Sopra group

Reference Document 2010

ANNUAL FINANCIAL REPORT

TALENTED TOGETHER

Elements of the Annual Financial Report are clearly identified by the AFR pictogram AFR

Sopra Group

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ANNUAL FINANCIAL REPORT

The original French-language version of this Reference Document was registered with the *Autorité des Marchés Financiers* (AMF) on 8 April 2011 pursuant to Article 212-13 of its General Regulations. The French-language original may be used as a basis for a financial transaction if it is supplemented by a prospectus authorised by the AMF. This document was prepared by the issuer whose authorised signatories alone assume responsibility for its content.

Copies of this Reference Document may be obtained by submitting a request to Sopra Group, Director of Communication, 9 bis rue de Presbourg, 75116 Paris, France, via our website: *www.sopragroup.com*, or via the website of the AMF: *www.amf-france.org.*

Pursuant to Article 28 of Commission Regulation (EC) No. 809/2004 of 29 April 2004, the following information is included with respect to this Reference Document:

1. Relating to financial year 2008:

- the management report and the consolidated financial statements, in addition to the Statutory Auditors' report on the consolidated financial statements, included in the Reference Document filed on 20 April 2009 under number D. 09-0277 (pages 47 to 62 and 63 to 114, respectively);
- the individual company financial statements of Sopra Group in addition to the Statutory Auditors' report on the individual company financial statements included in the Reference Document filed on 20 April 2009 under number D. 09-0277 (pages 115 to 135);
- the Statutory Auditors' special report on regulated agreements and commitments included in the Reference Document filed on 20 April 2009 under number D. 09-0277 (pages 136 and 137).

2. Relating to financial year 2009:

- the management report and the consolidated financial statements, in addition to the Statutory Auditors' report on the consolidated financial statements, included in the Reference Document filed on 27 April 2010 under number D. 10-0329 (pages 47 to 64 and 65 to 114, respectively);
- the individual company financial statements of Sopra Group in addition to the Statutory Auditors' report on the individual company financial statements included in the Reference Document filed on 27 April 2010 under number D. 10-0329 (pages 115 to 135);
- the Statutory Auditors' special report on regulated agreements and commitments included in the Reference Document filed on 27 April 2010 under number D. 10-0329 (pages 136 and 137).

The information included in both of these Reference Documents other than the information mentioned above, has been replaced and/or updated, as applicable, by the information included in this Reference Document.

This document is a free translation into English of the original French "Document de référence", referred to as the "Reference Document". It is not a binding document. In the event of a conflict in interpretation, reference should be made to the French version, which is the authentic text.

Société anonyme

with share capital of €47,415,780.

326 820 065 RCS Annecy

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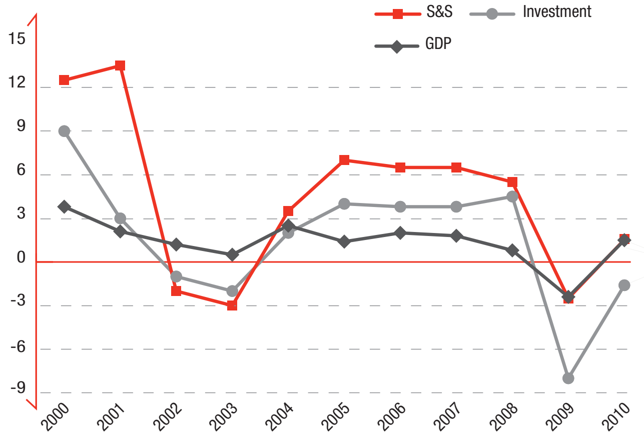
Sopra Group:
OUR BUSINESS

1. An overview of the IT services sector

1.1. Sector activity in 2010

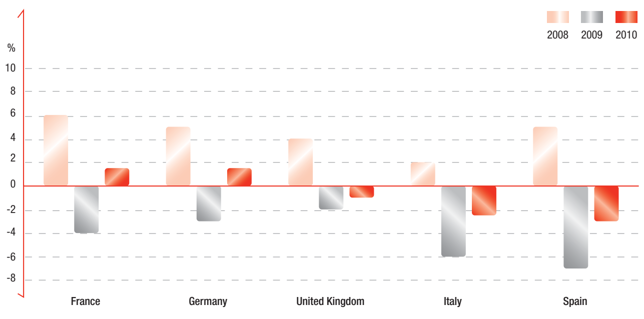
In France, the Software and Services sector (S&S) recorded weak revenue growth in 2010 of 1.5%. This slim improvement in business activity came on the heels of five consecutive years of growth among companies in the sector followed by a decline in 2009.

Between 2000 and 2008, this sector's growth largely exceeded that of the French GDP, also outperforming the corporate investment rate. In 2009, companies in the sector managed to limit the decline in revenue and in 2010 they returned to growth, as shown in the graph below:



Source: Syntec Numérique, INSEE.

In Western Europe, growth in revenue for the Software and Services sector varied from one country to the next in 2010:



Source: PAC, Syntec Numérique, EITO.

The recovery in 2010 was especially strong toward the end of the year and has continued to strengthen further in early 2011. As economic uncertainty lingers, downward pressure on selling prices remains acute.

Three verticals are the main drivers of this growth:

- the public sector;
- financial services (banking and insurance);
- utilities.

Clients are beginning to focus their investments on new applications and major transformation programmes with the aim of increasing their competitiveness. In addition, clients are shifting their IT investments to applications that place the customer relationship front and centre as opposed to a strategy based on their internal processes and back-office functions.

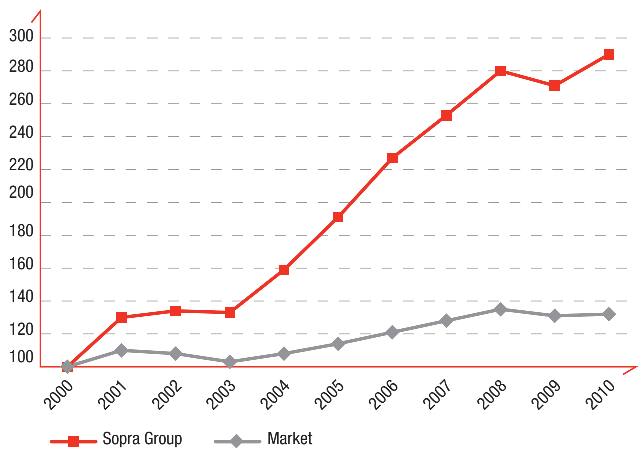
Software publishers were more resilient than IT services companies in 2010. Syntec Numérique estimates their growth at about 2.5%, following a decline of 3% in 2009. In this part of the sector, we note the increasing adoption of the SaaS delivery model, although business volumes still remain low.

1.2. Outlook for 2011

Syntec Numérique anticipates that the French software and services sector will see growth of around 3.5% in 2011. Three main drivers are expected to spur this growth:

- innovation, which will favour new applications incorporating the latest advances in technology (B2B, B2C, Business Intelligence, CRM, technical computing and embedded systems, etc.);
- major transformation programmes, which will entail the redesign of internal and external processes over a period of several years – an area where very few IT services companies are equipped to offer their services;
- maintenance and improvement of existing applications (adaptation to new offerings, changes to reflect regulatory requirements, etc.), resulting in application outsourcing contracts.

1.3. Development of Sopra Group in comparison to its sector (basis of 100 in 2000)



Source: Syntec - Sopra Group.

In recent years, Sopra Group has proven its capacity to outperform its sector. Today, the Group is fully aware of the challenges faced by the IT services sector and constantly adapts in order to remain among the sector's best performing companies.

2. History of Sopra Group

Founded in January 1968 by Pierre Pasquier, Léo Gantelet and François Odin, Sopra Group is one of Europe's longest established IT services companies.

From the outset, Sopra Group positioned itself in all of the IT services sectors and soon became a key player in the French market.

In 1990, Sopra Group was successfully listed on the *Bourse de Paris*. Prior to this initial public offering, a first share subscription option plan was set in place for the vast majority of employees. From that time on, Sopra Group has maintained a balance between organic growth and growth through acquisition.

2.1. The most significant acquisitions

2.1.1. France

- In 1996, Sopra Group acquired SG2 Ingénierie. This influx of 650 employees considerably strengthened the Company's presence in Paris, the French provinces and Belgium;
- in 2000, Sopra Group acquired Orga Consultants, which specialises in strategy, management and organisational consulting, with a workforce of 200. This acquisition enabled Sopra Group to develop a high-level consulting business;
- in December 2003, Sopra Group acquired Inforsud Ingénierie from Crédit Agricole. This acquisition reaffirmed Sopra Group's dominant position in the banking sector and solidified its uncontested leadership in lending management and smartcard technologies;
- in July 2004, Sopra Group acquired Valoris, a European consulting and IT services company employing a staff of nearly 500. Its offer of services ranges from strategy consulting to the management of IT architectures. Valoris is a market leader in the following areas: Business Intelligence (BI), Customer Relationship Management (CRM), Portals and Content Management.

2.1.2. Europe

Sopra Group has expanded through acquisitions and is firmly focused on becoming a European leader in systems integration:

- after having opened its first international office in **Switzerland** and having obtained, with the acquisition of SG2 in 1996, its equivalent in **Belgium**, between 1999 and 2001 Sopra Group's international network began to take shape, with the acquisitions of Mentor in the **United Kingdom**, Organizacion Guver, Dipisa, Newpath Consulting and Newpath GS in **Spain**, and ITI SpA in **Italy**;
- in 2005, Sopra Group accelerated its development in the United Kingdom and Spain:
  - by the acquisition of Newell & Budge in the **United Kingdom** as well as its Irish and Indian subsidiaries. The market leader in Scotland, supported by a staff of over 600 (including more than 100 employees of the India-based subsidiary Momentum Technologies), this company provides a complete range of consultancy, delivery and support services.

    As the positioning of Newell & Budge complements that of Sopra Group in the United Kingdom, the combined entity benefits from complete geographic coverage of this market, a highly skilled and experienced workforce and a strengthened client base, particularly in the financial services, public sector and telecoms verticals,
  - by the acquisition of PROFit SA, based in **Spain** and **Portugal**, which offers its blue chip clients a full range of IT services, encompassing consulting as well as the implementation of solutions and application outsourcing services. PROFit has developed its value-added offerings in the banking, energy, telecoms and public sector verticals.

    As the positioning of PROFit complements that of Sopra Group in Spain, the combined entity benefits from complete geographic coverage of this market (Barcelona, Madrid, Seville, Valencia, Vitoria) and Portugal (with a presence in Lisbon), a highly skilled and experienced workforce and a strengthened client base, particularly in the financial services, telecoms, public sector and retail verticals.

2.2. Axway Software subsidiary

In 2001, the Group decided to use its **Axway Software** subsidiary to make inroads into the Enterprise Application Integration (EAI) market and set about becoming a global player in the field:

- **Axway Software** was set up (400 employees and revenue of €50 million) in 2001 to take responsibility for the entire EAI business. Axway draws upon Sopra Group's considerable experience and expertise in project management while combining specialist know-how, a powerful sales force and a loyal client base;
- in 2002, the Group acquired the integration business of **Viewlocity Inc.**, beginning with its **European** subsidiaries and then acquiring units in **Asia** and the **United States**. This acquisition rounded out Axway's offer with products specialised in Electronic Data Interchange (EDI) and gave it global geographic coverage. Thanks to this deal, Axway became a major EAI services company with a staff of 600;
- in early 2006, the Group acquired Cyclone Commerce in the **United States**. This merger was in keeping with Axway's worldwide development strategy. The complementary positioning of the two companies created a global leader in the B2B, SOA and collaborative services domains, capable of serving the needs of the largest clients;
- in early 2007, the Group acquired the B2B software business of Atos Origin in **Germany**. This acquisition made Axway the undisputed European leader in B2B software platforms and significantly reinforced its presence in Germany, the largest market in Europe for this sector;
- in September 2008, the Group acquired Tumbleweed Communications Corp. This acquisition has enabled both companies to strengthen their positions in the B2B/file transfer market while delivering a significant boost to Axway's North American revenue.

As part of its international expansion strategy, Sopra Group works closely with Axway to maintain and amplify Sopra Group's growth drive, focusing on consolidating its leadership positions in key European markets.

Sopra Group's worldwide organisation ensures that it is able to leverage its successes from one market to the next. In this way, the Group aims to solidify its positioning as a leading provider of Consulting and Systems and Solutions Integration services of French origin, supported by a strong presence in the banking and insurance sectors, with an extensive regional footprint in France and a carefully managed cross-border growth strategy.

3. Sopra Group's businesses and strategy

Sopra Group is a leading European provider of IT consultancy and services.

Sopra Group's core competence is to provide assistance and guide its clients so as to ensure the success of their transformation projects focusing on their business processes and their information systems. This competence rests on:

- three complementary business lines;
- specialised technology expertise;
- a European presence;
- broad segment coverage;
- sound fundamentals.

3.1. Strong market positions underpinned by three complementary business lines

3.1.1. Consulting

Marketed under the brand Sopra Consulting, the Group's consultancy services are backed by the combined strength of 700 consultants, making Sopra one of the market's leading players. Our teams mainly offer expertise in management consulting, technology consulting and project management support.

These resources are brought to bear to meet three key types of challenges faced by our clients:

- improvement in operating performance;
- business development and expansion;
- organisational restructuring.

3.1.2. Systems and Solutions Integration

Systems and Solutions Integration is Sopra Group's traditional core business, serving major clients over the entire life cycle of their application portfolio. In this business segment, our services may be broken down into three main categories:

- continuous improvements in the client's portfolio of existing applications, measured by the progress of application services provided to business lines and the often considerable decline in costs associated with these services. To meet these challenges, one of the key competencies we offer relates to the industrialisation of application maintenance, which extends to increasingly broad and substantial areas;
- the implementation of innovative solutions in order to enhance existing applications. These solutions serve our clients in helping them to expand their uses, business lines or practices. This may involve, for example, the development of new sales or recommendation channels, new service offerings, expanded mobility or enterprise social networks. The possibilities offered by technology innovations and their potential impact on the businesses of our clients create numerous opportunities. In this type of project, we help clients assess and integrate innovations within their business lines and their information systems;
- the restructuring of information systems reflects a need for radical transformation in order to resolve burdensome business challenges. Whether this relates to the integration of a major acquisition, ensuring the consistency of processes and the related processing cycles, completely overhauling core business processes or modifying the value chain, more often than not a thorough remodelling of the information system is required. In this case, we help clients identify and implement solutions that will enable them to attain their target without any interruption in service and by making the best possible use of the existing system.

3.1.3. Sopra Group Solutions

Sopra Group offers packaged, industry-specific solutions in three areas: retail banking, real estate and human resources.

- **Retail banking:** this range of solutions is marketed under the Evolan brand. It serves all the needs of retail banking clients and is designed to remain viable within information systems over the long term. The Group's clients for this range of solutions are comprised of very large, top tier banks, with modules relating to loans, payments, smartcards, distribution and reporting, as well as medium-sized, second and third tier banks, with an integrated solution covering all areas of retail banking. In 2010, banks resumed their investment programmes. Two market trends have become prominent, creating new opportunities for Evolan:
  - the advent of new production/distribution models whereby back office production functions are pooled and sometimes assured by a single "factory", while distribution is handled on an individual basis, applying multiple and distinctive approaches;
  - the convergence of organisations and information systems within large cooperative banking networks;

- **Real estate management:** Sopra Group's powerful, end-to-end offering designed for this sector enjoys a strong reputation and a very positive brand image. Sopra Group is the leading provider of real estate management solutions in France. Our solutions cover all aspects of this business sector: homes, offices, shopping centres, warehouses, etc.;
- **Human resources:** Sopra Group's offering goes by the name of Pléiades. It covers payroll, time recording and human resources management. In addition to this line of software solutions, Sopra Group also offers IT facilities management services related to payroll. In all, Pléiades solutions are used to process information relating to more than two million employees. Due to Pléiades' feature richness and its time recording functionality, these solutions enjoy an enviable position among large and medium-sized organisations with a need to handle complex payroll situations.

3.1.4. "Continuum of services"

Our three business segments form a continuous value chain that we refer to as a "continuum of services", which allows us to provide end-to-end support for the transformation projects of our clients.

Our chain of value creation thus consists of four links and applies to all types of projects carried out by the Group:

Guidance/conception/building/maintenance

- guidance: this link mainly involves the upstream stages of a project, in which an audit, a diagnosis or an opportunity analysis is necessary to clarify the issues at hand and help the client define the guidelines, objectives, target vision and approaches to a project;
- conception: giving formal shape to an organisation, a business process, specifications for an application, etc.;
- building: setting up an organisation, a process with its operating methods, integrating an existing software solution or developing one specifically to meet the client's requirements, etc.;
- maintenance: ensuring the long-term viability of the solution implemented, through optimisations and adaptations, as needs evolve.

3.2. Sopra Group technology specialisations

3.2.1. Architectures

The increasing use of information systems to support cross-functional and more open business processes (clients, partners, suppliers, etc.) has revealed a disconnect between the new Web-based front office, where many strategic developments have been focused, and the organisation's legacy applications, guarantors of its business objectives. The information system must thus be organised in order to serve "quickly and well" without any loss of integrity or degradation in performance and while continuing to rein in costs.

In order to address this major challenge and assist its clients with the transformation of their information systems, Sopra Group offers a **comprehensive service offering in IT architecture.**

The aim of these **consultancy**, **assistance** and **integration** services is to gradually obtain a cohesive target with a view to implementing a **well-controlled, robust** and **long-lasting** IT architecture so as to ensure that the information system:

- is more **open** and **interoperable** with its ecosystem;
- adapts to changing business and technical requirements more **rapidly**;
- optimises **costs** for the ownership and operation of software and equipment.

This architectural competency is brought most visibly to the fore in the implementation of the exchange systems at the heart of today's redesign projects for large and complex information systems.

3.2.2. Enterprise resource planning (ERP)

Enterprise resource planning (ERP) software packages are used to manage the functions and processes of an entire organisation. They clearly represent a market standard approach and are often the core component of the organisation's existing management solutions.

As ERP packages are central to the administrative and financial management of the organisation, they must continually adapt to new management challenges:

- improved process effectiveness;
- changes in the organisation as part of its market adaptation cycle;
- regulatory requirements;
- solutions based on innovative technologies and adding new features and enhancements (CRM, SCM, BI, HR, PLM, etc.);
- reduction in ownership costs.

We help our clients address these challenges and adapt their ERP packages.

The offering encompasses both types of ERP packages:

- global ERP solutions: offering comprehensive expertise related to the SAP and Oracle E-Business Suite packages;
- specialised ERP solutions: offering a sector-based and/or business line approach to packages such as QAD, Microsoft Dynamics AX, Oracle/JD Edwards, Qualiac, TXT or GeneriX.

Sopra Group's ERP offering is built on the foundation of its long-term partnerships with major software publishers and is backed by the proven track record of its more than 2,000 ERP consultants, firmly positioning the Group in the top echelon of European providers of services in support of ERP-related transformation projects.

3.2.3. Business intelligence (BI)

Thanks to its broad expertise in business intelligence, Sopra Group offers a full range of services: business strategy support, management and control of business performance, architecture consulting, technology consulting covering all market-leading solutions, integration projects and industrial service centres.

In particular, Sopra Group helps its clients to:

- align BI information systems with the organisation's strategies;
- meet new user requirements: mobility, business process specialisation (marketing, finance, etc.), real-time decision making, etc.;

- give the BI information system flexibility and agility by focusing on improvements in BI architecture, info-centre and data mart rationalisation, private clouds;
- fully utilise the information provided by their ERP system, other packages (CRM, HR, etc.) and reference frameworks using a master data management (MDM) approach;
- manage and optimise the development of BI information systems, reacting quickly as needs evolve and maintaining a long-term perspective (service centre/application management approach).

3.2.4. Portals and other collaborative solutions

With the advent of Enterprise 2.0, the emphasis on collaborative work and the development of social networks, organisations need a new generation of interactive platforms able to bring users together (employees, customers and suppliers) and ensure efficient sharing of resources, services and knowledge.

Collaborative portals and solutions are meeting this need and serve as a single point of entry to the organisation's data and applications.

Our teams guide clients in their use of these solutions, offering support in relation to the technologies involved in the solutions as well as their functional aspects, so as to solidify their rightful status as major drivers of transformation.

3.2.5. Customer relationship management (CRM)

Under the impact of the growing digitisation of a broad array of economic activities, its extension into the social sphere and resulting changes in behaviours, the challenges addressed by CRM and, in a wider sense, all processes involved in the management of customer relations are evolving rapidly. CRM systems must therefore respond to these new needs as they arise or anticipate them in the following ways:

- make the most of customer knowledge using a truly individualised approach;
- integrate knowledge of events in the customer life cycle in real time;
- orchestrate the openness and responsiveness of customer interaction channels;
- instil a collaborative approach to process requests from multiple actors across multiple channels;
- in an increasingly information-rich world, achieve recognition as a trusted and attentive partner;
- propose an offering structured around use and the benefits provided to the customer;
- move from a focus on proposing an offering to one built on responding to the specific needs of customers;
- integrate information on events in progress when handling requests or sales opportunities;
- take part in, stimulate or even serve as moderator for exchanges between customers over social networks.

Sopra Group helps its clients to embrace these new imperatives, building the required know-how and developing their information systems, transforming their challenges into opportunities, enhancing their competitive edge, ultimately attaining customer relationships that are individualised, interactive and firmly in the moment.

3.2.6. Mobility

One of the major technological shifts over the last few years is the complete and universal appropriation of smartphones and tablet computers by the general public and by organisations. By 2015, there will be 10 billion mobile devices in use worldwide and more people will be accessing the Internet via these devices than with wired devices! These devices are being used for an ever larger number of purposes, leaving the field wide open for the development of applications able to interact with the customer or user and to boost process effectiveness. We offer our clients end-to-end assistance, from the definition of their mobility strategy to the operational launch and the integration of new developments. Our teams have acquired the necessary technical skills and expertise relating to the market's leading mobile platforms (Symbian, BlackBerry, iPhone, Windows Mobile, Google).

3.2.7. E-commerce

In less than 10 years, the Internet has become an indispensable channel for expansion by companies distributing their products to consumers (B2C) and to professionals (B2B). In this universe, the sales process is fully supported by the information system providing a many-linked chain of IT services (e-catalogue, e-payment, e-marketing, etc.). To ensure the success of an e-commerce solution, its architecture must be consistent with, and in service to, business processes, while guaranteeing the integration of the company's existing applications (ERP, CRM, etc.). For many years, we have been helping our clients give shape to their online sales processes, translate these processes into IT solutions and integrate them within their information systems using market-leading solutions (both open source and provided by major software publishers).

3.2.8. Software Engineering for Scientific, Technical and Industrial Applications and Embedded Systems (STIE)

STIE covers all design, development and maintenance activities pertaining to software-based operational systems. These systems are those at the heart of our clients' products and without which devices such as mobile telephones, aircraft, satellites, ships and nuclear power stations would be unable to function or even be conceived. Their critical nature is related to their uses (transportation of persons, management of high energy capacities, military applications) and the environment in which they must be used (radiation, vibrations, extremes of temperature). Sopra Group is a major player in this area, involved in this sector's largest projects as a partner of choice for Europe's major companies. The Group provides consultancy, integration and ongoing maintenance in this area, mainly in France, the United Kingdom and Spain, supplemented by its offshore capacities.

3.2.9. Innovation

Sopra Group is also organised to make the best possible use of innovative technologies able to create value for its clients' business lines and information systems. We keep a constant eye on technological advances and have the necessary expertise to rapidly leverage innovations, frequently transforming these opportunities into effective solutions ready to be installed within our clients' systems. In this manner, we are currently working in areas such as RIAs (rich interactive applications), MDE (model-driven engineering), m-commerce, social business networks and private clouds.

3.3. Sopra Group: a truly European group owing to its geographic reach and its client base

With firm roots in France, the Group is also present elsewhere in Europe (United Kingdom, Spain, Italy, Switzerland and Belgium) and has forged partnerships with other European players in the IT services sector.

Sopra Group's European strategy is in large part a result of its excellent position with several key accounts. The Group's European presence is a strategic imperative lending credence to its capacity to serve major French clients not only in France but also in their subsidiaries and establishments located in other European countries. This is an essential aim as an adjunct to the local activities of each of our entities across the region.

Our objective in these countries has been and remains to build solid competencies in our business lines and to provide a continuum of services for our clients in all their geographic locations.

In 2010, revenue generated outside France represented 19% of Sopra Group's total revenue.

Spain accounted for 7% of Sopra Group revenue, the United Kingdom 6%, with Italy, Switzerland and Belgium together accounting for 6%.

Sopra Group also maintains a very active partnership with Acondo, a company enjoying a strong presence in Germany and the Scandinavian countries, in order to participate in large projects requiring coverage of these regions.

3.4. Broad segment coverage

Sopra Group is present in the following main business segments:

- financial services, in particular retail banking;
- aerospace and defence;
- public sector;
- telecoms;
- energy and utilities;
- retail.

In all of these segments, we target key accounts.

3.4.1. Financial services

Sopra Group has served the financial sector since the early days of the company. Retail banks were Sopra Group's first clients in this segment. All of our business lines contribute to our presence in this segment. But we enjoy a particularly strong position owing to our Evolan range of solutions and the breadth of our offerings for banking clients. Leading French banks make use of our solutions for their main processing cycles, including lending, payments, smartcards, risk management and compliance.

Financial services represented 29% of Sopra Group's revenue in 2010.

3.4.2. Aerospace and defence

In application of the strategic priority to focus on key accounts introduced in 2005, Sopra Group has become a leading player in these two segments. We provide value-added services to major aerospace and defence clients in France, Germany, England and Spain: service centres, application management and fixed-price projects, relating to embedded systems. Our main clients are EADS, Safran, Thales and the French Ministry of Defence.

Aerospace and defence represented 11% of Sopra Group's revenue in 2010.

3.4.3. Public sector

Sopra Group enjoys long-standing relationships with French government agencies and, over the last several years, has reinforced its status as a partner able to assist these organisations with all aspects of the vast series of reforms launched to modernise their procedures (performance, user relations, regulations, paperless processes, interoperability, etc.).

On behalf of large public sector organisations in France (ministries, health and social welfare providers, regional authorities), Sopra Group offers recognised expertise, tailored to address today's major challenges and encompassing all necessary aspects of procedures (professional, technological, economic).

Our aim is therefore to provide end-to-end assistance to public sector organisations in managing their major transformation projects.

Our full complement of services thus includes consultancy for planning and analysis, project management for major reform programmes and the continuous improvement of existing applications used by major public sector organisations.

The public sector represented 16% of Sopra Group's total revenue in 2010.

3.4.4. Telecoms

Sopra Group works for the market's leading telecoms operators and ranks among the top three IT services companies active in this segment. We support the core business processes of these operators, primarily in solutions integration but also by providing assistance for specific business lines and programme development. Our services cover most of the stages in the customer life cycle for these operators: sales, multi-channel customer relations, management of the catalogue of products and services, network activation of services, as well as the processing of usage information, invoicing and receivables collection. Our projects are built around market-leading telecoms software packages and a number of innovative technologies.

This segment accounted for 10% of Sopra Group's total revenue in 2010.

3.4.5. Energy and utilities

For more than five years, Sopra Group has seen double-digit growth in this strategic sector which has been the focus of considerable innovation. Sopra Group supports the information systems of the sector's leading players, including EDF, GDF, Veolia and Total. The Group provides its entire range of services to these operators, from consulting to integration, customised to the needs of their main business activities: energy production, nuclear energy, distribution, transmission, commercialisation, support functions. Sopra Group's strategy is to accelerate its development by acquiring key positions in this sector, in major transformation projects and innovative vertical solutions.

Taken together, energy, utilities and services accounted for 20% of Sopra Group's total revenue in 2010.

3.4.6. Retail

Building loyalty and developing business with an increasingly well-informed and demanding customer base, optimising purchasing and procurement performance, innovating via multi-channel sale and marketing concepts that set our clients apart from their international competitors – these are the business challenges addressed by the major mass-market and specialised distributors and retailers Sopra Group has served and supported for more than 15 years.

Multinational firms in the retail vertical need information systems able to meet especially stringent requirements in terms of agility and responsiveness. Sopra Group has built up a genuinely high level of expertise in this sector and is able to provide end-to-end assistance to its clients, from the early project management phases to the integration of specialised and high value-added solutions meeting specific business needs across multiple countries, retail formats and store chains.

Sopra Group's service offering runs the gamut, from consultancy and expertise related to functional aspects of the retail and distribution business, to solutions integration and application outsourcing, helping its clients across this entire sector to reduce time to market and optimise their operational effectiveness.

Retail represented 8% of Sopra Group's total revenue in 2010.

3.5. Sound fundamentals

3.5.1. Overall managerial model: the "intrapreneur" (see §4 Group organisation)

- Sopra Group's management is organised around three hierarchical levels: Executive Committee, Divisions and Branches.
- All managers, at each of these three levels, are granted **overall responsibility** covering sales, production and economic management.
- Depending on the issues involved or their complexity, the management of certain major contracts is escalated to the Division or Executive Committee level.
- Each level enjoys operational autonomy but all are managed through a general framework of structured procedures promoting **a strong culture of commitment and high performance**. This culture of high performance is reinforced by the Group's resolute independence, a conviction shared by all managers.

3.5.2. Quality and productivity: a policy of continuous industrialisation

The period of strong growth experienced by the Group in 2003–2009 was reflected in significant changes in the types of projects handled: increasing prevalence of larger and more complex projects, rising proportion of fixed-price offerings, increasingly legalistic nature of contracts and the associated risks, constant downward pressures on prices and the resulting need to ensure strong gains in productivity.

Consequently, one of the main challenges of this period for Sopra Group was to ensure constant improvements in the industrialisation of its production methods, by focusing on five main areas:

- Sopra Group's **production culture**, built on the transmission of relevant knowledge, skills and attitudes in the field, by management and through organised peer support;
- **Human Resources personnel** (see §8), who serve a critical function in the deployment of procedures:
  - considerable care is devoted in the **assignment of staff to projects**, making a substantial contribution to project success. This degree of attention is found in all aspects of human resources management,
  - training and mentoring actions, in order to rapidly **build staff competencies** so that they are able to assume greater responsibilities in relation to projects;
- the **organisation**: establishment of an Industrialisation Department and its representatives in all the operational business units whose responsibilities are to:
  - identify and handle risks,
  - coach project managers,
  - monitor production quality;
- **industrialisation tools**, consisting of:
  - the quality system,
  - specific methods, especially eMedia,
  - related software tools;
- **Service Centres**: for a number of years, Sopra Group has focused efforts on streamlining the operations of its production centres. Between 2003 and 2009, efforts in this area were reinforced with the establishment of Service Centres in the main business units together with the creation of:
  - nearshore centres in Spain (Centre de Services de Madrid - CSM) and in Morocco for banking,
  - an offshore centre in India (Sopra Group India - SGI).

3.6. Axway

Axway provides infrastructure software that is used to develop and secure the electronic information exchange networks (business interaction networks) a business needs in order to interact with its ecosystem. These networks cover all interactions between internal entities (head office, subsidiaries, warehouses, sales outlets, etc.) and external entities (customers, partners, suppliers, regulatory authorities, etc.). They also support exchanges between applications (ERP, CRM, SCM, etc.) or between users and information systems. Axway is the only supplier on the market to offer a unified and consistent platform covering all interaction media (files, messages, e-mail, Web services, API, etc.) using either an upfront perpetual licence model (application licensed from Axway and deployed within the client's information systems) or a pay-per-use model (cloud computing or Software as a Service).

Now in use by over 11,000 clients in more than 100 countries, Axway's offerings include permanent support options to ensure the proper functioning of all installed solutions. More than 1,600 Axway professionals, experts in business interaction networks and present at the local level, supported by a select group of partners, work together to implement solutions. With an increasing proportion of the value chain based on sharing processes and information with the environment, managing all of these interactions is a strategic priority for businesses.

4. Investments in 2010

4.1. Main acquisitions

No acquisitions were made in 2010.

4.2. Research and development

The Group continued to pursue R&D initiatives during 2010 and set aside €59.3 million (€16.5 million for Sopra Group and €42.8 million for Axway) to develop, improve and expand its Axway services and proprietary solutions for banking, real estate and human resources applications, compared with €53.6 million in 2009. These amounts are gross amounts which do not take into account funding related to the research tax credit.

These R&D expenses, which relate mainly to the direct cost of staff dedicated to developing solution offers and software packages created by Sopra Group and Axway Software, have been recognised in full as operating expenses.

4.3. Facilities

A total of €15.5 million was invested in infrastructure and technical facilities against €11.2 million in 2009.

Investment in facilities comprised the following:

- Improvements, furniture, fixtures and fittings: €8.5 million;
- IT equipment: €6.9 million;
- Land and buildings: €0.1 million.

5. Key figures

In order to measure three-year operating performance, information for the 2010 financial year is presented before and after the restatement of the CVAE (see Chapter 5).

5.1. Financial summary

(in millions of euros)	2010	2010 restated for CVAE	2009	2008
Revenue	1,169.9	1,169.9	1,094.3	1,129.5
EBITDA	119.8	109.4	90.7	110.4
Operating profit on business activity	116.8	106.4	83.3	102.5
As % of revenue	*10%*	*9.1%*	*7.6%*	*9.1%*
Profit from recurring operations	114.0	103.6	80.3	100.9
As % of revenue	*9.7%*	*8.9%*	*7.3%*	*8.9%*
Operating profit	109.3	98.9	63.2	99.7
As % of revenue	*9.3%*	*8.5%*	*5.8%*	*8.8%*
Net profit attributable to the Group	74.8	74.8	27.2	58.2
As % of revenue	*6.4%*	*6.4%*	*2.5%*	*5.2%*
Total assets	929.0	929.0	865.3	924.4
Total non-current assets	471.0	471.0	442.9	456.6
Equity – Group share	364.5	364.5	281.7	268.3
Minority interests	0.0	0.0	0.0	0.0
Number of shares at 31 December	11,853,945	11,853,945	11,752,543	11,704,991
Basic earnings per share *(in euros)*	6.35	6.35	2.33	4.98
Diluted earnings per share *(in euros)*	6.33	6.33	2.33	4.96
Net dividend per share *(in euros)*	0.80*	0.80*	0.80	1.65
Staff at 31 December	13,310	13,310	12,450	12,450

* *Amount proposed to the General Meeting of 10 May 2011.*

5.2. Revenue by activity

(in millions of euros)	2010		2009		2008	
Consulting and Systems and Solutions Integration France	786.1	67.2%	741.6	67.8%	747.6	66.2%
Systems and Solutions Integration Europe	175.4	15.0%	170.5	15.6%	210.7	18.7%
Axway	208.4	17.8%	182.2	16.6%	171.2	15.1%
TOTAL	**1,169.9**	**100.0%**	**1,094.3**	**100.0%**	**1,129.5**	**100.0%**

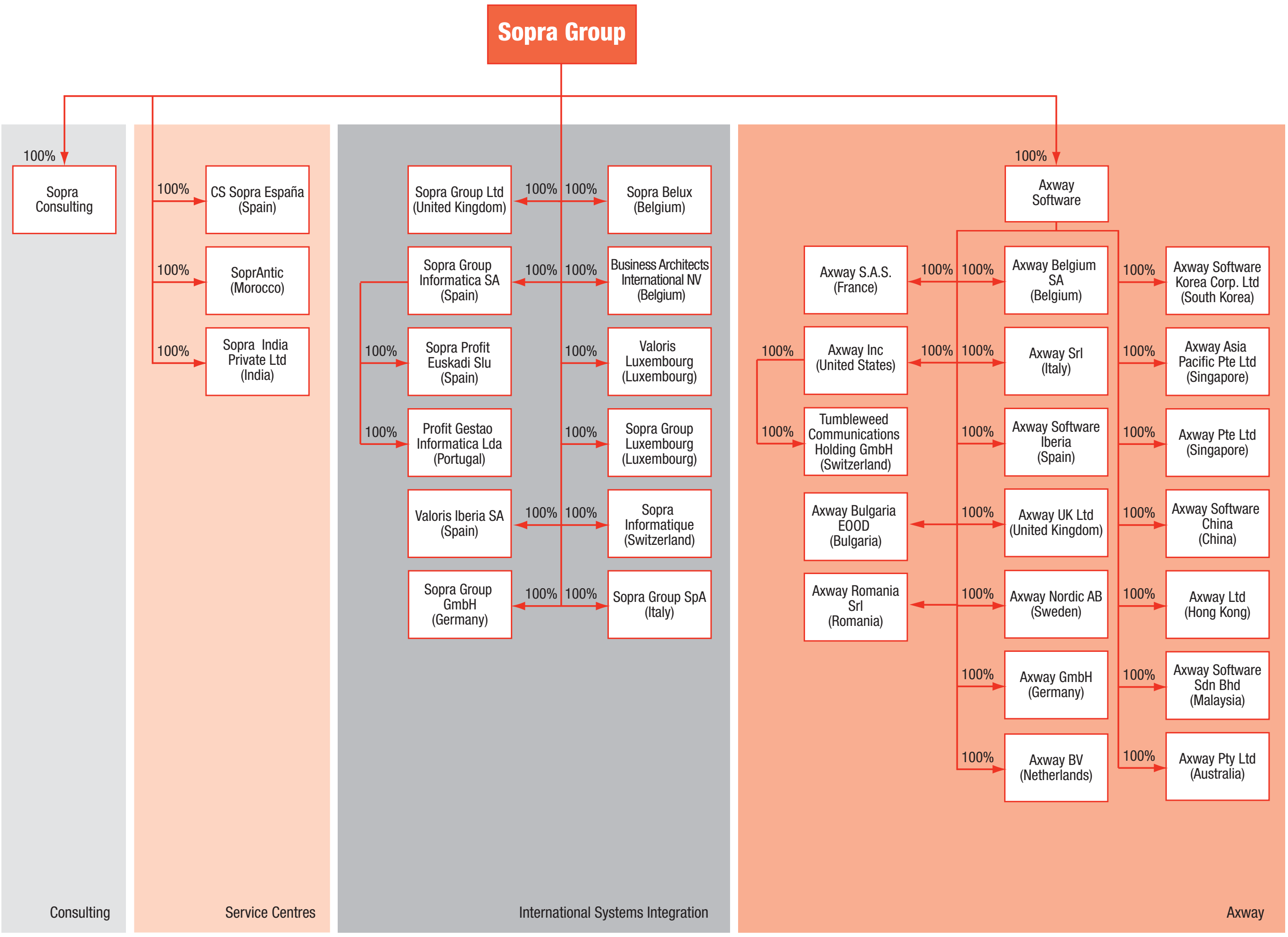
5.3. Revenue by business sector

	2010	2009	2008
Banking	21.5%	22.4%	24.0%
Manufacturing	17.2%	17.3%	19.7%
Services (including Real Estate)	19.6%	18.2%	18.0%
Telecom	10.2%	11.5%	12.0%
Public sector	16.3%	16.6%	13.6%
Insurance	6.8%	6.7%	6.4%
Retail	8.4%	7.3%	6.3%
TOTAL	**100.0%**	**100.0%**	**100.0%**

5.4. International revenue

(in millions of euros)	2010		2009		2008	
Systems Integration – European subsidiaries	175.4	15.0%	170.5	15.6%	210.7	15.6%
Systems Integration – Excluding European subsidiaries	43.9	3.8%	42.3	3.9%	48.0	4.2%
Axway	131.3	11.2%	112.8	10.3%	103.9	9.2%
International revenue	**350.6**	**30.0%**	**325.6**	**29.8%**	**362.6**	**32.1%**
TOTAL REVENUE	**1,169.9**	**100.0%**	**1,094.3**	**100.0%**	**1,129.5**	**100.0%**

6. Simplified group structure at 31 December 2010



7. Group organisation

Sopra Group's governance structure consists of a Chairman and Chief Executive Officer, a Managing Director and a Board of Directors.

This organisational structure is supported by an ongoing operational and functional structure as well as a temporary mission structure for the management of particular businesses and projects.

7.1. Ongoing structure

Sopra Group's ongoing structure is composed of three operational tiers and their associated functional structures.

7.1.1. Tier 1: Executive Management

Executive Management comprises the Chairman and Chief Executive Officer, the Managing Director and the Executive Committee (the COMEX).

The Executive Committee comprises the Chairman and Chief Executive Officer, the Managing Director and the Directors of the major operating entities.

Sopra Group's Executive Committee members are responsible for the development of strategy and supervise the organisation, management audit, functions and development of major client accounts of the Group.

7.1.2. Tier 2: Divisions and subsidiaries

This tier consists of entities having the status of divisions. Sopra Group's divisions are market-oriented and are organised around one of the following three parameters:

- business line (Consulting, Systems and Solutions Integration, Axway);
- geography (countries, regions);
- economic sector.

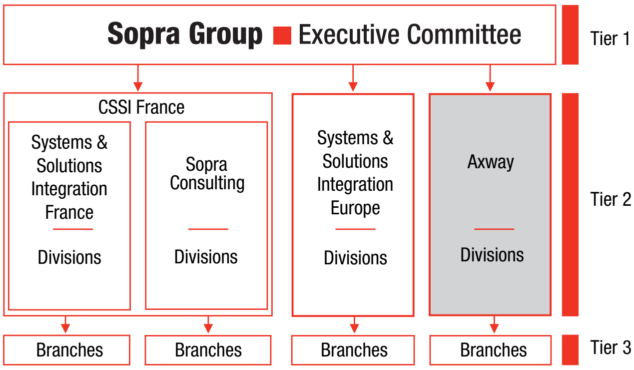
Tier 2 is the core level of the ongoing structure. The component entities of each division are autonomous branches with their own management, sales force and production teams.

7.1.3. Tier 3: Branches

Tier 3 is composed of branches, which constitute subdivisions of Tier 2 entities whose workforce exceeds a certain number of employees, that are fragmented at the geographic level or whose activities require separate management structures.

These branches are the organisation's primary building blocks. They operate as profit centres and enjoy genuine autonomy. They have responsibility for their own human resources, budgets, operating statements and results. They invoice their clients and manage debt collection. Steering meetings focusing on sales and marketing strategy and human resources are held weekly, and the income statement and budget are reviewed on a monthly basis.

The diagram below illustrates the three tiers of the ongoing structure:



7.1.4. Operational support functions

The operational organisation is reinforced by the presence of three central units providing assistance to the agencies and overseeing major transformation projects:

- the Industrialisation Department, which is responsible for the methods and tools used to ensure the quality of services and supervises the production of the Group's Service Centres for all major project commitments;
- the Major Commercial Programmes Department, which promotes the major account strategy;
- the Offerings Department, responsible for developing partner relations and new offerings.

7.1.5. Functional structures

Functional management (Corporate Secretariat, Finance, Logistics, Human Resources Management, Communication, Information System Resources, Internal Information Systems, Legal Affairs) is centralised for the entire Group. Functional managers contribute to overall Group cohesiveness, transmit and ensure commitment to the Group's core values, serve the operational entities and report directly to Executive Management. The functional capacity of international subsidiaries is strictly limited to the local business environment. Axway has launched an organisational project, which has resulted in the establishment of its own functional departments providing the entity with complete functional autonomy.

Functional structures standardise and propose management rules (information system resources, IT systems, financial reporting, etc.), support and render services on behalf of operational units and monitor the application of strategies and rules.

In this manner, they contribute to overall supervision and enable the operational entities to focus on business.

Their direct accountability to Executive Management ensures that the entire Group functions smoothly.

7.2. Temporary mission structure for business and projects

Sopra Group's organisation must retain flexibility in order to adapt to changes in its markets and ensure the successful completion of projects.

Projects are handled by temporary mission teams and are supervised:

- at the level of the Group's branches or business units;
- or under the authority of a pilot unit, established to leverage synergies across several branches.

Each project must be organised in order to meet a fundamental objective: client service guaranteeing the financial success and contributing to the overall growth of the Group.

Depending on their particularities (size, area of expertise, geographical zone covered) large-scale projects can be managed at the Branch, Division or Executive Management level. Certain larger projects requiring the resources of several branches may involve the creation of a Tier 3 profit centre.

8. Human Resources

8.1. Sopra Group's corporate culture

To support its development over the long term, Sopra Group's strategic orientations are examined and refined in the context of an Enterprise Project.

This Enterprise Project, which is generally revised every five years, includes an overall strategic vision and is grounded in a system of shared values. These values are communicated on a day-to-day basis across all levels of Sopra Group's organisation and enable the group to maintain its managerial performance at the required level.

8.1.1. Sopra Group's values

Sopra Group's business philosophy is built around five core values:

- client-focused services require availability, creativity and the commitment to meet, without exception, the expectations of our clients;
- quality orientation and professional excellence inspire us to achieve excellence at the first attempt, to work consistently and rigorously to maintain these standards, through innovation and the renewal of know-how;
- respect (for employees, clients and shareholders) demands attentiveness to others, honouring commitments and developing skills;
- proactive and effective approach prompting staff to face competitive challenges head-on, set ambitious goals and choose the path of confidence;
- the Group spirit favours communication, teamwork and joint efforts while continuing to satisfy the expectations of clients by applying a global approach.

8.1.2. Sharing Group values and fundamentals, and integrating new staff

Sopra Group's system of values and fundamentals must be shared by our entire workforce, which consisted of 13,310 employees at 31 December 2010. A programme has been set up specifically to communicate and ensure the commitment of all staff to these values, especially among the 2,370 new members we welcomed in 2010.

This programme is organised by **Sopra Group Academy**, the Group's training and knowledge management structure. Its aim is to accompany the Group's expansion through the implementation of plans for the development of skills and the sharing of knowledge in order to:

- serve the strategic vision for the development of the Group's business segments outlined in the Enterprise Project;
- meet the expectations of staff members in terms of personal development;
- disseminate the Group's fundamentals and encourage the exchange of knowledge through communities of practice;
- facilitate the integration of new hires and acquired companies;
- foster the Group's internationalisation;
- implement regulatory provisions for vocational training;
- build awareness of our know-how among our clients.

8.1.3. Orientation seminars and staff integration

Sopra Group regularly organises 3-day orientation seminars for its new employees with a view to discussing the Group's history, its corporate project, values and offerings, as well as the Group's fundamentals in the areas of client service and quality.

Sopra Group is conscious of the importance of successfully integrating new staff and also organises meetings bringing together employees having worked for the Group for between 18 and 24 months.

8.1.4. Management training

As part of its schedule of training programmes, Sopra Group has developed a specific course covering the fundamentals of the Group's corporate culture with respect to management, which has involved the participation of over 800 managers to date.

This training programme consists of residential seminars.

8.2. Change in the Group's total workforce

	2010	2009	2008	2007	2006
Workforce	13,310	12,450	12,450	11,320	9,910
o/w Executive level	12,960	12,080	12,070	10,950	9,600

In 2010, the Group recruited 1,310 new staff in France and 1,060 at its international subsidiaries. At 31 December 2010, the Group had a total of 13,310 staff, of which almost 4,490 were employed outside France.

8.3. Recruitment

In support of its recruitment drive, Sopra Group continued its partnerships with a group of prestigious engineering schools and internships (almost 85% of which were end-of-study internships with a very high proportion of permanent recruitment). The recruitment of certain experienced professionals (SAP, SOA, business intelligence, architecture and project management) was also stepped up.

The vast majority of newly recruited staff are offered open-ended contracts and have completed five or more years of higher education.

Staff turnover in France rose considerably from 7.1% in 2009 to 8.6% in 2010. This increase affected operating entities located in both Paris and the provinces, and was seen across all business sectors. Staff turnover across the Group as a whole rose from 8.9% in 2009 to 9.9% in 2010.

8.4. Analysis of workforce by age and length of service

At 31 December 2010, the average length of service in France for Sopra Group's productive employees was 6.8 years. This was stable compared to 2009.

The average age of productive employees remained at 34.7, stable compared to 2009. The maintenance of the average age at this level is the direct result of a recruitment policy targeting young graduates, with an average age of 27.1 years for newly recruited staff.

8.5. Development of human resources

8.5.1. Core Competency Reference Guide

All new staff members joining the Group do so with the intention of developing their skills and advancing in their chosen career.

Backed by the dynamism of its Enterprise Project and the diversity of its business segments, Sopra Group offers a motivating work environment conducive to the long-term development of a variety of professional careers.

The Core Competency Reference Guide describes all of the Group's business lines (Consulting, Systems and Solutions Integration, Application Outsourcing, Management, Sales) and helps employees grasp the demands of their positions as well as the possible career paths within the different areas.

8.5.2. Evaluation and career management

The evaluation of staff members allows us to optimise the performance of our organisations but it is above all the cornerstone of our human resources development system. This system relies on two tools: mission evaluations (focusing on performance and skills acquisition) and annual evaluation meetings (development and advancement plan).

These evaluations, in which the staff member plays an active role, are then discussed at HR department meetings held every six months, where decisions are made about promotion, training and compensation. They thus form part of the career management process for each employee.

8.5.3. Skills development

The Group places a priority on the training of its staff members.

In 2010, Sopra Group Academy concentrated on the consolidation of training programmes by overall business segment skills and the development of the knowledge management dimension so as to promote the exchange of knowledge and know-how, as well as the leveraging of best practices.

Efforts were directed in particular towards technology areas, industrialisation methods and tools, industry-specific solutions (a major focus) and the acquisition of core consulting and integration services-related competencies.

The key figures relating to our 2010 training actions in France are as follows:

- 31,000 training days;
- more than 5,900 staff members trained;
- more than 40% of the training was devoted to technological and solution-based skills acquisition.

8.5.4. Compensation

The Group's compensation policy is founded on the following objectives:

- respect for the principle of internal fairness;
- recognition of achievement and motivation of staff through a policy of compensation aligned with specific performance goals consistent with the Group's major challenges;
- remain competitive so as to attract and retain the most qualified candidates.

In 2010, Sopra Group adapted its salary policy to the challenging economic environment, delivering small and selective salary increases. The principle of individually tailored compensation packages was maintained.

8.6. Application of the provisions of Book 4 of Part IV of the French Labour Code

Sopra Group has signed profit-sharing and incentive agreements and has established a company savings plan.

The profit-sharing agreement currently in force was signed in April 2002. This agreement covers all employees of UES Sopra Group (Sopra Group SA, Axway Software SA). The special profit sharing reserve consists of two portions: the first, two-thirds of the amount, is calculated in relation to length of service and the second, the remaining one-third, is calculated in relation to salaries.

An agreement pertaining to the establishment of a company savings plan within UES Sopra Group was signed in July 2002. The amounts paid under this plan are invested in mutual fund shares. The Group's contribution consists in the payment of all operating fees for the company savings plan.

A voluntary profit-sharing agreement was signed in June 2009, covering all employees of the Group's French companies (Sopra Group SA, Axway Software SA and Sopra Consulting SA). The amount of voluntary profit sharing is calculated for each employee based on length of service.

8.7. Equality between men and women

The principle of equality between men and women is very closely monitored by Sopra Group, particularly through the ad hoc commission of the Group's works council established for this purpose.

Women represented 25.2% of the Group's workforce in 2010, down slightly from 26% in 2009.

There is no gap in salaries for newly recruited staff and any gaps after initial recruitment are not significant.

In terms of new hires, the balance of men to women observed within UES Sopra Group tips in favour of women, given the equivalent ratio in engineering schools.

From 2007, a company-wide agreement stipulates the conditions for the entry into application of the individual wage increase guarantee for employees on maternity or adoption leave as required by the Law of 23 March 2006 relating to the equality of compensation between female and male employees.

9. Sustainable development

A balanced development, consistent with the Group's fundamental values

The concern for long-term viability and social responsibility that lies at the heart of sustainable development is a natural extension of the Group's values. The desire to manage its business rigorously and to turn these values into action has led the Group to adopt "virtuous" environmental and social behaviours.

Sopra Group's sustainable development policy covers all actions contributing to the Group's economic development:

- respecting employees through appropriate working conditions, developing employees' skills and employability, non-discrimination and adherence to principles of fairness;
- benefiting all clients with a focus on excellence in the accomplishment of its day-to-day responsibilities;
- safeguarding the environment by limiting pollution and the depletion of natural resources;
- treating suppliers transparently and fairly through the Group's relationships and working methods;
- caring for the communities with which the Group interacts through actions in favour of those in difficulty, while protecting employment pools in areas where the Group has a presence.

Sopra Group's approach aims to reconcile economic efficiency with social fairness and respect for the environment. It is a continuous improvement process.

Sopra Group ranked seventh in the GAIA Index

Gaia Index
THE SMIDCAPS SRI INDEX

For the second consecutive year, Sopra Group has been included in the GAIA Index, a stock market index that brings together the 70 French stocks that have obtained the best non-financial ratings out of a universe of 223 small and midcap stocks. Of these 70 stocks, Sopra Group is tied for seventh place in the "Services" category.

Launched in 2009 by IDMidcaps and EthiFinance in partnership with the SFAF and Middlenext, the GAIA Index measures the commitment of medium-sized French companies to environmental, social and governance (ESG) criteria.

Sopra Group, signatory of the United Nations Global Compact

THE GLOBAL COMPACT
WE SUPPORT

Sopra Group signed the United Nations Global Compact in 2004, and renewed its commitment to the Compact in 2010. With this commitment, the Group undertakes to comply with this document's ten principles in the areas of human rights, labour standards, protection of the environment and anti-corruption. These principles are fully compatible with the values and fundamentals espoused by Sopra Group since its creation. As a signatory, Sopra Group undertakes to promote the principles of the Global Compact within its sphere of influence.

9.1. A business model viable for the long term

Further information in relation to this issue is provided elsewhere in Part 1 of this document, under Chapter 3, "Sopra Group's businesses and strategy" and Chapter 7, "Group organisation".

Since its creation, Sopra Group's economic model has been adapted to its growth and market expectations. This business model has proven resilient, confirming the relevance of the Group's selection of core businesses, its offerings and its production methods. The model is characterised by a simple three-tier organisation and a rigorous internal control system with monitoring and decision-making sessions held on a weekly, monthly and yearly basis.

To support its development and respond to changing market needs, Sopra Group launched a huge transformation programme in 2009 which continued throughout 2010 with the aim of providing a genuine continuum of services, developing high added value services, stepping up industrialisation and putting in place a human resources policy suited to these new challenges.

For many years, Sopra Group has succeeded in building lasting relationships with its clients, whom it supports in their major transformation programmes. In order to achieve this, the Group has developed a set of values backed by a code of professional ethics and relies on established fundamentals that govern the Group's operations and service activities on an ongoing basis. The values that have shaped the Group's development since its formation – placing the priority on client service, choosing quality and professional excellence – have led it to constantly improve the relevance and quality of its services for the benefit of its clients.

Accordingly, Sopra Group has deliberately chosen to concentrate and build upon its know-how while adapting its production methods to meet both its own and its clients' efficiency and profitability requirements.

This approach to managing client relationships and responsibilities has enabled Sopra Group to become a long-term, preferred partner to major organisations that continue to trust the Group to help them grow.

9.2. A responsible corporate citizen

Further information in relation to this issue is provided elsewhere in Part 1 of this document, under Chapter 8, "Human resources".

Sopra Group is a well-established player in its field, offering its 13,310 employees a stable working environment with stimulating career prospects. These opportunities are made possible within a Group whose businesses involve a wide variety of professions, with operations in France and abroad, and a strong company culture. Ever since it was formed, the Group has always sought to retain its employees, even during major crisis periods like the one that faced all companies in 2009.

Sopra Group's company culture and its Enterprise Project are grounded in a firm value system that binds together the entire Group.

Designed to serve the Enterprise Project, Sopra Group's human resources policy involves:

- the successful integration of new employees in a Group that has seen a significant rise in its workforce since 2004;
- a recruitment policy organised in particular around long-lasting partnerships with prestigious engineering schools and a highly successful programme of internships;
- a high level of training guaranteeing the excellence and adaptability of both employees and management, with a skills development plan revised each year and implemented by a dedicated structure, Sopra Group Academy;
- regular evaluation of skills and revisions to our Core Competency Reference Guide so as to adapt to changes in the Group and in our clients' requirements.

9.2.1. An ambitious training programme delivered by Sopra Group Academy

One of Sopra Group's major objectives in the area of human resources management is increasing the expertise of its employees and anticipating their professional development. In response to this major challenge, more than five years ago the Group set up Sopra Group Academy, an internal training organisation offering a full range of training through a broad network of over 180 trainers: orientation seminars together with training in management, new technologies, the Group's business areas and offerings as well as personal development programmes.

Through working closely with staff in a flexible way, this approach seeks to develop the skills of each and every one of the company's employees.

These training programmes also rely on mechanisms for sharing knowledge and best practices. For example, Sopra Group Academy works with all the Group's divisions to coordinate the Group Knowledge Portal, a sharing and learning platform for all employees.

In 2010, Sopra Group strengthened its training programme, in particular by implementing training actions specifically intended to inculcate greater discipline in the management of contracts and to develop its capacity for innovation.

In addition, individual training courses were introduced to facilitate the repositioning of staff members within business lines.

In 2010, the average number of training days per person was 3.9 days, up from 3.3 days in 2009.

9.2.2. A continuous assessment system supporting employee development

Sopra Group's assessment system enables the Group to know its staff and regularly monitor their development. This system is mainly based on assignment reviews, annual appraisals and twice-yearly assessment and review cycles. The system is backed by a Core Competency Reference Guide, which can be used by employees to improve their understanding of the requirements of the Group's businesses and career development opportunities. For local managers, this Guide supports professional development in line with both employees' wishes and the Group's priorities.

The assessment system operates under the responsibility of over 600 local managers.

9.2.3. Non-discrimination principles

Gender equality

Sopra Group observes the principles of non-discriminatory recruitment and gender equality. The proportion of female engineers recruited is higher than the percentage of women graduating from engineering schools. With regard to gender equality, Sopra Group applies a policy of fairness in relation to pay, promotion and access to training.

Senior Plan

In compliance with new French laws, Sopra Group has set up a plan in favour of its older employees structured around the following initiatives:

- maintaining employees aged 50 and over in their jobs;
- anticipating requirements for career development;
- developing competencies, qualifications and access to training;
- transmitting know-how and competencies and the development of mentoring actions.

In accordance with the established plan, interviews were held with nearly 150 employees to explore options for career development.

Plan for the Disabled

In order to promote the employment of people with disabilities, the Group's policy was supported by action in three areas in 2010:

- raising awareness among operational and functional managers to promote the recruitment of people with disabilities;
- developing the use of subcontracting, supply and service provision agreements with officially recognised sheltered workshops and accredited ESATs (assisted employment centres);
- partnering with associations or bodies working for the social and professional integration of people with disabilities.

In 2010, the number of disabled employees increased by 30%.

9.3. Awareness of our environmental impact

Compared with heavy industry, Sopra Group's service and consultancy activities have a limited impact on the environment. Nevertheless, our businesses generate a large amount of travel, require significant infrastructure and IT equipment and produce a lot of documents.

The need to control our environmental impact has therefore become a key factor in our management and production methods, and is covered by a continuous improvement programme involving the relevant functional divisions and their staff.

As the limitation of our environmental impact is understood to be a matter of concern for all parties involved, the Group's employees play a key role in this eco-responsibility process. At Sopra Group we encourage employee initiatives in the area of environmental protection and promote the avoidance of excess consumption of non-renewable energy resources in our working methods. A guide to eco-friendly behaviours was published and distributed in early 2009 to raise awareness and help employees in their day-to-day activities. Staff are regularly reminded of this guide, and all Group sites have champions tasked with supporting its adoption.

As regards supplier policy, Sopra Group has defined purchasing rules and procedures based on ethical principles for managing relations with suppliers and subcontractors. These rules and procedures are based on transparency and fairness, with the aim of driving the quality of products and services offered, in line with the Group's economic and operational efficiency constraints.

A Sustainable Development Procurement Charter has been drawn up in line with the ten principles of the United Nations Global Compact. This Charter is provided to each supplier to promote the key principles set out in the Global Compact. Furthermore, with regard to purchases of consumables, office automation equipment and IT hardware, Sopra Group has a proactive policy of working with suppliers who offer eco-friendly products.

9.3.1. Travel and commuting

Sopra Group has locations both in France and abroad. In France, the Group has many sites located throughout the country. Its clients are themselves located all over France and abroad. Sopra Group has also developed offshore Service Centres in Spain, Morocco and India. All of the above generates a large amount of travel, with an associated environmental impact.

In this context, and in order to limit the amount of business travel, Sopra Group has implemented a multi-themed action plan: reducing travel to internal and external meetings by installing videoconferencing equipment at most Group sites and offering incentives to promote the use, wherever possible, of the least polluting forms of transport, particularly for travel within France and daily commutes to client sites.

Videoconferencing equipment within the Group:

Number of videoconferences	2010	2009	2008
	39	37	30

To identify areas in need of improvement, Sopra Group monitors the carbon footprint of its employees' business travel, which primarily involves journeys by air or by rail. This ongoing assessment allows the Group to identify ways in which it can limit its use of more polluting forms of travel. This is especially pertinent in relation to a number of destinations in France, for which the requirement to travel by train would result in significant reduction in CO_2 emissions.

For example, estimated gains are on the order of 166 tonnes of CO_2 equivalent per year for travel to Bordeaux and 70 tonnes of CO_2 equivalent per year for travel to Marseille, at constant structure.

In late 2009, Sopra Group decided to upgrade its vehicle fleet to include hybrid vehicles with reduced energy requirements.

9.3.2. IT resources

IT resources are managed centrally by the IT Resources and Services Department. This ensures that hardware is standardised and shared, leading to energy savings.

By virtue of its activity of developing software and managing IT projects on behalf of its clients, Sopra Group has a large number of servers. These servers account for a large proportion of the company's environmental footprint (in terms of materials, energy consumption and air-conditioning requirements). With the aim of controlling economic and ecological costs, Sopra Group has for a long time tightly managed its stock of servers by pooling hardware and implementing solutions for reducing the amount of energy consumed by workstations.

In early 2009, Sopra Group decided to implement an improved energy management model, and embarked on harmonising standards applied to all equipment in France, in particular by ensuring that all workstation screens enter sleep mode after 15 minutes and by extending the use of standby mode. This programme was renewed by the Group in 2010 and was deployed to all subsidiaries.

With regard to photocopiers and printers, Sopra Group has developed a process for rationalising the number of devices and promoting sensible use of consumables. In this regard, networking is considered as a way of reducing the number of devices, since photocopiers can also function as both printers and scanners (scan to mail). In 2010, 80% of the Group's photocopiers were networked. Furthermore, virtually all the Group's photocopiers support double-sided printing.

Sopra Group manages its installed base of IT equipment in application of very precise guidelines with a view to controlling costs and protecting the environment.

All IT equipment used by Sopra Group is listed in a database managed using HP's AssetCenter product. Technical, financial and usage information are continually updated over the equipment's life cycle, allowing the Group both to optimise equipment lifespans and to ensure proper recycling when this equipment reaches its end of life.

The quality of information collected ensures effective management of Sopra Group's installed base of equipment. The only pieces of equipment subject to replacement are those that become obsolete or whose use no longer corresponds to Sopra Group's business standards.

Even once equipment has been removed and recycled, Sopra Group maintains information relating to the final destination of equipment in its database.

Furthermore, the Department of Information System Resources and Services helps to reduce Sopra Group's carbon footprint by opting for the virtualisation of its IT infrastructure. This technology allows for IT centres to pool and optimise the use of their equipment resources.

The aims of this approach are reflected in:

- an increase in processing capacity by reducing the number of physical machines and thereby energy consumption;
- the acquisition of more compact machines using less energy;
- significant space savings in IT centres by limiting the need to build extensions;
- a longer life cycle for the use of equipment resources in order to avoid toxic waste.

The table below shows the extent of efforts accomplished in reducing the number of physical machines in favour of virtual machines:

Machines installed per year	2010	2009	2008
Virtual machines installed	309	185	100
Physical machines installed	50	50	68

Finally, one of the key principles put in place over the last few years has been that of extending the life span of hardware and resisting pressure from manufacturers to constantly renew equipment. Indeed, extending the life span of IT equipment enables us to significantly reduce our environmental impact.

Currently, IT equipment at Sopra Group is used for at least four years. In order to ensure traceability, this equipment is regularly inventoried physically by Sopra Group's technical teams but also by way of the collection of information via the network.

Lastly, in order to ensure that electrical and electronic equipment reaching the end of its useful life is managed in an ecologically friendly manner, Sopra Group sells most of its equipment to a certified organisation employing people with disabilities. Fifteen percent of PCs coming to the end of their useful lives are donated to charitable associations connected to Sopra Group employees.

9.3.3. Management of business premises

At all of its sites in France and, depending on local legislation, in its subsidiaries worldwide, Sopra Group favours the application of measures for the protection of the environment:

- furnishing of premises with ergonomic workstations enhancing the quality of working conditions for its staff;
- installation of energy-efficient and environmentally friendly heating and air-conditioning systems whenever these systems require replacement;
- preventive maintenance of installations to conserve energy;
- use of non-toxic and non-hazardous products by the cleaning services;
- installation of water fountains, directly connected to the drinking water distribution network, with the aim of reducing plastic bottle use;

- commitment by site managers to observe and encourage respect for the environment and good practice on a day-to-day basis.

With respect to Sopra Group's priorities in relation to new premises, the Group's strategy is to favour buildings able to obtain the French BBC (*Bâtiment Basse Consommation*) and HQE (*Haute Qualité Environnementale*) certifications, in line with the Group's overarching objective to promote the quality of the work environment.

9.3.4. Waste management

In 2010, Sopra Group pursued its policy of recycling its waste, in particular with respect to the following areas:

- implementation of waste separation at most of the Group's sites in France, working with specialised service providers. This decision was accompanied by an awareness campaign promoting the proper use of waste separation, in accordance with the specific characteristics of each site. Site representatives are appointed to ensure that all waste separation programmes across the Group operate smoothly, notably by suggesting corrective measures to improve efficiency;
- waste management relating to consumable computer and office supplies, batteries, beverage cans and paper, by making available special containers for this purpose, with waste collected by an accredited firm implementing procedures allowing for the monitoring of the quantity of waste processed;
- a specific waste management approach for products covered by the European Union's Waste Electrical and Electronic Equipment (WEEE) Directive, with waste collected by accredited firms implementing procedures allowing for the traceability of this waste.

9.3.5. Paperless processes

Sopra Group continues to encourage the wider use of paperless processes by deploying tools permitting electronic document management and by frequently urging its employees to avoid printing whenever possible. Concrete measures implemented by the Group to encourage the use of paperless processes combined with its efforts to raise environmental awareness among employees have a positive impact on the environment on a number of levels since they allow for reductions both in the use of paper and in energy consumed by printing. In addition, paperless processes help to limit the physical delivery of documents and, last but not least, less paper used for printing means less waste to be processed.

Paperless processes within the Group concern: the various internal newsletters published by Sopra Group (Group newsletter and those of the functional and operational divisions); activity reports produced on a monthly basis by each employee; the management of paid leave and absences, IT requests related to the management of the Group's installed base of IT equipment; work documents required for internal and external meetings that are increasingly distributed electronically with the admonition to print them out only if absolutely necessary.

New projects in this area were initiated in 2010, notably relating to travel expense information and invoices.

Paperless processes pursued by the Group have significantly reduced paper use, corresponding to a nearly 30% reduction over the last two years. In addition, Sopra Group is currently testing the use of a SFI-certified "green" paper at several sites with a view to its deployment across the entire Group.

France	2010	2009	2008
Reams of paper	26,635	31,615	37,390

9.4. A socially responsible company

Solidarity in India

For several years, Sopra Group India has been pursuing volunteer training and assistance efforts on behalf of disadvantaged or disabled persons. Among the many related initiatives, we might mention:

- the university programme in collaboration with Nasscom: Sopra Group India has launched a training programme for students, in association with Inderprastha Engineering College (IPEC) in Ghaziabad. This initiative is being pursued under a regional partnership between industry players and universities set up and managed by the Noida office of NASSCOM, the trade body representing the Indian IT-BPO industry;
- the GOONJ partnership: GOONJ is a non-governmental organisation whose aim is to distribute clothing and other materials to disadvantaged populations. For three years, SGI has been participating in the collection campaigns "Vastra Samman" and "Joy of Giving Week";
- collaboration with the National Association for the Blind: SGI's partnership with this association has involved the sponsorship of a team participating in a tournament for blind athletes organised by the association.

Planète Urgence

Sopra Group has supported the work of Planète Urgence since 2008, in favour of international solidarity and sustainable development. This solidarity initiative, prompted by a senior manager of the Group who is a member of the association Planète Urgence, offers the opportunity for consultants who wish to contribute to humanitarian missions for the delivery of development assistance by providing the benefit of their expertise where relevant. Each year, new consultants participate in this project.

Tadeo

In 2010, Sopra Group renewed its partnership with Tadeo, a comprehensive service facilitating the hiring and professional integration of hearing-impaired or deaf individuals. Tadeo is a shared online communications platform delivering on-demand French sign language (LSF) video interpretation services and simultaneous subtitles. These services allow a deaf or hearing-impaired user to communicate face-to-face or over the telephone.

This partnership involves financial participation as well as assistance provided by expert consultants in the following areas: project supervision, the development of relations between institutions, partnership building, technical expertise relating to call centres and Internet-based video services.

In 2010, Tadeo and its partners, which include Sopra Group, were awarded the Prix de l’Action pour les Personnes Handicapées. This award was presented at the 2nd edition of the Prix de l’Action Entreprise et Diversités.

2

Sopra Group
AND THE STOCK MARKET

1. General information

Sopra Group was listed on the Second Market of the Paris Bourse on 27 March 1990.

The capital of Sopra Group comprises 11,853,945 shares with a nominal value of €4 at 31 December 2010, representing a total amount of €47,415,780.

Sopra Group shares are listed on Compartment B of NYSE Euronext Paris and are eligible for the Deferred Settlement Service (SRD).

Sopra Group forms part of the SBF 250 index.

Sopra Group's ownership structure

The Combined General Meeting held on 22 June 2010 approved the proposal to eliminate double voting rights attached to Sopra Group shares. This decision was also ratified by the Special General Meeting held the same day attended uniquely by holders of shares entitled to double voting rights.

2. Current ownership

	At 31/12/2010				At 31/12/2009				At 31/12/2008			
Shareholders	**Shares**	**% of capital**	**Voting rights**	**% voting rights**	**Shares**	**% of capital**	**Voting rights**	**% voting rights**	**Shares**	**% of capital**	**Voting rights**	**% voting rights**
SOPRA GMT [1]	3,322,059	28.02%	3,322,059	28.05%	3,122,059	26.56%	6,244,118	36.48%	4,356,535	37.22%	8,649,387	47.59%
PASQUIER family	164,495	1.39%	164,495	1.39%	164,995	1.40%	285,458	1.67%	168,245	1.44%	288,708	1.59%
ODIN family	242,595	2.05%	242,595	2.05%	242,595	2.06%	314,457	1.84%	361,170	3.09%	433,032	2.38%
Management	455,853	3.85%	455,853	3.85%	421,333	3.58%	627,804	3.67%				
of which Sopra Développement [2]	*191,615*	*1.62%*	*191,615*	*1.62%*	*155,665*	*1.32%*	*155,665*	*0.91%*				
of which managers [3]	*264,238*	*2.23%*	*264,238*	*2.23%*	*265,668*	*2.26%*	*472,139*	*2.76%*				
Pact between Sopra GMT, Pasquier and Odin families, Management	*4,185,002*	*35.30%*	*4,185,002*	*35.34%*	*3,950,982*	*33.62%*	*7,471,837*	*43.65%*				
GENINFO (Groupe SG) [4]	1,434,700	12.10%	1,434,700	12.11%	1,434,700	12.21%	2,869,400	16.76%	1,434,700	12.26%	2,869,400	15.79%
Pact between Sopra GMT, Pasquier and Odin families, GENINFO	*5,163,849*	*43.56%*	*5,163,849*	*43.60%*	*4,964,349*	*42.24%*	*9,713,433*	*56.75%*	*6,320,650*	*54.00%*	*12,240,527*	*67.34%*
CARAVELLE [5]	2,057,967	17.36%	2,057,967	17.38%	1,757,967	14.96%	1,757,967	10.27%	292,971	2.50%	292,971	1.61%
IBI [6]					837,414	7.13%	837,414	4.89%	837,414	7.15%	837,414	4.61%
Groupe CRÉDIT AGRICOLE [7]					117,500	1.00%	235,000	1.37%	235,000	2.01%	117,500	0.65%
Free float	4,165,776	35.14%	4,165,776	35.17%	3,652,280	31.08%	3,946,138	23.05%	3,993,631	34.11%	4,687,836	24.49%
Treasury shares	10,500	0.09%			1,700	0.01%			25,325	0.22%		
TOTAL	**11,853,945**	**100.00%**	**11,843,445**	**100.00%**	**11,752,543**	**100.00%**	**17,117,756**	**100.00%**	**11,704,991**	**100.00%**	**18,176,248**	**100.00%**

*(1) **Sopra GMT**, a French société anonyme, is a financial holding company whose sole corporate purpose is the ownership of Sopra Group shares.*

*(2) **Sopra Développement** is a company formed by a group of senior managers to acquire an ownership interest in Sopra Group.*

(3) These are the senior managers who are individually bound by the shareholders' agreement signed by Sopra GMT, the Pasquier and Odin family groups and Sopra Développement.

*(4) **Geninfo** is a holding company fully owned by the Société Générale group. It acquired a holding in Sopra Group in 1996 through a share exchange when Sopra Group acquired SG2, the Systems Integration division of Société Générale.*

*(5) **Caravelle** is a diversified holding company controlled by Pierre-André Martel, who is also a director of Sopra Group.*

*(6) **IBI** is a financial holding company governed by Luxembourg law owned by José Sancho Garcia (director of Sopra Group until 19 April 2010). As of 31 December 2010, in light of the sales generated during the year, most of the share capital and voting rights of IBI are assimilated with the free-float.*

*(7) **Crédit Agricole** group became a shareholder of Sopra Group following the Inforsud Ingénierie acquisition in December 2003. As of 31 December 2010, in light of the sales generated during the year, most of the share capital and voting rights of Crédit Agricole are assimilated with the free float.*

No individual shareholder owns more than 5% of the capital.

At 31 December 2010, Sopra Group did not own any treasury shares other than those held under the liquidity contract (10,500 shares).

Sopra GMT's ownership structure is as follows:

Sopra GMT's ownership structure	31/12/2010		31/12/2009		31/12/2008	
Shareholders	Shares	% of capital	Shares	% of capital	Shares	% of capital
Pierre Pasquier family group	318,050	67.31%	318,050	67.31%	318,050	48.23%
François Odin family group	132,050	27.95%	132,050	27.95%	132,050	20.02%
Sopra Group management	22,435	4.74%	22,435	4.74%	23,320	3.54%
Caravelle	-	-	-	-	186,000	28.21%
TOTAL	**472,535**	**100.00%**	**472,535**	**100.00%**	**659,420**	**100.00%**

2.1. Share ownership thresholds

"Any shareholder whose shareholding exceeds the three per cent or four per cent thresholds must inform the Company, in the same conditions and using the same calculation methods as provided by law for larger shareholdings" (Article 29, paragraph 3 of the Articles of Association).

Apart from Sopra GMT, Geninfo (Société Générale group), Caravelle and IBI, no other shareholder exceeds these thresholds.

2.2. Approximate number of shareholders

At 31 December 2010, Sopra Group had 341 registered shareholders who owned an aggregate total of 8,138,648 registered shares out of a total share capital of 11,853,945 shares.

On the basis of the most recent data in the Company's possession, the total number of Sopra Group shareholders can be estimated at approximately 5,000.

2.3. Shareholders' agreements notified to the stock market authorities

2.3.1. Pact between Sopra GMT, Pierre Pasquier, François Odin and Geninfo

A shareholders' agreement constituting an action in concert was signed on 4 July 2000 between Sopra GMT, Pierre Pasquier and François Odin on the one hand and Geninfo (Société Générale group) on the other.

Under the terms of this agreement:

- Geninfo is entitled to hold two seats on the Board of Directors of Sopra Group as long as it has a direct or indirect stake in Sopra Group of 10% or more, which is reduced to one seat on the Board if Geninfo's shareholding drops to between 5% and 10%. Geninfo is entitled to hold more than two seats on the Board if its shareholding increases to more than 20%;
- in the case of a proposed sale of Sopra Group shares to a third party, each party has the obligation to inform the other party. In the case of the sale of a block or several blocks of shares by Geninfo (defined as a sale for an amount equal to or in excess of either 5% of Sopra Group's market capitalisation or €7.5 million) to a competitor, Sopra Group's founders (Sopra GMT, family groups of François Odin and Pierre Pasquier) shall have pre-emptive rights with respect to the conditions of the proposal. In such cases, initial notice of the planned deal should contain the details of the potential acquirer as well as the financial terms and conditions for the deal. Sopra Group shall have 40 days from the date the notice is served to exercise its pre-emptive rights. After this time, Geninfo is free to sell its holding according to the conditions notified. If Sopra Group exercises its pre-emptive rights, the sale must take place within 20 days from the date of notification of its response to Geninfo.

This agreement came into effect on 7 July 2000 for an initial period expiring on 30 June 2001. It is automatically renewable for subsequent terms of two years.

2.3.2. Agreement between the Pasquier and Odin families and Caravelle

A shareholders' agreement was signed on 29 September 2004 between the Pasquier and Odin families and the holding company Caravelle. It was terminated on 8 December 2009 upon Caravelle's exit from the capital of Sopra GMT.

2.3.3. Shareholders' agreement between Sopra GMT, the Pasquier and Odin family groups, Sopra Développement and a group of senior managers

A shareholders' agreement was concluded on 8 December 2009 between the Pasquier and Odin family groups, Sopra GMT, Sopra Développement and a group of senior managers.

This agreement, constituting an action in concert, is valid for two years. It includes the following main provisions:

- an undertaking by the parties to act in concert so as to implement shared strategies and, in general, to approve any significant decisions;
- an undertaking by the parties to act in concert in connection with the appointment of the members of Sopra Group's management bodies and the renewal of these appointments, by which the senior managers agree to facilitate the appointment of any individuals proposed by the Pasquier and Odin family groups and Sopra GMT;
- an undertaking to act in concert so that the parties shall jointly hold, at all times, a minimum of 30% of the capital and voting rights of Sopra Group;

- an undertaking by the parties to act in concert in connection with any proposed acquisition or disposal corresponding to more than 0.20% of the capital or voting rights of Sopra Group;
- an undertaking by the parties to act in concert in order to adopt a shared strategy in the event of any takeover bid or exchange offer relating to Sopra Group shares;
- a pre-emptive right to the benefit of the Pasquier and Odin family groups and Sopra GMT in the event of any disposal (i) by a senior manager of Sopra Group shares (right of first refusal for Sopra GMT, right of second refusal for the Pasquier family group, right of third refusal for the Odin family group, right of fourth refusal for Sopra Développement) or (ii) by Sopra Développement of Sopra Group shares (right of first refusal for Sopra GMT, right of second refusal for the Pasquier family group, right of third refusal for the Odin family group). The exercise price for the pre-emptive right shall be equal to (i) the price agreed between the transferor and the transferee in the event of an off-market transfer, (ii) the average share price over the ten trading days preceding the announcement of the disposal in the event of a sale on the market, (iii) the value determined for the shares in the context of the transaction, in all other cases.

The senior managers shall refrain from carrying out any transaction likely to entail the filing of a mandatory takeover bid or exchange offer.

2.3.4. Control of the Company

Although the Company is controlled by its owners, the composition and operating procedures of the Board of Directors and its Committees contribute to ensuring the balance of this control:

- there are 9 directors, including 4 independent directors and 7 directors who do not belong to the group of founders;
- the Board of Directors reviews its operating procedures;
- a majority of the members of the Board of Directors serving on its Committees do not belong to the group of founders;
- the two directors representing the group of founders are bound by the same obligations as all other directors in terms of the requirement to protect the Company's interests, to observe rules of good governance as well as the provisions of the Board's charter and its internal regulations;
- the Group has adopted the AFEP-MEDEF Code of Corporate Governance for Listed Companies and has established a system of governance described in Part 3 of the Reference Document.

At 31 December 2010, 341 shareholders held registered shares and about 5,000 shareholders held bearer shares.

3. Changes in share capital

Sopra Group had share capital of €47,415,780 comprising 11,853,945 shares with a nominal value of €4 at 31 December 2010. The following changes were made to the capital since 1999:

				Number of shares		Contributions	
Year	Description	Capital after operation	Nominal value	Created	Total	Nominal value	Premiums or reserves
2001	Capital increase through the exercise of options	€40,709,540	€4	7,150	10,177,385	€28,600	€29,315
2002	Capital increase through the exercise of options	€40,855,440	€4	36,475	10,213,860	€145,900	€188,165
2003	Capital increase through contributions in kind of shares of companies of Inforsud Ingénierie tendered by Crédit Agricole group	€41,795,440	€4	235,000	10,448,860	€940,000	€7,192,000
2003	Capital increase through the exercise of options	€42,194,100	€4	99,665	10,548,525	€398,660	€1,067,356
2004	Capital increase through the exercise of options	€42,927,800	€4	183,425	10,731,950	€733,700	€2,088,547
2005	Capital increase through contributions in kind of shares of PROFit tendered by IBI	€44,726,000	€4	449,550	11,181,500	€1,798,200	€22,176,302
2005	Capital increase through the exercise of options	€45,776,380	€4	262,595	11,444,095	€1,050,380	€3,047,365
2006	Capital increase through the exercise of options	€45,867,340	€4	22,740	11,466,835	€90,960	€434,074
2007	Capital increase through the exercise of options	€46,686,124	€4	204,696	11,671,531	€818,784	€3,927,276
2008	Capital increase through the exercise of options	€46,819,964	€4	33,460	11,704,991	€133,840	€687,010
2009	Capital increase through the exercise of options	€47,010,172	€4	47,552	11,752,543	€190,208	€1,039,712
2010	Capital increase through the exercise of options	€47,415,780	€4	101,402	11,853,945	€405,608	€2,174,537

4. Authorisations granted to the Board of Directors of Sopra Group to issue securities

	Nominal amount	Expiry date	Maximum number of shares
Sopra Group shares	€7 million	21/08/2012	1,750,000
Convertible bonds or equivalent	€150 million	21/08/2012	1,750,000

5. Share subscription options

The different share subscription option plans together with the employee share ownership policy implemented before the Group was floated have enabled employees to acquire, or be potential acquirers of, more than 20% of the Company's shares.

The table below summarises share subscription option plans at 31 December 2010 granted by Sopra Group to its employees:

Grant date	Number of beneficiaries	Number of options allocated initially	Of which company officers	Beginning of option exercise period	End of option exercise period	Exercise price	Number of options cancelled at 31/12/2010	o/w cancelled in 2010	Number of options exercised at 31/12/2010	o/w options exercised in 2010	Number of options outstanding at 31/12/2010
Plan No. 3 – 1998 stock option plan (General Meeting of 07/01/1998): maximum of 721,250 shares											
13/01/1998	283	614,000		01/10/2002	12/01/2006	€15.37	70,175	-	543,825	-	-
04/12/1998	1	25,000		25/02/2003	24/08/2006	€46.86	25,000	-	-	-	-
03/03/1999	2	20,000		04/03/2004	02/03/2007	€48.50	10,000	-	10,000	-	-
12/10/1999	13	51,750		13/10/2004	12/10/2007	€46.20	49,000	-	2,750	-	-
16/12/2002	12	129,250		17/12/2007	15/12/2010	€22.50	42,250	2,000	87,000	1,000	-
TOTAL	**311**	**840,000**					**196,425**	**2,000**	**643,575**	**1,000**	**-**
Plan No. 4 – 2000 stock option plan (General Meeting of 29/06/2000): maximum of 714,774 shares											
29/06/2000	107	33,900		30/06/2005	29/06/2008	€73.00	33,900	-	-	-	-
22/03/2001	147	301,500		23/03/2006	22/03/2009	€61.40	301,500	-	-	-	-
19/12/2001	25	34,600		20/12/2006	19/12/2009	€61.40	34,600	-	-	-	-
24/04/2002	2	6,000		25/04/2007	23/04/2010	€61.40	6,000	3,000	-	-	-
16/12/2002	214	303,200		17/12/2007	15/12/2010	€22.50	45,750	2,200	257,450	72,582	-
03/09/2003	69	88,000		04/09/2008	02/09/2011	€32.50	13,800	-	39,260	21,820	34,940
13/01/2004	5	23,000		14/01/2009	12/01/2012	€35.90	4,000	-	10,000	6,000	9,000
TOTAL	**569**	**790,200**					**439,550**	**5,200**	**306,710**	**100,402**	**43,940**
Plan No. 5 – 2005 stock option plan (General Meeting of 26/05/2005): maximum of 321,958 shares											
25/07/2006	1	30,000		26/07/2011	24/07/2014	€57.85	30,000	-	-	-	-
21/12/2006	18	67,000		22/12/2011	20/12/2014	€58.80	14,500	3,000	-	-	52,500
08/01/2007	1	5,000		09/01/2012	07/01/2015	€60.37	5,000	-	-	-	-
18/03/2008	16	50,000	20,000	19/03/2013	17/03/2016	€45.30	9,500	-	-	-	40,500
TOTAL	**36**	**152,000**	**20,000**				**59,000**	**3,000**	**-**	**-**	**93,000**
Plan No. 6 – 2008 stock option plan (General Meeting of 15/05/2008): maximum of 350,145 shares											
17/03/2009	1	20,000	20,000	18/03/2014	16/03/2017	€27.16	-	-	-	-	20,000
15/04/2010	2	30,000	20,000	16/04/2015	14/04/2018	€53.68	-	-	-	-	30,000
TOTAL		**50,000**	**40,000**				**-**	**-**	**-**	**-**	**50,000**
TOTAL FOR ALL PLANS								**10,200**		**101,402**	**186,940**

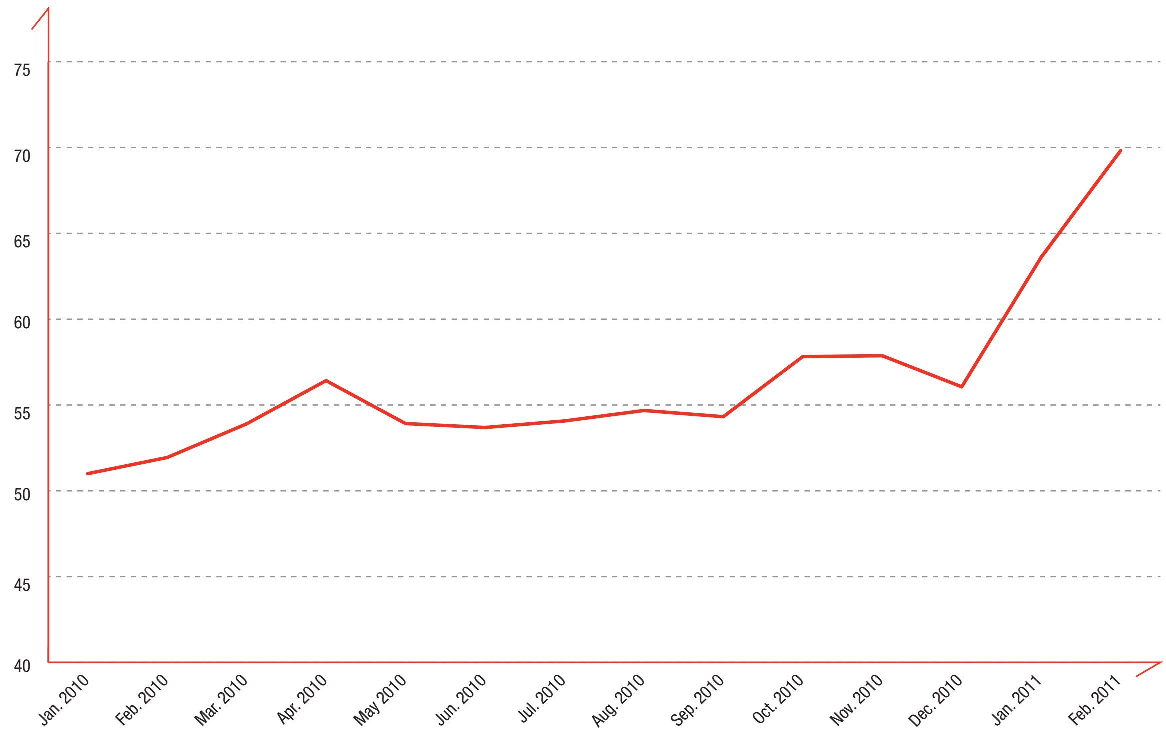
At 31 December 2010, Sopra Group's earnings per share would be diluted by a total of 1.58% if all of the 186,940 outstanding share subscription options were exercised.

Information concerning share subscription or purchase options

Options granted to company officers and options exercised by company officers	Number of options allocated	Price	Expiry date	Plan
Dominique ILLIEN (allocation)	20,000	€53.68	16/04/2018	No. 6

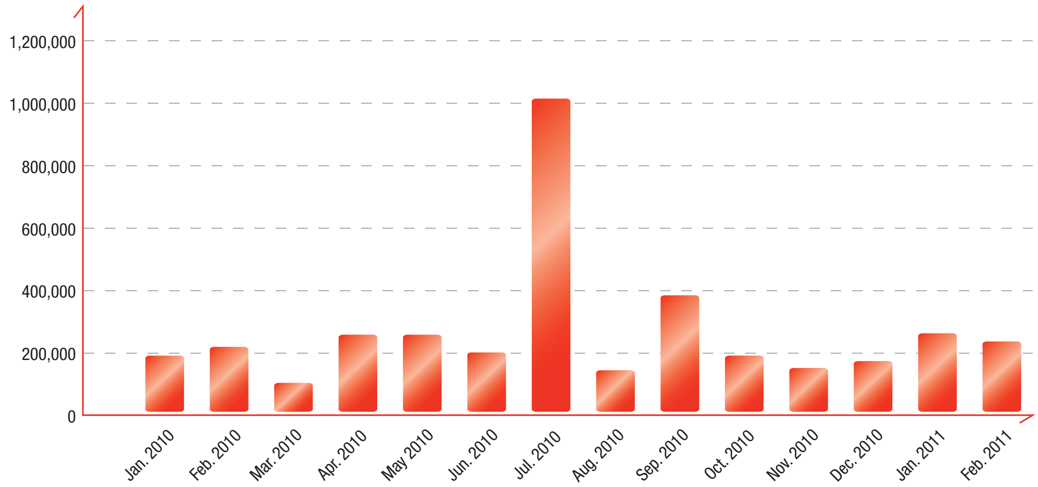
Ten largest stock option allocations to employees and options exercised by said employees	Number of options allocated/number of shares subscribed or purchased	Weighted average price	Expiry date	Plan
Options granted	10,000	€53.68	16/04/2018	No. 6
	23,050	€22.50	15/12/2010	No. 4
	5,000	€32.50	02/09/2011	No. 4
Options exercised	5,000	€35.90	12/01/2012	No. 4

6. Share price



Source: NYSE Euronext Paris.

7. Monthly trading volume



Source: NYSE Euronext Paris.

8. Share price performance

Month	Number of trading days	Price (in euros) High	Low	Average closing price	Trading volumes Number of shares traded	Capital *(in millions of euros)*
Jan. 2010	20	53.94	48.00	51.00	180,038	9.24
Feb. 2010	20	54.00	49.34	51.94	208,223	10.87
Mar. 2010	23	56.00	51.00	53.90	92,836	4.98
Apr. 2010	20	59.60	51.81	56.42	247,257	13.98
May 2010	21	57.49	50.27	53.92	247,185	13.43
Jun. 2010	22	57.51	50.16	53.69	190,310	10.31
Jul. 2010	22	55.90	49.56	54.07	1,004,147	51.48
Aug. 2010	22	58.00	50.90	54.68	133,232	7.40
Sep. 2010	22	58.35	51.90	54.32	373,581	20.50
Oct. 2010	21	60.25	55.01	57.82	180,196	10.43
Nov. 2010	22	60.50	53.25	57.87	140,448	8.16
Dec. 2010	23	58.89	50.75	56.06	162,568	9.03
Jan. 2011	21	69.00	57.75	63.61	251,754	16.11
Feb. 2011	20	74.50	64.50	69.82	225,557	15.81

9. Earnings per share

Year	Number of shares bearing a dividend	Dividend
2006	11,466,835	€1.35
2007	11,671,531	€1.65
2008	11,704,991	€1.65
2009	11,752,543	€0.80
2010*	11,853,945	€0.80

* *Amount proposed to the General Meeting of 10 May 2011.*

Dividends not collected before the five-year prescription period expires are paid to the French state.

3

CORPORATE GOVERNANCE

1. Board of Directors and Executive Management

1.1. Members of the Board of Directors as of 31/12/2010

First name and surname (age) Professional address	Shares in the Company owned personally	Position held on the Board of Directors	Date of appointment	Expiration of term *	Main positions and appointments held
Pierre PASQUIER (75 years) **Professional address:** **Sopra Group** **PAE Les Glaisins – BP 238** **74942 Annecy-le-Vieux** **Cedex – France**	120,463 *See Chap. 2*	Chairman	30/05/2006	2011	■ **Chairman and CEO of Sopra Group** ■ Chairman, Axway Software ■ Chairman and CEO, Sopra Consulting ■ Chairman and CEO, Sopra GMT ■ Director and company officer of the Group's foreign subsidiaries (direct and indirect)
Alain BRODELLE (68 years)	100	Member of the Board of Directors Member of the Compensation Committee Member of the Nomination Committee	30/05/2006	2011	■ None
Philippe CITERNE (61 years)	100	Member of the Board of Directors Chairman of the Compensation Committee Chairman of the Nomination Committee	30/05/2006	2011	■ **Chairman, TELECOM & Management SudParis** ■ Chairman, Systèmes Technologiques d'Échanges et de Traitement (STET) ■ Director, Accor ■ Director, Rexecode ■ Director, Edenred ■ **Other directorships and offices held during the last 5 years:** • Managing Director, Société Générale • Director, Grosvenor Continental Europe • Permanent representative of Société Générale on the supervisory board of Accor • Director,TCW • Director, SG Hambros Bank Ltd Management • Director, Rosbank
Gérard JEAN (63 years) **Professional address:** **Altime Charles Riley** **192 av. Charles de Gaulle** **92200 Neuilly-sur-Seine - France**	1	Member of the Board of Directors Member of the Compensation Committee Member of the Nomination Committee	30/05/2006	2011	■ **Managing Director, Altime Charles Riley** ■ Chairman of the Supervisory Board, Altime Charles Riley Finances SA ■ Chairman of the Supervisory Board, Altime Charles Riley Industrie et Services SA

First name and surname (age) Professional address	Shares in the Company owned personally	Position held on the Board of Directors	Date of appointment	Expiration of term *	Main positions and appointments held
Pierre-André MARTEL (57 years) **Professional address:** **CARAVELLE** **6 place des États-Unis** **75116 Paris - France**	110 *See Chap. 2*	Member of the Board of Directors Member of the Compensation Committee Member of the Nomination Committee Member of the Audit Committee	30/05/2006	2011	■ **Chairman of the Board of Directors, Caravelle SA** ■ Chairman and Chief Executive Officer, Cooper ■ Chairman and Chief Executive Officer, Nina SAS ■ Chairman and Chief Executive Officer, PX Holding ■ Chairman, Marrel SAS ■ Chairman, Edbro Plc (UK) ■ Chairman of the Management Board, Arcole Industries ■ Member of the Supervisory Board, Groupe Norbert Dentressangle ■ **Other directorships and offices held during the last 5 years:** • Director, Sopra GMT • Director, Innodec SA • Member of the Supervisory Board, Legris Industries SA • Member of the Supervisory Board, Sonovision-Itep SAS • Chairman of the Supervisory Board, XRT • Member of the Supervisory Board, Fruehauf SAS
Bernard MICHEL (62 years) **Professional address:** **GECINA** **16 rue des Capucines** **75084 Paris cedex 02 - France**	101	Advisor	22/06/2010	2015	■ **Member of the Executive Committee, Crédit Agricole SA** ■ **CEO, Crédit Agricole Assurances** ■ CEO and director, Predica ■ Permanent representative of Predica, Chairman of the Board of Directors, Gecina ■ Permanent representative of Crédit Agricole Assurances on the Board of Directors, CACI ■ Director, CAAGIS ■ Chairman of the Board of Directors, Dolcea Vie ■ Chairman of the Board of Directors, CA Grands Crus ■ Member of the Supervisory Board, Korian ■ Vice Chairman, Director, Pacifica ■ Director, Attica (GIE) ■ Vice Chairman, Groupement Français des Bancassureurs (GIE) ■ Member of office, member of executive commission, Vice Chairman, FFSA – FFSAM ■ **Vice Chairman, Emporiki Life (Greece)** ■ Chairman of the Board of Directors, CAAIH (Italy) ■ Director, Cali Japan LTD (Japan) ■ Chairman of the provisional management commission, CRCA de Corse ■ **Other directorships and offices held during the last 5 years:** • Director or company officer of Groupe Crédit Agricole's subsidiaries (direct and indirect)
François ODIN (77 years) **Professional address:** **REGENCE SAS** **Les Avenières** **74350 Cruseilles - France**	52,742 *See Chap. 2*	Member of the Board of Directors Member of the Audit Committee	30/05/2006	2011	■ **Managing Director, Sopra GMT** ■ Director, Axway Software ■ Chairman, Régence SAS ■ Chairman, Sopra Group Informatica (Spain) ■ Director or company officer of the Group's foreign subsidiaries (direct and indirect)
Hervé SAINT-SAUVEUR (66 years) **Professional address:** **LCH Clearnet SA** **18 rue du 4 septembre** **75002 Paris - France**	100	Member of the Board of Directors Chairman of the Audit Committee	30/05/2006	2011	■ Chairman, LCH Clearnet SA ■ Director, VIPARIS Holding ■ Director, COMEXPOSIUM ■ Director, SOGECAP ■ Elected member, Paris Chamber of Commerce and Industry

First name and surname (age) Professional address	Shares in the Company owned personally	Position held on the Board of Directors	Date of appointment	Expiration of term *	Main positions and appointments held
Jean-François SAMMARCELLI (60 years) **Professional address: SOCIÉTÉ GÉNÉRALE Tour Société Générale 17 cours Valmy Paris La Défense 7 - France**	100	Member of the Board of Directors	22/06/2010	2011	■ **Managing Director of Société Générale group and Director of Retail Banking networks, France** ■ Chairman of the Board of Directors, Crédit du Nord ■ Permanent representative of Crédit du Nord on the supervisory board of Banque de Rhône-Alpes ■ Permanent representative of Crédit du Nord on the supervisory board of Société Marseillaise de Crédit ■ Director, Banque Tarneaud ■ Chairman of the Board of Directors, CGA ■ Director, SOGECAP ■ Director, SG Équipement Finances ■ Permanent representative of SG FSH on the Board of Directors of FRANFINANCE ■ Director, SOGESSUR ■ Member of the Supervisory Board, SG Marocaine de Banque ■ Director, SOGEPROM ■ Director, BOURSORAMA ■ Advisor, ORTEC Expansion ■ Director, Amundi Group
Gérard VINCENT (69 years)	5,000	Member of the Board of Directors Member of the Audit Committee	30/05/2006	2011	■ Consular delegate, Lyon Chamber of Commerce and Industry ■ Member, CRI-ARS Rhône Alpes

* *General Meeting convened to approve the financial statements for the year indicated.*

The members of the Board of Directors considered as independent under the definition provided in the AFEP-MEDEF Code of Corporate Governance for Listed Companies published in 2008 are:

- Alain BRODELLE;
- Gérard JEAN;
- Hervé SAINT-SAUVEUR;
- Gérard VINCENT.

Owing to their professional experience as well as activities pursued outside the Company, the members of the Board of Directors have all acquired expertise in the area of management and some of them also have gained expertise in the Company's industry sector.

In addition, to the best of the Company's knowledge, none has:

- any conflict of interest affecting the exercise of his duties and responsibilities;
- any familial relationship with another member of the Board;
- any conviction during the last five years in relation to fraudulent offences;
- been incriminated and/or been the focus of an official public sanction issued by statutory or regulatory authorities, nor barred by a court from serving as a member a supervisory board, board of directors or other management body of an issuer or from taking part in the management or conduct of an issuer's business affairs at any point during the past five years;
- been involved in any bankruptcy proceedings or been subject to property sequestration during the last five years as a member of a board of directors, a management body or a supervisory board;
- furthermore, there are no service agreements binding the members of the Supervisory Board, Board of Directors or other management bodies to the issuer or to any one of its subsidiaries that provide benefits upon the termination of such an agreement.

1.2. Compensation paid to company officers

The company officers occupying a position within the Group who received fixed and variable compensation in respect of financial year 2010 are as follows:

- Pierre PASQUIER, Chairman and Chief Executive Officer;
- Dominique ILLIEN, Managing Director;
- Pascal LEROY, Managing Director;

Company officers occupying a function in the Group receive a variable remuneration in 2010 based on the 2009 results and received a variable remuneration in 2011 based on 2010 results:

- 40% of their fixed salary, in recognition of the attainment of personal and Group objectives;
- a portion which may be increased to as much as 60% in case of exceptionally satisfactory performance.

Senior executive officer	Employment contract		Supplementary pension plan		Indemnities or benefits due or likely to become due on the termination of service or change of functions		Indemnities relating to a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Pierre Pasquier Chairman and Chief Executive Officer Start of term of office: 2006 End of term of office: 2012		X		X		X		X
Dominique Illien Managing Director Start of term of office: 2008 End of term of office: 2010	X*			X	X			X
Pascal Leroy Managing Director Start of term of office: 2010 End of term of office: 2012	X*			X	X			X

* *Outside the scope of the AFEP-MEDEF recommendations.*

1.2.1. Summarised statement of compensation payable and options and shares allocated to Pierre Pasquier, Chairman and Chief Executive Officer of Sopra Group

	2010	2009
Compensation payable in respect of the financial year	€407,958	€326,557
Valuation of options allocated during the year	-	-
Valuation of performance-based shares allocated during the year	-	-
TOTAL	**€407,958**	**€326,557**

1.2.2. Summarised statement of compensation paid to Pierre Pasquier, Chairman and Chief Executive Officer of Sopra Group

	2010		2009	
	Amount due	Amount paid	Amount due	Amount paid
Fixed compensation	€250,510	€250,510	€250,510	€250,510
Variable compensation	€140,000	€61,000	€61,000	€125,000
Exceptional compensation	-	-	-	-
Directors' fees	€10,949	€8,548	€8,548	€8,481
Benefits in kind	€6,499	€6,499	€6,499	€6,499
TOTAL	**€407,958**	**€326,557**	**€326,557**	**€390,490**

1.2.3. Summarised statement of compensation payable and options and shares allocated to Dominique Illien, Managing Director of Sopra Group

	2010	2009
Compensation payable in respect of the financial year	€293,846	€593,197
Valuation of options allocated during the year *	€272,800	€117,000
Valuation of performance-based shares allocated during the year	-	-
TOTAL	**€566,646**	**€710,197**

* *Fair value of options at the grant date (see the section describing the share subscription option plan of the note to the consolidated financial statements on consolidated shareholders' equity).*

1.2.4. Summarised statement of compensation paid to Dominique Illien, Managing Director of Sopra Group

	2010		2009	
	Amount due	Amount paid	Amount due	Amount paid
Fixed compensation	€235,531	€235,531	€526,127	€526,127
Variable compensation	€52,613	€105,613	€53,000	€110,242
Exceptional compensation	-	-	-	-
Directors' fees	-	€8,548	€8,548	€6,392
Benefits in kind	€5,702	€5,702	€5,522	€5,522
TOTAL	**€293,846**	**€355,394**	**€593,197**	**€648,283**

By mutual agreement with the company, Dominique Illien, Managing Director of Sopra Group and a member of Sopra Group's Board of Directors, decided to resign from his functions as from 22 June 2010 and to serve as Advisor to the Chairman until 31 December 2010 in return for monthly compensation in the amount of €38,460. In addition, Dominique Illien received a separation benefit, in the gross amount of €652,308, and continues to benefit from the 60,000 options allocated to him between 2008 and 2010.

1.2.5. Summarised statement of compensation payable and options and shares allocated to Pascal Leroy, Managing Director of Sopra Group

	2010	2009
Compensation payable in respect of the financial year	€44,874	-
Valuation of options allocated during the year	-	-
Valuation of performance-based shares allocated during the year	-	-
TOTAL	**€44,874**	**-**

Pascal Leroy was appointed as Managing Director of Sopra Group on 29 October 2010.

1.2.6. Summarised statement of compensation payable to Pascal Leroy, Managing Director of Sopra Group

	2010		2009	
	Amount due	Amount paid	Amount due	Amount paid
Fixed compensation	€36,021	€36,021	-	-
Variable compensation	€7,813	-	-	-
Exceptional compensation	-	-	-	-
Directors' fees	-	-	-	-
Benefits in kind	€862	€862	-	-
TOTAL	**€44,696**	**€36,883**	**-**	**-**

Pascal Leroy was appointed as Managing Director of Sopra Group on 29 October 2010.

The fixed component of annual compensation payable to Pascal Leroy was raised to the amount of €300,000 as from 1 January 2011.

1.2.7. Directors' fees payable in respect of financial years 2010 & 2009

(Members of the Audit Committee as of 29/03/2011 are shown in italics)	2010	2009
Alain BRODELLE	€13,299	€10,323
Philippe CITERNE	€12,829	€9,140
Gérard JEAN	€15,179	€9,731
Dominique ILLIEN	-	€8,548
Pierre-André MARTEL	€14,709	€16,505
Bernard MICHEL (Advisor)	€11,541	€15,323
François ODIN	*€20,652*	*€16,505*
Pierre PASQUIER	€10,948	€8,548
Hervé SAINT-SAUVEUR	*€19,712*	*€15,323*
Jean-François SAMMARCELLI	€9,539	-
José SANCHO GARCIA	€940	€8,548
Gérard VINCENT	*€20,652*	*€16,505*
TOTAL	**€150,000**	**€135,000**

The total amount of directors' fees to be allocated with respect to the 2010 financial year was €150,000 (fifth resolution of the General Meeting of 22 June 2010):

- €125,000 of this total was allocated as follows: half of the amount as a fixed fee, and half on the basis of actual attendance at Board meetings and their service on its various committees;
- €25,000 was allocated pro rata on the basis of attendance at Audit Committee meetings between members of the committee and the Advisor.

1.2.8. Share subscription and purchase options allocated during the year to executive officers

Executive officer concerned	Number and date of plan	Type of options	Valuation	Number of options allocated during the year	Exercise price	Exercise period
Dominique ILLIEN	Plan No. 6 of 15/05/2008	Subscription	€272,800 *	20,000	€53.68	16/04/2015-14/04/2018

* *Fair value of options at the grant date (see the section describing the share subscription option plan of the note to the consolidated financial statements on consolidated shareholders' equity).*

The contract concluded with Dominique Illien stipulated that 20,000 share subscription options would be granted to him each year for a period of five years beginning in 2008.

1.2.9. Share subscription and purchase options exercised during the year by executive officers

Executive officer concerned	Number and date of plan	Number of options exercised during the year	Exercise price
-	-	-	-

1.2.10. Performance-based shares allocated to executive officers

Executive officer concerned	Number and date of plan	Number of shares allocated during the year	Valuation	Acquisition date	Vesting date
-	-	-	-	-	-

1.2.11. Performance-based shares fully vested in executive officers during the year

Executive officer concerned	Number and date of plan	Number of options exercised during the year	Exercise price
-	-	-	-

1.3. Role, operations and organisation of the Board of Directors

Information on the role, operations and organisation of the Board of Directors is provided in the Report of the Chairman of the Board of Directors in Section 4.1.

2. External audit

2.1. Statutory Auditors and Alternate Auditors

- **Cabinet Mazars** represented by Christine Dubus, Statutory Auditor;
- **Jean-Louis Simon**, Alternate Auditor;
- **Auditeurs & Conseils Associés** represented by François Mahé, Statutory Auditor;
- **AEG Finances**, Alternate Auditor.

2.2. Fees for Statutory Auditors and members of their networks

	Mazars						Auditeurs & Conseils Associés					
	Amount (excl. VAT)			%			Amount (excl. VAT)			%		
(in thousands of euros)	2010	2009	2008	2010	2009	2008	2010	2009	2008	2010	2009	2008
Audit												
Statutory audit, certification, of the individual company and consolidated financial statements												
■ Issuer	214	214	209	26%	29%	28%	156	156	150	45%	54%	50%
■ Fully-consolidated subsidiaries	447	429	427	54%	59%	58%	118	115	116	34%	40%	39%
Other work and services directly related to the statutory audit												
■ Issuer	105	-	-	13%	-	-	-	-	-	-	-	-
■ Fully-consolidated subsidiaries	-	-	66	-	-	9%	55	-	10	16%	-	3%
Subtotal	**766**	**643**	**702**	**93%**	**88%**	**95%**	**329**	**271**	**276**	**96%**	**93%**	**92%**
Other services provided by the networks to fully-consolidated subsidiaries												
Legal, tax and employee-related	61	85	40	7%	12%	5%	15	20	15	4%	7%	5%
Other	-	-	-	-	-	-	-	-	10	-	-	3%
Subtotal	**61**	**85**	**40**	**7%**	**12%**	**5%**	**15**	**20**	**25**	**4%**	**7%**	**8%**
TOTAL	**827**	**728**	**742**	**100%**	**100%**	**100%**	**344**	**291**	**301**	**100%**	**100%**	**100%**

3. Regulated agreements

3.1. New agreements concluded in 2010

3.1.1. Agreement for the recharging of expenses and fees incurred in connection with the spin-off and listing project for Axway Software

The agreement for the recharging of expenses and fees incurred in connection with the spin-off and listing project for Axway Software led Sopra Group to recharge its subsidiary Axway Software the amount of €3,209,548 with respect to financial year 2010.

3.1.2. Agreement relating to the termination of the functions of Dominique Illien as Managing Director of Sopra Group (authorisation of the Board of Directors, 22 June 2010)

This agreement calls for:

- the continued service by Dominique Illien in a paid function within the Group until 31 December 2010, for overall compensation of €230,760;
- A separation benefit equivalent to sixteen times the gross amount of Dominique Illien's most recent monthly fixed salary prior to the termination of his position as company officer, thus €652,308;
- The exemption from attendance conditions normally required in order for Dominique Illien to exercise at the proper date the 60,000 options to subscribe to Sopra Group shares allocated to him in 2008, 2009 and 2010, in equal proportions.

3.1.3. Agreement relating to the separation benefit to be received by Pascal Leroy, Managing Director of Sopra Group, in the event of termination (authorisation of the Board of Directors, 3 December 2010)

This agreement provides for a guarantee in the event of the departure by Pascal Leroy, on the initiative of Sopra Group, except in cases of serious or gross misconduct, and subject to the satisfaction of performance conditions as determined by the Board of Directors.

This guarantee comprises:

- a separation benefit equivalent to the total gross compensation, comprised of both fixed and variable components, received during the twelve months preceding the notification of termination;
- exemption from the attendance conditions normally required in order to exercise at the proper date half of the options to subscribe to Sopra Group shares acquired at the end of the term in office.

3.2. Agreements approved in previous years which continued to be applied during the year

The execution of the following agreements which were approved in previous years continued in 2010:

3.2.1. Agreements between Sopra Group and Sopra Consulting

Agreement	Impact on the 2010 financial statements
Provision of premises	€2,023,020
Expense recharge Sopra Group charges the proportion of various expenses relating to the shared premises (telecoms, etc.)	€39,216
Provision of IT resources	€234,284
Assistance provided by functional divisions	€940,671
Commercial support Payment of management fees for commercial support by Sopra Group: 2% of Sopra Consulting's revenue	€809,342
Tax consolidation The tax charge is apportioned as if no tax consolidation agreement applied	€4,442

3.2.2. Agreements between Sopra Group and Axway Software

Agreement	Impact on the 2010 financial statements
Provision of premises	€3,363,420
Expense recharge Sopra Group charges Axway Software the proportion of the various expenses relating to the shared premises (telecoms, etc.)	€83,477
Provision of IT resources	€2,228,385
Assistance provided by functional divisions	€419,800
Commercial support Payment of management fees for commercial support by Sopra Group	No impact. Not applied in 2010.
Tax consolidation The tax charge is apportioned as if no tax consolidation agreement applied	€25,179

3.2.3. Cash management agreements and receivables relinquished

Company concerned	Balance of current account held with Sopra Group at 31 December 2010	Expense (-)/Income (+)
Axway Software	€68,421,622	€1,502,919
Sopra Consulting	-€15,217,366	-€73,012
Sopra Group Ltd	-€6,970,261	-€28,981
Sopra Belux	€472,000	€4,502
Sopra Group GmbH	€764,500	€19,113
Sopra Group SpA	€4,779,562	€276,337
SOPRAntic	€1,454,508	€50,584
Sopra Informatique	-€7,589,416	-€205,322
Sopra Group Informatica	-€22,301,711	-€96,500
Sopra Luxembourg	-€231,753	-€700
Business Architects International NV	-€13,068,917	-€57,609

4. Chairman of the Board of Directors' report on corporate governance and on internal control procedures

Pursuant to Article L. 225-37 of the French Commercial Code, the purpose of this report is to inform shareholders as to:

- the manner in which the work of the Board of Directors was prepared and organised;
- specific procedures relating to the participation of shareholders in General Meetings;
- the internal control and risk management procedures implemented by the Company.

The first section, which deals with the Board of Directors, applies the recommendations of the *Code of Corporate Governance for Listed Companies* published in December 2008 by AFEP and MEDEF (this document may be viewed on the MEDEF website). The second section refers to the provisions of the Articles of Association relating to General Meetings and the rights of shareholders. The third section, which presents the Group's internal control and risk management procedures, is based on the recommendations of the workgroup officially established by the *Autorité des Marchés Financiers* (AMF) and supplemented in 2010.

4.1. Manner in which the work of the Board of Directors was prepared and organised

4.1.1. Composition of the Board of Directors and remuneration of its members

The composition and remuneration of the members of the Board of Directors are presented in paragraph 1 of Chapter 3 of this Reference Document.

At the present time, there are no women serving as members of the Board of Directors. In application of the French law on balanced representation of women and men on boards of directors and supervisory boards and professional equality (n° 2011-103 of 27 January 2011), proposals for the appointment of one or more female directors will be submitted for the approval of the General Meeting convened to approve the financial statements for the year ending 31 December 2011, in the context of deliberations on the renewal of the Board of Directors' membership.

4.1.2. Regulatory framework governing the Board of Directors, its organisation and its working procedure

The organisation and working procedure of the Board of Directors are governed by law, the Company's Articles of Association, internal rules and regulations, and a charter.

Legal provisions

The working procedure of the Board of Directors is governed by Articles L. 225-17 et seq. of the French Commercial Code. The principal mission of the Board of Directors is to determine the strategic directions to be followed by the Company and to oversee their implementation.

Provisions included in the Articles of Association

The rules governing the organisation and procedures of the Board of Directors are set forth in Articles 14 to 21 of the Articles of Association. Please refer to Chapter 8 of the Reference Document, Administrative and legal information.

The provisions of the current Articles of Association depart from the recommendations of the AFEP-MEDEF Code of Corporate Governance for Listed Companies in relation to the term of office of directors: for historical reasons, this term is set to six years.

Internal rules and regulations of the Board of Directors

The internal rules and regulations relate to the following issues: summary of legal and statutory powers, meetings, information received by the Board of Directors, training of members, committees, conflicts of interest, directors' fees, confidentiality and works council representatives.

Board of Directors' charter

The responsibilities of members of the Board of Directors are governed by a charter that addresses the following issues: proxies, missions and conditions of service, knowledge of rights and obligations, individually owned shares, ethical rules pertaining to stock market transactions, transparency, conflicts of interest, meeting attendance, and confidentiality.

The Articles of Association, the rules and regulations and the charter of the Board of Directors are available upon request from the Group's Communications department.

4.1.3. Meetings of the Board of Directors

Number of meetings held during the financial year and attendance of members of the Board of Directors

In accordance with its internal regulations, the Board of Directors is required to meet at least five times each year.

An annual calendar of meetings including a provisional agenda was established by the Board and may be modified should any specific events justify a change in the agreed schedule.

The Board of Directors met ten times in 2010. The attendance rate was 89%.

The Board of Directors was kept regularly informed of the work of the Audit, Compensation and Nomination Committees.

Issues discussed

The main issues discussed in 2010 were:

- strategy and the enterprise project;
- quarterly performance;
- 2010 budget and major strategies;
- approval of the financial statements for the year ended 31 December 2009;
- approval of the interim financial statements for the first half of 2010;
- approval of the recommendations of the Compensation Committee, in particular those relating to the Managing Director;
- authorisation of regulated agreements and commitments;
- capital increase following the exercise of options to subscribe to shares occurring in 2009;
- approval of the Chairman's report on corporate governance and internal control procedures;
- preparation of the 2010 Combined General Meeting;
- approval of financial information and planning documents;
- procedures of the Board of Directors and its internal regulations;
- the proposal for the separation and stock market listing of Axway.

4.1.4. Access to information by members of the Board of Directors

Dissemination of information – Preparatory materials

Article 4 of the internal regulations states that:

- each member of the Board shall receive all information required in the performance of his or her mission and is authorised to request any documents deemed pertinent;
- in advance of each meeting of the Board, a set of preparatory materials shall be addressed to members presenting the items on the agenda requiring special analysis and preliminary reflection, provided that confidentiality guidelines allow the communication of this information;

- the members of the Board shall also receive, in the intervals between meetings, all pertinent and critical information concerning significant events or operations. This information shall include copies of all press releases disseminated by the Company.

Training

Article 5 of the internal regulations states that "any member of the Board may, on the occasion of his or her appointment or at any point during his or her term in office, engage in training sessions he or she feels are required by the performance of his or her duties".

Given the experience and length of service of the members of the Board of Directors, no training was deemed to be required in 2010.

4.1.5. Committees of the Board of Directors

Audit Committee

The Audit Committee was created on 2 March 2004 and its mandate was renewed on 30 May 2006. Its organisation and procedures are governed by a charter approved by the Board of Directors in its meeting of 27 August 2009. Its members are:

- Hervé Saint-Sauveur, Chairman;
- Pierre-André Martel (until 21 January 2011);
- François Odin;
- Gérard Vincent.

This Committee meets at least four times a year. At least two of these meetings are convened to review the interim and annual financial statements, respectively.

The Committee, which lacks the authority to take decisions on its own, submits its findings and recommendations to the Board of Directors in support of the latter's decisions in the areas of risk management and internal control, financial reporting, internal audit and external audit. The Audit Committee therefore has the following main responsibilities:

- examining the financial statements, especially in order to:
  - review the Company's exposure to risks as well as its off-balance sheet commitments,
  - verify that the procedures for gathering and checking information guarantee its reliability,
  - ensure that accounting policies have been applied consistently and are pertinent;
- promoting the effectiveness of internal control and risk management procedures;
- monitoring the statutory audit of the Group's financial statements by the Statutory Auditors;
- ensuring compliance with the requirement for the independence of Statutory Auditors.

It was convened five times in 2010 in the presence of the Statutory Auditors. The main items of business at these meetings were as follows:

- the 2009 impairment tests;
- approval of the financial statements for the year ended 31 December 2009;
- examination of the financial statements for the first half of 2010;
- the organisation and 2010 work programme for the Group's internal audit function;
- risk mapping and the overall scope of audit procedures;
- the Chairman's draft report on corporate governance and internal control procedures;
- renewal of the appointment of Statutory Auditors and rotation of partners;
- self-assessment of the work performed by the Committee.

The Statutory Auditors appeared before the Committee in the absence of Executive Management personnel.

Various operating and functional Group managers were also interviewed for the informational purposes of the members of the Audit Committee in relation to risk management, internal controls and the preparation of financial and accounting information.

Compensation and Nomination Committees

The Compensation and Nomination Committees operate on the basis of the resolutions having led to their creation and no internal rules have been adopted for either committee to date.

The Compensation Committee as created on 27 April 2004 and its mandate was renewed on 30 May 2006. Its members are:

- Philippe Citerne, Chairman;
- Pierre-André Martel;
- Gérard Jean;
- Alain Brodelle.

This Committee has three main missions:

- determining the fixed and variable components of compensation as well as the benefits in kind to be paid to company officers and to the Company's principal directors;
- verifying the application of rules determined for the calculation of their variable compensation component;
- verifying the quality of the information communicated to shareholders concerning compensation, benefits in kind, options, and fees received by company officers and principal directors.

The Nomination Committee was formed on 22 October 2004 and its mandate was renewed on 30 May 2006. It has the same members as the Compensation Committee. Its main missions are as follows:

- propose appointments of members of the Board of Directors and Executive Management, particularly in the event of an unforeseen vacancy;
- evaluate the Board of Directors, and the Group's corporate governance.

These two committees meet according to the same schedule. They met five times in 2010. The main subjects discussed were the following:

- the Managing Director;
- fixed and variable components of compensation paid to the Executive Committee (COMEX) members: principles, access conditions and decisions in accordance with performance;
- allocation of directors' fees with respect to the 2009 financial year;
- granting of share subscription options.

4.1.6. Evaluation of the Board of Directors

The Nomination Committee is responsible for evaluating the Board of Directors.

4.2. Specific procedures relating to the participation of shareholders in General Meetings

The main provisions of the Articles of Association relating to General Meetings and the rights and obligations of shareholders are included in Chapter 8 of the Reference Document: Administrative and legal information.

4.3. Internal control and risk management procedures implemented by the Company

Introduction

The Group is active in a range of business activities mainly corresponding to consultancy and intellectual services. The Group faces very stiff competition in its markets, where suppliers are assessed by clients in relation to two main discriminating factors: their ability to provide services with the required level of quality and the prices demanded for these services.

The competitive environment in which the Group operates involves several different types of players: often the Group must compete with the client's own internal teams, at times with major multinational corporations and on other occasions with small firms benefiting from very specific technical expertise or a deep-rooted local presence. Despite increasing market concentration over the last few years, the software and services sector is still fragmented and continues to see dramatic changes in the range and specific characteristics of solutions offered, driven by the emergence of new client requirements motivated by either economic or organisational interests as well as by technology watersheds.

In this constantly evolving environment, key factors that will ensure success are responsiveness and flexibility, local access to decision makers, and the ability to take risks and manage projects of strategic importance for major clients.

This requires a highly decentralised operational organisation favouring autonomy and promoting decision-making capacity at the local level. To provide the necessary counterbalance to this decentralised structure, a specialised information system with robust coordination and control capabilities allows the Group to foster dialogue among all participants in a short management chain so that the Executive Committee may remain closely implicated in the Group's business activities.

The main challenges involve, on the one hand, the ability to expand the Group's presence among major clients while organising production so as to improve quality and reduce costs, and on the other hand, the management of human resources so as to assign the most appropriate staff members to each position. As for the production of accounting and financial information, this does not pose any specific difficulties apart from the assessment of work in progress. Only minimal equipment is required.

Rules and procedures must be applied and this must be done in a relevant manner: an over-emphasis on box-ticking constitutes a risk for the Group and staff must make concerted efforts to avoid this approach. All Group employees, regardless of their function, are expected to demonstrate good judgement in all circumstances and, in each and every specific instance, to take decisions that best serve the Group and its clients.

In full awareness of the potential for a dangerous dilution of the corporate culture that has made its rapid growth possible, the Group launched a reassessment of its internal control procedures in 2006. Initially assigned to a representative of Executive Management as part of a larger project, the approach implemented was soon evaluated in the context of the recommendations issued by the workgroup officially established by the *Autorité des Marchés Financiers* (AMF) and continues to be developed. Although the essential aspects of such a system have already been in place within the Company for a number of years, this initiative encouraged the reinforcement and adaptation of the existing system. The system involves the entire Group: taking as its initial focus Systems and Solutions Integration in France, it has since been extended to encompass all subsidiaries (all countries, all segments) under the watchful eye of Executive Management and the Audit Committee.

Definition of internal control

According to the definition of the AMF's reference framework, internal control is *"a system set up by the company, defined and implemented under its responsibility, which aims to ensure:*

- *compliance with laws and regulations;*
- *the application of instructions and guidelines determined by Executive Management […];*
- *the proper functioning of the company's internal processes, particularly those intended to safeguard its assets;*
- *the reliability of financial disclosures;*

and, in a general sense, to contribute to the control of its business activities, to the efficiency of its operations and the effective use of its resources" although without being able "to provide an absolute guarantee that the Company's objectives will be attained."

Approved presentation format

First and foremost, this section aims to present the five components of internal control as implemented within the Group:

- organisation (a);
- internal communication of information (b);
- system for the identification and management of risks (c);
- control activities (d);
- monitoring of the internal control system (e).

A specific review next addresses the production of accounting and financial information to be published.

Finally, the last part focuses on improvements made in the measurement and management of the main risks identified.

4.3.1. Components of the internal control system

a. Organisation

This paragraph refers to the Group's legal, operational and functional organisation, the Human Resources function, the information system, procedures and tools.

Legal structure

Sopra Group's legal structure is designed to be as simple as possible, involving a single entity per business segment and per country, with the exception of short periods following acquisitions, rapidly succeeded by merger-absorption operations.

All Group companies are fully consolidated, with the Group holding in almost all cases 100% of the capital of these subsidiaries. For this reason, the Group controls all companies within its scope of consolidation. There are no *ad hoc* entities outside the scope of consolidation.

Operational structure

Each of Sopra Group's business activities (Consulting and Systems and Solutions Integration in France and International, Axway) makes use of a three-tiered operational organisation:

- Tier 1 is composed of the members of the Sopra Group Executive Committee. It is situated at strategic level, and supervises operational matters (organisation, management audit and development of major client accounts, etc.). Organised around Executive Management, the Executive Committee is currently composed of about ten individuals;
- Tier 2 consists of:
    - divisions centred on a market, an offer, a solution or a geographic area in France,
    - regions or countries outside France.

  There are about thirty of these Tier 2 entities. The Director of each entity reports to a member of Executive Committee;
- Tier 3 corresponds to the Group's operational units, called branches, business units or skill centres, the entities within which it pursues its activities. Operational units carry out an overall management function: they are responsible for sales and marketing, production, human resource management and reporting within the framework of the Group's management system. All of these activities are subject to the control or assistance of operational and functional management.

Each of these units reports to the management of a division, a region or a country. Each division generally includes between four and five units of this type.

Functional organisation

Cross-functional structures (Industrialisation Department, Major Commercial Programmes) or strictly functional departments (Purchasing, Logistics and Transport, Finance, Communication, Internal Control, Internal IT, Legal Affairs, Human Resources, IT Resources and Security) were centralised within Sopra Group SA for the entire Group and reported directly to Executive Management until 2009.

A new functional unit was put in place at Axway over the course of 2010, to allow the Company to operate in an autonomous manner. The principle of centralised functions reporting directly to Executive Management has been maintained at Axway. The extent of services provided by Group-level functions on behalf of Axway is now highly limited, corresponding to areas such as payroll management in France and training.

The functional capacity of international subsidiaries is strictly limited to the local business environment. Functional managers contribute to overall control of Sopra Group and Axway and enable operational entities to devote the entirety of their resources to their business.

Human resources

Recruitment is primarily focused on first-level positions and those requiring specialist skills. Managerial positions are generally filled by means of internal promotion, which allows the Group to rely on an executive-level staff sharing the same culture and uniform values.

Training programmes, which are organised by Sopra Group Academy, plays an essential role in the development of the skills required for the Group's operations (see section 8 of "Sopra Group: Our business" entitled "Human Resources").

The transmission of the Group's fundamentals (values, best practices) represented around 20% of total training efforts again in 2010. A major training programme conducted specifically for managerial staff in 2010 enabled some 850 participants to review once again the Group's value system, update their knowledge of the organisation and improve their management techniques.

Information system

Information systems are used to cover all of the Group's management needs (in particular, monitoring of operations and revenue, invoicing and receipts, monitoring of commercial transactions, budgeting and economic forecasts, production of accounting and financial information, management of human resources). They also structure and provide input for the standardised coordination and control meetings held across the Group.

The various individual information systems used within the Group are under the responsibility of two functional departments reporting directly to Executive Management, charged with direct supervision of information system operations and authorised to resolve any discrepancies. One of these takes charge of IT resources (including procurement) and security, while the other develops or selects the applications to be used to meet the Group's internal needs.

Constantly at work on improving the information system, these two departments accompany the Group's growth in all its aspects: organic growth, integration of acquisitions, extension of the Group's geographic presence, development of its various business segments.

The objectives of these departments are to adapt the information system in the best possible fashion to the Group's operating requirements, to ensure the physical and logistical security of data to which permanent access must be guaranteed, and finally to maintain the cost of the information system at the lowest possible level while remaining compatible with its service constraints.

The position of Information Systems Security Manager (ISSM) within the Industrialisation Department provides a perspective from outside the information systems departments on the choices they make and ensures the development, adaptation and application of the Group's Information Systems Security Policy (ISSP) in collaboration with all operational and functional departments concerned.

Procedures

The Group observes rules and procedures encompassing the areas of organisation and steering, internal and accounting management, the information system, human resources, production and quality assurance, sales and marketing, procurement and transport.

Functional managers are responsible for the establishment, maintenance and dissemination, by means of a training programme, of these rules and procedures, and for monitoring compliance, acting under the aegis of Sopra Group's Executive Management.

These procedures are accessible on a permanent basis via an intranet portal.

In France, a monthly bulletin addressed to the entire operational and functional structure announces or accompanies major changes in terms of procedures or tools and always refers to reference materials accessible via the intranet portal. An international version of this newsletter is published each quarter in three languages.

Given the business segments in which Sopra Group operates, its Quality System serves as a key component of its internal control system and deserves special mention.

Sopra Group's Quality System is defined, documented and maintained by the Industrialisation department. It covers the Systems and Solutions Integration segments and the services associated with their business activities.

The organisation, procedures, processes, and resources mobilised in the service of quality encompass the following areas: pre-sales, production, human resources management, and the management of the Quality System itself.

The basic principles of the Quality System are described in a Quality Manual supplemented by Guides to Procedures and Operating Manuals.

The Group's expanding internationalisation is increasing the need to consider the language issue. The three languages used in the Group's tools and communication are French, English and Spanish. However, at present not all of the applicable reference documents are made available in all three languages, notably Spanish. An increase in the number of documents provided in Spanish has been identified as a priority for 2011.

Tools

The centralisation of functions mentioned in the sections of this document addressing the Group's organisation and its information system entails the standardisation of IT equipment and applications.

The management applications and office automation software designed to standardise the documents produced by the Group are deployed across all Group entities.

Requirements related to regulations, operating methods or business-specific constraints are taken into consideration as necessary.

b. Internal dissemination of information

General description of the System for Information, Piloting and Control (SIPC)

This system is designed not only to organise the dissemination of information, ascending to Executive Management and descending to the branches, but also to direct, control, assist and provide training. Its regular meetings are adjusted according to the different perspectives considered:

- weekly, for the month in progress, with priority accorded to the monitoring of sales, production, and human resources;
- monthly, for the year in progress (special attention is paid to the coming three months), which, apart from the issues handled on a weekly basis, place additional emphasis on economic indicators: entity performance for the previous month, review of annual forecasts, budget monitoring;
- yearly, in regard to the entity's strategic plan and budget.

Steering meetings are held at the different levels presented above: operational units (themselves endowed with a project organisation), divisions, subsidiaries and the Sopra Group Executive Committee.

The monitoring and guidance system is supported by a software tool developed in-house.

Application of the SIPC to all entities of the Group

This system is deployed for all of the Group's entities, both operational and functional. It is generally rapidly implemented in any company acquired. The total coverage of the Group ensured by the SIPC makes it a highly effective vehicle for cohesiveness, the sharing of values and practices throughout the Group, and for control.

c. Risk identification and management process

The process for the identification and management of risks put in place by the Group aims to anticipate risks or deal with them as quickly as possible in order to facilitate the attainment of its targets.

All staff members, both employees and management, are active participants in this process. The issues involved in risk management are readily appreciated by Sopra Group personnel since nearly all are engineers, already impregnated with a culture of project management, which is an important part of risk management.

The relaying of information relating to identified operational and functional risks is structured by the rules governing the information system, coordination and control so that it may be handled at the most appropriate level of the organisation.

Operational risks associated with business activities, which are classified as "alerts" in the Group's in-house lexicon when they are significant for the entity that identifies them, are handled immediately or are included in the weekly review carried out at each of the three levels of the organisation with the aim of implementing an appropriate action plan as quickly as possible. The Group's decentralised organisation generally allows for decisions to be taken swiftly, addressing concerns at the level of action, accompanied if necessary by approval from the next reporting level. When a decision is required at the Group level, the procedures for the handling of risks (person in charge, time limit granted for the implementation of action plans) are usually determined by the Executive Committee during its meetings.

Group functions responsible for the definition and proper application of policies relating in particular to human resources, financing, production, client and supplier contracts, information systems, logistics and communications submit reports to Executive Management on a monthly basis, including any newly identified risks, the assessment of their possible consequences and the procedures for prevention or remediation put in place or planned.

The process also involves reviews organised by the management audit team, the quality department and internal audit personnel.

Risks deemed as significant for the entity having identified them and requiring an urgent response are given the status of "alerts" in the terminology used by the Group and are handled on a priority basis.

Furthermore, the Company has identified four main areas (risks related to human resources, production, sales and marketing activities, cash management) requiring actions over the long term and mobilising considerable resources within the Group. With regard to these specific areas, risk correspondents have been appointed and assigned responsibility for analysis, monitoring, and corrective actions. They are required to submit reports on their activities to Executive Management on a regular basis.

The mapping of risks is debated and discussed during meetings of the Group's Executive Committee in order to verify its completeness, consider the evaluation made of each of the main risks, assess corrective measures and approve the level of residual risk deemed as acceptable for the company.

Lastly, in order to respond optimally in the event of a major crisis, the Group has prepared a model for crisis management procedures. The Group conducted a trial run of these procedures as part of preparatory measures for the consequences of a possible pandemic of swine flu, particularly the strain known as influenza A (H1N1).

The operation of the risk management process is under the supervision of Executive Management, which receives information on risks from operational, functional and audit staff.

d. Control

Apart from self-assessment procedures and the supervisory control procedures assured by operational managers at every level, in application of existing principles of delegation, functional managers play a particular role in the area of risk management by providing assistance and guidance to operational staff, using a preventive approach to perform the mandatory consultations required, where applicable, by the procedures or by carrying out post-controls on the application of procedures and the results obtained (in particular, controls relating to the quality of data entered into the information system).

The Finance Department is entrusted with specific responsibilities in the area of Management Audit and the Industrialisation Department is responsible for control procedures relating to the management of its Quality System.

Finance Department (Management Audit)

Management Audit is performed by the Finance Department. It currently comprises approximately twenty-five employees. The principal tasks of Management Audit are the consolidation and analysis of monthly results produced by the internal management system, overseeing the consistency of monthly forecasts, supervising the application of Group controls and procedures, assisting operating managers, training management system users, performing quarterly reviews of operating units (235 branch reviews conducted in 2010) and performing the reconciliation between the internal management accounts and the financial accounts.

Industrial Department (Quality System management)

Quality management relies upon the day to day involvement between the operating structure and the quality structure.

The monthly steering meetings facilitate an overview of quality at all levels, the monitoring of annual quality targets established during Executive Management reviews and the determination of the appropriate action plans to continuously improve Sopra Group and Axway products and services.

Structural audits are performed so as to verify the application and effectiveness of the Quality System among the Sopra Group staff members concerned (management, sales, operational quality unit).

Sopra Group's Quality System is independent of the project management procedure. In this regard, it offers external quality assurance for projects with a view to safeguarding production, verifying production conformity and that the terms of the quality assurance procedure described in the quality scheme for the project are complied with and operate effectively.

An annual review is performed by management to ensure that the Quality System remains pertinent, adequate and effective. This review is based in particular upon an examination of project reviews and internal structural audits performed at all levels of the Company. During this review, the pertinence of the quality policy is evaluated, the annual quality objectives are defined and possible improvements and changes in the Quality System are considered. This review is performed at the level of Executive Management and then at that of Division or Subsidiary Management.

Projects are reviewed on a regular basis, at key phases in their life cycle. Organised by the Industrialisation Department, or by the Quality System's local representatives, these reviews provide an external perspective on the status and organisation of projects. Almost 1,200 reviews of this type were conducted in 2010.

The effectiveness of actions undertaken as a result of monitoring sessions, audits and reviews is verified by the Industrialisation Department. In addition, annual plans for improvement of the Quality System are drafted during the annual review performed by Executive Management.

e. Supervision of the internal control system

Internal supervision system

The supervision of the internal control system is a responsibility shared by all Group employees. The Group's management bodies play a key role in this area.

Internal Control Department (under the authority of the Chairman and Chief Executive Officer)

The Internal Control Department, which is responsible for internal audit, monitors the system in place and reports its findings directly to the Chairman and Chief Executive Officer.

In application of the internal audit charter adopted by the Group, the Internal Control Department, which has a staff of three, has the following tasks:

- the independent and objective evaluation of the functioning of the internal control system via a periodic audit of entities;
- the development of all recommendations to improve the Group's operations;
- monitoring the implementation of recommendations adopted by Executive Management;
- updating risk information.

The Chairman and Chief Executive Officer validates the audit plan in particular on the basis of risk information obtained using the risk mapping procedure as well as the priorities he has adopted for the year. This plan is presented to the Audit Committee for review and feedback.

Board of Directors (Audit Committee)
The Audit Committee is informed of the activities of the Internal Control Department in its meetings with the Director of the Internal Control Department twice a year, which are also attended by the Statutory Auditors, without management being present.

In particular, these meetings focus once per year on the risk mapping procedure, the annual internal audit plan, and twice per year on the findings of specific internal audit assignments, and follow-up on the implementation of recommendations resulting from these audits.

External procedures

Furthermore, the internal control system is also monitored by the Statutory Auditors and by AFAQ AFNOR inspectors regarding the Quality System.

External audit
The mission of the Statutory Auditors includes an assessment of internal control procedures.

AFAQ AFNOR Certification Inspectors
The audit procedure aims to ensure that the Quality System is both in compliance with international standards and is applied to the entire certified scope of operations.

Each year, AFNOR itself selects the sites visited depending upon when they were last visited and the representativeness of the activity in relation to the certification.

The purpose of this audit process is to identify ways in which the quality management system might be improved in order to ensure constant performance gains.

4.3.2. Production of accounting and financial information

a. Coordination of the accounting and financial function

Organisation of the accounting and financial function

Limited number of accounting entities
As indicated above, the legal entities, and therefore the accounting entities, are limited in number, providing reductions in operating costs and curtailing risks inherent in the function.

Centralisation of the accounting and financial function
As for most functions, the financial and accounting function is predominantly centralised within the Group. Local teams are of adequate size to best serve their role as correspondents within the subsidiaries.

The responsibilities of the Finance Department involve mainly maintaining the accounts for the different Group companies and preparing the consolidated financial statements, financial control, tax issues, financing and cash accounting, and participation in financial communication and legal matters.

In connection with the separation and separate stock market listing of Axway, a Finance Department has been set up at this company, with:

- the appointment of a finance director, an employee of the US subsidiary, in September 2009;
- the production of the accounts of Axway SA on an independent basis by Axway's finance department as of the 2009 balance sheet date;
- the progressive transfer by Sopra Group's finance department, during the course of financial year 2010, of all of the tasks relating to consolidation and operating and financial cash management.

Supervision of the accounting and finance function

Involvement of Executive Management
The Finance Department reports to Executive Management. As with all other entities, it participates in the monitoring and guidance system described above: weekly meetings dealing with ongoing business, monthly meetings devoted to a detailed examination of figures (achieved and forecast), the organisation of the function, and the monitoring of large-scale projects.

Executive Management is involved in the planning and supervision process as well as in preparing the accounts close-out.

Role of the Board of Directors
The Board of Directors is responsible for the oversight of accounting and financial information. It approves the annual accounts and reviews the interim accounts. It relies on the Audit Committee, as described above (see §4.1.5).

Organisation of the accounting information system

Financial accounting
All Group companies prepare complete quarterly financial statements on which the Group bases its published quarterly sales figures and interim financial statements. All these companies are fully consolidated.

Monthly cash flow forecasts are prepared for all companies.

Accounting policies and presentation
The accounting policies applied within the Group are presented in the notes to the consolidated financial statements.

They are subject to an annual review procedure by the Audit Committee.

The proper use of the percentage-of-completion method to evaluate projects is monitored on a permanent basis jointly by the Industrialisation Department, which validates the commitment remaining on projects, and by the Finance Department (Management Audit).

b. Preparation of the published accounting and financial information

Reconciliation with the internal management system accounting data

All Group entities prepare a monthly budget, a monthly operating statement and budget forecasts are revised monthly. These procedures are designed to present the reality of operations and are based upon simple management rules that provide a clear view of performance.

The budget process, which is short in duration and takes place in the last quarter of the year, is a key event. It is the opportunity to apply the strategy approved by the Executive Committee, to adapt the organisation to developments in business segments, to market demand and the competition, as well as to assign quantitative and qualitative objectives to all Group entities. Budgets, including detailed monthly operating forecasts, are prepared by each unit.

A monthly operating statement closed on the third working day of the following month is prepared by each Group entity.

The third component of the management system is a revised operating statement prepared each month. This statement includes the results of the previous month and a revised forecast for the remaining months of the current year.

All these documents are combined with numerous management indicators, related to the economy (labour force participation rate, selling prices, average salary), human resources, invoicing, and receipts, among others.

Commercial activities (prospective clients, contracts in progress, signings, etc.) and cash accounting (client invoicing, receipts) are monitored on a weekly basis.

The results derived from the monthly management reporting documents are verified by financial controllers reporting to the Chief Financial Officer, who also reconcile these data with the quarterly accounting results. Certain key figures are reconciled on a monthly basis.

Procedures for the preparation of the consolidated financial statements

Each company establishes quarterly financial statements and prepares a consolidation pack.

The interim and annual consolidation packs are examined by each company's auditors. Once approved, they are used by the Group Finance Department and the consolidated financial statements are examined by the Group's Statutory Auditors.

4.3.3. Assessment and control of the principal risks identified

Executive Management, after consulting with the Executive Committee, considered that risks related to Human Resources, production and business activity that lie at the heart of the Group's business model, in addition to risks to competitivity, and those relating to cash should continue to be subject to the Group's action plans in 2010.

a. Human resources risks

In a service business, which also faces certain skill shortages, human resources risks are naturally critical. The performance of the recruitment process, human resources management, the permanence of key roles and the sharing of the Group's culture and values are key issues deserving of constant attention.

Among the main issues involved in human resources, the optimal use and thus the expert knowledge of the resources already present in the Group (skills, aptitudes, potential) is an area of particular importance, as the primary operating entities continue to grow in size.

Human resources structure, tools and processes were the focus of a major upgrade contributing to the management of these risks.

The capacity to produce a sufficient number of leaders capable of managing large projects which are complex in terms of their volume, client needs, technology and production methods, such as offshore sourcing, affects the potential long-term growth of the Group.

An ambitious programme, which aims to favour the emergence within the Group of its future leaders (project managers, architects, experts, etc.) led to a rethinking of the career paths, skill use opportunities and employment conditions of the Group's staff employed in productive subdivisions. The lessons of this programme, which also resulted in organisational changes, continue to be applied today.

b. Production risks

The primary risk relates to the capacity to execute the engagement commitments *vis-à-vis* clients in terms of quality, delivery date and cost: delivering products and services that meet the specifications, within the time limits agreed and within the budgets forecast, in particular in connection with major client projects. Providing responses to fully meet client demands and the control of production quality are among the primary challenges faced by the Group.

Controlling such risks requires a perfect knowledge of numerous constantly evolving technical and business environments, the application of a prior validation procedure covering technical, legal and financial aspects, a tried and tested project management methodology designed to integrate the participation of offshore production platforms, together with a management system for monitoring and controlling technical and accounting aspects.

The revamping of the Group's engineering method gave rise to a training programme addressing these issues, which involved nearly 9,000 participants in 2008 and 2009.

On another front, the realisation of the growing importance of issues related to the reliability of IT and communications infrastructure led to the establishment of a new position (Head of Information Systems Security) within the Industrialisation Department at the end of 2009. This organisational change meets the need to spur greater involvement of all stakeholders across the Group in the analysis of risks and the drafting of action plans.

c. Commercial risks

Commercial efficiency depends upon the ability to mobilise all client-related knowledge, where relationships with major clients extend over a number of years, involve numerous employees, often belonging to different units. Mastering this knowledge is a key factor, which permits an understanding of, and an appropriate response to, clients' needs but also allows for better management of the risk of losing a client or a major contract.

The sales approach used for some fifteen major accounts is coordinated in the form of a procedure involving the members of the Executive Committee for the management of major commercial programmes.

d. Cash management risks

The results obtained during the last two years in promoting better control of working capital requirements are largely attributable to the fact that improving the management of the client cycle remained a top priority throughout this period.

The Finance Department, the Legal Department and all operational managers remained mobilised to improve the Group's performance in this area.

Training efforts were pursued on behalf of managers, sales engineers and project managers, who contribute on a day-to-day basis to the hands-on implementation of directives in this area.

An internal reorganisation of the Finance Department has helped to strengthen follow-up processes on the attainment of invoicing and recovery targets in the Group's various entities by assigning a specific team to this task.

Legal, industrial, environmental and market risk factors are discussed in Chapter 1 of this Reference Document.

This report was approved by the Board of Directors in its meeting of 29 March 2011.

Paris, 29 March 2011

Pierre Pasquier

Chairman of the Board of Directors

Statutory Auditors' report prepared pursuant to Article L. 225-235 of the French Commercial Code, on the Report of the Chairman of the Board of Directors of Sopra Group

To the Shareholders,

In our capacity of Statutory Auditors of Sopra Group, and in compliance with the provisions of the last paragraph of Article L. 225-235 of the French Commercial Code, we hereby present our report on the Report of the Chairman of the Board of Directors, pursuant to the provisions of Article L. 225-37 of the French Commercial Code, in respect of the financial year ended 31 December 2010.

It is the responsibility of the Chairman to draw up and submit for the approval of the Board of Directors a report on internal control and risk management procedures implemented by the company that also provides the other disclosures required by Article L. 225-37 of the French Commercial Code, in particular those related to corporate governance.

It is our responsibility to:

- present to you any observations that we have on the basis of the information contained in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of accounting and financial information,
- and to certify that the report includes any other disclosures required by Article L. 225-37 of the French Commercial Code, with the understanding that it is not our responsibility to verify the fair presentation of this information.

We performed our assignment in accordance with professional standards applicable in France.

Disclosures concerning internal control and risk management procedures relating to the preparation and processing of accounting and financial information

These standards require that we carry out work designed to assess the truth and fairness of the information in the Chairman of the Board of Directors' report on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information. This work consisted notably of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information, underlying the information set out in the Chairman's report, as well as existing documentation;
- obtaining an understanding of the work performed to support the information given in the report and existing documentation;
- determining whether any significant deficiencies in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have observed in the context of our mission are properly reported in the Chairman's report.

On the basis of the work that we performed, we have no comment to make on the information on the Company's internal control and risk management procedures relating to the preparation and processing of accounting and financial information, contained in the Report of the Chairman of the Board of Directors, prepared in compliance with the provisions of Article L. 225-37 of the French Commercial Code.

Other information

We hereby certify that the Report of the Chairman of the Board of Directors includes all other disclosures required by Article L. 225-37 of the French Commercial Code.

Paris and Courbevoie, 29 March 2011

The Statutory Auditors

Auditeurs & Conseils Associés	**Mazars**
François Mahé	Christine Dubus

4 REPORTS OF THE BOARD OF DIRECTORS TO THE COMBINED GENERAL MEETING OF 10 MAY 2011

REPORT OF THE BOARD OF DIRECTORS

1. Sopra Group's business and key events in 2010

1.1. Business in 2010 – General environment

Over the last few years Sopra Group has developed a specific business model based, in Europe, on Consulting, Systems Integration, Application Outsourcing and its industry-specific solutions for the banking, human resources and real estate sectors, and on a project, pursued by its Axway subsidiary, for worldwide leadership in the area of collaborative business solutions.

The Group has positioned itself, and adopted a successful business model, based not only on technological development but also on outsourcing and business combinations. This novel business model makes it difficult to make a comparison with other companies within the sector which have positioned themselves differently.

The sector saw a slight return to growth in 2010, after reporting negative growth in 2009. Revenue of companies in the Software and Services sector increased by about 1.5% in France (Source: Syntec).

Sopra Group posted revenue of €1,169.9 million in 2010. Organic growth was 6.2%, calculated at constant exchange rates and comparable consolidation scope, and increased steadily throughout the year, reaching 10.0% in the fourth quarter. Operating profit on business activity came to €116.8 million, corresponding to a current operating margin of 10.0%. Operating profit amounted to €109.3 million, corresponding to an operating margin of 9.3%. Net profit totalled €74.8 million, corresponding to a net margin of 6.4%. All of the Group's businesses contributed to attaining these results.

In a difficult economic environment characterised by only weak recovery in business activity, the Group's good performance reflected at the level of revenue as well as operating profit demonstrates the success of the Group's strategic decisions, the relevance of the choices made in terms of its portfolio of businesses, the markets where the Group is active and its production organisation.

1.2. Key events of the year

A significant event of 2010 was the non-realisation of the spin-off of Axway's business under the proposed terms *(apport-scission sous régime d'agrément)*.

There were no significant acquisition operations in 2010.

2. Consolidated financial statements

2.1. Consolidated income statement

2.1.1. Group results

(in millions of euros)	2010		2010 restated		2009		2008	
Revenue	1,169.9		1,169.9		1,094.3		1,129.5	
Operating profit on business activity	116.8	*10.0%*	106.4	*9.1%*	83.3	*7.6%*	102.5	*9.1%*
Profit from recurring operations	114.0	*9.7%*	103.6	*8.9%*	80.3	*7.3%*	100.9	*8.9%*
Operating profit	109.3	*9.3%*	98.9	*8.5%*	63.2	*5.8%*	99.7	*8.8%*

Consolidated revenue amounted to €1,169.9 million in 2010, representing total growth of 6.9% and organic growth of 6.2%. This compares to negative organic growth of (-)4.5% in 2009. The pace of growth increased considerably over the course of the year, reaching 10% in the fourth quarter of 2010.

Total staff costs (employees, sub-contractors and external contractors) represented 74.3% of revenue and remained stable compared to the previous year (74.2%).

The development of staff costs in relation to revenue at Sopra and Axway was not identical, given the impact of licence sales and earnings from maintenance services:

- Axway: staff costs represented 64.9% of revenue in 2010, up from 64.5% in 2009.
- Sopra: staff costs represented 76.3% of revenue in 2010, up from 76.1% in 2009.

Operating expenses as a percentage of revenue were down 1.4 points compared to the previous year. This €3.4 million decline is related in part to cost-cutting measures put in place early in 2009 for all categories of expenses (travel costs. information systems expenses, costs of premises, other overheads).

Depreciation, amortisation, provisions and impairment as a percentage of revenue decreased slightly by 0.2 points, corresponding to a charge of €14.8 million, compared to €15.9 million in 2009.

Operating profit on business activity amounted to €116.8 million, corresponding to 10.0% of revenue, compared to €83.3 million and 7.6% of revenue in 2009, an increase of 40.2%; after restating for the CVAE, this increase would have been 27.7%.

Profit from recurring operations came in at €114.0 million, corresponding to a current operating margin of 9.7% after taking into account:

- the amortisation of intangible assets acquired as a result of business combinations for a total charge of €2.6 million, including €1.9 million for Axway and €0.7 million for Sopra;
- expenses related to stock options in the amount of €0.2 million.

Operating profit amounted to €109.3 million, corresponding to an operating margin of 9.3% after taking into account non-recurring expenses in the amount of €4.7 million. These non-recurring items are primarily comprised of the cost of the spin-off, in the amount of €4.0 million. Costs related to the proposed spin-off are apportioned between Sopra (15%) and Axway (85%). In 2009, non-recurring expenses amounted to €17.2 million and related exclusively to the Group's business activities in Spain. In particular, they included a goodwill impairment charge of €15 million for Sopra Group Informatica.

Net finance costs amounted to €5.8 million in 2010: a decrease of €3.4 million compared to 2009, representing 0.5% of revenue as against 0.8% the previous year.

The decrease in finance costs results from the combination of two factors: the reduction in the Group's net debt which declined from €137.4 million at 31 December 2009 to €57.2 million at 31 December 2010, and lower costs for the financing of credit facilities and overdrafts.

Realised and unrealised gains and losses amounted to a net charge of (-)€1.1 million.

Other financial income and expenses, which amounted to a net charge of (-)€0.3 million, mainly include:

- discounting expenses relating primarily to:
  - the provision for retirement benefits in the amount of (-)€1.5 million;
  - employee profit sharing which had a positive impact of €0.5 million;
  - the change in the value of interest rate hedging instruments, which had a positive impact of €0.5 million.

The Group's tax expense is presented before the restatement of the CVAE in order to ensure comparability with financial year 2009.

In 2009, Sopra Group's income tax rate was 40% reflecting a rate of 35.3% for Axway and 42% for Sopra. The higher tax rate for Sopra is the result of the goodwill impairment charge for Sopra Informatica, which is not tax deductible.

In 2010, Sopra Group's income tax rate was 18.4%, reflecting a rate of (-)18.2% for Axway and 30.3% for Sopra. The rate for Sopra marks a return to its level in 2008, when the rate was 30%. Conversely, the tax expense represents a positive impact for Axway in the amount of €3.0 million due to the capitalisation of tax loss carryforwards relating to Axway Inc. (€4.1 million for the 2011 and 2012 financial years) and additional depreciation in excess of that required for Cyclone Commerce's products (€5.1 million).

Net profit was €74.8 million or 6.4% of revenue compared to €27.2 million and 2.5% in 2009, an increase of 175%.

Basic earnings per share (calculated on the basis of the weighted average number of shares outstanding during the financial year) increased to €6.35 from €2.33 in 2009 and diluted earnings per share (taking into account share subscription options already granted but not yet exercised) increased to €6.33 from €2.33 in 2009.

Research and development expenses are presented in Chapter 1, Section 4.2.

2.1.2. Performance by division

In order to compare performance with the 2009 financial year, information for 2010 is presented before and after the restatement of the CVAE (see Chapter 5, Note 3).

Consulting and Systems and Solutions Integration (CSSI)

Revenue for all CSSI businesses taken together came to €961.5 million, representing organic growth of 5.1% increasing steadily over the course of the year. Operating profit from CSSI's business activity was €85.7 million corresponding to a current operating margin of 8.9%. Operating profit amounted to €83.7 million corresponding to an operating margin of 8.7%.

a. Consulting and Systems and Solutions Integration (CSSI) (excluding Axway)

(in millions of euros)	2010		2010 restated		2009		2008	
Revenue	961.5		961.5		912.1		958.3	
Operating profit on business activity	85.7	*8.9%*	76.4	*7.9%*	64.8	*7.1%*	82.3	*8.6%*
Profit from recurring operations	84.8	*8.8%*	75.5	*7.9%*	63.7	*7.0%*	81.4	*8.5%*
Operating profit	83.7	*8.7%*	74.4	*7.7%*	46.6	*5.1%*	81.4	*8.5%*

b. Consulting and Systems and Solutions Integration (CSSI) - France

(in millions of euros)	2010		2010 restated		2009		2008	
Revenue	786.1		786.1		741.6		747.6	
Operating profit on business activity	78.1	*9.9%*	68.8	*8.8%*	59.6	*8.0%*	65.2	*8.7%*
Profit from recurring operations	77.2	*9.8%*	67.9	*8.6%*	58.5	*7.9%*	64.3	*8.6%*
Operating profit	76.1	*9.7%*	66.8	*8.5%*	58.6	*7.9%*	64.3	*8.6%*

c. Systems Integration - Europe

(in millions of euros)	2010		2010 restated		2009		2008	
Revenue	175.4		175.4		170.5		210.7	
Operating profit on business activity	7.6	*4.3%*	7.6	*4.3%*	5.2	*3.0%*	17.1	*8.1%*
Profit from recurring operations	7.6	*4.3%*	7.6	*4.3%*	5.2	*3.0%*	17.1	*8.1%*
Operating profit	7.6	*4.3%*	7.6	*4.3%*	-12.0	*-7.0%*	17.1	*8.1%*

CSSI France posted organic growth of 6.0% with revenue of €786.1 million. Steady improvement in organic growth was observed throughout the year reaching 9.4% in the fourth quarter. Operating profit from CSSI France's business activity came to €78.1 million corresponding to a current operating margin of 9.9%. Operating profit was €76.1 million corresponding to an operating margin of 9.7%. CSSI France started 2011 on a secure footing owing to numerous contract wins in 2010.

Revenue posted by the European CSSI subsidiaries came to €175.4 million representing organic growth of 1.2%. As anticipated when the Group reported its results for the first half of the year the second half of 2010 saw a return to growth for these businesses which achieved organic growth of 2.2% in the third quarter then a surge to 9.7% in the fourth quarter. Operating profit, which does not include exceptional expenses, was €7.6 million corresponding to an operating margin of 4.3% a strong improvement compared to the previous year.

Axway

Axway posted revenue of €208.4 million representing total growth of 14.4% and organic growth of 11.8%.

(in millions of euros)	2010		2010 restated		2009		2008	
Revenue	208.4		208.4		182.2		171.2	
Operating profit on business activity	31.1	*14.9%*	30.0	*14.4%*	18.5	*10.2%*	20.2	*11.8%*
Profit from recurring operations	29.2	*14.0%*	28.1	*13.5%*	16.6	*9.1%*	19.5	*11.4%*
Operating profit	25.6	*12.3%*	24.5	*11.8%*	16.6	*9.1%*	18.3	*10.7%*

Operating profit from Axway's business activity came to €31.1 million corresponding to a current operating margin of 14.9%. Operating profit totalled €25.6 million corresponding to an operating margin of 12.3% after taking into account the amortisation of allocated intangible assets and exceptional expenses related to the proposed spin-off.

As indicated in the press release dated 4 August 2010. Axway reported a strong operating performance in the first half of the year supported in part by postponements from 2009 to 2010 affecting the signature of definitive licence sales agreements. In the second half, all of Axway's operations saw robust growth which reached 10.2%.

2.2. Balance sheet and financial structure

Non-current assets were €471.0 million at 31 December 2010, up from €442.9 million the previous year. This is mainly the result of the following changes:

- the increase in goodwill (€369.9 million vs. €356.6 million in 2009);
- the decrease in intangible assets (€23.7 million vs. €25.1 million in 2009);
- the increase in property and equipment (€39.3 million vs. €34.9 million in 2009);
- the increase in deferred tax assets (€34.4 million vs. €22.6 million in 2009).

Trade accounts receivable amounted to €368.4 million (including VAT) compared to €333.9 million in 2009. Expressed in terms of months of revenue it corresponds to 2 months down from 2.1 months in 2009. This improvement was obtained in particular as a result of an ongoing action plan launched at the end of 2008, to optimise the management of the client cycle by reducing contract work in progress and trade receivables thus limiting working capital requirements and improving cash flow from operating activities.

Cash and cash equivalents amounted to €54.9 million compared to €43.6 million in 2009.

At 31 December 2010, consolidated shareholders' equity totalled €364.6 million, compared to €281.7 million in 2009. The statement of changes in consolidated shareholders' equity included in Chapter 5 provides a detailed presentation of the principal movements in 2010.

Long-term liabilities and borrowings amounted to €112.1 million, versus €181.0 million in 2009 and were essentially comprised of bank loans for €78.4 million. IT lease finance agreements for €7.9 million and additions to the special employee profit sharing reserve for €24.4 million.

The Group's free cash flow was €90.8 million compared to €91.2 million in 2009, marking the continuation of the significant improvement first recorded the previous year and attributable to a considerable reduction in working capital requirements.

Net debt amounted to €57.2 million, compared to €137.4 million at 31 December 2009.

Net debt represents the balance of the items *Long-term liabilities and borrowings* and *Cash and cash equivalents*. A breakdown of the change in net debt is provided in Note 14.2 of the notes to the consolidated financial statements.

Other current liabilities, which totalled €333.7 million mainly comprised:

- employee-related liabilities (personnel and social security) for €159.7 million;
- tax liabilities for €82.1 million, essentially corresponding to value added tax included in client receivables;
- accrued income and prepayments for €90.1 million, comprising the portion of billing revenue already issued but yet to be booked as revenue.

At 31 December 2010, the Group's financial position remained strong, with equity at €364.6 million and a significant reduction in net debt, closing the year at €57.2 million.

2.3. Identity of shareholders

The Group's share ownership structure is described in Part 2 of this Reference Document under Chapter 2 "Current ownership".

3. 2010 Sopra Group SA company financial statements

Sopra Group SA comprises the Systems and Solutions Integration business in France as well as all the Group's functional services. The Group's subsidiaries consist of Systems and Solutions Integration Europe Consulting and Collaborative Business Solutions (Axway's business).

3.1. Income statement

Revenue increased by 6.5% to €770.7 million versus €723.8 million in 2009.

Operating profit rose to €67.7 million, up from €57.2 million a year earlier.

Net financial income was (-)€1.9 million in 2010 compared to +€4.8 million in 2009.

Pre-tax profit on ordinary activities was €65.7 million, compared to €62.0 million one year earlier.

Net exceptional income for 2010 was €0.3 million compared to (-)€0.7 million in 2009.

The employee profit sharing expense was (-)€10.4 million compared to (-)€6.5 million in 2009 and the corporate income tax expense went from (-)€10.4 million to (-)€13.0 million.

There was a net profit of €42.6 million versus €44.5 million in 2009.

3.2. Balance sheet

Shareholders' equity was €307.6 million at 31 December 2010, compared to €271.8 million at end 2009.

This change was due primarily to the following factors:

- the net profit for the year of €42.6 million;
- exercise of share subscription options amounting to €2.6 million;
- payment of dividends in respect of the 2009 financial year amounting to (-)€9.4 million.

Pursuant to the provisions of Articles L. 441-6-1 and D. 441-4 of the French Commercial Code, we hereby inform you that the balance of trade accounts payable at 31 December 2010 comprises the following elements:

(in thousands of euros)	Total out-standing amount	Amount not yet due	Amount due in less than 60 days	Amount due in more than 60 days
At 31 December 2010	49,773	47,802	1,327	644

Sopra Group observes the payment terms required by law in France for trade accounts payable: a maximum of 60 days from the issue date of the invoice.

The total amount due in more than 60 days relates mainly to the amount due to the subsidiary Sopra India. As Indian law does not allow current account advances, the payment of supplier invoices is deferred in order to optimise cash management in France.

Fixed assets decreased to €512.0 million, from €522.0 million in 2009. These consisted mainly of €435.9 million in non-current financial assets, €55.4 million in intangible assets and property and equipment of €20.7 million.

4. Strategy and objectives, recent developments and 2011 outlook

4.1. Key events in 2010

4.1.1. Continued progress of key account strategy

For several years, Sopra Group has applied a strategy to build its business with several key accounts. Accordingly, twenty clients targeted by Sopra Group in 2010 in banking, the public sector, energy, retail, telecoms and manufacturing together accounted for 45% of the Group's revenue, corresponding to a stronger increase than that recorded for consolidated revenue.

4.1.2. Further reinforcement of Sopra Group's strong presence in application management

Sopra Group was one of the first companies in the sector to provide this type of service and has focused constant development efforts on this offering in recent years. A study carried out in 2010 by an independent firm assessed the status of this market and the respective positions of providers. This study confirmed Sopra Group's very strong position, ranking the Group as the top provider in the market in relation to fundamental aspects of this offering, including our proven track record and experience, the evident expertise and quality of our production processes, the quality of our sales approach and the performance delivered to the client.

4.1.3. Offering a continuum of services in support of major transformation projects

Sopra Group has three core businesses: consulting, integration and software development. We seek to bring to bear all three of these areas of expertise to meet the demands of major transformation projects. In 2010, the formidable combination of these three core business strengths enabled us to win a number of contracts and launch major transformation programmes.

Several of these programmes involve clients in the financial services industry. Among the aims pursued by such programmes are, for example, redesigning the value chain for lending or payment processes by bringing all production operations within a single factory, shared by all the entities of a major bank or, in some cases, shared by several different major banks.

Other programmes have been launched on behalf of public sector clients, prompted by the French government's broad call for modernisation to overhaul certain organisations and the associated major application chains, from top to bottom.

4.1.4. Momentum recovered across European geographies

As 2008 drew to a close, our operations outside France experienced difficulties, in particular due to the fact that our European subsidiaries were positioned in markets that had hit a rough patch.

The end of 2008 marked the beginning of a recession for our sector. While our businesses in Europe had a year of negative growth in 2009, this trend reversed itself in 2010. After a slight recession in the first part of the year, the second half saw our operations return to growth across all European countries, with revenue increases and improvements in profitability. All of our geographies participated in this movement.

4.1.5. Structuring of banking products (Evolan) and assistance provided for foreign operations of major clients

Evolan is the brand under which all of our solutions for retail banking, lending, smartcards, banking distribution and regulatory reporting are marketed. This business is structured around a software development unit organised into three business lines: R&D, distribution and support services related to the products.

This business saw robust growth in 2010. Sopra Group has won significant contracts in support of the information systems of top tier banks in France.

We also provide these services in Europe outside France: we are assisting major French banks with the deployment of their international platforms and opportunities have also arisen among financial services clients in the UK, resulting in a first contract win at the end of 2010.

4.1.6. Ongoing transformation of Sopra Group

Like all companies. Sopra Group is engaged in a process of constant transformation, through industrialisation efforts, the development of our solutions and the building of teams. One point in particular is worth noting in this regard: the successful transition of managers having taken on new and broader responsibilities at the end of 2010 and in early 2011, all of them having risen from within the ranks of Sopra Group. This fact underscores our genuine capacity to nurture tomorrow's leaders and thus to maintain a long-term perspective on the Group's growth.

4.1.7. Axway

Sopra Group has adopted a joint marketing strategy with Axway, combining the offer of systems integration services with the latter's products. These partnerships come into play especially where the client is faced with the need to functionally monitor, assess and comprehend business processes. This approach will continue to be adopted for future projects, joining Axway's expertise as a software developer with that of Sopra Group as a systems integrator.

4.2. Strategic priorities in 2011

4.2.1. Consolidating our strong leadership position in France

Given the proportion of revenue generated by Sopra Group in France, this market is an essential mainstay of our business that must be continually reinforced by concentrating our efforts, and particularly in relation to two main strategic areas. The first of these is key accounts, since our growth margin among these clients remains very robust, in the Group's priority vertical markets (retail banking, public services, telecoms, etc.) where we have decided to apply and build our know-how and expertise. Secondly, we aim to promote and maintain our continuum of services through our combined capabilities in our three business lines: consulting, integration and software development.

4.2.2. Further development of Evolan

Evolan is an essential factor contributing to our leadership position among French banking sector clients. Our planned reinforcement of Evolan embraces two aspects:

- the functional coverage of our solutions for the entire universe of retail banking so as to meet the needs of our clients to the fullest extent possible;
- full geographic coverage of the European market.

4.2.3. Growing our presence in Europe

We aim to develop our business in European geographies along three main lines:

- the acceleration of our "boost" programme, which seeks to ensure end-to-end geographic coverage of our services provided to key accounts;
- allocation of competencies to specific sectors in order to better target development opportunities;
- positioning of the Group's offering in all geographies.

4.2.4. Continuing industrialisation

Production quality is one of the main fundamentals behind the Group's performance and the excellent reputation we enjoy in all our markets. Accordingly, we will continue to invest to a significant and sustained extent in the industrialisation of our production in all countries where we are present:

- deployment of methodologies across all of our entities;
- development of new tools;
- harmonisation of our production model to encourage the recognition of our Service Centres in France, Europe and India as a single production and management system.

4.2.5. Facing up to human resources management and recruitment challenges

Tomorrow's leaders are already Sopra Group employees. Leadership qualities are an important focus of our recruitment efforts. In order to allow employees to reach their full potential, we must ensure that they remain interested in building an interesting career at Sopra Group and that the organisation is structured to make this possible. We meet this challenge through specific training programmes, a local management presence devoting attention to staff development and rigorous processes for career assessment and planning.

In 2011, Sopra Group will recruit some 2,500 individuals.

4.2.6. Axway

Furthering the growth of Sopra Group's systems integration business and Axway's software development business is no longer feasible within a single entity. The markets, client bases and operating methods of these two businesses are very different and their future expansion demands that they function as independent entities. The Group has been able to make the necessary acquisitions to contribute to Axway's development, but it will be difficult to continue in this vein without compromising its own growth. Axway's market is in the process of migrating to countries where the Group maintains only a marginal presence (Germany and the United States). Finally, Sopra Group's market value is not entirely recognised in its own right with Axway under its umbrella.

In addition, the initiative currently in preparation is being undertaken at a time when Axway has become fully autonomous from an operational standpoint and when its position in the United States, following the acquisition of Tumbleweed, is sufficiently strong and widely recognised.

Axway's Synchrony platform is used to guarantee, secure and govern all electronic data exchanges within business interaction networks (internal, external, between applications, in file mode, B2B, EDI, etc.). Axway markets its own products or software suites but it also develops new hybrid offerings combining on-site installation and cloud computing. Its geographic positioning is highly relevant: Axway is a leading European provider of data transfer management and business integration solutions, and has become a major player in the US market as well. The company is also present in Asia.

Axway benefits from two strong market positions in the data transfer field (finance and supply chain management). Axway's status as a leading player in its markets enables the company to attract systems integrators for joint contracts. Furthermore, Gartner Group, the world's leading information technology research and advisory company, ranks Axway as a top provider in the fields of managed file transfer (MFT), B2B and e-mail security solutions. Gartner has published a study focusing uniquely on Axway, which concludes that the software developer has the means to achieve its ambitions.

Moreover, Axway's history, with its various acquisitions (Viewlocity in 2002, Cyclone Commerce in 2006, the B2B activity of Atos Origin in Germany in 2007 and Tumbleweed in 2008) has given rise to a genuinely effective management team with an international reach.

4.3. Recent developments

4.3.1. Acquisitions

The Group has not carried out any new acquisitions since 1 January 2011.

4.3.2. Spin-off and listing of Axway

In its meeting of 21 January 2011, Sopra Group's Board of Directors unanimously approved the principle of listing Axway on the stock market.

The initiative to list Axway aims to provide Axway and Sopra Group with the resources to develop their respective businesses entirely independently and in the best interests of their clients, employees and shareholders. The Group intends to carry out this operation by offering all of its shareholders the opportunity to participate fully in these two ambitious business strategies.

Planned operation

Subject to receiving approval from the market supervisory authority and shareholders, the listing operation would combine a distribution by Sopra Group of a dividend payable partly in Axway shares and partly in cash, followed shortly afterwards by a capital increase of Axway.

First stage: Sopra Group would distribute a significant portion of Axway's share capital to its shareholders in the form of a dividend in kind, in addition to a cash dividend designed to offset the tax burden of shareholders resulting from the distribution of securities under ordinary law. This operation would lead to the stock market listing of Axway.

Second stage: A capital increase of Axway would be carried out soon after the distribution, its timing being dependent on market conditions and subject to receiving approval from the market supervisory authority and Axway shareholders. This capital increase of around 50 to 65 million euros would serve primarily to reimburse the current account put in place with Sopra Group and would aim to equip Axway with a positive cash balance as well. The operation would be carried out with preferential subscription rights being maintained.

On completion of these operations, the two companies would each enjoy a sound financial structure, allowing them to pursue growth and seize any acquisition opportunities that may arise.

Sopra Group's subscription to the capital increase would be carried out in such a way that the company would have an ownership stake of approximately 25% to 30% in the share capital of Axway upon completion of these operations.

Schedule for the operation

A complete set of documents has been submitted to the employee representative bodies and, in the absence of adverse market conditions, could conceivably lead to the stock market listing of Axway in the second quarter of 2011.

The key dates of the operation, in addition to a complete information package for shareholders and the financial community, will be published in due course.

4.3.3. Development of the Group's financial position

There has not been any significant change in the Group's financial or trading position since the close of the last financial year for which audited financial statements or interim financial statements have been published.

4.4. Outlook for 2011

As of this writing, there are no other known events considered likely to have a material impact on the Group's financial position.

For 2011, Sopra Group confirms its forecast for positive organic growth and a slight improvement in its current operating margin. Axway also anticipates positive organic growth and a slight improvement in its current operating margin.

5. Subsidiaries and associated entities

5.1. Acquisitions of equity interests in subsidiaries and associated entities

5.1.1. First consolidation

No Sopra Group entities were consolidated over the course of financial year 2010.

5.1.2. Deconsolidated entities

No Sopra Group entities were deconsolidated over the course of financial year 2010.

5.1.3. Reorganisation of legal entities

There were no changes in the Group's scope of consolidation in 2010.

Since 1 January 2010, Orga Consultants has operated under the name Sopra Consulting.

5.1.4. Restructuring measures

No restructuring measures were implemented in 2010.

5.2. List of direct subsidiaries

Company *(in thousands of euros)*	Share capital	Other share-holders' equity	% of capital held	Book value of securities *(in euros)* Gross	Book value of securities *(in euros)* Net	Loans and advances granted by the company and not yet repaid	Surety and guarantees granted by the company	Latest financial year revenue excl. VAT	Latest fiscal year profit or loss	Dividends received by the Company during the financial year	Obser-vations
Axway Software	75,620	32,587	100.0%	75,620	75,620	68,422	-	114,245	8,422	-	
Axway Holding	37	-4	100.0%	37	37	5	-	-	-4	-	
Sopra Consulting	51,087	-995	100.0%	85,062	50,000	-	-	37,977	-17,844	730	
Sopra Group Ltd (United Kingdom)	58,899	-8,646	100.0%	83,955	67,560	-	-	60,249	-342	-	
Sopra Belux (Belgium)	2,638	-1,471	100.0%	3,052	3,052	472	-	10,263	-87	-	
Business Architects International NV (Belgium)	11,426	3,372	100.0%	37,667	37,667	-	-	6,351	682	300	
Sopra Luxembourg	100	233	100.0%	100	100	-	-	1,203	164	40	
Valoris Luxembourg	894	-2,350	100.0%	1,154	-	1,397	-	-	-6	-	
Sopra Group Gmbh (Germany)	1,200	-1,278	100.0%	5,485	-	765	-	2,209	83	-	
Sopra Informatique (Switzerland)	80	9,426	100.0%	58	58	-	-	9,654	1,680	3,306	
Sopra Group SpA (Italy)	3,660	-506	100.0%	12,502	12,502	4,780	-	31,849	-328	-	
Sopra Group Informatica SAU (Spain)	24,000	26,648	100.0%	113,487	109,487	-	-	65,956	1,905	-	
Valoris Iberia (Spain)	70	-107	100.0%	18,760	-	45	-	-	-37	-	
CS Sopra España (Spain)	3,260	298	100.0%	3,260	3,260	-	-	12,012	261	-	
SOPRAntic (Morocco)	268	6	100.0%	267	267	1,455	-	3,013	138	-	
Sopra India (India)	3,397	5,176	100.0%	5,366	5,366	-	-	14,883	568	122	

5.3. List of indirect subsidiaries

Parent companies and their subsidiaries *(in thousands of euros)*	Share capital	Other share-holders' equity	% of capital held	Book value of securities *(in euros)* Gross	Net	Loans and advances granted by the company and not yet repaid	Surety and guarantees granted by the Company	Latest financial year revenue excl. VAT	Latest fiscal year profit or loss	Dividends received by the Company during the financial year	Obser-vations
Axway Software											
Axway SAS (France)	37	-5	100.0%	37	37	-	-	-	-3	-	
Axway Distribution France (France)	1	-3	100.0%	2	2	1	-	-	-2	-	
Axway Holding Distribution (France)	1	-2	100.0%	2	2	1	-	-	-3	-	
Axway UK Ltd (United Kingdom)	116	495	100.0%	148	148	-	-	9,892	424	-	
Axway Nordic (Sweden)	11	1,678	100.0%	20,706	1,606	-	-	5,324	27	-	
Axway GmbH (Germany)	425	22,582	100.0%	23,038	23,038	-	-	23,367	826	-	
Axway B.V (Netherlands)	18	853	100.0%	200	200	-	-	3,733	192	-	
Axway Srl (Italy)	98	19	100.0%	98	98	-	-	4,072	-5	-	
Axway Software Iberia (Spain)	1,000	1,536	100.0%	1,000	1,000	-	-	2,549	115	-	
Axway Belgium (Belgium)	1,000	1,316	99.9%	999	999	-	-	5,418	318	-	
Axway Romania Srl (Romania)	12	2,576	100.0%	1,972	1,972	-	-	7,684	1,389	1,083	
Axway Bulgaria EOOD (Bulgaria)	3	1,090	100.0%	980	980	-	-	4,884	436	-	
Axway Inc. (United States)	-	97,855	100.0%	120,266	120,266	9,218	-	82,678	16,553	-	
Axway Asia Pacific Pte Ltd (Singapore)	-	-	100.0%	908	-	-	-	-	1,044	-	
Axway Pte Ltd (Singapore)	117	112	100.0%	-	-	709	-	2,535	212	-	
Axway Sdn Bhd (Malaysia)	61	-125	100.0%	-	-	-	-	71	27	-	
Axway Ltd (Hong Kong)	10	337	100.0%	-	-	-	-	1,189	341	-	
Axway Software China (China)	1,288	-1,097	100.0%	-	-	-	-	698	172	-	
Axway Software Korea corporation Ltd (South Korea)	34	-273	100.0%	40	-	403	-	3	-2	-	
Axway Pty Ltd (Australia)	76	291	100.0%	-	-	-	-	983	409	-	
Axway Inc. (United States)											
Tumbleweed Communications Holding GmbH (Switzerland)	16	982	100.0%	9	9	-	-	-	-	-	
Sopra Group Informatica (Spain)											
Sopra PROFit Euskadi Slu	6	2,195	100.0%	3,254	3,254	-	-	3,075	452	-	
PROFit Gestao Informatica Lda	18	1,585	100.0%	1,400	1,400	-	-	350	-31	-	

6. Risk factors

As indicated in Chapter 3, the Group has carried out a review of risks with a potentially material adverse impact on its business, its financial positions or its results and considers that it is not exposed to any material risks other than those presented in this Reference Document.

6.1. Legal risks

6.1.1. Intellectual property

a. Brands

Sopra Group and its subsidiaries have trademark protection for the main brand names used in each country.

The brand portfolio is managed by the Group's Legal Department with assistance from an industrial and intellectual property advisor.

b. Patents

Neither Sopra Group nor any of its subsidiaries (with the exception of Axway) have filed patent protection for software.

As a result of the acquisition of Tumbleweed, Axway now owns a number of patents in the United States.

c. Software licences

Sopra Group and its subsidiaries own exclusive rights to all its software, either through having developed it in-house or by having acquired these rights.

The software is protected by copyright. In some cases, copyright protection has been filed with bodies such as Logitas.

Sopra Group and its subsidiaries only grant non-exclusive, non-transferable user licences for software packages supplied to their clients.

6.1.2. Software distribution

Software published by Sopra Group and Axway Software is usually marketed directly by the Group. The Group has nonetheless set up a number of distribution agreements with partners.

6.1.3. Specific regulations

The Group is not subject to any specific regulations and its activities are not subject to any legal, regulatory or public authorisation.

6.1.4. Significant disputes and financial impact on the Company

Provisions are recognised in respect of disputes, as described in Notes 16 and 36 of the notes to the consolidated financial statements.

Risks are recognised in accordance with the method presented in Note 1.20 of the consolidated financial statements.

At the date of this Reference Document, proceedings have been brought against the Group via its subsidiary Axway by a US government agency (the General Services Administration or GSA) in the matter of a trade dispute relating to the price schedule to which Axway is alleged to have agreed for the supply of licences to this client. No specific amount has been claimed at this stage by the GSA and Axway is currently exploring possible ways to reach an out-of-court settlement of this dispute.

Due to the uncertainty as to the outcome of this claim, the Group is not able, at the date of this Reference Document and given the elements currently in its possession, to estimate the total amounts that might be requested and found to be payable by the Group should this matter enter litigation.

With the exception of this dispute involving Axway, the Group is not aware of any legal or arbitration proceedings which could have a significant impact other than those reflected in the Group's financial position. As of the publication date of this document, Sopra Group is not aware of any governmental, legal or arbitration proceedings, including any proceedings that may be suspended or threatened which may have or which have had a material impact on the Company's financial position or profitability during the past 12 months.

6.2. Industrial and environmental risks

Sopra Group operates exclusively in the field of IT services and is therefore not exposed to any specific industrial or environmental risk.

6.3. Financial risks

These risks are discussed in Note 33 of the consolidated financial statements.

Sopra Group has entered into two syndicated credit facilities with its banks, one in the amount of €200 million in October 2005 and another in the amount of €132 million in April 2008. The Group has undertaken to comply with the covenants described in Note 35.4 of the consolidated financial statements.

The Company has conducted a specific review of its exposure to liquidity risk and considers that it is able to meet its future maturities.

6.4. Business risks

These risks are discussed in the Chairman's report on corporate governance and internal control procedures (Part 3, Chapter 4).

6.4.1. Risks related to the nature of contracts

The breakdown of revenue according to the nature of contracts is summarised in the table below:

% of Group's total revenue	2010	2009
Consulting	11%	11%
Fixed-price projects	13%	13%
Technical assistance	17%	18%
Application Outsourcing	28%	29%
Industry application solutions	13%	12%
Axway	18%	17%
TOTAL	**100%**	**100%**

Fixed-price revenue includes:

- 100% of fixed-price projects;
- approximately 50% of Application Outsourcing;
- approximately 20% of industry application solutions;
- approximately 15% of Axway's revenue.

About one-third of the Group's total revenue is exposed to the risk inherent in the determination of costs during contractual negotiations. For information: in recent financial years we have not recorded any material fixed price overruns that would affect our ability to generate margins.

6.4.2. Downtime

Downtime is equal to the number of days between two projects (excluding training, illness, paid leave, pre-sales, etc.) divided by the total number of days worked by our active engineers.

This rate was approximately 3% in 2010 and 3.2% in 2009.

6.5. Risk of client or supplier dependency

6.5.1. Risk of client dependency

In 2009, our number one client accounted for 6.2% of the Group's total revenue; the top five clients represented 21.2% and the top ten represented 32%.

In 2010, our number one client accounted for 5.8% of the Group's total revenue; the top five clients represented 21.1% and the top ten represented 32.6%.

Our main clients include EADS, Société Générale, France Telecom, Crédit Agricole, EDF, Mulliez-Auchan, and BNP Paribas.

6.5.2. Risk of supplier dependency

The most significant suppliers are the travel agency, restaurant vouchers, a few sub-contractors and the owners of premises. There are many other suppliers each representing a low purchase amount. There is no significant risk related to the insolvency of any of our suppliers or sub-contractors.

6.6. Insurance and risk coverage

6.6.1. Civil liability insurance

Sopra Group has taken out a civil liability insurance policy with Allianz covering operating liability and post-delivery insurance, both for the parent company and its subsidiaries.

This contract provides worldwide cover for the period from 1 January 2010 to 31 December 2010.

The amounts of the cover and excesses are as follows:

a. Premises and operations liability

- All-inclusive (bodily injury, property damage and financial losses, whether consecutive or not): €40,000,000 per year of insurance, of which:
  - accidental environmental damage: €1,525,000 per year covered;
- Excess: €15,000 for all damage claims except bodily damage.

b. Commercial general liability

- All-inclusive (bodily injury, property damage and financial losses, whether consecutive or not): €40,000,000 per year of insurance, of which:
  - additional expenses: €10,000,000 per year covered;
  - computer virus: €5,000,000 per year covered;
- Excess: €150,000 for all damage claims except bodily damage.

6.6.2. Civil liability relating to aeronautic products

Sopra Group has subscribed to an insurance policy covering liability arising from aeronautic products.

6.6.3. Senior executives' liability

Sopra Group has also contracted an insurance policy covering senior executives' liability.

7. Proposed appropriation of earnings

Sopra Group's profit available for distribution (individual financial statements), determined as follows, is €42,557,656.14:

Profit for the year	€42,557,633.74
Retained earnings: dividends not paid on treasury shares	€22.40
TOTAL	**€42,557,656.14**

In consideration of the consolidated net profit amounting to €74,768,463, we propose that shareholders appropriate the profit available for distribution in the following manner:

Legal reserve	€40,560.80
Dividend	€9,483,156.00
Discretionary reserves	€33,033,939.34
TOTAL	**€42,557,656.14**

Thus increasing the legal reserve to €4,741,578.00, 10% of the Company's share capital.

Based on the number of shares composing the share capital at 31 December 2010 (11,853,945), the dividend allocated per share would be €0.80. The dividend would be paid as of 25 May 2011.

With regard to tax, in accordance with provisions in force as of 1 January 2005, this dividend would not have an associated *avoir fiscal* tax credit, but it would give natural person shareholders the right to a 40% tax allowance on the entire amount.

For individual shareholders resident in France for tax purposes, it should be noted that the entirety of the proposed dividend is eligible for the 40% tax deduction in application of Article 158-3-2° of the French Tax Code, with the exception of any options exercised no later than the date on which the dividend becomes payable, for the withholding tax of 19% provided for under Article 117 *quater* of the French Tax Code, and is subject to social levies and additional contributions at the rate of 12.30% deducted at source by the Company.

The following amounts were distributed as dividends in respect of the previous three financial years:

	2007	**2008**	**2009**
Total dividend	€19,258,026.15	€19,313,235.15	€9,402,034.40
Number of dividend bearing shares	11,671,531	11,704,991	11,752,543
Dividend per share	€1.65	€1.65	€0.80

8. Authorisation granted to Sopra Group to trade its own shares

The Combined General Meeting of 22 June 2010, acting in accordance with the provisions of Article L. 225-209 of the French Commercial Code, authorised the Board of Directors to trade the Company's shares on the stock exchange under a liquidity contract.

- At 31 December 2009, Sopra Group held a total of 1,700 treasury shares acquired at an average price of €48.57 managed under an AFEI liquidity contract by an investment services provider.
- During 2010, Sopra Group bought 67,229 of its own shares at an average price of €54.97 and sold 58,429 shares at an average price of €54.74.
- At 31 December 2010, Sopra Group owned 10,500 treasury shares purchased at an average price of €55.22.

The General Meeting is requested to authorise the Board of Directors, for a period of eighteen months, with the option to sub-delegate this authorisation, to buy back shares in the Company, in one or several stages, in accordance with Articles L. 225-209 et seq. of the French Commercial Code, up to limit of 5% of the shares making up the Company's share capital, thus 592,697 shares on the basis of the current share capital.

The shares may be bought back for the following purposes:

- in order to obtain market-making services to be rendered by an investment services provider, acting in complete independence under the terms of a liquidity contract concluded in compliance with the Code of Ethics of the AFEI (French association of investment firms) recognised by the AMF;
- to cover share purchase option plans, under the conditions and in accordance with the procedures stipulated by law;
- to hold the shares bought back in order to exchange them or present them as consideration at a later date for external growth operations;
- to cede the shares in the Company, upon the exercise of the rights attached to securities giving access to the Company's share capital through redemption, conversion, exchange, presentation of warrants or any other means;
- to implement any market practice that would come to be accepted by the AMF, and in general, to perform any operation that complies with regulations in force.

The maximum price at which shares may be bought back is set to €100 which, given the current number of shares making up 5% of the Company's share capital, results in a maximum total price of €59,269,700.

Shares may be bought back by any means, such as on the stock market or over the counter, including block purchases or through the use of derivatives, at any time, even when a public tender offer is under way, subject to compliance with regulations in force.

This authorisation would be valid until 9 November 2012 inclusive.

9. Approval of commitments under Article L. 225-42-1 of the French Commercial Code entered into on behalf of Dominique Illien

It is noted here that, following the termination of Dominique Illien's functions as Managing Director, Sopra Group concluded a transaction with him and entered into an addendum to his employment contract after consultation with the Compensation Committee.

Both the transaction and the addendum to the employment contract were authorised in advance, as necessary and in the interests of transparency and good governance, by the Board of Directors in its meeting of 22 June 2010 in accordance with Articles L. 225-42-1 and L. 225-22-1 of the French Commercial Code.

In recognition of these circumstances, the Ordinary General Meeting is asked, having heard the Statutory Auditors' special report on agreements governed by Article L. 225-42-1 of the French Commercial Code, to approve the conclusions of said report as well as the agreements and commitments entered into on behalf of Dominique Illien mentioned therein.

10. Approval of commitments under Article L. 225-42-1 of the French Commercial Code entered into on behalf of Pascal Leroy

Pascal Leroy was appointed as Managing Director of Sopra Group on 29 October 2010.

In connection with this appointment, an agreement was entered into that was authorised in advance, as necessary and in the interests of transparency and good governance, by the Board of Directors in its meeting of 3 December 2010 in accordance with Articles L. 225-42-1 and L. 225-22-1 of the French Commercial Code.

In recognition of these circumstances, the Ordinary General Meeting is asked, having heard the Statutory Auditors' special report on agreements governed by Article L. 225-42-1 of the French Commercial Code, to approve the conclusions of said report as well as the agreements and commitments entered into on behalf of Pascal Leroy mentioned therein.

11. Information concerning company officers

The information required pursuant to Article L. 225-102 of the French Commercial Code concerning the list of company officers and their compensation is included in the Reference Document in paragraph 1 of Chapter 3 (Corporate governance).

12. Setting of directors' fees

We propose that directors' fees for the Board of Directors for financial year 2011 be set at €150,000.

13. Reduction in share capital not due to losses by way of a decrease in the par value of shares with the corresponding amount recognised under issue premiums

As previously announced, in connection with the proposed spin-off of Axway's business, Sopra Group plans to distribute Axway Software shares to its shareholders. This distribution will need to be offset against shareholders' equity on the basis of its actual value. For this reason, and as a technical and preparatory measure, without prejudice to either the value determination for Axway or the ultimate decision of Sopra Group shareholders relating to the Axway spin-off, it is proposed that Sopra Group's capital be reduced in order to enhance its distribution capacity.

The Extraordinary General Meeting is therefore asked, in accordance with Article L. 225-204 of the French Commercial Code, having heard the report of the Board of Directors and the Statutory Auditors' special report, to approve a share capital reduction in the form of a decrease in the par value of shares by three euros (€3), thereby bringing this par value from four euros (€4) down to one euro (€1), thus corresponding, on the basis of a capital comprised of 11,856,945 shares and amounting to 47,427,780 euros, to a share capital reduction in the amount of thirty-five million five hundred and seventy thousand eight hundred and thirty-five euros (€35,570,835) in order to bring it to the amount of eleven million eight hundred and fifty-six thousand nine hundred and forty-five euros (€11,856,945), by way of an allocation to the issue premiums account.

The precise amount of the capital reduction will be determined on the basis of the exact number of shares comprising Sopra Group's capital on the date of the capital reduction.

The total amount of the capital reduction will be allocated to the issue premiums account and may thereafter be distributed in any form whatsoever.

In accordance with Article L. 225-205 of the French Commercial Code, Sopra Group may only implement a capital reduction (i) after a period of 20 days following the filing of the resolution approving the capital reduction with the Registry of the Annecy Commercial Court, provided that no creditor lodges any objection, or (ii) once the court of first instance has ruled on any objections and has set aside said objections, or (iii) if such objections were sustained by the court of first instance, after the repayment of debts or the pledge of collateral as decided by the court.

In light of the foregoing provisions, the General Meeting is asked to grant all powers to the Board of Directors, including the option to sub-delegate such powers, in order to carry out the reduction in share capital and in particular to:

- take note of the definitive characteristics of the capital reduction, its precise amount and the new amount of the share capital as well as the resulting par value of shares;
- amend Sopra Group's Articles of Association accordingly;
- establish any and all records, make any and all disclosures, enter into any and all confirmatory or supplementary instruments and proceed with any other formalities;
- should any opposition be lodged, proceed with any actions that may be required in this regard;
- more generally, carry out any other useful or necessary measures to further the implementation of the share capital reduction.

14. Authorisation for the Board of Directors to grant share subscription or purchase options to Group employees and company officers

The authorisation granted by the General Meeting of 15 May 2008 will expire on 14 July 2011.

You are requested to authorise the Board of Directors, for a period of 38 months from the date of authorisation, to grant to employees, and officers of Sopra Group and of any affiliated companies within the meaning of applicable regulations, options conferring entitlement either to purchase existing shares or to subscribe to new shares to be issued in the company, subject to a maximum limit of 3% of the share capital of the company resulting from this operation.

This authorisation will allow the Board of Directors to determine all of the conditions under which the options are to be granted, including the positions and number of years of service of the beneficiaries, and the number of shares to which beneficiaries of the options may subscribe. These conditions may involve a compulsory holding period for all or a portion of the securities, with the understanding that the duration of any compulsory holding period for securities may not exceed three years as from the option exercise date.

The subscription price will be set to the average price for the company's share over the twenty previous trading days; the options must be exercised within a maximum period of 8 years following their date of issue.

This authorisation entails the automatic and express waiver by shareholders of their preferential right to subscribe to shares in the company to the benefit of the beneficiaries of the granted options.

15. Authorisation granted to the Board of Directors to issue warrants to subscribe to and/or acquire redeemable shares (BSAAR) to Group employees and company officers

The authorisation granted by the General Meeting of 15 May 2008 expired on 14 November 2009.

In order to further the participation of company directors and senior executives in the Group's development you are requested to authorise the Board of Directors, for a period of 18 months, to grant employees or company officers of Sopra Group and of any affiliated companies within the meaning of applicable regulations redeemable equity subscription and/or purchase warrants (BSAAR) at a subscription price at least equal to 120% of the average closing price for the company's share over the previous twenty trading days. The implementation of this authorisation might therefore result in the issuance of shares at a later date, without preferential subscription rights for shareholders. These shares shall represent no more than 3% of the company's share capital, and the resulting amount of the capital increase resulting from the issue of shares in connection with the subscription will be deducted from the corresponding ceiling.

16. Addition of a new Article 39 to the Articles of Association – Distribution in kind

As a preparatory measure in connection with the proposed spin-off of Axway's business by way of Sopra Group's distribution of Axway Software shares to its shareholders, a resolution is submitted for the approval of the Extraordinary General Meeting, should such a course of action be necessary, confirming through an express provision in the Articles of Association that the Meeting may authorise a distribution in kind, by inserting a new Article 39 entitled "Distribution in kind", which reads as follows:

"The Ordinary General Meeting may authorise the distribution of investment securities held by the company as dividends for the current financial year (including any interim dividend) or the distribution of reserves, premiums or any other items available comprising shareholders' equity.

The terms and conditions for this distribution will be determined by the General Meeting, or if the Meeting fails to do so, by the Board of Directors.

In accordance with Article 12.3 of the Articles of Association, the shareholders, where applicable, must take it upon themselves to obtain a whole number of investment securities thus allocated."

As a consequence of this addition, Articles 39 to 42 of the Articles of Association will be renumbered as Articles 40 to 43.

17. Information on transactions in securities by directors or persons designated by Article L. 621-18-2 of the French Monetary and Financial Code

Pursuant to Article 223-26 of the general regulations of the AMF, the transactions referred to in Article L. 681-18-2 of the French Monetary and Financial Code during financial year 2010, relating to Sopra Group shares, were as follows:

Category (1)	Name	Function	Transaction type (2)	Transaction date	Number of securities	Unit price in euros	Transaction amount
a	IBI (3)	Director	D	17/02/2010	1,213	53.1783	64,505
a	IBI	Director	D	18/02/2010	204	53.0327	10,819
a	IBI	Director	D	25/02/2010	1,103	53.0018	58,461
a	IBI	Director	D	01/03/2010	70	53.0000	3,710
a	IBI	Director	D	02/03/2010	2,129	53.8912	114,734
a	IBI	Director	D	03/03/2010	1,106	53.8370	59,544
a	IBI	Director	D	04/03/2010	2,227	54.2817	120,885
a	IBI	Director	D	05/03/2010	913	54.5617	49,815
a	IBI	Director	D	08/03/2010	802	54.9600	44,078
a	IBI	Director	D	09/03/2010	234	55.3400	12,951
a	IBI	Director	D	10/03/2010	1,032	55.1200	56,887
a	IBI	Director	D	11/03/2010	439	54.8800	24,093
a	IBI	Director	D	12/03/2010	893	54.1900	48,396
a	IBI	Director	D	15/03/2010	1,050	54.3500	57,070
a	IBI	Director	D	16/03/2010	1,253	54.7268	68,573
a	IBI	Director	D	17/03/2010	1,454	54.4779	79,211
a	IBI	Director	D	18/03/2010	523	53.9359	28,208
a	IBI	Director	D	22/03/2010	65	53.0000	3,445
a	IBI	Director	D	23/03/2010	2,259	53.1627	120,095
a	IBI	Director	D	24/03/2010	577	53.5661	30,908
a	IBI	Director	D	25/03/2010	936	53.1806	49,777
a	IBI	Director	D	26/03/2010	1,139	53.1328	60,518
a	IBI	Director	D	29/03/2010	1,047	53.3300	55,837
a	IBI	Director	D	01/04/2010	43	53.0000	2,279
a	IBI	Director	D	06/04/2010	831	53.1291	44,150
a	IBI	Director	D	07/04/2010	1,550	53.0044	82,157
a	IBI	Director	D	08/04/2010	302	53.0404	16,018
a	IBI	Director	D	09/04/2010	2,095	54.3848	113,936
a	IBI	Director	D	12/04/2010	1,001	54.1550	54,209
a	IBI	Director	D	13/04/2010	39	54.1000	2,110
a	IBI	Director	D	14/04/2010	12,382	56.1899	695,743
a	IBI	Director	D	15/04/2010	6,477	58.4858	378,812
a	IBI	Director	D	16/04/2010	3,046	58.0787	176,908
a	J. F. Sammarcelli	Director	A	01/07/2010	100	52.9200	5,292
a	Caravelle (4)	Director	A	21/09/2010	300,000	53.1700	15,950,000
a	Sopra GMT (5)	Director	A	22/09/2010	100,000	53.4266	5,342,657
a	Sopra GMT	Director	A	27/09/2010	43,728	55.2792	2,417,250
a	Sopra GMT	Director	A	28/09/2010	15,600	57.9831	904,536
a	Sopra GMT	Director	A	29/09/2010	40,672	59.4919	2,419,653

(1) Category:
a : members of the Board of Directors, CEO, Unique CEO, Managing Director;

(2) Type of transaction:
A : Acquisition;
D: Disposal;
S: Subscription;
E : Exchange.

(3) IBI is a financial holding company governed by Luxembourg law owned by José Sancho Garcia (a member of Sopra Group's Board of Directors until 19 April 2010).
(4) Caravelle is a diversified holding company controlled by Pierre-André Martel.
(5) Sopra GMT is a financial holding company owned by the Pasquier and Odin family groups together with several senior managers of the Group.

18. Employee share ownership

Pursuant to the provisions of Article L. 225-102 of the French Commercial Code, we hereby inform you that, at 31 December 2010, no shares in the Company were held by:

- employees of the Company or its affiliates through an employee savings plan;
- employees or former employees through company mutual funds (FCPE);
- employees during periods of inalienability affecting share option subscription plans.

19. Information required by Law 2006-387 of 31 March 2006 relating to public acquisition offers

1° The Company's ownership structure is presented in paragraph 2 of Chapter 2 of the Reference Document.

2° There are no restrictions in the Articles of Association:

- the General Meeting held on 22 June 2010 approved the elimination of double voting rights (Article 29 after the Meeting of 22 June 2010). Henceforth, each Sopra Group share will be attributed one voting right;
- shares are freely tradable, other than as specified by applicable laws or regulations (Article 11 of the Articles of Association).

The Company has not been informed of any clauses of agreements pursuant to Article L. 233-11 of the French Commercial Code.

3° Any direct or indirect participating interests in the capital of the Company of which the latter has been informed pursuant to Articles L. 233-7 and L. 233-12 are presented in paragraph 2 of Chapter 2 of the Reference Document.

4° There are no special controlling rights.

5° There is no control mechanism provided under an employee share ownership scheme.

6° Agreements between shareholders of which the Company is aware and which may give rise to restrictions on share transfers and voting rights are presented in paragraph 2 of Chapter 2 of the Reference Document.

7° The regulations applicable to the appointment and replacement of the members of the Board of Directors are set forth in Article 14 of the Articles of Association. The regulations relating to the amendment of the Company's Articles of Association are contained within Article 33 of the Articles of Association, which states that "the Extraordinary General Meeting alone shall be authorised to amend any and all provisions of the Memorandum and Articles of Association".

8° The powers of the Board of Directors are those described in Article 17 of the Articles of Association: *"The Board of Directors determines the overall business strategy of the Company and supervises its implementation. It examines any and all matters related to the efficiency and effectiveness of business operations and reaches decisions about any and all issues concerning the Company, within the limits of the corporate purpose and except for those matters which, by law, can only be decided on by the shareholders in a General Meeting."*

In addition, the Board of Directors has been granted authorisations by the Combined General Meeting of 22 June 2010 in its resolutions 8 to 14.

9° Agreements concluded by the Company that might be amended or cease to apply in the event of a change in the ownership of the Company mainly concern the syndicated credit facilities concluded at the end of October 2005 and April 2008.

10° There are no agreements providing for the payment of compensation to the members of the Board of Directors or to employees upon their resignation or their dismissal without just cause or should their employment contract be terminated due to a public offer, other than those stipulated in the related-party agreements mentioned in Chapter 3, Section 3.1.

20. Sustainable development

This chapter is developed in paragraph 9 of the first section of this Reference Document.

21. Other information

In accordance with Article 223 *quater* of the Tax Code, we bring to your attention that the accounts for the year ended 31 December 2010 include €155,011 in respect of non-deductible expenses (Article 39-4 of the Tax Code).

Paris, 29 March 2011,

The Board of Directors

Summary of results for the last five financial years for Sopra Group SA (individual financial statements)

(in euros)	**2010**	**2009**	**2008**	**2007**	**2006**
Financial position of the Group at the year-end					
■ Share capital	47,415,780	47,010,172	46,819,964	46,686,124	45,867,340
■ Number of shares issued	11,853,945	11,752,543	11,704,991	11,671,531	11,466,835
■ Number of bonds convertible into shares	-	-	-	-	-
Results of operations for the year					
■ Revenue excluding VAT	770,733,208	723,828,915	715,262,937	616,050,938	555,168,681
■ Profit before tax, depreciation, amortisation and provisions	46,353,303	67,567,881	53,160,682	45,005,874	43,064,361
■ Corporate income tax	13,045,706	10,372,243	14,165,356	13,076,862	14,062,506
■ Profit after tax, depreciation, amortisation and provisions	42,557,634	44,462,844	37,058,468	27,011,997	30,637,832
■ Amount of profit distributed as dividends	9,483,156	9,402,034	19,313,235	19,258,026	15,480,227
Earnings per share					
■ Profit after tax but before depreciation, amortisation and provisions	2.81	4.87	3.33	2.74	2.53
■ Profit after tax, depreciation, amortisation and provisions	3.59	3.78	3.17	2.31	2.67
■ Dividend paid per share	0.80	0.80	1.65	1.65	1.35
Employee data					
■ Number of employees	7,843	7,596	7,237	6,521	5,990
■ Total payroll	328,767,823	312,763,163	301,772,567	272,414,673	248,535,330
■ Social and social benefit charges paid (social security, social bodies, etc.)	150,925,734	143,666,230	137,337,953	123,794,263	113,489,000

REPORT OF THE BOARD OF DIRECTORS ON THE USE OF DELEGATIONS OF AUTHORITY GRANTED BY THE COMBINED GENERAL MEETING OF 30 JUNE 2010

- The delegation of powers to the Board of Directors by the **eighth resolution** to increase the Company's share capital, subject to the limit of €7 million in par value, through the issue of ordinary shares or any other securities conferring entitlement to shares in the Company, with shareholders' pre-emptive subscription rights being maintained, **was not used**.
- The delegation of powers to the Board of Directors by the **ninth resolution** to increase the Company's share capital, subject to the limit of €7 million in par value, through the issue of ordinary shares or any other securities conferring entitlement to shares in the Company, without shareholders' pre-emptive subscription rights being maintained, **was not used**.
- The delegation of powers to the Board of Directors by the **tenth resolution** to increase the Company's share capital, excluding shareholders' preferential rights to subscribe to shares, as part of an offering provided for in Article L. 411-2, paragraph II of the French Monetary and Financial Code, **was not used**.
- The authorisation granted to the Board of Directors by the **eleventh resolution** in the form of a delegation for the purpose of increasing the amount of an issue by no more than 15% of the original issue amount and at the same price in the event of oversubscription, **was not used**.
- The authorisation granted to the Board of Directors by the **twelfth resolution** as part of the delegation for the purposes of increasing the Company's capital, without shareholders' pre-emptive subscription rights being maintained, to determine the issue price of shares or securities conferring access to the Company's shares, subject to an annual limit of 10% of the share capital, **was not used**.
- The authorisation granted to the Board of Directors by the **thirteenth resolution** as part of the delegation for the purposes of increasing the Company's capital, without shareholders' pre-emptive subscription rights being maintained, to remunerate securities contributed to the Company as part of a public exchange offer or contribution in kind relating to the Company, **was not used**.
- The authorisation granted to the Board of Directors by the **fourteenth resolution** in the form of a delegation to effect capital increases reserved for employees who are members of the company savings plan, **was not used**.

Paris, 29 March 2011,

The Board of Directors

REPORT OF THE BOARD OF DIRECTORS RELATING TO SHARE SUBSCRIPTION OPTIONS

The Board of Directors used the authorisation provided by the **fifteenth resolution** of the Combined General Meeting of **15 May 2008** to grant share subscription options in favour of members of personnel, as follows:

- allocation to Group employees of 30,000 options to subscribe to shares on 15 April 2010 at a price of €53.68 per share. Of these 30,000 options, 20,000 were allocated to Dominique Illien, Managing Director of Sopra Group and a member of its Board of Directors. Of the total of 30,000 options allocated, none were cancelled during the year.

Paris, 29 March 2011,

The Board of Directors

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2010 CONSOLIDATED FINANCIAL STATEMENTS

Statement of financial position

ASSETS *(in thousands of euros)*	*Notes*	**2010**	**2009**	**2008**
Goodwill	*4*	369,914	356,589	372,686
Intangible assets	*5*	23,713	25,120	28,891
Property and equipment	*6*	39,279	34,888	35,091
Financial assets	*7*	3,636	3,527	3,430
Deferred tax assets	*8*	34,369	22,556	16,459
Other non-current assets	*9*	127	209	-
Non-current assets		**471,038**	**442,889**	**456,557**
Stocks and work in progress		797	447	404
Trade accounts receivable	*10*	368,396	333,865	401,539
Other current receivables	*11*	33,884	44,562	32,900
Cash and cash equivalents	*12*	54,897	43,566	33,009
Current assets		**457,974**	**422,440**	**467,852**
TOTAL ASSETS		**929,012**	**865,329**	**924,409**

LIABILITIES AND EQUITY *(in thousands of euros)*	*Notes*	**2010**	**2009**	**2008**
Company		47,416	47,010	46,820
Capital reserves		57,311	54,277	52,918
Consolidated reserves		201,935	184,596	144,858
Profit for the year		74,768	27,240	58,198
Losses taken directly to equity		-16,879	-31,436	-34,491
Equity - Group share		**364,551**	**281,687**	**268,303**
Minority interests		**3**	**2**	**3**
TOTAL EQUITY	*13*	**364,554**	**281,689**	**268,306**
Financial debt - long-term portion	*14*	74,423	146,673	189,969
Deferred tax liabilities	*8*	9,300	7,173	213
Provision for post-employment benefits	*15*	40,934	33,910	30,220
Non-current provisions	*16*	1,905	2,187	3,012
Other non-current liabilities	*17*	13,080	10,659	9,955
Non-current liabilities		**139,642**	**200,602**	**233,369**
Financial debt - short-term portion	*14*	37,629	34,342	41,234
Trade payables	*18*	53,531	45,662	59,620
Other current liabilities	*19*	333,656	303,034	321,880
Current liabilities		**424,816**	**383,038**	**422,734**
TOTAL LIABILITIES		**564,458**	**583,640**	**656,103**
TOTAL LIABILITIES AND EQUITY		**929,012**	**865,329**	**924,409**

Income statement - Gains and losses recognised directly in equity

Income statement

		2010		2010 restated *		2009		2008	
(in thousands of euros)	*Notes*	**Amount**	%	**Amount**	%	**Amount**	%	**Amount**	%
Revenue	*20*	1,169,893	*100.0%*	1,169,893	*100.0%*	1,094,261	*100.0%*	1,129,477	*100.0%*
Purchases consumed	*21*	-121,647	*-10.4%*	-121,647	*-10.4%*	-119,057	*-10.9%*	-143,788	*-12.7%*
Staff costs	*22*	-783,463	*-67.0%*	-783,463	*-67.0%*	-737,109	*-67.4%*	-721,640	*-63.9%*
External expenses	*23*	-131,969	*-11.3%*	-131,969	*-11.3%*	-123,735	*-11.3%*	-129,606	*-11.5%*
Taxes and duties		-12,851	*-1.1%*	-23,213	*-2.0%*	-22,279	*-2.0%*	-22,780	*-2.0%*
Depreciation	*24*	-11,494	*-1.0%*	-11,494	*-1.0%*	-11,944	*-1.1%*	-11,747	*-1.0%*
Provisions and impairment	*24*	-3,286	*-0.3%*	-3,286	*-0.3%*	-3,913	*-0.4%*	-2,230	*-0.2%*
Other operating income		12,832	*1.1%*	12,832	*1.1%*	9,179	*0.8%*	5,887	*0.5%*
Other operating expenses		-1,245	*-0.1%*	-1,245	*-0.1%*	-2,125	*-0.2%*	-1,066	*-0.1%*
Operating profit on business activity		**116,770**	*10.0%*	**106,408**	*9.1%*	**83,278**	*7.6%*	**102,507**	*9.1%*
Expenses related to stock options		-197	*0.0%*	-197	*0.0%*	-306	*0.0%*	-185	*0.0%*
Amortisation of allocated intangible assets	*25*	-2,599	*-0.2%*	-2,599	*-0.2%*	-2,625	*-0.2%*	-1,409	*-0.1%*
Profit from recurring operations		**113,974**	*9.7%*	**103,612**	*8.9%*	**80,347**	*7.3%*	**100,913**	*8.9%*
Other operating income and expenses	*26*	-4,673	*-0.4%*	-4,673	*-0.4%*	-17,191	*-1.6%*	-1,168	*-0.1%*
Operating profit		**109,301**	*9.3%*	**98,939**	*8.5%*	**63,156**	*5.8%*	**99,745**	*8.8%*
Income from cash and cash equivalents	*27*	25	*0.0%*	25	*0.0%*	39	*0.0%*	165	*0.0%*
Cost of gross financial debt	*27*	-5,862	*-0.5%*	-5,862	*-0.5%*	-9,251	*-0.8%*	-10,094	*-0.9%*
Cost of net financial debt		**-5,837**	*-0.5%*	**-5,837**	*-0.5%*	**-9,212**	*-0.8%*	**-9,929**	*-0.9%*
Foreign exchange gains and losses	*27*	-1,108	*-0.1%*	-1,108	*-0.1%*	-383	*0.0%*	-109	*0.0%*
Other financial income and expenses	*27*	-321	*0.0%*	-321	*0.0%*	-1,290	*-0.1%*	-3,170	*-0.3%*
Tax charge	*28*	-27,266	*-2.3%*	-16,904	*-1.4%*	-20,912	*-1.9%*	-28,338	*-2.5%*
Net profit for the year from continuing operations		**74,769**	*6.4%*	**74,769**	*6.4%*	**31,359**	*2.9%*	**58,199**	*5.2%*
Profit after tax from discontinued operations	*29*	-	-	-	-	-4,119	*-0.4%*	-	-
Net profit		**74,769**	*6.4%*	**74,769**	*6.4%*	**27,240**	*2.5%*	**58,199**	*5.2%*
Attributable to Group		**74,768**	*6.4%*	**74,768**	*6.4%*	**27,240**	*2.5%*	**58,198**	*5.2%*
Minority interests		1	-	1	-	-	-	1	-

* *Excluding CVAE reclassification (see. Note 3 Comparability of the accounts).*

EARNINGS PER SHARE					
(in euros)	*Notes*	**2010**	**2010 restated ***	**2009**	**2008**
Basic earnings per share	*30*	6.35	6.35	2.33	4.98
Fully diluted earnings per share	*30*	6.33	6.33	2.33	4.96

Gains and losses recognised directly in equity

(in thousands of euros)	**2010**	**2009**	**2008**
Net profit	**74,769**	**27,240**	**58,199**
Translation differential	15,744	2,412	-16,198
Actuarial gains and losses on pension plans	-1,984	-175	-1,028
Change in the value of derivatives	797	818	-1,832
Total gains and losses recognised directly in equity	**14,557**	**3,055**	**-19,058**
NET PROFIT AND GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY	**89,326**	**30,295**	**39,141**
Attributable to Group	**89,325**	**30,295**	**39,140**
Minority interests	1	-	1

Statement of changes in equity

(in thousands of euros)	Share capital	Capital reserves	Consoli-dated reserves	Profit for the year	Translation reserves	Actuarial gains and losses recognised for post-employment obligations	Change in the value of derivatives	Total Group share	Minority interests	Total
EQUITY AT 31 DECEMBER 2007	**46,686**	**51,681**	**110,774**	**55,097**	**-10,425**	**-5,008**	**-**	**248,805**	**2**	**248,807**
Profit for the year	-	-	-	58,198	-	-	-	58,198	1	58,199
Other comprehensive income statement items	-	-	-	-	-16,198	-1,028	-1,832	-19,058	-	-19,058
Total comprehensive profit for the year	**-**	**-**	**-**	**58,198**	**-16,198**	**-1,028**	**-1,832**	**39,140**	**1**	**39,141**
Capital transactions	134	687	-	-	-	-	-	821	-	821
Share-based payments	-	185	-	-	-	-	-	185	-	185
Transactions in treasury shares	-	-	-636	-	-	-	-	-636	-	-636
Appropriation of earnings	-	365	35,477	-55,097	-	-	-	-19,255	-	-19,255
Changes in scope	-	-	-	-	-	-	-	-	-	-
Other movements	-	-	-757	-	-	-	-	-757	-	-757
EQUITY AT 31 DECEMBER 2008	**46,820**	**52,918**	**144,858**	**58,198**	**-26,623**	**-6,036**	**-1,832**	**268,303**	**3**	**268,306**
Profit for the year	-	-	-	27,240	-	-	-	27,240	-	27,240
Other comprehensive income statement items	-	-	-	-	2,412	-175	818	3,055	-	3,055
Total comprehensive profit for the year	**-**	**-**	**-**	**27,240**	**2,412**	**-175**	**818**	**30,295**	**-**	**30,295**
Capital transactions	190	1,040	-	-	-	-	-	1,230	-	1,230
Share-based payments	-	306	-	-	-	-	-	306	-	306
Transactions in treasury shares	-	-	823	-	-	-	-	823	-	823
Appropriation of earnings	-	13	38,915	-58,198	-	-	-	-19,270	-1	-19,271
Changes in scope	-	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-	-	-
EQUITY AT 31 DECEMBER 2009	**47,010**	**54,277**	**184,596**	**27,240**	**-24,211**	**-6,211**	**-1,014**	**281,687**	**2**	**281,689**
Profit for the year	-	-	-	74,768	-	-	-	74,768	1	74,769
Other comprehensive income statement items	-	-	-	-	15,744	-1,984	797	14,557	-	14,557
Total comprehensive profit for the year	**-**	**-**	**-**	**74,768**	**15,744**	**-1,984**	**797**	**89,325**	**1**	**89,326**
Capital transactions	406	2,174	-	-	-	-	-	2,580	-	2,580
Share-based payments	-	841	-	-	-	-	-	841	-	841
Transactions in treasury shares	-	-	-478	-	-	-	-	-478	-	-478
Appropriation of earnings	-	19	17,819	-27,240	-	-	-	-9,402		-9,402
Changes in scope	-	-	-	-	-	-	-	-	-	-
Other movements	-	-	-2	-	-	-	-	-2		-2
EQUITY AT 31 DECEMBER 2010	**47,416**	**57,311**	**201,935**	**74,768**	**-8,467**	**-8,195**	**-217**	**364,551**	**3**	**364,554**

Cash flow statement

(in thousands of euros)	2010	2009	2008
Consolidated net profit (including minority interests)	**74,769**	**27,240**	**58,199**
Net increase in depreciation, amortisation and provisions	17,671	35,146	14,342
Unrealised gains and losses relating to changes in fair value	-520	695	3,000
Share-based payment expense	841	306	185
Other calculated income and expense	-837	636	-5,763
Gains and losses on disposal	-297	500	202
Cash from operations after cost of net debt and tax	**91,627**	**64,523**	**70,165**
Cost of net financial debt	5,837	9,212	9,929
Income taxes (including deferred tax)	27,266	20,912	28,338
Cash from operations before cost of net debt and tax (A)	**124,730**	**94,647**	**108,432**
Tax paid (B)	-33,778	-32,176	-29,302
Changes in operating working capital requirements (included liabilities related to employee benefits) (C)	20,870	50,148	-2,835
Net cash from operating activities (D) = (A+B+C)	**111,822**	**112,619**	**76,295**
Purchase of tangible and intangible fixed assets	-12,711	-7,788	-8,620
Proceeds from sale of tangible and intangible fixed assets	939	532	44
Purchase of financial assets	-338	-444	-359
Proceeds from sale of financial assets	320	323	1,222
Impact of changes in scope	-187	-8,800	-101,392
Net cash from (used in) investing activities (E)	**-11,977**	**-16,177**	**-109,105**
Proceeds on issue of shares	-	-	-
Proceeds on the exercise of stock options	2,580	1,230	821
Purchase and proceeds from disposal of treasury shares	-508	583	-637
Dividends paid during the year			
■ Dividends paid to shareholders of Sopra Group SA	-9,402	-19,270	-19,255
■ Dividends paid to minority interests of consolidated companies	-	-	-
Change in borrowings	-76,413	-53,386	73,521
Net interest paid (including finance leases)	-5,987	-9,408	-10,728
Other cash flow relating to financing activities	-165	-152	35
Net cash from (used in) financing activities (F)	**-89,895**	**-80,403**	**43,757**
Effect of foreign exchange rate changes (G)	119	458	-691
NET CHANGE IN CASH AND CASH EQUIVALENTS (D+E+F+G)	**10,069**	**16,497**	**10,256**
Opening cash position	43,512	27,015	16,759
Closing cash position	53,581	43,512	27,015

Notes to the consolidated financial statements

ACCOUNTING PRINCIPLES AND POLICIES

NOTES TO THE CONSOLIDATED BALANCE SHEET

NOTES TO THE CONSOLIDATED INCOME STATEMENT

OTHER INFORMATION

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. Sopra Group also provides Business Interaction Networks through its Axway subsidiary.

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

It is listed on Compartment B, NYSE Euronext Paris.

The consolidated financial statements for the year ended 31 December 2010 of Sopra Group were approved by the Board of Directors' meeting of 18 February 2011.

ACCOUNTING PRINCIPLES AND POLICIES

Note 1 | Summary of the main accounting policies

The main accounting policies applied for the preparation of the consolidated financial statements are presented below. They have been applied consistently for all of the financial years presented.

1.1. Basis of preparation

The consolidated financial statements for the year ended 31 December 2010 were prepared in accordance with:

- IFRS standards as adopted by the European Union. This information is available on the website of the European Commission: *http://ec.europa.eu/internal_market/accounting/ias_en.htm;*
- IFRS as published by the IASB.

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.

It should be noted that the Group chose to adopt IFRS for the opening balance sheet as of 1 January 2004:

- to retain its property and equipment at historical cost (and did not therefore undertake any revaluations);
- to apply IAS 32 and 39 relating to financial instruments with effect from 2005 and on a prospective basis;
- to make no retroactive adjustment in respect of business combinations entered into prior to 1 January 2004.

1.2. Application of new standards and interpretations

a. New mandatory standards and interpretations

The following standards have been adopted by the European Union and are subject to mandatory application for periods beginning on or after 1 January 2010:

- IAS 27 *Consolidated and Separate Financial Statements* (as revised in January 2008);
- Amendment to IAS 39 *Financial Instruments: Recognition and Measurement,* "Eligible Hedged Items";
- Amendments to IFRS 2 *Share-based Payment* relating to group cash-settled share-based payment transactions;
- Annual improvements: amendment to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* relating to partial disposals of investments in subsidiaries, and improvements relating to various standards;
- IFRS 3 *Business Combinations* (as revised in January 2008);
- IFRIC 12 *Service Concession Arrangements*;
- IFRIC 15 *Agreements for the Construction of Real Estate*;
- IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*;
- IFRIC 17 *Distributions of Non-Cash Assets to Owners*;
- IFRIC 18 *Transfers of Assets from Customers*.

The entry into force of these standards had no material impact on the Group's financial statements.

b. Standards and interpretations adopted by the European Union and subject to early application

The financial statements do not take into account standards and interpretations published by the IASB and adopted by the European Union but which are applicable to periods beginning after 1 January

2010. This group of standards and interpretations includes in particular:

- IAS 24 *Related Party Disclosures* (revised version);
- Amendments to IAS 32 *Financial Instruments: Presentation* "Classification of Rights Issues";
- Amendment to IFRIC 14 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction* "Prepayments of a Minimum Funding Requirement";
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments.*

c. Standards and interpretations published by the IASB but not yet adopted by the European Union

The Group did not opt for early application of any of these standards or interpretations. These primarily relate to:

- IFRS 9 *Financial Instruments* (Phase 1: Classification and Measurement of Financial Assets);
- Amendment to IFRS 7 *Financial Instruments: Disclosures*. "Disclosures – Transfers of Financial Assets".

d. Comparative periods

Information for the comparative periods 2009 and 2008 complies with IFRS.

e. Format of the financial statements

With regard to the presentation of the consolidated financial statements, Sopra Group has decided to apply Recommendation 2009-R.03, dated 2 July 2009 of the Conseil National de la Comptabilité dealing with the format of the income statement, the cash flow statement and the statement of changes in shareholders' equity.

However, the format of the income statement as presented in previous years has been altered to improve the presentation of the company's performance:

- amounts recognised for the amortisation of intangible assets related to the impact of business combinations are now included in the calculation of *Profit from recurring operations* and are no longer included in *Profit from non-recurring operations* in order to comply with the recommendations of the AMF regarding the presentation of company performance in the financial statements for the year ended 31 December 2010;
- a new line item: *Operating profit on business activity* is now positioned before *Profit from recurring operations.* This is an indicator used internally by Management to assess the company's performance, corresponding to *Profit from recurring operations* before expenses related to the cost of services rendered by beneficiaries of share subscription options and before amortisation of the intangible assets concerned;
- *Foreign exchange gains and losses* are now presented on a separate line under *Other financial income and expenses*.

1.3. Consolidation methods

- Sopra Group is the consolidating company.
- The companies over which Sopra Group has full control have been consolidated using the full consolidation method. Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than one half of the voting power of an enterprise unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control. Control also exists even when the parent owns one-half or less of the voting power of an enterprise when there is:
  - power over more than one-half of the voting rights by virtue of an agreement with other investors;
  - power to govern the financial and operating policies of the enterprise under a statute or an agreement;
  - power to appoint or remove the majority of the members of the board of directors or equivalent governing body, if control over the enterprise is exercised by this board or governing body; or
  - power to cast the majority of votes at meetings of the board of directors or equivalent governing body, if control over the enterprise is exercised by this board or governing body.
- Sopra Group does not exert significant influence or joint control over any entity.
- Sopra Group does not, directly or indirectly, control any ad hoc company.
- Inter-company transactions as well as unrealised balances and profits on operations between Group companies are eliminated.
- The accounts of all consolidated companies are prepared as at 31 December. These accounts have, where applicable, been restated to ensure the consistency of accounting and valuation rules applied by the Group.
- The scope of consolidation is presented in Note 2.

1.4. Foreign currency translation

a. Functional and presentation currencies

Items included in the financial statements of each Group entity are measured using the currency of the primary economic environment in which each entity operates, i.e. its "functional currency".

The consolidated financial statements are presented in euros, the functional and presentation currency of the parent company Sopra Group SA.

b. Translation of the financial statements of foreign subsidiaries

Group subsidiaries' functional currencies are their local currencies in which most of their transactions are denominated. The accounts of all Group entities whose functional currency differs from the Group's presentation currency are translated into euros as follows:

- assets and liabilities are translated at rates applying at the balance sheet date;
- income, expenses and cash flows are translated at average rates for the period;

- all resulting foreign exchange differences are recognised as a distinct equity component under *Translation reserves*.

Foreign exchange differences arising from the translation of net investments in foreign operations are recognised in equity on consolidation. When a foreign operation is divested, the applicable accumulated translation difference is transferred to profit or loss as part of the gain or loss arising on disposal.

Goodwill and fair value adjustments arising on acquisition of foreign operations are treated as assets and liabilities of the operation and, as such, are translated at rates applying at the balance sheet date.

The Group does not own any consolidated entities operating in a hyperinflationary economy.

The applicable rates of exchange are presented in Note 38.

c. Translation of foreign currency transactions

Transactions denominated in foreign currencies are translated to entities' functional currencies at rates applying on the transaction dates. The foreign exchange gains and losses arising on settlement, as well as those arising from the adjustment of foreign currency denominated monetary assets and liabilities to rates applying at the balance sheet date, are recognised in profit or loss with the exception of amounts recognised directly in equity in respect of cash flow hedging or hedging of the net investment in foreign operations.

1.5. Significant estimates and accounting judgments

The preparation of financial statements implies the use of estimates and assumptions in measuring certain consolidated assets and liabilities as well as certain income statement items. Management are also required to exercise judgment in the application of the Group's accounting policies.

Such estimates and judgments, which are continually updated, are based both on historical information and on reasonable anticipation of future events according to the circumstances. However, given the uncertainty implicit in assumptions as to future events, the related accounting estimates may differ from the ultimate actual results.

Significant assumptions and accounting estimates

The main assumptions and accounting estimates liable to leave scope for material adjustments to the carrying amount of assets and liabilities in subsequent periods are as follows:

- the measurement of goodwill (see Notes 1.7 and 4);
- the measurement of retirement commitments (see Notes 1.18 and 15);
- the recognition of income (see Note 1.21).

Significant judgments in the application of accounting policies

With the exception of those policies requiring accounting estimates, no judgment exercised by Management has had a material impact on the amounts recognised in the financial statements.

1.6. Business combinations

The Group applies IFRS 3 (revised version) to the identified assets acquired and liabilities assumed as a result of business combinations. The acquisition of an asset or a group of assets that do not constitute a business is recognised under the standards applicable to these assets (IAS 38, IAS 16, IAS 39).

All business combinations are recognised by applying the acquisition method, which consists in:

- the measurement and recognition at fair value of the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree (minority interests). The Group identifies and allocates these items on the basis of contractual provisions, economic conditions and its accounting and management principles and procedures;
- the measurement and recognition at the acquisition date of the difference referred to as "goodwill" between:
  - the purchase price for obtaining control of the acquiree plus the amount of any minority interests in the acquire,
  - and the net amount of the recognised identifiable assets acquired and liabilities assumed.

The acquisition date is the date on which the Group effectively obtains control of the acquiree.

The purchase price of the acquiree corresponds to the fair value, at the acquisition date, of the elements of consideration remitted to the seller in exchange for control of the acquiree, to the exclusion of any element serving as consideration for any transaction separate from the attainment of control.

If the initial accounting for a business combination can only be determined provisionally for the reporting period in which the combination was effected, the acquirer recognises the combination using provisional values. The acquirer must then recognise adjustments to these provisional values related to the completion of initial accounting within 12 months of the acquisition date.

1.7. Goodwill

For each business combination, the Group may elect to recognise under its balance sheet assets either a proportionate goodwill (corresponding only to its percentage of ownership interest) or a full goodwill (also including the goodwill corresponding to minority interests).

Should the calculation of goodwill result in a negative difference (in the case of an acquisition conducted under advantageous conditions), the Group recognises the resulting gain as a bargain purchase in profit or loss.

Goodwill is allocated over cash-generating units for the purposes of the impairment tests described in Note 1.11, which are performed as soon as any indication of impairment is noted and systematically at the balance sheet date of 31 December.

1.8. Intangible assets

a. Assets acquired externally

These relate to software packages recorded at cost as well as software packages, customer relations and distributor relations recognised at fair value in connection with the allocation of the purchase prices of entities acquired in business combinations. These assets are amortised using the straight-line method over three to fifteen years, depending on their estimated useful lives.

b. Assets generated internally

In application of IAS 38 *Intangible assets*:

- all research and development costs are charged to the income statement in the year they are incurred;
- project development costs are capitalised if, and only if, all of the following can be demonstrated:
  - the technical feasibility of completing the intangible asset so that it will be available for use or sale,
  - the intention to complete the intangible asset and use or sell it, the ability to use or sell the intangible asset,
  - the manner in which the intangible asset will generate probable future economic benefits,
  - the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
  - the ability to measure reliably the expenditure attributable to the intangible asset during its development.

None of the development expenses for Software and Solutions (Axway, Banking, Human Resources and Real Estate) are recognised under intangible assets, since all of the conditions described above were not fulfilled.

1.9. Property and equipment

Property and equipment essentially comprises land and buildings, fixtures, office furniture and equipment and IT equipment.

Property and equipment is measured at acquisition cost (excluding any borrowing costs) less accumulated depreciation and any impairment losses. No amounts have been revalued.

Depreciation is based on the straight-line method according to the expected useful economic lives of each fixed asset category as follows:

Buildings	25 years
Fixtures and fittings	10 years
Equipment and tooling	3 to 5 years
Vehicles	5 years
Office furniture and equipment	5 to 10 years

Depreciation is applied against assets' acquisition cost after deduction of any residual value. Assets' residual values and expected useful lives are reviewed at each balance sheet date.

1.10. Leases

a. Finance leases

Leases of tangible fixed assets under which the Group retains substantially all the risks and rewards incidental to ownership of the assets are treated as finance leases. The related assets are recognised at the leased assets' fair value or, if less, at the present value of the minimum payments due under the leases.

Each lease payment is allocated between interest and capital repayment elements in order to reflect a constant periodic rate of return on the outstanding capital balance. The corresponding contractual lease commitments, net of finance costs, are included within *Financial debt*. The corresponding finance costs are recognised in profit or loss, under the caption *Cost of financial debt,* over the period of each lease.

Assets acquired under finance leases are depreciated over their estimated useful lives or, if shorter, over the applicable lease terms.

- Property under finance lease is depreciated on a straight-line basis over 25 years;
- IT equipment under finance lease is depreciated on a straight-line basis over 4 years, i.e. the most common duration of the associated leases.

b. Operating leases

Leases of tangible fixed assets under which the Group retains substantially all the risks and rewards incidental to ownership of the assets are treated as finance leases, the payments in respect of which are recognised as an expense on a straight-line basis over the duration of the applicable leases.

1.11. Impairment of assets

IAS 36 *Impairment of Assets* requires that an entity assess at each reporting date whether there is any indication that an asset may be impaired; if so, the asset's recoverable amount must be estimated.

Irrespective of whether there is any indication of impairment, an entity must also:

- test intangible assets with indefinite useful lives annually;
- test the impairment of goodwill acquired in a business combination annually.

In practice, impairment testing is above all relevant to goodwill which comprises the essential portion of Sopra Group's consolidated non-current assets.

Impairment testing is performed at the level of the cash-generating units (CGUs) to which assets are allocated. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The Group's segmentation into cash-generating units is consistent with the operating structure of its businesses, its management and reporting structure and its segment reporting structure. Impairment testing involves comparing cash-generating units' carrying amounts with their recoverable amounts. A cash-generating unit's recoverable amount is the higher of its fair (generally market) value, less costs to sell, and its value in use.

The value in use of a CGU is determined using the present value of future cash flow method:

- cash flows for a plan period of five years, with cash flows for the first year of the plan based on the budget;
- cash flows beyond the five-year plan period used in value-in-use calculations are increased in line with historic long-term growth rates adjusted for inflation.

Cash flow projections for the explicit period are determined by taking into account:

- the general growth rate of the economy;
- the impact of technological advances in the sector;
- transfers of IT functions engendered by the rise of Outsourcing benefiting the IT services sector.

The cash flows are discounted using a discount rate equal to:

- the ten-year risk-free money rate;
- supplemented by the market's risk premium multiplied by a sensitivity coefficient (ß) specific to the entity.

Impairment losses are recognised to the extent of any excess of a CGU's carrying amount over its recoverable amount. Impairment losses are first allocated against goodwill and are charged to profit or loss as part of *Other operating income and expenses*.

The Group's CGU segmentation and the other parameters applied for the purposes of impairment testing are presented in Notes 4.2 and 4.4.

1.12. Financial assets

The Group classifies its financial assets into the following categories:

- assets measured at fair value through profit or loss;
- assets held to maturity;
- loans and receivables; and
- assets available for sale.

Classification depends on the purposes for which financial assets were acquired. Management decides on the appropriate classification at the time of initial recognition and performs a reassessment at each interim or annual reporting date.

Financial assets are initially measured at their fair value; they are subsequently measured, depending on their classification, at fair value or at amortised cost.

a. Assets measured at fair value through profit or loss

This category comprises both financial assets held for trading (i.e. acquired with a view to resale in the near term) and those designated upon initial recognition as at fair value through profit or loss. Changes in the fair value of assets of this category are recognised in profit or loss.

Despite the fact that they are held for trading, the Group's current investments are not accounted for in accordance with IAS 39 because, given they comprise highly liquid investments meeting the definition of cash equivalents provided by IAS 7, they are instead consolidated as part of *Cash and cash equivalents* (see Note 1.15).

b. Held to maturity assets

Held to maturity investments are non-derivative financial assets with fixed or determinable payments that the Group has the intention and ability to hold to maturity. If any such asset is disposed of prior to maturity all other assets of the category must obligatorily be reclassified as available for sale. Assets held to maturity are otherwise measured, after initial recognition, at amortised cost.

The Group currently holds no assets classified within this category.

c. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They comprise the financial assets arising when the Group remits funds, or provides goods and services, to an individual or entity. Loans and receivables are initially recognised at fair value then subsequently measured at amortised cost using the effective interest rate method.

The Group has distinguished within this category:

- non-current financial assets comprising receivables associated with non-consolidated investments as well as guarantee deposits for leased property. Impairment losses are recognised for receivables associated with non-consolidated investments whenever their estimated recoverable amounts are lower than their carrying amounts; and

- current trade receivables initially measured at the nominal amounts invoiced which generally equate with the fair value of the consideration to be received. The impact of discounting would be negligible given that the Group's average credit period is of the order of sixty days. If necessary, impairment losses are recognised on an individual basis reflecting any problems of recovery.

d. Available for sale assets

Assets available for sale are those non-derivative financial assets not entering any of the above categories, whether or not the Group intends to dispose of them. Changes in the fair value of these assets are recognised directly in equity with the exception of impairment losses and foreign exchange gains and losses which are recognised in profit or loss.

The Group has included in this category its investments in non-consolidated entities over which it exercises neither control nor any significant influence.

As such investments comprise equity instruments whose price is not quoted in an active market, and whose fair value cannot otherwise be reliably measured, they are maintained at cost less any impairment losses. Their recoverable amount is estimated based on criteria such as the Group's share of an entity's net assets and its outlook for growth and profitability. An impairment loss recognised cannot subsequently be reversed.

1.13. Deferred tax

Deferred tax is recognised using the balance sheet liability method based on temporary differences between the carrying amount of assets and liabilities in the consolidated balance sheet and their tax base.

Deferred tax assets and liabilities are measured for each entity or taxable unit on the basis of the tax rates in force, or substantially adopted, at the balance sheet date and expected to apply when assets will be realised or liabilities settled.

Deferred tax assets relating to both temporary differences and tax losses carried forward are recognised only to the extent that it appears probable that the future tax savings they represent will be achieved.

1.14. Derivatives

Derivative financial instruments are initially recognised for their fair value at the date that the derivative contracts are entered into; they are subsequently adjusted to their fair value. The accounting treatment of the associated profit or loss depends on whether the derivative has been designated as a hedging instrument and, if so, on the nature of the hedged item.

The Group designates certain derivatives as:

- hedges of the fair value of assets or liabilities recognised in the balance sheet, or of firm forward commitments; or
- cash flow hedges of specific risks attaching to assets or liabilities recognised in the balance sheet or highly probable future transactions; or
- hedges of net investments in foreign operations.

The fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is in excess of 12 months and as a current asset or liability if the remaining maturity of the hedged item does not exceed 12 months. Changes in fair value of derivatives that meet the criteria to qualify for hedge accounting are taken to equity.

Derivatives held for trading are classified as current assets or liabilities if they are due to be settled within one year after the balance sheet date. Otherwise they are classified as non-current assets or liabilities. The Group also includes under speculative instruments derivatives which do not qualify for hedge accounting in accordance with *IAS 39*. In this case, any changes in their fair value are recognised in profit or loss as part of *Other financial income and expense* (see Note 27.3).

1.15. Cash and cash equivalents

Cash and cash equivalents comprise liquidities, bank demand deposits, other highly liquid investments with maturities not exceeding three months and bank overdrafts. Bank overdrafts are included as part of *Short-term financial debt*.

Under IAS 7 cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The Group applies the classification of UCITS proposed by the *Association Française de Gestion* (AFG) and the *Association Française des Trésoriers d'Entreprise* (AFTE) and adopted as the reasonable basis for recognition by the *Autorité des Marchés Financiers* (AMF):

- UCITS classified by the AMF as euro-denominated money-market instruments are presumed to satisfy the four criteria to be defined as cash equivalents under IAS 7;
- the eligibility of other UCITS to be considered as "cash equivalents" is not automatic but must be established with reference to the four criteria.

Cash equivalents are recognised at their fair value; changes in fair value are recognised in the income statement under *Other financial income and expense*.

1.16. Share-based payments

a. IFRS 2

Its application to Sopra Group relates purely to options for share subscription granted to employees. As allowed under the standard, the Group will only adjust its financial statements for options granted on or after 7 November 2002 and exercisable after 1 January 2005.

The beneficiaries of the options concerned may exercise their rights five years after options are granted and during a period of three years, i.e. at any time during the sixth to eighth years following attribution.

The fair value of these options at their date of attribution is performed by a third party specialist using a Black & Scholes based method taking into account discrete dividends, using a yield curve and anticipated exercise. This value is constant over a plan's duration.

The value attributed to the options is analysed as a cost of services rendered by employees in return for the options and is recognised on a linear basis over the vesting period, i.e. on the basis of one fifth per year.

This charge is recognised in the income statement under *Stock option plans and similar expenses*, balanced by a credit to an issue premiums account recognised under *Capital reserves* within shareholders' equity. There is thus no net impact on shareholders' equity.

The calculation performed reflects the total number of options held at each balance sheet date by eligible employees taking into account the very high rate of exercise of the options.

b. Sale or conversion to bearer shares during blocked periods

Under the regulations governing the various stock option plans, shares resulting from the exercise of options may not be sold or converted into bearer shares during the statutory blocked period. Accordingly no provision is required.

1.17. Treasury shares

All of the treasury shares held by Sopra Group are recognised at their acquisition cost, deducted from shareholders' equity.

Gains or losses on the sale of treasury shares are added or deducted net of tax from consolidated reserves.

1.18. Employee benefits

a. Short-term employee benefits and defined contribution post-employment benefits

The Group recognises the amount of short-term employee benefits, as well as the contributions due in respect of mandatory state-sponsored pension plans, under *Staff costs*. As the Group has no commitments beyond these contributions, no provision was recognised for these plans.

b. Defined benefit plans and other long-term employee benefits

These plans relate mainly to France, for the payment of pensions in accordance with collective bargaining agreements, and to a lesser extent Italy, for the payment of legally required post-employment benefits (*Trattamento di Fine Rapporto*).

The defined benefit plans are borne directly by the Group, which provides for the cost of the future benefits based on conditions below.

The Group uses the projected credit method to determine the value of its defined benefit obligation: this method stipulates that each period of service gives rise to an additional unit of benefit rights and values separately each of the units to obtain the final obligation.

The above calculations reflect various actuarial assumptions relating to matters such as the estimated periods of future service of employees, future salary levels, life expectancy and staff turnover.

The resulting benefit obligation is then discounted using an appropriate interest rate for first-rate corporate bonds denominated in the currency of payment of benefits and with a maturity approximating with the estimated average maturity of the benefit obligation.

A change in these estimates and hypotheses may lead to a significant change in the amount of the commitment.

The amount of the provision recognised for retirement and similar commitments corresponds to the present value of the obligation in respect of defined benefits, less unrecognised actuarial differences. Actuarial differences resulting from changes in the value of the discounted obligation in respect of defined benefits include on the one hand, the effects of differences between previous actuarial assumptions and actual data, and on the other hand, the effect of changes in actuarial assumptions.

From the financial year ended 31 December 2007 onwards, actuarial differences are fully recognised in equity, for all of the Group defined benefit plans, in conformity with the SoRIE option introduced by the amendment to IAS 19.

There are no pension commitments, medical cover, or long-service awards. No new benefits or changes in regime resulting from legal, collective-bargaining or contractual provisions occurred during the financial year.

1.19. Financial debt

Financial debt essentially comprises:

- bank borrowings which are initially recognised at their fair value, net of any transaction costs, and subsequently at amortised cost; any difference between the capital amounts borrowed, net of transaction costs, and the amounts repayable is recognised in profit or loss over the duration of the borrowings using the effective interest rate method;
- liabilities on finance lease contracts: finance lease debt which is recognised at the inception of each lease based on the present value of future lease payments discounted using the interest rates implicit in each lease;
- profit-sharing debt towards employees for amounts blocked in current accounts: such debt is adjusted for any difference between the contractual interest rate applied to balances and the applicable minimum rate. Any such differential for a given year is recognised as part of financial debt and balanced by an additional charge to staff costs, then amortised as a deduction from financial expense over the following five years;
- current bank overdraft facilities.

Financial debt repayable within twelve months of the balance sheet date is classified within current liabilities.

1.20. Provisions

A provision is recognised when an obligation exists with respect to a third party originating subsequent to the balance sheet date and when the loss or liability is probable and may be reliably estimated.

To the extent that this loss or liability is not probable or may not be reliably estimated, a contingent liability is disclosed by the Group among its commitments given.

1.21. Revenue recognition

The applicable IAS is IAS 18 Revenue.

a. Systems Integration and Consulting services

- **Technical assistance, consulting, training and projects provided on an ongoing contract basis**

These services are recognised when performed, i.e. in general at the time of invoicing.

Operations are reviewed at each balance sheet date:

- Services already performed but not yet, or only partially, invoiced are measured on the basis of billable time and the contractual billing rates. They are recognised as revenue and are included in the balance sheet under the *Accrued income* caption of *Trade accounts receivable*;
- services already billed but not yet entirely performed are deducted from invoiced revenue and included in the balance sheet under the *Deferred revenue* caption of *Other current liabilities*.

- **Services covered by fixed-price contracts**

Under such contracts the group commits itself to a price, a result and a deadline. Services performed under such contracts are recognised as follows using the percentage of completion method:

- revenue and profit generated by a contract are recognised on the basis of a technical assessment, in line with the group's quality procedures, of the contract's degree of completion. During performance of a project, this assessment is based on 90% of the contract amount with the remaining 10% deferred until completion;
- the amount of revenue recognised at each balance sheet date is based on the difference between 90% of the contract value and the amount required to cover the total number of man-days remaining to be performed. This amount is included in the balance sheet under the *Accrued income* caption of Trade *accounts receivable*. Payments on account received are deducted from the amount of *Trade accounts receivable* which are therefore disclosed for their net amount.

b. Software and Solutions

Services provided within the scope of the Group's Software (Axway) and Solutions (Banking, Real Estate, Human Resources) operations include:

- the right of use under licence of the software and solutions provided;
- maintenance;
- financial services: installation, configuration, adaptation, training, etc.

- **In general, separate contracts are concluded with clients for licences and maintenance on the one hand and ancillary services on the other hand**

In this situation, the various elements comprising contracts are accounted for as follows:

- the licence fee is recognised when delivery takes place, which is reputed to be the case when all contractual obligations have been fulfilled, i.e. when any remaining services to be provided are insignificant and not liable to endanger the client's acceptance of goods supplied or services rendered;
- maintenance is generally billed in advance and is recognised on a time basis;
- ancillary services are generally provided on the basis of time spent and are recognised when performed, i.e. in general when invoiced. They are sometimes performed within the scope of lump sum contracts in which case they are recognised using the percentage of completion method described in paragraph 1.21.a.

- **Sometimes, contracts comprising multiple elements (licence, maintenance, ancillary services, etc.) may be negotiated on a lump sum basis**

In this situation, the amount of revenue attributable to the licence is obtained by the difference between the total contract amount and the fair value of its other components, i.e. maintenance and ancillary services. The fair value of the other components is determined when possible on the basis of the list prices applying in the case of a separate sale or alternatively, on the basis of management's best estimate. The residual amount attributed to the licence is recognised at the time of delivery.

- **In fairly rare instances, ancillary services may be considered indispensable to a software package's functioning**

This may be the case for very complex projects, the completion of which may be subject to particular risks. The project is then examined as a whole and is the focus of specific monitoring by the Quality Department. They are accounted for using the percentage of completion method described in paragraph 1.21.a.

1.22. Segment information

The Group has applied IFRS 8 as from 1 January 2009. Under this standard, segment information is now based on internal management data used by Executive Management, as opposed to the former standard IAS 14, under which these disclosures were based on the risks and returns of segments.

This change will not have a material impact since the segmentation of business sectors under IAS 14 was already consistent with the internal reporting system used by management. The main change in segmentation involves the allocation of the Belgian company BAI to the Financial Services Department of SSI France. As IFRS 8 is subject to retrospective application, comparative information relating to the 2008 financial year was restated.

There was no impact as a result of a possible further impairment of goodwill due to changes of allocation to CGU groups.

The Group organisational structure reflects both its businesses (principal segmentation) and the geographic distribution of its activities (secondary segmentation).

The divisions comprise:

- Consulting and Systems and Solutions Integration carried out in France by Sopra Group;
- Systems Integration carried out in Europe by a combination of subsidiaries;
- Axway's activities in the area of application integration.

1.23. Earnings per share

Earnings per share as stated in the income statement are calculated on the basis of the Group's share in the net profit as follows:

- basic earnings per share are based on the weighted average number of shares in issue during the financial year, calculated according to the dates when the funds arising from cash share issues were received and, in respect of shares issued for contributions in kind via equity, the date on which the corresponding new group companies were consolidated for the first time;
- diluted earnings per share are calculated by adjusting the Group share of net profit and the weighted average number of shares outstanding for the diluting effect of exercising share subscription option plans in force at the end of the financial year. The share buyback method has been applied at the market price, based on the average share price throughout the year.

Note 2 | Scope of consolidation

2.1. List of consolidated companies in 2010

Company	Country	% Control	% Held	Consolidation method
Consulting and Systems and Solutions Integration				
Sopra Group	France	-	-	Parent company
Axway Holding SA	France	100.0%	100.0%	FC
Sopra Consulting	France	100.0%	100.0%	FC
Sopra Group Ltd	United Kingdom	100.0%	100.0%	FC
Sopra Belux	Belgium	100.0%	100.0%	FC
Business Architects International NV	Belgium	100.0%	100.0%	FC
Sopra Group Luxembourg	Luxembourg	100.0%	100.0%	FC
Valoris Luxembourg	Luxembourg	100.0%	100.0%	FC
Sopra Group GmbH	Germany	100.0%	100.0%	FC
Sopra Informatique	Switzerland	100.0%	100.0%	FC
Sopra Group SpA	Italy	100.0%	100.0%	FC
Sopra Group Informatica SA	Spain	100.0%	100.0%	FC
Sopra Group Euskadi SL	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
SOPRAntic	Morocco	100.0%	100.0%	FC
Sopra India Private Ltd	India	100.0%	100.0%	FC
Axway				
Axway Software	France	100.0%	100.0%	FC
Axway SAS	France	100.0%	100.0%	FC
Axway Distribution France SAS	France	100.0%	100.0%	FC
Axway Holding Distribution SAS	France	100.0%	100.0%	FC
Axway UK Ltd	United Kingdom	100.0%	100.0%	FC
Axway Nordic AB	Sweden	100.0%	100.0%	FC
Axway GmbH	Germany	100.0%	100.0%	FC
Tumbleweed Communications Holding GmbH	Switzerland	100.0%	100.0%	FC
Axway BV	Netherlands	100.0%	100.0%	FC
Axway Belgium	Belgium	100.0%	100.0%	FC
Axway Srl	Italy	100.0%	100.0%	FC
Axway Software Iberia	Spain	100.0%	100.0%	FC
Axway Romania Srl	Romania	100.0%	100.0%	FC
Axway Bulgaria EOOD	Bulgaria	100.0%	100.0%	FC
Axway Inc.	United States	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: Fully consolidated.

2.2. Changes in the consolidation scope

There were no significant changes in the Group's scope of consolidation in 2010.

Since 1 January 2010, Orga Consultants has operated under the name Sopra Consulting.

2.3. Non-application of IFRS 5 at 31 December 2010

The approval of the principle behind the proposed separation and listing of Axway by the Board of Directors in its meeting of 21 January 2011 occurred only as a result of consultations with representatives of the *Autorité des Marchés Financiers* and the French Ministry of Finance (Tax Legislation Department), which took place during the month of January 2011.

In our view, the determination of this transaction as "highly probable" was only able to be made between the balance sheet date and the date on which the financial statements were approved for publication. Consequently, the provisions of IFRS 5 do not apply to the sub-group consisting of Axway Software and its subsidiaries.

The general terms and conditions of the transaction are described in Note 37.

Segment information for the Axway sub-group is presented in Notes 31.1.c *Results by division* and 31.3 *Breakdown of the main assets per division*.

Note 3 | Comparability of the accounts

No Sopra Group entities were consolidated over the course of the 2010 financial year.

Beginning with the 2010 financial year, the total expense related to the CVAE (*cotisation sur la valeur ajoutée des entreprises*, a contribution based on the value added by the business) is presented under *Tax expense*, in accordance with the position adopted by the Group and the provisions of IAS 12. In order to ensure the comparability of the income statement for the year ended 31 December 2010 with those of prior years, a column was added with the heading *"Restated 2010"* showing the figures in question prior to the reclassification of the CVAE.

NOTES TO THE CONSOLIDATED BALANCE SHEET

Note 4 | Goodwill

4.1. Changes in goodwill

The principal movements in 2009 and 2010 are as follows:

(in thousands of euros)	Gross value	Impairment	Net
31 December 2008	**404,436**	**31,750**	**372,686**
Adjustments relating to business combinations			
Tumbleweed Communications Corp.	1,054	-	1,054
Impairment			
Valoris Iberia	-	3,000	-3,000
Sopra Informatica	-	15,000	-15,000
Translation differential	**1,469**	**620**	**849**
31 December 2009	**406,959**	**50,370**	**356,589**
Translation differential	**13,825**	**500**	**13,325**
31 DECEMBER 2010	**420,784**	**50,870**	**369,914**

4.2. Impairment tests

Impairment tests carried out at 31 December 2010 did not give rise to the recognition of impairment. These tests were performed under the conditions described in Note 1.11 using the following parameters:

	Discount rate in 2010	Discount rate in 2009	Perpetuity growth rate in 2010	Perpetuity growth rate in 2009
France	9.2%	9.0%	2.5%	2.5%
United Kingdom	9.2%	9.0%	2.5%	2.5%
Spain	9.2%	9.0%	2.5%	2.5%
Other European countries	9.2%	9.0%	2.5%	2.5%
Other zones	9.2%	9.0%	2.5%	2.5%

Analysis of the sensitivity of the recoverable amount to changes in key assumptions for 2010:

	Discount rate used in 2010	Increase in the discount rate of 0.5 points
Growth rate used in 2010	-	-7.6%
Decrease in the growth rate of 0.5 points	-5.5%	-12.3%

With the exception of the CGU Systems Integration Spain and United Kingdom, declines in value-in-use resulting from these combined changes in assumptions (-12.3%) would not have prompted the recognition of impairment for these CGUs at the balance sheet date.

Analysis of the sensitivity of the recoverable amount to changes in key assumptions for 2010:

	Discount rate used in 2009	Increase in the discount rate of 0.5 points
Growth rate used in 2009	-	-8.4%
Decrease in the growth rate of 0.5 points	-6.1%	-13.6%

4.3. Translation differential

The increase of €13.3 million in the translation differential results mainly from changes in the value of the euro against the following currencies:

(in millions of euros)	2010	2009
■ USD (Axway Inc.)	8.4	-3.8
■ GBP (Sopra Group Ltd)	1.7	3.6
■ SEK (Axway Nordic AB)	2.8	-
■ Other currencies	0.4	1.0
TOTAL	**13.3**	**0.8**

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)		2010	2009	2008
Consulting and Systems and Solutions Integration	France	72,571	72,244	72,164
	United Kingdom	54,255	52,587	49,032
	Spain	66,297	66,297	81,297
	Italy	8,119	8,119	8,119
	Belgium - Sopra Belux	3,000	3,000	3,000
	Spain - Valoris Iberia	-	-	3,000
Axway	Axway	165,672	154,342	156,074
TOTAL		**369,914**	**356,589**	**372,686**

Note 5 | Intangible assets

(in thousands of euros)	Gross value	Amortisation	Net
31 December 2008	**61,664**	**32,773**	**28,891**
Changes in scope	-	-	-
Acquisitions	873	-	873
Disposals	-8,968	-8,968	-
Other movements	3	3	-
Translation differential	-863	-152	-711
Amortisation charge	-	3,933	-3,933
31 December 2009	**52,709**	**27,589**	**25,120**
Changes in scope	-	-	-
Acquisitions	588	-	588
Disposals	-226	-197	-29
Translation differential	2,047	424	1,623
Amortisation charge	-	3,589	-3,589
31 DECEMBER 2010	**55,118**	**31,405**	**23,713**

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

No expense was incurred in developing the Group's solutions and software was capitalised, either in 2010 or in previous years.

Note 6 | Property and equipment

(in thousands of euros)	Land and buildings	Furniture, fixtures, and fittings	IT equipment	Total
GROSS VALUE				
31 December 2008	**10,853**	**57,986**	**45,932**	**114,771**
Translation differential	-	17	48	65
Acquisitions	11	5,194	6,030	11,235
Disposals	-	-1,879	-2,849	-4,728
Other movements	-	429	289	718
Changes in scope	-	-	-20	-20
31 December 2009	**10,864**	**61,747**	**49,430**	**122,041**
Translation differential	-	393	853	1,246
Acquisitions	125	8,459	6,898	15,482
Disposals		-4,880	-9,322	-14,202
Changes in scope	-	-	-	-
31 DECEMBER 2010	**10,989**	**65,719**	**47,859**	**124,567**
DEPRECIATION				
31 December 2008	**8,293**	**36,824**	**34,563**	**79,680**
Translation differential	-	13	30	43
Charges	227	4,197	6,212	10,636
Reversals	-	-1,148	-2,759	-3,907
Other movements	-	521	197	718
Changes in scope	-	-	-17	-17
31 December 2009	**8,520**	**40,407**	**38,226**	**87,153**
Translation differential	-	346	775	1,121
Charges	231	4,338	5,935	10,504
Reversals	-	-4,234	-9,256	-13,490
Changes in scope	-	-	-	-
31 DECEMBER 2010	**8,751**	**40,857**	**35,680**	**85,288**
NET VALUE				
31 December 2008	**2,560**	**21,162**	**11,369**	**35,091**
31 December 2009	**2,344**	**21,340**	**11,204**	**34,888**
31 DECEMBER 2010	**2,238**	**24,862**	**12,179**	**39,279**

- Investments made by the Group in fixed assets (€15.4 million) primarily include office equipment in France and abroad, in the amount of €8.5 million and information technology equipment (central systems, work stations, and networks) in the amount of €6.9 million.
- Amounts included under disposals during the year (€14.2 million depreciated in the amount of €13.5 million) correspond 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. An exceptional inventory was carried out at Sopra Group Ltd in the aftermath of a fire and gave rise to the removal of fully depreciated old or fire-damaged computer equipment, in the gross amount of €4 million. At the parent company, following the sale of the Sopra Group trimaran, which was fully depreciated, this item was removed from *Other property and equipment*.
- Land and buildings include the premises of 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)	2010	2009	2008
Land	255	255	255
Buildings	3,861	3,861	3,861
Depreciation	-3,669	-3,603	-3,537
NET VALUE	447	513	579

- Finance lease contracts relating to IT investments (see Note 1.10) are presented in the balance sheet in the following amounts:

(in thousands of euros)	2010	2009	2008
Gross value	25,637	27,316	24,742
Depreciation	-17,635	-18,151	-15,629
NET VALUE	8,002	9,165	9,113

Note 7 | Financial assets

(in thousands of euros)	2010	2009	2008
Assets at fair value through profit and loss	-	-	-
Held to maturity assets	-	-	-
Available for sale assets	196	196	195
Loans and receivables	3,440	3,331	3,235
TOTAL	3,636	3,527	3,430

7.1. Available for sale assets

(in thousands of euros)	Gross value	Impairment	Net
31 December 2008	**23,852**	**23,657**	**195**
Increase	1	-	1
Decrease	-	-	-
Changes in scope	-	-	-
Translation differential	7	7	-
31 December 2009	**23,860**	**23,664**	**196**
Increase	-	-	-
Decrease	-13,856	-13,856	-
Changes in scope	-	-	-
Translation differential	3	3	-
31 DECEMBER 2010	10,007	9,811	196

Available for sale assets, as understood in IAS 39, mainly comprise non-consolidated investments in Valoris' subsidiaries that were in the process of being wound up or divested at the date that Valoris was acquired by Sopra Group, in the amount of €9.9 million, in respect of which a provision for impairment has been set aside of €9.7 million.

The subsidiary Valoris Maxim Ltd (UK) was dissolved with effect from February 2010. The corresponding equity investments, totalling €13.9 million, were written down in full and are no longer considered as among Sopra Group's assets.

7.2. Loans and receivables

(in thousands of euros)	2010	2009	2008
Receivables from unconsolidated equity interests - gross value	899	899	967
Provisions for receivables from unconsolidated equity interests	-899	-899	-967
Receivables from unconsolidated equity interests - net value	**-**	**-**	**-**
Loans	23	23	44
Deposits and other non-current financial assets	3,417	3,308	3,208
Provisions for loans, deposits and other non-current financial assets	-	-	-17
Loans, deposits and other non-current financial assets - net value	**3,440**	**3,331**	**3,235**
TOTAL	**3,440**	**3,331**	**3,235**

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

Deposits and other non-current financial assets (€3.4 million) consist mainly of guarantees given for the leased premises. Non-remunerated deposits are maintained at their nominal value, given that the effect of discounting is not significant.

Note 8 | Deferred assets and liabilities

8.1. Breakdown by maturity

(in thousands of euros)	2010	2009	2008
Deferred tax assets (DTA)			
– less than one year	5,819	3,088	3,426
– more than one year	28,550	19,468	13,033
TOTAL DTA	**34,369**	**22,556**	**16,459**
Deferred tax liabilities (DTL)			
– less than one year	-	-	-
– more than one year	-9,300	-7,173	-213
TOTAL DTL	**-9,300**	**-7,173**	**-213**
NET DEFERRED TAX	**25,069**	**15,383**	**16,246**

8.2. Change in net deferred tax

(in thousands of euros)	2010	2009	2008
At 1 January	**15,383**	**16,246**	**12,119**
Changes in scope	-	-	534
Tax - income statement impact	9,099	-662	2,954
Tax - equity impact	623	-337	745
Translation differential	-36	136	-106
AT 31 DECEMBER	**25,069**	**15,383**	**16,246**

8.3. Breakdown of net deferred tax by type

(in thousands of euros)	2010	2009	2008
Differences related to consolidation adjustments			
Actuarial gains and losses recognised for post-employment obligations	3,623	2,742	2,844
Software depreciation and amortisation of revalued software	4,660	-	298
Fair value of amortisable allocated intangible assets	-6,879	-6,967	-
Derivatives	329	927	1,270
Finance leases	46	37	2
Discounting of employee profit sharing	915	717	687
Tax-driven provisions	-2,304	-206	-213
Activated tax losses	6,879	6,967	-
Temporary differences from tax returns			
Provision for pensions	8,941	7,616	6,484
Provision for employee profit sharing	3,426	2,581	2,954
Provision for Organic tax	523	507	472
Differences in amortisation periods	140	209	238
Tax audit: reintegrated provisions not taxable at a later date	-	-	992
Activated tax losses	4,505	-	-
Other	265	253	218
TOTAL	**25,069**	**15,383**	**16,246**

During the 2010 financial year, Axway Software was able to recognise an additional depreciation in excess of that required to secure a tax benefit over a 12-month period for software revalued as a result of an internal transfer from Axway Inc. in the amount of $18.2 million. This operation generated net deferred tax of €2.5 million, comprised in part of deferred tax assets in the amount of €4.6 million (*Amortisation of revalued software*) and in part of deferred tax liabilities in the amount of €2.1 million (*Tax-driven provisions*).

The Group's determination with respect to the possibility for future use of tax loss carry forwards by the subsidiary Axway Inc. resulted in the decision to activate deferred tax assets to the extent that taxable profits are likely to be available over the next two years, in the amount of $5.5 million (€4.2 million).

With regard to the *Cotisation sur la Valeur Ajoutée des Entreprises* (CVAE), a component based on the value added each year by the business and forming part of the new *Contribution Économique Territoriale* (CET), the replacement for the professional tax introduced by the French Finance Act for 2010, the Group has decided to recognise this component under corporate income tax in order to ensure consistency with the treatment of similar taxes in other countries. This approach is also consistent with the position adopted by Syntec Informatique and made public on 10 February 2010. At 31 December 2009, no deferred tax assets or liabilities were recognised, as their impact was not material.

8.4. Deferred tax assets not recognised by the Group

(in thousands of euros)	2010	2009	2008
Tax losses carried forward	52,997	45,560	48,175
Temporary differences	536	2,464	463
TOTAL	**53,533**	**48,024**	**48,638**

8.5. Maturity of tax losses carried forward

(in thousands of euros)	2010	2009	2008
N+1	17,864	19,035	11,169
N+2	20,270	15,534	8,358
N+3	1,100	19,380	7,471
N+4	2,330	1,777	7,250
N+5 and subsequent years	111,884	107,140	92,197
Tax losses carried forward with a maturity date	**153,448**	**162,866**	**126,445**
Tax losses which may be carried forward indefinitely	**25,332**	**11,471**	**15,400**
TOTAL	**178,780**	**174,337**	**141,845**
Deferred tax basis - activated	33,174	19,907	-
Deferred tax basis - not activated	145,606	154,430	141,845
Deferred tax - activated	11,384	6,967	-
Deferred tax - not activated	52,997	45,560	48,175

At 31 December 2010, deferred tax assets not activated on tax loss carryforwards came to €53.0 million and mainly concerned the following subsidiaries: Axway Inc. (€41.9 million), Axway UK (€3.9 million), Axway Srl in Italy (€1.2 million) and Axway Pte Ltd in Singapore (€1.1 million).

Axway Inc.’s tax loss carry forwards primarily result from the acquisition of Tumbleweed Communications in 2008. They are subject to an overall time limit (20 years) as well as an annual limit on their use ($7 million) imposed by US tax regulations following a change in shareholding structure.

Note 9 | Other non-current assets

(in thousands of euros)	2010	2009	2008
Derivative financial instruments	127	209	-
OTHER NON-CURRENT ASSETS	**127**	**209**	**-**

Derivative financial instruments comprise an interest rate hedging contract (see Note 33.3.a).

Note 10 | Trade accounts receivable

(in thousands of euros)	2010	2009	2008
Trade accounts receivable	295,549	253,510	304,606
Accrued income	88,072	100,526	114,021
Accrued credit notes	-12,680	-17,280	-13,625
Provision for doubtful debtors	-2,545	-2,891	-3,463
TOTAL	**368,396**	**333,865**	**401,539**

Net trade accounts receivable, expressed in terms of months of revenue corresponded to 2.0 months of revenue at 31 December 2010, down from 2.1 months at 31 December 2009 and 2.5 months at 31 December 2008. This ratio is calculated by comparing *Net trade accounts receivable* with the revenue generated in the final quarter of the year. *Net trade accounts receivable* is obtained by stripping out VAT from the *Trade accounts receivable* balance and subtracting the deferred income balance appearing under liabilities.

Accrued income is comprised essentially of work performed in respect of fixed-price projects recognised using the percentage-of-completion method (see Note 1.21.a). 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.

Note 11 | Other current receivables

(in thousands of euros)	2010	2009	2008
Staff and social security	3,667	2,807	2,420
Tax receivables (other than corporate income tax)	13,812	22,197	18,353
Corporate income tax	10,513	12,749	3,614
Leased equipment	406	713	1,438
Other receivables	1,495	547	616
Prepaid expenses	3,601	5,549	6,173
Derivatives	390	-	286
TOTAL	**33,884**	**44,562**	**32,900**

Tax receivables of €13.8 million relate mainly to deductible VAT (of €11.5 million).

The increase in income tax receivables between 2008 and 2009 in relation to Sopra Group and Axway is attributable to excess advance tax payments (on the basis of 2008 profit) compared to the tax ultimately due in respect of 2009.

Derivatives consist of interest rate hedging contracts (see Note 33.3.b).

Note 12 | Cash and cash equivalents

The cash flow statement is presented on page 78.

12.1. Statement of net cash and cash equivalents

(in thousands of euros)	2010	2009	2008
Investment securities	-	-	1,190
Cash and cash equivalents	54,897	43,566	31,819
Cash and cash equivalents	**54,897**	**43,566**	**33,009**
Current bank overdrafts	-1,316	-54	-5,994
TOTAL	**53,581**	**43,512**	**27,015**

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 1.15, bills of exchange presented for collection and falling due before the balance sheet date and temporary bank overdrafts. It is closely related to the mobilisation of the medium term loans at the end of the financial year. Net debt, presented in Note 14.1, is more representative of the Group's financial position.

12.2. Investment securities

Type of security *(in thousands of euros)*	2010	2009	2008
Monétaire Euro OPCVM money-market fund units	-	-	-
Other	-	-	1,190
TOTAL	**-**	**-**	**1,190**

Note 13 | Equity

The consolidated statement of changes in equity is presented on page 77.

13.1. Changes in the share capital

At 31 December 2010 Sopra Group had share capital of €47,415,780 comprising 11,853,945 fully-paid shares with a nominal value of €4 each.

Movements occurring in 2010 included the exercise of share subscription options: 101,402 shares were created corresponding to a capital increase of €405,608 and a share premium of €2,174,537, for a total of €2,580,145.

13.2. Share subscription option plans

Grant date	Number of options allocated initially	Beginning of option exercise period	End of option exercise period	Exercise price	Number of lapsed options at 31/12/2010	o/w can-celled in 2010	Number of options exercised at 31/12/2010	o/w options exercised in 2010	Number of options outstanding at 31/12/2010	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	-	-	not applicable
12/10/1999	51,750	13/10/2004	12/10/2007	€46.20	49,000	-	2,750	-	-	not applicable
16/12/2002	129,250	17/12/2007	15/12/2010	€22.50	42,250	2,000	87,000	1,000	-	€6.36
TOTAL	**840,000**				**196,425**	**2,000**	**643,575**	**1,000**	**-**	
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	33,900	-	-	-	-	not applicable
22/03/2001	301,500	23/03/2006	22/03/2009	€61.40	301,500	-	-	-	-	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	6,000	3,000	-	-	-	not applicable
16/12/2002	303,200	17/12/2007	15/12/2010	€22.50	45,750	2,200	257,450	72,582	-	€6.36
03/09/2003	88,000	04/09/2008	02/09/2011	€32.50	13,800	-	39,260	21,820	34,940	€12.15
13/01/2004	23,000	14/01/2009	12/01/2012	€35.90	4,000	-	10,000	6,000	9,000	€11.36
TOTAL	**790,200**				**439,550**	**5,200**	**306,710**	**100,402**	**43,940**	
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	14,500	3,000	-	-	52,500	€17.47
08/01/2007	5,000	09/01/2012	07/01/2015	€60.37	5,000	-	-	-	-	€15.28
18/03/2008	50,000	19/03/2013	17/03/2016	€45.30	9,500	-	-	-	40,500	€10.98
TOTAL	**152,000**				**59,000**	**3,000**	**-**	**-**	**93,000**	
Plan No. 6 – 2008 stock option plan (General Meeting of 15/05/2008): maximum of 350,145 shares										
17/03/2009	20,000	18/03/2014	16/03/2017	€27.16	-	-	-	-	20,000	€5.85
15/04/2010	30,000	16/04/2015	14/04/2018	€53.68	-	-	-	-	30,000	€13.64
TOTAL	**50,000**				**-**	**-**	**-**	**-**	**50,000**	
TOTAL FOR PLANS						**10,200**		**101,402**	**186,940**	

- 101,402 subscription options were exercised in 2010 under Plans No. 3 and No. 4.
- A total of 10,200 shares were retired, their beneficiaries having left the company before completing their vesting period.
- No more options may be allocated under Plans No. 3, 4 and 5. A total of 30,000 options we allocated during financial year 2010 under Plan No. 6.
- The total number of options already allocated that may be exercised comes to 186,940, with 300,145 options remaining to be allocated at 31 December 2010, bringing the maximum total number of shares that may be created to 487,085.
- The fair value of options granted during the financial year was obtained by means of the Black & Scholes model (see Note 1.16 of the 2010 Reference Document) using the following calculation parameters:

Grant date	Number of options allocated initially	Exercise price	Share price at the grant date	Volatility for a 5-year maturity	Volatility for an 8-year maturity	5-year interest rate	8-year interest rate	Value of options for a 5-year maturity	Value of options for an 8-year maturity	Average value of options
15/04/2010	30,000	€53.68	€58.83	25.00%	25.00%	2.00%	3.04%	€11.88	€15.40	€13.64

The average share price in 2010 was €54.67.

The amount recognised in respect of 2010, in accordance with the method indicated in Note 1.16 *Share-based payment* of the 2010 Reference Document was €0.841 million. The current expense relating to the valuation of services provided by beneficiaries in exchange for the granting of stock options was recorded in the income statement in the amount of €197 thousand. Non-recurring expenses were recognised in the amount of €0.644 million, corresponding to the cost of services rendered by employees benefiting from share subscription options whose right to exercise their options was maintained despite the fact that they left the Group in 2010.

13.3. Capital reserves

(in thousands of euros)	2010	2009	2008
Share issue, merger and contribution premium	52,610	49,595	48,249
Legal reserve	4,701	4,682	4,669
TOTAL	**57,311**	**54,277**	**52,918**

The principal movements in 2010 are as follows:

- exercise of share options: €2.174 million;
- value of services rendered related to the share options: €0.841 million;
- appropriation of 2009 Sopra Group profit to the legal reserve: €19 thousand.

13.4. Transactions in treasury shares

At 31 December 2010, Sopra Group held 10,500 of its own shares, acquired under the terms of the share repurchase programmes authorised by the General Meeting, for a total amount of €591,124, representing an average purchase price of €56.30.

All transactions in treasury shares are taken directly to shareholders' equity. The impact at 31 December 2010 is a deduction of €0.478 million (see *Statement of changes in consolidated shareholders' equity*).

13.5. Dividends

Sopra Group's General Meeting of 22 June 2010, resolved to distribute a dividend of €9.402 million, i.e. €0.80 per share. This dividend was paid as of 7 July 2010. The dividend paid the previous financial year totalled €19.313 million, i.e. €1.65 per share.

Upon approval of the financial statements for financial year 2010, the 2011 General Meeting is invited to distribute a dividend of €0.80 per share, representing a total of €9.483 million.

13.6. Capital management objectives, policy and procedures

The company's capital is uniquely comprised of the items disclosed in the balance sheet. There are no financial liabilities considered as components of capital and, conversely, there are no equity components not considered to be part of the company's capital.

The company does not operate under any external capital constraints, with the exception of the covenant contained within the current syndicated loan agreement that its gearing ratio (net debt to equity) must remain below 1 over the entire term of the loan. At 31 December 2010, this ratio was 0.09.

Note 14 | Financial debt

14.1. Net debt

(in thousands of euros)	Current	Non-current	2010	2009	2008
Bank loans	29,669	48,703	78,372	150,164	198,767
Liabilities on finance lease contracts	3,825	4,110	7,935	9,089	9,049
Employee profit sharing	2,816	21,600	24,416	21,698	17,285
Other sundry financial debt	3	10	13	10	109
Current bank overdrafts	1,316	-	1,316	54	5,994
FINANCIAL DEBT	**37,629**	**74,423**	**112,052**	**181,015**	**231,204**
Investment securities	-	-	-	-	-1,190
Cash and cash equivalents	-54,897	-	-54,897	-43,566	-31,819
NET DEBT	**-17,268**	**74,423**	**57,155**	**137,449**	**198,195**

a. Bank loans

At 31 December 2010, the Group had access to two reducible, multi-currency revolving credit facilities.

The aim of these credit facilities set up with the Group's six partner banks, the first in October 2005 and the second in April 2008, is to ensure the financing of acquisitions and internal growth, lengthen debt maturity, and optimise repayment conditions.

The first line of credit, in a notional principal amount of €200 million, has a maturity of seven years and is repayable in half-yearly instalments.

The second line of credit, in a notional principal amount of €132 million, has a maturity of six years with the option for a one-year extension by one of the banks from the pool and is repayable in half-yearly instalments, each corresponding to one quarter of the total amount, over the last two years of its term to maturity.

At 31 December 2010, the total authorised amount was €190 million. The reductions will be €15 million at 21 April 2011 and €14 million at 21 October 2011, resulting in an authorised amount of €161 million at 31 December 2011.

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 financial debt to EBITDA). The net financial 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 average margin applied in 2010 was 0.35%. A non-use fee equivalent to 0.30% of the margin is also applicable.

Three financial ratios must be met under covenants entered into with partner banking establishments (see Note 35.4).

b. Liabilities on finance lease contracts

The carrying amount of liabilities on finance lease contracts is €7.935 million, and the corresponding future financial expense amounts to €0.262 million. Representing a total minimum future payment for finance leases of €8.197 million.

	2010			2009	2008
(in thousands of euros)	Minimum payments for finance leases	Future financial expense	Present value of future lease payments	Present value of future lease payments	Present value of future lease payments
Less than one year	3,999	174	3,825	3,952	3,972
One to five years	4,198	88	4,110	5,137	5,077
More than five years	-	-	-	-	-
TOTAL	**8,197**	**262**	**7,935**	**9,089**	**9,049**

c. 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). Sopra Consulting's 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)	2010	2009	2008
NET DEBT AT 1 JANUARY (A)	**137,449**	**198,195**	**130,271**
Cash from operations after cost of net debt and tax	**91,627**	**64,523**	**70,165**
Cost of net financial debt	5,837	9,212	9,929
Income taxes (including deferred tax)	27,266	20,912	28,338
Cash from operations before changes in working capital	**124,730**	**94,647**	**108,432**
Income taxes paid	-33,778	-32,176	-29,302
Changes in working capital requirements	20,870	50,148	-2,835
Net cash from operating activities	**111,822**	**112,619**	**76,295**
Change related to investing activity	-15,031	-11,988	-12,732
Net interest paid	-5,987	-9,408	-10,728
Available net cash flow	**90,804**	**91,223**	**52,835**
Impact of changes in scope	-187	-8,800	-101,607
Financial investments	-18	-121	863
Dividends	-9,402	-19,270	-19,255
Capital increase in cash	2,580	1,230	821
Employee profit sharing	-2,728	-4,413	-985
Other changes	-874	439	95
TOTAL NET CHANGE DURING THE YEAR (B)	**80,175**	**60,288**	**-67,233**
Impact of changes in foreign exchange rates (C)	119	458	-691
NET DEBT AT 31 DECEMBER (A-B-C)	**57,155**	**137,449**	**198,195**

Impact of changes in the scope of consolidation: (-)€0.187 million

(in thousands of euros)	2010	2009	2008
Cost of acquisitions (excluding earnouts)	-	-	-109,744
Net debt/net cash of acquired companies	-	-	16,637
Deferred payments	-187	-	-
Earnouts paid in respect of prior year acquisitions	-	-8,800	-8,500
TOTAL	**-187**	**-8,800**	**-101,607**

Employee profit sharing: -€2.728 million

This amount corresponds mainly to the difference between the profit sharing for 2009 transferred to reserves in 2010 and the profit sharing for 2004 released in 2010.

Note 15 | Provision for post-employment benefits

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

(in thousands of euros)	01/01/2010	Change in scope	Charge for the year	Recovery for the year (provision used)	Recovery for the year (provision not used)	Change in actuarial differences	31/12/2010
France	30,085	-	3,719	-338	-	3,026	36,492
Italy	3,812	-	861	-246	-	-	4,427
Germany	13	-	5	-	-3	-	15
TOTAL	**33,910**	**-**	**4,585**	**-584**	**-3**	**3,026**	**40,934**
Impact (net of expenses incurred)							
Profit from recurring operations			3,127		-3		
Financial items			1,458		-		
TOTAL			**4,585**		**-3**		

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 1.18.

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

	2010	2009	2008
Benchmark for discounting	Bloomberg rate	Bloomberg rate	10-year OAT
Discount rate for commitments	4.10%	4.50%	3.70%
Future salary growth rate	2.50%	2.50%	2.50%
Age at retirement	65 years	65 years	65 years
Mortality table	Insee 2004-2006	Insee 2004-2006	Insee 2004-2006

Assumptions referring to mortality rates are based on published statistical data.

Turnover tables are established for each company concerned by five-year age groups and are updated at each balance sheet date to reflect separation data for the last five years.

Retirement benefit commitments are discounted using a discount rate corresponding to the interest rate of prime corporate bonds (carrying a rating of AA or higher) denominated in the payment currency, the maturity period of which is close to the average estimated length of the retirement obligation concerned.

Since 31 December 2009, the Group uses Bloomberg rates for the euro zone as the benchmark for the discounting of its retirement obligations. A discount rate of 4.10% was used at 31 December 2010.

A ±1.0 point change in the discount rate would have an impact of about (-)€5.6 million/+€6.8 million on the total commitment.

Assumptions relating to procedures for departures take into account changes in legislation in order to reflect the Group's best estimates at the balance sheet date:

- the Social Security Financing Act for 2008 introduced a contribution to be paid by the employer as part of the benefits due to an employee whose retirement is at the request of the employer. This contribution amounts to 50% and applies irrespective of the age of the employee;
- with effect from 1 January 2009, an employer may no longer unilaterally require employees to retire unless they have reached the age of 70. For employees between the ages of 65 and 70, the employer may not make any retirement decisions of its own accord before asking the employees whether or not they would like to retire voluntarily;
- the French pension reform signed into law on 9 November 2010 raised the minimum retirement age from 60 to 62. The pensionable age will increase by four months each year starting on 1 July 2011, to reach 62 years by 2018 for employees born in 1956. The eligibility requirement for full pension benefits regardless of the length of working life, and thus of contributions to insurance schemes, has also been raised, from 65 to 67, increasing at the same rate as the statutory retirement age, but only as from 1 July 2016, meaning that it will reach 67 years of age in 2023.

These successive changes are considered by the Group as changes in actuarial assumptions for the following reasons:

- the changes introduced by the new legal provisions do not have a direct impact on the gross amount received by employees;
- the agreements in force at the date of entry into application of the Act have not yet been amended: benefits awarded to employees may change at a later date once a new agreement has been concluded;
- the abandonment of an existing departure procedure and the introduction of a new contribution to the benefits paid in the event of retirement at the request of the employer entail the adjustment by the Group of its actuarial assumptions as defined under IAS 19.

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 recognised in the balance sheet	Taken to the income statement
31 December 2007	**22,598**	**-**	**22,598**	**2,669**
Change in scope	343	-	343	-
Past service cost	1,791	-	1,791	1,791
Financial cost	1,129	-	1,129	1,129
Benefits paid to employees	-336	-	-336	-336
Change in actuarial differences in 2008	1,568	-	1,568	-
31 December 2008	**27,093**	**-**	**27,093**	**2,584**
Change in scope	-	-	-	-
Past service cost	2,075	-	2,075	2,075
Financial cost	1,052	-	1,052	1,052
Benefits paid to employees	-402	-	-402	-402
Change in actuarial differences in 2009	267	-	267	-
31 December 2009	**30,085**	**-**	**30,085**	**2,725**
Change in scope	-	-	-	-
Past service cost	2,278	-	2,278	2,278
Financial cost	1,441	-	1,441	1,441
Benefits paid to employees	-338	-	-338	-338
Change in actuarial differences in 2010	3,026	-	3,026	-
31 DECEMBER 2010	**36,492**	**-**	**36,492**	**3,381**

Analysis of the change in recognised actuarial differences

Actuarial differences result solely from the changes in present value of the obligation, in the absence of scheme assets.

These differences include the effects of changes in actuarial assumptions and the effects of the differences between the actuarial assumptions used and actual experience (experience adjustments detailed below).

In 2010, the actuarial loss recognised for the year (€3.026 million) arises mainly from:

- experience impacts on liabilities (upward adjustment in the commitment amounting to €0.523 million);
- the 0.40 point decrease in the discount rate used compared to 31 December 2009 (upward adjustment in the commitment amounting to €1.998 million);
- updating of five-year workforce attrition rates (upward adjustment in the commitment amounting to €0.505 million).

In 2009, the actuarial loss recognised (€0.267 million) was mainly the result of:

- experience impacts on liabilities (downward adjustment in the commitment amounting to €1.685 million);
- the 0.80 point increase in the discount rate used compared to 2008 (downward adjustment in the commitment amounting to €3.310 million);
- updating of five-year workforce attrition rates and assumptions relating to departure procedures (upward adjustment in the commitment amounting to €5.262 million).

In 2008, the actuarial loss recognised (€1.568 million) was mainly the result of the 1 percentage point fall in the discount rate used compared with 2007 (increase in liabilities of around €3.400 million). partially offset by an actuarial gain resulting from the updating of turnover rates over five years (decrease in the obligation of around €1.800 million).

Experience adjustments arising on scheme liabilities are presented in the table below:

(in thousands of euros)	2010	2009	2008	2007
Present value of defined benefit scheme obligations	36,492	30,085	27,093	22,598
Experience adjustments on scheme liabilities	523	-1,685	-241	-529
Experience adjustments on scheme liabilities (as % of obligations)	1.43%	-5.60%	-0.89%	-2.34%

The breakdown by maturity of the French retirement benefit commitment, discounted to the present value of 4.10%, is as follows:

(in thousands of euros)	2010
Present value of theoretical benefits to be paid by the employer:	
- less than one year	429
- 1 to 2 years	622
- 2 to 3 years	287
- 3 to 4 years	694
- 4 to 5 years	1,351
- 5 to 10 years	7,787
- 10 to 20 years	16,546
- more than 20 years	8,776
TOTAL COMMITMENT	**36,492**

In Italy, the defined benefits scheme relates to the payment of regulatory termination benefits (*Trattamento di Fine Rapporto*). These payments are calculated as a proportion of the employee's gross annual salary and are linked to the price index issued by the Italian Institute of Statistics (ISTAT).

Note 16 | Non-current provisions

(in thousands of euros)	01/01/2010	Change in scope	Charge for the year	Recovery for the year (provision used)	Recovery for the year (provision not used)	Other movements	31/12/2010
Provisions for disputes	810	-	314	-212	-102	-	810
Provisions for guarantees	680	-	620	-	-590	-	710
Other provisions for contingencies	522	-	11	-400	-	-	133
Sub-total provisions for contingencies	**2,012**	**-**	**945**	**-612**	**-692**	**-**	**1,653**
Other provisions for losses	175	-	7	-	-69	139	252
Sub-total provisions for losses	**175**	**-**	**7**	**-**	**-69**	**139**	**252**
TOTAL	**2,187**	**-**	**952**	**-612**	**-761**	**139**	**1,905**
Impact (net of expenses incurred)							
Profit from recurring operations			938		-761		
Financial items			14		-		

Provisions for disputes mainly relate to labour arbitration proceedings, severance pay and a few trade disputes.

Note 17 | Other non-current liabilities

(in thousands of euros)	2010	2009	2008
Fixed asset liabilities - portion due in more than one year	-	-	-
Employee profit sharing during the year	11,198	7,286	9,467
Contingent advances	171	336	488
Derivatives	1,711	3,037	-
TOTAL	13,080	10,659	9,955

- Employee profit sharing represents amounts booked to staff costs for the year by Sopra Group and Axway. These amounts increase financial debt for the following year.
- Contingent advances relate to subsidies received from OSEO.
- Derivatives consist of interest rate hedging contracts (see Note 33.3.a).

Note 18 | Trade payables

(in thousands of euros)	2010	2009	2008
Trade accounts payable	53,886	46,038	59,737
Trade accounts payable - advances and payments on account, accrued credit notes	-355	-376	-117
TOTAL	53,531	45,662	59,620

Note 19 | Other current liabilities

(in thousands of euros)	2010	2009	2008
Fixed asset liabilities - portion due in less than one year	1,063	1,277	9,603
Staff cost liabilities	159,719	142,581	144,781
Tax liabilities (excluding corporate income tax)	78,399	82,102	85,021
Corporate income tax	3,652	3,303	5,576
Deferred income	90,095	72,810	71,496
Other liabilities	728	717	1,427
Derivatives	-	244	3,976
TOTAL	333,656	303,034	321,880

- Staff cost liabilities include only amounts owed to social security bodies and employees and profit sharing for employees of Sopra Consulting, which was transferred to a management body the following year.
- Tax liabilities primarily correspond to value added tax collected from clients (€74 million): the amount payable in respect of the month of December and the VAT collected on trade accounts receivable.
- Deferred income corresponds essentially to services invoiced but not yet performed, based on their stage of completion (see Note 1.21).
- Derivatives consist of interest rate hedging contracts (see Note 33.3.a).

NOTES TO THE CONSOLIDATED INCOME STATEMENT

Note 20 | Revenue

20.1. Revenue by activity

(in millions of euros)	2010		2009		2008	
Consulting and SSI France	786.1	67.2%	741.6	67.8%	747.6	66.2%
SSI Europe	175.4	15.0%	170.5	15.6%	210.7	18.7%
Axway	208.4	17.8%	182.2	16.6%	171.2	15.1%
TOTAL	**1,169.9**	**100.0%**	**1,094.3**	**100.0%**	**1,129.5**	**100.0%**

SSI: Systems and Solutions Integration.

20.2. Revenue by business sector

	2010	2009	2008
Banking	21.5%	22.4%	24.0%
Manufacturing	17.2%	17.3%	19.7%
Services (including Real Estate)	19.6%	18.2%	18.0%
Telecom	10.2%	11.5%	12.0%
Public sector	16.3%	16.6%	13.6%
Insurance	6.8%	6.7%	6.4%
Retail	8.4%	7.3%	6.3%
TOTAL	**100.0%**	**100.0%**	**100.0%**

20.3. International revenue

(in millions of euros)	2010		2009		2008	
Systems Integration - European subsidiaries	175.4	15.0%	170.5	15.6%	210.7	18.7%
Systems Integration - Excluding European subsidiaries	43.9	3.8%	42.3	3.9%	48.0	4.2%
Axway	131.3	11.2%	112.8	10.3%	103.9	9.2%
International revenue	**350.6**	**30.0%**	**325.6**	**29.8%**	**362.6**	**32.1%**
TOTAL REVENUE	**1169.9**	**100.0%**	**1094.3**	**100.0%**	**1129.5**	**100.0%**

Note 21 | Purchases consumed

(in thousands of euros)	2010	2009	2008
Purchases of subcontracting services	108,783	105,741	123,201
Purchases held in inventory of equipment and supplies	5,409	5,674	8,986
Purchases of merchandise and change in stock of merchandise	7,455	7,642	11,601
TOTAL	**121,647**	**119,057**	**143,788**

Note 22 | Staff costs

22.1. Analysis

(in thousands of euros)	2010	2009	2008
Salaries	558,815	526,888	516,075
Social charges	211,044	202,307	196,086
Employee profit sharing and incentive scheme	13,604	7,914	9,479
TOTAL	**783,463**	**737,109**	**721,640**

22.2. Workforce

Workforce at year end	2010	2009	2008
France	8,825	8,335	8,210
International	4,485	4,115	4,240
TOTAL	**13,310**	**12,450**	**12,450**

Average workforce	2010	2009	2008
France	8,715	8,440	8,147
International	4,275	4,170	3,933
TOTAL	**12,990**	**12,610**	**12,080**

22.3. Employee profit-sharing and incentive schemes

Pursuant to the application of IAS 32 and 39, liabilities in respect of profit sharing were subject to a restatement described in Notes 1.19 and 14.1.

Employee profit sharing totalled €9.289 million for Sopra Group SA and €1.909 million for Axway Software.

A Group-wide incentive agreement was concluded in 2009 for a term of three years. It covers the companies Sopra Group, Axway Software and Sopra Consulting. The total incentive amount for 2010 was €2.406 million.

Note 23 | External expenses

(in thousands of euros)	2010		2009		2008	
Leases and charges	36,935	28.0%	36,016	29.1%	32,698	25.2%
Maintenance and repairs	8,340	6.3%	7,330	5.9%	6,834	5.3%
External structure personnel	1,521	1.2%	1,415	1.1%	2,287	1.8%
Remuneration of intermediaries and fees	8,549	6.5%	9,417	7.6%	10,599	8.2%
Advertising and public relations	5,350	4.1%	4,856	3.9%	6,246	4.8%
Travel and entertainment	49,679	37.6%	46,901	37.9%	52,257	40.3%
Telecommunications	9,130	6.9%	8,241	6.7%	6,684	5.2%
Sundry	12,465	9.4%	9,559	7.7%	12,001	9.3%
TOTAL	**131,969**	**100%**	**123,735**	**100%**	**129,606**	**100%**

Note 24 | Depreciation, amortisation and provisions

(in thousands of euros)	2010	2009	2008
Amortisation of intangible assets	990	1,308	1,344
Depreciation of property and equipment	6,066	5,928	5,556
Depreciation of assets held under finance lease	4,438	4,708	4,847
Depreciation and amortisation	**11,494**	**11,944**	**11,747**
Impairment of current assets net of unused reversals	-16	-79	527
Provisions for contingencies and losses net of unused reversals	3,302	3,992	1,703
Provisions and impairment	**3,286**	**3,913**	**2,230**
TOTAL	**14,780**	**15,857**	**13,977**

Note 25 | Amortisation of allocated intangible assets

This item corresponds to the amortisation expense, in the total amount of €2,599 million, in respect of intangible assets allocated in connection with acquisitions of companies and mainly relates to the companies Tumbleweed Communications (€1.824 million) and CIBF (€0.455 million).

Note 26 | Other operating income and expenses

In 2010, this item included:

- non-recurring expenses related to the proposed spin-off of Axway's business in the total amount of €4.029 million. These expenses mainly consist of fees for external consultants and other costs incurred specifically by Sopra Group in connection with this planned separation;
- non-recurring expenses corresponding to stock options in the amount of €0.644 million. These relate to the cost of services rendered by employees benefiting from share subscription options whose right to exercise their options was maintained despite the fact that they left the Group in 2010.

In 2009, this item included non-recurring expenses in the amount of €2.191 million for the Spanish business. This amount comprises redundancy benefits (€1.359 million), adjustments of transactions related to 2008 revenue (€0.832 million) and an impairment charge (€15.000 million) with respect to goodwill for the systems integration business in Spain.

In 2008, this item had included non-recurring expenses (€1.168 million) arising on the acquisition of Tumbleweed in the United States in September 2008: these expenses were provisions for severance pay and the costs of administrative staff leaving the company.

Note 27 | Financial income and charges

27.1. Cost of net financial debt

(in thousands of euros)	2010	2009	2008
Income from cash and cash equivalents	25	39	165
Interest charges	-2,286	-4,815	-10,921
Net result of hedges (yield spread)	-3,358	-4,309	929
Impact of the change in the value of the syndicated loan	-218	-127	-102
TOTAL	**-5,837**	**-9,212**	**-9,929**

The significant reduction in average outstanding borrowings in 2010 (€110 million, compared to €182.1 million in 2009) as well as the positive change in interest rates resulted in a considerable improvement in finance costs compared to 2009.

The average cost of borrowings after hedging was 3.22% in 2010, compared to 3.83% in 2009. Taking into account bank overdrafts, the average cost of borrowings came to 2.82% in 2010, down from 3.61% in 2009.

27.2. Foreign exchange gains and losses

Foreign exchange gains and losses mainly relate to commercial transactions denominated in foreign currencies. Foreign exchange gains and losses relating to inter-company loans are considered as an integral part of the Group's net investment in the foreign subsidiaries concerned and are recognised as a distinct component of equity under *Translation reserves* in application of IAS 21.

27.3. Other financial income and expenses

(in thousands of euros)	**2010**	2009	2008
Reversals of provisions	-	-	213
Proceeds on the disposal of financial assets sold	-	-	867
Other financial income	296	365	1,873
Total other financial income	**296**	**365**	**2,953**
Charges of provisions	-18	-70	-
Discounting of retirement commitments	-1,458	-1,052	-1,131
Discounting of employee profit sharing	414	649	550
Discounting of earnouts in respect of companies acquired	-	-61	-310
Change in the value of derivatives	520	-695	-3,000
Net carrying amounts of financial assets sold	-	-37	-1,170
Losses on foreign exchange hedging transactions	-	-	-971
Other financial expense	-75	-389	-91
Total other financial expense	**-617**	**-1,655**	**-6,123**
TOTAL	**-321**	**-1,290**	**-3,170**

Discounting of retirement commitments: see Note 15.

Discounting of employee profit sharing: see Note 14.1.

Change in the value of derivatives: see Note 33.3.a.

Note 28 | Tax charge

28.1. Analysis

(in thousands of euros)	**2010**	2010 restated	2009	2008
Current tax	36,365	26,003	20,250	31,292
Deferred tax	-9,099	-9,099	662	-2,954
TOTAL	**27,266**	**16,904**	**20,912**	**28,338**

28.2. Reconciliation between the theoretical and effective tax charge

(in thousands of euros)	**2010**	2010 restated	2009	2008
Net profit	74,769	74,769	27,240	58,199
Tax charge	-27,266	-16,904	-20,912	-28,338
Impairment of goodwill	-	-	-18,000	-
Profit before tax	102,035	91,673	66,152	86,537
Theoretical tax rate	**34.43%**	**34.43%**	**34.43%**	**34.43%**
Theoretical tax charge	**-35,131**	**-31,563**	**-22,776**	**-29,795**
Reconciliation				
Permanent differences	792	792	377	-407
Impact of non-capitalised losses for the year	-25	-25	-1,423	-3,330
Use of non-activated losses carried forward	5,033	5,033	551	2,922
Capitalisation of previous losses carried forward	4,153	4,153	-	-
Impact of tax credits	3,909	3,909	2,275	1,627
CVAE reclassification (net of tax)	-6,794	-	-	-
Tax rate differences - France/Other countries	1,030	1,030	544	1,282
Prior year tax adjustments	96	96	-18	-49
Other	-329	-329	-442	-588
Actual tax charge	**-27,266**	**-16,904**	**-20,912**	**-28,338**
Effective tax rate	**26.72%**	**18.44%**	**31.61%**	**32.75%**

In 2010, the utilisation of non-activated tax loss carry forwards (€5 million) is mainly due to the capital gains arising on the internal transfer of intangible assets, which allowed Axway Inc. to make use of a portion of its tax losses. Furthermore, the Group decided to activate this subsidiary's prior tax loss carry forwards in the amount of €4.2 million, in consideration of its expected taxable profits (see Note 8.3).

The Group has decided to recognise the CVAE (*cotisation sur la valeur ajoutée des entreprises*), a component based on the value added each year by the business and forming part of the new CET (*contribution économique territoriale*), which is the replacement for the TP (*taxe professionnelle* or local business tax) introduced by the French Finance Act for 2010, under corporate income tax in keeping with the treatment of similar taxes in other countries. This approach is also consistent with the position adopted by Syntec Informatique and made public on 10 February 2010.

Note 29 | Profit after tax from discontinued operations

In 2009, in the face of the sharp deterioration in the Spanish economy, combined with the collapse of the niche market in which Valoris Iberia had built its business (strategic marketing consulting for telecoms operators), Sopra Group's Executive Management has decided to definitively terminate this entity's business and to lay off its entire workforce.

The termination of the Valoris Iberia business resulted in the recognition of a net loss of €4.1 million in the Group's financial statements. This expense comprises the following items:

- a goodwill impairment charge relating to Valoris Iberia of €3.0 million;
- the operating loss in 2009 and costs related to the termination of the business, for a total charge of €1.1 million.

Note 30 | Earnings per share

(in euros)	2010	2009	2008
Net profit - Group share	74,768,462	27,239,774	58,197,823
Weighted average number of ordinary shares in issue	11,780,090	11,679,079	11,691,044
BASIC EARNINGS PER SHARE	**6.35**	**2.33**	**4.98**

(in euros)	2010	2009	2008
Net profit - Group share	74,768,462	27,239,774	58,197,823
Weighted average number of ordinary shares in issue	11,780,090	11,679,079	11,691,044
Weighted average number of securities retained in respect of dilutive items	29,709	12,079	52,007
Weighted average number of shares retained for the calculation of diluted net earnings per share	11,809,799	11,691,158	11,743,051
FULLY DILUTED EARNINGS PER SHARE	**6.33**	**2.33**	**4.96**

The methods of calculating earnings per share are described in Note 1.23 of the 2010 Reference Document. The only diluting instruments are the stock options presented in Note 13.2.

For the calculation of diluted earnings per share, only potential dilutive ordinary shares have been taken into account, except those that have an earnings-enhancing effect. The shares considered to have an enhancing effect are potential ordinary shares resulting from share subscription options with an exercise price above the average price of the share (€54.67) during the financial year. A total of 52,500 options allocated on 21 December 2006 under Plan No. 5 fall into this category, at an exercise price of €58.80.

OTHER INFORMATION

Note 31 | Segment Information

31.1. Results by division

a. Consulting, Systems and Solutions Integration - France

(in millions of euros)	2010		2010 restated		2009		2008	
Revenue	786.1		786.1		741.6		747.6	
Operating profit on business activity	78.1	*9.9%*	68.8	*8.8%*	59.6	*8.0%*	65.2	*8.7%*
Profit from recurring operations	77.2	*9.8%*	67.9	*8.6%*	58.5	*7.9%*	64.3	*8.6%*
Operating profit	76.1	*9.7%*	66.8	*8.5%*	58.6	*7.9%*	64.3	*8.6%*

b. Systems Integration - Europe

(in millions of euros)	2010		2010 restated		2009		2008	
Revenue	175.4		175.4		170.5		210.7	
Operating profit on business activity	7.6	*4.3%*	7.6	*4.3%*	5.2	*3.0%*	17.1	*8.1%*
Profit from recurring operations	7.6	*4.3%*	7.6	*4.3%*	5.2	*3.0%*	17.1	*8.1%*
Operating profit	7.6	*4.3%*	7.6	*4.3%*	-12.0	*-7.0%*	17.1	*8.1%*

c. Axway

(in millions of euros)	2010		2010 restated		2009		2008	
Revenue	208.4		208.4		182.2		171.2	
Operating profit on business activity	31.1	*14.9%*	30.0	*14.4%*	18.5	*10.2%*	20.2	*11.8%*
Profit from recurring operations	29.2	*14.0%*	28.1	*13.5%*	16.6	*9.1%*	19.5	*11.4%*
Operating profit	25.6	*12.3%*	24.5	*11.8%*	16.6	*9.1%*	18.3	*10.7%*

d. Group

(in millions of euros)	2010		2010 restated		2009		2008	
Revenue	1169.9		1169.9		1094.3		1129.5	
Operating profit on business activity	116.8	*10.0%*	106.4	*9.1%*	83.3	*7.6%*	102.5	*9.1%*
Profit from recurring operations	114.0	*9.7%*	103.6	*8.9%*	80.3	*7.3%*	100.9	*8.9%*
Operating profit	109.3	*9.3%*	98.9	*8.5%*	63.2	*5.8%*	99.7	*8.8%*

31.2. Geographical breakdown of revenue

(in millions of euros)	France	United Kingdom	Spain	Other European countries	United States	Other zones	TOTAL
Revenue	819.3	67.0	72.0	123.6	70.4	17.6	1,169.9

31.3. Breakdown of the main assets per division

(in thousands of euros)	CSSI France	SI Europe	Axway	TOTAL
Goodwill	72,571	131,671	165,672	**369,914**
Intangible assets	2,438	430	20,845	**23,713**
Property and equipment	29,910	5,891	3,478	**39,279**
Trade accounts receivable	246,257	56,800	65,339	**368,396**

CSSI: Consulting and Systems and Solutions Integration.

SI: Systems Integration.

31.4. Geographical breakdown of the main assets

(in thousands of euros)	France	United Kingdom	Spain	Other European countries	United States	Other zones	TOTAL
Goodwill	56,887	54,255	66,297	72,257	116,154	4,064	**369,914**
Intangible assets	1,150	-	38	2,449	19,972	104	**23,713**
Property and equipment	30,676	688	4,977	952	1,182	804	**39,279**
Trade accounts receivable	264,034	15,228	27,612	40,163	19,839	1,520	**368,396**

Note 32 | Financial instruments

32.1. Derivatives reported in the balance sheet

a. At 31 December 2010

	31/12/2010		Breakdown by class of derivative instrument					
(in thousands of euros)	Balance sheet value	Fair value	Assets and liabilities at fair value through profit and loss	Available for sale assets	Loans, receivables and other liabilities	Financial debt at amortised cost	Derivatives at fair value through profit or loss	Derivatives at fair value through equity
Financial assets	3,636	3,636	-	196	3,440	-	-	-
Other non-current assets	127	127	-	-	-	-	127	-
Trade accounts receivable	368,396	368,396	-	-	368,396	-	-	-
Other current receivables	33,884	33,884	-	-	33,494	-	-	390
Cash and cash equivalents	54,897	54,897	54,897	-	-	-	-	-
FINANCIAL ASSETS	**460,940**	**460,940**	**54,897**	**196**	**405,330**	**-**	**127**	**390**
Financial debt - long-term portion	74,423	74,423	25,720	-	-	48,703	-	-
Other non-current liabilities	13,080	13,080	11,198	-	171	-	968	743
Financial debt - short-term portion	37,629	37,629	-	-	-	37,629	-	-
Trade payables	53,531	53,531	-	-	53,531	-	-	-
Other current liabilities	333,656	333,656	-	-	333,656	-		
FINANCIAL LIABILITIES	**512,319**	**512,319**	**36,918**	**-**	**387,358**	**86,332**	**968**	**743**

The fair value of trade accounts receivable, other current receivables, trade payables and other current liabilities is the same as the balance sheet value, owing to their very short settlement times.

The fair value of financial debt is considered as close to its book value, since most of it is bank borrowing at variable rates of interest.

Derivatives are accounted for at their fair value and taken either directly to profit or loss for the ineffective portion of cash flow hedges or to equity capital, based on the hedge accounting method.

b. At 31 December 2009

(in thousands of euros)	31/12/2009 Balance sheet value	Fair value	Breakdown by class of derivative instrument: Assets and liabilities at fair value through profit and loss	Available for sale assets	Loans, receivables and other liabilities	Financial debt at amortised cost	Derivatives at fair value through profit or loss	Derivatives at fair value through equity
Financial assets	3,527	3,527	-	196	3,331	-	-	-
Other non-current assets	209	209	-	-	-	-	209	-
Trade accounts receivable	333,865	333,865	-	-	333,865	-	-	-
Other current receivables	44,562	44,562	-	-	44,562	-	-	-
Cash and cash equivalents	43,566	43,566	43,566	-	-	-	-	-
FINANCIAL ASSETS	**425,729**	**425,729**	**43,566**	**196**	**381,758**	**-**	**209**	**-**
Financial debt - long-term portion	146,673	146,673	24,673	-	-	122,000	-	-
Other non-current liabilities	10,659	10,659	7,286	-	336	-	1,447	1,590
Financial debt - short-term portion	34,342	34,342	6,178	-	-	28,164	-	-
Trade payables	45,662	45,662	-	-	45,662	-	-	-
Other current liabilities	303,034	303,034	-	-	302,790	-	244	-
FINANCIAL LIABILITIES	**540,370**	**540,370**	**38,137**	**-**	**348,788**	**150,164**	**1,691**	**1,590**

32.2. Impact of derivatives on profit or loss

The impact of the change in value of syndicated borrowing (see Note 27.1) on profit or loss is (-)€0.218 million.

The impact of derivatives on profit or loss is described in Note 33.3.a.

Note 33 | Financial risk factors

33.1. Credit risk

a. Ageing balance of trade accounts receivable

(in thousands of euros)	Carrying value	Of which impaired	Of which: neither impaired nor past due at the balance sheet date	Of which: not impaired at the balance sheet date but past due, with the following breakdown					
				Less than 30 days	Between 30 and 60 days	Between 61 and 90 days	Between 91 and 180 days	Between 181 and 360 days	More than 360 days
Receivables (including doubtful debtors)	295,549	2,629	210,320	55,963	12,910	4,363	5,336	2,609	1,419

b. Statement of changes in provisions for doubtful receivables

(in thousands of euros)	2010	2009	2008
Provisions for trade accounts receivable at 1 January	**2,891**	**3,463**	**3,390**
Charges	193	1,180	1,024
Reversals	-579	-1,778	-1,059
Changes in scope	-	-	180
Translation differential	40	26	-72
PROVISIONS FOR TRADE ACCOUNTS RECEIVABLE AT 31 DECEMBER	**2,545**	**2,891**	**3,463**

33.2. 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 carried out a specific review of its liquidity risk and considers that it is in a position to meet its cash disbursement obligations.

At 31 December 2010, the Group had access to credit facilities in the amount of €190 million (of which €78 million was used) and bank overdrafts in the amount of €83 million (of which €1.3 million was used), making a total of €273 million. The Group also had €54.9 million in cash and cash equivalents.

The following table shows the non-discounted contractual cash flows of consolidated net debt:

(in thousands of euros)	Carrying value	Total contractual flows	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Bank loans	78,372	79,872	29,854	29,521	296	13,426	6,775	-
Finance lease liabilities	7,935	8,197	3,999	2,505	1,311	382	-	-
Employee profit sharing	24,416	27,384	2,847	4,846	5,876	7,428	6,387	-
Other sundry financial debt	13	13	3	-	-	-	-	10
Current bank overdrafts	1,316	1,316	1,316	-	-	-	-	-
Financial debt	**112,052**	**116,782**	**38,019**	**36,872**	**7,483**	**21,236**	**13,162**	**10**
Investment securities	-	-	-	-	-	-	-	-
Cash and cash equivalents	-54,897	-54,897	-54,897	-	-	-	-	-
CONSOLIDATED NET DEBT	**57,155**	**61,885**	**-16,878**	**36,872**	**7,483**	**21,236**	**13,162**	**10**

33.3. Market risk

a. Interest rate risk

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

Hedging of borrowings

Sopra Group entered into hedging contracts in connection with taking out two reducible, multi-currency, revolving credit facilities.

The interest rate applicable to these facilities is Euribor: the purpose of the hedging contracts is to protect against the risk of a rise in this rate.

At 31 December 2010, four swap agreements were in place. These relate to the first reducible, multi-currency, revolving credit facility (€200 million, October 2005) for a notional amount equal to the amount of the total credit commitment (€58 million at 31 December 2010). They mature in October 2012.

The details are as follows:

- for two-thirds of the notional amount: Euribor 1-month +0.3075% swap against Euribor 12-month post-fixed rate (E12M post) with a ceiling of 3.68% and a floor of 3.00%, if E12M post is less than 1.99%;
- for one-third of the notional amount: Euribor 1-month swap against a fixed rate of 4.55%.

At 31 December 2010, the valuation of these various hedging contracts was a net expense of €1.6 million (€0.1 million in assets and €1.7 million in liabilities), versus a net expense of €3.1 million at 31 December 2009.

The difference in valuation of +€1.5 million, impacts:

- the income statement (Other financial income and expense) for agreements not benefiting from the qualification of perfect hedge as defined in IAS 39, i.e. €0.6 million;
- equity for agreements benefiting from the qualification of perfect hedge as defined in IAS 39, i.e. €0.9 million.

Summary of exposure to interest rate risk

The table below summarises the Group's exposure to interest rate risk on the basis of commitments at 31 December 2010.

	Rate	31/12/2010	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Cash and cash equivalents	Fixed rate	54,897	54,897	-	-	-	-	-
Financial assets	**Fixed rate**	**54,897**	**54,897**	**-**	**-**	**-**	**-**	**-**
Bank loans	Variable rate	-78,372	-29,669	-29,005	-288	-12,934	-6,476	-
Finance lease liabilities	Fixed rate	-7,935	-3,825	-2,436	-1,293	-380	-	-
Employee profit sharing	Fixed rate	-24,416	-2,816	-4,587	-5,321	-6,415	-5,278	-
Other financial debt	Variable rate	-13	-3	-	-	-	-	-10
Current bank overdrafts	Variable rate	-1,316	-1,316	-	-	-	-	-
Financial liabilities	**Fixed rate**	**-32,351**	**-6,641**	**-7,023**	**-6,615**	**-6,795**	**-5,278**	**-**
	Variable rate	**-79,701**	**-30,988**	**-29,005**	**-288**	**-12,934**	**-6,476**	**-10**
Net exposure before hedging	**Fixed rate**	**22,546**	**48,256**	**-7,023**	**-6,615**	**-6,795**	**-5,278**	**-**
	Variable rate	**-79,701**	**-30,988**	**-29,005**	**-288**	**-12,934**	**-6,476**	**-10**
Interest rate hedging instruments	**Fixed-rate payer swaps**	**19,726**	**9,975**	**9,751**	**-**	**-**	**-**	**-**
	Knock-in collar	**38,292**	**19,365**	**18,927**	**-**	**-**	**-**	**-**
Net exposure after hedging	**Fixed rate**	**2,819**	**38,281**	**-16,774**	**-6,615**	**-6,795**	**-5,278**	**-**
	Variable rate with cap and floor	**-38,292**	**-19,365**	**-18,927**	**-**	**-**	**-**	**-**
	Variable rate	**-21,683**	**-1,648**	**-327**	**-288**	**-12,934**	**-6,476**	**-10**

Analysis of the sensitivity of the cost of net financial debt to changes in interest rates

For the 2010 financial year, on the basis of average outstanding borrowings and current bank accounts, a rise in interest rates of 100 basis points would have had a positive impact of €0.5 million on the Group's cost of net financial debt. In contrast, a fall in interest rates of 100 basis points would have had a negative impact of €0.1 million on the Group's cost of net financial debt.

Analysis of the sensitivity of the portfolio of derivatives to changes in interest rates

(in millions of euros)	Impact on profit	Impact on equity
Impact of a 1% increase in interest rates	0.8	0.2
Impact of a 1% decrease in interest rates	-0.4	-0.2

b. Foreign exchange risk

Foreign exchange risk arises mainly from currency translation of financial statements for UK- or US-based companies. No specific hedge has been arranged for this type of risk.

The exposure to risk arising from trade transactions is limited, since each of the entities involved mainly carries out business in its own country and its own currency. When this is not the case, and for contracts that are significant in nature, the Group makes use of exchange rate hedging instruments to mitigate the associated risk.

At 31 December 2010, these instruments consisted entirely of hedges of the US dollar against the euro. They involve contracts for forward purchases with a term to maturity of less than one year corresponding to a total equivalent value of €6.1 million. The fair value of these various hedging instruments was €0.4 million (current assets). The cumulative gains or losses on the effective portion of these instruments hedging future cash flows, in the amount of €0.4 million, was taken to equity.

Furthermore, as part of its intra-group transactions, the Group is exposed to the risk of currency fluctuations in respect of:

- the invoicing of services provided from centres located in India, Romania and Morocco. The impact of these currency fluctuations on profit or loss is in principle negligible in view of the regularity of settlements;
- the invoicing of licence fees by the Group to subsidiaries operating in a functional currency other than the euro. The impact of these currency fluctuations on profit or loss is not significant;
- borrowings and loans in foreign currencies related to intra-group financings. The impact of these currency fluctuations is taken to equity. These money flows are not systematically hedged. However, the Group contracts specific hedges for all large individual foreign currency transactions.

At 31 December 2010, the net carrying amount of assets and liabilities recognised by Group entities in a currency other than their functional currency was as follows:

Inter-company commercial transactions

(in thousands of euros)	USD	GBP	EUR	SGD	Other	Total
Assets	8,605	1,923	4,084	1,739	3,374	19,725
Liabilities	8,310	682	442	-	705	10,139
Foreign currency commitments	-	-	-	-	-	-
Net position before hedging	**295**	**1,241**	**3,642**	**1,739**	**2,669**	**9,586**
Hedging instruments	-	-	-	-	-	-
NET POSITION AFTER HEDGING	**295**	**1,241**	**3,642**	**1,739**	**2,669**	**9,586**

Sensitivity analysis

(in thousands of euros)	USD	GBP	EUR	SGD	Other	Total
Currency change assumption (appreciation)	5%	5%	5%	5%	5%	
IMPACT ON PROFIT	**15**	**62**	**182**	**87**	**133**	**479**
IMPACT ON EQUITY	**-**	**-**	**-**	**-**	**-**	**-**

Current accounts

(in thousands of euros)	USD	GBP	EUR	CHF	Other	Total
Assets	9,218	-	1,950	-	2,163	13,331
Liabilities	-	7,901	403	7,589	1,085	16,978
Foreign currency commitments	-	-	-	-	-	-
Net position before hedging	**9,218**	**-7,901**	**1,547**	**-7,589**	**1,078**	**-3,647**
Hedging instruments	-	-	-	-	-	-
NET POSITION AFTER HEDGING	**9,218**	**-7,901**	**1,547**	**-7,589**	**1,078**	**-3,647**

Sensitivity analysis

(in thousands of euros)	USD	GBP	EUR	CHF	Other	Total
Currency change assumption (appreciation)	5%	5%	5%	5%	5%	
IMPACT ON PROFIT	-	-	-	-	-	-
IMPACT ON EQUITY	461	-395	77	-379	54	-182

c. Equity risk

At 31 December 2010, Sopra Group held 10,500 of its own shares, acquired under the terms of the share repurchase programmes authorised by the General Meeting, for a total amount of €591,124, representing an average purchase price of €56.30.

All transactions in treasury shares are taken directly to shareholders' equity. The impact at 31 December 2010 is a deduction of €0.478 million (see *Statement of changes in consolidated shareholders' equity*).

Note 34 | Related-party transactions

34.1. Remuneration of senior management

The items shown in the remuneration table concern the directors and Executive Management.

(in thousands of euros)	2010	2009	2008
Short-term employee benefits	880	1,049	1,516
Post-employment benefits	22	12	12
Other long-term employee benefits	-	-	-
Termination benefits	652	151	-
Equity compensation benefits	529	67	35
TOTAL	2,083	1,279	1,563

The Ordinary General Meeting of 22 June 2010 set the amount of fees to be apportioned among the directors at €150,000.

Post-employment benefits correspond to retirement benefits established in accordance with collective bargaining agreements (see Notes 1.18 and 15). There are no commitments in favour of executive managers with respect to post-employment benefits or other long-term employee benefits.

Termination benefits relate to the termination of Dominique Illien's employment contract (see Chapter 3 of this Reference Document).

In its meeting of 15 April 2010, the Board of Directors decided to grant 20,000 share subscription options to Dominique Illien, in application of contractual agreements entered into with him when he joined the Group in 2007.

The value of the services rendered by Dominique Illien that were compensated through the granting of options on 18 March 2008, 17 March 2009 and 15 April 2010 is recorded under *Equity compensation benefits* in the amount of €0.508 million (see Chapter 3 of this Reference Document).

No loans were granted either to directors or to members of Executive Management (nor to any of their close family members).

34.2. Subsidiaries and associated entities

Transactions and balances between Sopra Group and its subsidiaries were eliminated in full on consolidation, since all of the subsidiaries are fully consolidated.

Non-consolidated equity investments are included under *Available for sale financial assets*. These all relate to companies in the process of liquidation, for which no significant transactions have been undertaken since 2005.

34.3. Relationships with other related parties

Sopra Group maintains material relationships with two of its shareholders: Société Générale group and Crédit Agricole group. At 31 December 2010. these two banking groups respectively held 12.10% and 0.99% of the company's capital.

Société Générale and Crédit Agricole are both major clients and important banking partners for Sopra Group.

Note 35 | Off balance sheet commitments and contingent liabilities

35.1. Contractual obligations

Contractual obligations *(in thousands of euros)*	Payments due per period Less than one year	One to five years	More than five years	2010	2009	2008
Long-term liabilities	29,669	48,703	-	78,372	150,164	198,767
Finance lease obligations	3,825	4,110	-	7,935	9,089	9,049
Employee profit sharing	2,816	21,600	-	24,416	21,698	17,285
Other sundry financial debt	3	10	-	13	10	109
Current bank overdrafts	1,316	-	-	1,316	54	5,994
TOTAL	**37,629**	**74,423**	**-**	**112,052**	**181,015**	**231,204**

Other commercial commitments *(in thousands of euros)*	Amount of commitments per period Less than one year	One to five years	More than five years	2010	2009	2008
Credit lines	-	-	-	-	-	-
Letters of credit	-	-	-	-	-	-
Guarantees	-	3,108	2,021	5,129	3,129	2,751
Purchase obligations	-	-	-	-	-	-
Other commercial commitments	4,448	-	-	4,448	3,593	2,311
TOTAL	**4,448**	**3,108**	**2,021**	**9,577**	**6,722**	**5,062**

35.2. Commitments given related to recurring operations

(in thousands of euros)	2010	2009	2008
Discounted notes not yet due	-	-	-
Bank guarantees/deposits on leased premises	3,108	3,129	2,751
Bank guarantees for effective project completion	4,448	3,593	2,311
Lease guarantees granted to subsidiaries	2,021		
Collateral, mortgages and sureties	-	-	-
Exchange rate hedging instruments	-	-	-

35.3. 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 by the issuer	% of capital pledged
Sopra GMT	Lyonnaise de Banque	November 2009	July 2014	Repayment of loan for €5.000 million	330,000	2.78%
Sopra Développement	Société Générale	November 2009	August 2015	Repayment of loan for €4.929 million	191,615	1.62%
TOTAL					**521,615**	**4.40%**

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

No such assets were pledged in this manner.

35.4. Covenants

Within the framework of the syndicated loans implemented in October 2005 and April 2008, Sopra Group assumed the following covenants:

- the ratio of net financial debt to EBITDA is required to be lower than 3 for the entire term of the facility. This ratio was 0.27 at 31 December 2010, compared to 1.28 at 31 December 2009;
- the ratio of net financial debt to equity is required to be lower than 1 for the entire term of the facility. At 31 December 2010 this ratio was 0.09 and at 31 December 2009 it was 0.41;
- the ratio of operating profit to net financial debt is required to be greater than 5 for the entire term of the facility. At 31 December 2010, this ratio was 18.73 compared to 6.86 at 31 December 2009.

Net financial debt applied in these calculations includes the earnouts relating to the acquisitions recognised under fixed asset liabilities (see Note 17) and does not include employee profit sharing.

35.5. Real collateral given in guarantee

No real collateral was given to guarantee bank financing.

35.6. Contingent liabilities

No contingent liabilities need to be taken into account.

Note 36 | 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 37 | Post balance sheet events

In its meeting of 21 January 2011, Sopra Group's Board of Directors unanimously approved the principle of listing Axway on the stock market. This proposal aims to provide Sopra Group and Axway with the resources to develop their respective businesses entirely independently and in the best interests of their clients, employees and shareholders.

Subject to receiving approval from the market supervisory authority and shareholders, the listing operation would combine a distribution by Sopra Group of a dividend payable partly in Axway shares and partly in cash, followed shortly afterwards by a capital increase of Axway.

Sopra Group's subscription to the capital increase would be carried out in such a way that the company would have an ownership stake of approximately 25% to 30% in the share capital of Axway upon completion of these operations.

Note 38 | Rates of conversion of foreign currencies

	Average rate for the period			Period-end rate		
€1/Currency	2010	2009	2008	2010	2009	2008
Swiss franc	1.3795	1.5075	1.5769	1.2504	1.4836	1.4850
Pound sterling	0.8576	0.8895	0.7999	0.8608	0.8881	0.9525
Swedish krona	9.5374	10.5766	9.6637	8.9654	10.2520	10.8696
Romanian leu	4.2093	4.2413	3.6963	4.2620	4.2363	4.0225
Bulgarian lev	1.9558	1.9558	1.9558	1.9558	1.9558	1.9558
Moroccan dirham	11.1495	11.2546	11.3456	11.1744	11.3329	11.2778
US dollar	1.3244	1.3923	1.4646	1.3362	1.4406	1.3917
Canadian dollar	1.3640	1.5809	1.5635	1.3322	1.5128	1.6998
Australian dollar	1.4415	1.7559	1.7389	1.3136	1.6008	2.0274
Hong Kong dollar	10.2891	10.7921	11.3960	10.3853	11.1709	10.7863
Singapore dollar	1.8040	2.0228	2.0686	1.7136	2.0194	2.0040
Yuan (China)	8.9646	9.5098	10.1348	8.8222	9.8350	9.4958
Rupee (India)	60.5327	67.3164	64.3915	59.7729	67.0400	69.0608
Ringitt (Malaysia)	4.2589	4.9057	4.8893	4.0950	4.9326	4.8047
Korean won	1,538.4615	1,767.3245	1,612.9032	1,492.5373	1,666.9700	1,851.8519

Statutory Auditors' report on the consolidated financial statements

To the Shareholders,

In accordance with our appointment as Statutory Auditors by your General Meetings, we hereby report to you for the year ended 31 December 2010 on:

- the audit of the accompanying consolidated financial statements of Sopra Group SA;
- the justification of our assessments;
- the specific procedures required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the consolidated financial statements

We performed our audit in accordance with generally accepted French auditing standards. These standards require that we perform our audit in such a way as to obtain reasonable assurance that the consolidated financial statements are free from material misstatement. An audit involves the verification, on a test basis or through the use of any other selection methods, of the evidence supporting the amounts and disclosures included in the consolidated financial statements. An audit also includes an assessment of the accounting policies used and significant estimates made by the management, as well as an evaluation of the overall presentation of the financial statements. We believe that the evidence we have been able to gather provides a sufficient and appropriate basis to express our audit opinion.

We certify that the consolidated financial statements are, with respect to IFRS as adopted in the European Union, true and fair and provide a true and fair view of the net worth, financial situation and earnings of the consolidated entity at the end of the financial year under review.

Without qualifying the above opinion, we would like to draw your attention to Note 1.2.a of the consolidated financial statements, which discusses the impact of the new standards applicable for accounting periods beginning on or after 1 January 2010.

II. Justification of assessments

In accordance with Article L. 823-9 of the French Commercial Code governing the justification of our assessments, we hereby report on the following matters:

- The Company allocates a provision for its retirement benefit commitments towards its employees based on the projected credit unit method, as indicated in Note 1.18.b and 15 of the consolidated financial statements. In the course of our assessments, we examined the data used, we assessed the actuarial assumptions retained, verified the overall consistency of these assumptions and the resulting measurements, as well as the appropriateness of the information provided in the note.
- At each balance sheet date, the company systematically performs an impairment test of goodwill and assets with indefinite useful lives, based on the methods described in Notes 1.11, 4.2 and 4.4 of the consolidated financial statements. In the course of our assessments, we examined the appropriateness of the approach adopted in addition to the implementation methods of this impairment test and the overall consistency of the assumptions used and the resulting assessments.
- The company recognises deferred tax assets in application of the procedures described in Notes 1.13, 8.2 and 8.3 to the consolidated financial statements. In the course of our assessments, we verified the consistency of all of the data and assumptions that underpin the measurement of deferred tax assets.

These assessments form part of our overall audit approach of the consolidated financial statements and thus contributed to the formulation of our unqualified opinion expressed in the first section of this report.

III. Specific verification

We also performed the specific procedures in accordance with professional standards applicable in France and required by law in relation to the information contained in the Group's management report.

We have no comments on the sincerity and consistency with the consolidated financial statements.

Paris and Courbevoie, 29 March 2011

The Statutory Auditors

Auditeurs & Conseils Associés	**Mazars**
François Mahé	Christine Dubus

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2010 INDIVIDUAL FINANCIAL STATEMENTS

Balance sheet

ASSETS *(in thousands of euros)*	2010	2009
Intangible assets	55,443	56,139
Property and equipment	20,664	19,818
Financial investments	435,871	446,052
Non-current assets	**511,978**	**522,009**
Stocks and work in progress	11	15
Trade accounts receivable	253,848	239,549
Other receivables, prepayments and accrued income	22,742	32,224
Cash and cash equivalents	14,884	18,634
Current assets	**291,485**	**290,422**
TOTAL ASSETS	803,463	812,431

LIABILITIES AND EQUITY *(in thousands of euros)*	2010	2009
Share capital	47,416	47,010
Premiums	96,876	94,702
Reserves	120,705	85,644
Net profit for the year	42,558	44,463
Equity	**307,555**	**271,819**
Provisions	**22,582**	**20,030**
Financial debt	100,174	169,458
Trade payables	49,773	45,284
Tax and social charge payables	188,937	174,229
Other liabilities, accruals and deferred income	134,442	131,611
Payables	**473,326**	**520,582**
TOTAL LIABILITIES AND EQUITY	803,463	812,431

Income statement

(in thousands of euros)	**2010**	**2009**
Net revenue	770,733	723,829
Other operating income	2,587	2,364
Operating income	**773,320**	**726,193**
Purchases consumed	4,024	3,696
Staff costs	479,694	456,430
Other operating expenses	190,743	180,197
Taxes and duties	24,150	21,714
Depreciation and provisions	7,037	6,991
Operating expenses	**705,648**	**669,028**
Operating profit	**67,672**	**57,165**
Financial income and charges	-1,935	4,839
Pre-tax profit on ordinary activities	**65,737**	**62,004**
Exceptional income and expenses	301	-689
Employee profit-sharing and incentive schemes	-10,434	-6,480
Corporate income tax	-13,046	-10,372
NET PROFIT	**42,558**	**44,463**

Notes to the individual financial statements

1 | Significant events, intra-group relations, accounting policies and valuation rules

1.1. Significant events

A Group-wide incentive agreement was concluded in 2009 for a term of three years. It covers the companies Sopra Group, Axway Software and Sopra Consulting.

An addendum to this agreement was entered into in June 2010, so as to include the companies Axway Holding and Axway Distribution France within the scope of the agreement and to take into account the introduction of the CET (*contribution économique territoriale*, the new local business tax).

1.2. Intra-group relations

Analysis of Sopra Group SA's individual accounts is difficult due to the high level of supply chain integration of the French companies at functional and logistics levels. There are a large number of major intra-group relations between Sopra Group and its wholly owned subsidiaries Axway Software and Sopra Consulting.

1.2.1. Axway Software

The agreements concluded following the spin-off of the Enterprise Application Integration (EAI) division in 2001 continued to apply in 2010.

- Sopra Group provides Axway Software with:
  - fully equipped offices, chiefly at the Annecy-le-Vieux and Puteaux sites,
  - computer equipment (mainframes, workstations, networks).

These items are invoiced on the basis of the real costs incurred by Sopra Group and with respect to the equipment effectively used by Axway Software, determined by means of regular inventories.

- Sopra Group invoices Axway Software for the services rendered on its behalf by the functional divisions (Finance, Management Audit, Human Resources, Internal Information Systems, Legal Affairs, etc.) on the basis of the price of the functions, based on services rendered.
- Cash accounting is managed as a central function within Sopra Group.
- As from 1 January 2002, Axway Software is considered as belonging with Sopra Consulting to the consolidated tax group formed by Sopra Group.

These agreements have been authorised by the Board of Directors of each company and are described in the Statutory Auditors' special report.

1.2.2. Sopra Consulting

Orga Consultants changed its registered company name in January 2010 and is now called Sopra Consulting.

- Sopra Group provides Sopra Consulting with:
  - fully equipped offices, at the Lyon-Écully site and at the Paris-Neuilly site,
  - computer equipment (mainframes, workstations, networks).

These items are invoiced on the basis of the real costs incurred by Sopra Group and with respect to the equipment effectively used by Sopra Consulting, determined by means of regular inventories.

- Sopra Group invoices Sopra Consulting for the services rendered on its behalf by the functional divisions (Finance, Management Audit, Human Resources, Internal Information Systems, Legal Affairs, etc.) on the basis of the price of the functions, based on services rendered.
- Staff exchanges are billed on the basis of the salaries charged, or at selling price, depending on the nature of the work undertaken.
- Cash accounting is managed as a central function within Sopra Group.
- Sopra Group charges a fee equal to 2.0% of Sopra Consulting's revenue for its contribution to the development of Sopra Consulting's business.
- As from 1 January 2002, Sopra Consulting is considered as belonging with Axway Software to the consolidated tax group formed by Sopra Group.

These agreements have been authorised by the Board of Directors of each company and are described in the Statutory Auditors' special report.

1.3. Accounting policies and valuation rules

The 2010 Sopra Group SA individual financial statements were prepared in accordance with French generally accepted accounting principles.

These principles were applied on a prudent basis and in accordance with the following underlying assumptions:

- going concern basis;
- consistency of accounting methods from one year to the next;
- accrual basis;

and in accordance with general guidelines for the preparation and presentation of annual financial statements.

No change has been made in accounting policies during the periods under review.

1.3.1. Software development expenses

All research and development costs are charged to the income statement in the year they are incurred.

Software and Solutions development costs may be capitalised if all of the following can be demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the manner in which the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

None of the development expenses for software and solutions (Banking, Human Resources and Real Estate) have been recognised under intangible assets, since the conditions described above were not satisfied in their entirety.

1.3.2. Software acquired

Software is recognised at its acquisition cost. Straight-line amortisation is applied over 3, 5 or 10 years.

1.3.3. Business goodwill

Mergers of companies carried out prior to 2000 in connection with internal restructuring operations were conducted the basis of the net assets of the companies. The difference between the value of the securities and the net assets contributed has been allocated to intangible assets.

Mergers of companies carried out in 2000 in connection with a major operation to simplify the legal structures were conducted on the basis of values generally similar to the consolidated net worth. This resulted in items related to the business goodwill and software packages contributed being valued separately in the contribution agreement.

Since 2000, business goodwill is no longer amortized but if appropriate a provision may be set aside for impairment of business goodwill. Amortisation applied prior to 1 January 2000 has been retained in the balance sheet.

The Company conducts goodwill impairment tests each time that there is an indication of an impairment loss. It writes down the value of an asset if its current value (either the monetary value or the economic value, whichever is highest) is less than its carrying amount.

1.3.4. Property and equipment

Tangible fixed assets are stated in the balance sheet at their acquisition cost.

Depreciation is calculated using the straight-line method, based on the useful life of the type of fixed asset concerned.

Buildings	25 years
Fixtures and fittings	10 years
Equipment and tooling	3 to 5 years
Vehicles	5 years
Office furniture and equipment	5 to 10 years

1.3.5. Equity interests

Equity interests are recognised at their acquisition cost.

The value in use of the securities has been their economic value, calculated using the discounted cash flow approach. An impairment expense is recognised when the value in use calculated in this way is less than the acquisition cost.

Cash flows are determined on the basis of available data and five-year forecasts. A growth rate to infinity of 2.5% was applied from the start of the sixth year. The cash flows resulting from these forecasts were then discounted using a discount rate of 9.20%.

1.3.6. Revenue

a. Systems Integration and Consulting services

- **Technical assistance, consulting, training and projects provided on an ongoing contract basis**

These services are recognised when performed, i.e. in general at the time of invoicing.

Operations are reviewed at each balance sheet date:

- services already performed but not yet, or only partially, invoiced are measured on the basis of billable time and the contractual billing rates. They are recognised as revenue and are included in the balance sheet under the *Accrued income* caption of *Trade accounts receivable*;
- services already billed but not yet entirely performed are deducted from invoiced revenue and included in the balance sheet under the *Deferred income* caption of *Other liabilities*.

- **Services covered by fixed-price contracts**

Under such contracts the group commits itself to a price, a result and a deadline. Services performed under such contracts are recognised as follows using the percentage of completion method:

- revenue and profit generated by a contract are recognised on the basis of a technical assessment, in line with the group's quality procedures, of the contract's degree of completion. During performance of a project, this assessment is based on 90% of the contract amount with the remaining 10% deferred until completion;
- the amount of revenue recognised at each balance sheet date is based on the difference between 90% of the contract value and the amount required to cover the total number of man-days remaining to be performed. This amount is included in the balance sheet under the *Accrued income* caption of *Trade accounts receivable*. Payments on account received are included under *Other liabilities*.

b. Software and Solutions

Services provided within the scope of the group's Software and Solutions operations include:

- the right of use under licence of the software and solutions provided;
- maintenance;
- ancillary services: installation, configuration, adaptation, training, etc.

In general, separate contracts are concluded with clients for licences and maintenance on the one hand and ancillary services on the other hand

In this situation, the various elements comprising contracts are accounted for as follows:

- the licence fee is recognised when delivery takes place, which is reputed to be the case when all contractual obligations have been fulfilled, i.e. when any remaining services to be provided are insignificant and not liable to endanger the client's acceptance of goods supplied or services rendered;
- maintenance is generally billed in advance and is recognised on a time basis;
- ancillary services are generally provided on the basis of time spent and are recognised when performed, i.e. in general when invoiced. They are sometimes performed within the scope of lump sum contracts in which case they are recognised using the percentage of completion method described in the paragraph above.

Sometimes, contracts comprising multiple elements (licence, maintenance, ancillary services, etc.) may be negotiated on a lump sum basis

In this situation, the amount of revenue attributable to the licence is obtained by the difference between the total contract amount and the fair value of its other components, i.e. maintenance and ancillary services. The fair value of the other components is determined when possible on the basis of the list prices applying in the case of a separate sale or alternatively, on the basis of management's best estimate. The residual amount attributed to the licence is recognised at the time of delivery.

In fairly rare instances, ancillary services may be considered indispensable to a software package's functioning

This may be the case for very complex projects, the completion of which may be subject to particular risks. The project is then examined as a whole and is the focus of specific monitoring by the Quality Department. Such projects are recognised according to the percentage of completion method described above.

1.3.7. Trade receivables

Trade accounts receivable are recognised using the methods specified above.

A separate estimate is carried out for each trade receivable at the end of the financial year and impairment is recognised in the event of a risk of non-recovery linked to collective proceedings. Doubtful debts for which legal proceedings have not been instigated are treated as accrued credit notes.

1.3.8. Retirement benefits

Since 2004, Sopra Group has provided for all of its retirement commitments in accordance with the provisions of the Syntec collective bargaining agreement regarding retirement and pensions.

Sopra Group's obligation towards its employees is determined on an actuarial basis, using the projected credit method: the employer's discounted obligation is recognised in proportion to the probable length of service of the employees, taking into account actuarial assumptions such as the level of future salary, life expectancy and staff turnover. Changes in actuarial assumptions that affect the valuation of the obligation are recognized as actuarial gains and losses.

2 | Notes to the balance sheet

2.1. Non-current assets

2.1.1. Intangible assets

(in thousands of euros)	Concessions, patents, similar rights	Business goodwill	Total
GROSS VALUE			
At 1 January 2010	**16,734**	**57,810**	**74,544**
Acquisitions	300	-	300
Disposals	-	-	-
At 31 December 2010	**17,034**	**57,810**	**74,844**
DEPRECIATION			
At 1 January 2010	**15,055**	**3,350**	**18,405**
Charges	996	-	996
Reversals	-	-	-
At 31 December 2010	**16,051**	**3,350**	**19,401**
NET VALUE			
At 1 January 2010	1,679	54,460	56,139
At 31 December 2010	**983**	**54,460**	**55,443**

Intangible assets comprise:

- software acquired or contributed;
- business goodwill acquired or contributed during mergers.

Software acquisitions mainly relate to workstation software as well as development and industrialisation tools.

Software development costs, which totalled €15.632 million in 2010, are recorded as expenses (see Note 1.3.1).

2.1.2. Property and equipment

(in thousands of euros)	Land	Buildings	Technical installations	Sundry fittings	Vehicles	Furniture and office equipment	Other property and equipment	Total
GROSS VALUE								
At 1 January 2010	**323**	**6,500**	**175**	**26,984**	**82**	**16,084**	**3,043**	**53,191**
Acquisitions	-	125	68	4,077	-	538	-	4,808
Disposals	-	-	-48	-612	-	-7	-3,029	-3,696
At 31 December 2010	**323**	**6,625**	**195**	**30,449**	**82**	**16,615**	**14**	**54,303**
DEPRECIATION								
At 1 January 2010	**67**	**4,850**	**156**	**14,962**	**29**	**10,280**	**3,029**	**33,373**
Charges	10	156	50	2,160	21	997	-	3,394
Reversals	-	-	-48	-48	-	-3	-3,029	-3,128
At 31 December 2010	**77**	**5,006**	**158**	**17,074**	**50**	**11,274**	**-**	**33,639**
NET VALUE								
At 1 January 2010	256	1,650	19	12,022	53	5,804	14	19,818
At 31 December 2010	**246**	**1,619**	**37**	**13,375**	**32**	**5,341**	**14**	**20,664**

Property and equipment consists of:

- Land and buildings: Sopra Group became the owner of two buildings on the Annecy-le-Vieux site, at the expiration of the corresponding property finance lease contracts. A third wholly owned building was added to this property asset;
- Office furniture, fixtures and equipment: this refers to equipment on premises leased by Sopra Group in the major cities of France.

Computer hardware is for the most part acquired on four-year leases and is not included under property and equipment in the individual accounts.

2.1.3. Financial investments

(in thousands of euros)	Equity investments and non-current securities	Receivables in respect of equity investments	Loans and other financial investments	Total
GROSS VALUE				
At 1 January 2010	**472,087**	**78,897**	**1,771**	**552,755**
Acquisitions - Increases	39	-	691	730
Disposals - Decreases	-16,404	-8,179	-183	-24,766
At 31 December 2010	**455,722**	**70,718**	**2,279**	**528,719**
IMPAIRMENT				
At 1 January 2010	**104,405**	**2,297**	**1**	**106,703**
Charges	-	-	1	1
Reversals	-13,856	-	-	-13,856
At 31 December 2010	**90,549**	**2,297**	**2**	**92,848**
NET VALUE				
At 1 January 2010	367,682	76,600	1,770	446,052
At 31 December 2010	**365,173**	**68,421**	**2,277**	**435,871**

Details concerning equity interests are provided in the “Subsidiaries and associated entities” tables presented in Note 4.9.

a. Gross amounts

The decrease in 2010 relating to investments in associates is mainly attributable to:

- the dissolution of the subsidiary Valoris Maxim Ltd (UK) in the amount of €13.858 million;
- a capital decrease by Sopra India in the amount of €2.544 million.

The reduction in receivables from associated entities essentially corresponds to repayments made by Axway Software.

b. Impairment of equity interests

As a result of the application of CRC Regulation 2002-10 relating to fixed asset depreciation and impairment, the following provisions were recorded for impairment with respect to previous financial years:

- Sopra Consulting: €35.062 million in 2002.
- Sopra Group Ltd: €16.395 million in 2003.

The reversal of provisions for the impairment of investments in associates involves the disposal of Valoris Maxim Ltd shares.

2.2. Other assets

2.2.1. Trade receivables

(in thousands of euros)	2010	2009
Non-Group clients	180,133	155,454
Accrued income	72,552	81,942
Group clients	1,132	2,127
Doubtful debtors	243	211
Provision for doubtful debtors	-212	-185
TOTAL	**253,848**	**239,549**

Trade receivables are recognised as assets and are stated net of all client-related debit and credit balances.

Accrued income is comprised essentially of production recognised for fixed-price projects using the percentage-of-completion method. 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.

The risk of fluctuations relating to commercial transactions denominated in foreign currencies is not very substantial. Sopra Group makes use of forward currency exchange contracts to hedge against this risk. At 31 December 2010, these instruments are hedges of the US dollar against the euro. They consist of contracts for forward sales with a term to maturity of less than one year corresponding to a total equivalent value of €6.1 million.

2.2.2. Other receivables, prepayments and accrued income

(in thousands of euros)	2010	2009
Staff costs and related payables	65	43
Social security	158	347
State and public bodies		
■ Corporate income tax	2,170	6,085
■ VAT	7,488	7,182
■ Other tax	1,408	1,290
Group and associates	7,525	12,187
Impairment of current accounts	-122	-2,491
Other receivables	2,990	4,271
Impairment of sundry debtors	-109	-103
Prepaid expenses	1,167	2,838
Translation differential - Asset	2	575
TOTAL	**22,742**	**32,224**

The decrease in the Group's current accounts was due to reimbursements made primarily by the following subsidiaries:

- Valoris Iberia for a total amount of (-)€2.285 million;
- Sopra Group SpA (Italy) for a total amount of (-)€2.527 million.

2.2.3. Impairment of current assets

(in thousands of euros)	At 01/01/2010	Charges	Reversals	At 31/12/2010
Impairment of trade receivables	185	128	101	212
Impairment of current accounts	2,491	-	2,369	122
Impairment of sundry debtors	104	5	-	109
TOTAL	**2,780**	**133**	**2,470**	**443**

The principal movement in 2010 involved the reversal of the provision for the impairment of the Valoris Iberia current account in the amount of €2.285 million.

2.3. Equity

2.3.1. Share capital

At 31 December 2010, Sopra Group had share capital of €47,415,780 comprising 11,853,945 shares with a nominal value of €4.

As a result of subscription options exercised, 101,402 shares with a par value of €4 were created, corresponding to an increase in share capital of €0.406 million and a share premium of €2.175 million.

The number of treasury shares held by the Company amounts to 10,500.

2.3.2. Change in shareholders' equity

(in thousands of euros)	Share capital	Issue, merger and contribution premiums	Legal reserve	Discretionary reserves	Retained earnings	Net profit for the year	Total
At 1 January 2010	**47,010**	**94,702**	**4,682**	**80,919**	**43**	**44,463**	**271,819**
Appropriation of 2009 earnings and dividends	-	-	19	35,085	-43	-44,463	-9,402
Exercise of share subscription options	406	2,174	-	-	-	-	2,580
Profit for the year	-	-	-	-	-	42,558	42,558
At 31 December 2010	**47,416**	**96,876**	**4,701**	**116,004**	**-**	**42,558**	**307,555**

The amount of dividends paid in 2010, in respect of 2009 profit, was €0.80 per share, for a total amount of €9.402 million.

2.3.3. Share subscription option plans

As noted above, 101,402 shares were exercised in 2010 under Plans No. 3 and 4.

A total of 10,200 shares were retired, their beneficiaries having left the company before completing their vesting period.

In 2010, 30,000 share subscription options were allocated under Plan No. 6 at the subscription price of €53.68.

At 31 December 2010, the total number of exercisable options was 186,940 and the total number of options that could still be allocated at this date was 300,145, making a maximum total number of shares that may be created of 487,085.

Grant date	Number of options allocated initially	Beginning of option exercise period	End of option exercise period	Exercise price	Number of lapsed options at 31/12/2010	o/w cancelled in 2010	Number of options exercised at 31/12/2010	o/w options exercised in 2010	Number of options outstanding at 31/12/2010
Plan No. 3 - 1998 stock option plan (General Meeting of 7/1/98): maximum of 721,250 shares									
13/01/1998	614,000	01/10/2002	12/01/2006	€15.37	70,175	-	543,825	-	-
04/12/1998	25,000	25/02/2003	24/08/2006	€46.86	25,000	-	-	-	-
03/03/1999	20,000	04/03/2004	02/03/2007	€48.50	10,000	-	10,000	-	-
12/10/1999	51,750	13/10/2004	12/10/2007	€46.20	49,000	-	2,750	-	-
16/12/2002	129,250	17/12/2007	15/12/2010	€22.50	42,250	2,000	87,000	1,000	-
TOTAL	**840,000**				**196,425**	**2,000**	**643,575**	**1,000**	**-**
Plan No. 4 - 2000 stock option plan (General Meeting of 29/06/00): maximum of 714,774 shares									
29/06/2000	33,900	30/06/2005	29/06/2008	€73.00	33,900	-	-	-	-
22/03/2001	301,500	23/03/2006	22/03/2009	€61.40	301,500	-	-	-	-
19/12/2001	34,600	20/12/2006	19/12/2009	€61.40	34,600	-	-	-	-
24/04/2002	6,000	25/04/2007	23/04/2010	€61.40	6,000	3,000	-	-	-
16/12/2002	303,200	17/12/2007	15/12/2010	€22.50	45,750	2,200	257,450	72,582	-
03/09/2003	88,000	04/09/2008	02/09/2011	€32.50	13,800	-	39,260	21,820	34,940
13/01/2004	23,000	14/01/2009	12/01/2012	€35.90	4,000	-	10,000	6,000	9,000
TOTAL	**790,200**				**439,550**	**5,200**	**306,710**	**100,402**	**43,940**
Plan No. 5 - 2005 stock option plan (General Meeting of 26/05/05): maximum of 321,958 shares									
25/07/2006	30,000	26/07/2011	24/07/2014	€57.85	30,000	-	-	-	-
21/12/2006	67,000	22/12/2011	20/12/2014	€58.80	14,500	3,000	-	-	52,500
08/01/2007	5,000	09/01/2012	07/01/2015	€60.37	5,000	-	-	-	-
18/03/2008	50,000	19/03/2013	17/03/2016	€45.30	9,500	-	-	-	40,500
TOTAL	**152,000**				**59,000**	**3,000**	**-**	**-**	**93,000**
Plan No. 6 - 2008 stock option plan (General Meeting of 15/05/08): maximum of 350,145 shares									
17/03/2009	20,000	18/03/2014	16/03/2017	€27.16	-	-	-	-	20,000
15/04/2010	30,000	16/04/2015	14/04/2018	€53.68	-	-	-	-	30,000
TOTAL	**50,000**				**-**	**-**	**-**	**-**	**50,000**
TOTAL FOR ALL PLANS						**10,200**		**101,402**	**186,940**

2.4. Provisions

(in thousands of euros)	At 01/01/2010	Charge for the year	Recoveries for the year (provision used)	Recoveries for the year (provision not used)	At 31/12/2010
Provisions for retirement benefits	18,958	3,602	338	-	22,222
Provisions for commercial disputes	-	-	-	-	-
Provisions for employee disputes	405	160	152	102	311
Provisions for foreign exchange losses	575	2	575	-	2
Provisions for risks relating to subsidiaries	92	-	-	45	47
TOTAL	**20,030**	**3,764**	**1,065**	**147**	**22,582**

Provisions were recorded chiefly for retirement benefit commitments and risks related to various disputes.

Assumptions relating to procedures for departures due to retirement take into account changes in legislation in order to reflect the Group's best estimates at the balance sheet date:

- the Social Security Financing Act for 2008 introduced a contribution to be paid by the employer as part of the benefits due to an employee whose retirement is at the request of the employer. This contribution amounts to 50% and applies irrespective of the age of the employee;
- with effect from 1 January 2009, an employer may no longer unilaterally require employees to retire unless they have reached the age of 70. For employees between the ages of 65 and 70, the employer may not make any retirement decisions of its own accord before asking the employees whether or not they would like to retire voluntarily;
- the French pension reform signed into law on 9 November 2010 raised the minimum retirement age from 60 to 62. The pensionable age will increase by four months each year starting on 1 July 2011, to reach 62 years by 2018 for employees born in 1956. The eligibility requirement for full pension benefits regardless of the length of working life, and thus of contributions to insurance schemes, has also been raised, from 65 to 67, increasing at the same rate as the statutory retirement age, but only as from 1 July 2016, meaning that it will reach 67 years of age in 2023.

These successive changes are considered by the Company as changes in actuarial assumptions for the following reasons:

- the changes introduced by the new legal provisions do not have a direct impact on the gross amount received by employees;
- the agreements in force at the date of entry into application of the Act have not been amended: benefits awarded to employees may change at a later date once a new agreement has been concluded;
- the abandonment of an existing departure procedure and the introduction of a new contribution to the benefits paid in the event of retirement at the request of the employer entail the adjustment by the Company of its actuarial assumptions as defined under IAS 19.

The total commitment for retirement benefits amounted to €31.351 million. The cumulative amount of unrealised actuarial differences on the balance sheet at year-end 2010 was €9.128 million, versus €7.029 million at year-end 2009.

2.5. Payables

2.5.1. Financial debt

(in thousands of euros)	At 01/01/2010	Increase	Decrease	At 31/12/2010
Syndicated loan	150,000	-	72,000	78,000
Employee profit sharing	18,627	5,588	3,115	21,100
Contingent advances	336	-	165	171
Other financial debt	10	513	-	523
Accrued interest on financial debt	485	380	485	380
TOTAL	**169,458**	**6,481**	**75,765**	**100,174**

At 31 December 2010, the Group had access to two reducible, multi-currency revolving credit facilities.

The aim of these credit facilities set up with the Group's six partner banks, the first in October 2005 and the second in April 2008, is to ensure the financing of acquisitions and internal growth, lengthen debt maturity, and optimise repayment conditions.

The first line of credit, in a notional principal amount of €200 million, has a maturity, of seven years and is repayable in half-yearly instalments.

The second line of credit, in a notional principal amount of €132 million, has a maturity of six years (extended by one year by one of the banks from the pool) is repayable in half-yearly instalments, each corresponding to one-fourth of the total amount, over the last two years of its term to maturity.

At 31 December 2010, the total authorised amount was €190 million. Reductions will be of €15 million on 21 April 2011 and €14 million on 21 October 2011, representing an authorised amount of €161 million at year-end 2011.

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 margin may range from 0.30% to 0.65%. The average margin applied in 2010 was 0.35%. A non-use fee equivalent to 0.30% of the margin is also applicable.

In connection with obtaining these syndicated credit facilities, Sopra Group agreed to the following covenants, on the basis of consolidated information:

- the ratio of net financial debt to EBITDA is required to be lower than 3 for the entire term of the facility. This ratio was 0.27 at 31 December 2010, compared to 1.28 at 31 December 2009;
- the ratio of net financial debt to equity is required to be lower than 1 for the entire term of the facility. At 31 December 2010 this ratio was 0.09 and at 31 December 2009 it was 0.41;
- the ratio of operating profit to net financial debt is required to be greater than 5 for the entire term of the facility. At 31 December 2010, this ratio was 18.73 compared to 6.86 at 31 December 2009.

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

These facilities include interest rate hedges in order to ensure protection against the risks of rises in interest rates. At 31 December 2010, four swap agreements were in place. They relate to the first reducible, multi-currency, revolving credit facility (€200 million, October 2005) for a notional amount equal to the amount of the total credit commitment (€58 million at 31 December 2010). They mature in October 2012. The details are as follows:

- for 2/3 of the notional amount: Euribor 1-month +0.3075% swap against Euribor 12-month post-fixed rate (E12M post) with a ceiling of 3.68% and a floor of 3.00%, if E12M post is less than 1.99%;
- for 1/3 of the notional amount: Euribor 1-month swap against a fixed rate of 4.55%.

2.5.2. Trade payables

(in thousands of euros)	2010	2009
Trade accounts payable and related accounts	25,831	20,200
Accrued expenses	19,819	17,141
Trade accounts payable - Group	4,123	7,943
TOTAL	**49,773**	**45,284**

2.5.3. Tax and social charge payables

(in thousands of euros)	2010	2009
Staff costs and related payables	62,460	54,222
Social security	64,925	62,286
State and public bodies		
■ Corporate income tax	-	-
■ VAT	59,738	55,521
■ Other tax	1,814	2,200
TOTAL	**188,937**	**174,229**

Accrued taxes primarily correspond to value added tax collected from clients: the amount payable in respect of the month of December and the amount included in trade accounts receivables.

2.5.4. Other liabilities, accruals and deferred income

(in thousands of euros)	2010	2009
Client deposits	220	2,741
Liabilities in respect of fixed assets	620	1,373
Group and associates	65,379	67,785
Other liabilities	14,746	18,530
Deferred income	53,464	41,125
Translation differential - Liability	13	57
TOTAL	**134,442**	**131,611**

Deferred income comprises the portion of billings issued in advance on fixed-price and maintenance contracts.

3 | Notes to the income statement

3.1. Revenue

Revenue breaks down as follows by market:

	2010	2009
Finance	25.3%	26.3%
Manufacturing	19.9%	20.4%
Services (including Real Estate)	18.0%	15.8%
Public sector	17.4%	17.2%
Telecoms & Media	12.3%	13.9%
Retail	7.1%	6.4%
TOTAL	**100.0%**	**100.0%**

Of the €770.7 million in revenue generated in 2010, €34.3 million derived from international operations.

3.2. Compensation allocated to the members of governing bodies

Directors' fees for financial year 2010 amounted to €0.150 million.

Compensation paid in 2010 to executive management bodies was €0.702 million.

3.3. Financial items

(in thousands of euros)	2010	2009
Dividends received from equity interests	4,497	18,060
Interest on bank borrowings and similar charges	-3,775	-7,403
Interest on employee profit sharing	-1,364	-1,169
Discounting of the pension provision	-1,242	-900
Losses on receivables from associated entities	-	-67
Interest received and paid on Group current accounts	1,391	686
Positive and negative foreign exchange impact (including provision)	-1,506	474
Other charges to and reversals of financial provisions	-6	-4,932
Other financial charges and expense	70	90
FINANCIAL ITEMS	**-1,935**	**4,839**

The detail of dividends received is listed in the table of subsidiaries and associated entities (see Note 4.9).

3.4. Exceptional items

In 2010, exceptional items mainly comprised a capital gain on the sale of property and equipment for (+)€0.266 million.

3.5. Employee profit sharing

The reserve for employee profit sharing amounted to €8.254 million. This amount is determined under the conditions laid down by law. It is then pooled with that of Axway Software, a wholly owned subsidiary of Sopra Group, under a Group agreement signed in 2002 by the managements of both companies and by the employee representatives of the Unité Economique et Social (UES, economic and employee unit). The total amount is then shared out among the employees of the two companies according to the same criteria.

3.6. Incentive scheme

The total Group incentive amount for 2010 was €2.406 million, of which €2.180 million for Sopra Group.

3.7. Corporate income tax

3.7.1. Tax consolidation

Since 2002, Sopra Group and its two wholly owned subsidiaries, Axway Software and Sopra Consulting, have opted to file as a tax consolidation group. Each of the companies calculates and recognises its tax charge as if the tax consolidation group did not exist. Any tax savings that may result from this method benefit the parent company, Sopra Group SA.

Tax savings were realised in 2010 due to deductibility of the share of costs and expenses from dividends received from the consolidated subsidiary Sopra Consulting. A tax expense was recorded because only one deduction is applied to calculate social security contributions.

Sopra Group bears a net expense of €21 thousand for the tax consolidation group for financial year 2010.

3.7.2. Research tax credit

Sopra Group benefited in 2010 from a research tax credit of €6.384 million.

3.7.3. Breakdown of tax between recurring and exceptional operations

Corporate income tax breaks down as follows:

(in thousands of euros)	2010	2009
Tax on recurring operations	19,340	15,753
Tax on exceptional operations	104	-616
Tax reassessment	81	-388
Research tax credit	-6,384	-3,989
Other tax credits	-95	-388
TOTAL	**13,046**	**10,372**

3.7.4. Deferred and latent tax position

	Basis					
	At 01/01/2010		Change		At 31/12/2010	
(in thousands of euros)	**Assets**	**Liabilities**	**Assets**	**Liabilities**	**Assets**	**Liabilities**
I. CERTAIN OR CONTINGENT DIFFERENCES						
Tax-driven provisions	-	-	-	-	-	-
Investment grants	-	-	-	-	-	-
Temporary non-deductible expenses						
■ To be deducted the following year						
- employee profit sharing	5,915	-	2,339	-	8,254	-
- incentive scheme	565	-	1,615	-	2,180	-
- “Organic” tax	1,264	-	15	-	1,279	-
■ To be deducted thereafter						
- provision for retirement commitments	18,958	-	3,264	-	22,222	-
- other	-	-	-	-	-	-
Temporary non-taxable income						
- net short-term capital gains	-	-	-	-	-	-
- capital gains on mergers	-	-	-	-	-	-
- long-term deferred capital gains	-	-	-	-	-	-
Deducted expenses (or taxed income) for tax purposes that has not been recognised						
- deferred charges	-	-	-	-	-	-
TOTAL	**26,702**	**-**	**7,233**	**-**	**33,935**	**-**
II. ITEMS TO BE OFFSET						
Losses that may be carried forward for tax offset	-	-	-	-	-	-
Long-term capital losses	-	-	-	-	-	-
Other	-	-	-	-	-	-
III. CONTINGENT TAX ITEMS						
Capital gains on non-depreciable assets contributed on merger	-	52,264	-	-	-	52,264
Special reserve for construction profits	-	-	-	-	-	-
Other	-	-	-	-	-	-

4 | Other information

4.1. Maturities of receivables and payables at the balance sheet date

4.1.1. Receivables

(in thousands of euros)	Gross amount	Within 1 year	More than 1 year
Non-current assets			
Receivables related to equity investments	70,718	70,718	-
Other non-current financial assets	2,279	591	1,688
Current assets			
Doubtful debts or disputes	243	-	243
Other trade receivables	253,816	253,816	-
Staff costs and related payables	65	65	-
Social security	158	158	-
State and public bodies			
■ Corporate income tax	2,170	2,170	-
■ VAT	7,488	7,488	-
■ Other tax	1,408	1,408	-
Group and associates	7,525	7,525	-
Other receivables	2,990	2,990	-
Prepaid expenses	1,167	1,167	-
TOTAL	**350,027**	**348,096**	**1,931**

4.1.2. Payables

(in thousands of euros)	Gross amount	Within 1 year	1 to 5 years	More than 5 years
Bank debt				
■ 2 years maximum at origin	893	893	-	-
■ More than 2 years at origin	78,171	29,171	49,000	-
Other financial debt	21,110	2,556	18,544	10
Trade payables	49,773	49,773	-	-
Staff costs and related payables	62,460	54,206	8,254	-
Social security	64,925	64,925	-	-
State and public bodies				
■ Corporate income tax	-	-	-	-
■ VAT	59,738	59,738	-	-
■ Other tax	1,814	1,814	-	-
Liabilities in respect of fixed assets	620	620	-	-
Group and associates	65,379	65,379	-	-
Other liabilities	14,746	14,746	-	-
Deferred income	53,464	53,464	-	-
TOTAL	473,093	397,285	**75,798**	**10**

4.2. Information concerning related parties

(in thousands of euros)	Related parties
ASSETS	
Advances and payments on account for fixed assets	-
Equity investments	364,977
Receivables related to equity investments	68,422
Loans	-
Trade receivables	5,417
Other receivables	7,402
Translation differential - Asset	2
LIABILITIES	
Convertible bonds	-
Other bonds	-
Bank debt	-
Other financial debt	-
Liabilities in respect of fixed assets	-
Trade payables	8,472
Other liabilities	65,379
Translation differential - Liability	1
INCOME STATEMENT	
Income from equity investments	4,497
Other financial income	2,441
Financial expense	2,101

4.3. Information on finance leases

4.3.1. Finance leases

	Original	Depreciation		Net
(in thousands of euros)	value	for the period	accumulated	value
IT equipment	25,637	4,373	17,635	8,002

4.3.2. Finance lease commitments

	Actual lease payments		Lease payments remaining			Residual
(in thousands of euros)	for the period	accumulated	Less than 1 year	1 to 5 years	Total payable	purchase price
IT equipment	4,667	15,292	3,950	4,077	8,027	170

4.4. Off balance sheet commitments

4.4.1. Off balance sheet commitments

(in thousands of euros)

Discounted notes not yet due	Nil
Bank guarantees in lieu of guarantee deposits for leased premises	2,950
Bank guarantees for effective project completion	353
Bank guarantees for the purpose of guaranteeing payment of supplier invoices	116
Post-employment obligations not provisioned (actuarial gains and losses)	9,128
Lease guarantees granted to subsidiaries	2,021
Collateral, mortgages and sureties	Nil
Interest rate hedging instruments	See §2.5.1
Exchange rate hedging instruments	See §2.2.1

4.4.2. Individual training rights (DIF)

In 2010, 135,852 hours were acquired and 68,905 DIF hours were consumed.

At 31 December 2010, the cumulative balance of training that was not consumed amounted to 336,956 hours.

4.5. Accrued income and expenses

(in thousands of euros)

ACCRUED INCOME	
Trade accounts payable - Credit notes to be received	271
Trade accounts receivable	72,552
Tax and social charge receivables	738
Other receivables	1
Cash and cash equivalents	25
TOTAL	**73,587**
ACCRUED EXPENSES	
Accrued interest on financial debt	380
Trade accounts payable	19,819
Trade accounts receivable - Credit notes to be issued	11,021
Tax and social charge payables	75,143
Other liabilities	3
TOTAL	**106,366**

4.6. Workforce

The average workforce for 2010 comprised 7,843 employees, including 7,737 executive-level staff. The workforce at 31 December 2010 comprised 7,996 employees.

4.7. 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.

4.8. Events subsequent to the financial year closing

In January 2011, Sopra Group's Board of Directors unanimously approved the principle of listing Axway on the stock market. This proposal aims to provide Sopra Group and Axway with the resources to develop their respective businesses entirely independently and in the best interests of their clients, employees and shareholders.

Subject to receiving approval from the market supervisory authority and shareholders, the listing operation would combine a distribution by Sopra Group of a dividend payable partly in Axway shares and partly in cash, followed shortly afterwards by a capital increase of Axway.

Sopra Group's subscription to the capital increase would be carried out in such a way that the company would have an ownership stake of approximately 25% to 30% in the share capital of Axway upon completion of these operations.

4.9. List of subsidiaries and associated entities

Company *(in thousands of euros)*	Share capital	Other share-holders' equity	% of capital held	Book value of securities (in euros) Gross	Book value of securities (in euros) Net	Loans and advances granted by the company and not yet repaid	Surety and guarantees granted by the company	Latest financial year revenue excl. VAT	Latest fiscal year profit or loss	Dividends received by the Company during the financial year
Axway Software	75,620	32,587	100.0%	75,620	75,620	68,422	-	114,245	8,422	-
Axway Holding	37	-4	100.0%	37	37	5	-	-	-2	-
Sopra Consulting	51,087	-995	100.0%	85,062	50,000	-	-	37,977	-17,844	730
Sopra Group Ltd (United Kingdom)	58,899	-8,646	100.0%	83,955	67,560	-	-	60,249	-342	-
Sopra Belux (Belgium)	2,638	-1,471	100.0%	3,052	3,052	472	-	10,263	-87	-
Business Architects International NV (Belgium)	11,426	3,372	100.0%	37,667	37,667	-	-	6,351	682	300
Sopra Luxembourg	100	233	100.0%	100	100	-	-	1,203	164	40
Valoris Luxembourg	894	-2,350	100.0%	1,154	-	1,397	-	-	-6	-
Sopra Group Gmbh (Germany)	1,200	-1,278	100.0%	5,485	-	765	-	2,209	83	-
Sopra Informatique (Switzerland)	80	9,426	100.0%	58	58	-	-	9,654	1,680	3,306
Sopra Group SpA (Italy)	3,660	-506	100.0%	12,502	12,502	4,780	-	31,849	-328	-
Sopra Group Informatica SAU (Spain)	24,000	26,648	100.0%	113,487	109,487	-	-	65,956	1,905	-
Valoris Iberia (Spain)	70	-107	100.0%	18,760	-	45	-	-	-37	-
CS Sopra España (Spain)	3,260	298	100.0%	3,260	3,260	-	-	12,012	261	-
SOPRAntic (Morocco)	268	6	100.0%	267	267	1,455	-	3,013	138	-
Sopra India (India)	3,397	5,176	100.0%	5,366	5,366	-	-	14,883	568	122

Statutory Auditors' report on the individual financial statements

To the Shareholders,

In accordance with our appointment as Statutory Auditors by your General Meetings, we hereby report to you for the year ended 31 December 2010 on:

- the audit of the accompanying individual financial statements of Sopra Group SA;
- the justification of our assessments;
- specific procedures and disclosures required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion of the financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves the verification, on a test basis or through the use of any other selection methods, of the evidence supporting the amounts and disclosures included in the individual financial statements. An audit also includes an assessment of the accounting policies used and significant estimates made by the management, as well as an evaluation of the overall presentation of the financial statements. We believe that the evidence we have been able to gather provides a sufficient and appropriate basis to express our audit opinion.

In our opinion, the financial statements give a true and fair view of the financial position and the assets and liabilities of the company at 31 December 2010 and of the results of operations for the year then ended, in accordance with French accounting regulations.

II. Justification of assessments

In accordance with Article L. 823-9 of the French Commercial Code governing the justification of our assessments, we hereby report on the following matter:

The assets of Sopra Group SA include equity investments, for which the accounting policies are described in Note 1.3.5. Our work involved assessing the criteria used to estimate the book value of these securities. In the context of our assessments, we verified the rationale for the approach adopted as well as the consistency of all of the hypotheses used and the resulting valuations.

The assessments made in this way form part of our audit approach with respect to the individual financial statements, taken together, and therefore contributed to the formation of our opinion, as expressed in the first section of this report.

III. Specific procedures and disclosures

We also performed the other procedures required by law in accordance with professional standards applicable in France.

We have no matters to report as to the fair presentation and consistency with the financial statements of the information provided in the management report of the Board of Directors and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information provided in accordance with the provisions of Article L. 225-102-1 of the French Commercial Code on compensation and benefits in kind paid to company officers as well as commitments granted in their favour, we have verified its consistency with the financial statements or with the data used to prepare these financial statements, and, as applicable, with the information collected by your company from companies controlling or controlled by it. On the basis of this work, we certify the accuracy and truthfulness of this information.

Pursuant to the law, we have verified that the management report contains the applicable disclosures as to the owners of shares and voting rights.

Courbevoie and Paris, 29 March 2011

The Statutory Auditors

Mazars	**Auditeurs & Conseils Associés**
represented by	represented by
Christine Dubus	François Mahé

Special report of the Statutory Auditors on regulated agreements and commitments

General Meeting convened to approve the financial statements for the year ended 31 December 2010

To the Shareholders,

As the Statutory Auditors of your Company, we present our report on regulated agreements and commitments.

It is our responsibility to present to you, on the basis of the information given to us, the main features and conditions of the agreements and commitments about which we have been informed or that we might have discovered in the context of our assignment, without having to express an opinion on their usefulness or appropriateness or determine whether or not any other such agreements or commitments exist.

In accordance with the terms of Article R. 225-31 of the French Commercial Code, it is your responsibility to assess the interest of entering into such agreements and commitments when they are submitted for your approval.

In addition, it is our responsibility, where applicable, to present to you the disclosures required by Article R. 225-31 of the French Commercial Code relating to the execution, during the year under review, of the agreements and commitments already approved by the General Meeting.

We have carried out the verifications we deemed necessary in accordance with the professional standards and doctrine of the National Auditors' Association (Compagnie Nationale des Commissaires aux Comptes – CNCC) relating to this assignment. The verifications consisted in checking that the information given to us was consistent with the basic documents from which it derives.

1. Agreements and commitments subject to the approval of the General Meeting

1.1. Agreements and commitments authorised during the year under review

Pursuant to Article L. 225-40 of the French Commercial Code, we were informed of the following agreement, which has been granted prior authorisation by your Board of Directors.

Transaction with Dominique Illien accompanied by an addendum to his employment contract

Person concerned: Dominique Illien

Your Board of Directors has authorised Sopra Group to conclude a transaction with Dominique Illien and enter into an addendum to his employment contract, in connection with the termination of his functions as Managing Director, which call for:

- the resignation by Dominique Illien from his functions resulting in the termination of his employment contract, with a notice period expiring on 31 December 2010, and the receipt during this period of total compensation of €230,760, identical to that stipulated under his original employment contract;
- the payment to Dominique Illien of a separation benefit equivalent to 16 times the gross amount of the most recent monthly fixed salary received by him as Managing Director, thus a total gross amount of €652,308; and
- the exemption from the attendance conditions normally required in order for Dominique Illien to exercise at the proper date the 60,000 options to subscribe to Sopra Group shares allocated to him in 2008, 2009 and 2010, in equal proportions.

Your Board of Directors also noted that the performance criteria for the first half of 2010 had been satisfied.

Guarantee provided to Pascal Leroy in the event of his departure on the initiative of Sopra Group

Person concerned: Pascal Leroy

Your Board of Directors has authorised the granting of a guarantee to Pascal Leroy, in the event of his departure on the initiative of Sopra Group, whereby his appointment as Managing Director and his employment contract would be terminated at the same time, except in cases of serious or gross misconduct and subject to the satisfaction of performance conditions as determined by the Board of Directors.

This guarantee provides for:

- the payment of a separation benefit equivalent to the total gross compensation, comprised of both fixed and variable components, received during the twelve months preceding the notification of termination; and
- the exemption from the attendance conditions normally required in order to exercise at the proper date half of the options to subscribe to Sopra Group shares acquired at the end of the term in office.

1.2. Agreements and commitments for which the prior authorisation procedure was not applied

Pursuant to Articles L. 225-42 and L. 823-12 of the French Commercial Code, we call to your attention the fact that the prior authorisation procedure was not applied by your Board of Directors for the agreement described below.

It is our responsibility to provide you with an explanation as to why the prior authorisation procedure was not applied.

Agreement for the recharging of expenses and fees incurred in connection with the proposed spin-off of Axway Software

Persons concerned: François Odin, Pierre Pasquier and Sopra Group SA, represented by Christophe Bastelica.

Sopra Group recharged its subsidiary Axway Software a portion of the expenses and fees incurred in connection with the proposed spin-off of this company.

The income resulting from these recharged expenses and fees recognised by your Company amounts to €3,209,548.

The prior authorisation procedure was not applied for this agreement since these recharged expenses and fees were initially considered as falling under the agreement for assistance. However, the principle behind this agreement was presented to, and validated by, the Board of Directors during its meeting of 18 February 2011.

2. Agreements and commitments already approved by the General Meeting

2.1. Agreements and commitments approved during previous years

2.1.1. Agreements and commitments approved during previous years, which continued to be executed in the year under review

In application of Article R. 225-3 of the French Commercial Code, we were informed that the execution of the following agreements and commitments, already approved by the General Meeting in prior years, continued in the year under review.

Agreements between your Company and Axway Software

Agreement	Impact on Sopra Group's 2010 financial statements
Provision of premises	€3,363,420 revenue
Expense recharge Sopra Group charges Axway Software the proportion of various expenses relating to the shared premises (telecoms, etc.)	€83,477 revenue
Provision of IT resources	€2,228,385 revenue
Assistance provided by functional divisions	€419,800 revenue
Tax consolidation The tax charge is apportioned as if no tax consolidation agreement applied	€25,179 expense

Agreements between your Company and Sopra Consulting

Agreement	Impact on Sopra Group's 2010 financial statements
Provision of premises	€2,023,020 revenue
Expense recharge Sopra Group charges Sopra Consulting the proportion of various expenses relating to the shared premises (telecoms, etc.)	€39,216 revenue
Provision of IT resources	€234,284 revenue
Assistance and head office expense agreement (functional divisions)	€940,671 revenue
Commercial support Payment of management fees for commercial support by Sopra Group, 2% of Sopra Consulting's revenue	€809,342 revenue
Tax consolidation The tax charge is apportioned as if no tax consolidation agreement applied	€4,442 revenue

Cash management agreements

Company concerned	Balance of current account held with Sopra Group at 31 December 2010	Expense (-) Income (+)
Axway Software	€68,421,622 debit	€1,502,919
Sopra Consulting	-€15,217,366 credit	-€73,012
Sopra Group Ltd	-€6,970,261 credit	-€28,981
Sopra Belux	€472,000 debit	€4,502
Sopra Group GmbH	€764,500 debit	€19,113
Sopra Group Spa	€4,779,562 debit	€276,337
SOPRAntic	€1,454,508 debit	€50,584
Sopra Informatique	-€7,589,416 credit	-€205,322
Sopra Group Informatica	-€22,301,711 credit	-€96,500
Sopra Luxembourg	-€231,753 credit	-€700
BAI	-€13,068,917 credit	-€57,609

2.1.2. Agreements and commitments approved in prior years which were not executed in the year under review

Furthermore, we were informed that the following agreements and commitments, already approved by the General Meeting in prior years, remain in effect but did not give rise to execution during the year under review.

Agreement between your Company and Axway Software

Agreement	Impact on the 2010 financial statements
Commercial support	
Payment of management fees for commercial support by Sopra Group	0

Courbevoie and Paris, 29 March 2011

The Statutory Auditors

Auditeurs & Conseils Associés
represented by
François Mahé

Mazars
represented by
Christine Dubus

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COMBINED GENERAL MEETING OF 10 MAY 2011

Agenda

Ladies and Gentlemen,

We have convened this Combined General Meeting to submit the following items of business for your approval:

Requiring the approval of the Ordinary General Meeting

- Approval of Sopra Group's consolidated financial statements for the financial year ended 31 December 2010;
- approval of the Sopra Group SA individual financial statements for the financial year ended 31 December 2010 and the granting of final discharge to members of the Board of Directors;
- appropriation of earnings;
- approval of agreements governed by Article L. 225-38 of the French Commercial Code;
- approval of commitments under Article L. 225-42-1 of the French Commercial Code entered into on behalf of Dominique Illien;
- approval of commitments under Article L. 225-42-1 of the French Commercial Code entered into on behalf of Pascal Leroy;
- setting of directors' fees;
- authorisation given to the Board of Directors to allow Sopra Group to acquire its own shares under Article L. 225-209 of the French Commercial Code.

Requiring the approval of the Extraordinary General Meeting

- Reduction in share capital not due to losses by way of a decrease in the par value of shares with the corresponding amount recognised under issue premiums;
- authorisation granted to the Board of Directors to allocate options to subscribe to or to purchase shares to employees and officers of the company or of any of its affiliated undertakings;
- authorisation granted to the Board of Directors to issue warrants to subscribe to and/or acquire redeemable shares (BSAAR), in the absence of the preferential right of existing shareholders to subscribe to these warrants or to the shares issued via the exercise of BSAAR;
- authorisation granted to proceed with a dividend distribution in shares; corresponding amendment to the Articles of Association.

Requiring the approval of the Combined General Meeting

- Necessary powers granted to carry out formalities.

We hereby inform you that the resolutions submitted for the approval of the Extraordinary General Meeting require a quorum representing at least one-quarter of the total voting shares and a majority of two-thirds of the votes of the shareholders present or represented by proxy holders. Those submitted for the approval of the Ordinary General Meeting require a quorum representing at least one-fifth of the total voting shares and a simple majority of the votes of the shareholders present or represented by proxy-holders.

Proposed resolutions

Resolutions presented for the approval of the Ordinary General Meeting

First resolution

Approval of the consolidated financial statements

The General Meeting, having heard the report of the statutory auditors, approves the consolidated financial statements for the year ended 31 December 2010, which show a consolidated net profit (Group share) of €74,768,463 as well as the transactions reflected in these financial statements or summarised in the management report.

Second resolution

Approval of the individual company financial statements – discharge to members of the Board of Directors

The General Meeting, having heard the Management Report of the Board of Directors, the Report of the Chairman of the Board of Directors (Article L. 225-37 of the French Commercial Code) and the Reports of the Statutory Auditors, approves the individual financial statements for the year ended 31 December 2010, showing a profit of €42,557,663.74. It also approves the transactions reflected in those accounts and summarised in those reports.

It consequently gives the members of the Board of Directors full and unconditional discharge from their duties for the aforementioned financial year.

The General Meeting also approves the non tax deductible expenses, covered by Article 39-4 of the French Tax Code, incurred during the year amounting to €155,011 and the corresponding tax charge of €53,370.

Third resolution

Appropriation of earnings

The General Meeting notes that Sopra Group's profit available for distribution, determined as follows, is €42,557,656,14:

Profit for the year	€42,557,633,74
Retained earnings: dividends not paid on treasury shares	€22.40
TOTAL	**€42,557,656,14**

In consideration of the consolidated net profit amounting to €74,768,463, we propose that you appropriate the profit available for distribution in the following manner:

Legal reserve	€40,560.80
Dividend	€9,483,156.00
Discretionary reserves	€33,033,939.34
TOTAL	**€42,557,656.14**

Thus increasing the legal reserve to €4,741,578.00, 10% of the Company's share capital.

As the number of shares comprising the share capital at 31 December 2010 was 11,853,945, the dividend allocated per share would be €0.80. The dividend would be paid as of 25 May 2011.

For individual shareholders resident in France for tax purposes, it should be noted that the entirety of the proposed dividend is eligible for the 40% tax deduction in application of Article 158-3-2° of the French Tax Code, with the exception of any options exercised no later than the date on which the dividend becomes payable, for the withholding tax of 19% provided for under Article 117 *quater* of the French Tax Code, and is subject to social levies and additional contributions at the rate of 12.30% deducted at source by the Company.

The following amounts were distributed as dividends in respect of the previous three financial years:

	2007	2008	2009
Total dividend	€19,258,026.15	€19,313,235.15	€9,402,034.40
Number of dividend bearing shares	11,671,531	11,704,991	11,752,543
Dividend paid	€1.65	€1.65	€0.80

Fourth resolution

Approval of agreements governed by Article L. 225-38 of the French Commercial Code

The General Meeting, having heard the special report of the statutory auditors on agreements pursuant to Article L. 225-38 et seq. of the French Commercial Code, hereby approves the conclusions of said report and the agreements described therein.

Fifth resolution

Approval of commitments under Article L. 225-42-1 of the French Commercial Code entered into on behalf of Dominique Illien

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having heard the Statutory Auditors' special report on agreements governed by Article L. 225-42-1 of the French Commercial Code, approves the conclusions of said report as well as the agreements and commitments entered into on behalf of Dominique Illien mentioned therein.

Sixth resolution

Approval of commitments under Article L. 225-42-1 of the French Commercial Code entered into on behalf of Pascal Leroy

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having heard the Statutory Auditors' special report on agreements governed by Article L. 225-42-1 of the French Commercial Code, approves the conclusions of said report as well as the agreements and commitments entered into on behalf of Pascal Leroy mentioned therein.

Seventh resolution

Setting of Directors' fees

The General Meeting sets at €150,000 the amount of directors' fees to be allocated between the members of the Board of Directors for the financial year in progress.

Eighth resolution

Authorisation to be given to the Board of Directors to allow Sopra Group to acquire its own shares

The General Meeting, pursuant to the provisions of Articles L. 225-209 et seq. of the French Commercial Code, and Title IV of Book II of the general regulations of the *Autorité des Marchés Financiers* in addition to its application guidelines, hereby authorises the Board of Directors with immediate effect, with the option to sub-delegate this authorisation for a period of 18 months, to buy back shares in the Company, in one or several stages, in accordance with Articles L. 225-209 et seq. of the French Commercial Code, up to limit of 5% of the shares making up the Company's share capital, thus 592,697 shares on the basis of the current share capital.

This authorisation is given for a period of eighteen months as from this date.

The General Meeting hereby decides that shares may be bought back for the following purposes:

- in order to obtain market-making services to be rendered by an investment services provider acting in complete independence under the terms of a liquidity contract concluded in compliance with the Code of Ethics of the AFEI (French association of investment firms) recognised by the AMF;
- to cover share purchase option plans under the conditions and in accordance with the procedures stipulated by law;
- to hold the shares bought back in order to exchange them or present them as consideration at a later date for external growth operations;
- to cede the shares in the Company, upon the exercise of the rights attached to securities giving access to the Company's share capital through redemption, conversion, exchange, presentation of warrants or any other means;
- to implement any market practice that would come to be accepted by the AMF, and in general, to perform any operation that complies with regulations in force.

The maximum price at which shares may be bought back is set to €100 which, given the current number of shares making up 5% of the Company's share capital, results in a maximum total price of €59,269,700.

Shares may be bought back by any means, such as on the stock market or over the counter, including block purchases or through the use of derivatives, at any time, even when a public tender offer is under way, subject to compliance with regulations in force.

The General Meeting grants full power to the Board of Directors, including the option to sub-delegate this power, in order to implement this authorisation, to determine the conditions and procedures for this implementation, to make the necessary adjustments, to conclude any and all agreements, to carry out all formalities and file all declarations with the AMF, and generally to take any and all other actions required.

Resolutions presented for approval of the Extraordinary General Meeting

Ninth resolution

Reduction in share capital not due to losses by way of a decrease in the par value of shares with the corresponding amount recognised under issue premiums

The Extraordinary General Meeting decides, in accordance with Article L. 225-204 of the French Commercial Code, having heard the report of the Board of Directors and the Statutory Auditors' special report, to approve a share capital reduction in the form of a decrease in the par value of shares by three euros (€3), thereby bringing this par value from four euros (€4) down to one euro (€1), thus corresponding, on the basis of a capital comprised of 11,856,945 shares and amounting to 47,427,780 euros, to a share capital reduction in the amount of thirty-five million five hundred and seventy thousand eight hundred and thirty-five euros (€35,570,835) in order to bring it to the amount of eleven million eight hundred and fifty-six thousand nine hundred and forty-five euros (€11,856,945), by way of an allocation to the issue premiums account.

The precise amount of the capital reduction will be determined on the basis of the exact number of shares comprising Sopra Group's capital on the date of the capital reduction.

The total amount of the capital reduction will be allocated to the issue premiums account and may thereafter be distributed in any form whatsoever.

In accordance with Article L. 225-205 of the French Commercial Code, Sopra Group may only implement a capital reduction (i) after a period of 20 days following the filing of this resolution with the Registry of the Annecy Commercial Court, provided that no creditor lodges any objection, or (ii) once the court of first instance has ruled on any objections and has set aside said objections, or (iii) if such objections were sustained by the court of first instance, after the repayment of debts or the pledge of collateral as decided by the court.

In light of the foregoing provisions, the General Meeting grants all powers to the Board of Directors, including the option to sub-delegate such powers, in order to carry out the reduction in share capital and in particular to:

- take note of the definitive characteristics of the capital reduction, its precise amount and the new amount of the share capital as well as the resulting par value of shares;
- amend Sopra Group's Articles of Association accordingly;
- establish any and all records, make any and all disclosures, enter into any and all confirmatory or supplementary instruments and proceed with any other formalities;
- should any opposition be lodged, proceed with any actions that may be required in this regard;
- more generally, carry out any other useful or necessary measures to further the implementation of the share capital reduction.

Tenth resolution

Authorisation granted to the Board of Directors to award options to subscribe to or to purchase shares to employees and officers of the company or of any of its affiliated undertakings

The General Meeting, having heard the report presented by the Board of Directors as well as the Statutory Auditors' special report, hereby authorises the Board of Directors, in accordance with Articles L. 225-177 to L. 225-186 of the Commercial Code, to grant, on one or several occasions, options conferring entitlement either to subscribe to new shares in the company, to be issued in connection with a capital increase, or to purchase existing shares bought back by the company under the conditions provided by the law, to employees and officers of Sopra Group and any affiliated companies or groups of companies under the conditions set forth in Article L. 225-180 of the Commercial Code, for a period of thirty-eight months as from the date of this meeting, with the understanding that the total amount of options granted in application of this authorisation may not confer entitlement to a number of shares representing more than 3% of the company's share capital on the date when the decision to allocate options is taken by the Board of Directors (thus, by way of example, a total of 355,618 shares at the date of this Meeting).

The Board of Directors will determine all of the conditions under which the options are to be granted, including the positions and number of years of service of the beneficiaries and the number of shares to which beneficiaries of the options will be entitled to subscribe. These conditions may involve a compulsory holding period for all or a portion of the securities, with the understanding that the duration of any compulsory holding period for securities may not exceed three years as from the option exercise date.

Notwithstanding any adjustments that will need to be made in the event of future transactions regulated by law, the subscription price will be set to the average price for the company's share over the twenty previous trading days. With respect to the option to purchase shares, the price may not be lower than 80% of the average purchase price of shares held by the company as provided under Articles L. 225-208 and L. 225-180 of the French Commercial Code.

The options must be exercised within a maximum period of 8 years following their date of issue.

This authorisation comprises an express waiver by shareholders, in favour of the beneficiaries of options, of their preferential right to subscribe to the shares that will be issued as the options are exercised.

The capital increase resulting from the options exercised to subscribe to new shares will be definitively performed exclusively by the subscription to these new shares accompanied by declarations that options have been exercised and that related payments have been received, which may be made in cash or by offsetting a liquid and due claim on the company. The Board of Directors will carry out any formality required for the listing of the securities thus issued and will make the necessary amendments to the Articles of Association.

Eleventh resolution

Authorisation granted to the Board of Directors to issue warrants to subscribe to and/or acquire redeemable shares (BSAAR), excluding the preferential right of existing shareholders to subscribe to these warrants or to the shares issued via the exercise of BSAAR

Pursuant to the provisions of Articles L. 228-91 et seq., L. 225-129 et seq. and L. 225-138 of the French Commercial Code, the General Meeting, having examined the report presented by the Board of Directors as well as the Statutory Auditors' special report, hereby:

- delegates to the Board of Directors, with the option to subdelegate this power, the authority to decide upon the issue, in one or several stages, of warrants to subscribe to and/or acquire redeemable shares (BSAAR);
- decides that under the terms of this authorisation, the Board of Directors may allot a maximum of 3% of the company's share capital as of the date of the Board of Directors' decision, and that the amount of the capital increase resulting from the issue of shares in connection with the subscription will be deducted from the ceiling imposed under the tenth resolution presented for the approval of this General Meeting;
- decides, pursuant to the provisions of Article L. 225-138 of the French Commercial Code, to exclude the preferential right of existing shareholders to subscribe to BSAAR, reserving this right for employees and officers of the company and its affiliated undertakings based in France and abroad, and that the Board of Directors will determine the list of individuals authorised to subscribe to BSAAR (the "Beneficiaries") as well as the maximum number of BSAAR that may be subscribed by each beneficiary;
- decides that the Board of Directors will:
  - determine all of the characteristics of the BSAAR, in particular their subscription price, which will be calculated, in consultation with an independent expert, on the basis of criteria having an impact on this value, primarily exercise price, holding period, exercise period, trigger threshold and redemption period, interest rate, dividend distribution policy, price and volatility of the company's share, as well as the issue procedures and the terms and conditions of the issue agreement,
  - determine the subscription or acquisition price of shares obtained through the exercise of BSAAR, with the understanding that each BSAAR will confer the entitlement to subscribe to (or acquire) one share in the company at a price at least equal to 120% of the average closing price for the company's share over the twenty trading days preceding the date on which all of the terms and conditions for the BSAAR and the procedures for their issue are decided;
- takes note that, as required by the last paragraph of Article L. 225-132 of the French Commercial Code, the decision to issue BSAAR will entail the automatic waiver by shareholders – in favour of the beneficiaries of these warrants – of their preferential right to subscribe to shares to be issued via the exercise of BSAAR;

- grants full power to the Board of Directors, with the option to subdelegate this power as provided by the law and regulations, to take all measures, conclude all agreements and carry out all formalities required for the issue of these BSAAR, recognise the resulting capital increases, make the corresponding amendments to the Articles of Association, and amend, if deemed necessary (subject to the approval of the BSAAR beneficiaries), the issue agreement for the BSAAR;
- in accordance with Article L. 225-138 of the French Commercial Code, the Board of Directors will prepare and submit a supplementary report to the next General Meeting relating the conditions under which this delegation will have been used.

This delegation of authority is granted for an eighteen-month period as from the date of this Meeting.

Twelfth resolution

Insertion of a new Article 39 in the Articles of Association — Distribution in kind

The General Meeting, having fulfilled the quorum and majority requirements for Extraordinary General Meetings, and having heard the Report of the Board of Directors decides to modify the Articles of Association by inserting a new Article 39, entitled “Distribution in kind”, as follows:

“The Ordinary General Meeting may authorise the distribution of investment securities held by the company as dividends for the current financial year (including any interim dividend) or the distribution of reserves, premiums or any other items available comprising shareholders’ equity).

The terms and conditions for this distribution will be determined by the General Meeting, or if the Meeting fails to do so, by the Board of Directors.

In accordance with Article 12.3 of the Articles of Association, the shareholders, where applicable, must take it upon themselves to obtain a whole number of investment securities thus allocated.”

The previous Articles 39 to 42 of the Articles of Association will thus be renumbered Articles 40 to 43.

Resolution presented for the approval of the Combined General Meeting

Thirteenth resolution

Powers to perform formalities

The General Meeting gives full authority to the bearer of an original or copy of these minutes to carry out all legally required formalities.

We hope that you accept these proposals and that you vote in favour of the corresponding resolutions.

The Board of Directors

8 ADMINISTRATIVE AND LEGAL INFORMATION

1. Sopra Group at a glance

Company name: Sopra Group

Registered office: PAE Les Glaisins, FR 74940 Annecy-le-Vieux

Head office: 9 bis, rue de Presbourg, FR 75116 Paris

Legal status: French *Société anonyme*.

Date of incorporation: 5 January 1968, with a term of 50 years as from 25 January 1968. The Company's term will therefore expire on 25 January 2018 unless it is dissolved before that date or the term is extended.

Corporate purpose: "The Company's purpose shall be:

To engage, in France and elsewhere, in consulting, expertise, research and training with regard to corporate organisation and information processing, in computer analysis and programming and in the performance of customised work.

The design and creation of automation and management systems, including the purchase and assembly of components and equipment, and appropriate software.

The creation or acquisition of and the operation of other businesses or establishments of a similar type.

And. generally, all commercial or financial transactions, movable or immovable, directly or indirectly related to said corporate purpose or in partnership or in association with other companies or persons." (Article 2 of the Articles of Association).

Registration No.: 326 820 065 RCS Annecy.

Place where legal documents may be consulted: Registered office.

Financial year: From 1 January to 31 December of each year.

Statutory allocation of profits:

"In respect of profits for the year minus any prior year losses, at least five per cent is allocated to the legal reserve. Said allocation shall no longer be mandatory when this reserve represents one-tenth of the capital.

Profit available for distribution comprises the profit for the year less any losses carried forward and amounts allocated to reserves, pursuant to the law and the Articles of Association, plus retained earnings.

The General Meeting may deduct from this profit all amounts that it deems appropriate for allocation to all optional, ordinary or extraordinary reserves, or to retained earnings.

The balance, if any, is apportioned by the General Meeting between all shareholders in proportion to the number of shares that they own." (Extract of Article 36 of the Articles of Association).

2. Board of Directors

Article 14 - Board of Directors

The Company is administered by a Board of Directors comprising a minimum of three members and a maximum of eighteen, subject to the exception provided for by law in the event of a merger.

During the life of the Company, the directors are appointed, reappointed or dismissed by the Ordinary General Meeting. They are always eligible for re-election.

The term of office of directors is six years, expiring at the end of the Ordinary General Meeting convened to approve the accounts for the financial year then ended and held in the year in which their term of office comes to an end.

No-one can be appointed a director if, having exceeded the age of seventy-five years, his/her appointment results in more than one third of Board members exceeding this age. Once the age limit is reached, the oldest director is deemed to have resigned from office.

Directors may be natural persons or legal persons. When a legal person is nominated, he appoints a permanent representative who is subject to the same conditions, obligations and liabilities as a natural person director, without prejudice to the joint and several liability of the legal entity he represents.

In the event of one or more directors' positions becoming vacant, the Board of Directors may, between two General Meetings, carry out temporary appointments in accordance with the conditions set forth in Article L. 225-24 of the French Commercial Code. The director appointed to replace another performs his duties for the remainder of his predecessor's term of office.

An employee of the Company may only be appointed as a director if his employment contract corresponds to an actual post. The number of directors tied to the Company by an employment contract cannot exceed one third of the directors in office.

Each director must own one share.

Article 15 - Organisation of the Board of Directors

The Board of Directors elects from among its members a Chairman, who must be a natural person in order for the appointment to be valid. The Board determines his remuneration.

The Chairman is appointed for a duration that cannot exceed his term of office as a director. He is eligible for re-election. The Board of Directors can dismiss him at any time.

No-one over the age of eighty can be appointed Chairman. If the Chairman in office has reached this age, he is deemed to have resigned from office.

The Board of Directors may appoint one or two Vice-Chairmen from among the directors.

It can also appoint a secretary who need not be a director or shareholder.

In the event of the Chairman's absence, Board Meetings are chaired by the eldest Vice-Chairman. Failing this, the Meeting shall elect its own Chairman.

Article 16 - Deliberations of the Board of Directors

The Board of Directors meets as often as the Company's interests require it to do so, at the request of its Chairman. The Chief Executive Officer, or if the Board has not met for more than two months, at least one third of the directors, may request the Chairman, who is bound by such request, to convene a Meeting of the Board of Directors on the basis of a predetermined agenda.

Convening notices are issued by any and all means including verbally.

General Meetings shall take place at the registered office or in any other place specified in the convening notice.

The Board can only validly deliberate in the presence of at least half the directors. Decisions are taken on the basis of a majority of votes of members present or represented.

In the event of a tie in voting, the Chairman has the casting vote.

An attendance sheet is signed by the directors taking part in the Board Meeting, either in person or by proxy. Policies and procedures shall be defined.

The policies and procedures may include a provision whereby directors who participate in the Meeting by videoconference or any other means of telecommunication that enables them to be identified as required by law, shall be considered to be present for the purpose of calculating the quorum and majority.

This provision does not apply should the following decision be adopted:

- the closing of the annual accounts and consolidated accounts and the drafting of the Management Report and Group Management Report.

The deliberations of the Board of Directors are recorded in the minutes, which are prepared in accordance with the legal provisions in force and signed by the Meeting Chairman and at least one director. In the absence of the Meeting Chairman, it is signed by at least two directors.

The copies or extracts of the minutes are certified by the Chairman of the Board of Directors, the Chief Executive Officer, the director temporarily carrying out the duties of Chairman or an officer authorised for this purpose.

Article 17 - Powers of the Board of Directors

The Board of Directors determines the overall business strategy of the Company and supervises its implementation. It examines any and all matters related to the efficiency and effectiveness of business operations and reaches decisions about any and all issues concerning the Company, within the limits of the corporate purpose and except for those matters which, by law, can only be decided on by the shareholders in a General Meeting.

In its dealings with third parties, the Company is committed even by actions of the Board of Directors falling outside the scope of the corporate purpose, unless it can prove that the third party knew that the action exceeded the corporate purpose or that it could not ignore it in the circumstances, it being excluded that publication of the Memorandum and Articles of Association alone constitutes such proof.

The Board of Directors undertakes all the checks and verifications it deems necessary. Each director is entitled to receive all the documents and information necessary to carry out his duties.

The Board of Directors may confer on any and all proxy-holders of its choice, any and all delegations of powers within the limits of those defined by the law and the present Memorandum and Articles of Association.

It can decide to set up committees to examine questions submitted to them by it or its Chairman.

Article 18 - Powers of the Chairman of the Board of Directors

The Chairman of the Board of Directors organises and directs the work of the Board of Directors, on which he reports to the General Meeting. He ensures the smooth running of the Company's managerial bodies and, in particular, that the directors are able to carry out their duties.

Article 19 - Execution management

1. Operating procedures

Responsibility for the Company's executive management is assumed by either the Chairman of the Board of Directors or by another natural person appointed by the Board of Directors and holding the title of Chief Executive Officer.

The Board of Directors chooses one or other of the aforementioned methods of executive management.

The decision of the Board of Directors relating to the choice of management method is taken on the basis of a majority of directors present or represented. The shareholders and third parties are informed of this choice in the conditions provided for by the regulations in force.

The choice made by the Board of Directors applies for an unlimited period.

2. Executive management

The Chief Executive Officer is a natural person who may or may not be a director.

The term of office of the Chief Executive Officer is determined by the Board of Directors at the time of his appointment. However, if the Chief Executive Officer is also a director, his term of office cannot exceed that of his directorship.

No-one over the age of seventy-seven years may be appointed as Chief Executive Officer. Once the Chief Executive Officer has reached the age limit, he or she is deemed to have resigned from office.

The Chief Executive Officer can be dismissed at any time by the Board of Directors. In the event of unfair dismissal, he may be entitled to damages, except when he also performs the function of Chairman of the Board of Directors.

The Chief Executive Officer is vested with the broadest powers to act in all circumstances on behalf of the Company. He exercises his powers within the limits of the corporate purpose and subject to those expressly granted to Shareholders' Meetings and the Board of Directors by the law.

He represents the Company in its dealings with third parties. The Company is committed even by the actions of the Chief Executive Officer falling outside the scope of the corporate purpose, unless it can prove that the third party knew that such action exceeded the corporate purpose or that it could not ignore it in the circumstances, it being excluded that publication of the Memorandum and Articles of Association alone constitutes such proof.

3. Managing Directors

On a proposal from the Chief Executive Officer, whether this function is performed by the Chairman of the Board of Directors or by another person, the Board may appoint one or more natural persons to assist the Chief Executive Officer, with the title of Managing Director.

The Board of Directors may or may not choose the Managing Directors from among the directors up to a maximum of five.

The age limit is set at sixty-five years. Once a Managing Director has reached this age limit, he or she is deemed to have resigned from office.

The Managing Directors may be dismissed at any time by the Board of Directors on a proposal from the Chief Executive Officer. In the event of unfair dismissal, the Managing Directors may be entitled to damages.

When the Chief Executive Officer ceases to carry out or is prevented from carrying out his duties, the Managing Directors, unless decided otherwise by the Board of Directors, retain their duties and remits until the appointment of a new Chief Executive Officer.

In agreement with the Chief Executive Officer, the Board of Directors determines the scope and duration of the powers conferred on the Managing Directors. In their dealings with third parties, the Managing Directors have the same powers as the Chief Executive Officer.

Article 20 - Remuneration of senior executives

1. The General Meeting may award directors a fixed annual sum in the form of directors' fees, which are treated as operating expenses; the amount remains unchanged until further notice. The apportionment of the sum between directors is determined by the Board of Directors.
2. The Board of Directors determines the remuneration of the Chairman of the Board of Directors, the Chief Executive Officer and the Managing Directors. Such remuneration may be fixed and/or variable.
3. For assignments or mandates entrusted to directors, the Board of Directors may also award exceptional payments that will be submitted for the approval of the Ordinary General Meeting.

The directors may not receive from the Company remuneration, whether permanent or not, other than that set out in the previous paragraphs, unless they are tied to the Company by an employment contract in conditions authorised by the law.

Article 21 - Concurrently held mandates

A single individual may not serve as a director or supervisory board member of more than five French-based public listed companies (*sociétés anonymes*).

Excluded from the aforementioned provisions are the mandates of director or supervisory board member held by this person in the companies controlled, within the meaning of Article L. 233-16 of the French Commercial Code, by the Company of which he is a director.

In application of the above provisions, the mandates of directors of companies whose shares are not traded on a regulated market or are controlled, within the meaning of Article L. 233-16 of the French Commercial Code, by the same company only count as one mandate, provided the number of such mandates held does not exceed five.

A single individual may not serve as a Chief Executive Officer, Management Board member or sole Chief Executive Officer of more than one French-based public listed companies (*sociétés anonymes*). Exceptionally, a second mandate of Chief Executive Officer or a mandate of Management Board member or sole Chief Executive Officer may be held in a company controlled, within the meaning of Article L. 233-16 of the French Commercial Code, by the Company of which he is Chief Executive Officer. Another mandate of Chief Executive Officer, Management Board member or sole Chief Executive Officer can be held in one company, provided such company's shares are not traded on a regulated market.

Any natural person in breach of the provisions in respect of concurrently held mandates must relinquish one of the mandates within three months of his appointment, or the mandate in question within three months of the event that led to the lapse of one of the conditions defined by law in the case of exceptions. On expiry of the three-month period, the person is automatically dismissed and must return the remunerations received, although the validity of the deliberations in which he took part is not called into question.

3. General Meetings

Note: Extracts of the draft Articles of Association provided below take into account amendments submitted for the approval of the General Meeting of 22 June 2010.

Article 25 - General Meetings

General Meetings are convened and held in the conditions laid down by the law.

The decisions collectively made by the shareholders shall be taken in General Meetings characterised either as Ordinary General Meetings, Extraordinary General Meetings or Special General Meetings depending on the nature of the decision to be taken.

Special General Meetings are called for the holders of shares of a given category to decide upon any changes to the rights attached to shares in this category.

The decisions taken by General Meetings are binding for all the shareholders, including absentee and dissenting shareholders and those lacking legal capacity.

Article 26 - Venue and procedure for convening General Meetings

General Meetings shall be convened by the Management Board. Failing this, they may also be convened by the Statutory Auditors or by a court-appointed agent, in accordance with the law.

General Meetings shall take place at the registered office or in any other place specified in the convening notice.

General Meetings shall be convened by means of a notice published either in a journal authorised to publish legal announcements in the area where the registered office is located, or in the *Bulletin des annonces légales obligatoires* (journal of official legal announcements: BALO), at least two weeks before the General Meeting.

However, if all the shares are registered, these publications are not obligatory, and the General Meeting may be convened by giving notice to each shareholder by registered letter, at the Company's expense.

At least thirty-five days before the date of any General Meeting of shareholders, the Company shall publish, in the BALO, the notice specified in Article R. 225-73 of the French Commercial Code.

Shareholders who have held registered shares for at least one month on the date a convening notice is published shall be invited to attend the General Meeting by ordinary letter.

However, they may give the Company a written authorisation to communicate by electronic mail instead of by letter. In this case, they must communicate their electronic address to the Company. They may, at any time, by registered letter, request the Company to communicate by letter instead.

Shareholders may also ask to be notified of any General Meeting by registered letter if they have forwarded to the Company the amount necessary to cover the cost of sending such a letter.

When a General Meeting has not been able to deliberate due to the lack of the required quorum, a second General Meeting – extended, if necessary – shall be convened with at least six days' notice, in the same way as the first.

The notice and the letters inviting the shareholders to this second General Meeting shall feature the date and agenda of the first General Meeting. If a meeting is postponed by court decision, the court may set an alternative date.

The notice and letters convening the Meeting must contain all the information required by law.

Article 27 - Agenda

The agenda for the General Meeting is decided by the convening body.

A shareholder or group of shareholders, representing at least 5% of the share capital, and acting under the conditions and within the time periods determined by the law, can request the inclusion, by registered letter with proof of receipt, of draft resolutions in the agenda for the meeting.

The workers' council may also request the inclusion of proposed resolutions in the agenda.

The General Meeting may not decide upon any issues that are not on the agenda. It may, however, at any time and in any circumstances, dismiss and replace one or more directors.

Article 28 - Access to General Meetings - Powers - Composition

The General Meeting shall be composed of all shareholders, regardless of the number of shares they hold, who attend the meeting either in person or by proxy.

Shareholders are entitled to take part in general meetings provided they are able to justify their status with an entry in their own name or in the name of the intermediary duly registered on their behalf, in application of paragraph 7 of Article L. 228-1 of the French Commercial Code, either in the accounts of registered shares maintained by the Company or in the accounts of bearer shares maintained by the officially authorised financial intermediary, no later than the fourth business day before the date of the meeting at midnight Paris time.

A shareholder may be represented only by his or her spouse or by another shareholder, who must prove that he or she has been mandated to act as proxy. If a shareholder does not name a proxy-holder in a form of proxy, the chairman of the General Meeting shall vote in favour of proposed resolutions submitted for approval by the Board of Directors, and against any other proposed resolution. For any other vote, the shareholder shall choose a proxy-holder who agrees to vote as directed by the shareholder.

The legal representatives of legally incapable shareholders and the persons representing legal entities that hold shares in the Company may attend General Meetings whether they are shareholders or not.

If so decided by the Board of Directors when convening the Meeting, shareholders may also take part by videoconference or any other means of telecommunication, including the Internet, that permits them to be identified as provided by the law.

Shareholders who participate in the Meeting via videoconference or any other means of telecommunication that enables them to be identified as required by law shall be considered to be present for the purpose of calculating the quorum and majority.

All shareholders may vote by correspondence by filling in a form addressed to the Company, under the conditions provided for by the law and the regulations; to be taken into account, this form must reach the Company at least three days before the date of the General Meeting.

Two members of the Workers' Council, to be named by the Council in compliance with the law, may attend General Meetings. They must, upon their request, be heard when decisions requiring shareholder unanimity are voted.

Article 29 - Voting rights

The voting right attached to capital-only shares or dividend-bearing shares shall be proportional to the portion of the capital they represent. With the same par value, each share shall entitle the holder to the same number of votes, with a minimum of one vote.

Article 30 - Rights to shareholder information - Disclosure obligations

All shareholders are entitled to receive all the information necessary for them to take an informed decision relating to the management and situation of the Company.

The documentation required and its availability to shareholders is laid down by the law.

Any shareholder who holds more than 3% or more than 4% of the Company's capital shall inform the Company in the same manner and based on the same methods of calculation as required with respect to legal thresholds.

Article 31 - Attendance sheet - Officers - Minutes

The attendance sheet, duly initialled by the shareholders present and by proxy-holders and including the names of shareholders attending the meeting via a telecommunication channel, accompanied by the authorisations granted to proxy-holders, and, where appropriate, voting forms, shall be certified as accurate by the officers of the General Meeting.

The General Meeting shall be chaired by the Chairman of the Board of Directors or, in the Chairman's absence, by a Vice-Chairman. Failing this, the Meeting shall elect its own Chairman.

The duties of vote-teller shall be performed by the two shareholders, present and accepting such duties, who hold the largest number of shares, either on their own behalf or as proxy-holders.

The officers of the meeting thus appointed shall designate a secretary, who may be a shareholder or not.

The minutes are kept and copies or extracts of these minutes are delivered and certified in accordance with the law.

Article 32 - Ordinary General Meetings

An Ordinary General Meeting is a meeting called to take decisions which do not amend the Memorandum and Articles of Association.

It shall be held at least once a year, in the conditions provided for by law, to approve the accounts for the financial year then ended.

Decisions are valid only if, when the meeting is convened for the first time, the shareholders attending the meeting or represented by proxy or having voted by mail represent at least one quarter of the total voting rights. No quorum is required for a second meeting.

The Meeting issues decisions by simple majority of the votes of the shareholders present or represented by proxy-holders, including the votes of shareholders who have voted by mail.

Article 33 - Extraordinary General Meetings

The Extraordinary General Meeting alone shall be authorised to amend the Memorandum and Articles of Association. However, it may not increase shareholders' commitments, subject to transactions arising from any grouping together of shares, duly and properly carried out.

Decisions are valid only if the shareholders attending the meeting or represented by proxy or having voted by mail represent at least one third of the total voting rights, in the case of a first meeting, and one quarter of the total voting rights in the case of a second meeting. In the event of this quorum not being reached, the second meeting may be deferred to a date not more than two months later than the date on which it was originally convened; the quorum of one-fifth is also required for this second meeting.

The Meeting issues decisions by a majority of two-thirds of the votes of the shareholders present or represented by proxy-holders, including the votes of shareholders who have voted by mail, except in the event of a legal derogation.

Article 34 - Special General Meetings

When there are several categories of shares, no changes may be made to the rights of a given category of shares unless approved by an Extraordinary General Meeting open to all shareholders and also by a Special General Meeting of the holders of the category of shares in question.

Decisions taken by Special General Meetings are valid only if the shareholders attending the meeting or represented by proxy represent at least one-third of the total voting rights, in the case of a first meeting, and one-fifth of the total voting rights in the case of a second meeting.

In all other respects, Special General Meetings are convened and deliberate in the same way as Extraordinary General Meetings.

4. Preparation and supervision of the Reference Document and the information contained therein

Name and position of the person responsible for the Reference Document

Pierre Pasquier, Chairman and Chief Executive Officer

Information Officer

Céline Dojwa, Director of Communication

Persons responsible for auditing the financial statements

Statutory Auditors

- Auditeurs et Conseils Associés - 33, rue Daru, 75008 Paris

  Represented by François Mahé

  Term of office expires at the General Meeting convened to approve the 2015 financial statements.

  First appointed: June 1986.

- Cabinet Mazars - 61, rue Henri-Regnault, 92400 Courbevoie

  Represented by Christine Dubus

  Term of office expires at the General Meeting convened to approve the 2011 financial statements.

  First appointed: June 2000.

Alternate Auditors

- AEG Finances - 4, rue de Châtillon, 75014 Paris

  Term of office expires at the General Meeting convened to approve the 2015 financial statements.

- Jean-Louis Simon - 61, rue Henri-Regnault, 92400 Courbevoie

  Term of office expires at the General Meeting convened to approve the 2011 financial statements.

5. Provisional reporting timetable

Publication date	Event	SFAF meeting date
26 April 2011 after market close	Revenue for the first quarter of 2011	-
26 July 2011 after market close	Revenue for the second quarter of 2011	-
31 August 2011 after market close	Results for the first half-year period of 2011	1 September 2011

The full-year and half-year results are presented at analysts' meetings.

6. Documents on display

The legal documents relating to the Company, in particular its Articles of Association, financial statements and reports presented to its Meetings by the Board of Directors and the Statutory Auditors may be requested from the Director of Communication, Sopra Group, 9 bis rue de Presbourg, F-75116 Paris, France. All published financial information is available on the Group's website: www.sopragroup.com.

CERTIFICATION BY THE PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT

I declare, having taken all reasonable care to ensure that such is the case, that the information contained in this Reference Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I hereby declare that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and provide a true and fair view of the assets, liabilities, financial position and results of operations of the parent company and of all entities included in the scope of consolidation, and that the management report included in this document, beginning on page 54, provides a true and fair presentation of the development of the businesses, results of operations and financial positions of the parent company and of all entities included in the scope of consolidation, as well as a description of the main risks and uncertainties to which these companies are exposed.

I have obtained a letter from the Statutory Auditors certifying that they have verified, in accordance with professional standards and doctrine applicable in France, the financial and accounting information provided in this Reference Document and that they have read the document as a whole.

The historical financial information (consolidated financial statements for the 2009 financial year) presented in the Reference Document filed with the *Autorité des Marchés Financiers* on 27 April 2010 under No. D. 10-0329 was subject to a report by the Statutory Auditors appearing on page 114, which contains a technical observation relating to changes in accounting methods and in the presentation of the financial statements. Furthermore, the consolidated financial statements presented in this document are subject to a report by the Statutory Auditors, appearing on page 123, which contains a technical observation relating to changes in accounting methods and in the presentation of the financial statements.

Paris, 8 April 2011

Pierre Pasquier

Chairman and Chief Executive Officer

In order to enhance the readability of the Annual Report filed as a Reference Document, the following theme-based table allows the reader to identify the headings required by Commission Regulation (EC) 809/2004 of 29 April 2004.

TABLE OF CONCORDANCE

n.a.: not applicable.

FSC
Sources mixtes
Groupe de produits issu de forêts bien gérées et de bois ou fibres recyclés
Product group from well-managed forests and recycled wood or fibre
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