Sopra group

Interim financial report Six-month period ended 30 June 2007

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Sopra Group

Interim financial report Six-month period ended 30 June 2007

Sopra group
Société anonyme
With share capital of €45,867,340
326 820 065 RCS Annecy
Registered office: PAE les Glaisins – FR 74940 Annecy-le-Vieux
Head office: 9 bis, rue de Presbourg – FR 75116 Paris

Report of the Board of Directors

First half 2007 business highlights

General environment

The IT services market in 2007 is characterised by:

a) Sustained growth momentum reflecting strong client demand due to:

- the key role of the information system in meeting strategic challenges:
  - the competitive global marketplace, requiring clients to favour innovative solutions and seek productivity gains seen as instrumental to survival,
  - ever more demanding regulatory frameworks, necessitating continual adaptations of the information system,
  - the proliferation of mergers and acquisitions and the resulting imperative for change management creating new needs;
- growth in outsourcing of non-core businesses: IT services firms are increasingly called upon to take over the management of information systems on behalf of their clients, either as global missions or in relation to certain types of applications. This phenomenon has seen rapid growth as large numbers of baby boomer programmers reach retirement age and in connection with the desire to cut costs across the board;
- technological innovation in many application domains, particularly in those areas linked to mobility and embedded systems.

b) Significant development in offshore activities

This trend must neither be underestimated nor overestimated. It relates to a major portion of the IT services industry but not to the business as a whole. This phenomenon is the result of the desire among our major clients to subcontract key application domains while keeping prices down.

c) Considerable growth in the public sector

The aim of civil service organisations, and the public sector in general, is to close their technology gap and ensure gains in efficiency and productivity. For this reason, the number of tenders continues to grow each year.

d) Low prices…

…which are not keeping pace with inflation owing to the greater purchasing power of our clients' procurement departments.

e) Industrialisation of manufacturing processes

The rise of emerging market competitors combined with the development of offshore activities has led IT services firms to industrialise their project implementation processes.

f) Difficulties in hiring new staff

This is due to decreasing numbers of programmers, among newly trained as well as seasoned professionals, as a result of the diminishing attractiveness of the profession for young people and the movement of experienced personnel into other careers allowing for advancement and higher compensation.

Group performance

Sopra Group posted an excellent performance in the first half of 2007, with:

- strong revenue growth: +9.1%, of which 7.5% organic growth;
- strong growth in operating profit: +15.8%;
- a significant increase in net profit: +22.7%.

Key financial data:

	30/06/2007	30/06/2006	Change (%)
Key income statement data			
Revenue	€483.3m	€443.0m	+9.1%
Profit from recurring operations	€34.5m	€29.8m	+15.8%
as % of revenue	*7.1%*	*6.7%*	
Operating profit	€33.8m	€29.8m	+13.4%
as % of revenue	*7.0%*	*6.7%*	
Consolidated net profit	€21.1m	€17.2m	+22.7%
as % of revenue	*4.4%*	*3.9%*	
Per share data			
Basic earnings per share	€1.84	€1.50	+22.7%
Key balance sheet data			
Net debt	€148.9m	€135.1m	
Equity (Group share)	€221.6m	€190.5m	
Net debt/Equity	67%	71%	

Sopra Group achieved first half 2007 revenue of €483.3 million, corresponding to total growth of 9.1% and organic growth of 7.5%, with profit from recurring operations amounting to €34.5 million and an operating margin from recurring operations of 7.1%.

Growth accelerated during the second quarter, with total growth increasing by 11.2% and organic growth by 9.0%.

Information by division for the first half of 2007

- Consulting (4.7% of revenue): the management team has been reinforced as planned. The structure, which is once again fully operational, encourages predictions of significant gains by the end of the year and bright prospects for continued growth.

	30/06/2007		30/06/2006		31/12/2006	
	€m	%	€m	%	€m	%
Revenue	22.7		21.4		41.0	
Profit from recurring operations	2.2	9.7	2.5	11.7	4.0	9.8

- Systems and Solutions Integration France (59.7% of revenue): this unit turned in excellent results during the first half with revenue growth of 7.7% and a 0.5 point improvement in its operating margin from recurring operations, which thus increased to 8.0%. With a promising book-to-bill ratio of 1.10, business growth during the second half of the year is expected to be equally strong.

	30/06/2007		30/06/2006		31/12/2006	
	€m	%	€m	%	€m	%
Revenue	288.4		267.9		537.9	
Profit from recurring operations	23.0	8.0	20.1	7.5	44.1	8.2

- Systems and Solutions Integration Europe (21.6% of revenue): this division's improvement in its operating margin from continuing operations to 6.7%, an increase of 0.7 points, is explained by the strong contributions of Spain, Italy and Switzerland, which all exceeded forecasts and yielded double-digit growth rates. The United Kingdom recorded a positive margin despite the decline related to weaker economic conditions in the first half of the year. The performance of the Benelux countries is in line with expectations.

	30/06/2007		30/06/2006		31/12/2006	
	€m	%	€m	%	€m	%
Revenue	104.4		100.5		201.9	
Profit from recurring operations	7.0	6.7	6.0	6.0	15.1	7.5

- Axway (14.0% of revenue): thanks to strong forward momentum (total growth of 27.4% and organic growth of 14.5%) and the excellent positioning of the Synchrony™ platform in the B2B market, the operating margin from recurring operations was 3.4%. This performance, which offset the seasonal decline usually recorded in the first half of the year, allows for the confirmation of the Group's current-year forecasts for this division: organic growth of nearly 15% and an operating margin in excess of 10%.

	30/06/2007		30/06/2006		31/12/2006	
	€m	%	€m	%	€m	%
Revenue	67.8		53.2		116.9	
Profit from recurring operations	2.3	3.4	1.2	2.3	11.8	10.1

Results of Sopra Group SA (parent company)

Sopra Group brings together the Systems & Solutions Integration business in France as well as the full complement of the Group's functional services.

First-half revenue amounted to €298.6 million compared to €279.0 million for the same period in 2006.

Operating profit (before employee profit sharing) was €26.7 million compared to €21.3 million in first half 2006.

Pre-tax profit from recurring operations was €23.9 million, compared to €18.4 million a year earlier.

Net profit was €16.1 million, compared to €12.0 million in first half 2006.

Industrialisation and offshore

Sopra Group continues to pursue the transformation programme launched several years ago, which seeks to address the profound changes affecting its industry. Spearheaded by the Group's executive management team, in association with its tenders and production departments, this programme has led to a redefinition of its core business and a redesign of the required methods, processes and tools. Industrialised production centres have been created both in France (where more than 1,500 engineers are currently employed) and abroad, including near-shore operations in Spain and Romania, as well as a centre in Morocco due to be inaugurated soon, and offshore operations in India. At present, 800 engineers work in centres outside France, representing 8% of the Group's total workforce. The proportion of near-shore and offshore personnel will be raised to between 12% and 15% by the end of 2008.

The steady improvement in the Group's results over the last three years is a measure of the success of this business transformation programme, which is expected to continue delivering robust performance in the years to come.

Financial position

At 30 June 2007, the Group's financial position remains healthy, with net debt kept under control at €148.9 million and a gearing ratio of 67%. The change in net debt during the first half of the year reflects significant non-recurring outflows: €34.7 million for external growth operations and €10.9 million in deferred payments, from 2006 to 2007, for income tax related to merger operations. On the basis of currently available data and excluding acquisitions, the gearing ratio is expected to be reduced to 45% at 31 December 2007.

Workforce

At 30 June 2007, Sopra Group had a total workforce of 10,700, including 3,400 staff employed outside France. The net change in the workforce for the first half of the year amounted to 700 people, excluding the acquisition of the B2B business of Atos Origin in Germany (150 people) in February 2007.

Outlook

These achievements are in line with the profit growth and improvement targets set for the year as a whole. They allow the Group to reaffirm its previously announced goals of organic growth outstripping that of the market (anticipated by Syntec to be in the 6-8% range) as well as an improvement in the margin for the current year.

2. Interim consolidated financial statements

Consolidated balance sheet

ASSETS *(in thousands of euros)*	*Notes*	30/06/2007	30/06/2006	31/12/2006
Goodwill	*4*	297,245	272,792	278,654
Intangible assets	*5*	1,706	1,754	1,538
Property and equipment	*6*	31,105	29,538	31,968
Financial assets	*7*	4,209	4,191	4,068
Deferred tax assets	*8*	6,968	6,297	8,557
Non-current assets		**341,233**	**314,572**	**324,785**
Inventories		495	23	23
Trade accounts receivable	*9*	345,270	313,557	323,819
Other current receivables	*10*	28,199	22,350	20,750
Derivatives	*11*	4,151	2,480	2,824
Cash and cash equivalents	*12*	26,348	26,904	50,693
Current assets		**404,463**	**365,314**	**398,109**
TOTAL ASSETS		745,696	679,886	722,894

LIABILITIES AND EQUITY *(in thousands of euros)*	*Notes*	30/06/2007	30/06/2006	31/12/2006
Share capital		45,867	45,846	45,867
Capital reserves		47,612	46,341	46,886
Consolidated reserves		110,854	82,077	82,136
Profit for the period		21,089	17,211	44,206
Losses taken directly to equity		(3,871)	(959)	(2,875)
Equity – Group share		**221,551**	**190,516**	**216,220**
Minority interests		**2**	**1**	**1**
TOTAL EQUITY	*13*	221,553	190,517	216,221
Financial debt – long term portion	*14*	148,593	140,781	136,487
Deferred tax liabilities	*15*	1,250	280	284
Provisions for post-employment benefits	*16*	15,483	13,463	14,515
Non-current provisions	*17*	4,815	4,533	3,989
Other non-current liabilities	*18*	9,258	28,244	25,098
Non-current liabilities		**179,399**	**187,301**	**180,373**
Financial debt – short-term portion	*14*	26,660	21,248	11,935
Trade accounts payable	*19*	43,539	33,768	41,766
Other current liabilities	*20*	273,091	245,644	271,203
Derivatives	*21*	1,454	1,408	1,396
Current liabilities		**344,744**	**302,068**	**326,300**
TOTAL LIABILITIES		524,143	489,369	506,673
TOTAL LIABILITIES AND EQUITY		745,696	679,886	722,894

Consolidated income statement

(in thousands of euros)	*Notes*	1st half 2007		1st half 2006		Financial year 2006	
		Amount	**%**	**Amount**	**%**	**Amount**	**%**
Revenue	*22*	483,280	100.0%	442,999	100.0%	897,668	100.0 %
Purchases consumed	*23*	(50,233)	(10.4)%	(49,292)	(11.1)%	(104,038)	(11.6)%
Staff costs	*24*	(324,676)	(67.2)%	(295,431)	(66.7)%	(582,569)	(64.9)%
External expenses	*25*	(58,016)	(12.0)%	(53,241)	(12.0)%	(106,617)	(11.9)%
Tax other than corporate income tax		(9,738)	(2.0)%	(8,880)	(2.0)%	(17,900)	(2.0)%
Depreciation and amortisation	*26*	(5,326)	(1.1)%	(5,144)	(1.2)%	(10,391)	(1.2)%
Provisions and impairment	*26*	(1,459)	(0.3)%	(1,070)	(0.2)%	(2,439)	(0.3)%
Other operating income and expenses from recurring operations		675	0.1%	(112)	0.0%	1,337	0.1%
Profit from recurring operations		**34,507**	**7.1%**	**29,829**	**6.7%**	**75,051**	**8.4%**
Other operating income and expenses	*27*	(673)	(0.1)%	-	-	(1,127)	(0.1)%
Operating profit		**33,834**	**7.0%**	**29,829**	**6.7%**	**73,924**	**8.2%**
Income from cash and cash equivalents	*28*	158	0.0%	188	0.0%	411	0.0%
Cost of gross financial debt	*28*	(3,667)	(0.8)%	(3,37)	(0.8)%	(6,758)	(0.8)%
Cost of net financial debt		**(3,509)**	**(0.7)%**	**(3,190)**	**(0.7)%**	**(6,347)**	**(0.7)%**
Other financial income and expense	*28*	3,011	0.6%	(1,964)	(0.4)%	(1,301)	(0.1)%
Income tax expense	*29*	(12,247)	(2.5)%	(7,464)	(1.7)%	(22,070)	(2.5)%
Net profit for the year from continuing operations		**21,089**	**4.4%**	**17,211**	**3.9%**	**44,206**	**4.9%**
Net profit for the year from discontinued operations		-	-	-	-	-	-
NET PROFIT		**21,089**	**4.4%**	**17,211**	**3.9%**	**44,206**	**4.9%**
Attributable to: Group		21,089	4.4%	17,211	3.9%	44,206	4.9%
Attributable to: Minority interests		-	-	-	-	-	-

EARNINGS PER SHARE *(in euros)*	*Notes*	1st half 2007	1st half 2006	Financial year 2006
Basic earnings per share	*30*	1.84	1.50	3.86
Fully diluted earnings per share	*30*	1.80	1.47	3.78

Consolidated statement of changes in equity

(in thousands of euros)	Share capital	Capital reserves	Consolidated reserves	Profit for the period	Losses taken directly to equity	Total Group share	Minority interests	Total
Equity at 31 December 2005	**45,776**	**45,541**	**59,753**	**35,259**	**(986)**	**185,343**	**1**	**185,344**
Capital transactions	70	198	-	-	-	268	-	268
Share-based payments	-	317	-	-	-	317	-	317
Treasury share transactions	-	-	(90)	-	-	(90)	-	(90)
Appropriation of profit	-	285	22,388	(35,259)	-	(12,586)	-	(12,586)
Net profit for the period	-	-	-	17,211	-	17,211	-	17,211
Cumulative translation adjustments	-	-	-	-	27	27	-	27
Other changes	-	-	26	-	-	26	-	26
Changes in consolidation scope	-	-	-	-	-	-	-	-
Equity at 30 June 2006	**45,846**	**46,341**	**82,077**	**17,211**	**(959)**	**190,516**	**1**	**190,517**
Capital transactions	21	236	26	-	-	283	-	283
Share-based payments	-	309	-	-	-	309	-	309
Treasury share transactions	-	-	59	-	-	59	-	59
Net profit for the period	-	-		26,995	-	26,995	-	26,995
Cumulative translation adjustment	-	-	-	-	(1,916)	(1,916)	-	(1,916)
Other changes	-	-	(26)	-	-	(26)	-	(26)
Changes in consolidation scope	-	-	-	-	-	-	-	-
Equity at 31 December 2006	**45,867**	**46,886**	**82,136**	**44,206**	**(2,875)**	**216,220**	**1**	**216,221**
Capital transactions	-	262	-	-	-	262	-	262
Share-based payments	-	455	-	-	-	455	-	455
Treasury share transactions	-	-	-	-	-	-	-	-
Appropriation of profit	-	9	28,718	(44,206)	-	(15,479)	-	(15,479)
Net profit for the period	-	-	-	21,089	-	21,089	-	21,089
Cumulative translation adjustment	-	-	-	-	(996)	(996)	-	(996)
Changes in consolidation scope	-	-	-	-	-	-	1	1
Equity at 30 June 2007	**45,867**	**47,612**	**110,854**	**21,089**	**(3,871)**	**221,551**	**2**	**221,553**

Consolidated cash flow statement

(in thousands of euros)	1st half 2007	1st half 2006	Financial year 2006
Consolidated net profit (including minority interests)	**21,089**	**17,211**	**44,206**
Net increase in depreciation, amortisation and provisions	4,637	6,929	12,668
Share-based payment expense	455	317	627
Other calculated income and expense	(1,163)	(333)	22
Gains and losses on disposal	1	293	1,279
Cash from operations before changes in working capital	**25,019**	**24,417**	**58,802**
Cost of net financial debt	3,509	3,190	6,347
Income taxes paid (including deferred tax)	12,247	7,464	22,070
Net cash from operating activities before changes in working capital (A)	**40,775**	**35,071**	**87,219**
Tax paid (B)	(22,746)	3,569	(1,325)
Changes in operating working capital requirements (including liabilities related to employee benefits) (C)	(8,386)	2,565	4,393
Net cash from operating activities (D) = (A + B + C)	**9,643**	**41,205**	**90,287**
Purchase of tangible and intangible fixed assets	(3,481)	(2,408)	(8,352)
Proceeds from sale of tangible and intangible fixed assets	8	30	144
Purchase of financial assets (non-consolidated shares)	(152)	(738)	(1,063)
Proceeds from sale of financial assets (non-consolidated shares)	254	869	1,431
Impact of changes in consolidation scope	(34,542)	(22,466)	(23,366)
Net cash from (used in) investing activities (E)	**(37,913)**	**(24,713)**	**(31,206)**
Proceeds on issue of shares	-	-	-
Proceeds on the exercise of stock options	262	267	525
Purchase and proceeds from disposal of treasury shares	-	(90)	(32)
Dividends paid during the period			
■ Dividends paid to shareholders of Sopra Group SA	(15,479)	(12,586)	(12,586)
■ Dividends paid to minority interests of consolidated companies	-	-	-
Change in borrowings	7,559	(38,394)	(44,925)
Net interest paid (including finance leases)	(3,505)	(3,104)	(6,005)
Other cash flow items relating to financing activities	(120)	(83)	(82)
Net cash from (used in) financing activities (F)	**(11,283)**	**(53,990)**	**(63,105)**
Effect of foreign exchange rate changes (G)	(61)	(395)	(434)
NET CHANGE IN CASH AND CASH EQUIVALENTS (D + E + F + G)	**(39,614)**	**(37,893)**	**(4,458)**
Opening cash position	46,895	51,353	51,353
Closing cash position	7,281	13,460	46,895

Summary of notes to the consolidated financial statements

Notes to the consolidated financial statements

Sopra Group and its subsidiaries constitute an IT consulting and services group with an offer spanning Consulting to Systems Integration and Application Outsourcing and also provide Collaborative Business Solutions through its Axway subsidiary.

Sopra Group is a *société anonyme* governed by French law. Its registered office is located at Parc des Glaisins 74942, Annecy-le-Vieux, France and its head office is located at 9 *bis*, rue de Presbourg 75116 Paris, France.

It is listed on compartment B of Eurolist by Euronext Paris.

The consolidated financial statements of 30 June 2007 of Sopra were approved by the Board of Directors' meeting of 29 August 2007.

Accounting principles and policies

Note 1 | Summary of the main accounting policies

1.1 Basis of preparation of the financial statements

The consolidated financial statements for the period ended 30 June 2007 were prepared in accordance with IFRS as adopted in the European Union. They were prepared mainly using the historical cost convention, except for employee benefits, share subscription options, financial debt and derivatives, which are measured at fair value.

The consolidated financial statements for the period ended 30 June 2007 were prepared pursuant to the provisions of *IAS 34: Interim Financial Reporting*. They are interim summary financial statements and do not include all of the information required for annual financial statements. They are to be read in conjunction with the 2006 Annual Report.

The accounting policies applied by the Group in preparing the consolidated financial statements for the period ended 30 June 2007 are identical to those applied in the published consolidated financial statements for the period ended 31 December 2006.

Values for various expense items such as annual bonuses, employee profit-sharing and corporate income tax are determined on an annual basis and are therefore charged to the half-year period in proportion to operating profit forecasts.

1.2 Application of new standards and interpretations

a. Standards and interpretations subject to mandatory application for periods beginning on or after 1 January 2006

The interpretations listed below either do not apply or do not have any impact on the Group's accounts:

- *IFRIC 6 – Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment;*
- *IFRIC 7 – Applying the Restatement Approach under IAS 29 (Financial Reporting in Hyperinflationary Economies);*
- *IFRIC 8 – Scope of IFRS 2 – Share-Based Payment*;
- *IFRIC 9 – Reassessment of Embedded Derivatives*;
- *IFRIC 10 – Interim Financial Reporting and Impairment.*

b. Standards and interpretations effective as of 1 January 2007

- *IAS 1 – Amendment – Capital Disclosures;*
- *IFRS 7 – Financial Instruments – Disclosures.*

IFRS 7 and the *Amendment to IAS 1* only affect the presentation of financial statements by requiring additional disclosures. The information in question will be provided for the first time in 2007, within Sopra Group's consolidated annual financial statements.

c. Standards and interpretations permitting early adoption

- *IFRIC 11 – Group and Treasury Share Transactions* (effective for annual periods beginning on or after 1 March 2007). The Group decided against early application of this interpretation;
- The Group decided against early application of standards and interpretations issued by the IASB but not yet endorsed by the European Union. This category primarily includes *IFRS 8: Operating Segments* and the *Amendment to IAS 23: Borrowing Costs.*

Note 2 | Scope of consolidation

2.1 List of consolidated companies in the first half of 2007

Company	Country	% control	% interest	Consolidation method
SSI FRANCE				
Sopra Group	France	-	-	Parent company
CONSULTING				
Orga Consultants	France	100.0%	100.0%	FC
SSI INTERNATIONAL				
Sopra Group Ltd	United Kingdom	100.0%	100.0%	FC
Newell & Budge Holdings Ltd	United Kingdom	100.0%	100.0%	FC
Newell & Budge Ltd	United Kingdom	100.0%	100.0%	FC
Newell & Budge Security Ltd	United Kingdom	100.0%	100.0%	FC
Sopra Benelux	Belgium	100.0%	100.0%	FC
Valoris Belgium	Belgium	100.0%	100.0%	FC
Sopra Luxembourg	Luxembourg	100.0%	100.0%	FC
Valoris Luxembourg	Luxembourg	100.0%	100.0%	FC
Sopra Informatique	Switzerland	100.0%	100.0%	FC
Sopra Group SpA	Italy	100.0%	100.0%	FC
Methosystem*	Italy	100.0%	100.0%	FC
Sopra Profit	Spain	100.0%	100.0%	FC
Sopra Profit Euskadi	Spain	100.0%	100.0%	FC
Valoris Iberia	Spain	100.0%	100.0%	FC
CS Sopra España	Spain	100.0%	100.0%	FC
Profit Gestao Informatica Lda	Portugal	100.0%	100.0%	FC
Sopra India Private Ltd	India	100.0%	100.0%	FC
Momentum Technologies Inc.	Canada	100.0%	100.0%	FC
AXWAY				
Axway Software	France	100.0%	100.0%	FC
Axway UK Ltd	United Kingdom	100.0%	100.0%	FC
Axway Integra AB	Sweden	100.0%	100.0%	FC
Axway AB	Sweden	100.0%	100.0%	FC
Axway Intelligra AB	Sweden	100.0%	100.0%	FC
Axway Nordic AB	Sweden	100.0%	100.0%	FC
Axway GmbH	Germany	100.0%	100.0%	FC
Axway Software GmbH	Germany	100.0%	100.0%	FC
Axway BV	Netherlands	100.0%	100.0%	FC
Axway Belgium	Belgium	99.9%	99.9%	FC
Axway Srl	Italy	100.0%	100.0%	FC
Axway Software Iberia	Spain	100.0%	100.0%	FC
Axway Inc.	United States	100.0%	100.0%	FC
Axway Romania Srl	Romania	100.0%	100.0%	FC
Beler Srl	Romania	100.0%	100.0%	FC
Axway Asia Pacific Pte Ltd	Singapore	100.0%	100.0%	FC
Axway Pte Ltd	Singapore	100.0%	100.0%	FC
Axway Software China	China	100.0%	100.0%	FC
Axway Ltd	Hong Kong	100.0%	100.0%	FC
Axway Software Sdn Bhd	Malaysia	100.0%	100.0%	FC
Axway Pty Ltd	Australia	100.0%	100.0%	FC
Axway Software Korea Corp. Ltd	South Korea	100.0%	100.0%	FC

FC: full consolidation.

** Consolidation of balance sheet accounts only.*

2.2 Changes in the consolidation scope

a. First consolidation

- **Axway Software GmbH –** In early 2007, Axway Software, a wholly owned subsidiary of Sopra Group, acquired the B2B software business of Atos Origin in Germany, which employs 160 staff at sites in Berlin, Hamburg, Düsseldorf and Stuttgart and generated revenue in the region of €16.5 million in 2006. The acquired company proposes a modular suite encompassing an extensive range of integration options from traditional as well as Web-based EDI to marketplace connectivity solutions. In addition to its coverage of the entire automotive ecosystem, this offering also includes a predefined CPG solution and a broad range of standard interfaces. This company, operating under the name Axway Software GmbH, has been consolidated since 1 February 2007. Further information on the terms of the acquisition is provided in note 4.
- **Axway Software Korea Corporation Ltd –** In March 2007, Axway Software, a wholly owned subsidiary of Sopra Group, established a new distribution subsidiary in South Korea.
- **Methosystem –** At the end of June 2007, Sopra Group acquired the Italian systems integrator Methosystem, thus reinforcing its presence in the Italian banking sector. Methosystem designs and implements traditional systems integration projects, developing software solutions that streamline the migration and fusion of data between financial institutions. The company employs 80 staff in Parma and Milan and generated revenue in excess of €5 million in 2006. Methosystem will be consolidated as of 1 July 2007.

b. Removals from the scope of consolidation

No Sopra Group entities were deconsolidated during the first half of 2007.

c. Internal reorganisation

- **CS Sopra España –** The business of the Spanish service centre hosted by Sopra PROFit was spun off in April 2007. The new entity, a wholly owned subsidiary of Sopra Group, has taken the name CS Sopra España. This spin-off has no impact on the consolidated financial statements.
- **Newell & Budge Holdings Ltd, Newell & Budge Ltd, Newell & Budge Security Ltd –** The businesses of these three companies were transferred to Sopra Group Ltd, a wholly owned subsidiary of Sopra Group, at the beginning of May 2007. This operation had no impact on the consolidated financial statements.
- **Valoris Belgium –** The shares in this company were sold by Valoris Luxembourg to Sopra Benelux, both of these entities being wholly owned subsidiaries of Sopra Group. Valoris Belgium was then absorbed by Sopra Benelux as of 30 June 2007. This merger without retroactive effect had no impact on the consolidated financial statements.

Note 3 | Comparability of the accounts

3.1 Reclassifications

Some balance sheet items at 30 June 2006 were reclassified in relation to the amounts initially published in the Half-Year Report at 30 June 2006, in order to provide more appropriate information.

The reclassification of the Italian termination benefit (*Trattamento di Fine Rapporto*) affects the following items:

- *Provisions for retirement and similar obligations:* increase of €2.056 million;
- *Other current liabilities:* decrease of €2.056 million.

3.2 Changes in the scope of consolidation

The impact of the acquisition of Axway Software GmbH in February 2007 on the Group's income statement and key performance indicators was below the materiality threshold (25%) required by French Prospectus Regulations for the preparation of pro forma information.

As the acquisition of Methosystem was completed at the end of June, only the balance sheet was consolidated.

The main impacts of the acquisition of Axway Software GmbH on the 2007 accounts are as follows:

- **Impact on revenue and operating profit**

(in thousands of euros)	30/06/2007			30/06/2006
	Excluding acquisitions	Contributions of acquisitions	Published	Published
Revenue	476.5	6.8	483.3	443.0
Operating profit	33.2	0.6	33.8	29.8

- **Impact of changes in consolidation scope on net debt**

See note 14.2.

Notes on the consolidated balance sheet

Note 4 | Goodwill

4.1 Changes in goodwill

Movements in the first half of 2007 are described in note 2.2 *Changes in the consolidation scope*.

(in thousands of euros)	Gross	Amortisation	Net
1 January 2007	**315,312**	**36,658**	**278,654**
Acquisitions			
Axway Software GmbH	22,115	-	22,115
Methosystem	1,700	-	1,700
Adjustments in respect of business combinations			
Newell & Budge – earnout adjustment	(4,001)	-	(4,001)
Cyclone – earnout adjustment	(37)	-	(37)
Crinsoft – earnout adjustment	17	-	17
Valoris Belgium – removal of fully amortised business goodwill	(1,575)	(1,575)	-
Sopra Group Ltd – reclassification of XPT Solutions Limited business goodwill	(29)	-	(29)
Translation differential	(1,257)	(83)	(1,174)
30 JUNE 2007	**332,245**	**35,000**	**297,245**

4.2 Determination of goodwill recognised in respect of business combinations performed during the financial period

The only items of goodwill recognised in respect of the first half of 2007 relate to the acquisitions of Axway Software GmbH and Methosystem. They are valued at their acquisition date using the method presented in note 1.5 of the 2006 Reference Document. These valuations are provisional and will become definitive on the closing of the accounts at 31 December 2007.

(in thousands of euros)	Axway Software GmbH	Methosystem
Acquisition price	21,638	1,700
Present value of earnouts	2,000	-
Expenses related to the acquisition	60	-
Acquisition cost	**23,698**	**1,700**
Fair value of net assets acquired by the Group	(1,583)	-
GOODWILL	**22,115**	**1,700**

4.3 Adjustments to business combinations recognised in prior years

An earnout anticipated on the acquisition of Newell & Budge, contingent on the entity's expected performance during the 2007 financial year, with a nominal amount of £3 million, and recognised at the acquisition date (July 2005) in the amount of €4 million (present value), was not maintained in the financial statements at 30 June 2007, since Management considered that the grant conditions would not be met. The failure to reach the specific targets for the application of the earnout clause does not affect the valuation of the entity.

The impact on the financial statements for the period ended 30 June 2007 is as follows:

- goodwill: decrease of €4.001 million;
- other long-term liabilities: decrease of €4.241 million;
- net financial income: gain of €0.240 million.

4.4 Breakdown of goodwill by CGU

The Group has adopted a segmentation into cash-generating units (CGUs), consistent with the operational organisation of its business lines, the management control and reporting system and published segment reporting.

The summarised statement of net carrying amounts for goodwill attributed to CGUs is presented below:

(in thousands of euros)		30/06/2007	30/06/2006	31/12/2006
Consulting	France – Orga Consultants	3,876	3,876	3,876
Systems and Solutions Integration	France	49,144	46,184	48,948
	United Kingdom	69,292	74,907	73,604
	Spain	81,297	74,413	81,297
	Italy	7,630	5,930	5,930
	Belgium	3,000	3,000	3,000
	Spain - Valoris Iberia	3,000	3,000	3,000
Axway	Axway	80,006	61,482	58,999
TOTAL		**297,245**	**272,792**	**278,654**

No impairment tests were carried out at 30 June 2007 due to the absence of indications of material impairment loss. These tests will be carried out for the balance sheet date of 31 December 2007.

Note 5 | Intangible assets

(in thousands of euros)	Gross	Amortisation	Net
1 January 2007	**21,939**	**20,401**	**1,538**
Changes in scope	283	240	43
Acquisitions	463	-	463
Disposals	-	-	-
Reclassifications	29	-	29
Translation differential	(48)	(51)	3
Amortisation	-	370	(370)
30 JUNE 2007	**22,666**	**20,960**	**1,706**

Intangible assets essentially include non-proprietary software used in the Group's ordinary course of business, and software acquired as part of external growth transactions.

No expense incurred in developing the Group's solutions and software was capitalised, either in the first half of 2007 or in previous years.

Note 6 | Property and equipment

(in thousands of euros)	Land and buildings	Fixtures, furniture and other equipment	IT equipment	Total
GROSS VALUE				
1 January 2007	**10,768**	**45,184**	**36,701**	**92,653**
Translation differential	-	8	(42)	(34)
Acquisitions	76	1,818	1,950	3,844
Disposals	-	(272)	(4,288)	(4,560)
Changes in scope	-	1,250	215	1,465
30 JUNE 2007	**10,844**	**47,988**	**34,536**	**93,368**
DEPRECIATION				
1 January 2007	**7,687**	**27,490**	**25,508**	**60,685**
Translation differential	-	(26)	(61)	(87)
Charge for the year	209	1,996	2,751	4,956
Reversals	-	(220)	(4,288)	(4,508)
Changes in scope	-	1,103	114	1,217
30 JUNE 2007	**7,896**	**30,343**	**24,024**	**62,263**
NET VALUE				
1 January 2007	**3,081**	**17,694**	**11,193**	**31,968**
30 JUNE 2007	**2,948**	**17,645**	**10,512**	**31,105**

- Investments made by the Group in fixed assets (€3.8 million) primarily include office equipment in France and abroad, in the amount of €1.8 million and information technology equipment (central systems, work stations and networks) in the amount of €2.0 million.
- Amounts included under disposals during the period (€4.5 million) correspond primarily to the scrapping of computer equipment each year after taking inventory, and premises for which leases were not renewed that the Group no longer occupies.
- Land and buildings include Sopra Group's registered office at Annecy-le-Vieux. A portion of these premises was acquired as part of a property finance lease arrangement completed in 2003. These contracts have, since their inception, been restated in the consolidated financial statements and are included in the balance sheets for the following amounts:

(in thousands of euros)	30/06/2007	30/06/2006	31/12/2006
Land	255	255	255
Buildings	3,861	3,861	3,861
Depreciation	(3,416)	(3,262)	(3,339)
Net value	**700**	**854**	**777**

- Finance lease contracts relating to IT investments (see note 1.9 of the Reference Document 2006) are presented in the balance sheet in the following amounts:

(in thousands of euros)	30/06/2007	30/06/2006	31/12/2006
Gross value	20,196	20,329	22,794
Depreciation	(11,957)	(11,743)	(13,702)
Net value	**8,239**	**8,586**	**9,092**

Note 7 | Financial assets

The Group's non-current financial assets comprise available for sale assets in addition to loans and receivables.

(in thousands of euros)	30/06/2007	30/06/2006	31/12/2006
Assets at fair value through profit and loss	-	-	-
Held to maturity assets	-	-	-
Available for sale assets	1,301	1,244	1,301
Loans and receivables	2,908	2,947	2,767
TOTAL	4,209	4,191	4,068

7.1 Available for sale assets

(in thousands of euros)	Gross	Impairment	Net
1 January 2007	**31,617**	**30,316**	**1,301**
Increase	-	-	-
Decrease	-	-	-
Translation differential	-	-	-
30 JUNE 2007	31,617	30,316	1,301

Available for sale financial assets, as defined by *IAS 39*, consist primarily of non-consolidated equity investments:

- in Valoris' subsidiaries that were in the process of being wound up or divested at the date that Valoris was acquired, in the amount of €24.845 million, depreciated in the amount of €24.654 million;
- in the German company Sopra Group GmbH, which is in the process of liquidation, in the amount of €5.485 million, which has been depreciated in full since 2004;
- in Cosmosbay-Vectis, in which the Group holds a 7.56% stake, in the amount of €0.946 million.

7.2 Loans and receivables

(in thousands of euros)	30/06/2007	30/06/2006	31/12/2006
Receivables from unconsolidated equity interests – gross value	7,829	7,827	7,846
Impairment of receivables from unconsolidated equity interests	(7,829)	(7,713)	(7,846)
Receivables from unconsolidated equity interests – net value	**-**	**114**	**-**
Loans	42	47	43
Deposits and other non-current financial assets	2,897	2,817	2,755
Impairment of loans, deposits and other non-current financial assets	(31)	(31)	(31)
Loans, deposits and other non-current financial assets – net value	**2,908**	**2,833**	**2,767**
TOTAL	2,908	2,947	2,767

Receivables from equity interests, which are fully impaired, are attributable to the unconsolidated Valoris subsidiaries.

Deposits and other non-current financial assets (€2.897 million) consist mainly of guarantees given for the leased offices. Non-remunerated deposits are maintained at their nominal value, given that the effect of discounting is not significant.

Note 8 | Deferred tax assets and liabilities

8.1 Breakdown by maturity

(in thousands of euros)	30/06/2007	30/06/2006	31/12/2006
Deferred tax assets (DTA)			
■ Less than one year	1,470	1,071	3,005
■ More than one year	5,498	5,226	5,552
TOTAL DTA	**6,968**	**6,297**	**8,557**
Deferred tax liabilities (DTL)			
■ Less than one year	-	-	-
■ More than one year	(1,250)	(280)	(284)
TOTAL DTL	**(1,250)**	**(280)**	**(284)**
NET DEFERRED TAX	**5,718**	**6,017**	**8,273**

8.2 Change in deferred tax assets and liabilities

(in thousands of euros)	30/06/2007	30/06/2006	31/12/2006
Beginning of period	**8,273**	**7,572**	**7,572**
Changes in scope	-	-	3
Tax – Income statement impact	(2,560)	(1,550)	702
Tax – Equity impact	-	-	5
Translation differential	5	(5)	(9)
END OF PERIOD	**5,718**	**6,017**	**8,273**

8.3 Breakdown of net deferred tax by type

(in thousands of euros)	30/06/2007	30/06/2006	31/12/2006
Differences related to consolidation adjustments			
Restatement of amortisation of re-valued software	743	1,040	892
Restatement of derivatives	(929)	-	-
Restatement of finance leases	(59)	(123)	(95)
Discounting of employee profit sharing	494	381	522
Tax-driven provisions	(316)	(279)	(284)
Tax losses carried forward	-	-	-
Temporary differences from tax returns			
Provision for pensions	4,540	3,927	4,232
Provision for employee profit sharing	973	705	2,466
Provision for Organic tax	206	191	379
Other	66	175	161
TOTAL	**5,718**	**6,017**	**8,273**

8.4 Deferred tax assets not recognised by the Group

(in thousands of euros)	30/06/2007	30/06/2006	31/12/2006
Tax losses carried forward	20,330	21,233	22,762
Temporary differences	-	-	-
TOTAL	**20,330**	**21,233**	**22,762**

8.5 Maturity of tax losses carried forward

(in thousands of euros)	30/06/2007	30/06/2006	31/12/2006
N + 1	4,442	5,146	2,197
N + 2	5,407	3,022	2,437
N + 3	3,787	3,626	2,393
N + 4	3,616	2,974	2,532
N + 5 and subsequent years	20,415	18,216	21,271
Tax losses carried forward with a maturity date	**37,667**	**32,984**	**30,830**
Tax losses which may be carried forward indefinitely	**28,987**	**33,843**	**42,172**
TOTAL	**66,654**	**66,827**	**73,002**
Deferred tax basis – capitalised	-	-	-
Deferred tax basis – not capitalised	66,654	66,827	73,002
Deferred tax – capitalised	-	-	-
Deferred tax – not capitalised	20,330	21,233	22,762

Note 9 | Trade accounts receivable

(in thousands of euros)	30/06/2007	30/06/2006	31/12/2006
Trade accounts receivable	235,712	215,738	252,395
Unbilled revenue	122,987	107,018	84,520
Doubtful debtors	3,302	2,650	3,024
Accrued credit notes	(13,864)	(9,548)	(13,530)
Provision for doubtful debtors	(2,867)	(2,301)	(2,590)
TOTAL	**345,270**	**313,557**	**323,819**

Unbilled revenue is comprised essentially of work performed in respect of fixed-price projects recognised using the percentage-of-completion method (see note 1.20.a of the 2006 Reference Document). Invoices are generally prepared for these contracts upon completion of the services rendered and the latter are paid over the lifespan of the projects through payments on account.

Working capital requirements (WCR)-Trade accounts receivable at 30 June 2007 represents about 2.7 months, an improvement compared with previous years (2.8 at 30 June 2006). This ratio is calculated by comparing the WCR with the revenue generated in the final quarter of the period. The WCR is obtained by stripping out VAT from the *Trade accounts receivable* balance and subtracting the deferred income balance appearing under liabilities. The average settlement period of invoices issued is approximately 60 days.

Note 10 | Other current receivables

(in thousands of euros)	30/06/2007	30/06/2006	31/12/2006
Staff and social security	2,591	1,869	1,212
Tax receivables (other than corporate income tax)	13,072	9,666	12,101
Corporate income tax	3,935	4,975	3,035
Leased equipment	1,886	504	331
Other receivables	492	415	336
Prepayments	6,223	4,921	3,735
TOTAL	**28,199**	**22,350**	**20,750**

Tax receivables of €13.072 million relate mainly to deductible VAT (of €11.200 million).

Leased equipment comprises an amount of €1.461 million, corresponding to a finance lease contract implemented in July.

Note 11 | Derivatives

(in thousands of euros)	30/06/2007	30/06/2006	31/12/2006
Asset derivatives	4,151	2,480	2,824
Liability derivatives	(1,454)	(1,408)	(1,396)
NET AMOUNT	**2,697**	**1,072**	**1,428**

Asset derivatives included under assets in the amount of €4.151 million correspond to an interest rate swap agreement that swaps the variable Euribor six-month rate of the syndicated loan against a fixed rate of 3.16%. A second swap is included in *Liability derivatives* for the amount of €1.454 million. This second agreement swaps the fixed rate of 3.16% against a variable Euribor 12-month post-fixed rate (see note 32.2.a). These two instruments were put in place in connection with the syndicated loan signed in October 2005 (see note 14.1).

The net change in fair value from these two interest rate instruments between 31 December 2006 and 30 June 2007 is recognised under *Other financial income (expense)* for an amount of +€1.269 million.

Note 12 | Cash and cash equivalents

The cash flow statement is presented on page 8.

(in thousands of euros)	30/06/2007	30/06/2006	31/12/2006
Investment securities	284	3	20,685
Cash	26,064	26,901	30,008
Cash and cash equivalents	**26,348**	**26,904**	**50,693**
Overdrafts	(19,067)	(13,444)	(3,798)
TOTAL	**7,281**	**13,460**	**46,895**

Net cash and cash equivalents include available liquid funds (cash and positive bank balances), liquid marketable securities that meet the definition of cash equivalents as indicated in note 1.14 of the 2006 Reference Document, bills of exchange presented for collection and falling due before 1 January and temporary bank overdrafts. It is closely related to the mobilisation of the medium term loans (mainly the syndicated credit set up at the end of October 2005) at the end of the financial period. Net debt, presented in note 14.1, is more representative of the Group's financial position.

Note 13 | Consolidated equity

The consolidated statement of changes in equity is presented on page 7.

13.1 Changes in share capital

At 30 June 2007 Sopra Group had share capital of €45,867,340 comprising 11,466,835 fully-paid shares with a nominal value of €4 each.

13.2 Share subscription option plans

Grant date	Number of options allocated initially	Start date of exercise period	End of exercise period	Exercise price	Number of shares cancelled at 30/06/2007	o/w cancelled in 2007	Number of options exercised at 30/06/2007	o/w options exercised in 2007	Number of options remaining to be exercised at 30/06/2007	Fair value of options at the grant date
Plan No. 3 – 1998 stock option plan (General Meeting of 07/01/1998): maximum of 721,250 shares										
13/01/1998	614,000	01/10/2002	12/01/2006	€15.37	70,175	-	543,825		-	Not applicable
04/12/1998	25,000	25/02/2003	24/08/2006	€46.86	25,000	-	-	-	-	Not applicable
03/03/1999	20,000	04/03/2004	02/03/2007	€48.50	10,000	-	10,000	5,400	-	Not applicable
12/10/1999	51,750	13/10/2004	12/10/2007	€46.20	46,000	-	2,750	-	3,000	Not applicable
16/12/2002	129,250	17/12/2007	15/12/2010	€22.50	39,250	-	-	-	90,000	€6.36
TOTAL	**840,000**				**190,425**	**-**	**556,575**	**5,400**	**93,000**	
Plan No. 4 - 2000 stock option plan (General Meeting of 29/06/2000): maximum of 714,774 shares										
29/06/2000	33,900	30/06/2005	29/06/2008	€73.00	33,800	-	-	-	100	Not applicable
22/03/2001	301,500	23/03/2006	22/03/2009	€61.40	283,500	-	-	-	18,000	Not applicable
19/12/2001	34,600	20/12/2006	19/12/2009	€61.40	34,600	-	-	-	-	Not applicable
24/04/2002	6,000	25/04/2007	23/04/2010	€61.40	3,000	-	-	-	3,000	Not applicable
16/12/2002	303,200	17/12/2007	15/12/2010	€22.50	45,100	2,000	12,000	-	246,100	€6.36
03/09/2003	88,000	04/09/2008	02/09/2011	€32.50	8,800	2,500	-	-	79,200	€12.15
13/01/2004	23,000	14/01/2009	12/01/2012	€35.90	4,000	1,000	-	-	19,000	€11.36
TOTAL	**790,200**				**412,800**	**5,500**	**12,000**	**-**	**365,400**	
Plan No. 5 - 2005 stock option plan (General Meeting of 26/05/2005): maximum of 321,958 shares										
25/07/2006	30,000	26/07/2011	24/07/2014	€57.85	-	-	-	-	30,000	€13.10
21/12/2006	67,000	22/12/2011	20/12/2014	€58.80	3,000	3,000	-	-	64,000	€17.47
08/01/2007	5,000	09/01/2012	07/01/2015	€60.37	5,000	5,000	-	-	-	€15.28
TOTAL	**102,000**				**8,000**	**8,000**	**-**	**-**	**94,000**	
TOTAL FOR ALL PLANS									**552,400**	

- 5,400 share subscription options were exercised in first half 2007. The amount subscribed is included under *Capital reserves* for a total amount of €0.262 million, comprising capital (€22 thousand) and the share issue premium (€0.240 million). The amount relating to capital is recognised under this line at the end of the period.
- In first half 2007, 5,000 share subscription options were awarded at a subscription price of €60.37.
- 13,500 options were retired, their beneficiaries having left the company before completing their vesting period.
- The number of shares that may be created by exercising options already allocated amounts to 552,400, with the number of options that may still be awarded at 30 June 2007 totalling 227,958, representing a total maximum number of shares that may be created of 780,358 shares.

13.3 Capital reserves

(in thousands of euros)	30/06/2007	30/06/2006	31/12/2006
Share issue, merger and contribution premiums	43,025	41,763	42,309
Legal reserve	4,587	4,578	4,577
TOTAL	**47,612**	**46,341**	**46,886**

The following movements occurred in the first half of 2007:

- exercise of share subscription options: €0.262 million;
- value of past services related to share subscription options: €0.455 million;
- appropriation of Sopra Group's 2006 net profit to the legal reserve: €9 thousand.

13.4 Dividends

Sopra Group's Combined General Meeting of 8 June 2007, resolved to distribute a dividend of €15.480 million, i.e. €1.35 per share. This dividend was paid on 15 June 2007. The dividend paid the previous financial year totalled €12.588 million, i.e. €1.10 per share

Note 14 | Financial debt

14.1 Consolidated net debt

(in thousands of euros)	Current	Non-current	30/06/2007	30/06/2006	31/12/2006
Bank loans	1,043	130,000	131,043	126,134	121,485
Liabilities on finance lease contracts	3,722	4,442	8,164	8,497	8,972
Employee profit sharing	2,576	13,999	16,575	13,944	13,821
Other financial debt	252	152	404	10	346
Bank overdrafts	19,067	-	19,067	13,444	3,798
FINANCIAL DEBT	**26,660**	**148,593**	**175,253**	**162,029**	**148,422**
Investment securities	(284)	-	(284)	(3)	(20,685)
Cash and equivalents	(26,064)	-	(26,064)	(26,901)	(30,008)
CONSOLIDATED NET DEBT	**312**	**148,593**	**148,905**	**135,125**	**97,729**

Bank loans

In late October 2005, the Group implemented a 7-year €200 million, reducible, multi-currency revolving credit facility with its six partner banks, payable semi-annually. The credit facility was set up to pay down existing debt, ensure the financing of acquisitions and internal growth, lengthen debt maturity, and optimise repayment conditions.

The authorised amount amounts to €158 million at 30 June 2007 and €144 million at 31 December 2007.

The applicable interest rate is the Euribor rate for the drawdown period concerned plus a margin adjusted on a half yearly basis as a function of the leverage ratio (net debt to EBITDA). The net debt in question does not take into account the employee profit sharing liability but does include liabilities related to earnouts. The margin may range from 0.30% to 0.65%. The margin applied for the first part of 2007 was 0.35%. A commitment fee equivalent to 0.35% of the margin also applies.

Three financial ratios must be met:

- the leverage ratio (net debt to EBITDA) must be less than 3;
- the gearing ratio (net debt to equity) must be less than 1;
- the debt service coverage ratio (operating profit to net borrowing cost) must be greater than 5.

At 30 June 2007, these targets were amply achieved since the three ratios came to 1.67, 0.67 and 11.7, respectively.

Liabilities on finance lease contracts

The carrying amount of liabilities on finance lease contracts is €8.164 million, and the corresponding future financial expense amounts to €0.710 million, representing a total minimum future payment for finance leases of €8.874 million.

(in thousands of euros)	30/06/2007			30/06/2006	31/12/2006
	Minimum payments for finance leases	Future financial expense	Present value of minimum payments	Present value of minimum payments	Present value of minimum payments
Less than one year	3,946	224	3,722	3,392	3,674
One to five years	4,928	486	4,442	5,105	5,298
More than five years	-	-	-	-	-
TOTAL	**8,874**	**710**	**8,164**	**8,497**	**8,972**

Employee profit sharing

As from 2002, profit sharing reserves for Sopra Group and Axway Software, which were formerly managed in the form of fixed interest current accounts frozen over a period of five years, may now be invested in multi-business company mutual funds (FCP). Orga Consultants' profit sharing reserves are fully invested in such company mutual funds.

Profit sharing liabilities are subject to adjustment to take into account the existing variance between the contractual interest rate applied, and the applicable regulatory rate ceiling.

14.2 Statement of changes in net debt

(in thousands of euros)	30/06/2007	30/06/2006	31/12/2006
NET DEBT OF BEGINNING OF PERIOD (A - B)	**97,729**	**128,729**	**128,729**
Net cash from operating activities before changes in working capital	**25,019**	**24,417**	**58,802**
Cost of net financial debt	3,509	3,190	6,347
Income taxes (including deferred tax)	12,247	7,464	22,070
Cash from operations before changes in working capital	**40,775**	**35,071**	**87,219**
Tax paid	(22,746)	3,569	(1,325)
Changes in working capital requirements	(8,386)	2,565	4,393
Net cash from operating activities	**9,643**	**41,205**	**90,287**
Change related to investing activity	(4,623)	(4,801)	(13,116)
Net interest paid	(3,505)	(3,104)	(6,005)
Available net cash flow	**1,515**	**33,300**	**71,166**
Impact of changes in scope	(34,668)	(24,653)	(25,554)
Financial investments	102	131	368
Dividends	(15,479)	(12,586)	(12,586)
Capital increase in cash	262	267	525
Employee profit sharing	(2,754)	(1,977)	(1,854)
Application of IAS 32/39	-	-	-
Other changes	(93)	(483)	(631)
TOTAL NET CHANGE DURING THE PERIOD (B)	**(51,115)**	**(6,001)**	**31,434**
Impact of changes in foreign exchange rates	(61)	(395)	(434)
NET DEBT AT END OF PERIOD (A - B)	**148,905**	**135,125**	**97,729**

Tax paid: €(22.746) million

Sopra Group benefited from the ability to carry forward the tax losses of Valoris in connection with the merger transaction carried out at the end of 2005. A corporate income tax reimbursement of €8.788 million, corresponding to the difference between the amount of the tax credit transferred (€11.099 million) and the balance due to cover the remaining tax payable for 2005 (€2.311 million), was issued in early May 2006. Furthermore, as a result of this operation, Sopra Group was not required to make a provisional corporate income tax payment for 2006; rather, the full tax payment will be due in 2007 for the amount of €13.395 million.

The theoretical amount of tax payment instalments that would have been paid in 2006 is €10.912 million.

Corporate income tax which would have normally been paid in the absence of these transactions is therefore:

(in thousands of euros)	30/06/2007	30/06/2006	31/12/2006
Tax paid	(22,746)	3,569	(1,325)
Reimbursement of Valoris tax credit	-	(8,788)	(8,788)
Theoretical 2006 instalments	10,912	(5,456)	(10,912)
Restated tax paid	**(11,834)**	**(10,675)**	**(21,025)**

The restated net cash flow of these transactions is as follows:

(in thousands of euros)	30/06/2007	30/06/2006	31/12/2006
Restated net cash flow from operations	20,555	26,961	70,587
Restated net free cash flow	12,427	19,056	51,466

Impact of changes in consolidation scope: €(34.668) million

(in thousands of euros)	30/06/2007	30/06/2006	31/12/2006
Acquisition costs (excluding earnouts)	23,398	25,656	25,656
Net debt / Net cash of companies acquired	(4,218)	(1,839)	(1,438)
Deferred payments	-	500	1,000
Earnouts paid in respect of previous acquisitions	15,488	336	336
TOTAL	**34,668**	**24,653**	**25,554**

This corresponds to:

- the acquisition of the B2B activity of Atos in Germany in early February 2007 for an amount of €21.698 million, net of the cash presented on the balance of the entity acquired for €4.218 million, i.e. a net amount of €17.480 million;
- the acquisition at end-June 2007 of Methosystem in Italy for €1.700 million;
- the payment of earnouts in respect of financial year 2006 for PROFit, Newell & Budge, Cyclone Commerce and Beler for a total amount of €15.488 million.

Employee profit sharing: €(2.754) million

This amount corresponds to the difference between the profit sharing for 2006 transferred to reserves in 2007 and the profit sharing for 2001 released in 2007.

Note 15 | Deferred tax liabilities

Cf. note 8.

Note 16 | Provisions for pensions and similar commitments

These provisions relate to two non-financed defined benefit plans in France and Italy.

(in thousands of euros)	01/01/2007	Changes in scope	Charge for the period	Recovery for the period (provision used)	Recovery for the period (provision not used)	30/06/2007
France	12,292	-	907	-	(13)	13,186
Italy	2,223	-	270	(196)	-	2,297
TOTAL	**14,515**	**-**	**1,177**	**(196)**	**(13)**	**15,483**
Impact (net of expenses incurred)						
Profit from recurring operations			821		(13)	
Financial income (expense)			356		-	
TOTAL			**1,177**		**(13)**	

In France, the defined benefits scheme relates to the payment of retirement benefits. The Group provides for its commitments to employees in accordance with the provisions of the Syntec collective bargaining agreement with respect to the retirement scheme modified in 2004 pursuant to the retirement reform measures introduced by the Loi Fillon of 21 August 2003. Provisions for retirement benefits are recognised in accordance with the conditions in note 1.17 of the 2006 Reference Document.

The main actuarial hypotheses retained for this plan are as follows:

	30/06/2007	31/12/2006	31/12/2005	31/12/2004
Discount rate of commitments	4.85%	4.25%	4.00%	5.00%
Future salary growth rate	2.50%	2.50%	2.50%	2.50%
Retirement age	65 years	65 years	65 years	65 years
Mortality table	Insee 2000-2002	Insee 2000-2002	Insee 1998-2000	Insee 1998-2000

Table showing the change in provision for retirement indemnities (France)

(in thousands of euros)	Present value of the obligation not financed	Unrecognised actuarial differences	Net commitments (balance sheet)	Recognised in the income statement
31 December 2006	**14,402**	**(2,110)**	**12,292**	**1,739**
Past service cost	543	-	543	543
Financial cost	356	-	356	356
Net actuarial gains/losses recognised	(5)	-	(5)	(5)
Benefits paid to employees	-	-	-	-
Change in actuarial differences not recognised	(808)	808	-	-
30 JUNE 2007	**14,488**	**(1,302)**	**13,186**	**894**

In Italy, these provisions represent post-employment benefits (*Trattamento di Fine Rapporto*).

Note 17 | Non-current provisions

(in thousands of euros)	01/01/2007	Change in scope of consolidation	Charge for the period	Recovery for the year (provision used)	Recovery for the year (provision not used)	30/06/2007
Provisions for disputes	2,081	-	712	(697)	(266)	1,830
Provisions for guarantees	-	987	-	-	(7)	980
Provisions for contingencies – Non-consolidated subsidiaries	426	-	-	-	-	426
Other provisions for contingencies	1,468	1,352	-	(332)	(1,400)	1,088
Sub-total provisions for contingencies	**3,975**	**2,339**	**712**	**(1,029)**	**(1,673)**	**4,324**
Provisions for losses – Valoris subsidiaries	14	-	-	(14)	-	-
Other provisions for losses	-	127	369	(5)	-	491
Sub-total provisions for losses	**14**	**127**	**369**	**(19)**	**-**	**491**
TOTAL	**3,989**	**2,466**	**1,081**	**(1,048)**	**(1,673)**	**4,815**
Impact (net of expenses incurred)						
Profit from recurring operations			718		(273)	
Operating profit			357		-	
Financial income/(expense)			6		(1,400)	
Tax expense			-		-	
TOTAL			**1,081**		**(1,673)**	

- Provisions for disputes mainly relate to labour arbitration proceedings, severance pay and a few trade disputes.
- Provisions for non-consolidated subsidiaries relate to the termination of the businesses of Sopra Group GmbH in Germany of the Valoris subsidiaries.
- Other provisions for contingencies include a charge of €1.400 million intended to cover the anticipated impairment of interest rate hedging instruments at 31 December 2006.
- The changes in scope of consolidation relate to the acquisition of the B2B activity of Atos in Germany.

Note 18 | Other non-current liabilities

(in thousands of euros)	30/06/2007	30/06/2006	31/12/2006
Fixed asset liabilities – portion due in more than one year	6,569	26,193	17,393
Employee profit sharing during the period	2,537	1,778	7,433
Conditional advances	152	273	272
TOTAL	**9,258**	**28,244**	**25,098**

- Fixed asset liabilities include the portion due in more than one year of amounts that the Group estimates it will need to pay under the earnout clauses included in the acquisition agreements for PROFit, for the amount of €6.569 million. The portion due in less than one year, which includes earnouts estimates for PROFit and Axway Software GmbH, recognised in *Other current liabilities*, was €8.808 million. The updated total estimated amount is therefore €15.377 million.
- Employee profit sharing represents amounts booked to staff costs for the period by Sopra Group and Axway. These amounts increase financial debt for the following period.
- Conditional advances consist of subsidies received from ANVAR by Acanthis, which was acquired by Sopra Group in January 2005 and merged in 2005.

Note 19 | Trade accounts payable

(in thousands of euros)	30/06/2007	30/06/2006	31/12/2006
Trade accounts payable	43,662	34,103	42,019
Trade accounts payable – advances and payments on account, accrued credit notes	(123)	(335)	(253)
TOTAL	**43,539**	**33,768**	**41,766**

Note 20 | Other current liabilities

(in thousands of euros)	30/06/2007	30/06/2006	31/12/2006
Fixed asset liabilities – portion due in less than one year	9,764	1,261	17,181
Staff cost liabilities	118,763	107,824	116,813
Tax liabilities (excluding corporate income tax)	66,135	62,353	63,645
Corporate income tax	3,427	5,928	15,604
Deferred income	73,516	67,503	57,331
Other liabilities	1,486	775	629
TOTAL	**273,091**	**245,644**	**271,203**

As indicated in note 18, *Fixed asset liabilities – portion due in less than one year* comprise €8.808 million in earnouts related to the acquisitions of PROFit and Axway Software GmbH.

Staff cost liabilities include only amounts owed to social security bodies and employees, and profit sharing for employees of Orga Consultants, transferred to a management body the following period.

Tax liabilities correspond essentially to value added tax: the amount due for June, and the amount included under trade accounts receivable.

Deferred income corresponds essentially to services invoiced but not yet performed, based on their stage of completion (see note 1.20 of the 2006 Reference Document).

Note 21 | Derivatives

Derivatives correspond to interest rate hedging instruments (see notes 11 and 32.2.a).

Notes to the consolidated income statement

Note 22 | Revenue

22.1 Revenue

(in millions of euros)	1st half 2007		1st half 2006		Financial year 2006	
Consulting	22.7	4.7%	21.4	4.8%	41.0	4.6%
SSI France	288.4	59.7%	267.9	60.5%	537.9	59.9%
SSI Europe	104.4	21.6%	100.5	22.7%	201.9	22.5%
Axway	67.8	14.0%	53.2	12.0%	116.9	13.0%
TOTAL	**483.3**	**100.0%**	**443.0**	**100.0%**	**897.7**	**100.0%**

SSI: Systems and Solutions Integration.

22.2 Revenue by division

	1st half 2007	1st half 2006	Financial year 2006
Banking	23.3%	21.3%	23.2%
Manufacturing	15.5%	17.2%	15.9%
Services (including real estate)	20.7%	20.1%	21.0%
Telecoms	12.6%	12.9%	12.6%
Public sector	14.0%	14.9%	14.1%
Insurance	8.2%	7.4%	7.3%
Retail	5.7%	6.2%	5.9%
TOTAL	100.0%	100.0%	100.0%

22.3 International revenue

(in millions of euros)	1st half 2007		1st half 2006		Financial year 2006	
Systems Integration – European subsidiaries	104.4	21.6%	100.4	22.7%	201.9	22.5%
Systems Integration – Excluding European subsidiaries	14.4	3.0%	13.2	3.0%	27.4	3.0%
Axway	38.8	8.0%	26.8	6.0%	60.7	6.8%
International revenue	**157.6**	**32.6%**	**140.4**	**31.7%**	**290.0**	**32.3%**
TOTAL REVENUE	483.3	100.0%	443.0	100.0%	897.7	100.0%

Note 23 | Purchases consumed

(in thousands of euros)	1st half 2007	% revenue	1st half 2006	% revenue	Financial year 2006	% revenue
Purchases of raw materials and other supplies	42,252	8.7%	40,934	9.2%	83,812	9.3%
Purchases of equipment and supplies not held in inventory	3,507	0.7%	1,814	0.4%	3,950	0.4%
Purchases of merchandise and change in the inventory of merchandise	4,474	0.9%	6,544	1.5%	16,276	1.8%
TOTAL	50,233	10.4%	49,292	11.1%	104,038	11.6%

Note 24 | Staff costs

24.1 Analysis

(in thousands of euros)	1st half 2007	1st half 2006	Financial year 2006
Salaries	233,995	212,815	415,974
Social charges	87,622	80,359	158,643
Employee profit sharing	3,059	2,257	7,952
TOTAL	324,676	295,431	582,569

24.2 Staff costs

Workforce at the end of the period	30/06/2007	30/06/2006	31/12/2006
France	7,360	6,750	6,750
International	3,400	2,860	3,160
TOTAL	**10,760**	**9,610**	**9,910**

24.3 Employee profit sharing

In compliance with *IAS 32 and 39*, the employee profit-sharing liability was restated as described in note 14.1.

Employee profit sharing totalled €2.199 million for Sopra Group, €0.338 million for Axway and €0.522 million for Orga Consultants.

24.4 Share subscription options

The cost of services rendered by staff in exchange for options received was booked to staff costs, in the amount of €0.455 million for the first half of 2007 (see *Consolidated statement of changes in equity*).

Note 25 | External expenses

(in thousands of euros)	1st half 2007		1st half 2006		Financial year 2006	
Leases and charges	12,974	22.4%	12,678	23.8%	24,805	23.3%
Maintenance and repairs	3,067	5.3%	2,730	5.1%	5,422	5.1%
External personnel	3,359	5.8%	3,218	6.0%	6,404	6.0%
Remuneration of intermediaries and fees	3,506	6.0%	2,859	5.4%	6,262	5.9%
Travel and entertainment	23,645	40.8%	21,590	40.6%	42,599	40.0%
Telecommunications	2,758	4.8%	2,815	5.3%	5,486	5.1%
Other	8,707	15.0%	7,351	13.8%	15,639	14.7%
TOTAL	**58,016**	**100%**	**53,241**	**100%**	**106,617**	**100%**

The amount of external expenses as a proportion of revenue remains stable: it is 12% at 30 June 2006 and 30 June 2007, and 11.9% at 31 December 2006.

Note 26 | Depreciation, amortisation, provisions and impairment

(in thousands of euros)	1st half 2007	1st half 2006	Financial year 2006
Amortisation of intangible assets	370	642	1,138
Depreciation of property and equipment	2,886	2,612	5,327
Depreciation of assets held under finance lease	2,070	1,890	3,926
Depreciation and amortisation	**5,326**	**5,144**	**10,391**
Impairment of current assets net of unused reversals	206	208	476
Provisions for contingencies and losses net of unused reversals	1,253	862	1,963
Provisions and impairment	**1,459**	**1,070**	**2,439**
TOTAL	**6,785**	**6,214**	**12,830**

Note 27 | Other operating income and expenses

In 2006, this caption included the expenses related to the withdrawal from the Pyramid business, an offer of enterprise software and associated services developed for property managers, in the amount of €1.127 million.

In 2007, it included an amount of €0.673 million, of exceptional expenses related to the acquisition of Atos Origin's B2B activity: these are expenses that were committed to give this activity an administrative, technical and logistics structure which allows for a normal operation, following the withdrawal of the Atos Group, which performed these functions centrally.

Note 28 | Financial income and expense

28.1 Cost of net financial debt

(in thousands of euros)	1st half 2007	1st half 2006	Financial year 2006
Income from cash and cash equivalents	158	188	411
Interest charges	(3,679)	(3,042)	(6,438)
Impact of change in the value of the syndicated loan	12	(336)	(320)
TOTAL	**(3,509)**	**(3,190)**	**(6,347)**

The change in the financial expense is primarily due to the increase in debt as a result of the different acquisitions as well as to higher interest rates, although the latter were hedged by the interest rate swap agreement put in place at the signing of the syndicated loan.

28.2 Other financial income and expense

(in thousands of euros)	1st half 2007	1st half 2006	Financial year 2006
Charges and reversals of financial amortisations and provisions	1,410	(1,432)	(1,519)
Discounting of retirement commitments	(356)	(309)	(587)
Discounting of employee profit sharing	236	174	338
Discounting of earnouts in respect of companies acquired	(118)	(416)	(1,132)
Change in the value of derivatives	1,269	1,217	1,435
Foreign exchange gains and losses	341	(836)	609
Other financial charges and expense	229	(362)	(445)
TOTAL	**3,011**	**(1,964)**	**(1,301)**

Charges and reversals of financial amortisations and provisions comprise a provision reversal of €1.400 million designed to deal with the forecast impairment in value of interest rate hedging instruments at 31 December 2006.

Discounting of retirement commitments: see note 16.

Discounting of employee profit sharing: see note 14.1.

Discounting of earnouts in respect of companies acquired: see note 18.

Change in the value of derivatives shows a net change (€1.269 million) in the first half of 2007, in the fair value of the two interest rate hedging instruments related to the syndicated credit facility set up in October 2005.

Note 29 | Tax charge

29.1 Analysis

(in thousands of euros)	1st half 2007	1st half 2006	Financial year 2006
Current tax	9,687	5,914	22,772
Deferred tax	2,560	1,550	(702)
TOTAL	**12,247**	**7,464**	**22,070**

29.2 Reconciliation between the theoretical and effective tax charge

(in thousands of euros)	1st half 2007	1st half 2006	Financial year 2006
Net profit	21,089	17,211	44,206
Tax charge	(12,247)	(7,464)	(22,070)
Profit before tax	33,336	24,675	66,276
Theoretical tax charge	**34.43%**	**34.43%**	**34.43%**
Theoretical tax charge	**(11,478)**	**(8,496)**	**(22,819)**
Reconciliation			
Permanent differences	18	(136)	(733)
Impact of non-capitalised losses for the period	(1,731)	(52)	(552)
Utilisation of non-capitalised losses carried forward	306	1,247	755
Impact of research tax credits	258	189	738
Tax rate differences – France/Other countries	230	189	531
Tax adjustments in respect of prior periods	-	(186)	-
Other	150	(219)	10
Actual tax charge	**(12,247)**	**(7,464)**	**(22,070)**
Effective tax rate	**36.74%**	**30.25%**	**33.30%**

The effective tax rate increased slightly given a lower use of non-capitalised tax losses and the increase in the effect of non-capitalised losses for the period.

Note 30 | Earnings per share

(in euros)	1st half 2007	1st half 2006	Financial year 2006
Net profit – Group share	21,089,218	17,210,835	44,206,004
Weighted average number of ordinary shares in issue	11,466,835	11,460,806	11,461,664
BASIC NET EARNINGS PER SHARE	**1.84**	**1.50**	**3.86**

(in euros)	1st half 2007	1st half 2006	Financial year 2006
Net profit – Group share	21,089,218	17,210,835	44,206,004
Weighted average number of ordinary shares in issue	11,466,835	11,460,806	11,461,664
Weighted average number of securities retained in respect of dilutive items	270,375	274,470	239,379
Weighted average number of shares retained for the calculation of debited net earnings per share	11,737,210	11,735,276	11,701,043
DILUTED NET EARNINGS PER SHARE	**1.80**	**1.47**	**3.78**

The methods of calculation earnings per share are described in note 1.22 of the 2006 Reference Document.

Other information

Note 31 | Segment information

31.1 Results by division

a. Systems and solutions integration – France

(in millions of euros)	1st half 2007		1st half 2006		Financial year 2006	
Revenue	288.4		267.9		537.9	
Profit from recurring operations	23.0	8.0%	20.1	7.5%	44.1	8.2%
Operating profit	23.0	8.0%	20.1	7.5%	43.0	8.0%

b. Consulting

(in millions of euros)	1st half 2007		1st half 2006		Financial year 2006	
Revenue	22.7		21.4		41.0	
Profit from recurring operations	2.2	9.7%	2.5	11.7%	4.0	9.8%
Operating profit	2.2	9.7%	2.5	11.7%	4.0	9.8%

c. Systems and solutions integration – Europe

(in millions of euros)	1st half 2007		1st half 2006		Financial year 2006	
Revenue	104.4		100.5		201.9	
Profit from recurring operations	7.0	6.7%	6.0	6.0%	15.1	7.5%
Operating profit	7.0	6.7%	6.0	6.0%	15.1	7.5%

d. Axway

(in millions of euros)	1st half 2007		1st half 2006		Financial year 2006	
Revenue	67.8		53.2		116.9	
Profit from recurring operations	2.3	3.4%	1.2	2.3%	11.8	10.1%
Operating profit	1.6	2.4%	1.2	2.3%	11.8	10.1%

e. Group

(in millions of euros)	1st half 2007		1st half 2006		Financial year 2006	
Revenue	483.3		443.0		897.7	
Profit from recurring operations	34.5	7.1%	29.8	6.7%	75.0	8.4%
Operating profit	33.8	7.0%	29.8	6.7%	73.9	8.2%

31.2 Breakdown by division of main balance sheet items

(in millions of euros)	SSI France	Consulting	SSI Europe	Axway	Non allocated	Elimination	TOTAL
Segment assets	411.9	34.2	272.2	130.4	-	(152.3)	696.4
Tax assets							14.5
Financial assets and derivatives							8.4
Cash and cash equivalents							26.4
TOTAL ASSETS	**411.9**	**34.2**	**272.2**	**130.4**	**-**	**(152.3)**	**745.7**

(in millions of euros)	SSI France	Consulting	SSI Europe	Axway	Non allocated	Elimination	TOTAL
Segment liabilities	349.1	14.8	101.1	116.3	-	(235.1)	346.2
Tax liabilities							1.2
Financial liabilities and derivatives							176.7
TOTAL LIABILITIES	**349.1**	**14.8**	**101.1**	**116.3**	**-**	**(235.1)**	**524.1**
Equity							221.6
TOTAL EQUITY AND LIABILITIES	**-**	**-**	**-**	**-**	**-**	**-**	**745.7**

Note 32 | Financial risk factors

32.1 Liquidity risk

According to the definition given by the *Autorité des Marchés Financiers*, liquidity risk arises when assets are longer term than liabilities. This can result in an inability to repay short-term debt if the company is unable to sell the asset in question or obtain bank credit lines.

The Group considers that it is not exposed to this type of risk in view of its overall financial structure, the level and structure of current assets and debt (see note 14), and its capacity to mobilise additional financing if necessary.

Consolidated net debt by maturity is presented in the table below:

(in thousands of euros)	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	TOTAL
Bank loans	1,043	29,000	29,000	29,000	29,000	14,000	131,043
Finance lease liabilities	3,722	2,638	1,462	342	-	-	8,164
Employee profit sharing	2,576	2,197	2,546	3,489	5,767	-	16,575
Other financial debt	252	26	-	-	-	126	404
Bank overdrafts	19,067	-	-	-	-	-	19,067
Total financial debt	**26,660**	**33,861**	**33,008**	**32,831**	**34,767**	**14,126**	**175,253**
Investment securities	(284)	-	-	-	-	-	(284)
Cash and equivalents	(26,064)	-	-	-	-	-	(26,064)
CONSOLIDATED NET DEBT	**312**	**33,861**	**33,008**	**32,831**	**34,767**	**14,126**	**148,905**

32.2 Market risk

a. Interest rate risk

Interest rate risk is managed by the Group's Finance Department in collaboration with the Group's main partner banking establishments.

The analysis of financial assets and liabilities by type of interest rate (fixed or variable) is provided in the following table:

(in thousands of euros)	30/06/2007	Rate	Interest/exchange rate hedges
Bank loans	131,043	Variable	Swaps
Finance lease liabilities	8,164	Fixed	None
Employee profit sharing	16,575	Fixed	None
Other financial debt	404	Fixed	None
Bank overdrafts	19,067	Variable	None
Total financial debt	**175,253**		
Investment securities	(284)	Variable	None
Cash and equivalents	(26,064)	Variable	None
CONSOLIDATED NET DEBT	**148,905**		

At 30 June 2007, net debt amounted to €148.9 million and was composed for 83.1% (€123.8 million) of debt at variable interest rates, generally based on the Euribor rate, and for 16.9% (€25.1 million) of debt at fixed interest rates. A ± 1 point change in interest rates applied to all variable-rate debt over a full year would have an impact of ±€1.2 million, in the absence of interest rate hedging.

When the Group set up the €200 million syndicated credit loan in October 2005, it contracted an interest rate hedge applying to two thirds of the loan, for a period of seven years.

This hedge consists of two instruments:

- a first agreement that swaps the variable Euribor six-month rate of the syndicated loan against a fixed rate of 3.16%;
- a second agreement that swaps the fixed rate of 3.16% against:
  - 3% if the Euribor 12-month post-fixed rate (E12M post) is less than 1.99%,
  - E12M post if 1.99% < = E12M post < 3.68%,
  - 3.68% if 3.68% < = E12M post.

At 30 June 2007, the net valuation of these two swaps is €2.7 million:

- *Swap* 1: +€4.1 million;
- *Swap* 2 : - €1.4 million;
- Net: **+€2.7 million.**

This coverage does not qualify as a perfect hedge under the definition provided in *IAS 39* and is therefore considered as a transaction to be taken directly to the income statement.

b. Foreign exchange risk

The breakdown of consolidated net debt by currency is presented in the following table:

(in thousands of euros)	Euro	Pound sterling	Swiss franc	Swedish krona	US dollar	Other	TOTAL
Bank loans	130,798	-	-	-	245	-	131,043
Finance lease liabilities	8,164	-	-	-	-	-	8,164
Employee profit sharing	16,575	-	-	-	-	-	16,575
Other financial debt	126	-	-	-	278	-	404
Bank overdrafts	18,888	151	28	-	-	-	19,067
Total financial debt	**174,551**	**151**	**28**	**-**	**523**	**-**	**175,253**
Investment securities	(284)	-	-	-	-	-	(284)
Cash and equivalents	(17,799)	(3,537)	(322)	(1,217)	(1,720)	(1,469)	(26,064)
CONSOLIDATED NET DEBT	**156,468**	**(3,386)**	**(294)**	**(1,217)**	**(1,197)**	**(1,469)**	**148,905**

The Group's exposure to foreign exchange risk is limited given its geographic profile (most operations are located in the Euro zone) and the volumes involved. Foreign exchange risk mainly concerns subsidiaries located in non-Euro zone European countries (the United Kingdom, Switzerland and Sweden), and to a lesser extent, those located in the Asia-Pacific region (Axway's retail subsidiaries) and in the United States, following the acquisition of Cyclone Commerce in early 2006.

The Group does not systematically contract hedges for foreign exchange risk. However, the Group contracts specific hedges for all large individual foreign currency transactions.

Note 33 | Off balance sheet commitments and contingent liabilities

33.1 Contractual obligations

Contractual obligations	Payments due per period			30/06/2007	30/06/2006	31/12/2006
(in thousands of euros)	Less than one year	One to five years	More than five years			
Long-term liabilities	1,043	116,000	14,000	131,043	126,144	121,831
Finance lease obligations	3,722	4,442	-	8,164	8,497	8,972
Irrevocable purchase obligations	-	-	-	-	-	-
Employee profit sharing	2,576	13,999	-	16,575	13,944	13,821
Other financial debt	252	26	126	404		
Current bank overdrafts	19,067	-	-	19,067	13,444	3,798
TOTAL	**26,660**	**134,467**	**14,126**	**175,253**	**162,029**	**148,422**

33.2 Collateral, guarantees and surety

a. Registered shares used as collateral

Name of registered shareholder	Beneficiary	Starting date	Expiry date	Conditions for freeing shares	Number of shares pledged	% of capital pledged
Sopra GMT	Lyonnaise de Banque	October 2006	October 2007	Repayment of loan for €9 million	250,000	2.18%
Sopra GMT	Natexis	March 2004	March 2007	Repayment of loan for €5.0 million	200,000	1.74%
Sopra GMT	Natexis	March 2005	January 2009	Repayment of loan for €3.0 million	100,000	0.87%
Sopra GMT	BNP Paribas	September 2004	September 2008	Repayment of loan for €5.0 million	228,600	1.99%
TOTAL					**778,600**	**6.78%**

b. Assets used as collateral (intangible, tangible or financial)

No such assets were pledged in this manner.

33.3 Real collateral given in guarantee

No real collateral was given to guarantee bank financing.

33.4 Covenants

Within the framework of the €200 million syndicated loan signed in October 2005, Sopra Group assumed the following covenants:

- total Net Financial Debt divided by EBITDA shall remain below 3.5 until 31 December 2005, and after that date and for the entire duration of the loan, below 3. At 31 December 2006, this ratio was equal to 1.38. The ratio was 1.67 at 30 June 2007;

- total Net Financial Debt divided by Equity shall remain below 1 for the entire duration of the loan. At 31 December 2006, this ratio was equal to 0.54. The ratio was 0.67 at 30 June 2007;
- total Operating Profit divided by the Cost of Net Financial Debt shall remain above 5 for the entire duration of the loan. At 31 December 2006, this ratio was equal to 11.6. The ratio was 11.7 at 30 June 2007.

Net financial debt applied in these calculations includes the earnouts relating to the acquisitions recognised under fixed asset liabilities (see note 16), and does not include employee profit sharing.

33.5 Contingent liabilities

No contingent liabilities need to be taken into account.

Note 34 | Exceptional events and legal disputes

To the Company's knowledge, there are no exceptional events or legal disputes that may have a material effect on its financial position, revenue, business assets, or net profit, or those of the Group as a whole.

Note 35 | Post-balance sheet events

There were no significant post-balance sheet events.

Note 36 | Rates of conversion of foreign currencies

€1/currency	Average rate for the period			Period-end rate		
	1st half 2007	1st half 2006	Financial year 2006	30/06/2007	30/06/2006	31/12/2006
Swiss franc	1.6346	1.5666	1.5766	1.6553	1.5672	1.6069
Pound sterling	0.6755	0.6888	0.6818	0.6740	0.6921	0.6715
Swedish krona	9.2279	9.3237	9.2515	9.2525	9.2385	9.0408
Romanian leu	3.3127	3.5336	3.5115	3.1340	3.5703	3.3835
US dollar	1.3338	1.2369	1.2617	1.3505	1.2713	1.3170
Canadian dollar	1.4973	1.3970	1.4253	1.4245	1.4132	1.5281
Australian dollar	1.6430	1.6631	1.6678	1.5885	1.7117	1.6691
Hong Kong dollar	10.4208	9.5971	9.8020	10.5569	9.8745	10.2407
Singapore dollar	2.0368	1.9802	1.9962	2.0664	2.0137	2.0202
Yuan (Ren-Min-Bi) (China)	10.2721	9.9258	10.0422	10.2816	10.1648	10.2796
Rupee (India)	56.4635	55.8549	57.1429	54.8112	58.8092	58.3090
Ringitt (Malaysia)	4.6091	4.5504	4.6170	4.6626	4.6714	4.6490
Korean Won	1,246.2934	-	-	1,247.7300	-	-

3. Statutory auditors’ report on the interim consolidated financial statements

To the shareholders,

In our capacity as statutory auditors, and in accordance with Article L.232-7 of French Company Law (*Code de Commerce*), we have performed the following procedures:

- a limited review of the consolidated financial statements of Sopra Group for the six-month period from 1 January to 30 June 2007, which precede this report;
- the verification of the information provided in the report of the Board of Directors for the six-month period ended 30 June 2007.

These interim consolidated financial statements were prepared under the responsibility of the Board of Directors. Our responsibility is to issue a conclusion on these financial statements based on our limited review.

We conducted our limited review in accordance with French professional standards. A limited review of the interim financial statements consists of obtaining the information deemed necessary, primarily from staff responsible, concerning accounting and financial aspects, and of implementing analytical procedures as well as any other appropriate procedures. Such a review does not comprise all of the verifications carried out in an audit performed in accordance with professional standards applicable in France. It does not therefore provide the assurance of having identified all of the significant issues that could have been identified in the course of an audit and as a result of this we do not express an audit opinion.

Based on our limited review, we have not identified any significant anomalies which would cast doubt on the compliance, in all significant aspects, of the summary interim financial statements with IAS 34 – IFRS standard, as adopted in the European Union – relating to interim financial information.

We have also examined, in accordance with French professional standards, the information contained in the report of the Board of Directors for the six-month period ended 30 June 2007 submitted to our limited review.

We have nothing to report with respect to the fairness of such information and its consistency with the interim consolidated financial statements.

Paris and Courbevoie, 29 August 2007

The statutory auditors

Auditeurs & Conseils Associés	**Mazars & Guérard**
Philippe Ronin	Pierre Sardet

4. Statement by the company officer responsible for the interim financial report

I declare that, to the best of my knowledge, the condensed consolidated financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of Sopra Group, and that this interim financial report includes a fair review of the events that occurred in the first six months of the financial year and their impact on the interim financial statements, in addition to the risks and uncertainties for the remaining six months of the financial year.

Paris, 29 August 2007

Pierre Pasquier

Chairman and Chief Executive Officer

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