Transcom

Q2

Second Quarter 2014 Results

Transcom discloses the information in this report pursuant to the Luxembourg Transparency Obligations Law as amended. Submitted for publication on July 17, 2014 at 08:00am CET.

Q2 2014 FINANCIAL HIGHLIGHTS

- **Net revenue** €152.0 million, a 8.7% decrease compared to Q2 2013 (€166.5 million). Adjusted for exchange rate impact as well as for divested and closed operations, revenue fell by approximately 2.9%
- **Gross margin** 19.3% a 0.3 percentage point increase compared to Q2 2013 (19.0%)
- **EBIT** €1.4 million compared to €2.9 million in Q2 2013. EBIT was impacted by a €1.1 million cost related to the planned re-domiciliation, and by a €1.3 million cost due to divestments of CMS units
- **EPS** -0.1 Euro cents compared to 0.2 Euro cents in Q2 2013.

YTD 2014 FINANCIAL HIGHLIGHTS

- **Net revenue** €312.1 million, a 7.4% decrease compared to the same period 2013 (€336.9 million). Adjusted for exchange rate impact as well as for divested and closed operations, revenue increased by approximately 0.2%
- **Gross margin** 20.0%, flat compared to the same period 2013 (20.0%)
- **EBIT** €6.8 million compared to €8.9 million in the same period 2013
- **EPS** 0.0 Euro cents compared to 0.2 Euro cents in the same period 2013.

" I am pleased with the profitability enhancement in our core CRM business. Addressing the challenges we continue to face in Chile is our highest priority. I expect that the situation will be stabilized later this year, with a positive impact on Transcom's margins."

Johan Eriksson, President and CEO of Transcom

KEY HIGHLIGHTS

- Divestments and closures had a significant impact on reported revenue in the quarter
- EBIT margin in core CRM business improved by 0.9 percentage points in Q2 2014, from 1.6% to 2.5%, excluding the one-time cost for the re-domiciliation
- Strengthening performance in Chile is a top priority for 2014
- Subject to shareholder approval, Transcom will carry out a re-domiciliation to Sweden this year, given the benefits of such a move for the Group and its shareholders.

(€m)	2014 Q2	2013 Q2	Change Y-o-Y	2014 Jan-Jun	2013 Jan-Jun	Change Y-o-Y	2013 Jan-Dec
Net revenue	152.0	166.5	-8.7%	312.1	336.9	-7.4%	653.2
Gross profit	29.4	31.7	-7.4%	62.6	67.3	-7.1%	131.1
EBIT	1.4	2.9	-51.2%	6.8	8.9	-23.5%	-5.4
EBITDA	3.7	5.0	-25.9%	11.4	13.4	-14.6%	24.8
Profit before tax	0.8	1.8	-53.7%	5.0	5.4	-7.7%	-12.2
Net income	-1.3	2.3	-154.3%	0.4	2.2	-83.0%	-18.6
EPS (Euro cents)	-0.1	0.2	-155.0%	0.0	0.2	-83.0%	-1.5
Net cash flow from operations	4.5	6.0	-24.8%	-12.5	-10.2	22.9%	9.9
Total weighted average outstanding number of shares before & after dilution ('000)	1,245,533	1,245,533		1,245,533	1,245,533		1,245,533

Comments from the President and CEO

While I am pleased with the profitability improvement in our core business, strengthening our performance in Chile is a key priority for 2014, which I expect will yield margin improvements this year. Divestments and closures that we have completed during the past year had a significant impact on our reported revenue. While profitability enhancement is currently our top priority, our goal is to continue growing revenue at least in line with overall market growth. Subject to shareholder approval, we will carry out a re-domiciliation from Luxembourg to Sweden this year, given the benefits of such a move for the Group and its shareholders.

Transcom's primary focus area for 2014 is to strengthen margins. We have consequently focused on optimizing capacity utilization in our existing contact centers rather than investing in new capacity for expansion. I am pleased to see the margin improvements we have achieved in our North America & Asia Pacific and North Europe operations. While these profitability enhancements are positive, we continue to face challenges in our Latin American operations, particularly in Chile. Addressing these is currently our most important priority. We closed the Valdivia site at the end of 2013, in response to falling volumes in the country. Since then, we have been working to address decreasing seat utilization and unsatisfactory efficiency levels at our remaining Chilean site in Concepcion. We will continue to focus on growing revenue with domestic clients, with the objective of reaching break-even in Chile later this year. We are making progress and are optimistic that we will reach our targets. In the North America & Asia Pacific region, we aim to continue improving results through increased efficiency and business development.

REVENUE IMPACTED BY DIVESTMENTS IN THE CMS BUSINESS AND LOWER CALL VOLUMES

On a like-for-like basis, adjusting for the effects summarized below, revenue fell by 2.9% compared to Q2 2013. The reported €14.5 million revenue decrease compared to Q2 2013 is comprised of:

- €-5.6 million: divestments and site closures that Transcom completed during the year in order to exit non-core areas and focus on the core CRM business in prioritized geographies. The most significant actions impacting the revenue comparison are the sale of a number of CMS units, the sale of our Belgian operations, and the closure of the Valdivia site in Chile. The closure of the loss-making Danish CRM unit also impacted negatively on revenue.
- €-4.0 million: negative currency impact.
- €-4.9 million: mainly due to lower volumes in Iberia & Latam (Chile), North Europe, and North America & Asia Pacific.

IMPROVED PROFITABILITY IN OUR CORE CUSTOMER CARE BUSINESS

The EBIT margin in our core CRM business improved by 0.9 percentage points, from 1.6% to 2.5%, excluding the one-time cost for the re-domiciliation. This was driven by improvements in the North America & Asia Pacific and North Europe regions.

Reported EBIT for the Group in Q2 2014, including the CMS business, amounted to €1.4 million (€2.9 million in Q2 2013). EBIT this quarter was negatively impacted by a €1.1 million cost related to the re-domiciliation, and by €1.3 million as a result of divestments (CMS Poland, CMS Czech and CMS Austria). SG&A costs as a proportion of revenue have decreased, mainly due to divestments and cost savings, excluding the cost related to the re-domiciliation.

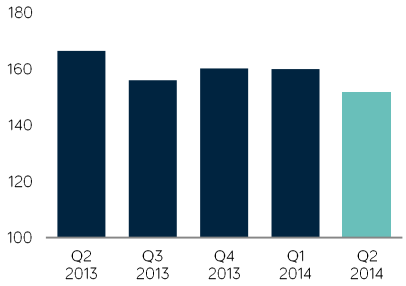
The divestment of CMS Austria (subject to regulatory approval) completes the strategic review of our CMS business. A number of country units have already been divested. Other units, which are characterized by services that can be efficiently delivered within the context of our core CRM business, have been restructured and integrated with Transcom's customer care operations.

Transcom's Board of Directors is convinced that the timing is now right for carrying out a re-domiciliation of the parent company of the Transcom Group to Sweden, given the benefits of such a move for the Group and its shareholders: Transcom's legal domicile will be aligned with the domicile of its owners, as the majority of Transcom's shareholders are Swedish; general meetings will be held in Sweden, facilitating shareholder participation; Transcom will no longer be bound by dual legal systems, lowering costs and simplifying the execution of corporate actions; and Transcom's listing set-up will also be simplified, as we can abandon the SDR system and establish one class of shares. We plan to present the merger plan shortly after the release of this Q2 2014 interim report. The statutory merger and the re-domiciliation are expected to be concluded during the fourth quarter of 2014, subject to shareholder approval.

Johan Eriksson, President and CEO of Transcom

Group Operating Review

Revenue



(€m)	2014 Q2	2013 Q2	2014 Jan-Jun	2013 Jan-Jun	2013 Jan-Dec
Revenue	152.0	166.5	312.1	336.9	653.2
Gross profit	29.4	31.7	62.6	67.3	131.1
Gross margin	19.3%	19.0%	20.0%	20.0%	20.1%
EBIT*	1.4	2.9	6.8	8.9	15.7
EBIT margin*	0.9%	1.7%	2.2%	2.7%	2.4%

**EBIT excluding intangible assets impairment €-21.1 million Q4 2013*

Revenue development

SECOND QUARTER

On a like-for-like basis, revenue fell by approximately 2.9%. €5.6 million out of the reported €14.5 million revenue decrease compared to Q2 2013 is due to divestments and site closures that Transcom completed during the year in order to exit non-core areas and focus on the core CRM business in prioritized geographies. In addition, we had a negative €4.0 million currency effect. The remaining like-for-like €4.9 million decrease is due to lower volumes in Iberia & Latam, North Europe and North America & Asia Pacific.

SIX MONTHS

On a like-for-like basis, revenue decreased by approximately 0.2%. €16.2 million out of the reported €24.8 million revenue decrease is due to divestments and site closures that Transcom completed during the year in order to exit non-core areas and focus on the core CRM business in prioritized geographies. The foreign exchange impact was negative €7.9 million. The remaining €0.8 million decrease is due to lower volumes in Iberia & Latam, North Europe and North America & Asia Pacific.

(€m)	2014 Q2	2013 Q2	2014 Jan-Jun	2013 Jan-Jun	2013 Jan-Dec
North Europe	48.7	51.0	99.6	106.7	207.3
Central & South Europe	37.3	38.6	77.0	78.2	150.1
Iberia & Latam	29.9	34.6	61.4	67.7	130.9
North America & Asia Pacific	29.2	31.7	58.1	63.3	122.7
CMS	6.8	10.7	15.9	21.1	42.3
TOTAL REVENUE FOR THE PERIOD	**152.0**	**166.5**	**312.1**	**336.9**	**653.2**

Operating result

SECOND QUARTER

In the core CRM business, EBIT fell slightly to €2.5 million (€2.6 million in Q2 2013). EBIT this quarter is impacted by costs amounting to €1.1 million related to a proposed re-domiciliation of the parent company of the Transcom Group from Luxembourg to Sweden. If we exclude this cost from the quarter-on-quarter comparison, the EBIT margin in our core CRM business improved by 0.9 percentage points, from 1.6% to 2.5%, driven by improvements in North America & Asia Pacific and North Europe. Currency effects had a negligible effect on EBIT relative to Q2 2013.

Reported EBIT for the Group, including the CMS business, amounted to €1.4 million (€2.9 million in Q2 2013). In addition to the €1.1 million cost related to the re-domiciliation, the result was also negatively impacted by €1.3 million as a result of previously disclosed divestments in the CMS business (CMS Poland, CMS Czech and CMS Austria).

EBIT BRIDGE (€m)	North Europe	Central & South Europe	Iberia & Latam	North America & Asia Pacific	Total CRM	CMS	Group
EBIT Q2 2013	0.6	0.8	1.2	0.0	2.6	0.3	2.9
One-off items that affected 2013 results	0.1	-0.3	0.0	0.0	-0.2	-0.1	-0.3
One-off items that affected 2014 results	-0.4	-0.3	-0.2	-0.2	-1.1	-1.3	-2.4
Cost saving	0.1	0.0	0.3	1.8	2.2	0.0	2.2
Volume & efficiency driven impacts	0.9	0.6	-1.4	-1.1	-1.0	-0.3	-1.3
Expansion investments	0.0	-0.5	-0.7	0.0	-1.2	0.0	-1.2
Other (including improvement SG&A and corporate cost)	0.4	0.4	0.3	0.0	1.2	0.2	1.4
EBIT Q2 2014	**1.9**	**0.7**	**-0.4**	**0.4**	**2.5**	**-1.1**	**1.4**

SIX MONTHS

EBIT in the core CRM business fell by €1.8 million in the first six months of 2014. EBIT is impacted by costs amounting to €1.1 million related to a proposed re-domiciliation of the parent company of the Transcom Group from Luxembourg to Sweden.

Reported EBIT for the Group, including CMS, amounted to €6.8 million (€8.9 million in Q2 2013). In addition to the €1.1 million cost related to the re-domiciliation, this result also includes a €1.3 million capital loss as a result of previously disclosed divestments in the CMS business (CMS Poland, CMS Czech and CMS Austria). The comparison is also influenced by a positive €3.8 million one-off effect in Q1 2013, related to the sale of the right to collect on a Swedish debt portfolio. We had a corresponding positive effect in Q1 2014, amounting to €0.9 million. Excluding the effects described above, EBIT improved by €3.2 million.

Currency effects had a negligible effect on EBIT relative to the first six months 2014.

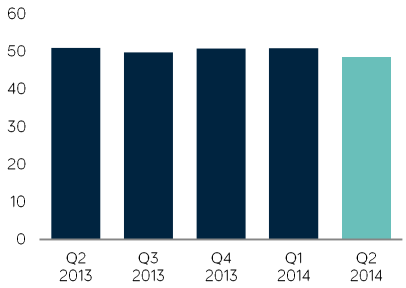
(€m)	2014 Q2	2013 Q2	2014 Jan-Jun	2013 Jan-Jun	2013 Jan-Dec
North Europe	1.9	0.6	4.1	5.4	7.9
Central & South Europe	0.7	0.8	2.7	1.9	4.3
Iberia & Latam	-0.4	1.2	-0.8	1.9	3.1
North America & Asia Pacific	0.4	0.0	0.5	-0.7	-1.4
CMS	-1.1	0.3	0.2	0.5	1.8
EBIT FOR THE PERIOD*	**1.4**	**2.9**	**6.8**	**8.9**	**15.7**

**EBIT excluding intangible assets impairment €-21.1 million Q4 2013*

Operating review by segment

North Europe

Revenue



(€m)	2014 Q2	2013 Q2	2014 Jan-Jun	2013 Jan-Jun	2013 Jan-Dec
Revenue	48.7	51.0	99.6	106.7	207.3
Gross profit	8.6	7.4	17.9	18.9	35.1
Gross margin	17.6%	14.4%	17.9%	17.7%	16.9%
EBIT	1.9	0.6	4.1	5.4	7.9
EBIT margin	3.8%	1.2%	4.1%	5.0%	3.8%

SECOND QUARTER

Revenue decreased slightly as a result of lower business volumes in some markets, primarily in Sweden, Norway and Estonia, and the closure of the Danish CRM business in 2013. Foreign exchange effects negatively impacted revenue by €2.2 million.

Improved EBIT in the Netherlands and the divestment of the loss making CRM business in Denmark more than compensated for the lower volumes in Sweden, Norway and Estonia.

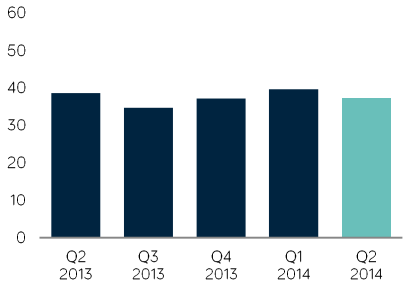
SIX MONTHS

The revenue and EBIT comparison is influenced by the transfer of the right to collect on a Swedish debt portfolio to a third party in Q1 2013 where Transcom received €3.8 million in compensation. The corresponding positive effect in Q1 2014 was €0.9 million. The closure of the loss-making Danish CRM business in 2013 also had a negative impact on the revenue comparison, amounting to €0.8 million. Foreign exchange effects negatively impacted revenue by €4.6 million.

Lower volumes and market activity weighted on the result in Norway and Sweden, whereas EBIT in the Netherlands has improved significantly. The closure of the Danish CRM operations also contributed positively. In addition, a number of smaller, unprofitable client contracts in the region have been ended.

Central & South Europe

Revenue



(€m)	2014 Q2	2013 Q2	2014 Jan-Jun	2013 Jan-Jun	2013 Jan-Dec
Revenue	37.3	38.6	77.0	78.2	150.1
Gross profit	6.8	7.4	14.6	15.0	28.6
Gross margin	18.1%	19.1%	19.0%	19.2%	19.0%
EBIT	0.7	0.8	2.7	1.9	4.3
EBIT margin	1.8%	2.0%	3.6%	2.4%	2.9%

SECOND QUARTER

The decrease in revenue is due to the divestment of Transcom's Belgian CRM operations. This divestment was counterbalanced by growth in Germany and Italy. Excluding the Belgian operations, revenue grew by 0.2%.

The improved performance in Germany and Italy absorbed the impact from start-up costs related to the expansion in new sites in Hungary and entering into Serbia to support further grow of new clients.

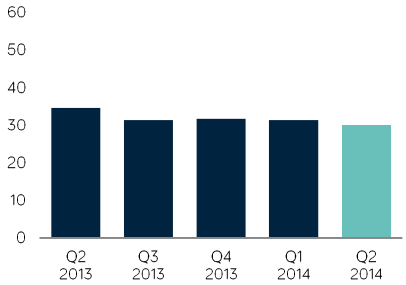
SIX MONTHS

Solid growth in Poland, Germany and Italy almost compensated the revenue decline from the deconsolidation of the former French subsidiary as of March 1, 2013 and the Belgium divestment.

The deconsolidation of the loss-making former French subsidiary and the positive growth of clients in Italy, Germany and Poland had a positive impact on profitability that improved compared to last year.

Iberia & Latam

Revenue



(€m)	2014 Q2	2013 Q2	2014 Jan-Jun	2013 Jan-Jun	2013 Jan-Dec
Revenue	29.9	34.6	61.4	67.7	130.9
Gross profit	4.2	6.6	9.3	12.8	25.2
Gross margin	14.2%	19.0%	15.2%	18.9%	19.3%
EBIT	-0.4	1.2	-0.8	1.9	3.1
EBIT margin	-1.4%	3.5%	-1.3%	2.7%	2.3%

SECOND QUARTER

Revenue fell as a result of the closure of Transcom's contact center in Valdivia, Chile, and further volume decreases at the remaining Concepcion site in Chile. To a lesser extent, volumes also decreased in Spain and Portugal.

The margin decline is mainly a consequence of lower volumes and efficiency in Chile and Portugal, as well as higher costs related to the ramp-up of business at our new site in Cali, Colombia. We closed the Valdivia site in Chile at the end of 2013, in response to falling volumes in the country. Since then, we have been working to address decreasing seat utilization and unsatisfactory efficiency levels at our remaining Chilean site in Concepcion. We will continue to focus on growing revenue with domestic clients, with the objective of reaching break-even in Chile later this year. We are making progress and are optimistic that we will reach our targets. Volumes in Cali are gradually being ramped up according to plan, and we expect capacity utilization to reach targeted levels during the second half of 2014.

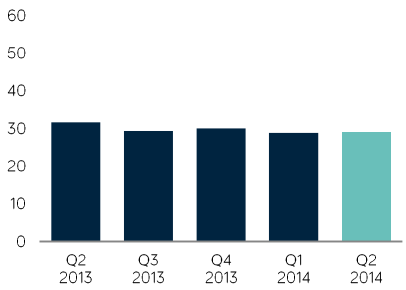
SIX MONTHS

Lower volumes in Chile were the main driver of the revenue decline. Revenue also decreased in Portugal and Spain, but to a lesser extent. Increased volumes at our new site in Cali, Colombia, and at the Lima site in Peru, partly compensated.

The volume decrease described above is the main reason for the margin decline. In addition, performance was impacted by higher costs related to the ramp-up of business at our new site in Cali, Colombia.

North America & Asia Pacific

Revenue



(€m)	2014 Q2	2013 Q2	2014 Jan-Jun	2013 Jan-Jun	2013 Jan-Dec
Revenue	29.2	31.7	58.1	63.3	122.7
Gross profit	8.0	7.8	15.6	15.5	30.4
Gross margin	27.3%	24.6%	26.9%	24.4%	24.8%
EBIT	0.4	0.0	0.5	-0.7	-1.4
EBIT margin	1.5%	-0.1%	0.9%	-1.0%	-1.1%

SECOND QUARTER

The positive effect from new business won during the year, mainly in the Philippines, was more than offset by lower production volumes on other client accounts, partly due to the downsizing of our Canadian operation. Revenue was negatively impacted by foreign exchange effects, amounting to approximately €1.5 million.

The improvement in profitability is mainly due to increased efficiency and cost reductions, both in the Philippines and in North America. These effects were counterbalanced by the volume decrease and price decrease mentioned above.

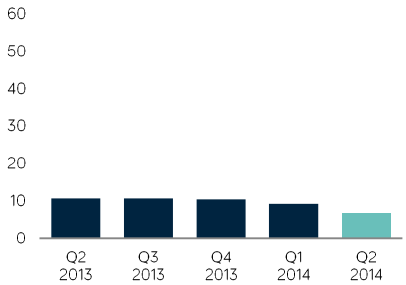
SIX MONTHS

The revenue decrease is due to lower volumes on a number of client accounts. The downsizing of our Canadian operation also impacted negatively on revenue, as did the discontinuation of a number of smaller contracts. Revenue was negatively impacted by foreign exchange effects, amounting to approximately €2.7 million.

Cost reductions, partly as a result of site rationalizations, improved margins. New profitable business won, delivered from our centers in the Philippines, also contributed positively. These effects were partly counterbalanced by the decrease in volumes overall.

CMS

Revenue



(€m)	2014 Q2	2013 Q2	2014 Jan-Jun	2013 Jan-Jun	2013 Jan-Dec
Revenue	6.8	10.7	15.9	21.1	42.3
Gross profit	1.8	2.6	5.2	5.2	11.8
Gross margin	26.2%	24.4%	32.3%	24.5%	27.9%
EBIT	-1.1	0.3	0.2	0.5	1.8
EBIT margin	-16.3%	3.0%	1.5%	2.4%	4.3%

SECOND QUARTER

The decline in revenue in due to the sale of a number of CMS country units: CMS Germany, CMS Czech, and CMS Poland. Other units have been restructured in order to be integrated with Transcom's customer care operations: CMS UK, CMS Sweden, and CMS Norway. The parts that have been incorporated with our CRM operations are characterized by services that can be efficiently delivered within the context of our core CRM business model. CMS Denmark will continue to be managed and further developed within Transcom.

EBIT was negatively impacted by €1.3 million due to the disposals of CMS Poland, CMS Czech and CMS Austria (subject to regulatory approval).

SIX MONTHS

The decline in revenue and EBIT is mainly due to the sale of several CMS country units, as described above. These transactions are in line with Transcom's strategy to focus on its core business – outsourced customer care solutions (CRM). EBIT was negatively impacted by €1.3 million due to the disposals described above.

Group Financial Review

DEPRECIATION & AMORTIZATION

Depreciation in the second quarter of 2014 was €1.5 million (€1.4 million) and amortization of intangible assets was €0.8 million (€0.7 million). During January to June 2014 depreciation amounted to €3.1 million (€3.0 million) and amortization €1.5 million (€1.4 million).

SG&A

SG&A expenses were €26.0 million in the quarter compared to €28.3 million in Q2 2013. During January to June 2014 the SG&A expenses amounted to €52.6 million (€57.6 in Q2 2013). Q2 2014 SG&A includes costs amounting to €1.1 million due to the re-domiciliation from Luxembourg to Sweden.

TAXES

In Q2 2014, Transcom reported a tax charge amounting to €2.1 million, compared to a tax income of €0.5 million in Q2 2013. During January to June 2014, Transcom reported a tax charge amounting to €4.6 million, compared to a tax charge of €3.2 million in corresponding period 2013. Reported tax consists of three main components: current tax, deferred tax and adjustment of tax audit provisions. The effective tax rate differs from the statutory rate mainly due to losses for which no deferred tax asset can be recognized. This creates an imbalance, since some country units have generated losses, while others show profits. Management recognizes that the effective tax rate is currently high, and expects continued performance improvements to lower the tax rate.

The Group is currently subject to five tax audits. During Q2 2014, two new audits were initiated.

CASH FLOW

(€m)	2014 Q2	2013 Q2	2014 Jan-Jun	2013 Jan-Jun	2013 Jan-Dec
Cash flow from operating activities before changes in working capital	0.0	-4.2	4.2	-3.5	7.1
Change in working capital	4.5	10.3	-16.7	-6.7	2.8
Cash flow from operating activities	4.5	6.1	-12.5	-10.2	9.9
Cash flow for the period	-3.4	7.6	-27.0	-8.2	16.6

Higher profits after adjustments for non-cash items, as well as an improvement in financial items, had a positive effect on cash flow. In addition, improvements in collections had a positive effect on working capital. Cash flow for the period was also marginally positively affected by disposal of business, while repayment of loans and investments affected cash flow negatively.

DEBT & FINANCING

(€m)	2014 Jun 30	2013 Jun 30	2013 Dec 31
Gross debt	85.7	91.1	94.4
Net debt	54.3	56.7	36.2
Net debt /EBITDA	2.3	2.3	1.5
Equity	111.1	133.7	111.3
Cash and cash equivalents	31.4	34.4	58.4

In Q214, Transcom continued to reduce financial debt, by €4.4 million compared to Q1 2014. The reduction in gross debt was made possible (for €2.4 million) by the sale of CMS Poland/Czech, and for €2.0 million by lower cash balances within the Group.

Net debt was €54.3 million compared to €55.3 million end of Q1 2014 and €56.7 million in Q2 2013. At end of Q2 2014, Net Debt/EBITDA was 2.30 compared to 2.32 at the end of Q2 2013. Transcom is well within its authorized financial covenant thresholds.

The finance cost in Q2 2014 was €0.6 million, compared to €1.3 million in Q1 2014. This is principally due to the positive impact of FX movements on financial assets and liabilities of the group.

RESULTS CONFERENCE CALL AND WEBCAST

Transcom will host a conference call at 10:30am CET (09:30am UK time) on Thursday, July 17, 2014. The conference call will be held in English and will also be available as webcast on Transcom's website, www.transcom.com.

DIAL-IN INFORMATION

To ensure that you are connected to the conference call, please dial in a few minutes before the start in order to register your attendance. No pass code is required.

Sweden: +46 8 505 564 74
UK: +44 203 364 5374
US: +1 855 753 2230

For a replay of the results conference call, please visit www.transcom.com to view the webcast of the event.

NOTICE OF FINANCIAL RESULTS

Transcom's financial results for the third quarter 2014 will be published on 23 October 2014.

Johan Eriksson
17 July 2014

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Report on review of interim condensed consolidated financial statements

To the Shareholders of
Transcom Worldwide S.A.
Société Anonyme
45, Rue de Scillas
L-2529 Luxembourg

INTRODUCTION

We have reviewed the accompanying interim condensed consolidated financial statements of Transcom Worldwide S.A. and its subsidiaries (the "Group") as of 30 June 2014, which comprise the interim consolidated statement of financial position as at 30 June 2014 and the related interim consolidated income statement, the interim consolidated statement of comprehensive income, the interim consolidated statement of changes in equity, the interim consolidated cash flow statement for the six-month period then ended and explanatory notes (pages 11 to 16). Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting as adopted by the European Union ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

ERNST & YOUNG
Société Anonyme
Cabinet de révision agréé

Olivier LEMAIRE

Luxembourg, 16 July 2014

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	2014 Q2	2013 Q2	2014 Jan-Jun	2013 Jan-Jun	2013 Jan-Dec
Revenue	4	152,009	166,478	312,097	336,930	653,184
Cost of sales		-122,650	-134,765	-249,542	-269,606	-522,086
Gross profit	**4**	**29,359**	**31,713**	**62,555**	**67,324**	**131,098**
Marketing expenses		-1,271	-1,663	-2,817	-3,299	-5,963
Administrative expenses	1	-24,715	-26,624	-49,736	-54,257	-107,255
Restructuring expenses		0	0	-522	-6,044	-7,082
Intangible assets impairment		0	0	0	0	-21,125
Gain/loss on disposal of operating unit	9	-1,266	0	-1,266	5,959	5,128
Other income/expenses		-704	-549	-1,367	-737	-246
Operating profit/loss	**4**	**1,403**	**2,877**	**6,847**	**8,946**	**-5,445**
Net financial items		-569	-1,082	-1,881	-3,563	-6,790
Profit/loss before tax		**834**	**1,795**	**4,966**	**5,383**	**-12,235**
Income tax expense		-2,084	476	-4,592	-3,183	-6,328
Profit/loss for the period attributable to equity holders of the parent		**-1,250**	**2,271**	**374**	**2,200**	**-18,563**
Earnings per share attributable to equity holders of the parent						
Earnings before and after dilution per A class share, Euro cent per common share		-0.1	0.2	0.0	0.2	-1.5
Earnings before and after dilution per B class share, Euro cent per common share		-0.1	0.2	0.0	0.2	-1.5

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2014 Q2	2013 Q2	2014 Jan-Jun	2013 Jan-Jun	2013 Jan-Dec
Profit/loss for the period	-1,250	2,271	374	2,200	-18,563
Other comprehensive income					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	-349	-3,119	-692	-1,576	-3,198
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Actuarial profit/loss on post-employment benefit obligations	0	0	0	0	-138
Income tax effect	0	0	0	0	75
Net other comprehensive income not to be reclassified subsequently to profit or loss:	0	0	0	0	-63
Other comprehensive income for the period, net of tax	**-349**	**-3,119**	**-692**	**-1,576**	**-3,261**
Total comprehensive income for the period, net of tax, attributable to equity holders of the parent	**-1,599**	**-848**	**-318**	**624**	**-21,824**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2014 Jun 30	2013 Jun 30	2013 Dec 31
ASSETS				
Non-current assets				
Goodwill	9	96,973	140,153	111,119
Other intangible assets		3,140	6,666	5,215
Tangible assets		15,682	14,908	15,609
Deferred tax assets		4,619	1,330	4,784
Other receivables		3,287	1,301	1,143
	8	**123,701**	**164,358**	**137,870**
Current assets				
Trade receivables		87,702	99,144	98,557
Income tax receivables		5,989	5,258	4,823
Other receivables		34,607	26,962	26,039
Prepaid expenses and accrued income		23,870	30,772	19,966
Cash and cash equivalents		31,433	34,421	58,362
	8	**183,601**	**196,557**	**207,747**
Assets classified as held for sale	9	20,894	68	0
		204,495	**196,625**	**207,747**
TOTAL ASSETS		**328,196**	**360,983**	**345,617**
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parents		**111,116**	**133,691**	**111,342**
Non-current liabilities				
Interest bearing liabilities	5	73,111	81,010	16
Employee benefit obligations		2,608	2,927	2,635
Provisions		861	8,630	2,225
Deferred tax liabilities		1,929	1,723	2,680
Income tax payables		3,193	0	4,417
Other liabilities		123	0	73
	8	**81,825**	**94,290**	**12,046**
Current liabilities				
Interest bearing liabilities	5	12,615	10,125	94,425
Provisions		1,486	7,565	2,576
Trade payables		24,249	26,209	25,562
Income tax payables		10,765	3,591	9,809
Other liabilities		28,132	27,487	37,931
Accrued expenses and prepaid income		54,388	58,025	51,926
	8	**131,635**	**133,002**	**222,229**
Liabilities classified as held for sale	9	3,620	0	0
		135,255	**133,002**	**222,229**
Total liabilities		**217,080**	**227,292**	**234,275**
TOTAL EQUITY AND LIABILITIES		**328,196**	**360,983**	**345,617**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

			Equity attributable to equity holders of the parent				
	Numbers of shares	Number of shares held by the Group	Share capital	Other contributed capital	Reserves	Retained earnings incl. profit/loss for the period	Total equity
Balance, December 31, 2012	**1,245,533**	**96,530**	**53,558**	**11,458**	**20,704**	**47,306**	**133,026**
Profit/(loss) for the period	-	-	0	0	0	2,200	2,200
Other comprehensive income, net of tax	-	-	0	0	-1,576	0	-1,576
Equity based payments	-	-	0	0	41	0	41
Balance, June 30. 2013	**1,245,533**	**96,530**	**53,558**	**11,458**	**19,169**	**49,506**	**133,691**
Profit/(loss) for the period	-	-	0	0	0	-20,763	-20,763
Other comprehensive income, net of tax	-	-	0	0	-1,685	0	-1,685
Equity based payments	-	-	0	0	99	0	99
Balance, December 31, 2013	**1,245,533**	**96,530**	**53,558**	**11,458**	**17,583**	**28,743**	**111,342**
Profit/(loss) for the period	-	-	0	0	0	374	374
Other comprehensive income, net of tax	-	-	0	0	-692	0	-692
Equity based payments	-	-	0	0	92	0	92
Balance, June 30, 2014	**1,245,533**	**96,530**	**53,558**	**11,458**	**16,983**	**29,117**	**111,116**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2014 Q2	2013 Q2	2014 Jan-Jun	2013 Jan-Jun	2013 Jan-Dec
Cash flow from operating activities						
Profit/loss before tax		834	1,795	4,966	5,383	-12,235
Adjustments to reconcile profit before tax to net cash:						
Adjustments for non cash items		1,579	-2,183	4,279	-4,945	27,229
Net financial items		1,881	0	1,881	0	0
Income taxes paid		-4,270	-3,853	-6,952	-3,904	-7,885
Cash flow from operating activities before changes in working capital		**24**	**-4,241**	**4,174**	**-3,466**	**7,109**
Change in working capital		4,490	10,300	-16,691	-6,722	2,801
Cash flow from operating activities		**4,514**	**6,059**	**-12,517**	**-10,188**	**9,910**
Investments and disposals of tangible assets		-2,429	-1,127	-3,145	-3,667	-8,274
Investments and disposals of intangible assets		-17	-467	-75	-467	-631
Disposals of business, net of cash	9	741	0	741	-1,483	4,475
Other cash flow from investing activities		0	0	0	0	-88
Cash flow from investing activities		**-1,705**	**-1,594**	**-2,479**	**-5,617**	**-4,518**
Borrowing of loans		2,546	4,829	2,546	10,432	14,000
Repayments of loans		-7,182	0	-11,200	0	0
Payment of finance lease liabilities		0	0	0	0	-147
Interest paid		-1,581	-1,726	-3,334	-2,806	-2,630
Cash flow from financing activities		**-6,217**	**3,103**	**-11,988**	**7,626**	**11,223**
Cash flow for the period		**-3,408**	**7,568**	**-26,984**	**-8,179**	**16,615**
Cash and cash equivalents at beginning of the period		34,786	26,853	58,362	42,600	42,600
Cash flow for the year		-3,408	7,568	-26,984	-8,179	16,615
Exchange rate differences in cash and cash equivalents		55	0	55	0	-853
Cash and cash equivalents at end of the period		**31,433**	**34,421**	**31,433**	**34,421**	**58,362**

Notes to the interim condensed consolidated financial statements

The accompanying notes are an integral part of the interim condensed consolidated financial statements. Amounts in thousands of Euro, unless otherwise stated.

1. GENERAL

Transcom WorldWide S.A. (the parent entity) is a limited liability Company ("Société Anonyme") incorporated and existing under the laws of the Grand Duchy of Luxembourg. The Company was registered on June 11, 1997 with the Luxembourg Register of Commerce under the number RCS B59528. The registered office of the Company is at 45, Rue des Scillas, L-2529, Luxembourg. Transcom WorldWide S.A. class A and class B shares are listed on the Nordic Exchange Small Cap list under the symbols "TWW SDB A" and "TWW SDB B".

In June, 2014 Transcom proposed a re-domiciliation to Sweden, a share class merger and a reversed split. The re-domiciliation will, subject to inter alia final approval by the Board of Directors and shareholder approval, be executed through a statutory cross border merger between Transcom WorldWide S.A. and a Swedish subsidiary which will become the new publicly listed parent of the Transcom Group. The new Swedish parent company of the Transcom Group will be a public limited liability company with one class of shares only. In addition, the intention is to execute a 1:50 reversed split following the re-domiciliation. Through the statutory merger, the current parent company, Transcom Worldwide S.A., will be absorbed by the Swedish subsidiary. All assets and liabilities of Transcom WorldWide S.A. will pass to the Swedish subsidiary, the shares of which will be listed on NASDAQ OMX Stockholm. Provided that the conditions for the cross border merger are met so that the merger is executed, Transcom shareholders, whether or not shares are held through SDRs, will receive one (1) new Share for each Class A Ordinary Share held, and one point zero nine (1.09) new Shares for each Class B Preference Share held. Costs for the merger amounting to €1,100 thousand have been expensed per June 30, 2014 and reported in the caption Administrative expenses.

The interim condensed consolidated financial statements for the six months ended 30 June 2014 were authorized for issue by the Board of Directors on July 16, 2014.

2. GROUP'S ACCOUNTING POLICIES

The report is prepared in accordance with IAS 34 Interim Financial Reporting. Application of IFRS complies with the accounting principles set out in the Group's annual financial statements as at December 31, 2013. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements.

The preparation of the interim condensed consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the Group's earnings and financial position, as well as published information in other respects. Actual results could differ from those estimates. In preparing of the report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2013.

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning January 1, 2014 that have a material impact on the Group.

3. RISK MANAGEMENT

The Group's activities expose it to a variety of business and financial risks, market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's risk management and control framework is designed to support the identification, assessment, monitoring, management and control of risks that are significant to the achievement of the Group's business objectives. The condensed consolidated financial statements do not include all risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at December 31, 2013. There have been no changes in the risk management policy and procedures since year end or in any risk management policies

4. SEGMENTAL INFORMATION

2014 Jan-Jun	North Europe	Central & South Europe	Iberia & Latam	North America & Asia Pacific	Total CRM	CMS	Group
Revenue from external customers	99,635	77,007	61,371	58,139	296,152	15,945	**312,097**
Gross profit	17,866	14,606	9,299	15,630	57,405	5,155	**62,555**
Profit /loss from segments	4,112	2,743	-767	527	6,615	232	**6,847**

2013 Jan-Jun	North Europe	Central & South Europe	Iberia & Latam	North America & Asia Pacific	Total CRM	CMS	Group
Revenue from external customers	106,661	78,152	67,740	63,254	315,807	21,124	**336,930**
Gross profit	18,922	14,985	12,779	15,459	62,145	5,178	**67,324**
Profit /loss from segments	5,372	1,852	1,860	-656	8,428	517	**8,946**

In Q2 2014, the CMS business units in Sweden and Norway have been integrated with Transcom's core CRM operations in the North Europe region. Effective January 1, 2014, the former part of the CMS business unit in the United Kingdom are consolidated into the Central & South Europe Region. Segmental information year 2013 has been restated accordingly. CMS Denmark will continue to be managed and further developed within Transcom.

Revenue from two single customers and arising from sales by both the CRM and CMS segments amounted to €51,913 thousand during January to June 2014 (Jan-Jun 2013: €53,437 thousand) and €27,392 thousand (Jan-Jun 2013: €35,460 thousand) respectively.

5. BORROWINGS

Effective January 29, 2014 Transcom has a new agreement of the Group's Revolving Credit Facility. The agreement was reached with all existing lenders – SEB, DNB and Handelsbanken – covering a new €103.8 million three-year facility to replace the previous one. The new facility is composed of three tranches; the first being a €40 million term loan expiring on January 21, 2017; the second being a €55 million revolving credit facility expiring also on January 21, 2017; whilst the third is a term loan expiring on October 21, 2014. Similar to the previous facility, interest rates are based on IBOR and EURIBOR for Euro drawings plus margins. The Group is also committed under this agreement to maintain certain financial ratios within agreed limits. The loan is unsecured.

6. CONTINGENCIES

The Group has contingent liabilities related to litigations and legal claims arising in the ordinary course of business. The integrated worldwide nature of Transcom's operations can give rise to complexity and delays in agreeing the Group's tax position and can lead to the Group occasionally facing tax audits which in some cases result in disputes with tax authorities, as described in the Group's consolidated financial statement per December 31, 2013 (note 22).

As at June 30, 2014, there are five ongoing tax audits. Some of these tax enquiries have resulted in re-assessments, while others are still at an early stage and no re-assessment has yet been raised. Management is required to make estimates and judgments about the ultimate outcome of these investigations or litigations in determining legal provisions. Final claims or court rulings may differ from management estimates.

As at June 30, 2014 the Group has provided €974 thousand (December 31, 2013: €2,375 thousand) in relation to tax risks for which management believes it is probable that there will be cash outflows. Furthermore, based on its analysis, its risk assessment as well as on-going tax audits in certain jurisdictions referred to above, management has estimated additional possible tax exposures of approximately €1,860 thousand (December 31, 2013: nil), which have not been provided for, but rather, are the subject of this disclosure.

In addition to the above tax risks, the Group may be subject to other tax claims going forward for which the risk of future economic outflows is currently evaluated to be remote.

7. RELATED PARTY TRANSACTIONS

Related party transactions for the period are of the same character as the transactions described in the Group's consolidated financial statements as at December 31, 2013. The Group's sales revenue from the Tele2 companies amounted to €51,913 thousand during January to June 2014 (Jan-Jun 2013: €53,437 thousand). Operating expenses, mainly for telephone services and switch, paid to Tele2 group companies amounted to €676 thousand (Jan-Jun 2013: €520 thousand). The Group's receivables from and liabilities to Tele2 group companies per June 30, 2014 amounted to €16,434 thousand (June 30, 2013 €18,860 thousand) and €-136 thousand (June 30, 2013: €-105 thousand) respectively.

8. FINANCIAL INSTRUMENTS

Set out below is a comparison of the carrying amounts and fair values of financial instruments:

	June 30, 2014 Carrying amount	June 30, 2014 Fair value	Dec 31, 2013 Carrying amount	Dec 31, 2013 Fair Value
Total non-current assets	3,288	3,288	1,143	1,143
Total current assets	171,308	171,308	195,578	195,578
Total financial assets	**174,596**	**174,596**	**196,721**	**196,721**
Total non-current liabilities	73,111	73,111	16	16
Total current liabilities	97,607	97,607	189,880	189,880
Total financial liabilities	**170,717**	**170,717**	**189,896**	**189,896**

9. DISPOSALS

	CMS Poland, Czech
Consideration received	**2,000**
Total non-current assets	-286
Total current assets	-1,566
Total assets disposed	**-1,852**
Total non-current liabilities	-
Total current liabilities	758
Total liabilities disposed	**758**
Currency effects	-144
Transaction costs	-162
Net capital gain/loss	600

In June 27, 2014, Transcom signed an agreement to divest its Austrian CMS operations to the private equity investor HANNOVER Finanz Group, for €15.0 million on a cash and debt free basis (excluding €2.4 million in cash and debt). The consideration will be paid in cash at closing. The transaction is expected to close during August 2014, subject to regulatory approval. Transcom recorded an adjustment to fair value less costs to sell of €1,866 thousand classified as Gain/loss on disposal of operating unit. Assets held for sale includes goodwill of €14,064 thousand. In May, 2014 Transcom announced the divestment of its Polish and Czech CMS business to Credit Express Group for €2.0 million on a cash and debt free basis (including an escrow balance of €0.6 million that will be released 6 months after the closing upon fulfillment of contractual conditions). The transaction was simultaneously signed and closed.

10. EVENTS AFTER THE REPORTING PERIOD

No events have taken place after the end of the interim period which require disclosure or amendment of these interim condensed consolidated financial statements.

Key ratios & five year summary

(€m)	2014 Q2	2013 Q2	2013 Jan-Dec	2012 Jan-Dec	2011 Jan-Dec	2010 Jan-Dec	2009 Jan-Dec
Net Revenue	152.0	166.5	653.2	605.6	554.1	589.1	560.2
Profit/loss before tax	0.8	1.8	-12.2	-23.6	-32.0	-5.6	25.3
Net income	-1.3	2.3	-18.6	-30.6	-50.4	-8.0	20.6
Net cash flow from operations	4.5	6.0	9.9	-12.4	27.5	29.1	17.7
Net cash flow from operations per share (Euro cents)	0.4	0.5	1	-1	32	40	24
EPS (Euro cents)	-0.1	0.2	-1.5	-2.4	-63.0	-11.0	28.0
Return on Equity	-13.1%	1.7%	-15.2%	-23.0%	-29.5%	-4.6%	12.0%
Operating margin	0.9%	2.1%	-0.8%	-2.9%	-5.1%	-1.1%	4.3%
Equity ratio	33.9%	68.0%	32.2%	37.1%	43.0%	45.8%	45.6%
Net debt/EBITDA	2.3	2.3	1.5	2.0	0.8	2.5	2.3

FINANCIAL DEFINITIONS

Increases in revenues, EBIT and profit before tax refer to the percentage increase in each income statement item year-over-year.

Organic growth: the average increase in revenues in local currency and excluding the effects of acquisitions and divestments of Group companies.

Operating margin: the operating result as a percentage of revenues.

Gross debt: interest-bearing liabilities and pension provisions.

Net debt: interest-bearing liabilities and pension provisions less cash and cash equivalents.

Net debt/EBITDA: interest-bearing liabilities and pension provisions less cash and cash equivalents divided by EBITDA (R12).

Equity ratio: total shareholder equity divided by total assets.

Earnings before depreciation and amortization (EBITDA): operating result where depreciation on fixed assets and amortization are added back.

North Europe region (CRM): inbound and outbound services delivered from Sweden, Norway, the Netherlands, Estonia, Latvia and Lithuania.

Central & South Europe region (CRM): inbound, outbound delivered from Italy, Germany, Poland, Tunisia, Hungary, UK, Croatia and Serbia (France deconsolidated per March 1, 2013).

Iberia & Latam region (CRM): inbound, outbound services delivered from Spain, Portugal, Colombia, Peru and Chile.

North America and Asia region (CRM): inbound and outbound services delivered from the Philippines, USA and Canada.

CMS region: Credit Management Services in Denmark, Austria, Czech Republic and Poland (Czech Republic and Poland deconsolidated per May 28, 2014, Germany deconsolidated per December 30, 2013).

ABOUT TRANSCOM

Transcom is a global customer experience specialist, providing customer care, sales, technical support and credit management services through our extensive network of contact centers and work-at-home agents. We are 29,000 customer experience specialists at 57 contact centers across 24 countries, delivering services in 33 languages to over 400 international brands in various industry verticals. Transcom WorldWide S.A. Class A and Class B shares are listed on the NASDAQ OMX Stockholm Exchange under the symbols TWW SDB A and TWW SDB B.