**
Trade payables and other payables	322
Total of the assets	**322**
Equity	**(101)**
Paid-up capital	6
Loss carried forward	(61)
Loss period 01.01.2014 – 30.09.2014	(46)
Equity	**(101)**

This acquisition had the following impact on the presentation of the consolidated financial figures:

- Up to 30 September 2014, the share of the Group (50%) was reported separately in the profit and loss account (EUR 23 k loss);
- As from 1 October 2014, the various components of the result are included completely in the consolidation, under the deduction of intra-group transactions.

The individual contribution of PayItEasy BVBA to the consolidated result of 2014 was as follows:

Amounts in kEUR	Contribution PayItEasy	Intragroup elimination	Net contribution
Revenue	49	(49)	-
Raw materials and consumables	-	49	49
Depreciation	(3)	-	(3)
Other operating expenses	(29)	-	(29)
Financial result	(1)	-	(1)
Result from Joint Venture	(23)	-	(23)
Profit/(loss) for the period	**(7)**	**-**	**(7)**

For the purpose of providing additional information, a pro forma consolidated profit and loss account is presented whereby the results of PayItEasy BVBA are consolidated for a full financial years in accordance with the integral method, including elimination of the intra-group movements.

Consolidated profit and loss account for the period ending on	Financial year	
	31.12.2014 kEUR (audited)	31.12.2014 kEUR (pro forma)
Continuing operations		
Revenue	9.718	9.704
Other gains and losses	278	278
Raw materials and consumables	(2.318)	(2.186)
Salaries and employee benefits	(1.478)	(1.478)
Depreciation	(141)	(150)
Impairment	(100)	(100)
Net impairment losses on current assets	(1.002)	(1.002)
Other operating expenses	(3.587)	(3.737)
Operating profit /(operating loss)	**1.370**	**1.329**
Financial income	1.005	1.001
Financial expenses	(442)	(442)
Profit before taxes	**1.933**	**1.888**
Taxes on the result	-	-
Result from participations in Joint Ventures	**(23)**	**-**
Profit/(loss) for the period	**1.910**	**1.888**

Consolidated profit and loss account for the period ending on	Financial year	
	31.12.2014 kEUR (audited)	31.12.2014 kEUR (pro forma)
Weighted average number of issued ordinary shares	20.422.766	20.422.766
Weighted average number of shares for the diluted result per share	22.396.786	22.396.786
Profit/ (loss) per share		
Profit/ (loss) per share	0,0935	0,0924
Profit/ (loss) per diluted share	0,0853	0,0843

We also refer to the table of the cash flows. The transition from the equity method to the integral method has led to expressing the platform in fair value. This extra value allocated to the platform forms part of the investments of 2014, without this being accompanied by a real expense. This is reflected in the correction of EUR 49 k stated in the cash flows table.

The individual key figures of PayItEasy are as follows:

Amounts in kEUR		
	31.12.2014 kEUR	31.12.2013 kEUR
Fixed assets	24	36
Current assets	244	39
Equity	60	(56)
Liabilities over less than one year	209	131
Revenue	181	36
Net result	(29)	(62)
Work force	-	-

The transactions between Keyware Group and PayItEasy BVBA can be summarised as follows:

Amounts in kEUR		
	2014 kEUR	2013 kEUR
Trade receivables of the Group from PIE	51	23
Loans provided by the Group to PIE	49	15
Capex acquired from the Group	-	6
Trade receivables of PIE on the Group	232	36
PIE's revenue generated with the group	181	36
Costs charged to PIE by the Group	20	17

37 Benefits in the form of equity instruments

(a) Overview

An overview for the past two years can be specified as follows:

	31.12.2014		31.12.2013	
	Warrants	Exercise price	Warrants	Exercise price
Outstanding at the beginning of the period	1.462.500	0,92	2.922.500	0,83
Allocated	2.065.000	0,57	-	-
Exercised	(25.000)	0,70	(1.380.000)	0,70
Expired	-	-	(80.000)	1,56
Lapsed	-	-	-	-
Outstanding and exercisable at the end of the	**3.502.500**	**0,71**	**1.462.500**	**0,92**

The still outstanding exercisable warrants as at 31 December can be specified as followed:

	31.12.2014		31.12.2013	
	Warrants	Exercise price	Warrants	Exercise price
2010 Warrants	367.500	1,56	367.500	1,56
2012 Warrants	1.070.000	0,70	1.095.000	0,70
2014 Warrants	2.065.000	0,57	-	-
Outstanding and exercisable at the end of the period	**3.502.500**	**0,71**	**1.462.500**	**0,92**

(b) 2008 Warrants

An Extraordinary General Shareholders' Meeting that was held on 18 August 2008 approved the issue of a convertible loan for an amount of between four and six million euros. The subscription to the convertible bond in the amount of EUR 3,850 k and 1,925,000 warrants was recorded by means of a notarial deed on 18 September 2008.

In connection with the subscription to the convertible bond, each subscriber also received 25,000 warrants for each bond of EUR 50,000. These warrants can be exercised at any time during a period of four (4) years as from their issue date, which was extended by notarial deed in 2012 for one year to 17 September 2013.

The remaining 1,250,000 Warrantes were exercised in 2013 so that there were no outstanding Warrants of the Plan 2008 in circulation at year-end.

For a detailed overview of the interim exercising, we refer to the previous annual reports.

(c) 2010 Warrants

The Extraordinary General Shareholders' Meeting of 17 March 2010 has approved the issue of the Warrant Plan 2010, whereby the decision was taken to proceed with:

- (i) the allocation to, and subscription for, three hundred and ninety thousand (390,000) 2010 Warrants by Parana Management BVBA, Big Friend NV, Pardel SA, Federal Invest NV, Luc Pintens, JH Consulting BVBA, Iquess Consulting BVBA, Checkpoint X BVBA, Arn Clemhout and MV Services BVBA ("the Specified Persons"), in the ratio as set out in the special report of the Management Board,
- and (ii) the offer by the Board of Directors of the Company of the balance of the 2010 Warrants to employees of the Company and its subsidiaries within a period of three months after the date of the extraordinary general shareholders' meeting and allocation and definite issue thereof (by means of a notarial deed) to the employees who have accepted such an offer. The employees subscribed to 82,500 warrants.

These issued warrants give the right to subscribe to an equivalent number of shares. The exercise price of these warrants is EUR 1.56 and was determined based on the average of the closing prices of Euronext Brussels during the thirty days prior to the day on which the issue commences. The period of validity of these warrant is five years.

The warrants were valued in accordance with the Black and Scholes method, based on an exercise price of EUR 1.56, an underlying share price of EUR 1.50, a volatility of 30%, an estimated exercise period of five years, no anticipated dividend and a risk-free interest rate of 2.80%. Based on this, a value of EUR 168 k was arrived at which was reported in the profit and loss account under the employee benefits (EUR 34 k) and other expenses (EUr 134 k).
No warrants were exercised yet in 2010 and 10,000 warrants expired. As of 31 December 2010, 462,500 "2010 Warrants" were still exercisable at an exercise price of EUR 1.56.

No warrants were exercised yet in 2011 and 15,000 warrants expired. As of 31 December 2011, 447,500 "2010 Warrants" were still exercisable at an exercise price of EUR 1.56.

No "2010 Warrants" were exercised in the course of 2012 and 2013, and cumulatively 95,000 warrants expired at the end of 2013, therefore 367,500 "2010 Warrants" could still be exercised as at 31 December 2013 at an exercise price of EUR 1,56.

This number remained unchanged in 2014. These warrants had expired on the date of this annual report.

(d) 2012 Warrants

The Extraordinary General Assembly of 12 June 2012 approved the issue of the Warrant Plan 2012, where the decision was taken to issue 1,240,000 naked “2012 warrants” each conveying the right to subscribe to one share of the Company, which, pursuant to the general warrant plan 2012, were allocated to the following persons or legal entities:

- each for a maximum amount of 400,000 “2012 warrants” : Parana Management Corp. BVBA and Big Friend NV;
- each for a maximum amount of 15,000 “2012 warrants” : Pardel NV, Drupafina NV, Sofia BVBA, Mr Bruno Kusters and Mr Luc Pintens;
- each for a maximum amount of 100,000 “2012 warrants” : JH Consulting BVBA, Iquess BVBA and JM Services GCV;
- each for a maximum amount of 25,000 “2012 warrants” : Checkpoint X BVBA and MV Services BVBA;
- for a maximum amount of 15,000 “2012 warrants” to Umami BVBA.

The exercise price of these warrants is EUR 0.70 and was determined based on the average of the closing prices of Euronext Brussels during the thirty days prior to the day on which the issue commences.

The term of validity of these warrants is five years with 11 June 2017 as the expiry date.

The warrants were valued in accordance with the Black and Scholes method, based on an exercise price of EUR 0.70, an underlying share price of EUR 0.69, a volatility of 35%, an estimated exercise period of five years, no anticipated dividend and a risk-free interest rate of 2.20%. Based on this, a valuation was arrived at of EUR 250 k which is reported under other liabilities in the profit and loss account of 2012.

Bruno Kusters did not make use of the offer (15,000 warrants) in 2012. Furthermore, no warrants were exercised yet in 2012. As of 31 December 2012, 1,225,000 “2012 Warrants” were still exercisable at an exercise price of EUR 0.70.

In 2013, 130,000 warrants were exercised in 2013 at EUR 0.70 for an amount of 80,000 warrants in the first quarter and 50,000 warrants in the second quarter of 2013. The exercising of the warrants has led tot the issue of 130,000 new shares. As of 31 December 2013, 1,095,000 “2012 Warrants” were still exercisable at an exercise price of EUR 0.70.

During the financial year 2014, 25,000 “2012 Warrants” were exercised at EUR 0.70 with a corresponding issue of new shares. The still to be exercised “2012 Warrants” amounted to 1,070,000 at year-end 2014.

(e) 2014 Warrants

The Extraordinary General Assembly of 30 September 2014 has approved the issue of the Warrant Plan 2014, whereby the decision was taken to issue 2,065,000 naked “2014 warrants” each conveying the right to subscribe to one share of the Company, which, pursuant to the general warrant plan 2014, were allocated to the following persons or legal entities:

- for a maximum amount of 1,000,000 “2014 warrants”: Parana Management Corp. BVBA;
- for a maximum amount of 665,000 “2014 warrants”: Big Friend NV
- for a maximum amount of 125,000 “2014 warrants”: Iquess Consulting BVBA;
- each for a maximum amount of 100,000 “2014 warrants”: JM Services GCV and Hubert & Co BVBA;
- each for a maximum amount of 15,000 “2014 warrants”: Pardel NV, Drupafina NV, Sofia BVBA, Mr Bruno Kusters and Johan Bohets BVBA.

The exercise price of these warrants is exactly EUR 0.569 and was determined based on the average of the closing prices of Euronext Brussels during the thirty days prior to the day on which the issue commences.

The term of validity of these warrants is five years with 29 September 2019 as the expiry date.

The warrants were valued in accordance with the Black and Scholes method, based on an exercise price of EUR 0.569, an underlying share price of EUR 0.55, a volatility of 30%, an estimated exercise period of five years, no anticipated dividend and a risk-free interest rate of 0.28%. Based on this, a valuation was arrived at of EUR 260 k which, as was the case with the previous valuations, is reported under other liabilities in the profit and loss account of 2014.

Until now, no “Warrants 2014” were excercised.

38 Lease agreements

The subsidiary Keyware Smart Card Div. NV is active in the rental of payment terminals. In this context, lease contracts are generally concluded with customers for a term of 60 months or five years.

The lease price of a contract is divided into net rent and maintenance. After which the present value of the net rent for the full term of the contract, being 60 months, is calculated. This entire present value amount is recorded as turnover in the month in which the contract starts. The revenue related to maintenance is spread over the duration of the contract. Financial income equal to the difference between the total value of the contract and the discounted value is recorded each month.

The assets corresponding with the financial lease contracts are recognised in the balance sheet and presented as a receivable, for an amount equal to the net investment in the lease, taking into account the discount rate. The discount rate is 7.5% and was applied consistently over 2014.

Amounts in kEUR		
	31.12.2014 kEUR	31.12.2013 kEUR
Gross investment	**20.406**	**18.076**
not longer than one year	3.868	3.555
longer than one year, but not longer than five years	16.450	14.474
longer than five years	88	47
Net investment	**18.336**	**15.818**
not longer than one year	2.981	2.618
longer than one year, but not longer than five years	15.268	13.177
longer than five years	87	31
Unearned financing income	**2.070**	**2.260**
Residual values	**-**	**-**
Write offs		
Write-offs (-) for non-collectible receivables < 1 year	260	218
Write-offs (-) for non-collectible receivables > 1 year and > 5 years	1.267	759
Lease payments recorded as income in 2013	-	6.044
Lease payments recorded as income in 2014	8.155	-

39 Impairment of fixed assets

In accordance with IFRS 3 - Business combinations, goodwill that is included in the consolidation is tested annually for impairment. It can be necessary to do this more frequently if there are indications that the goodwill has not been valued correctly in accordance with IAS 36 - Impairments of assets. Moreover, this standard requires that goodwill be allocated to the cash generating units as from the acquisition date, which are assumed to benefit from the synergy of the business combinations. The cash generating unit to which the goodwill is allocated, is tested for impairment on the balance sheet date by comparing the carrying value of the unit to the recoverable value of the unit.

The Group uses cash flow estimates for the individual cash generating units as specified under (26) Business segment information. The most important parameters included in the calculation are the discount rate, the anticipated future operational cash flows and the anticipated growth. The discount rate applied to the anticipated cash flows is the weighted average cost of capital (WACC), which amounted to 13.07% and 7.96% as of 31 December 2013 and 31 December 2014 respectively.

Based on the impairment test carried out on 31 December 2013 and 2014, the Board of Directors was of the opinion that no additional impairments have to be recognised.

Reference is made to (6) Goodwill for a more detailed explanation.

40 Profit per share

The basic profit/loss per share is calculated by dividing the net result attributable to the Group by the weighted average of the number of issued ordinary shares during the year.

The profit/loss per diluted share is calculated by dividing the net result attributable to the Group by the weighted average of the number of issued ordinary shares during the year, both figures corrected for any effect of dilution of potential ordinary shares.

Amounts in kEUR	31.12.2014 kEUR	31.12.2013 kEUR
Weighted average issued shares	20.422.766	19.755.327
Weighted average issued shares diluted	22.396.786	21.217.827
Profit/ (loss) per share	0,0935	0,0521
Profit/ (loss) per diluted share	0,0853	0,0469

41 Financial assets and liabilities

An overview of the financial instruments according to category is as follows:

Amounts in kEUR	31.12.2014 kEUR Book value	31.12.2014 kEUR Fair value	31.12.2013 kEUR Book value	31.12.2013 kEUR Fair value
Non-current assets	**14.088**	**14.088**	**12.834**	**12.834**
Receivables from finance leases	14.088	14.088	12.834	12.834
Current assets	**4.739**	**4.739**	**3.386**	**3.386**
Trade and other receivables	843	843	679	679
Receivables from finance leases	2.981	2.981	2.610	2.610
Cash and cash equivalents	915	915	97	97
Total financial assets	**18.827**	**18.827**	**16.220**	**16.220**
Non-current liabilities	**3.411**	**3.411**	**2.128**	**2.128**
Borrowings	3.231	3.231	1.743	1.743
Lease obligations	69	69	-	-
Trade payables	-	-	385	385
Other liabilities	111	111	-	-
Current liabilities	**5.306**	**5.306**	**5.851**	**5.851**
Trade payables and other payables	3.833	3.833	3.511	3.511
Borrowings	1.443	1.443	2.323	2.323
Lease obligations	30	30	17	17
Total financial liabilities	**8.717**	**8.717**	**7.979**	**7.979**

The Group does not have any derivatives, nor investments in own equity instruments, interest swaps, forward contracts and hedge instruments.

The fair value of the finance lease receivables is determined based on the present value of the future revenues, which is the method of discounted cash revenues. As far as the book value is concerned of lease receivables, trade and other receivables and trade and other debts, these are an estimate of their fair value. Thus a level three valuation method has been applied in the absence of comparable instruments or observable market data.

Thus there is no difference between the book value and the fair value for each of the financial assets and liabilities concerned as is apparent from the above table.

At year-end 2014, no financial assets have to be reported that have expired but for which no impairment has been recognised. However, we do refer in this context to the item regarding long-term lease receivables as well as the short-term receivables from which it is apparent that the impairments at year-end 2014 amounted to EUR 1,267 k and EUR 260 k respectively.

42 Transactions with associated parties

(a) Management and consultancy agreements with directors

The Group has concluded a management agreement with Big Friend NV, the management company of Stéphane Vandervelde. Pursuant to the agreement with Big Friend NV, a total fee (excluding VAT) was paid amounting to EUR 307 k and EUR 305 k for the years 2014 and 2013. A variable fee amounting to EUR 99 k and EUR 90 k was paid in 2014 and 2013.

The agreements contain provisions regarding the form of the services, non-competition, confidentiality and the transfer of intellectual property rights to the Group. These agreements were entered into for an indefinite period and can be terminated by either party. In the event of termination by Big Friend NV, a period of notice of 6 months must be observed.

The management agreement with Big Friend NV, CEO of the Company, provides for a notice period of eighteen months, in the event of a termination of the agreement by the Company without giving reasons. This notice period may also be replaced, in mutual consultation between both parties, by an equal termination fee. The notice period of eighteen months was included in the management agreement at the time of signing, being 1 July 2000, causing this to differ from that which is prescribed in the Belgian Corporate Governance Code 2009. The variable remuneration is allocated based on documented and objectively measurable performance criteria regarding the past financial year.

No additional compensation is payable to Big Friend NV, other than the reimbursement of expenses in the context of the execution of the management services. These expenses amounted to EUR 39 k and EUR 42 k for the years 2014 and 2013 respectively. The management agreement does not provide for any other benefits.

During both financial years 2014 and 2013, EUR 60 k in fixed expenses was invoiced by the management company Powergraph NV, represented by Guido Van der Schueren. A variable fee amounting to EUR 50 k was paid in both financial years. The management agreement with Powergraph BVBA provides for a notice period of three months in the event of termination of the agreement and does not contain any other advantages.

Remuneration was allocated to the directors in the form of warrants during the financial year 2014. For this, we refer to that which is stated under "Corporate Governance Statement" as well as "remuneration in the form of equity instruments" (37).

(b) Investors

During March 2011, the Group concluded a loan agreement with Big Friend NV, the management company of the CEO, for an amount of EUR 500 k. This loan is repayable in monthly instalments over a period of 60 months.

The Group concluded a loan agreement as of 25 September 2012 for an amount of EUR 250 k with Parana Management Corp. BVBA, represented by Guido Van der Schueren.

The amount owed to Congra SA was taken over by Parana Management Corp. BVBA in 2013 at the book value (EUR 109 k). The interest rate of this loan is 8%.

A new loan agreement was concluded with Big Friend NV in October 2013 for an amount of EUR 200 k repayable in 24 monthly instalments with an interest rate of 8% as well as a short-term loan of EUR 100 k provided in December 2013 for a term of one month.

A new loan agreement was concluded with Parana Management Corp. BVBA in 2014 for an amount of EUR 1,500 k. This loan has a term of 5.5 years including a stand-still period of six months that run up to 31 December 2014. The loan will be repaid via 20 quarterly instalments and will be completely repaid on 31 December 2019. The interest rate of this loan is also 8%. At year-end 2014, only EUR 1,200 k of this amount was drawn down by the Group.

A second loan agreement was concluded with Parana Management Corp. BVBA in 2014 for an amount of EUR 100 k. This loan has a term of 18 months and will be completely repaid on 31 December 2015. The interest rate is 8% in accordance with the other agreements.

A new loan agreement was also concluded with Big Friend NV in 2014 for an amount of EUR 250 k. This loan has a term of 5.5 years including a stand-still period of six months that run up to 31 December 2014. The loan will be repaid via 20 quarterly instalments and will be completely repaid on 31 December 2019. The interest rate of this loan is also 8%.

(c) Long-term and short-term debts payable to related parties

The information relating to subsidiaries includes the inter-company receivables and payables in respect of Keyware Smart Card Divison NV and Keyware Transaction & Processing NV. The inter-company positions between Keyware Smart Card and KTP are not included in the chart below. The information relating to the executive management also includes the financial obligations between the subsidiary Keyware Smart Card Division NV on the one hand and Big Friend NV and Iquess Consulting BVBA on the other hand for an amount of EUR 463 k and EUR 100 k respectively.

Amounts in kEUR As at 31.12.2014	Subsidiary Companies	Related party Companies	Executive Management	Other Related parties
1. Related party receivables	**60**	**-**	**-**	**-**
1.1. Borrowings	-	-	-	-
1.2. Trade receivables	37	-	-	-
1.3. Other receivables	23	-	-	-
2. Debts payable to related parties	**2.640**	**-**	**563**	**1.595**
2.1. Financial obligations	-	-	563	1.595
2.2. Trade payables	28	-	-	-
2.3. Other liabilities	2.612	-	-	-
3. Transactions between related parties				
3.1. Sale of goods	-	-	-	-
3.2. Purchase of goods	-	-	-	-
3.3. Providing services	1.990	-	-	-
3.4. Purchase of services	14	-	-	-
3.5. Financial income	57	-	-	-
3.6. Financial expenses	136	-	-	-
3.7. Compensations paid to members of the executive committee and directors	-	-	1.024	110
3.7.1. Remunerations	-	-	736	60
3.7.2. Variable remunerations	-	-	235	50
3.7.3. Expenses	-	-	53	-
3.7.4. Severance payments	-	-	-	-
3.7.5. Share-based payments	-	-	-	-

Amounts in kEUR As at 31.12.2014	Subsidiary Companies	Related party Companies	Executive Management	Other Related parties
1. Related party receivables	**118**	**-**	**-**	**-**
1.1. Borrowings	-	-	-	-
1.2. Trade receivables	118	-	-	-
1.3. Other receivables	-	-	-	-
2. Debts payable to related parties	**1.709**	**-**	**502**	**357**
2.1. Financial obligations	-	-	502	357
2.2. Trade payables	177	-	-	-
2.3. Other liabilities	1.532	-	-	-
3. Transactions between related parties				
3.1. Sale of goods	-	-	-	-
3.2. Purchase of goods	-	-	-	-
3.3. Providing services	2.004	-	-	-
3.4. Purchase of services	53	-	-	-
3.5. Financial income	-	-	-	-
3.6. Financial expenses	91	-	-	-
3.7. Compensations paid to members of the executive committee and directors	-	-	956	110
3.7.1. Remunerations	-	-	697	60
3.7.2. Variable remunerations	-	-	205	50
3.7.3. Expenses	-	-	54	-
3.7.4. Severance payments	-	-	-	-
3.7.5. Share-based payments	-	-	-	-

43 Remunerations paid to the auditor

BDO Bedrijsrevisoren CVBA, with registered offices at Da Vincilaan 9 - Box E.6 Elsinore Building, 1935 Zaventem, duly represented by Koen De Brabander, has been appointed as the auditor of Keyware Technologies NV for a period of three years, which shall end after the General Shareholders' Meeting of 2017.
The total annual remuneration of the auditor amounts to EUR 53 k, of which EUR 33 k for the statutory and consolidated annual accounts of the Company and EUR 20 k for the statutory annual accounts of the Belgian subsidiaries.

In addition, exceptional compensations were received for a total amount of EUR 21 k in connection with special reporting with regard to the capital increases due to warrants, the issue of the 2014 Warrants Plan and the capital increase by means of a contribution in kind.

The auditor and the companies with which he has a form of collaboration in connection with his profession carried out due diligence activities for an amount of EUR 22 K.

44 Commitments and contingent liabilities

Provisions for contingent liabilities arising from claims, assessments, legal proceedings, fines and penalties, and other sources are recorded when it is likely that the liability exists and the amount of the liability can be estimated in a reliable manner. The Group is involved in certain legal proceedings and claims in the context of its normal business operations.

The management has assessed all these legal proceedings and has created provisions in the cases for which it felt that the liability existed and the amount of the liability could be estimated in a reliable manner.

Furthermore, the management is of the opinion that the outcome of all other cases will not have a material effect on the Group's financial position or operating results.

45 Operational lease agreements

The future liabilities with regard to operational lease can be summarised as follows:

Amounts in kEUR	1 year	2-5 years	> 5 year
Lease of office space	70	245	186
Operational lease of vehicles	19	-	-

Lease of buildings
On 8 September 2006, the Group concluded a lease agreement for an office building located in Zaventem, Ikaros Business Park, Ikaroslaan 24.

This lease agreement was concluded for a period of nine consecutive years, commencing on 14 September 2007 and ending ipso jure on 13 September 2015.

The lease contract was extended with nine years to 31 August 2022 via an addendum of August 2013. The lease price is EUR 70 k and is indexed annually.

The addendum provides for a rent-free period of 12 months divided as follows:

- From 01.09.2013 up to and including 28.02.2014 (6 months), of which two months lie within the present financial year;
- From 01.09.2016 up to and including 30.11.2016 (3 months);
- From 01.09.2019 up to and including 30.11.2019 (3 months).

However, each party may terminate this lease agreement at the end of the sixth year, provided that a prior notice period of six months is taken into account.

Lease of vehicles
At the end of December 2014, the Group had concluded three contracts in respect of operational lease of vehicles. The term of these contracts is, in principle, 48 months. In addition to the lease of the vehicle, all of these contracts provide for maintenance and repairs, insurance and assistance.

46 Termination of business activities

During the financial years 2013 and 2014, the Group did not terminate any business activities.

47 Pledge on the trading fund

There is a pledge on the trading fund of Keyware Technologies NV in favour of Dexia and the Flanders Region for the amount of EUR 992 k. This pledge is now without an object due to the repayment of the underlying debt. The registration still has to be deleted.

48 Exchange rate and Hedging

During the financial years 2013 and 2014, the Group did not carry out any hedging activities.

49 Financial instruments

During the financial year, th Group did not make use of any financial instruments in view of the economic environment in which the Group operates.

50 Important events after the balance sheet date

Apart from that which is stated below, the Company does not have to report any important events after the balance sheet date, which have an impact on the presentation of the present financial statements. With respect to the information below, events which took place after the balance sheet date have been taken into consideration until 31 March 2015.

The Group entered into an asset deal with GlobalPay NV whereby a number of purchase and lease contracts were taken over as of 1 January 2015. This price of the takeover was determined based on a number of parameters, including the number of active contracts. Indicatively it can be stated that the takeover represents an expansion of Keyware's terminal park of approximately 750 - 900 customers. This takeover was financed partially with own funds and partially with loans. ING Bank provided a loan of EUR 250 k. This amount will be repaid in 12 quarterly instalments, whereby the first repayment has taken place in March 2015. This loan will have been repaid by the end of 2017.

Subsequently, the transfer was settled in March 2015 regarding the administration of the rental contracts of Parfip Benelux NV in favour of Keyware Smart Card Division, with retroactive effect as from 1 July 2014. This settlement did not have a negative effect on the results.

In connection with the FOD Economy (see infra) complaint, the subsidiary Keyware Smart Card Division has been summoned to appear before the Court of First Instance on 30 April 2015.

51 Pending disputes

(a) Kinepolis Group NV

In 2002, Keyware Smart Card Div. NV initiated a "descriptive attachment with respect to counterfeiting" action against Kinepolis Group NV, which resulted in an expert opinion. Keyware served a writ of summons dated 18 July 2002 to Kinepolis in order to obtain payment of provisional compensation for damages of EUR 930 k plus interest as from 1 January 2002 for alleged infringement of copyright by Kinepolis with regard to a number of computer programmes developed by Keyware (under reference to the expert opinion). Kinepolis demands the rejection of this claim and payment of compensation for damages of EUR 10 k.
With the verdict of 6 June 2013, Keyware's claim was declared unfounded and Keyware was sentenced to the payment of compensation of legal expenses to Kinepolis. An appeal has been lodged and the case is pending for the Court of Appeal in Brussels.

(b) General

In addition to the above, there are currently a number of claims and legal proceedings pending against the Company and its subsidiaries, which in the opinion of the Group are of secondary importance and fall within the scope of normal business operations. According to the Board of Directors, it is unlikely that these individual claims or legal proceedings could have a substantial negative effect on the financial situation of the Company and its subsidiaries.

(c) Suppliers

At the end of December 2014, there were two pending disputes with suppliers for a total outstanding debt of EUR 462 k.

(d) Other liabilities

As of 31 December 2014, two debts have been recorded regarding additional severance pay for former employees. These cases have been brought before the Courts.

(e) Complaint FOD Economy

On 17 December 2012, a complaint report was drawn up against the subsidiary Keyware Smart Card Division NV and its criminal law representative “by virtue of unfair market practices vis-à-vis other persons than consumers and fraud, possibly in violation of Section 96 and 97.2 of the Act of 6 April 2010 regarding market practices and consumer protection and Section 496 of the Criminal Code. This complaint report was sent to the Attorney General at the Court of First Instance in Brussels and his office will decide after due investigation which direction the file will be given. According to Section 125 of the Act of 6 April 2010 concerning the market practices and consumer protection, those who intentionally violate the provisions of the aforementioned act will be condemned tot a cash fine of EUR 500 to EUR 20,000 (increased with the habitual surcharges). Keyware Smart Card Division NV contests having committed criminal acts. In connection with this complaint, the subsidiary Keyware Smart Card Division NV has been summoned to appear before the Court of First Instance on 30 April 2015.

Until now, no provision has been recorded for this case.

AUDITOR'S REPORT

AUDITOR'S REPORT TO THE GENERAL MEETING OF SHAREHOLDERS OF THE COMPANY KEYWARE TECHNOLOGIES NV OVER THE FINANCIAL YEAR YEAR ENDED ON 31 DECEMBER 2014

In accordance with the legal requirements, we report to you on the performance of the mandate of statutory auditor, which has been entrusted to us. This report contains our opinion on the consolidated financial statements as well as the required additional statement. The consolidated financial statements comprise the consolidated summary of the financial position on 31 December 2014, the consolidate overview of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year ended on 31 December 2014 and explanatory notes.

Report on the consolidated financial statements - unqualified audit opinion

We have audited the consolidated financial statements of Keyware Technologies NV for the financial year ended 31 December 2014, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which show a consolidated balance sheet total of EUR 27,088 k and of which the consolidated income statement concludes with a profit for the financial year of EUR 1,910 k.

Responsibility of the management for the preparation of the consolidated financial statements

The management is responsible for the preparation of the financial statements that provide a true and fair presentation in accordance with International Financial Reporting Standards, as well as for the implementation of the internal control that the management considers necessary for the preparation of the consolidated financial statements that do not contain any material misstatement as a consequence of fraud or of errors.

Responsibility of the auditor

audit. We have performed our audit in accordance with international audit standards (ISAs). These standards demand that we meet the theoretical requirements as wel as plan and perform our audit in such a manner as to obtain a reasonable degree of certainty that the consolidated financial statements do not contain any misstatements of material importance.

An audit comprises activities to obtain audit information about the amounts and explanatory notes in the consolidated financial statements. The selected activities depend on the assessment by the auditor, including his estimate of the risks of misstatements of material importance in the consolidated financial statements as a consequence of fraud or errors.

When making a risk estimate, the auditor takes the internal control of the entity into account that is relevant for the preparation of the consolidated financial statements that provide a true and fair presentation, in order to set up audit activities that are suitable under the given conditions but are not

intended to issue an opinion on the effectiveness of the internal control of the entity. An audit also comprises an evaluation of the suitability of the applied accounting principles for financial reporting, the reasonableness of the estimates made by the management, as well as the presentation of the consolidated financial statements as a whole.
We have received the clarification and information from the management and the employees of the entity that we require for our audit.

We are of the opinion that the audit information that we have obtained is sufficient and suitable to base our opinion on.

Unqualified auditor's opinion

In our opinion, the consolidated financial statements of the company Keyware Technologies NV as at 31 December 2014 provide a true and fair view of the financial situation of the consolidated group of companies as well as of its consolidated results and its consolidated cash flows for the financial year ended on that date, in accordance with the International Financial Reporting Standards as adopted by the European Union.

Report regarding other statutory and regulatory requirements

The management is responsible for the preparation and contents of the annual report on the consolidated financial statements.

In connection with our mandate and in accordance with the additional Belgian standard and the international standards that are applicable in Belgium (ISAs), it is our responsibility to, in all aspects of material importance, check the compliance with specific statutory and regulatory requirements. Based on this, we issue the following additional statement that is not of a nature to change the scope of our opinion on the consolidated financial statements:

- The annual report on the consolidated financial statements contains the information required by law, corresponds with the consolidated financial statements and does not contain any inconsistencies of material importances with regard to the information that is available to us in connection with our mandate.

Zaventem, 21 april 2015

BDO Bedrijfsrevisoren Burg. Ven. CVBA
Auditor
Represented by Koen De Brabander

STATUTORY INFORMATION

CONDENSED STATUTORY FINANCIAL STATEMENTS OF KEYWARE TECHNOLOGIES NV

This chapter contains a condensed version of the statutory standalone financial statements, as well as the annual report of Keyware Technology NV.

The complete version of the financial statements and the annual report will be filed with the National Bank of Belgium and are also available on the Company's website (**www.keyware.com**).

The auditor will formulate an unqualified auditor's opinion with regard to the statutory financial statements.

(1) Condensed balance sheet after distribution of profits on 31 December

Amounts in kEUR	31.12.2014 kEUR	31.12.2013 kEUR
Assets		
Non-current assets	**9.799**	**9.755**
Intangible fixed assets	-	-
Property, plant and equipment	407	379
Financial fixed assets	9.392	9.376
Current assets	**281**	**306**
Trade receivables over more than one year	-	-
Trade receivables	39	155
Other receivables	170	112
Cash and cash equivalents	50	28
Deferred charges	22	11
Total assets	**10.080**	**10.061**

Equity and liabilities		
Equity	**5.936**	**6.752**
Issued capital	9.166	9.155
Share premiums	1.887	1.880
Result carried forward	(4.283)	(3.422)
Result of the financial year	(834)	(861)
Total liabilities over more than one year	**408**	**410**
Leasing debts over more than one year	69	-
Other debts over more than one year	339	410
Liabilities over less than one year	**3.736**	**2.899**
Debts over less than one year that expire during the year	195	215
Trade payables	847	1.025
Social and fiscal liabilities	17	41
Other liabilities	2.633	1.552
Accrued expenses	44	66
Total equity and liabilities	**10.080**	**10.061**

(2) Profit and loss account of the financial year

Amounts in kEUR	31.12.2014 kEUR	31.12.2013 kEUR
Operating income	**2.087**	**2.058**
Revenue	1.663	1.683
Other operating income	424	375
Operating expenses	**(2.666)**	**(2.605)**
Goods for resale, raw and auxiliary materials	(33)	(53)
Services and other goods	(2.332)	(2.324)
Salaries, social security contributions and pensions	(104)	(93)
Amortisation and depreciation of formation expenses and on intangible and tangible fixed assets	(123)	(69)
Other operating costs	(74)	(66)
Operating profit / (loss)	**(579)**	**(547)**
Financial income	57	-
Financial expenses	**(312)**	**(314)**
Costs of debt	(305)	(172)
Impairments of current assets other than inventories, work in progress and trade receivables	-	(136)
Other financial costs	(7)	(6)
Profit / (loss) from ordinary operations before taxes	**(834)**	**(861)**
Extraordinary income	-	-
Extraordinary expenses	-	-
Profit / (Loss) for the financial year before taxes	**(834)**	**(861)**
Tax on the result for the financial year	-	-
Profit / (Loss) for the financial year	**(834)**	**(861)**

(3) Distribution of the result

Amounts in kEUR	31.12.2014	31.12.2013
Profit / (Loss) balance to be incorporated	**(5.117)**	**(4.283)**
Profit / (Loss) balance for the financial year to be incorporated	(834)	(861)
Profit / (Loss) balance for the previous financial year to be carried forward	(4.283)	(3.422)
Withdrawal from shareholders' equity	**-**	**-**
Addition to shareholders' equity	**-**	**-**
Profit / (Loss) to be carried forward	**(5.117)**	**(4.283)**
Profit available for distribution	**-**	**-**

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE STATUTORY FINANCIAL STATEMENTS

In accordance with Section 96 of the Belgian Company Code, we have the honour of reporting to you on the activities of the Company in the financial year covering the period 01 January 2014 through 31 December 2014.

01 Comments with respect to the financial statements

The Company acts as a holding company as well as a financing vehicle for the subsidiaries, for which it also provides management services and administrative assistance. All of the expenses connected with being listed on Euronext Brussels are recognised in the Company's profit and loss account.

Financial statements and important events

The financial year closed with a loss after taxes of EUR 834 k, the shareholders' equity therefore amounts to EUR 5,936 k after incorporation of the result.

Comments relating to the main balance sheet items

Intangible fixed assets
This item comprises mainly the net book value in respect of the purchase of the ERP package (SAP)

Property, plant and equipment
The net book value comprises vehicles owned and lease agreements for vehicles that are fully leased to subsidiaries. Other tangible fixed assets primarily relate to furnishings and fixtures of the rented premises.

Financial fixed assets
The financial fixed assets comprise shareholdings with a net value of EUR 9,350 k. The balance of this item pertains to guarantees.

Trade receivables
The receivables comprise receivables from Group companies due to invoicing for operational expenses.

Other receivables over less than one year
The other receivables mainly concern the to be claimed VAT of EUR 97 k.

Equity
The net equity was negatively influenced by the loss of the financial year in the amount of EUR 834 k. The capital and the issue premiums were increased in 2014 by EUR 11 k and EUR 6 k respectively by the exercising of 25,000 warrants of the Plan 2012.

Liabilities over more than one year
This item contains financial liabilities for an amount of EUR 339 k and leasing liabilities for an amount of EUR 69 k.

Debts over more than one year that expire during the year
This item concerns the short-term financial and lease liabilities in the amount of EUR 195 k.

Trade payables
The trade payables amounted to EUR 847 k and also represent amounts owed to members of the management team as well as other general expenses.

Social and fiscal liabilities
As of 31 December 2014, Keyware Technologies employed two employees. The outstanding liabilities concern the related fiscal and social obligations.

Other liabilities
This item mainly contains the advances in current account received from subsidiaries.

Comments with regard to the main items of the profit and loss account

Revenue
The turnover of the Company consists of management fees and expenses billed to the subsidiaries.

Services and other goods
As was the case in previous years, the cost structure is mainly formed by the fees (EUR 1,288 k), the accommodation costs (EUR 130 k) as well as vehicle costs (EUR 345 k). This latter is largely invoiced on to the subsidiaries.

Salaries, social security contributions and pensions
As stated already above, there were in total two people working for the company in 2014 which corresponds with a general cost of EUR 104 k.

Financial results
Financial income amounted to EUR 57 k and comprises interest on current accounts with subsidiaries. Financial expenses amounted to EUR 311 k and comprise mainly the costs of debts (EUR 169 k) and interest on current accounts of subsidiaries (EUR 136 k). The comparable year 2013 contained an impairment of EUR 136 k in connection with the write off of a taken over receivable from Neosys NV, which has in the mean time been dissolved and settled.

Proposed distribution of the result
The following proposal for incorporation of the loss for the financial year 2014 will be presented to the Shareholders' Meeting (in kEUR):

Loss for the financial year	(834)
Carried forward losses	(4.283)
Loss to be appropriated	(5.117)
Loss to be carried forward to the next financial yea	(5.117)

02 Justification of the application of valuation principles under the assumption of a going concern

The Company has incurred a loss during two consecutive financial years, therefore in accordance with Section 96 of the Belgian Company Code, a justification must be given for the application of the valuation rules under the going concern assumption. As at 31 December 2014, the loss to be carried forward is EUR 5,117 k.

On the basis of what is stated below, the Board of Directors concludes that application of the valuation rules under the assumption of a going concern can be maintained.

03 Going concern status of the Company and financing

The financial statements have been prepared on the basis of a going concern, which assumes that the assets are realised and the liabilities are paid as in the normal course of business. As of 31 December 2014, the Company has incurred accumulated losses totalling EUR 5,117 k, which have been financed by group companies.

The Group's financing requirement for 2014 has been filled in as follows:

- During the first quarter of 2014, ING Lease NV provided a loan of EUR 114 k to fund the vehicle fleet;
- Parana Management Corp. BVBA provided a loan of EUR 1,500 k and EUR 100 k with maturity dates of 31 December 2019 and 31 December 2015 respectively;
- Big Friend NV provided a loan of EUR 250 k also for a term of five years that ends on 31 December 2019;
- Iquess Consulting BVBA provided a loan of EUR 100 k for a term of one year, repayable on 30 June 2015;
- 25,000 warrants were exercised in 2014, which represents a cash inflow of EUR 18 k. This amount is expressed in the increase in the authorised share capital and the issue premiums of EUR 11 k and EUR 7 k respectively;
- ING Bank NV provided a new investment loan of EUR 750 k in 2014 with a term of four years, with a one year stand still. Therefore, this loan does not have to be repaid before 2016;
- The straight loan provided by Belfius Bank NV was reduced to EUR 1,000 k and was converted at year-end 2014 into an investment loan with a term of five years with 31 December 2019 as the end date;
- Finally, the Group concluded a short-term bridge loan with Parana Management Corp. BVBA and with Big Friend NV in the financial year 2014 for an amount of EUR 250 k and EUR 100 k respectively which were repaid in the same year.

It should be mentioned that the loans provided by Parana Management Corp. BVBA and the investment loan provided by ING Bank NV were not fully drawn down in 2014. The remaining balances that can still be drawn amount to EUR 300 k and EUR 452 k respectively. These amounts will be drawn in 2015.
For the further growth and realisation of the the 2014-2018 strategic plan, the Group will require additional financing in 2015, on the one hand, for the further financing and expansion of activities related to payment terminals and, on the other hand, for carrying out the necessary investments for the authorisation of payment transactions. The Group will make use of the higher stated not yet taken up amounts for this.

On the basis of the above, the Board of Directors is convinced that the Group is able to continue its activities on a going concern basis for a reasonable length of time, and it confirms the application of the valuation principles for a going concern.

The financial statements therefore do not therefore contain any adjustments to rgw hypothesis of the collectability and classification of the amounts booked as assets or the amounts and classification of the liabilities, which would be required if the company would no longer be to continue its activities as a going concern. The continuation of the Group as a going concern depends on its ability to generate sufficient cash flow to fulfil its obligations on time or to maintain adequate financing and finally on realising successful operations.

On the basis of these measures, the Board of Directors proposes to the General Shareholders' Meeting to maintain the going concern status of the Company.

04 Information regarding significant events after the financial year

Apart from that which is stated below with regard to the going concern status, the Company does not have to report any significant events after the balance sheet date, which have an impact on the presentation of the present financial statements.

05 Information regarding activities in the area of research and development

Not applicable.

06 Capital increases and capital decreases

Capital increases in 2014 were limited compared to 2013. During the financial year 2014, only one capital increase took place for Meester De Wulf. This concerned the exercising of 25,000 warrants for the exercise price of EUR 0.70 so that in total EUR 18 k in cash was raised.

As of 31 December 2014, the statutory subscribed capital of the Group amounted to EUR 9,166 k, representing 20,438,793 ordinary shares without nominal value.

07 Information regarding branch offices

Not applicable.

08 Own shares

The company does not own any of its own shares.

09 Decisions taken with application of legal procedures to avoid conflicts of interest

Article 523 of the Company Code provides for an extraordinary procedure in the event that a director, directly or indirectly, has an interest of a proprietary nature that conflicts with a decision or a transaction that falls within the competence of the Board of Directors.

Article 524, paragraph 1, stipulates that the procedure that is specified in the paragraphs 2 and 3 must be applied in advance for each decision taken or each transaction executed in connection with the implementation of a decision of a stock-listed company.

Article 524, paragraph 2, stipulates that all decisions, specified in paragraph 1, must be subject to the prior assessment of a committee of three independent directors. This committee is assisted by one or several independent experts appointed by the committee.

The committee describes the nature of the decision or transaction and assesses the commercial advantage or disadvantage for the company and its shareholders. It estimates the proprietary consequences and determines whether or not the decision or transaction is of a nature that the company suffers a disadvantage that, in the context of the policy that the company implements, is manifestly unlawful. If the committee does not consider the decision or transaction to be manifestly unlawful, but the committee is of the opinion that the decision or transaction is to the disadvantage of the company, the committee will make clear which advantages the decision or transaction will charge as compensation for the aforementioned disadvantages.

The committee shall submit a substantiated advice to the Board of Directors, outlining each of the aforementioned assessment elements.

Article 524, paragraph 3, specifies that the Board of Directors, after taking note of the advice of the committee as stipulated in paragraph 2, proceeds to deliberate the proposed decision or transaction. In this case, Article 523 is applicable.

The Board of Directors states in its minutes of the meeting whether the procedure described above was complied with, and, if this should be the case, on which grounds the committee's advice was departed from.
The auditor delivers an opinion on the correctness of the information that is stated in the committee's advice and in the minutes of the meeting of the Board of Directors. This opinion is attached to the minutes of the meeting of the Board of Directors.

The committee's decision, an extract from the minutes of the meeting of the Board of Directors and the auditor's opinion are printed in the annual report.

No transactions were executed during the financial year 2014 that would constitute a conflicting interest for the Company. However, various transactions were concluded between, on the one hand, Parana Management Corp. BVBA, Big Friend NV and Iquess Consulting BVBA and, on the other hand, a subsidiary of Keyware Technologies, Keyware Smart Card Division NV, whereby we refer to the annual report of the entity concerned for more information.

10 Risk factors

In accordance with Section 96, subsection 1, of the Belgian Company Code, the Company hereby provides information about the most important risks and uncertainties that could have a negative impact on the development, the financial results or the market position of the Company. As the Company is a holding company and does not have any activities, the risk factors of the subsidiaries also effect the Company. The risk factors below therefore relate to the entire Keyware Group.

Products and markets

The Group operates in a market that is developing very rapidly with regard to technology. These developments concern the changing needs of customers, the need for the frequent development of new products, many of which have a short life as well as the changing industrial standards. The Group expects that turnover growth will depend largely on the degree to which it is able to respond to these new challenges. Not being able to react to this changed context in time can have negative consequences for the results of the Company and its financial situation. On the other hand, the signing of a partnership with Atos Worldline opens new perspectives as a result of the distribution of Atos terminals.

Customer dependence

The Group has over 15,000 active customers. The most important customer represents less than 1% of the Group's turnover.

Supplier dependence

Since the conclusion fo the partnership in 2013 with Worldline, there are no other significant facts to report. Since the initial collaboration with Hypercom NV, three new agreements were concluded with three new suppliers of payment terminals, which substantially reduces the risk of discontinuity with respect to the delivery of terminals.

Concentration of credit risks

The concentration of credit risks is limited due to the large number of users, which are spread over Belgium and to a very limited extent over the Netherlands. The Group does not have any activities in countries with a highly inflationary economy.

Legal proceedings

The Company and/or its subsidiaries are involved in a number of legal proceedings that can be regarded as contingent liabilities. For more information, see the Consolidated Annual Report "Pending disputes" as well as "Events after the balance sheet date", which can be found on the website of the Company (**www.keyware.com**).

Financial position

Due to the improved profitability and liquidity, the need for additional funding is decreasing. In this context, we refer to that which was discussed under III. Continuity of the company and also toe that which is stated in the consolidated financial statements under Notes to the consolidated financial statements - "Going concern or continuity" and "Important events after the balance sheet date", which can be found on the website of the Company (**www.keyware.com**).

Going-concern

With regard to this item, we refer to that which is discussed below under III Continuity of the Company and also to that which is stated in the Consolidated Annual Report "Going Concern or continuity", which can be found on the website of the Company (**www.keyware.com**).

Information technology risk

The information technology risk is mainly located in the subsidiaries and its contains a double aspect:

- SAP/Network management
  The entire IT infrastructure was completely optimised in 2010. In the event of discontinuity of the systems, an internal action plan provides for the reactivation of all IT services within four working hours with a loss of dynamic data of no more than one working day. The most recent SAP upgrades were carried out at the end of 2013 and the beginning of 2014 in combination with the replacement of the hardware.
- Converter and authorisations
  The Group has an entirely separate payment network for carrying out the NSP activity, which has been set up completely in accordance with PCI DSS level 1 regulations via a third party server farm. There is a complete parallel structure so that a possible discontinuity of the systems will have no influence on the business operations and whereby in the event of a combined discontinuity, all systems will be operational again with four working hours.

Environment

The Group does not have any special remarks with regard to environmental matters.

Personnel

The company employed two employees as at 31 December 2014. There are no disputes to report.

11 Directors

As at 31 December 2014, the Board of Directors has seven members, three of whom are independent directors. The members of the Board of Directors are:

Director	Position	Main function	End date of mandate after AGM of finacial year ending on
Guido Van der Schueren	Non-executive	Chairman	31 December 2014
Bruno Kusters	Independent	Director	31 December 2014
Pierre Delhaize	Non-executive	Director	31 December 2015
Drupafina NV represented by Guido Wallebroek	Non-executive	Director	31 December 2014
Sofia BVBA represented by Chris Buyse	Independent	Director	31 December 2015
Big Friend NV represented by Stéphane Vandervelde	Executive - CEO	Director	31 December 2015
Johan Bohets BVBA represented by Johan Bohets	Independent	Director	31 December 2015

12 Justification of the independence and expertise in the areas of accounting and audit of one independent member of the Audit Committee

The General Shareholders' Meeting of 28 May 2010 has appointed Sofia BVBA, represented by Chris Buyse, as independent director of the Company. Sofia BVBA, represented by Chris Buyse, fulfils the criteria for independent directors stipulated in Section 524, subsection 4, and Section 526 of the Belgian Company Code. In addition, the Board of Directors is of the opinion that Chris Buyse has the required professional qualities for this position on the basis of his extensive professional experience.

Chris Buyse, the permanent representative of Sofia BVBA, has more than 20 years of experience in various financial and general management positions. He graduated with a Licentiate Degree in Applied Economics (University of Antwerp) and a Degree in Management (Vlerick School). He gained experience at, among others, Unilever and Sita, before he helped realise the turnaround of Keyware between 2001 and 2003. After that, he was a board member and CFO of the stock-listed biotechnology company ThromboGenics. Chris Buyse also holds several directorships in other promising biotechnology companies such as Cardio 3 Biosciences, Promethera and Amakem.

In connection with the guideline regarding independence and financial expertise, Sofia BVBA, represented by Chris Buyse, meets the specified requirements.

Sofia BVBA, represented by Chris Buyse, is Chairman of the Audit Committee as of 1 January 2011.

13 Corporate governance statement

For the corporate governance statement, we refer to that which was discussed in the Annual Report 2014 - Corporate Governance Statement - which can be found on the Company's website (**www.keyware.com**).

14 Requests to the Shareholders' Meeting

The Board of Directors requests the General Shareholders' Meeting to:

- approve the financial statements for the year 2014;
- grant the discharge to the directors with respect to the exercising of their mandates during the financial year 2014;
- grant the discharge to the Auditor with respect to the exercising of his mandate during the past financial year 2014.

Prepared at Zaventem, on 21 April 2015

The Board of Directors