Sopra group

Reference Document 2009

ANNUAL FINANCIAL REPORT

TALENTED TOGETHER

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

Sopra Group

2009 Reference Document

ANNUAL FINANCIAL REPORT

The original French-language version of this Reference Document was registered with the *Autorité des Marchés Financiers* (AMF) on 27 April 2010, 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 2007:

- 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 23 April 2008 under number D.08-0277 (pages 39 to 54 and 55 to 105, respectively);
- the individual company financial statements of Sopra Group in addition to the Statutory Auditors' general report on the individual company financial statements included in the Reference Document filed on 23 April 2008 under number D.08-0277 (pages 107 to 126);
- the Statutory Auditors' special report on regulated agreements and commitments included in the Reference Document filed on 23 April 2008 under number D.08-0277 (pages 127 and 128).

2. 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' general 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).

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", hereafter 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 €47,010,172
326 820 065 RCS Annecy
Registered office: PAE Les Glaisins - F-74940 Annecy-le-Vieux
Head office: 9 bis, rue de Presbourg - F-75116 Paris

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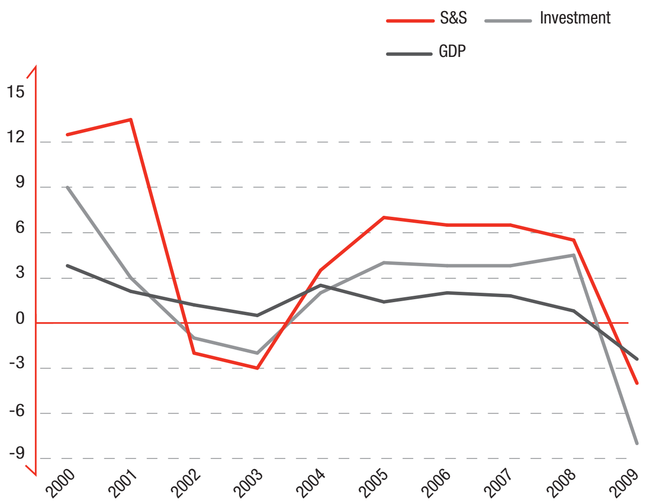
Sopra Group:
OUR BUSINESS

1. An overview of the IT services sector

1.1. Sector activity in 2009

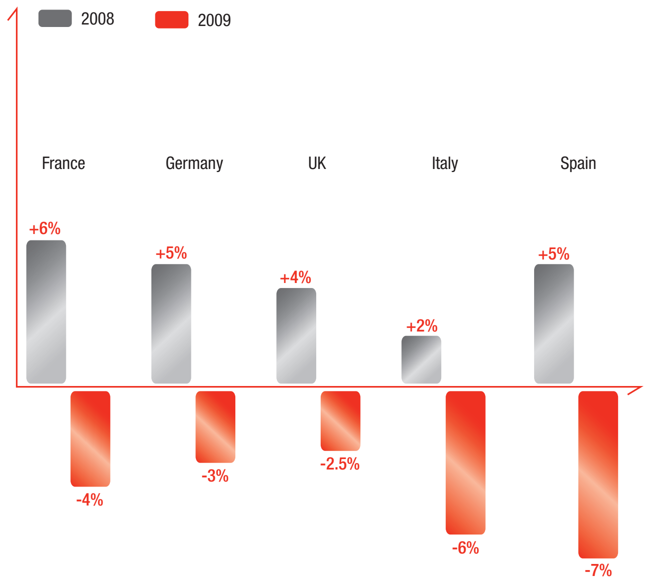
In France, the software and services sector (S&S) saw sales fall by an estimated 4% in 2009 after five consecutive years of growth among companies in the sector.

Between 2000 and 2009, sector companies recorded revenue growth of around three times that of French GDP, outperforming the corporate investment rate, as shown in the following graph:



Source: Syntec Informatique, INSEE.

In Western Europe, growth in revenue for the Software and Services sector varied from one country to the next in 2009.



Source: PAC, Syntec Informatique, EITO.

The crisis hit the economy as a whole in 2009, resulting in:

- a decline in investment that was generally much steeper than company spending on Software and Services;
- increased pressure on prices from procurement departments apt to expand the use of offshore development.

As shown in the graphs above, there was considerable variation by both country and industry sector. In the banking and insurance industry, there was a significant difference between investment banking, where expenditure was cut, and retail banking, where IT investment started up again.

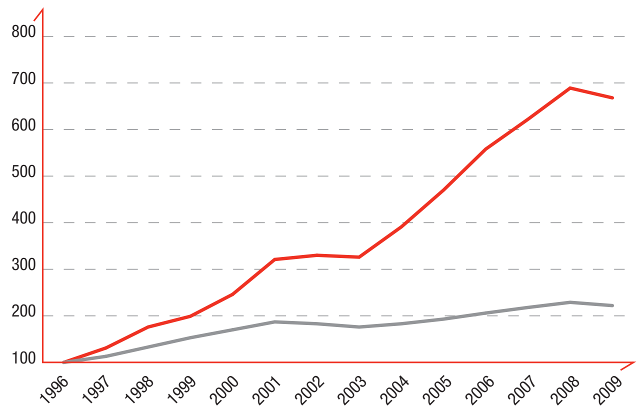
Between 2003 and 2009, IT services clients underwent a complete transformation. **Most sought to industrialise their information systems, thus obtaining a major competitive advantage.** This has served to limit the decline in the market in which Sopra Group operates.

1.2. Outlook for 2010

Two issues are significant for 2010:

- Although visibility has improved slightly, forecasts remain cautious in spite of a few positive signs. They indicate a slow and gradual recovery in growth for French IT services companies and software houses over the period.
- Business activity is expected to be driven by several potential growth areas:
  - IT facilities management and service outsourcing,
  - reinforced financial regulation and the increasing awareness and implementation of corporate social responsibility and sustainable development among companies,
  - economic restructuring as a result of the crisis (BNP Paribas and Fortis, Banques Populaires and Caisses d'Epargne, etc.),
  - renewed post-crisis investment in certain sectors,
  - the continuation by government authorities of major transformation programmes.

1.3. Development of Sopra Group in comparison to its sector (basis of 100 in 1996)



Sources: 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 Paris Bourse. 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, and has 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 has become 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 multinational corporations;

- 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 & 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 one of the leading European providers of IT consultancy and services. It enjoys a strong reputation among its client base of large corporations, multinationals and major organisations. This reputation is based on the Group's commitment, the relevance of its advice and the quality of its services, backed by a high level of industry-specific, functional and technological expertise.

Sopra Group's ambition is to support its clients in delivering the transformation programmes they need in order to remain competitive and grow. The scope of its skills ranges from early strategic thinking through to managing major systems integration and application outsourcing projects.

Sopra Group's resilience in 2009 in spite of a depressed market was made possible by the continuation of major internal transformation projects, the industrialisation of production, a targeted approach to selected sectors and a focus on human resources.

3.1. Transformation programme and industrialisation of production methods, processes and tools

In 2009, Sopra Group concentrated its efforts on enhancing its proprietary project management methodology (eMedia) and industrialising its services. The ongoing objective is to have an impact at the very heart of project development by equipping production managers with ever more efficient resources. This approach ensures that Sopra Group will maintain a competitive advantage while meeting clients' requirements for increased rationalisation of methods and tools.

The industrialisation of production also relies on developing both nearshore (in France) and offshore (in Spain, Morocco and India) Service Centres aimed at improving quality and competitiveness. This means that Sopra Group is in a position to deliver huge application outsourcing projects at an excellent level of service, even where they include a major offshore component.

This transformation will continue, driven by the market. Applications used by large corporations are now being shared across an increasing number of end users, requiring the development of new services and solutions bringing new features. For example, the burgeoning field of cloud computing could generate major new projects in the future.

3.2. Targeted economic sectors

In 2009, Sopra Group continued to gain market share in the utilities sector, which represented a significant growth driver.

Sopra Group also saw a return to growth among financial sector clients in 2009. Business activity indicators are encouraging and suggest that the situation will continue to be favourable in 2010.

Sopra Group has been recording double-digit growth in public sector business for several years. The Group works with major government ministries in France, the United Kingdom and Italy, assisting these organisations with their transformation projects.

Although there has been a significant reduction in spending by the manufacturing sector, Sopra Group continues to make progress on key accounts involving a significant technology component.

In spite of the depressed economic climate, the retail sector is maintaining its IT investments. Sopra Group offers the benefit of highly structured application outsourcing processes for this sector.

Sopra Group's chosen areas of focus consist mainly of major economic sectors. However, this policy is supplemented by the Group's willingness to move into niche markets and targeted areas, with examples being the property management market and the cross-sector human resources management market, in which Sopra Group has succeeded in achieving market-leading positions in France.

3.3. A tailored human resources policy

In a business where high added value is paramount, the Group's most valuable resource is its employees. Recruiting high-potential candidates and developing their careers is a major strategic priority for the Group. In this respect, the main focus of Sopra Group's recruitment policy in 2009 was the qualitative reinforcement of its teams – an objective which will also take precedence in 2010.

Sopra Group anticipates changes affecting human resources, and has developed a wide range of training programmes to serve this need.

3.4. Services

Sopra Group's mission is to guide the choices of clients to manage their major transformation programmes by aligning their information systems with their corporate strategies.

The Group proposes a total solution characterised by a set of values and behaviours whose key elements are the guarantee of a total commitment, the development of a strategy based on proximity, innovation, expertise, knowledge of our clients' business and striving to offer the optimal price/quality ratio.

3.4.1. Consulting

Sopra Group provides market-leading expertise in management consultancy, as well as expert technology consultancy and project management support. Our teams enable our clients to leverage innovation and technology to the full by building close relationships with them and delivering recognised service quality and industry-specific expertise.

Since 1 January 2010, all of the Group's consultancy services have been marketed under the Sopra Consulting brand. This will enable the Group to better support its clients in their transformation programmes.

3.4.2. Systems integration

The market favours suppliers who can add value to each phase in a project lifecycle. Sopra Group, whose traditional core business is Systems Integration, accompanies its clients throughout the entire project lifecycle including application portfolio management. The Group's key advantage lies in the quality of its workforce. Over forty years' experience at the heart of information systems have forged a shared culture and shared professional values, ensuring high levels of performance and quality.

The Group's systems integration offering covers the following:

- Making IT work for business and management:
  - BI (business intelligence): The challenge facing decision support systems is to provide the information and measurements needed for optimal management of processes. Within this field, Sopra Group is involved right from the initial needs analysis phase, providing clients with a personalised decision support assessment, and helps them choose the most appropriate solutions from among those available on the market,
  - CRM (customer relationship management): Improving the client-oriented performance of a company may take many forms and often relies upon cutting-edge information and communications technologies. Sopra Group's key areas of operation include the management of client information databases, marketing campaigns, the sales cycle and customer service departments. The Group's teams are involved at every stage of a CRM project, from strategy through to solution implementation,
  - proprietary solutions development: Implementing a broad spectrum of capabilities, experience and comprehensive skills in design and implementation underpinned by its strengths in methodology, technology and specialist knowledge of particular subjects or business sectors. Sopra Group is therefore able to assume complete responsibility for major specialised projects for companies or public sector organisations covering all their technological dimensions and sector-specific components,
  - finally, in all sectors Sopra Group offers industry-specific expertise and technical assistance.
- Embedded systems:

  Software engineering for scientific, technical and industrial applications and embedded systems (STIE) refers to IT solutions embedded within hardware such as mobile telephones, cars, aircraft, satellites, etc. Services and solutions offered in this area must comply with specific imperatives, among which security and reliability play a decisive role. Sopra Group is a major player in this area, and is involved in the largest European projects, particularly in the aerospace field. The Group provides consultancy, integration and ongoing maintenance in this area, mainly in France, the United Kingdom and Spain.
- X-Net services:

  Under the X-Net banner, Sopra Group sets up portals, e-commerce websites, intranets, extranets and websites.

  Our motto, "X-Net for business agility", sets the tone. The aim is to provide clients with modern online tools that are user-friendly, flexible and scalable. Whether in serving news, sales or a company's online image, Sopra Group can be found working alongside modern, progressive companies.
- Integration of industry-leading ERP systems:

  Enterprise Resource Planning (ERP) packages are used to manage companies' end-to-end operational processes, covering all functions including human resources management, accounting, sales, procurement, etc. They clearly represent a market standard approach and are often the core component when implementing enterprise management solutions.

  Sopra Group's successful partnerships with leading developers and vendors of ERP solutions are critical to its success in this area. Sopra Group's ability to add value to these partnerships as a systems integrator opens up the door to significant markets.

  Sopra Group is the fourth largest integrator of SAP systems, the leading Oracle integrator for E-business Suite clients, and QAD's European partner. As a Microsoft Gold Certified Partner, Sopra Group has assembled a team certified in Microsoft Dynamics AX and Microsoft Dynamics CRM.
- Testing services:

  Testing technology uses an approach similar to that used in scientific experiments. It serves to check that a piece of software meets the expectations of both its designer and the end user. Sopra Group's global testing and risk-based management approach enables the Group to deliver meaningful and efficient testing at the lowest possible cost. Critical success factors include defining only what is essential in terms of testing and investing ahead of time in quality and reliability.

  This offer involves three segments: consulting, production and outsourcing.

3.4.3. Application outsourcing

Application outsourcing, or the management of clients' application portfolios, lies at heart of Sopra Group's strategy, and the Group is the undisputed leader in this market in France. Application outsourcing represents almost 30% of the Group's business, bringing together over 3,500 employees, 2,700 of whom work in Service Centres. The services provided cover a wide range of technologies: ERP (Oracle, SAP, etc.), specific systems (mainframes, AS/400, client-server systems, etc.), Business Intelligence (Datawarehouse, ETL, EAI, reporting), X-Net (portals, ECM, web development), etc.

Demand is increasing as a result of our clients' need for rationalisation and industrialisation.

3.4.4. Industry-specific solutions

Sopra Group's industry-specific solutions are widely used. These software suites have become the applications of choice in their specific sectors. They provide an economic advantage as they are very often used in the comprehensive projects developed by the Group for its clients. This practice is particularly deep-rooted in financial services where Sopra Group solutions are often combined with Axway products.

Sopra Group's solutions focus on three areas:

- financial services: The Group's Evolan offering is very well known in the banking world. It is based on four strategic product lines: lending, payments, reporting and retail banking.

  While banks cut current spending in 2009, they also launched major back office rationalisation projects at the same time. Sopra Group succeeded in seizing this opportunity and establishing itself as a preferred partner;
- real estate management: The Group's rich end-to-end offering is well-known in the French property world. Sopra Group is the leading provider of real estate management solutions in France (residences, offices shopping centres, warehouses, etc.);
- human resources management: Backed by expertise arising from 40 years' experience in HRIS, Pleiades is used to manage over two million employees. The Group's end-to-end offering covers payroll, human resources management, time recording and IT facilities management.

3.5. Axway

Axway provides infrastructure software that is used to consolidate, govern and develop the electronic information exchange networks (business interaction networks) a business needs in order to interact with its ecosystem. These networks cover interaction between central applications (ERP, SCM, CRM, etc.), internal entities (head office, subsidiaries, branches, sales outlets, plants, warehouses, etc.) and external entities (customers, partners, suppliers, regulators, etc.). Axway is the only supplier on the market to offer a consistent platform covering interaction between applications and/or users across all possible media (files, messages, e-mail, web services, EAI adaptors, etc.) and with delivery via either a cloud computing or a software as a service model.

Axway's solutions are used by over 11,000 clients in more than 100 countries. Locally based Axway employees who are experts in their field work with a network of partners to implement solutions and ensure their adoption by end users. 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 from risk management right through to innovation.

4. Investments in 2009

4.1. Main acquisitions

No acquisitions were made in 2009.

4.2. Research and development

The Group continued to pursue R&D initiatives during 2009 and set aside €53.6 million (Sopra Group for €13.4 million and Axway for €40.2 million) to develop, improve and expand its Axway services and proprietary solutions for banking, real estate and human resources applications, compared with €50.1 million in 2008.

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 €11.2 million against €12.1 million in 2008 was invested in infrastructure and technical facilities.

In 2009, investment in facilities comprised the following:

- Improvements, furniture, fixtures and fittings: €5.2 million (€4.9 million for Sopra Group France);
- IT equipment: €6.0 million (€4.8 million for Sopra Group France and €0.5 million for Axway).

These investments are channelled through the Group's central functions, which undertake procurement on behalf of all the Group's operating entities.

5. Key figures

5.1. Financial summary

(in millions of euros)	2009	2008	2007
Revenue	1,094.3	1,129.5	1,001.4
EBITDA	90.7	110.4	101.9
Profit from recurring operations	83.0	102.3	90.8
As % of revenue	*7.6%*	*9.1%*	*9.1%*
Operating profit	63.2	99.7	90.1
As % of revenue	*5.8%*	*8.8%*	*9.0%*
Net profit attributable to the Group	27.2	58.2	55.1
As % of revenue	*2.5%*	*5.2%*	*5.5%*
Total assets	865.3	924.4	768.8
Total non-current assets	442.9	456.6	355.9
Equity – Group share	281.7	268.3	248.8
Minority interests	0.0	0.0	0.0
Number of shares at 31 December	11,752,543	11,704,991	11,671,531
Basic earnings per share *(in euros)*	2.33	4.98	4.80
Diluted earnings per share *(in euros)*	2.33	4.96	4.75
Net dividend per share *(in euros)*	0.80*	1.65	1.65
Staff at 31 December	12,450	12,450	11,320

* *Amount proposed to the General Meeting of 22 June 2010.*

5.2. Revenue by activity

(in millions of euros)	2009		2008		2007	
Consulting	37.1	3.4%	44.8	4.0%	43.9	4.4%
SSI France	704.5	64.4%	702.8	62.2%	597.5	59.7%
SSI Europe	170.5	15.6%	210.7	18.7%	214.9	21.4%
Axway	182.2	16.6%	171.2	15.1%	145.1	14.5%
TOTAL	**1,094.30**	**100.0%**	**1,129.5**	**100.0%**	**1,001.4**	**100.0%**

SSI: *Systems & Solutions Integration.*

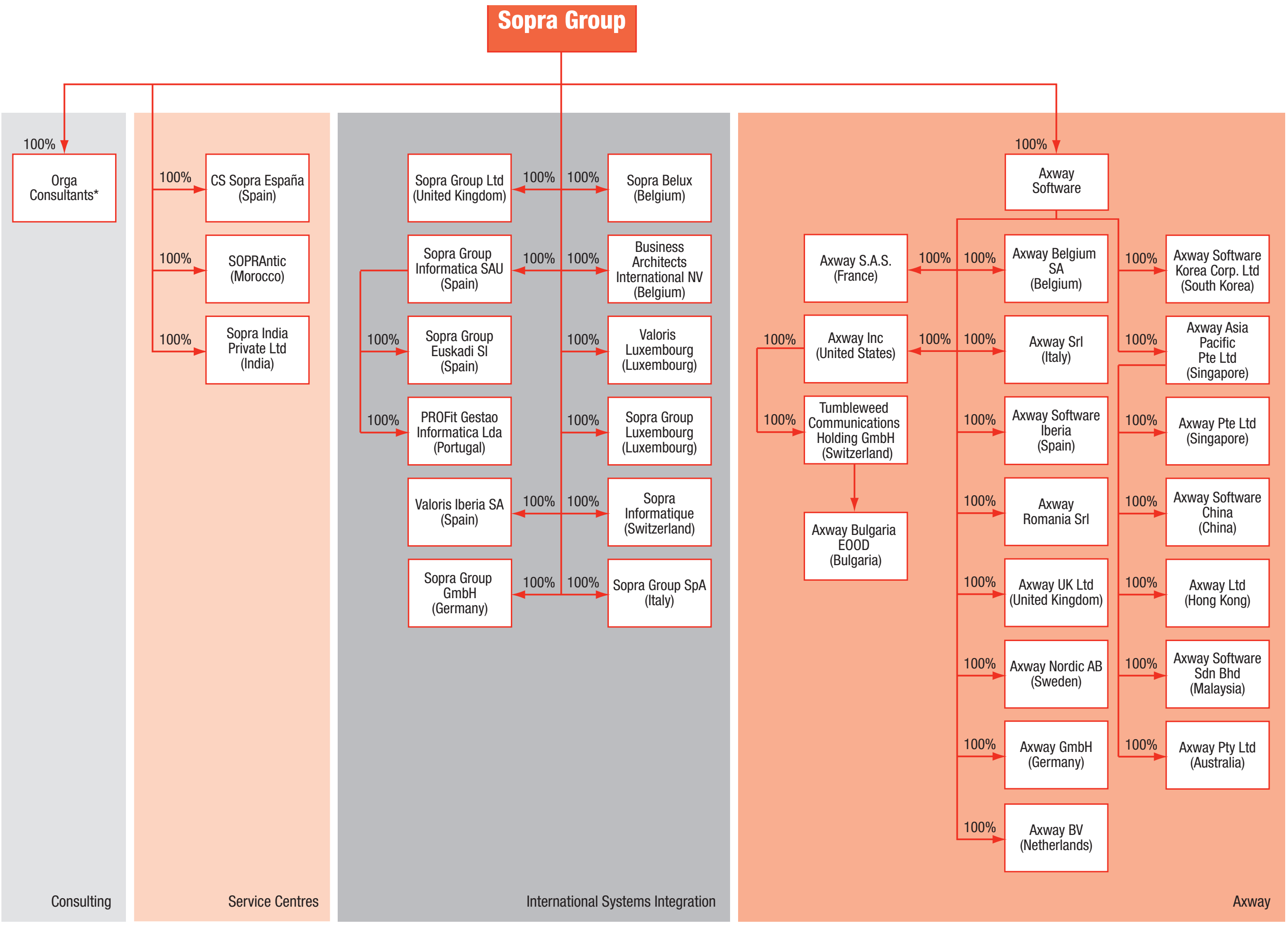
5.3. Revenue by business sector

	2009	2008	2007
Banking	22.4%	24.0%	24.5%
Manufacturing (aerospace, defence and security, pharmaceutical, agri-food and automotive industries)	17.3%	19.7%	16.2%
Services (including real estate)	18.2%	18.0%	18.7%
Telecom	11.5%	12.0%	12.6%
Public sector	16.6%	13.6%	15.8%
Insurance	6.7%	6.4%	6.2%
Retail	7.3%	6.3%	6.0%
TOTAL	**100.0%**	**100.0%**	**100.0%**

5.4. International revenue

(in millions of euros)	2009		2008		2007	
Systems Integration – European subsidiaries	170.5	15.6%	210.7	18.7%	214.9	21.4%
Systems Integration – excl. European subsidiaries	42.3	3.9%	48.0	4.2%	30.1	3.0%
Axway	112.8	10.3%	103.9	9.2%	83.9	8.4%
International revenue	**325.6**	**29.8%**	**362.6**	**32.1%**	**328.9**	**32.8%**
TOTAL REVENUE	**1,094.3**	**100.0%**	**1,129.5**	**100.0%**	**1,001.4**	**100.0%**

6. Simplified group structure at 31 December 2009



* *Orga Consultants underwent a change of name on 1 January 2010; its new name is Sopra Consulting.*

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 & Solution Integration, Axway);
- geography (countries, regions);
- economic sector.

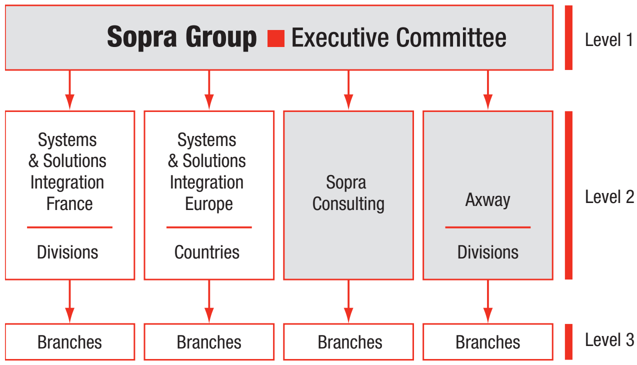
Tier 2 is the core level of the ongoing structure. The component entities of each division are autonomous branches with their own management, sales force and production teams.

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 12,450 employees at 31 December 2009. A programme has been set up specifically to communicate and ensure the commitment of all staff to these values, especially among the 1,630 new members we welcomed in 2009.

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 700 managers to date.

This training programme consists of residential seminars.

8.2. Change in the Group's total workforce

	2009	2008	2007	2006	2005
Workforce	12,450	12,450	11,320	9,910	9,100
o/w executive level	12,080	12,070	10,950	9,600	8,800

In 2009, the Group recruited 1,030 new staff in France and 600 at its international subsidiaries. At 31 December 2009, the Group had a total of 12,450 staff, of which almost 4,110 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 fell considerably from 10.7% in 2008 to 7.1% in 2009. This decline 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 fell from 12.7% in 2008 to 8.9% in 2009.

8.4. Analysis of workforce by age and length of service

At 31 December 2009, the average length of service in France for Sopra Group's productive employees was 6.5 years. This was slightly higher than in 2008, mainly because of a slowdown in staff turnover in 2009.

The average age of productive employees increased only slightly, from 34.5 years in 2008 to 34.7 years in 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 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 2009, 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 2009 training actions in France are as follows:

- 26,000 training days;
- more than 5,200 staff members trained;
- more than half of the training was devoted to technological 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 2009, 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 Orga Consultants 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 26% of the Group's workforce in 2009, equivalent to the level recorded in 2008.

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

Sopra Group is committed

In 2008, Sopra Group launched a strategic review to determine how sustainable development could be incorporated into its strategy and operations.

This review led to the creation of a dedicated organisational structure that reports directly to Sopra Group's Executive Management and works closely with the other functional divisions. Its role is to develop a three-year roadmap defining the Group's key strategic priorities in relation to sustainable development while leading an improvement process and associated action plan, which will be revised annually. In order to support this approach, one of the Group's 2010 objectives is to put in place indicators designed to track progress in relation to specific priorities identified in the roadmap.

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;
- **caring for the environment** by limiting pollution and the depletion of natural resources;
- **facilitating sustainable development initiatives by clients** through an innovative service offering in this area;
- **treating suppliers transparently and fairly** through the Group's relationships and working methods;
- **benefiting the communities** with which the Group interacts through action in favour of those in difficulty, while protecting employment pools in areas where the Group has a presence.

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

THE GLOBAL COMPACT
WE SUPPORT

Sopra Group signed the United Nations Global Compact in 2004, and renewed its commitment to the Compact in 2009. 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".

In the context of an unprecedented crisis that has hit our business sector hard, Sopra Group's business model has proven resilient, confirming the relevance of the Group's selection of core businesses, its offerings and its production methods. This 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 aimed at 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".

Sustainable development is a concern that unites all those employees who want to work in a business with a long-term future, where "life is good", solidarity is valued and there is genuine concern for the environment.

Sopra Group, after more than four decades of existence, is a well-established player in its field, offering its 12,450 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.

Moreover, 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 doubled the size of its workforce since end-2003;
- 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, 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 150 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.

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 400 local managers.

9.2.3. Non-discrimination principles and action in favour of employees with disabilities

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.

In order to promote the employment of people with disabilities, the Group's policy was supported by action in three areas in 2009:

- 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.

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.

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. 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 studying solutions for reducing the amount of energy consumed by workstations. For example, in the course of 2008 Sopra Group launched a huge server virtualisation programme. At 31 December 2009, 63% of the Group's servers had been virtualised.

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. In relation to workstations, several experiments have been carried out at various sites or when implementing new types of hardware (including improved energy management for laptops, the use of extended sleep mode, flat screens, etc.). These efforts are in the process of being adopted across the Group, while taking into account operating constraints specific to certain of the activities of an IT engineering company.

When acquiring new hardware, while workstation selection is guided by various criteria, priority is given to hardware with low energy consumption for the same level of performance.

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 2009, 75% of the Group's photocopiers were networked.

This proportion will increase in 2010. Furthermore, virtually all the Group's photocopiers support double-sided printing.

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. Between 5 and 10% of PCs coming to the end of their useful lives are donated to charitable associations connected to Sopra Group employees.

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.

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 THPE (*très haute performance énergétique* or very high energy efficiency) certification, in line with the Group's overarching objective to promote the quality of the work environment.

9.3.4. Waste management

In 2009, Sopra Group reinforced 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. In 2009, these measures reduced paper use by a further 15% compared to 2008, on a like-for-like basis.

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.

Other projects are under way, such as the digitisation of all travel and expense account information, launched in a pilot phase at the end of 2009, with full deployment planned for 2010.

9.4. A socially responsible company

Planète Urgence

Through its consulting subsidiary, Sopra Group has been supporting 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. In 2009, four consultants travelled to Benin, Cameroon and Madagascar to take part in missions of this kind. Apart from the value of these missions as humanitarian actions of solidarity to assist disadvantaged populations, these Sopra Group employees all found their experiences to be rewarding from both a personal and a professional perspective.

Tadeo

In 2009, 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.

Opération Booster

The Group honours its social commitment by working with programmes assisting young people having difficulty obtaining employment. In 2009, Sopra Group took part in Opération Booster alongside APEC. This operation sought to help young people to find jobs, whether or not they belong to the Group's target recruitment population. The assistance provided by Sopra Group ranged from help with the preparation of CVs to role-playing activities to build confidence for job interviews.

9.5. First edition of the European Corporate Responsibility Awards

In early 2009, the first European Corporate Responsibility Awards were presented in Prague, an event organised by Sopra Group's consulting subsidiary, in partnership with its European network, E-I Consulting Group. These awards aim to recognise the most exemplary and innovative companies in the area of sustainable development and corporate social responsibility (CSR). The competition encompasses all aspects of corporate social responsibility, namely the responsibility of a company in terms of environmental protection, its social responsibility to employees and its responsibility to local communities and the wider society.

Danone was selected as the top prize winner for 2009, receiving its trophy at the ceremony in Prague from Orga Consultants (known as Sopra Consulting since January 2010), for the entirety of its CSR measures implemented and adopted by all of its entities. Following an initial selection of 21 finalists at the national level, Danone was chosen by a jury consisting of corporate leaders, political figures and social activists, including Nicole Notat, President of Vigeo, the representative for France.

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 11,752,543 shares with a nominal value of €4 at 31 December 2009, representing a total amount of €47,010,172.

Sopra Group shares are listed on Segment B of the Eurolist Market and are eligible for the Deferred Settlement Service (SRD).

Sopra Group forms part of the Next 150, SBF 250 and the CAC MID 100 indexes.

Sopra Group's ownership structure

Pursuant to the provisions of the shareholders' agreement concluded between the shareholders of Sopra GMT, transactions relating to Caravelle's exit from the capital of Sopra GMT via the acquisition of Sopra Group shares as well as the termination of the shareholders' agreement signed by Caravelle and the founders of Sopra Group in 2004 were carried out on 8 December 2009.

In anticipation of these transactions, a new shareholders' agreement, constituting an action in concert, was concluded between the founders of Sopra Group (by Sopra GMT on their behalf and directly) and certain of the Group's senior managers (by Sopra GMT and Sopra Développement on their behalf and directly). In addition, the existing shareholders' agreement between Sopra GMT and Geninfo (Société Générale Group) continues to apply. A proposal to eliminate double voting rights attaching to Sopra Group shares will be submitted for the approval of the General Meeting to be held on 22 June 2010. This decision will also need to be ratified by a Special General Meeting attended uniquely by holders of shares entitled to double voting rights.

2. Current ownership

	At 31/12/2009				At 31/12/2008				At 31/12/2007			
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]	3,122,059	26.56%	6,244,118	36.48%	4,356,535	37.22%	8,649,387	47.59%	4,356,535	37.33%	8,649,387	47.87%
Pasquier Family	164,995	1.40%	285,458	1.67%	168,245	1.44%	288,708	1.59%	168,245	1.44%	288,708	1.60%
Odin Family	242,595	2.07%	314,457	1.84%	361,170	3.09%	433,032	2.38%	336,670	2.88%	408,532	2.26%
Sopra Développement [2]	155,665	1.32%	155,665	0.91%								
Managers [3]	265,668	2.26%	472,139	2.76%								
Geninfo (Groupe SG) [4]	1,434,700	12.21%	2,869,400	16.76%	1,434,700	12.26%	2,869,400	15.79%	1,434,700	12.29%	2,869,400	15.88%
Caravelle [5]	1,757,967	14.96%	1,757,967	10.27%	292,971	2.50%	292,971	1.61%	69,672	0.60%	101,774	0.56%
IBI [6]	837,414	7.13%	837,414	4.89%	837,414	7.15%	837,414	4.61%	602,784	5.17%	602,784	3.34%
Groupe Crédit Agricole [7]	117,500	1.00%	235,000	1.37%	235,000	2.01%	352,500	1.94%	235,000	2.01%	235,000	1.30%
Free float	3,652,280	31.08%	3,946,138	23.05%	3,993,631	34.11%	4,452,836	24.49%	4,465,750	38.25%	4,911,399	27.18%
Treasury shares	1,700	0.01%			25,325	0.22%			2,175	0.02%	0	0.00%
TOTAL	**11,752,543**	**100.00%**	**17,117,756**	**100.00%**	**11,704,991**	**100.00%**	**18,176,248**	**100.00%**	**11,671,531**	**100.00%**	**18,066,984**	**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 partnership 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).*
(7) ***Crédit Agricole** group became a shareholder of Sopra Group following the Inforsud Ingénierie acquisition in December 2003.*

Sopra GMT's ownership structure is as follows:

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

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

On 31 December 2009, Sopra Group did not own any treasury shares other than those held under the liquidity contract (1,700 shares).

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 January 2010, Sopra Group had 338 registered shareholders who owned an aggregate total of 8,312,351 registered shares out of a total share capital of 11,754,543 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 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. At 31 December 2009, the parties to this agreement held:

- 4,964,349 shares, or 42.24% of the capital of Sopra Group;
- 9,713,433 voting rights, or 56.74% of the voting rights of Sopra Group.

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 several senior managers

A shareholders' agreement was concluded on 8 December 2009 between the Pasquier and Odin family groups, Sopra Développement and several senior managers. At 31 December 2009, the parties to this agreement held:

- 3,950,982 shares, or 33.62% of the capital of Sopra Group;
- 7,471,837 voting rights, or 43.65% of the voting rights of Sopra Group.

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 organisation and operating procedures of the Board of Directors and its Committees contribute to ensuring the balance of this control:

- there are 10 directors, including 4 independent directors and 8 directors who do not belong to the group of founders;
- each year, 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.

At 31 December 2009, 338 shareholders held registered shares and about 5,000 shareholders held bearer shares.

The Group has established a corporate governance system described in Part 3 of the Reference Document guaranteeing that shareholder control complies with the governance principles set forth by the AFEP-MEDEF Code of Corporate Governance for Listed Companies.

3. Changes in share capital

Sopra Group had share capital of €47,010,172 comprising 11,752,543 shares with a nominal value of €4 at 31 December 2009. 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
2000	Capital increase through contributions in kind of shares of companies of the Orga Consultants group	€40,549,140	€4	641,000	10,137,285	€2,564,000	€79,612,200
2000	Capital increase through the exercise of options	€40,680,940	€4	32,950	10,170,235	€131,800	€124,330
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

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	€20 million	14/07/2010	5,000,000
Convertible bonds or equivalent	€300 million	14/07/2010	5,000,000

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 2009 granted by Sopra Group to its employees:

Grant date	Number of beneficiaries	Number of shares allocated initially	Of which Company Officers	Beginning of option exercise period	End of option exercise period	Exercise price	Number of options cancelled at 31/12/2009	o/w cancelled in 2009	Number of options exercised at 31/12/2009	o/w options exercised in 2009	Number of options outstanding at 31/12/2009
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	40,250		86,000	4,050	3,000
TOTAL	**311**	**840,000**					**194,425**		**642,575**	**4,050**	**3,000**
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	100			
22/03/2001	147	301,500		23/03/2006	22/03/2009	€61.40	301,500	18,000			
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	3,000				3,000
16/12/2002	214	303,200		17/12/2007	15/12/2010	€22.50	46,550	100	184,868	28,862	71,782
03/09/2003	69	88,000		04/09/2008	02/09/2011	€32.50	13,800	1,000	17,440	10,640	56,760
13/01/2004	5	23,000		14/01/2009	12/01/2012	€35.90	4,000		4,000	4,000	15,000
TOTAL	**569**	**790,200**					**437,350**	**19,200**	**206,308**	**43,502**	**146,542**
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	11,500				55,500
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**				**56,000**				**96,000**
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
TOTAL	**1**	**20,000**	**20,000**								**20,000**
TOTAL FOR ALL 4 PLANS											**265,542**

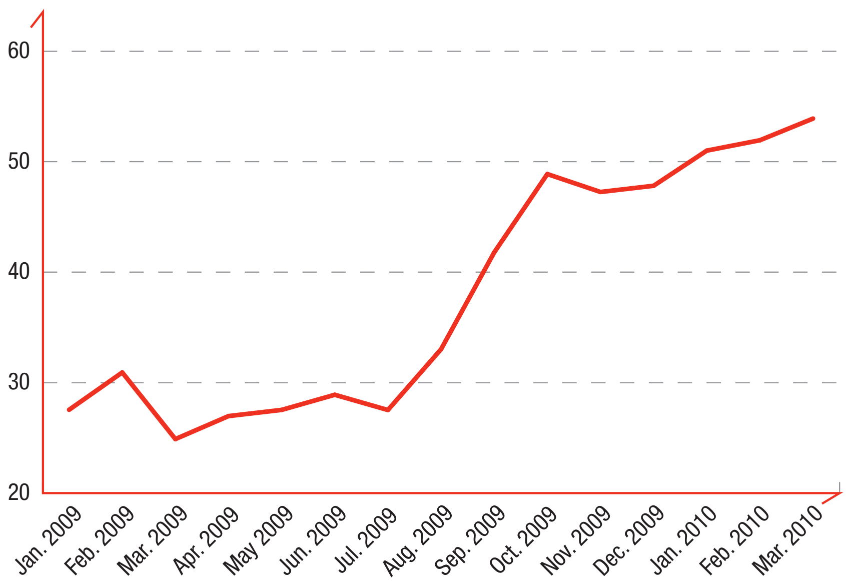
At 31 December 2009, Sopra Group's earnings per share would be diluted by a total of 2.26% if all of the 265,542 outstanding share subscription options were exercised.

Information concerning share subscription or purchase options

Options granted to company officers and options exercised by company officers	Number of options allocated/ number of shares subscribed or purchased	Price	Expiry date	Plan
Dominique Illien (allocation)	20,000	27.16	16/03/2017	No. 6

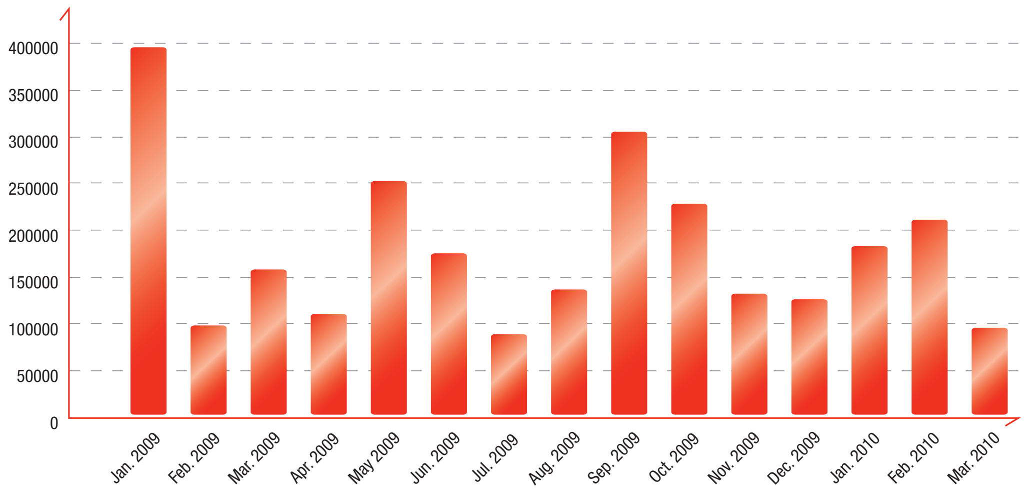
Ten largest stock option allocations to employees and options exercised by said employees	Number of options allocated/ number of shares subscribed or purchased	Weighted average price	Expiry date	Plan
Ten largest stock option allocations to employees granted by the issuer company within the scope of the stock option plan during the year	Nil			
	4,450	€22.50	15/12/2010	No. 3
	3,200	€32.50	02/09/2011	No. 4
	5,530	€22.50	15/12/2010	No. 4
Options exercised by said employees during the year	4,000	€35.90	12/01/2012	No. 4

6. Share price



Source Euronext Paris: Issuers' brochure.

7. Monthly trading volume



Source Euronext Paris: Issuers' brochure.

8. Share price performance

		Price *(in euros)*			Trading volumes	
Month	**Number of trading days**	**High**	**Low**	**Average closing price**	**Number of shares traded**	**Capital** *(in millions of euros)*
Jan-2009	21	32.00	24.90	27.55	392,356	10.65
Feb-2009	20	32.99	28.00	30.93	95,261	2.97
Mar-2009	22	28.19	23.00	24.90	155,060	3.87
Apr-2009	20	28.00	24.86	26.98	107,602	2.91
May-2009	20	28.93	26.01	27.54	249,527	6.87
Jun-2009	22	32.75	26.25	28.91	172,286	4.94
Jul-2009	23	30.40	25.50	27.53	86,030	2.40
Aug-2009	21	35.65	29.85	33.03	133,706	4.43
Sep-2009	22	45.60	35.20	41.79	302,173	12.87
Oct-2009	22	51.80	44.80	48.88	225,308	11.00
Nov-2009	21	50.10	44.53	47.26	129,237	6.16
Dec-2009	22	49.50	43.77	47.82	123,269	5.87
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

9. Earnings per share

Year	Number of shares bearing a dividend	Dividend
2005	11,444,095	€1.10
2006	11,466,835	€1.35
2007	11,671,531	€1.65
2008	11,704,991	€1.65
2009*	11,752,543	€0.80

* *Amount proposed to the General Meeting of 22/06/2010.*

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. Membership of the Board of Directors as of 31/12/2009

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 *	Other positions and appointments held
Pierre Pasquier (74 years) **Professional address:** **Sopra Group** **PAE Les Glaisins – BP 238** **F-74942 Annecy-le-Vieux Cedex** **France**	120,463 *See Chap. 2*	Chairman of the Board of Directors	30/05/2006	2011	■ **Chairman and CEO, Sopra Group** ■ President, Axway Software ■ MD, Orga Consultants ■ MD, Sopra GMT ■ Director or company officer of the Group's foreign subsidiaries (direct and indirect)
Alain Brodelle (67 years)	100	Membership of the Board of Directors Membership of the Compensation Committee Membership of the Nomination Committee	30/05/2006	2011	■ Nil
Philippe Citerne (60 years)	100	Membership of the Board of Directors Chairman of the Compensation Committee Chairman of the Nomination Committee	30/05/2006	2011	■ **Member of the Advisory Board of Perella Weinberg Partners** ■ Vice-Chairman of the Board of Directors, Accor ■ Chairman, Systèmes Technologiques d'Echange et de Traitement (STET) ■ Chairman, Rosbank ■ Director, Généval ■ Director, SG Hambros Bank & Trust Ltd ■ Director, Grosvenor Continental Europe SAS ■ Director, TCW Group ■ **Other directorships and offices held during the last 5 years:** • Director or company officer of the Société Générale Group's subsidiaries (direct and indirect)
Gérard Jean (62 years) **Professional address:** **Altime Charles Riley** **192 av. Charles de Gaulle** **F-92200 Neuilly-sur-Seine** **France**	1	Membership of the Board of Directors Membership of the Compensation Committee Membership 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
Dominique Illien (56 years) **Professional address:** **Sopra Group** **9 bis av. de Presbourg** **F-75116 Paris** **France**	11,250	Membership of the Board of Directors	15/05/2008	2013	■ **Managing Director, Sopra Group** ■ Director or company officer of the Group's foreign subsidiaries (direct and indirect) ■ **Other directorships and offices held during the last 5 years:** • Member of the Management Board of Atos Origin SA • Director or company officer of Groupe Atos Origin's foreign subsidiaries (direct and indirect)
Pierre-André Martel (56 years) **Professional address:** **Caravelle** **6 place des États-Unis** **F-75116 Paris** **France**	110 *See Chap. 2*	Membership of the Board of Directors Membership of the Compensation Committee Membership of the Nomination Committee Membership of the Audit Committee	30/05/2006	2011	■ **Chairman of the Board of Directors, Caravelle SA** ■ Chairman and Chief Executive Officer, Cooper ■ CEO, Nina SAS ■ CEO, PX Holding SAS ■ 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

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 *	Other positions and appointments held
Bernard Michel (62 years) **Resigned as of 31 December 2009 in application of rules relating to the holding of multiple appointments** **Professional address:** **Crédit Agricole Assurances** **16/18 boulevard de Vaugirard** **F-75015 Paris** **France**	101	Membership of the Board of Directors Membership of the Audit Committee	30/05/2006	-	■ **Head, Crédit Agricole Assurances** ■ **Member of the Executive Committee, Crédit Agricole SA** ■ Chairman, Aeprim ■ Chairman of the Board of Directors, Crédit Agricole Immobilier ■ Chairman of the Board of Directors, Unimo ■ Chairman, Commission de Gestion Provisoire Caisse Régionale Corse ■ Chairman of the Supervisory Board, France Capital ■ Permanent Representative, Crédit Agricole SA, Chairman of the Supervisory Board, Systèmes Technologiques d'Échange et de Traitement ■ Vice-Chairman of the Supervisory Board, CPR Billets ■ Director, Vice-Chairman, Predica SA ■ Director, Attica (GIE) ■ Director, Caam Real Estate ■ Director, Cholet Dupont ■ Director, Crédit Agricole Leasing SA ■ Director, Crédit Agricole Reinsurance SA (Luxembourg) ■ Director, Crédit Agricole Risk insurance SA (Luxembourg) ■ Non-voting board member, Sacam Square Habitat ■ Member of the Board of Directors, Litho Promotion ■ Permanent representative, Crédit Agricole SA, Member of the Supervisory Board, Fonds de Garantie des Dépôts ■ **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:** **Régence SAS** **Les Avenières** **F-74350 Cruseilles** **France**	52,742 *See Chap. 2*	Membership of the Board of Directors Membership 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 (65 years) **Professional address:** **LCH Clearnet SA** **18 rue du 4 septembre** **F-75002 Paris** **France**	100	Membership of the Board of Directors Chairman of the Audit Committee	30/05/2006	2011	■ Chairman, LCH Clearnet SA ■ Director, LCH Clearnet Ltd (United Kingdom) ■ Director, Viparis ■ Director, Comexposium ■ Director, Sogécap ■ Elected member, Paris Chamber of Commerce and Industry ■ Vice-Chairman, Finance Innovation (French financial services competitiveness cluster)
José Sancho Garcia (61 years)	*See Chap. 2*	Membership of the Board of Directors	30/05/2006	2011	■ Director, Information Business Integration SA ■ Member of the Board of Finaves II ■ Director, Panda Security ■ Director, Bkool
Gérard Vincent (68 years)	5,000	Membership of the Board of Directors Membership of the Audit Committee	30/05/2006	2011	■ Consular delegate, Lyon Chamber of Commerce and Industry ■ Assessor, Lyon Social Security Administrative Court

* *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 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 employed within the Group who received fixed and variable compensation in respect of financial year 2009 are as follows:

- Pierre Pasquier, Chairman and Chief Executive Officer;
- Dominique Illien, Managing Director.

The members of the Board of Directors employed within the Group received a variable component of compensation, in 2009 based on 2008 earnings and in 2010 based on 2009 earnings calculated as follows:

- 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.

	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	
Senior executive officer	**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: 2011		X		X		X		X
Dominique Illien Managing Director Start of term of office: 2008 End of term of office: 2013	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

	2009	2008
Compensation payable in respect of the financial year	€326,557	€390,603
Valuation of options allocated during the year	-	-
Valuation of performance-based shares allocated during the year	-	-
TOTAL	**€326,557**	**€390,603**

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

	2009		2008	
	Amount due	Amount paid	Amount due	Amount paid
Fixed compensation	€250,510	€250,510	€250,510	€250,510
Variable compensation	€61,000	€125,000	€125,000	€115,505
Exceptional compensation	-	-	-	-
Directors' fees	€8,548	€8,481	€8,481	€9,321
Benefits in kind	€6,499	€6,499	€6,612	€6,612
TOTAL	**€326,557**	**€390,490**	**€390,603**	**€381,948**

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

	2009	2008
Compensation payable in respect of the financial year	€593,197	€629,633
Valuation of options allocated during the year*	€117,000	€219,600
Valuation of performance-based shares allocated during the year	-	-
TOTAL	**€710,197**	**€849,233**

* *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).*

Dominique Illien joined Sopra Group in June 2007 and was elected to the Board of Directors by the General Meeting of 15 May 2008.

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

	2009		2008	
	Amount due	Amount paid	Amount due	Amount paid
Fixed compensation	€526,127	€526,127	€504,872	€504,872
Variable compensation	€53,000	€110,242	€110,242	€145,833
Exceptional compensation	-	-	-	-
Directors' fees	€8,548	€6,392	€6,392	-
Benefits in kind	€5,522	€5,522	€8,127	€8,127
TOTAL	**€593,197**	**€648,283**	**€629,633**	**€658,832**

1.2.5. Directors' fees payable in respect of financial years 2009 and 2008

(Members of the Audit Committee are shown in italics)	2009	2008
Alain Brodelle	€10,323	€11,266
Philippe Citerne	€9,140	€7,785
Gérard Jean	€9,731	€10,570
Dominique Illien	€8,548	€6,392
Pierre-André Martel	*€16,505*	*€17,658*
Bernard Michel	*€15,323*	*€16,962*
François Odin	*€16,505*	*€15,570*
Pierre Pasquier	€8,548	€8,481
Hervé Saint-Sauveur	*€15,323*	*€16,962*
José Sancho Garcia	€8,548	€7,089
Gérard Vincent	*€16,505*	*€16,266*
TOTAL	**€135,000**	**€135,000**

The total amount of directors' fees to be allocated with respect to the 2009 financial year was €135,000 (fifth resolution of the General Meeting of 7 May 2009):

- €110,000 of this total was allocated to the members of the Board, with half of the amount divided equally among all the members and the remainder allocated on the basis of their actual attendance at Board meetings and their service on its various committees;
- €25,000 was allocated equally among the members of the Audit Committee.

1.2.6. 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	€117,000*	20,000	€27.16	17/03/2014-17/03/2017

* *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 when he joined the Group in 2007 stipulated that 20,000 share subscription options would be granted to him each year for a period of five years beginning in 2008, with the understanding that the granting and exercise of these options would be contingent upon his continued presence within the Group.

1.2.7. 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
-	-	-	-

1.2.8. 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
-	-	-	-	-	-

1.2.9. 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 SA** represented by Philippe Ronin, Statutory Auditor;
- **AEG Finances**, Alternate Auditor.

2.2. Fees for Statutory Auditors and members of their networks

	Mazars						Auditeurs & Conseils Associés (Nexia)					
	Amount (excl. VAT)			%			Amount (excl. VAT)			%		
(in thousands of euros)	2009	2008	2007	2009	2008	2007	2009	2008	2007	2009	2008	2007
Audit												
Statutory audit, certification, of the individual company and consolidated financial statements												
■ Issuer	214	209	200	29%	28%	45%	156	150	143	54%	50%	49%
■ Fully consolidated subsidiaries	429	427	220	59%	58%	47%	115	116	96	40%	39%	33%
Other work and services directly related to the statutory audit												
■ Issuer	-	-		-	-		-	-		-	-	
■ Fully consolidated subsidiaries	-	66	12	-	9%	2%	-	10	18	-	3%	6%
Subtotal	**643**	**702**	**590**	**88%**	**95%**	**94%**	**271**	**276**	**257**	**93%**	**92%**	**89%**
Other services provided by the networks to fully consolidated subsidiaries												
Legal, tax and employee-related	85	40	40	12%	5%	6%	20	15	20	7%	5%	7%
Other	-	-		-	-		-	10	12	-	3%	4%
Subtotal	**85**	**40**	**40**	**12%**	**5%**	**6%**	**20**	**25**	**32**	**7%**	**8%**	**11%**
TOTAL	**728**	**742**	**630**	**100%**	**100%**	**100%**	**291**	**301**	**289**	**100%**	**100%**	**100%**

3. Regulated agreements

3.1. New agreements concluded in 2009

Nil.

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 2009:

3.2.1. Agreements between Sopra Group and Orga Consultants

Agreement	Impact on the 2009 financial statements
Provision of premises	€1,530,030 revenue
Expense recharge Sopra Group charges Orga Consultants the proportion of various expenses relating to the shared premises (telecoms, etc.)	€61,725 revenue
Provision of IT resources	€173,852 revenue
Assistance provided by functional divisions	€2,003,400 revenue
Commercial support Payment of management fees for commercial support by Sopra Group. 2% of Orga Consultants' revenue	€743,100 revenue
Tax consolidation The tax charge is apportioned as if no tax consolidation agreement applied	€15,342 expense

3.2.2. Agreements between Sopra Group and Axway Software

Agreement	Impact on the 2009 financial statements
Provision of premises	€3,118,352 revenue
Expense recharge Sopra Group charges Axway Software the proportion of the various expenses relating to the shared premises (telecoms, etc.)	€214,605 revenue
Provision of IT resources	€2,403,673 revenue
Assistance provided by functional divisions	€2,125,700 revenue
Commercial support Payment of management fees for commercial support by Sopra Group	No impact: not applied in 2009
Tax consolidation The tax charge is apportioned as if no tax consolidation agreement applied	€25,179 expense

3.2.3. Cash management agreements and receivables relinquished

Company concerned	Balance of current account held with Sopra Group at 31 December 2009 (CB: credit balance; DB: debit balance)		Expense (-)/ Income (+)	Receivables relinquished
Axway	DB	76,600,195	1,026,413	
Orga Consultants	CB	17,546,578	-73,516	
Sopra Group Ltd	CB	5,629,997	-3,647	
Sopra Belux	DB	360,000	3,317	
Sopra Group GmbH	DB	764,500	10,795	
Sopra Group SpA	DB	7,306,926	199,017	
Valoris Iberia	DB	2,330,000	11,840	
SOPRAntic	DB	1,425,618	38,431	
Sopra Informatique	CB	7,886,092	-228,785	
Sopra Group Informatica	CB	23,301,711	-110,873	
Sopra Luxembourg	CB	51,753	-586	
Business Architects International NV	CB	13,368,917	-186,217	

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) as well as the application guide relating to internal control and the presentation of accounting and financial information published in January 2007.

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.

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 six times in 2009. The attendance rate was 89%, representing a total roll call of 59 out of a possible 66 (by decision of the General Meeting of 15 May 2008, the Board is now composed of 11 members).

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 2009 were:

- organisation of and calendar for meetings;
- quarterly performance;
- 2009 budget and major strategies;
- approval of the financial statements for the year ended 31 December 2008;
- approval of the interim financial statements for the first half of 2009;
- approval of the recommendations of the Compensation Committee, in particular the adoption of the AFEP-MEDEF Code of Corporate Governance for Listed Companies;
- authorisation of regulated agreements and commitments;
- capital increase following the exercise of options to subscribe to shares occurring in 2008;
- approval of the Chairman's report on corporate governance and internal control procedures;

- preparation of the Ordinary General Meeting for 2009;
- approval of financial information and planning documents;
- the organisation and procedures of the Board of Directors;
- the charter of the Audit Committee;
- the proposal for the separation of Axway from Sopra Group.

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 2009.

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;
- Bernard Michel (until 31 December 2009);
- 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 2009 in the presence of the Statutory Auditors. The main items of business at these meetings were as follows:

- the 2008 impairment tests;
- approval of the financial statements for the year ended 31 December 2008;
- renewal of the appointment of a Statutory Auditor; assignment scope and procedures for the Statutory Auditors;
- the organisation and 2009 work programme for the Group’s internal audit function;
- examination of the financial statements for the first half of 2009;
- application of IFRS 8 and IFRS 3;
- the Chairman’s draft report on corporate governance and internal control procedures;
- risk mapping and the overall scope of audit procedures;
- the charter for the Audit Committee as well as the internal audit charter;
- application by the Committee of best practices defined by the Institut Français des Administrateurs (IFA);
- self-assessment of the work performed by the Committee.

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

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 three times in 2009. The main subjects discussed were the following:

- application of the earnout clause involved in the acquisition of PROFit;
- fixed and variable components of compensation paid to the COMEX members: principles, access conditions and decisions in accordance with performance;
- allocation of directors' fees with respect to the 2008 financial year;
- the AFEP-MEDEF Code of Corporate Governance for Listed Companies;
- 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 and 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 and continues to be developed. Although the essential aspects of such a system had already been in use within the Company for a number of years, this initiative encouraged the reinforcement and adaptation of this existing system. The system involves the entire Group: taking as its initial focus Systems & 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 established as a reference framework by the Working Group set up under the aegis of the AMF, 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 or the Management Board;*
- *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, or in the case of specific agreements providing for the participation, for a limited time, of company managers in the capital of certain subsidiaries.

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 (Systems and Solutions Integration France, Strategy and Management Consulting, Systems and Solutions Integration Europe, 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 region for Systems & Solutions Integration in France,
  - countries, for Systems & Solutions Integration outside France,
  - subsidiaries for Consulting and Axway.

  There are about thirty of these Tier 2 entities. The Director of each entity reports to a member of Executive Committee or, particularly in the case of the subsidiaries, serves as a member of this 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.

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) are centralised within Sopra Group SA for the entire Group and report directly to Executive Management. The functional capacity of international subsidiaries is strictly limited to the local business environment. Functional managers contribute to overall Group control 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 2009. A major training programme conducted specifically for managerial staff in 2009 enabled some 800 participants to review once again the Group's value system, update their knowledge of the organisation and improve their management techniques.

Information system

The information system is designed to contribute to the organisation of standards-compliant steering meetings throughout the Group and to produce accounting and financial information.

The various individual information systems are under the responsibility of two functional departments reporting directly to Executive Management. 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 logical security of data to which permanent access must be guaranteed, to maintain the cost of the information system at the lowest possible level while remaining compatible with its service constraints.

In 2009, the position of Information Systems Security Manager (ISSM) was created within the Industrialisation Department in order to provide a perspective from outside the information systems departments on the choices they make and to take charge of 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 Quality department. It covers the Systems & 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 reference documents are made available in all three languages.

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 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 listing and management process

The sequences of weekly, monthly and annual (budget) meetings described in the preceding paragraph are the occasion for the assessment of short term (alert) or long term (structural) risks. These sequences involve both operating and functional departments.

Alerts brought up during these meetings are evaluated and dealt with at the appropriate level (branch, division/subsidiary, Group). They are the subject of a supervised plan of action.

With respect to structural risks, a risk mapping procedure (defined as the listing, definition and ranking of risks) has been validated by Executive Management following consultation with the Group's main operational and functional managers. The risk information thus obtained is regularly updated and is the subject of an annual presentation made to the Audit Committee.

d. Control

Apart from self-assessment procedures and the supervisory control procedures assured by operational managers at every level, in application of 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, quality controls on 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 (225 reviews conducted in 2009) and performing the reconciliation between the internal management accounts and the financial accounts.

Industrialisation 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's 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. In 2009, about 1,200 reviews of this type were conducted.

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 continuously 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;
- 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.

In particular, these meetings focus on the risk mapping procedure, the annual internal audit plan, 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 Sopra Group SA. 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.

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, which is comprised of five of its members (see § 4.1.5 above).

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 Finance Department and the consolidated financial statements are examined by the Group's Statutory Auditors.

c. Improvement projects

The Group has begun to gradually recast the various existing notes and procedures within a unified framework so as to provide a collection of documents covering the main accounting policies and procedures. This new collection of documents will serve as a common reference for the various internal and external operators involved in the production or use of financial and accounting data.

4.3.3. Assessment and control of the principal risks identified

Executive Management, after consultation with the Executive Committee, had extended for 2009 the application of working practices aimed at improving management of human resources, production and commercial risks intimately tied to the Group's business model and its ability to maintain its competitive edge. In a business environment marked by the financial crisis, cash management risks were also the focus of special attention.

a. Human resources risks

In a service business, which also faces certain skill shortages, human resources risks are naturally critical. The performance of 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.

One of the main issues involved in human resources management relates to the optimal use and thus the expert knowledge of the resources already present in the Group (skills, aptitudes, potential), as the size of the primary operating entities is growing.

Human resources 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. Launched in 2008, this programme continued to generate positive results over the course of 2009.

b. Production risks

The primary risk relates to the capacity to execute the engagements 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. The reliability of information systems and communications infrastructures is an issue of growing importance.

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 over 6,000 participants in 2008 and nearly 2,900 participants in 2009, most of whom were pursuing advanced training in this area.

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

In a business environment marked from the end of 2008 by a worldwide financial crisis, financial concerns such as the ability to ensure the Group's financial sustainability and the reduction of net debt gave rise to an action plan with the aim of improving the management of the client cycle as a whole.

Instructions communicated to operational teams were revised in consequence. New tools for monitoring performance were developed. An ambitious training programme designed specifically for senior managers, sales engineers and management assistants was conducted during the first half of 2009. All of these actions helped to bring about a notable improvement in the management of the client cycle as well as a reduction in the Group's net debt.

These four priorities remain valid for 2010. 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 15 April 2010.

Paris, 15 April 2010

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 2009.

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, 16 April 2010

The Statutory Auditors

Auditeurs & Conseils Associés	**Mazars**
Philippe Ronin	Christine Dubus

4 REPORTS OF THE BOARD OF DIRECTORS TO THE COMBINED GENERAL MEETING OF 22 JUNE 2010

REPORT OF THE BOARD OF DIRECTORS

1. Sopra Group's business and key events in 2009

1.1. Business in 2009 – 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.

Growth for the IT services sector was negative in 2009, with revenue of companies in the sector falling by approximately 4% in France (Source: Syntec).

Sopra Group posted revenue of €1,094.3 million in 2009. Compared to the previous year, the pace of the revenue decline was reduced to 3.1% and, at constant exchange rates and group structure, to 4.5%. France posted organic growth of 0.2%.

Profit from recurring operations was €83.0 million, representing a current operating margin of 7.6%, comfortably achieving the announced target (margin higher than 7.0%).

Operating profit came to €63.2 million: it includes the amortisation of intangible items in the amount of €2.6 million and non-recurring changes related to the Spanish systems integration subsidiary for €17.2 million (€15.0 million for goodwill impairment and €2.2 million for restructuring costs).

After consideration of a significant improvement in financial items and a non-recurring charge of €4.1 million relating to the termination of the Spanish consulting business of the subsidiary Valoris Iberia, net profit was €27.1 million.

In a difficult economic environment, 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

There were no significant acquisition operations in 2009.

2. Consolidated financial statements

2.1. Consolidated income statement

2.1.1. Group results

Consolidated revenue amounted to €1,094.3 million in 2009, representing negative total growth of (-)3.1% and negative organic growth of (-)4.5%. In 2008, organic growth was 10.5%. The worldwide economic environment weighed heavily on all of the Group's business lines and hit Systems & Solutions Integration in Europe particularly hard. Changes in the scope of consolidation correspond exclusively to the acquisition of Tumbleweed in the United States, which was integrated with effect from 1 September 2008. This acquisition contributed €16.9 million to revenue in 2008.

Total staff costs (employees, sub-contractors and external contractors) represented 74.2% of revenue in 2009, up from 72.5% in 2008. The first half of 2009 had been marked by a strong increase in staff costs, accounting for 76.1% of revenue. In the second half, this proportion was brought down to 72.3%, thanks to action plans implemented during the period (reduction in idle intervals between projects, moderation in salary increases, workforce adjustments, more limited recourse to sub-contractors).

These costs include €55.2 million in research and development expenses for Software Packages and Solutions, compared to €50.1 million in 2008.

Operating expenses as a percentage of revenue were down 1.7 points compared to the previous year. This €10.1 million decline is result of ongoing cost-cutting measures put in place early in the year 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 increased by 0.3 points, corresponding to a charge of €15.9 million. This growth in depreciation, amortisation and impairment expenses is attributable to investments carried out in 2007 and 2008, respectively in the amount of €11.2 million and €12.1 million.

Profit from recurring operations amounted to €83.0 million, corresponding to 7.6% of revenue compared to €102.3 million and 9.1% of revenue in 2008.

Operating profit came in at €63.2 million, 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 €1.8 million for Axway and €0.8 million for Sopra;
- non-recurring expenses recorded in the first half in the amount of €2.2 million, including €1.4 million in staff-related costs and €0.8 million in other non-recurring expenses. These non-recurring items relate exclusively to the Group's business activities in Spain. No other non-recurring expenses were recognised in the second half;
- a goodwill impairment charge of €15.0 million for Sopra Group Informatica. Discounted cash flows resulting from this entity's medium-term business plan (2010–14) proved to be lower than their carrying amount.

Restated to reflect this goodwill impairment, operating profit would have amounted to €78.2 million, or 7.1% of revenue.

The net financial expense was €11.0 million, down from €13.2 million in 2008. It consists of:

- net finance costs, which amounted to €9.2 million in 2009, thus decreasing by €0.7 million compared to 2008 and representing 0.8% of revenue;
- other financial income and expenses, which amounted to €1.8 million and include:
  - discounting expenses relating mainly to:
    - the provision for retirement benefits in the amount of (-)€1.1 million,
    - employee profit sharing, which had a positive impact of €0.6 million,
  - realised and unrealised gains and losses for a net amount of (-)€0.4 million,
  - the change in value of interest rate hedging instruments (-)€0.7 million,
  - other net financial expenses of (-)€0.2 million.

Total tax expense amounted to €20.9 million, or 31.6% of pre-tax profit compared to €28.3 million in 2008, which represented 32.7% of pre-tax profit.

Profit after tax from discontinued operations relates to the termination of the business of Valoris Iberia. This resulted in the recognition of a non-recurring expense of €4.1 million in the Group's financial statements.

Net profit was €27.2 million or 2.5% of revenue compared to €58.2 million and 5.2% in 2008, a decrease of 53%.

Basic earnings per share (calculated on the basis of the weighted average number of shares outstanding during the financial year) decreased to €2.33 from €4.98 in 2008 and diluted earnings per share (taking into account share subscription options already granted but not yet exercised) decreased to €2.33 from €4.96 in 2008.

2.1.2. Performance by division

	2009					2008		
(in millions of euros)	Revenue	Total growth	Organic growth	Profit from recurring operations	% Margin	Revenue	Profit from recurring operations	% Margin
Management consulting	37.1	-17.2%	-17.2%	0.8	2.2%	44.8	2.3	5.1%
Systems & Solutions Integration – France	704.5	+0.2%	+0.3%	58.5	8.3%	702.8	62.7	8.9%
Systems & Solutions Integration – Europe	170.5	-19.1%	-15.3%	5.2	3.0%	210.7	17.1	8.1%
Axway	182.2	+6.4%	-7.6%	18.5	10.2%	171.2	20.2	11.8%
GROUP TOTAL	**1,094.3**	**-3.1%**	**-4.5%**	**83.0**	**7.6%**	**1,129.5**	**102.3**	**9.1%**

Management Consulting: Revenue for this division was €37.1 million, representing a 17.2% decrease compared to the year earlier period. The pace of this decline slowed over the course of the year: the fourth quarter saw negative organic growth of 7.3%, whereas organic growth was down 24.6% at the start of the year. Profit from recurring operations was €0.8 million, in line with forecasts.

Systems & Solutions Integration – France: Revenue for this division amounted to €704.5 million, representing slightly positive organic growth of 0.3%. Profit from recurring operations came to €58.5 million, representing a current operating margin of 8.3%. Given the economic context, performance in France by the Group's core activities was excellent. It was made possible by the signing and execution of major application outsourcing and systems integration contracts, particularly in the verticals where the Group benefits from a significant presence (financial services, public sector, government agencies, utilities). Significant efforts targeting offerings and the industrialisation of the entire production chain allowed the Group to consolidate its leadership position as a provider of services in support of the strategic projects of major clients. The Group's Evolan solutions for the banking industry (banking enterprise software suites) have attracted renewed interest which has already resulted in a number of major contract wins.

Systems & Solutions Integration – Europe: Revenue for this division came to €170.5 million, down by 15.3%. Profit from recurring operations was €5.2 million, corresponding to a current operating margin of 3.0%. The transformation programme launched for all subsidiaries helped to limit the impact of the crisis on margins.

- In the United Kingdom, revenue declined by 14.3%, but the current operating margin improved by more than 2 percentage points to 6.9%, from 4.7% in 2008.
- In Spain, where the market environment remains very challenging, performance was disappointing due to the delay in the implementation of action plans in response to the crisis. Revenue fell by 18.2% and the current operating margin was 3.6%. Non-recurring expenses were recognised in the amount of €17.2 million (€15.0 million in goodwill impairment and €2.2 million in restructuring costs).

Axway: Revenue for this division was €182.2 million, with total growth of 6.4% and organic growth of -7.6%. The organic revenue decline results from a difficult first half (negative organic growth of 14.0%) followed by improved resilience in the second half (negative organic growth of 1.4%). Profit from recurring operations was €18.5 million, with the current operating margin reaching 10.2%, thus exceeding the announced target (between 7% and 10%). The large volume of licence sales in the second half did not fully offset the impact of the economic crisis at the start of the year.

2.2. Balance sheet and financial structure

Non-current assets were €442.9 million at 31 December 2009, down from €456.6 million the previous year. This is mainly the result of the decrease:

- in goodwill (€356.6 million, versus €372.7 million in 2008) mainly as a result of the impairment charges for Sopra Informatica (€15 million) and Valoris Iberia (€3 million);
- in intangible assets (€25.1 million compared to €28.9 million in 2008);
- in property and equipment (€34.9 million compared to €35.1 million in 2008);

and of the increase in deferred tax assets (€22.6 million compared to €16.5 million in 2008).

Trade accounts receivable amounted to €333.9 million (including VAT) compared to €401.5 million in 2008. Expressed in terms of months of revenue, it corresponds to 2.1 months, down from 2.5 months in 2008. This improvement was obtained in particular as a result of an action plan, launched at the end of 2008, to optimise the management of the client cycle by reducing contract work in progress and trade accounts receivable, thus limiting working capital requirements and improving cash flow from operating activities.

Cash and cash equivalents amounted to €43.6 million compared to €33.0 million in 2008.

At 31 December 2009, consolidated shareholders' equity totalled €281.7 million compared to €268.3 million in 2008. The statement of changes in consolidated shareholders' equity included in Chapter 5 provides a detailed presentation of the principal movements in 2009.

Long-term liabilities and borrowings amounted to €181.0 million versus €231.2 million in 2008 and were essentially comprised of bank loans for €150.2 million, IT lease finance agreements for €9.1 million and additions to the special employee profit sharing reserve for €21.7 million.

The Group's free cash flow was €91.2 million, compared to €52.9 million in 2008, a significant improvement attributable to a considerable reduction in working capital requirements.

Net debt amounted to €137.4 million compared to €198.2 million at 31 December 2008.

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 13.2 of the notes to the consolidated financial statements.

Other current liabilities, which totalled €303.0 million, mainly comprised:

- employee-related liabilities (personnel and social security) for €142.6 million;
- tax liabilities for €85.4 million, essentially corresponding to value added tax included in client receivables;
- accrued income and prepayments for €72.8 million, comprising the portion of billing revenue already issued but yet to be booked as revenue.

At 31 December 2009, the Group's financial position was satisfactory, with respect to both debt maturity and compliance with banking covenants:

- the gearing ratio (net debt to equity) was 48.8%;
- the leverage ratio (net debt to gross operating profit) was 1.52;
- the debt service coverage ratio (operating profit to net borrowing cost) came to 6.86.

In addition, Sopra Group has access to a total of €194 million in cash and cash equivalents and undrawn confirmed credit lines.

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. 2009 Sopra Group SA company financial statements

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

3.1. Income statement

Revenue increased by 1.2% to €723.8 million versus €715.3 million in 2008.

Operating profit rose to €57.2 million, up from €64.6 million a year earlier.

Net financial income was +€4.8 million in 2009 compared to (-)€6.7 million in 2008.

Pre-tax profit on ordinary activities was €62.0 million, compared to €57.8 million one year earlier.

Net exceptional expenses for 2009 were (-)€0.7 million compared to +€0.3 million in 2008.

The employee profit sharing expense was (-)€6.4 million compared to (-)€6.9 million in 2008 and the corporate income tax expense decreased from (-)€14.2 million to (-)€10.4 million.

There was a net profit of €44.5 million, versus €37.1 million in 2008.

3.2. Balance sheet

Shareholders' equity was €271.8 million at 31 December 2009, compared to €245.4 million at end 2008.

This change was due primarily to the following factors:

- the net profit for the year of €44.5 million;
- exercise of share subscription options amounting to €1.2 million;
- payment of dividends in respect of the 2008 financial year amounting to (-)€19.3 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 2009 comprises the following elements:

(in thousands of euros)	Total outstanding amount	Amount not yet due	Amount due in less than 60 days	Amount due in more than 60 days
At 31 December 2009	45,284	41,196	239	3,849

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 €522.0 million, from €529.4 million in 2008. These consisted mainly of €446.1 million in non-current financial assets, €56.1 million in intangible assets and property and equipment of €19.8 million.

4. Strategy and objectives, recent developments and 2010 outlook

4.1. Key events in 2009

4.1.1. Business activity in 2009

Business activity in 2009 can be summarised as follows for each main sector:

Utilities

Despite a depressed environment, the Group continued to gain market shares with its main clients (EDF, GDF-Suez, Scottish Power). In this segment, the Group mainly provides management applications, application management services or participates in specific projects related to its core business.

Financial services

The second half of 2009 saw a rebound in IT expenditure by financial services industry clients. In retail banking, major projects often involve the Group's industry application solution for this sector, the Evolan line.

Although banks lowered their current IT expenditure, they also launched large-scale back office rationalisation projects, which always involve a significant IT component. All industry players are gradually moving towards the same type of customer information processing systems, migrating from systems involving several applications and several back offices to unified processing. For example, they are moving both payments and loan distribution within and outside France to a single production site using a single application environment. In this context, the Group worked closely with Société Générale and La Banque Postale for the development of their shared payment system Transactis. All of these projects involved the Group in activities across multiple countries, thus allowing for an expansion of its client base to include international entities of original clients based in France.

Public sector

Sopra Group has significantly expanded its presence in this sector. The Group has taken part in major transformation projects for France's ministries as well as in other countries including the United Kingdom and Italy.

Apart from growth related to the client accounts themselves, the Group's resilience in 2009 was attributable to several very large transformation projects. One example in this regard is the Chorus project (the design and development of a new accounting information system for French government bodies, including the links between the various ministries and administrative agencies). Launched in 2007, this project has now entered the deployment phase.

Manufacturing

Manufacturers significantly cut back on their IT expenditure. Nevertheless, the Group continued to see growth among a number of major clients with a mission-critical need to remain at the leading edge from a technology standpoint. Sopra Group took part in several large-scale projects, in particular on behalf of Thales and EADS both in France and abroad.

Retail

Sopra Group has been able to raise the portion of its revenue generated in the retail vertical thanks to a structured approach to industrialised application management.

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.

4.1.2. Development in the range of solutions offered

Application Outsourcing (formerly Application Management)

Application Management, now referred to as Application Outsourcing, saw growth in 2009 across a large number of client accounts in the sectors currently open to this type of rationalisation (banking, insurance, provident institutions).

Testing

Testing is now considered as a market in its own right, where the Group maintains a strong presence. The Group's efforts in this area have garnered increasing recognition among testing professionals. Sopra Group now has the reputation of being an innovator in this area, with a number of major successes in relation to the large number of accounts where it has implemented recurring services of this type. Apart from tests specific to the deployment of a new application, the Group has worked on the maintenance of testing frameworks over time, which are activated at the installation of each successive version of any application.

Software Engineering for Scientific, Technical and Industrial Applications and Embedded Systems

The Group has also made advances in the area of software engineering for scientific, technical and industrial applications and embedded systems and has gained market shares. In this field, Sopra mainly serves clients in the aeronautics industry in France and abroad.

Sopra Group Solutions

This segment was an important stabilising element in 2009. Evolan for the banking industry, Pleïade for human resources, and Altaïx for property managers held up well despite the crisis. At present, all of France's leading retail groups are equipped with Sopra Group's property management solutions for their property divisions.

4.1.3. Development of demand for IT services

With respect to rationalisation and industrialisation processes, application outsourcing continued to make strides in 2009 at the same pace as in previous years, thus posting growth of between 9% and 10%. At present, this business line accounts for nearly half of revenue generated by Systems & Solutions Integration and is a major growth driver irrespective of the industry segment. The Group benefits from a competitive edge in this area, which must be maintained and developed.

New technologies and new practices entail transformation projects. This phenomenon is amplified by developments related to mobility: applications deployed by major corporations are made available to a growing number of users who are adopting new practices and making use of the new features offered. The Group has also begun to provide services in the area of cloud computing.

4.1.4. Continuation of the Group's own transformation programme

The Group must continue to develop those elements that have enabled it to remain competitive in 2009. Sopra will continue to accelerate its investment programmes, while developing its range of solutions, maintaining its key accounts, building its human resources and promoting the industrialisation of its processes.

This approach must be pursued along with rationalisation efforts and the development of Service Centres, both within and outside France.

Thanks to the aggressive development of quality control structures established at all levels of production, Sopra Group conducts extensive application outsourcing projects and other large-scale projects with excellent feedback from clients, even where these projects involve a significant offshore component.

Lastly, considerable changes in terms of human resource requirements must be anticipated together with qualitative reinforcement and a clear three-year perspective on our workforce. As in 2009, the Group plans to recruit significantly in 2010. All of this must be accomplished in connection with the preparation of all staff for future developments in the sector. Expansion efforts until recently focused on the Group's long-standing European bases (France, United Kingdom, Spain) will be shifted instead to offshore centres, but we will have greater need for functional expertise, in order to better manage design and analysis processes upstream so as to optimise the integration of these centres. Training programmes will be enhanced through a series of exceptional training modules in 2010.

4.2. Strategy and outlook

A major highlight of 2009 was the proposal for the separation of Axway from the Sopra Group. Presentations on the subject of this proposal were made to the Board of Directors on 21 October 2009 and 8 December 2009 and announced simultaneously to the financial markets.

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's market value is not entirely recognised in its own right with Axway under its umbrella.

Furthermore, this initiative has been 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 required by companies (internal, external, between applications, in file mode, B2B, EDI, etc.). Axway markets its own products and software suites but it also develops new solutions to meet specific client needs. Consequently, the company maintains an active interest in all new technologies, in particular smart phones. Its geographic positioning is satisfactory: 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 positions in the data transfer field (finance and supply chain management). This leadership position enables the company to attract systems integrators for joint contracts. In addition, Gartner Group, the world's leading information technology research and advisory company, ranks Axway as a prominent leader 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 2005, Atos/Actis in 2007 and Tumbleweed in 2008) has given rise to a highly effective management team with an international reach.

As regards Sopra Group's objectives in the absence of Axway, the Group is currently pursuing a major transformation programme. This evolutive strategy will allow the Group to adapt to client demand and become an active player in sector consolidation when the opportunity arises. Sopra Group will continue to pursue optimisation, rationalisation and industrialisation, by leveraging its strengths. The changing face of the IT services sector indicates that only a handful of major worldwide competitors will be able to meet all demands. Even if their position is strong, each of these players is focused on a given geographic area, a specific range of solutions, product lines and industries. Sopra Group aims to be among the top two or three providers for the major clients that have entrusted their requirements to the Group over the years. Sopra Group intends to maintain this focus, while recovering its organic growth momentum and improving its profitability.

4.3. Recent developments

The Group has not carried out any new acquisitions since 1 January 2010.

Sopra Group's Board of Directors confirms that preparatory measures are currently being taken for the proposed separation of the business activities of its subsidiary Axway from those of Sopra Group, with a view to the listing of a new Axway Group, in which Sopra Group will maintain an ownership interest of about 15% (please see Sopra Group's press releases dated 22 October 2009 and 9 December 2009).

Sopra Group and Axway continue to work on their transformation programme, which will allow both companies to execute independent industrial projects offering the potential to create substantial value for their clients, their employees and their shareholders.

Following the mandatory information and consultation procedures involving employee representatives, this operation will be submitted for the approval of Sopra Group's shareholders and may be completed, in the absence of any unfavourable conditions, on the basis of the interim financial statements for the period ending 30 June 2010, in the fourth quarter of 2010.

It should also be noted that 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 2010

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

For 2010, 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 2009.

5.1.2. Deconsolidated entities

No Sopra Group entities were deconsolidated over the course of financial year 2009.

5.1.3. Reorganisation of legal entities

The Canadian subsidiary Momentum Technologies Inc. was liquidated **with effect from 17 September 2009. The subsidiaries Tumbleweed Communications Pte Ltd in Singapore and Tumbleweed Communications Pty Ltd** in Australia are in the process of liquidation, with their activities subsumed by other Axway subsidiaries.

At 31 December 2008, Axway Inc. had absorbed Tumbleweed Communications Corp. in the United States and Axway UK Ltd had absorbed Tumbleweed Communications Ltd in the United Kingdom.

5.1.4. Restructuring measures

Due to the termination of the business of Valoris Iberia, operating profit posted by this subsidiary and the costs related to this termination were recognised in the income statement under *Profit after tax from discontinued operations* **(see Note 28)**.

5.2. List of direct subsidiaries

Company	Share capital	Other shareholders' equity	% of capital held	Book value Gross	Book value Net	Loans and advances granted by the company and not yet repaid	Surety and guarantees given by the company	Latest financial year revenue excl. VAT	Latest fiscal year profit or loss	Dividends received by the Company during the financial year	Observa-tions
Axway Software	€76,620,000	€17,013,829	100.0%	€75,619,772	€75,619,772	€76,600,195	-	€94,393,785	-€5,369,853	-	
Orga Consultants	€51,086,700	€17,579,428	100.0%	€85,061,843	€50,000,000	-	-	€39,932,143	€503,569	€1,459,620	
Sopra Group Ltd (United Kingdom)	GBP 50,700,000	-GBP 7,148,486	100.0%	€83,955,430	€67,560,041	-	-	GBP 51,997,354	GBP 605,668	-	
Sopra Belux (Belgium)	€2,638,082	-€1,358,616	100.0%	€3,052,485	€3,052,485	€360,000	-	€10,074,301	€2,358	-	
Business Architects International NV (Belgium)	€11,426,364	€2,989,866	100.0%	€37,666,542	€37,666,542	-	-	€5,073,528	€299,345	€1,500,000	
Sopra Luxembourg	€100,000	€108,659	100.0%	€99,900	€99,900	-	-	€823,445	€60,717	€20,000	
Valoris Luxembourg	€894,000	-€2,343,830	100.0%	€1,154,068	-	€1,397,099	-	-	-€5,605	-	
Sopra Group GmbH (Germany)	€1,200,000	-€1,361,261	100.0%	€5,484,691	-	€764,500	-	€1,979,904	€133,210	-	
Sopra Informatique (Switzerland)	CHF 100,000	CHF 13,968,733	100.0%	€58,380	€58,380	-	-	CHF 13,604,954	CHF 1,640,193	CHF 6,000,000	
Sopra Group SpA (Italy)	€3,660,000	-€646,425	100.0%	€12,502,516	€12,502,516	€7,306,926	-	€27,918,914	-€2,338,890	-	
Sopra Group Informatica SA (Spain)	€24,000,000	€24,743,014	100.0%	€113,487,256	€109,487,256	-	-	€67,010,074	-€244,969	€11,000,000	
Valoris Iberia (Spain)	€70,000	-€2,445,241	100.0%	€18,759,981	-	€2,330,000	-	€788,397	-€2,219,430	-	
CS Sopra España (Spain)	€3,260,200	€37,328	100.0%	€3,260,200	€3,260,200	-	-	€10,056,365	-€110,219	-	
SOPRAntic (Morocco)	MAD 3,000,000	-MAD 4,519,268	100.0%	€267,004	€267,004	MAD 16,157,885	-	MAD 30,029,837	MAD 2,730,276	-	
Sopra India (India)	INR 203,020,180	INR 438,044,754	100.0%	€7,910,275	€7,910,275	-	-	INR 888,309,648	INR 210,201,129	INR 13,906,382	

5.3. List of indirect subsidiaries

Parent companies and their subsidiaries	Share capital	Other shareholders' equity	% of capital held	Book value Gross	Book value 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	Observations
Axway Software											
Axway SAS (France)	€37,000	-€2,553	100.0%	€37,000	€37,000	€1,242		-	-€2,553	-	
Axway UK Ltd (United Kingdom)	GBP 100,000	-GBP 99,351	100.0%	€148,270	-	€54,858		GBP 8,194,485	-GBP 172,295	-	
Axway Nordic (Sweden)	SEK 100,000	SEK 16,350,250	100.0%	€20,706,081	€1,606,080	-		SEK 61,363,044	SEK 4,742,564	€175,464	
Axway GmbH (Germany)	€425,000	€21,755,664	100.0%	€23,038,194	€23,038,194	-		€19,718,560	€931,995	-	
Axway BV (Netherlands)	€18,200	€661,140	100.0%	€200,000	€200,000	-		€3,889,120	€238,270	-	
Axway Srl (Italy)	€98,040	€23,227	100.0%	€98,127	€98,127	-		€3,685,402	-€4,299	-	
Axway Software Iberia (Spain)	€1,000,000	€1,420,725	100.0%	€1,000,000	€1,000,000	-		€3,710,074	€708,099	-	
Axway Belgium (Belgium)	€1,000,000	€1,017,482	99.9%	€999,000	€999,000	-		€5,650,796	€259,417	€1,198,800	
Axway Romania Srl (Romania)	RON 52,490	RON 9,774,986	100.0%	€1,972,250	€1,972,250	-		RON 24,309,788	RON 4,646,516	€714,320	
Axway Inc. (United States)	USD 1	USD 28,832,649	100.0%	€65,332,542	€65,332,542	€67,357,559		USD 84,490,414	-USD 10,577,163	-	
Axway Asia Pacific Pte Ltd (Singapore)	SGD 100	-SGD 1,882,789	100.0%	€908,431	-	€820,898		-	-SGD 32,481	-	
Axway Software Korea Corporation Ltd (South Korea)	KRW 50,000,000	-KRW 402,604,906	100.0%	€40,486	-	€303,045		KRW 150,633,915	-KRW 353,330,306	-	
Axway Asia Pacific Pte Ltd (Singapore)											
Axway Software China (China)	CNY 11,358,640	-CNY 11,357,817	100.0%	SGD 1,424,609	-	-		CNY 5,291,117	CNY 46,353	-	
Axway Pte Ltd (Singapore)	SGD 200,000	-SGD 199,238	100.0%	SGD1	SGD1	-		SGD 3,612,668	SGD 141,284	-	
Axway Sdn Bhd (Malaysia)	MYR 250,000	-MYR 659,637	100.0%	SGD 106,768	SGD 12,861	-		MYR 552,432	-MYR 407,584	-	
Axway Pty Ltd (Australia)	AUD 100,000	-AUD 199,209	100.0%	SGD1	SGD1	-		AUD 1,727,859	-AUD 363,369	-	
Axway Ltd (Hong Kong)	HKD 100,000	-HKD 98,963	100.0%	SGD1	SGD1	-		HKD 11,549,463	HKD 796	-	
Axway Inc. (United States)											
Tumbleweed Communications Holding GmbH (Switzerland)	CHF 20,000	CHF 67,642	100.0%	USD 12,252	USD 12,252	-		-	-	-	
Axway Bulgaria EOOD (Bulgaria)	BGN 5,000	BGN 1,417,141	100.0%	CHF 4,024	CHF 4,024	-		BGN 8,440,338	BGN 556,270	-	
Sopra Group Informatica (Spain)											
Sopra Group Euskadi SL	€6,010	€1,742,811	100.0%	€3,254,484	€3,254,484	-		€2,959,723	€650,284	-	
PROFit Gestao Informatica Lda	€17,500	€1,617,651	100.0%	€1,400,000	€1,400,000	-		€497,717	€45,948	-	

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 its subsidiaries 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 35 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.

The Group is not aware of any legal or arbitration proceedings which could have a significant impact other that 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 32 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 34.5 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	2009	2008
Consulting	11%	12%
Fixed-price projects	13%	14%
Technical assistance	18%	17%
Application Outsourcing	29%	29%
Industry application solutions	12%	13%
Axway	17%	15%
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 2008 and 3.2% in 2009.

6.5. Risk of client or supplier dependency

6.5.1. Risk of client dependency

In 2007, our number one client accounted for 5.5% of the Group's total revenue, the top five clients represented 21% and the top ten represented 31%.

In 2008, our number one client accounted for 6.4% of the Group's total revenue, the top five clients represented 23% and the top ten represented 32%.

In 2009, our number one client accounted for 7.3% of the Group's total revenue, the top five clients represented 22.5% and the top ten represented 33%.

Our main clients include EADS, France Telecom, SFR, 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 AGF 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 2009 to 31 December 2009.

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: €1,500,000 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 €44,462,843.94:

Profit for the year	€44,462,843.94
Retained earnings: dividends not paid on treasury shares	€42,735.00
TOTAL	**€44,505,578.94**

In consideration of the consolidated net profit amounting to €27,239,774, we propose that shareholders appropriate the profit available for distribution in the following manner:

Legal reserve	€19,020.80
Dividend	€9,402,034.40
Discretionary reserves	€35,084,523.74
TOTAL	**€44,505,578.94**

thus increasing the legal reserve to €4,701,017.20, 10% of the Company's share capital.

Based on the number of shares composing the share capital at 31 December 2009 (11,752,543), the dividend allocated per share would be €0.80. The dividend would be paid as of 7 July 2010.

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 18% provided for under Article 117 quater of the French Tax Code, and is subject to social levies and additional contributions at the rate of 12.10% deducted at source by the Company.

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

	2006	2007	2008
Total dividend	€15,480,227.25	€19,258,026.15	€19,313,235.15
Number of dividend bearing shares	€11,466,835	€11,671,531	€11,704,991
Dividend per share	€1.35	€1.65	€1.65

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

The Combined General Meeting of 7 May 2009, 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 2008, Sopra Group held a total of 25,325 treasury shares acquired at an average price of €25.41 managed under an AFEI liquidity contract by an investment services provider.
- During 2009, Sopra Group bought 149,855 of its own shares at an average price of €32.75 and sold 173,480 shares at an average price of €33.76.
- At 31 December 2009, Sopra Group owned 1,700 treasury shares purchased at an average price of €48.57.

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 587,627 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 €58,762,700.

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 21 December 2010 inclusive.

9. 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).

10. Setting of directors' fees

We propose that directors' fees for the Board of Directors for financial year 2010 be set at €150,000.

11. Appointment and reappointment of the Statutory Auditors

Pursuant to Article L. 225-228 of the French Commercial Code, statutory auditors are nominated in a draft resolution submitted by the Board of Directors for the approval of the General Meeting.

Given that the appointments of:

- the firm of Auditeurs et Conseils Associés, 33, rue Daru, F-75008 Paris as Statutory Auditor;
- and the firm of AEG Finances, 4, rue de Châtillon, F-75014 Paris as Alternate Auditor;

expired during the year, the Board of Directors proposes:

- to renew the appointment of Auditeurs et Conseils Associés as Statutory Auditor;
- and to renew the appointment of AEG Finances as Alternate Auditor;

for a new term of six years, which shall thus expire at the conclusion of the Annual General Meeting convened in 2016 to approve the financial statements for the year ending 31 December 2015.

12. Delegation of authority granted to the Board of Directors to issue securities

The delegations of authority granted on 15 May 2008 to the Board of Directors to increase the Company's share capital, with or without shareholders' pre-emptive rights being maintained, by any method it determines, as well as to use to the financial markets to issue securities, with or without shareholders' pre-emptive rights being maintained, conferring immediate or future entitlement to shares in the Company, remain valid until 14 July 2010, but their legal validity does not extend to the date of the next Meeting.

In order for the Board of Directors to remain in a position to be able to carry out at any moment, in response to an appropriate opportunity and at appropriate time, a financial operation that is best adapted to the needs of our Company and to market conditions, we propose a resolution to renew the authorisations granted in 2008, with the same limits on the amounts in order to have the tools necessary to implement the Group's strategy, and with the dates of validity updated.

You are therefore requested to authorise the Board of Directors to increase the share capital, subject to the limit of €7 million at par value, and to issue securities in each issue for a par value subject to the limit of:

- €7 million at par value if the transaction is performed in shares of Sopra Group or related securities;
- €150 million if the transaction is performed in securities conferring future entitlement to Sopra Group shares (subject to the limit of €7 million at par value);
- a combination of the two possibilities described above, provided that the Sopra Group securities ultimately obtained are within the maximum limit of €7 million at par value specified above.

This authorisation shall be subject to an over-allotment clause, which may be used if the Board of Directors determines that demand exceeds the number of shares to be issued, in accordance with Article L. 225-135-1 of the French Commercial Code and the Decree of 23 March 1967 as amended by the Decree of 10 February 2005, and subject to the limits of the overall issue ceiling.

Furthermore, these authorisations may be accompanied, if the General Meeting so determines, by an authorisation which permits the Board of Directors to allow Group employees to benefit from a specific reserved tranche within the scope of a company or group savings plan. Any such tranche would be limited to 10% of the shares issued, may not exceed 3% of the share capital and may be subject to a maximum discount of 5% of the issue price. If the capital increase is approved, the Board of Directors will have the option of exercising or not exercising this power.

In addition, in order to allow the Board of Directors to continue to benefit fully from all possibilities that may arise, you are requested to authorise the Board to:

- use the delegation of authority to increase the Company's share capital excluding the pre-emptive right of shareholders, to determine the issue price of shares or securities giving access to the Company's share capital, subject to an annual limit of 10% of the share capital;
- use the delegation of authority to increase the Company's share capital excluding the pre-emptive right of shareholders, to remunerate securities contributed to the Company as part of a public exchange offer or contribution in kind relating to securities of the Company, subject to an annual limit of 10% of the share capital.
- use the delegation of authority to increase the Company's share capital excluding the pre-emptive right of shareholders (possibility offered by the Law on the Modernisation of the Economy (LME) of 2009) in favour of qualified investors or a closed circle of investors in accordance with Article L. 225-136 of the French Commercial Code. This delegation of authority would be subject to a limit of 15% of the Company's share capital.

13. Extension of the age limit for the position of Chief Executive Officer

The proposed separation of Axway from Sopra Group constitutes a significant milestone in the development of the Group. This operation involves the complete separation of two entities, which will then each have independent access to the financial markets. Sopra Group's Board of Directors is of the opinion that maintaining Pierre Pasquier as Chairman and Chief Executive Officer is essential to ensure the successful completion of this very special phase in the life of the Group. For this reason, the Board of Directors proposes a resolution to amend Article 19 of the Company's Articles of Association which, in their current wording, call for the mandatory resignation of any Chief Executive Officer having reached the age limit of 75 years. The Board proposes to extend this age limit by two years.

14. Elimination of double voting rights

In accordance with a commitment undertaken and made public at the time of Caravelle's exit from the capital of Sopra GMT (see Sopra Group's press release dated 22 October 2009), in the interests of good governance and the equal rights of shareholders, it is proposed that double voting rights, attributed to all fully paid-up shares that have been registered for at least four years under the name of the same shareholder, be eliminated.

At 31 December 2009, 5,365,213 shares of the 11,752,543 shares comprising the Company's share capital had been granted double voting rights (46%) and two shareholders, Sopra GMT and Geninfo (Société Générale Group), together held nearly 85% of these shares entitled to double voting rights.

15. Creation of an advisory board and appointment of Bernard Michel

It is proposed that the existence of an advisory board within the Board of Directors be recorded in the Articles of Association and that Bernard Michel be appointed as advisor.

This decision is motivated by the wish of the Board of Directors to continue to benefit from the experience of Bernard Michel, a director compelled to resign at 31 December 2009 in application of regulations limiting the holding of multiple appointments.

The advisor attends meetings of the Board of Directors and may take part only by way of a consultative vote and therefore may not exercise a deliberative vote in these proceedings. Participation by the advisor in the Board's deliberations is strictly limited to a consulting capacity and none of the advisor's contributions may be construed as emanating from any of the Company's legal bodies, which remain free to determine the course of action to be taken on the basis of the observations made by the advisor.

The advisor may also be invited to take part in the meetings of the Audit Committee, the Nomination Committee or the Compensation Committee to offer his opinion on any issues these Committees may wish to raise with him.

16. Ratification of the co-optation of Jean-François Sammarcelli as director

In its meeting of 15 April 2010, the Board of Directors of Sopra Group co-opted Jean-François Sammarcelli as a member to replace Bernard Michel who had resigned from the Board with effect from 31 December 2009.

Mr Sammarcelli's term in office will expire at the General Meeting called to approve the financial statements for the year ending 30 December 2011. It is proposed that the General Meeting ratify this co-optation.

Jean-François Sammarcelli, a graduate of the Ecole Polytechnique, joined Société Générale Group in 1974, where he now serves as Deputy Managing Director, and is also Chairman of Crédit du Nord.

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 2009, 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	Caravelle (3)	Director	A	06/01/2009	4,000	25.9000	103,600
a	Caravelle	Director	A	07/01/2009	8,348	26.2450	219,093
a	Caravelle	Director	A	13/01/2009	15,000	27.5800	413,700
a	Régence (4)	Director	A	14/01/2009	9,000	28.1176	253,059
a	Régence	Director	D	14/01/2009	-4,500	26.8073	120,633
a	Régence	Director	D	14/01/2009	-2,500	27.7900	69,475
a	Caravelle	Director	A	16/02/2009	6,838	31.3280	214,221
a	Caravelle	Director	A	16/02/2009	1,162	31.1100	36,150
a	Caravelle	Director	A	02/03/2009	7,000	27.5320	192,724
a	Caravelle	Director	A	02/06/2009	2,067	28.4150	58,734
a	Caravelle	Director	A	03/06/2009	4,237	30.5480	129,432
a	Caravelle	Director	A	04/06/2009	9,600	32.4200	311,232
a	Caravelle	Director	A	31/08/2009	2,000	35.4800	70,960
a	Caravelle	Director	A	01/09/2009	338	35.8930	12,132
a	Régence	Director	A	03/12/2009	55,000	45.0643	2,478,536
a	Caravelle	Director	A	08/12/2009	175,575	41.0000	7,198,575
a	Régence	Director	D	08/12/2009	-175,575	41.0000	7,198,575
a	Sopra GMT (5)	Director	E	08/12/2009	-1,186,308	41.0000	48,638,628
a	Caravelle	Director	E	08/12/2009	1,186,308	41.0000	48,638,628
a	Sopra GMT	Director	D	08/12/2009	-42,523	41.0000	1,743,443
a	Caravelle	Director	A	08/12/2009	42,523	41.0000	1,743,443

(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) Caravelle is a diversified holding company controlled by Pierre-André Martel.

(4) Régence is a financial holding company owned by the family of François Odin.

(5) Sopra GMT is a financial holding company owned by the Pasquier and Odin family groups together with several senior managers of Sopra 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 2009, 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;
- 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:

- on voting rights, but a double voting right is granted to shares held in registered form for at least four years. At the General Meeting to be held on 22 June 2010, shareholders will be asked to approve the elimination of double voting rights (currently Article 28 of the Articles of Association, to be included in Article 29 after the Meeting of 22 June 2010, if the seventeenth resolution is adopted);
- 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 other than the double voting rights granted to certain registered shares, subject to the conditions described in the second paragraph above.

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 32 (Article 33 after the Shareholders' Meeting of 22 June 2010 if resolution 17 is adopted) 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 15 May 2008 in its resolutions 9 to 16.

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.

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 2009 include €208,291 in respect of non-deductible expenses (Article 39-4 of the Tax Code).

Paris, 15 April 2010

The Board of Directors

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

(in euros)	2009	2008	2007	2006	2005
Financial position of the Group at the year-end					
■ Share capital	47,010,172	46,819,964	46,686,124	45,867,340	45,776,380
■ Number of shares issued	11,752,543	11,704,991	11,671,531	11,466,835	11,444,095
■ Number of bonds convertible into shares	-	-	-	-	-
Results of operations for the year					
■ Revenue excluding VAT	723,828,915	715,262,937	616,050,938	555,168,681	488,560,636
■ Profit before tax, depreciation, amortisation and provisions	67,567,881	53,160,682	45,005,874	43,064,361	39,907,156
■ Corporate income tax	10,372,243	14,165,356	13,076,862	14,062,506	10,464,395
■ Profit after tax, depreciation, amortisation and provisions	44,462,844	37,058,468	27,011,997	30,637,832	18,524,198
■ Amount of profit distributed as dividends	9,402,034	19,313,235	19,258,026	15,480,227	12,588,505
Earnings per share					
■ Profit after tax but before depreciation, amortisation and provisions	4.87	3.33	2.74	2.53	2.22
■ Profit after tax, depreciation, amortisation and provisions	3.78	3.17	2.31	2.67	1.62
■ Dividend paid per share	0.80	1.65	1.65	1.35	1.10
Employee data					
■ Number of employees	7,596	7,237	6,521	5,990	5,460
■ Total payroll	312,763,163	301,772,567	272,414,673	248,535,330	220,321,024
■ Social and social benefit charges paid (social security, social bodies, etc.)	143,666,230	137,337,953	123,794,263	113,489,000	100,215,289

REPORT OF THE BOARD OF DIRECTORS ON THE USE OF DELEGATIONS OF AUTHORITY GRANTED BY THE COMBINED GENERAL MEETING OF 15 MAY 2008

- 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 €20 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 **tenth resolution**, to increase the Company's share capital, subject to the limit of €20 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 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, 15 April 2010

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 of 20,000 share subscription options on 17 March 2009 with an issue price of €27.16 awarded to Dominique Illien, Managing Director of Sopra Group and a member of its Board of Directors. Of these 20,000 options allocated, none were cancelled during the year.

Paris, 15 April 2010

The Board of Directors

REPORT OF THE BOARD OF DIRECTORS RELATING TO THE ALLOCATION OF WARRANTS TO SUBSCRIBE TO AND/OR ACQUIRE REDEEMABLE SHARES (BSAAR) TO GROUP EMPLOYEES AND COMPANY OFFICERS

The Board of Directors did not make use of the authorisation granted by the Combined General Meeting of **15 May 2008** in its **sixteenth resolution** to allocate warrants to subscribe to and/or acquire redeemable shares (BSAAR) to employees or officers of the Company or its Group.

Paris, 15 April 2010

The Board of Directors

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2009 CONSOLIDATED FINANCIAL STATEMENTS

Statement of the Group's financial position

ASSETS *(in thousands of euros)*	*Notes*	**2009**	**2008**	**2007**
Goodwill	*4*	356,589	372,686	300,558
Intangible assets	*5*	25,120	28,891	5,234
Property and equipment	*6*	34,888	35,091	32,958
Financial assets	*7*	3,527	3,430	4,003
Deferred tax assets	*8*	22,556	16,459	13,147
Other non-current assets		209	-	-
Non-current assets		**442,889**	**456,557**	**355,900**
Stocks and work in progress		447	404	274
Trade accounts receivable	*9*	333,865	401,539	358,964
Other current receivables	*10*	44,562	32,900	27,076
Cash and cash equivalents	*11*	43,566	33,009	26,573
Current assets		**422,440**	**467,852**	**412,887**
TOTAL ASSETS		**865,329**	**924,409**	**768,787**

LIABILITIES AND EQUITY *(in thousands of euros)*	*Notes*	**2009**	**2008**	**2007**
Company		47,010	46,820	46,686
Capital reserves		54,277	52,918	51,681
Consolidated reserves		184,596	144,858	110,774
Profit for the year		27,240	58,198	55,097
Losses taken directly to equity		-31,436	-34,491	-15,433
Equity – Group share		**281,687**	**268,303**	**248,805**
Minority interests		**2**	**3**	**2**
TOTAL EQUITY	*12*	**281,689**	**268,306**	**248,807**
Financial debt – long-term portion	*13*	146,673	189,969	134,428
Deferred tax liabilities	*14*	7,173	213	1,028
Provision for post-employment benefits	*15*	33,910	30,220	25,520
Non-current provisions	*16*	2,187	3,012	4,505
Other non-current liabilities	*17*	10,659	9,955	13,686
Non-current liabilities		**200,602**	**233,369**	**179,167**
Financial debt – short-term portion	*13*	34,342	41,234	22,416
Trade payables	*18*	45,662	59,620	48,459
Other current liabilities	*19*	303,034	321,880	269,938
Current liabilities		**383,038**	**422,734**	**340,813**
TOTAL LIABILITIES		**583,640**	**656,103**	**519,980**
TOTAL LIABILITIES AND EQUITY		**865,329**	**924,409**	**768,787**

Consolidated income statement and statement of recognised income and expense

Income statement

(in thousands of euros)	Notes	2009 Amount	2009 %	2008 Amount	2008 %	2007 Amount	2007 %
Revenue	20	1,094,261	100.0%	1,129,477	100.0%	1,001,440	100.0%
Purchases consumed	21	-119,057	-10.9%	-143,788	-12.7%	-114,727	-11.5%
Staff costs	22	-737,415	-67.4%	-721,825	-63.9%	-647,881	-64.7%
External expenses	23	-123,735	-11.3%	-129,606	-11.5%	-115,212	-11.5%
Taxes and duties		-22,279	-2.0%	-22,780	-2.0%	-20,290	-2.0%
Depreciation	24	-11,944	-1.1%	-11,747	-1.0%	-11,694	-1.2%
Provisions and impairment	24	-3,913	-0.4%	-2,230	-0.2%	-2,915	-0.3%
Other operating income		9,179	0.8%	5,887	0.5%	2,716	0.3%
Other operating expenses		-2,125	-0.2%	-1,066	-0.1%	-611	-0.1%
Profit from recurring operations		**82,972**	**7.6%**	**102,322**	**9.1%**	**90,826**	**9.1%**
Amortisation of allocated intangible assets	25	-2,625	-0.2%	-1,409	-0.1%	-	-
Other operating income	25	-	-	-	-	-	-
Other operating expenses	25	-17,191	-1.6%	-1,168	-0.1%	-673	-0.1%
Operating profit		**63,156**	**5.8%**	**99,745**	**8.8%**	**90,153**	**9.0%**
Income from cash and cash equivalents	26	39	0.0%	165	0.0%	169	0.0%
Cost of gross financial debt	26	-9,251	-0.8%	-10,094	-0.9%	-7,994	-0.8%
Cost of net financial debt		**-9,212**	**-0.8%**	**-9,929**	**-0.9%**	**-7,825**	**-0.8%**
Other financial income	26	3,363	0.3%	10,498	0.9%	4,351	0.4%
Other financial expenses	26	-5,036	-0.5%	-13,777	-1.2%	-6,351	-0.6%
Tax charge	27	-20,912	-1.9%	-28,338	-2.5%	-25,231	-2.5%
Net profit for the year from continuing operations		**31,359**	**2.9%**	**58,199**	**5.2%**	**55,097**	**5.5%**
Profit after tax from discontinued operations	28	-4,119	-0.4%	-	-	-	-
Net profit		**27,240**	**2.5%**	**58,199**	**5.2%**	**55,097**	**5.5%**
Attributable to Group		**27,240**	**2.5%**	**58,198**	**5.2%**	**55,097**	**5.5%**
Minority interests		-	-	1	-	-	-

EARNINGS PER SHARE (in euros)	Notes	2009	2008	2007
Basic earnings per share	29	2.33	4.98	4.80
Fully diluted earnings per share	29	2.33	4.96	4.75

Gains and losses recognised directly in equity

(in thousands of euros)	2009	2008	2007
Net profit	**27,240**	**58,199**	**55,097**
Translation differential	2,412	-16,198	-7,550
Actuarial gains and losses on pension plans	-175	-1,028	-5,008
Change in the value of derivatives	818	-1,832	-
Total gains and losses recognised directly in equity	**3,055**	**-19,058**	**-12,558**
NET PROFIT AND GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY	**30,295**	**39,141**	**42,539**
Attributable to Group	**30,295**	**39,140**	**42,539**
Minority interests	-	1	-

Statement of changes in equity

(in thousands of euros)	Share capital	Capital reserves	Consolidated 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 2006	**45,867**	**46,886**	**82,136**	**44,206**	**-2,875**	**-**	**-**	**216,220**	**1**	**216,221**
Profit for the year	-	-	-	55,097	-	-	-	55,097	-	**55,097**
Other comprehensive income statement items	-	-	-	-	-7,550	-5,008	-	-12,558	-	**-12,558**
Total comprehensive profit for the year	**-**	**-**	**-**	**55,097**	**-7,550**	**-5,008**	**-**	**42,539**	**-**	**42,539**
Capital transactions	819	3,927	-	-	-	-	-	4,746	-	**4,746**
Share-based payments	-	859	-	-	-	-	-	859	-	**859**
Transactions in treasury shares	-	-	-80	-	-	-	-	-80	-	**-80**
Appropriation of earnings	-	9	28,718	-44,206	-	-	-	-15,479	1	**-15,478**
Changes in scope	-	-	-	-	-	-	-	-	-	**-**
Other movements	-	-	-	-	-	-	-	-	-	**-**
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**

Cash flow statement

(in thousands of euros)	**2009**	**2008**	**2007**
Consolidated net profit (including minority interests)	**27,240**	**58,199**	**55,097**
Net increase in depreciation, amortisation and provisions	35,146	14,342	12,055
Unrealised gains and losses relating to changes in fair value	695	3,000	-677
Share-based payment expense	306	185	859
Other calculated income and expense	636	-5,763	4,200
Gains and losses on disposal	500	202	7
Cash from operations after cost of net debt and tax	**64,523**	**70,165**	**71,541**
Cost of net financial debt	9,212	9,929	7,825
Income taxes (including deferred tax)	20,912	28,338	25,231
Cash from operations before cost of net debt and tax (A)	**94,647**	**108,432**	**104,597**
Tax paid (B)	-32,176	-29,302	-38,166
Changes in operating working capital requirements (included liabilities related to employee benefits) (C)	50,148	-2,835	-14,704
Net cash from operating activities (D) = (A+B+C)	**112,619**	**76,295**	**51,727**
Purchase of tangible and intangible fixed assets	-7,788	-8,620	-9,009
Proceeds from sale of tangible and intangible fixed assets	532	44	13
Purchase of financial assets	-444	-359	-383
Proceeds from sale of financial assets	323	1,222	556
Impact of changes in scope	-8,800	-101,392	-49,119
Net cash from (used in) investing activities (E)	**-16,177**	**-109,105**	**-57,942**
Proceeds on issue of shares	-	-	-
Proceeds on the exercise of stock options	1,230	821	4,746
Purchase and proceeds from disposal of treasury shares	583	-637	-80
Dividends paid during the year			
■ Dividends paid to shareholders of Sopra Group SA	-19,270	-19,255	-15,479
■ Dividends paid to minority interests of consolidated companies	-	-	-
Change in borrowings	-53,386	73,521	-4,961
Net interest paid (including finance leases)	-9,408	-10,728	-7,873
Other cash flow relating to financing activities	-152	35	-120
Net cash from (used in) financing activities (F)	**-80,403**	**43,757**	**-23,767**
Effect of foreign exchange rate changes (G)	458	-691	-154
NET CHANGE IN CASH AND CASH EQUIVALENTS (D+E+F+G)	**16,497**	**10,256**	**-30,136**
Opening cash position	27,015	16,759	46,895
Closing cash position	43,512	27,015	16,759

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 Collaborative Business Solutions through its Axway subsidiary.

Sopra Group is a *société anonyme* governed by French law. Its registered office is located at Parc des Glaisins, 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, Euronext Paris.

The consolidated financial statements for the year ended 31 December 2009 of Sopra Group were approved by the Board of Directors' meeting of 11 February 2010.

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 2009 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 2009:

- IAS 1 *Presentation of Financial Statements* (as revised in September 2007);
- Amendment to IAS 23 *Borrowing Costs*;
- Amendments to IAS 32 and IAS 1 *Puttable Financial Instruments and Obligations Arising on Liquidation*;
- Amendment to IAS 39 *Financial Instruments: Recognition and Measurement*, "Reclassification of Financial Assets";
- Amendment to IFRS 1 *First-Time Adoption of International Financial Reporting Standards* and IAS 27 *Consolidated and Separate Financial Statements*, "Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate";
- Amendment to IFRS 2 *Share-Based Payment*, "Vesting Conditions and Cancellations";
- Amendment to IFRS 7 *Financial Instruments: Disclosures*, "Improving Disclosures about Financial Instruments";
- IFRS 8 *Operating Segments*;
- IFRIC 11 (IFRS 2) *Group and Treasury Share Transactions*;
- IFRIC 13 *Customer Loyalty Programmes*;
- IFRIC 14 (IAS 19) *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*.

The main effects of the application of these standards and interpretations are as follows:

Under the option provided by IAS 1, the Group has chosen to present its income and expenses using a two-statement approach: an income statement and a statement of recognised income and expense (or statement of comprehensive income). This new approach does not involve any changes in presentation as only the titles of financial statements and of certain consolidated items have been modified.

The Group applied IFRS 8 for the first time in 2009. The application of IFRS 8 did not involve any change in the presentation of the Group's operating segments from the segment information as presented under IAS 14, which already reflected the approach used within the Group's internal reporting system. The only modification resulting from the application of IFRS 8 relates to the activities of Business Architects International (BAI) and the Group's activities in Luxembourg, both of which were reclassified from the SSI International operating segment to the SSI France operating segment. This change had no material impact on the presentation of the Group's operating segments.

The entry into force of the other standards had no 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 2009. This group of standards and interpretations includes in particular:

- IAS 27 *Consolidated and Separate Financial Statements* (as revised in January 2008);
- Amendments to IAS 32 *Financial Instruments: Presentation*, "Classification of Rights Issues";
- Amendment to IAS 39 *Financial Instruments: Recognition and Measurement*, "Eligible Hedged Items";
- Amendments to IAS 39 and IFRIC 9, "Embedded Derivatives";
- Amendment to IFRS 1 *First-Time Adoption of International Financial Reporting Standards* (revision to the structure of this standard);
- 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 application of these standards, amendments and interpretations in 2010 is not expected to have a material impact on the Group's consolidated financial statements. Only IFRS 3 has a potential impact on any eventual acquisition operations, in particular by modifying certain provisions concerning the recognition of goodwill.

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:

- IAS 24 *Related Party Disclosures* (revised version),
- Amendment to IFRS 2 *Share-Based Payment*, "Group Cash-Settled Share-Based Payment Transactions";
- IFRS 9 *Financial Instruments* (Phase 1: Classification and Measurement of Financial Assets).

d. Comparative periods

Information for the comparative periods 2008 and 2007 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.

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 37.

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

Business combinations are recognised by applying the purchase method, in accordance with IFRS 3. However, the acquisitions of SG2 Ingénierie in 1996 and of Orga Consultants in 2000, for which the Group had applied the pooling of interests method, did not give rise to any restatement in application of the option offered by IFRS 1.

Under the purchase method, the acquirer purchases net assets and recognises at their fair value the assets acquired, the liabilities incurred and any liabilities assumed.

The acquirer is the combining entity that obtains control of the other combining entities or businesses (the acquirees). Control is the power to govern the financial and operating policies of an entity or business so as to obtain benefits from its activities.

The acquirer measures the cost of the business combination as the aggregate of:

- the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree; plus
- any costs directly attributable to the business combination.

The acquisition date is the date that the acquirer effectively obtains control of the acquiree.

Any adjustment to the cost of the combination that is contingent on future events is included in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Goodwill, being the excess of the cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, is recognised as an asset.

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

Goodwill represents the excess, at the date of acquisition, of the cost of acquisition of an investment over the Group's share of the identifiable net assets of the acquired entity. Goodwill is measured at cost less any cumulative impairment losses which may not be reversed.

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 aggregate future capital repayment elements are included within *Financial debt,* while the aggregate interest elements are recognised in profit or loss 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 straightline 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 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 expenses*.

The Group's CGU segmentation, and the other parameters applied for the purposes of impairment testing, are presented in Notes 4.3 and 4.5.

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 entities' net assets and their outlook for growth and profitability. Any impairment losses 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 26.2).

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.

Recognition takes place via a charge to *Staff costs* balanced by a credit to an *Issue premium account* 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, in *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 2007 and 2008 financial years 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:

- strategic and management consulting services provided by its Orga Consultants subsidiary in France;
- systems and solutions integration, and application outsourcing carried out in France by Sopra Group and 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 2009

Company	Country	% Control	% Held	Consolidation method
Systems & Solutions Integration				
Sopra Group	France	-	-	Parent company
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 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
Consulting				
Orga Consultants	France	100.0%	100.0%	FC

FC: Fully consolidated.

2.2. Changes in the consolidation scope

a. Newly consolidated and deconsolidated entities

There were no changes in the Group's scope of consolidation in 2009.

b. Reorganisation of legal entities

The Canadian subsidiary Momentum Technologies Inc. was liquidated with effect from 17 September 2009. The subsidiaries Tumbleweed Communications Pte Ltd in Singapore and Tumbleweed Communications Pty Ltd in Australia are in the process of liquidation, with their activities subsumed by other Axway subsidiaries.

At 31 December 2008, Axway Inc. had absorbed Tumbleweed Communications Corp. in the United States and Axway UK Ltd had absorbed Tumbleweed Communications Ltd in the United Kingdom.

c. Restructuring measures

Due to the termination of the business of Valoris Iberia, operating profit posted by this subsidiary and the costs related to this termination were recognised in the income statement under *Profit after tax from discontinued operations* (see Note 28).

Note 3 | Comparability of the accounts

Not applicable: there were no newly consolidated entities in the 2009 financial year.

NOTES TO THE CONSOLIDATED BALANCE SHEET

Note 4 | Goodwill

4.1. Changes in goodwill

The principal movements in 2009 are as follows:

(in thousands of euros)	Gross value	Impairment	Net
1 January 2008	**334,700**	**34,142**	**300,558**
Acquisitions			
CIBF	5,262	-	5,262
G2i	1,319	-	1,319
Tumbleweed Communications Corp.	77,969	-	77,969
Adjustments relating to business combinations			
Axway Software GmbH – adjustment in the fair value of software packages acquired	-400	-	-400
Translation differential	**-14,414**	**-2,392**	**-12,022**
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**

4.2. Adjustments to business combinations recognised in prior years

Tumbleweed Communications Corp. – The €1.054 million adjustment corresponds to an adjustment to the opening balance sheet total resulting from a re-evaluation of the provision within the deadline for allocation.

4.3. Impairment tests

Impairment test carried out at 31 December 2009 gave rise to the recognition of impairment for the CGU Systems Integration Spain. The difficult economic environment has lead Executive Management to make changes in its offerings and to adjust its business model, resulting in a change in forecast future cash flows. Accordingly, a goodwill impairment charge for the Spanish entity was recognised under *Other operating expenses* in the amount of €15.0 million.

Furthermore, in connection with the termination of the business of Valoris Iberia, the corresponding goodwill was recognised as fully impaired. The caption *Profit after tax from discontinued operations* includes this impairment charge of €3.0 million (see Note 28).

The impairment tests were performed under the conditions described in Note 1.11 using the following parameters:

	Discount rate in 2009	Discount rate in 2008	Perpetuity growth rate in 2009	Perpetuity growth rate in 2008
France	9%	9.5%	2.5%	2.5%
United Kingdom	9%	9.5%	2.5%	2.5%
Spain	9%	9.5%	2.5%	2.5%
Other European countries	9%	9.5%	2.5%	2.5%
Other zones	9%	9.5%	2.5%	2.5%

Analysis of the sensitivity of the recoverable amount to changes in key assumptions for 2009:

(in millions of euros)	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%

With the exception of the CGU Systems Integration Spain, declines in value-in-use resulting from these combined changes in assumptions (-13.6%) would not have prompted the recognition of impairment for these CGUs at the balance sheet date.

4.4. Translation differential

The increase of €0.8 million in the translation differential results mainly from changes in the value of the euro against:

■ the US dollar (USD): Axway Inc.	-€3.8 million
■ the pound sterling (GBP): Sopra Group Ltd	€3.6 million
■ other currencies	€1.0 million
TOTAL	**€0.8 MILLION**

4.5. 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)		2009	2008	2007
Consulting	France - Orga Consultants	3,876	3,876	3,876
Systems and Solutions Integration	France	68,368	68,288	62,210
	United Kingdom	52,587	49,032	63,684
	Spain	66,297	81,297	81,297
	Italy	8,119	8,119	8,119
	Belgium - Sopra Belux	3,000	3,000	3,000
	Spain - Valoris Iberia	-	3,000	3,000
Axway	Axway	154,342	156,074	75,372
TOTAL		**356,589**	**372,686**	**300,558**

In connection with the application of IFRS 8, BAI was integrated within the CGU SSI France. Specifically, this entity now belongs to the operational organisation of SSI France's Financial Services Department.

Note 5 | Intangible assets

(in thousands of euros)	Gross value	Amortisation	Net
1 January 2008	**26,481**	**21,247**	**5,234**
Changes in scope	12,690	10,269	2,421
Fair value measurements in respect of business combinations	21,670	-	21,670
Adjustments to the fair value of acquired software packages	400	-	400
Acquisitions	671	-	671
Disposals	-2,031	-2,012	-19
Translation differential	1,783	517	1,266
Amortisation charge	-	2,752	-2,752
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**

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 2009 or in previous years.

Disposals in the amount of €9.0 million correspond to the disposal of fully amortised intangible assets following the merger of Axway Inc. and Tumbleweed Communications Corp.

Note 6 | Property and equipment

(in thousands of euros)	Land and buildings	Furniture, fixtures, and fittings	IT equipment	Total
GROSS VALUE				
1 January 2008	**10,851**	**51,110**	**39,336**	**101,297**
Translation differential	-	-446	-838	-1,284
Acquisitions	2	6,953	5,120	12,075
Disposals	-	-1,584	-4,862	-6,446
Changes in scope	-	1,953	7,176	9,129
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**
DEPRECIATION				
1 January 2008	**8,055**	**33,035**	**27,249**	**68,339**
Translation differential	-	-327	-735	-1,062
Charges	238	3,879	6,285	10,402
Reversals	-	-1,449	-4,800	-6,249
Changes in scope	-	1,686	6,564	8,250
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**
NET VALUE				
1 January 2009	**2,560**	**21,162**	**11,369**	**35,091**
31 DECEMBER 2009	**2,344**	**21,340**	**11,204**	**34,888**

- Investments made by the Group in fixed assets (€11.2 million) primarily include office equipment in France and abroad, in the amount of €5.2 million and information technology equipment (central systems, work stations, and networks) in the amount of €6.0 million.
- Amounts included under disposals during the year (€4.7 million depreciated in the amount of €3.9 million) correspond primarily to the scrapping of computer equipment each year after taking inventory, and premises for which leases were not renewed that the Group no longer occupies.
- Land and buildings include 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)	2009	2008	2007
Land	255	255	255
Buildings	3,861	3,861	3,861
Depreciation	-3,603	-3,537	-3,471
NET VALUE	**513**	**579**	**645**

- 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)	2009	2008	2007
Gross value	27,316	24,742	23,909
Depreciation	-18,151	-15,629	-14,121
NET VALUE	**9,165**	**9,113**	**9,788**

Note 7 | Financial assets

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

(in thousands of euros)	2009	2008	2007
Assets at fair value through profit and loss	-	-	-
Held to maturity assets	-	-	-
Available for sale assets	196	195	1,301
Loans and receivables	3,331	3,235	2,702
TOTAL	**3,527**	**3,430**	**4,003**

7.1. Available for sale assets

(in thousands of euros)	Gross value	Impairment	Net
1 January 2008	**30,498**	**29,197**	**1,301**
Increase	-	-	-
Decrease	-1,130	-24	-1,106
Changes in scope	-5,485	-5,485	-
Translation differential	-31	-31	-
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**

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 €23.7 million, in respect of which a provision for impairment has been set aside of €23.5 million.

7.2. Loans and receivables

(in thousands of euros)	2009	2008	2007
Receivables from unconsolidated equity interests – gross value	899	967	5,484
Provisions for receivables from unconsolidated equity interests	-899	-967	-5,484
Receivables from unconsolidated equity interests – net value	**-**	**-**	**-**
Loans	23	44	44
Deposits and other non-current financial assets	3,308	3,208	2,741
Provisions for loans, deposits and other non-current financial assets	-	-17	-83
Loans, deposits and other non-current financial assets – net value	**3,331**	**3,235**	**2,702**
TOTAL	**3,331**	**3,235**	**2,702**

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

Deposits and other non-current financial assets (€3.3 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)	2009	2008	2007
Deferred tax assets (DTA)			
- less than one year	3,088	3,426	2,733
- more than one year	19,468	13,033	10,414
TOTAL DTA	**22,556**	**16,459**	**13,147**
Deferred tax liabilities (DTL)			
- less than one year	-	-	-
- more than one year	-7,173	-213	-1,028
TOTAL DTL	**-7,173**	**-213**	**-1,028**
NET DEFERRED TAX	**15,383**	**16,246**	**12,119**

8.2. Change in net deferred tax

(in thousands of euros)	2009	2008	2007
At 1 January	**16,246**	**12,119**	**8,273**
Reclassification of tax receivables as deferred tax assets	-	-	796
Changes in scope	-	534	197
Tax – income statement impact	-662	2,954	211
Tax – equity impact	-337	745	2,629
Translation differential	136	-106	13
AT 31 DECEMBER	**15,383**	**16,246**	**12,119**

8.3. Breakdown of net deferred tax by type

(in thousands of euros)	2009	2008	2007
Differences related to consolidation adjustments			
Actuarial gains and losses recognised for post-employment obligations	2,742	2,844	2,450
Software depreciation and amortisation of revalued software	-	298	669
Fair value of amortisable allocated intangible assets	-6,967	-	-
Derivatives	927	1,270	-725
Finance leases	37	2	-33
Discounting of employee profit sharing	717	687	559
Tax-driven provisions	-206	-213	-308
Activated tax losses	6,967	-	-
Temporary differences from tax returns			
Provision for pensions	7,616	6,484	5,331
Provision for employee profit sharing	2,581	2,954	2,358
Provision for Organic tax	507	472	413
Differences in amortisation periods	209	238	383
Provisions for investments	-	-	841
Tax audit: reintegrated provisions not taxable at a later date	-	992	-
Activated tax losses	-	-	214
Other	253	218	-33
TOTAL	**15,383**	**16,246**	**12,119**

At 31 December 2009, deferred tax arising on the fair value measurement of amortisable intangible assets relates to the definitive allocation of the acquisition price for Tumbleweed, which resulted in the separate allocation of goodwill on the identified amortisable intangible assets (€21.7 million). Consequently, a deferred tax liability was recognised in the amount of €6.9 million. In addition, a deferred tax was activated in respect of tax losses carried forward in the amount of the temporary differences generated by these allocated intangible assets.

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 Economique 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)	2009	2008	2007
Tax losses carried forward	45,560	48,175	13,687
Temporary differences	2,464	463	499
TOTAL	**48,024**	**48,638**	**14,186**

8.5. Maturity of tax losses carried forward

(in thousands of euros)	2009	2008	2007
N+1	19,035	11,169	4,188
N+2	15,534	8,358	5,131
N+3	19,380	7,471	3,517
N+4	1,777	7,250	3,350
N+5 and subsequent years	107,140	92,197	14,674
Tax losses carried forward with a maturity date	**162,866**	**126,445**	**30,860**
Tax losses which may be carried forward indefinitely	**11,471**	**15,400**	**16,385**
TOTAL	**174,337**	**141,845**	**47,245**
Deferred tax basis - activated	19,907	-	712
Deferred tax basis - not activated	154,430	141,845	46,533
Deferred tax - activated	6,967	-	214
Deferred tax - not activated	45,560	48,175	13,687

At 31 December 2009, deferred tax assets not activated on tax loss carryforwards came to €45.6 million and mainly concerned the following countries: the US (€36.6 million), the UK (€2.4 million), Italy (€1.7 million) and Singapore (€1.3 million).

In 2008, the increase in tax loss carryforwards was mainly attributable to the acquisition of Tumbleweed Communications Corp. for €89.6 million This amount took into account a double cap (in time: 20 years; per year: $7 million) imposed by the US tax regulations in the event of a change of shareholder.

Note 9 | Trade accounts receivable

(in thousands of euros)	2009	2008	2007
Trade accounts receivable	253,510	304,606	284,885
Accrued income	100,526	114,021	93,577
Accrued credit notes	-17,280	-13,625	-16,108
Provision for doubtful debtors	-2,891	-3,463	-3,390
TOTAL	**333,865**	**401,539**	**358,964**

An action plan launched at the end of 2008 to optimise the management of the client cycle by reducing contract work in progress and trade accounts receivable has helped to limit working capital requirements and improve cash flow from operating activities. In addition, the entry into effect of the French Law on the Modernisation of the Economy has facilitated the recovery of receivables in France. The decline in *Trade accounts receivable* resulted in a €50.1 million improvement in WCR.

Net trade accounts receivable, expressed in terms of months of revenue, improved in 2009, corresponding to 2.1 months of revenue at 31 December 2009, down from 2.3 months at 30 June 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 10 | Other current receivables

(in thousands of euros)	2009	2008	2007
Staff and social security	2,807	2,420	2,430
Tax receivables (other than corporate income tax)	22,197	18,353	14,176
Corporate income tax	12,749	3,614	2,360
Leased equipment	713	1,438	491
Other receivables	547	616	654
Prepaid expenses	5,549	6,173	3,755
Derivatives	-	286	3,210
TOTAL	**44,562**	**32,900**	**27,076**

Tax receivables of €22.2 million relate mainly to deductible VAT (of €19.5 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 32.3.a).

Note 11 | Cash and cash equivalents

The cash flow statement is presented on page 69.

11.1. Statement of net cash and cash equivalents

(in thousands of euros)	2009	2008	2007
Investment securities	-	1,190	152
Cash and cash equivalents	43,566	31,819	26,421
Cash and cash equivalents	**43,566**	**33,009**	**26,573**
Current bank overdrafts	-54	-5,994	-9,814
TOTAL	**43,512**	**27,015**	**16,759**

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 13.1, is more representative of the Group's financial position.

11.2. Investment securities

Type of security *(in thousands of euros)*	2009	2008	2007
Monétaire Euro OPCVM money-market fund units	-	-	-
Other	-	1,190	152
TOTAL	**-**	**1,190**	**152**

Note 12 | Equity

The consolidated statement of changes in equity is presented on page 68.

12.1. Changes in the share capital

At 31 December 2009 Sopra Group had share capital of €47,010,172 comprising 11,752,543 fully-paid shares with a nominal value of €4 each.

Movements occurring in 2009 included the exercise of share subscription options: 47,552 shares were created corresponding to a capital increase of €190,208 and a share premium of €1,039,712, for a total of €1,229,920.

12.2. 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 31/12/2009	o/w cancelled in 2009	Number of options exercised at 31/12/2009	o/w options exercised in 2009	Number of options outstanding at 31/12/2009	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	40,250	-	86,000	4,050	3,000	€6.36
Total	**840,000**				**194,425**	**-**	**642,575**	**4,050**	**3,000**	
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	100	-	-	-	Not applicable
22/03/2001	301,500	23/03/2006	22/03/2009	€61.40	301,500	18,000	-	-	-	Not applicable
19/12/2001	34,600	20/12/2006	19/12/2009	€61.40	34,600	-	-	-	-	Not applicable
24/04/2002	6,000	25/04/2007	23/04/2010	€61.40	3,000	-	-	-	3,000	Not applicable
16/12/2002	303,200	17/12/2007	15/12/2010	€22.50	46,550	100	184,868	28,862	71,782	€6.36
03/09/2003	88,000	04/09/2008	02/09/2011	€32.50	13,800	1,000	17,440	10,640	56,760	€12.15
13/01/2004	23,000	14/01/2009	12/01/2012	€35.90	4,000	-	4,000	4,000	15,000	€11.36
Total	**790,200**				**437,350**	**19,200**	**206,308**	**43,502**	**146,542**	
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	11,500	-	-	-	55,500	€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**				**56,000**	**-**	**-**	**-**	**96,000**	
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
Total	**20,000**				**-**	**-**	**-**	**-**	**20,000**	
TOTAL FOR PLANS						**19,200**		**47,552**	**265,542**	

- As noted above, 47,552 subscription options were exercised in 2009 under Plans No. 3 and No. 4.
- A total of 19,200 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 20,000 options we allocated during financial year 2009 under Plan No. 6.
- The total number of options already allocated that may be exercised comes to 265,542, with 330,145 options remaining to be allocated at 31 December 2009, bringing the maximum total number of shares that may be created to 595,687.
- The fair value of options granted during the financial year was obtained by means of the Black & Scholes model (see Note 1.16) 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
17/03/2009	20,000	€27.16	€24.23	39.00%	39.00%	2.81%	3.30%	€5.27	€6.42	€5.85

The average share price in 2009 was €34.52.

The amount recognised in respect of 2009, in accordance with the method indicated in Note 1.16 *Share-based payment*, was €0.306 million.

12.3. Capital reserves

(in thousands of euros)	2009	2008	2007
Share issue, merger and contribution premium	49,595	48,249	47,094
Legal reserve	4,682	4,669	4,587
TOTAL	**54,277**	**52,918**	**51,681**

The principal movements in 2009 are as follows:

- exercise of share options: €1.040 million;
- value of services rendered related to the share options: €0.306 million;
- appropriation of 2008 Sopra Group profit to the legal reserve: 13 thousand.

12.4. Transactions in treasury shares

At 31 December 2009, Sopra Group held 1,700 of its own shares, acquired under the terms of the share repurchase programmes authorised by the General Meeting, for a total amount of €82,573, representing an average purchase price of €48.57.

All transactions in treasury shares are taken directly to shareholders' equity. The impact at 31 December 2009 is a deduction of €0.823 million (see *Statement of changes in consolidated shareholders' equity*).

12.5. Dividends

Sopra Group's General Meeting of 7 May 2009, resolved to distribute a dividend of €19.313 million, i.e. €1.65 per share. This dividend was paid as of 20 May 2009. The dividend paid the previous financial year totalled €19.258 million, i.e. €1.65 per share.

Upon approval of the financial statements for financial year 2009, the 2010 General Meeting is invited to distribute a dividend of €0.80 per share, representing a total of €9.402 million.

12.6. 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 2009, this ratio was 0.41.

Note 13 | Financial debt

13.1. Net debt

(in thousands of euros)	Current	Non-current	2009	2008	2007
Bank loans	28,164	122,000	150,164	198,767	120,868
Liabilities on finance lease contracts	3,952	5,137	9,089	9,049	9,675
Employee profit sharing	2,172	19,526	21,698	17,285	16,300
Other sundry financial debt	-	10	10	109	187
Current bank overdrafts	54	-	54	5,994	9,814
FINANCIAL DEBT	**34,342**	**146,673**	**181,015**	**231,204**	**156,844**
Investment securities	-	-	-	-1,190	-152
Cash and cash equivalents	-43,566	-	-43,566	-31,819	-26,421
NET DEBT	**-9,224**	**146,673**	**137,449**	**198,195**	**130,271**

Bank loans

At 31 December 2009, 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 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 2009, the total authorised amount was €218 million. The reductions will be €14 million at 21 April 2010 and €14 million at 21 October 2010, resulting in an authorised amount of €190 million at 31 December 2010.

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 margin applied in 2009 was 0.40%. 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 34.5).

Liabilities on finance lease contracts

The carrying amount of liabilities on finance lease contracts is €9.089 million, and the corresponding future financial expense amounts to €0.427 million, representing a total minimum future payment for finance leases of €9.516 million.

	2009			2008	2007
(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	4,218	266	3,952	3,972	4,137
One to five years	5,298	161	5,137	5,077	5,538
More than five years	-	-	-	-	-
TOTAL	**9,516**	**427**	**9,089**	**9,049**	**9,675**

Employee profit sharing

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

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

13.2. Statement of changes in net debt

(in thousands of euros)	2009	2008	2007
NET DEBT AT 1 JANUARY (A)	198,195	130,271	97,729
Net cash from operating activities before changes in working capital	**64,523**	**70,165**	**71,541**
Cost of net financial debt	9,212	9,929	7,825
Income taxes (including deferred tax)	20,912	28,338	25,231
Cash from operations before changes in working capital	**94,647**	**108,432**	**104,597**
Income taxes paid	-32,176	-29,302	-38,166
Changes in working capital requirements	50,148	-2,835	-14,704
Net cash from operating activities	**112,619**	**76,295**	**51,727**
Change related to investing activity	-11,988	-12,732	-13,869
Net interest paid	-9,408	-10,728	-7,873
Available net cash flow	**91,223**	**52,835**	**29,985**
Impact of changes in scope	-8,800	-101,607	-49,218
Financial investments	-121	863	173
Dividends	-19,270	-19,255	-15,479
Capital increase in cash	1,230	821	4,746
Employee profit sharing	-4,413	-985	-2,479
Other changes	439	95	-116
TOTAL NET CHANGE DURING THE YEAR (B)	60,288	-67,233	-32,388
Impact of changes in foreign exchange rates	458	-691	-154
NET DEBT AT 31 DECEMBER (A-B)	137,449	198,195	130,271

Impact of changes in the scope of consolidation: (-)€8.800 million

(in thousands of euros)	2009	2008	2007
Cost of acquisitions (excluding earnouts)	-	109,744	60,919
Portion remunerated in Sopra Group shares	-	-	-
Net debt/net cash of acquired companies	-	-16,637	-27,116
Deferred payments	-	-	-
Earnouts paid in respect of prior year acquisitions	8,800	8,500	15,415
TOTAL	8,800	101,607	49,218

This amount takes into account the payment of earnouts in respect of the 2008 financial year for PROFit, CIBF and G2i for a total amount of €8.800 million.

Employee profit sharing: (-)€4.413 million

This amount corresponds mainly to the difference between the profit sharing for 2008 transferred to reserves in 2009 and the profit sharing for 2003 released in 2009.

Note 14 | Deferred tax liabilities

See Note 8.

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)	01/01/2009	Change in scope	Charge for the year	Recovery for the year (provision used)	Recovery for the year (provision not used)	Other movements	Change in actuarial differences	31/12/2009
France	27,093	-	3,127	-402	-	-	267	30,085
Italy	3,098	-	1,009	-295	-	-	-	3,812
Germany	29	-		-	-	-16	-	13
TOTAL	**30,220**	**-**	**4,136**	**-697**	**-**	**-16**	**267**	**33,910**
Impact (net of expenses incurred)								
Profit from recurring operations			3,084		-			
Financial items			1,052		-			
TOTAL			**4,136**		**-**			

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:

	2009	2008	2007
Benchmark for discounting	Bloomberg rate	10-year OAT	10-year OAT
Discount rate of commitments	4.50%	3.70%	4.70%
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 2000-2002

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. At 31 December 2009, the Group used Bloomberg rates for the euro zone as the benchmark for the discounting of its retirement obligations. At 31 December 2009, Bloomberg's 10-year rates were in the range of 4.30% to 4.75%: a median rate of 4.50% was used by the Group.

A ±1.0 point change in the discount rate would have an impact of about (-)€3.9 million/+€4.7 million on the total commitment.

The Social Security Financing Act for 2007 removed the possibility of companies to retire employees under the age of 65.

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% but is limited to 25% for benefits paid between 11 October 2007 and 31 December 2008. It applies irrespective of the age of the employee (whether retirement occurs before or after the age of 65).

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.

Assumptions relating to procedures for departures were updated to reflect the Group's best estimates at the balance sheet date.

The 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	Taken to the income statement
1 January 2007	**14,402**	**-2,110**	**12,292**	**-**
Past service cost	1,641	-	1,641	1,641
Financial cost	1,038	-	1,038	1,038
Benefits paid to employees	-10	-	-10	-10
Actuarial differences not recognised at 01/01/2007	-	2,110	2,110	-
Change in actuarial differences not recognised	5,527	-	5,527	-
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**

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).

The actuarial loss recognised at 31 December 2009 (€0.267 million) arises mainly from:

- 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).

The actuarial loss recognised in 2008 (€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).

The actuarial loss recognised in 2007 (€5.527 million) resulted from a change in actuarial assumptions due to the application of the Social Security Financing Act for 2008.

Experience adjustments arising on scheme liabilities are presented in the table below:

(in thousands of euros)	2009	2008	2007	2006
Present value of defined benefit scheme obligations	30,085	27,093	22,598	14,402
Experience adjustments on scheme liabilities	-1,685	-241	-529	-79
Experience adjustments on scheme liabilities (as % of obligations)	-5.60%	-0.89%	-2.34%	-0.55%

The breakdown by maturity of the French retirement benefit commitment, discounted to the present value of 4.50%, is shown in the table below:

(in thousands of euros)	2009
Present value of theoretical benefits to be paid by the employer:	
- less than one year	333,629
- 1 to 2 years	151,257
- 2 to 3 years	319,387
- 3 to 4 years	442,342
- 4 to 5 years	793,459
- 5 to 10 years	7,368,029
- 10 to 20 years	13,676,833
- more than 20 years	6,999,920
TOTAL COMMITMENT	**30,084,856**

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)	01/01/2009	Change in scope	Charge for the year	Recovery for the year (provision used)	Recovery for the year (provision not used)	Other movements	31/12/2009
Provisions for disputes	1,012		361	-512	-51	-	810
Provisions for guarantees	610	-	590	-	-520	-	680
Provisions for contingencies – Non-consolidated subsidiaries	10	-	-	-10	-	-	-
Other provisions for contingencies	123	-	400	-	-1	-	522
Sub-total provisions for contingencies	**1,755**	**-**	**1,351**	**-522**	**-572**	**-**	**2,012**
Other provisions for losses	1,257	-	135	-1,231	-6	20	175
Sub-total provisions for losses	**1,257**	**-**	**135**	**-1,231**	**-6**	**20**	**175**
TOTAL	**3,012**	**-**	**1,486**	**-1,753**	**-578**	**20**	**2,187**
Impact (net of expenses incurred)							
Profit from recurring operations			1,486		-578		
Financial items			-		-		
TOTAL			**1,486**		**-578**		

- 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)	2009	2008	2007
Fixed asset liabilities – portion due in more than one year	-	-	6,692
Employee profit sharing during the year	7,286	9,467	6,842
Contingent advances	336	488	152
Derivatives	3,037	-	-
TOTAL	**10,659**	**9,955**	**13,686**

- Fixed asset liabilities include the portion due in more than one year of amounts that the Group estimates it will need to pay under the earnout clauses included in the acquisition agreements.
- 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 by Acanthis and CIBF.
- Derivatives consist of interest rate hedging contracts (see Note 32.3.a).

Note 18 | Trade payables

(in thousands of euros)	2009	2008	2007
Trade accounts payable	46,038	59,737	49,502
Trade accounts payable – advances and payments on account, accrued credit notes	-376	-117	-1,043
TOTAL	**45,662**	**59,620**	**48,459**

Note 19 | Other current liabilities

(in thousands of euros)	2009	2008	2007
Fixed asset liabilities – portion due in less than one year	1,277	9,603	9,403
Staff cost liabilities	142,581	144,781	129,921
Tax liabilities (excluding corporate income tax)	82,102	85,021	72,723
Corporate income tax	3,303	5,576	3,150
Deferred income	72,810	71,496	52,564
Other liabilities	717	1,427	1,072
Derivatives	244	3,976	1,105
TOTAL	**303,034**	**321,880**	**269,938**

Fixed asset liabilities include the portion due in less than one year of amounts that the Group estimates it will need to pay under the earnout clauses included in the acquisition agreements. At 31 December 2009, all earnouts related to acquisitions have been paid.

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

Tax liabilities primarily correspond to value added tax collected from clients: 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 32.3.a).

NOTES TO THE CONSOLIDATED INCOME STATEMENT

Note 20 | Revenue

20.1. Revenue by activity

(in millions of euros)	2009		2008		2007	
Consulting	37.1	3.4%	44.8	4.0%	43.9	4.4%
SSI France	704.5	64.4%	702.8	62.2%	597.5	59.7%
SSI Europe	170.5	15.6%	210.7	18.7%	214.9	21.4%
Axway	182.2	16.6%	171.2	15.1%	145.1	14.5%
TOTAL	**1,094.3**	**100.0%**	**1,129.5**	**100.0%**	**1,001.4**	**100.0%**

SSI: Systems & Solutions Integration.

20.2. Revenue by business sector

	2009	2008	2007
Banking	22.4%	24.0%	24.5%
Manufacturing	17.3%	19.7%	16.2%
Services (including Real Estate)	18.2%	18.0%	18.7%
Telecom	11.5%	12.0%	12.6%
Public sector	16.6%	13.6%	15.8%
Insurance	6.7%	6.4%	6.2%
Retail	7.3%	6.3%	6.0%
TOTAL	**100.0%**	**100.0%**	**100.0%**

20.3. International revenue

(in millions of euros)	2009		2008		2007	
Systems Integration – European subsidiaries	170.5	15.6%	210.7	18.7%	214.9	21.4%
Systems Integration – Excluding European subsidiaries	42.3	3.9%	48.0	4.2%	30.1	3.0%
Axway	112.8	10.3%	103.9	9.2%	83.9	8.4%
International revenue	**325.6**	**29.8%**	**362.6**	**32.1%**	**328.9**	**32.8%**
TOTAL REVENUE	**1,094.3**	**100.0%**	**1,129.5**	**100.0%**	**1,001.4**	**100.0%**

Note 21 | Purchases consumed

(in thousands of euros)	2009	2008	2007
Purchases of subcontracting services	105,741	123,201	97,067
Purchases of equipment and supplies	5,674	8,986	7,417
Purchases of merchandise	7,642	11,601	10,243
TOTAL	**119,057**	**143,788**	**114,727**

Note 22 | Staff costs

22.1. Analysis

(in thousands of euros)	2009	2008	2007
Salaries	527,194	516,260	465,353
Social charges	202,307	196,086	175,053
Employee profit sharing	7,914	9,479	7,475
TOTAL	**737,415**	**721,825**	**647,881**

22.2. Workforce

Workforce at year end	2009	2008	2007
France	8,335	8,210	7,580
International	4,115	4,240	3,740
TOTAL	**12,450**	**12,450**	**11,320**

Average workforce	2009	2008	2007
France	8,440	8,147	7,296
International	4,170	3,933	3,460
TOTAL	**12,610**	**12,080**	**10,756**

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 1.18 and 13.1.

Employee profit sharing totalled €6.551 million for Sopra Group SA and €0.735 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 Orga Consultants. The total incentive amount for 2009 was €0.628 million. In accordance with French law, this new agreement entitles beneficiaries to a tax credit of 20%.

22.4. Share subscription options

The cost of services rendered by staff in exchange for options received was booked to staff costs, in the amount of €0.306 million for financial year 2009 (see Note 1.16 and *Statement of changes in consolidated shareholders' equity*).

Information on outstanding share subscription option plans is provided in Note 12.2.

Note 23 | External expenses

(in thousands of euros)	2009		2008		2007	
Leases and charges	33,336	26.9%	30,990	23.9%	27,148	23.6%
Maintenance and repairs	7,330	5.9%	6,834	5.3%	6,017	5.2%
External structure personnel	1,415	1.1%	2,287	1.8%	2,667	2.3%
Remuneration of intermediaries and fees	9,417	7.6%	10,599	8.2%	7,337	6.4%
Advertising and public relations	4,856	3.9%	6,246	4.8%	5,392	4.7%
Travel and entertainment	46,901	37.9%	52,257	40.3%	47,726	41.4%
Telecommunications	8,241	6.7%	6,684	5.2%	6,035	5.2%
Sundry	12,239	9.9%	13,709	10.6%	12,890	11.2%
TOTAL	**123,735**	**100%**	**129,606**	**100%**	**115,212**	**100%**

Note 24 | Depreciation, amortisation and provisions

(in thousands of euros)	**2009**	**2008**	**2007**
Amortisation of intangible assets	1,308	1,344	1,086
Depreciation of property and equipment	5,928	5,556	6,319
Depreciation of assets held under finance lease	4,708	4,847	4,289
Depreciation and amortisation	**11,944**	**11,747**	**11,694**
Impairment of current assets net of unused reversals	-79	527	-15
Provisions for contingencies and losses net of unused reversals	3,992	1,703	2,930
Provisions and impairment	**3,913**	**2,230**	**2,915**
TOTAL	**15,857**	**13,977**	**14,609**

Note 25 | Amortisation of intangible assets acquired and other operating income and expenses

25.1. Amortisation of acquired intangible assets

This item corresponds to the amortisation expense in respect of intangible assets acquired as part of business combinations for a total of €2.625 million.

25.2. Other operating income and expenses

In 2009, this item includes:

- non-recurring expenses in the amount of €2.191 million for the Spanish business. This amount comprises redundancy benefits (€1.359 million) and adjustments of transactions related to 2008 revenue (€0.832 million);
- an impairment charge in the amount of €15.000 million, with respect to goodwill for the systems integration business in Spain.

In 2008, this item includes 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.

The 2007 financial year had recorded non-recurring expenses (€0.673 million) incurred to provide the B2B business of Atos in Germany with an administrative, technical and supply chain structure.

Note 26 | Financial income and charges

26.1. Cost of net financial debt

(in thousands of euros)	**2009**	**2008**	**2007**
Income from cash and cash equivalents	39	165	169
Interest charges	-4,815	-10,921	-8,382
Net result of hedges (yield spread)	-4,309	929	399
Impact of the change in the value of the syndicated loan	-127	-102	-11
TOTAL	**-9,212**	**-9,929**	**-7,825**

Despite higher average outstanding borrowings in 2009 (€182.1 million, compared to €146.5 million in 2008), the positive change in interest rates resulted in an improvement in finance costs compared to 2008.

The average cost of borrowings after hedging was 3.83% in 2009, compared to 4.39% in 2008.

26.2. Other financial charges and expense

Other financial income

(in thousands of euros)	2009	2008	2007
Reversals of provisions	-	213	1,833
Foreign exchange gains	2,998	7,545	1,237
Proceeds on the disposal of financial assets sold	-	867	-
Other financial income	365	1,873	1,281
TOTAL	**3,363**	**10,498**	**4,351**

Other financial expense

(in thousands of euros)	2009	2008	2007
Charges of provisions	-70	-	-74
Discounting of retirement commitments	-1,052	-1,131	-1,038
Discounting of employee profit sharing	649	550	439
Discounting of earnouts in respect of companies acquired	-61	-310	-373
Change in the value of derivatives	-695	-3,000	677
Foreign exchange losses	-3,381	-7,654	-5,651
Losses on foreign exchange hedging transactions	-	-1,170	-
Net carrying amounts of financial assets sold	-37	-971	-
Other financial expense	-389	-91	-331
TOTAL	**-5,036**	**-13,777**	**-6,351**

Discounting of retirement commitments: see Note 15.

Discounting of employee profit sharing: see Note 13.1.

Discounting of earnouts in respect of companies acquired: see Note 19.

Change in the value of derivatives: see Note 32.3.a.

Foreign exchange gains and losses mainly relate to commercial transactions denominated in foreign currencies.

Beginning with the 2008 financial year, 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.

Note 27 | Tax charge

27.1. Analysis

(in thousands of euros)	2009	2008	2007
Current tax	20,250	31,292	25,442
Deferred tax	662	-2,954	-211
TOTAL	**20,912**	**28,338**	**25,231**

27.2. Reconciliation between the theoretical and effective tax charge

(in thousands of euros)	**2009**	**2008**	**2007**
Net profit	27,240	58,199	55,097
Tax charge	-20,912	-28,338	-25,231
Impairment of goodwill	-18,000	-	-
Profit before tax	66,152	86,537	80,328
Theoretical tax rate	**34.43%**	**34.43%**	**34.43%**
Theoretical tax charge	**-22,776**	**-29,795**	**-27,657**
Reconciliation			
Permanent differences	377	-407	236
Impact of non-capitalised losses for the year	-1,423	-3,330	-2,246
Use of non-activated losses carried forward	551	2,922	3,574
Impact of tax credits	2,275	1,627	779
Tax rate differences – France/Other countries	544	1,282	608
Prior year tax adjustments	-18	-49	-38
Other	-442	-588	-487
Actual tax charge	**-20,912**	**-28,338**	**-25,231**
Effective tax rate	**31.61%**	**32.75%**	**31.41%**

27.3. Tax reassessments

The tax reassessments applying to Sopra Group in respect of 2005 and 2006 and to Axway Software in respect of 2005 have been definitively closed and had no impact on 2009, although they were provided for in the 2008 financial statements.

Note 28 | Profit after tax from discontinued operations

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.

This subsidiary saw its revenue decline from €7.5 million in 2007 to €2.7 million in 2008 and €0.9 million in 2009. Valoris Iberia's contribution to the Group's operating profit was a charge of €1.2 million in 2008 and a charge of €0.7 million in 2007 and its contribution to net profit was €1.2 million in 2008 and a charge of €0.8 million in 2007.

In 2009, the termination of this 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.

The impact on the main indicators of the cash flow statement was as follows:

(in thousands of euros)	**2009**	**2008**	**2007**
Net cash from operating activities	-3,141	-362	-248
Net cash from (used in) investing activities	42	-25	-137
Net cash from (used in) financing activities	-	-	-
NET CHANGE IN CASH POSITION	**-3,099**	**-387**	**-385**

Note 29 | Earnings per share

(in euros)	2009	2008	2007
Net profit – Group share	27,239,774	58,197,823	55,096,763
Weighted average number of ordinary shares in issue	11,679,079	11,691,044	11,477,548
BASIC EARNINGS PER SHARE	**2.33**	**4.98**	**4.80**

(in euros)	2009	2008	2007
Net profit – Group share	27,239,774	58,197,823	55,096,763
Weighted average number of ordinary shares in issue	11,679,079	11,691,044	11,477,548
Weighted average number of securities retained in respect of dilutive items	12,079	52,007	123,862
Weighted average number of shares retained for the calculation of diluted net earnings per share	11,691,158	11,743,051	11,601,410
FULLY DILUTED EARNINGS PER SHARE	**2.33**	**4.96**	**4.75**

The methods of calculating earnings per share are described in Note 1.23.

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 (€34.52) during the financial year (see Note 12.2).

OTHER INFORMATION

Note 30 | Segment information

30.1. Results by division

a. Systems & Solutions Integration - France

(in millions of euros)	2009		2008		2007	
Revenue	704.5		702.8		597.5	
Profit from recurring operations	58.5	*8.3%*	62.7	*8.9%*	52.3	*8.8%*
Operating profit	57.8	*8.2%*	62.0	*8.8%*	52.3	*8.8%*

b. Consulting

(in millions of euros)	2009		2008		2007	
Revenue	37.1		44.8		43.9	
Profit from recurring operations	0.8	*2.2%*	2.3	*5.1%*	4.5	*10.3%*
Operating profit	0.8	*2.2%*	2.3	*5.1%*	4.5	*10.3%*

c. Systems & Solutions Integration - Europe

(in millions of euros)	2009		2008		2007	
Revenue	170.5		210.7		214.9	
Profit from recurring operations	5.2	*3.0%*	17.1	*8.1%*	19.5	*9.1%*
Operating profit	-12.0	*-7.0%*	17.1	*8.1%*	19.5	*9.1%*

In 2009, the net operating loss of €12.0 million includes the goodwill impairment charge for the CGU Systems Integration – Spain, which amounted to €15.0 million.

d. Axway

(in millions of euros)	2009		2008		2007	
Revenue	182.2		171.2		145.1	
Profit from recurring operations	18.5	*10.2%*	20.2	*11.8%*	14.5	*10.0%*
Operating profit	16.6	*9.1%*	18.3	*10.7%*	13.8	*9.5%*

e. Group

(in millions of euros)	2009		2008		2007	
Revenue	1,094.3		1,129.5		1,001.4	
Profit from recurring operations	83.0	*7.6%*	102.3	*9.1%*	90.8	*9.1%*
Operating profit	63.2	*5.8%*	99.7	*8.8%*	90.1	*9.0%*

30.2. Geographical breakdown of revenue

(in millions of euros)	France	United Kingdom	Spain	Other European countries	United States	Other zones	TOTAL
Revenue	768.7	64.8	75.6	110.0	55.8	19.4	**1,094.3**

30.3. Breakdown of the main assets per division

(in thousands of euros)	Consulting	SSI France	SSI Europe	Axway	TOTAL
Goodwill	3,876	68,367	130,004	154,342	**356,589**
Intangible assets	-	3,343	507	21,270	**25,120**
Property and equipment	-	30,293	3,092	1,503	**34,888**
Trade accounts receivable	10,677	211,837	58,648	52,703	**333,865**

SSI: Systems & Solutions Integration.

30.4. 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	52,587	66,297	69,501	107,738	3,579	**356,589**
Intangible assets	1,679	49	65	2,813	20,415	99	**25,120**
Property and equipment	29,491	572	2,277	1,036	719	793	**34,888**
Trade accounts receivable	236,778	13,080	28,523	41,354	12,274	1,856	**333,865**

Note 31 | Financial instruments

31.1. Derivatives reported in the balance sheet

a. 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**

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 2008

(in thousands of euros)	31/12/2008		Breakdown by class of derivative instrument					
	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	3,430	3,430	-	195	3,235	-	-	-
Trade accounts receivable	401,539	401,539	-	-	401,539	-	-	-
Other current receivables	32,900	32,900	-	-	32,614	-	286	-
Cash and cash equivalents	33,009	33,009	33,009	-	-	-	-	-
FINANCIAL ASSETS	**470,878**	**470,878**	**33,009**	**195**	**437,388**	**-**	**286**	**-**
Financial debt – long-term portion	189,969	189,969	-	-	-	189,969	-	-
Other non-current liabilities	9,955	9,955	-	-	488	9,467	-	-
Financial debt – short-term portion	41,234	41,234	-	-	-	41,234	-	-
Trade payables	59,620	59,620	-	-	59,620	-	-	-
Other current liabilities	321,880	321,880	-	-	317,904	-	1,137	2,839
FINANCIAL LIABILITIES	**622,658**	**622,658**	**-**	**-**	**378,012**	**240,670**	**1,137**	**2,839**

31.2. Impact of derivatives on profit or loss

The impact of the change in value of syndicated borrowing (see Note 26.1) on profit or loss is (-)€0.127 million.

The impact of derivatives on profit or loss is described in Note 32.3.a.

Note 32 | Financial risk factors

32.1. 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)	253,510	2,930	176,329	50,013	13,553	3,710	4,716	1,704	555

b. Statement of changes in provisions for doubtful receivables

(in thousands of euros)	2009	2008	2007
Provisions for trade accounts receivable at 1 January	**3,463**	**3,390**	**2,590**
Charges	1,180	1,024	623
Reversals	-1,778	-1,059	-918
Changes in scope	-	180	1,160
Translation differential	26	-72	-65
PROVISIONS FOR TRADE ACCOUNTS RECEIVABLE AT 31 DECEMBER	**2,891**	**3,463**	**3,390**

32.2. 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 considers that it is not exposed to this type of risk in view of its overall financial structure, the level and structure of current assets and debt (see Note 13), and its capacity to mobilise additional financing if necessary.

At 31 December 2009, the Group had access to credit facilities in the amount of €218 million (of which €150 million was used) and authorised bank overdrafts in the amount of €81 million (of which €0.1 million was used), making a total of €299 million. The Group also had €43.6 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	150,164	153,872	29,331	30,078	29,811	31,554	33,098	-
Finance lease liabilities	9,089	9,516	4,218	3,158	1,664	470	6	-
Employee profit sharing	21,698	24,574	2,226	2,991	5,113	6,301	7,943	-
Other sundry financial debt	10	10	-	-	-	-	-	10
Current bank overdrafts	54	54	54	-	-	-	-	-
Financial debt	**181,015**	**188,026**	**35,829**	**36,227**	**36,588**	**38,325**	**41,047**	**10**
Investment securities	-	-	-	-	-	-	-	-
Cash and cash equivalents	-43,566	-43,566	-43,566	-	-	-	-	-
CONSOLIDATED NET DEBT	**137,449**	**144,460**	**-7,737**	**36,227**	**36,588**	**38,325**	**41,047**	**10**

32.3. 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 2009, seven swap agreements were in place worth a total of €186 million with maturities ranging from 10 to 34 months:

- five agreements 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 (€86 million at 31 December 2009). They mature in October 2010 or October 2012. The details are as follows:
  - for two-thirds of the notional amount:
    - up to maturity in October 2010: Euribor 1-month + 0.34% 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%;
    - from October 2010 up to maturity in October 2012: Euribor 6-month swap against 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 up to maturity in October 2012: Euribor 1-month swap against a fixed rate of 4.55%,
- two agreements relate to the second reducible, multi-currency, revolving credit facility (€132 million, April 2008) for a notional amount of €100 million. They mature in October 2010 and swap Euribor 1-month against a fixed rate of 0.98%.

At 31 December 2009, the valuation of these various hedging contracts was a net expense of €3.1 million (€0.2 million in assets and €3.3 million in liabilities), versus a net expense of €3.7 million at 31 December 2008.

The difference in valuation of +€0.6 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. (-)€0.7 million;
- equity for agreements benefiting from the qualification of perfect hedge as defined in IAS 39, i.e. €1.3 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 2009.

(in thousands of euros)	2009	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years
Notional amount of borrowings before hedging	**150,000**	**28,000**	**29,000**	**29,000**	**31,000**	**33,000**
Fixed interest rate	-	-	-	-	-	-
Floating interest rate	150,000	28,000	29,000	29,000	31,000	33,000
Notional amount of hedging instruments	**186,000**	**128,000**	**29,000**	**29,000**	**-**	**-**
Fixed-rate payer swaps	128,571	108,857	9,857	9,857	-	
Post-determined floating-rate payer swaps with cap and floor	57,429	19,143	19,143	19,143	-	-
Notional amount of borrowings after hedging	**150,000**	**28,000**	**29,000**	**29,000**	**31,000**	**33,000**
Fixed interest rate	92,571	8,857	9,857	9,857	-	-
Post-determined floating rate with cap and floor	57,429	19,143	19,143	19,143	-	-
Floating interest rate	-	-	-	-	31,000	33,000

Analysis of the sensitivity of the cost of net financial debt to changes in interest rates

On the basis of average outstanding borrowings and current bank accounts in 2009, and in a context whereby hedges of borrowings would be activated, a fall in interest rates of 100 basis points would have, for the 2009 financial year, a positive impact of €0.2 million on the Group's cost of net financial debt. A rise in interest rates of 100 basis points would also have, for the 2009 financial year, a positive impact on the cost of net financial debt of about €0.3 million.

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.

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 2009, 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	Other	Total
Assets	11,245	1,113	7,202	3,720	23,280
Liabilities	2,502	541	529	1,087	4,659
Foreign currency commitments	-	-	-	-	-
Net position before hedging	**8,743**	**572**	**6,673**	**2,633**	**18,621**
Hedging instruments	-	-	-	-	-
NET POSITION AFTER HEDGING	**8,743**	**572**	**6,673**	**2,633**	**18,621**

Sensitivity analysis

(in thousands of euros)	USD	GBP	EUR	Other	Total
Currency change assumption (appreciation)	5%	5%	5%	5%	-
IMPACT ON PROFIT	**437**	**29**	**334**	**132**	**932**
IMPACT ON EQUITY	**-**	**-**	**-**	**-**	**-**

Current accounts

(in thousands of euros)	USD	GBP	EUR	CHF	Other	Total
Assets	67,357	55	971	-	4,251	72,634
Liabilities	-	5,630	379	7,886	1,534	15,429
Foreign currency commitments	-	-	-	-	-	-
Net position before hedging	**67,357**	**-5,575**	**592**	**-7,886**	**2,717**	**57,205**
Hedging instruments	-	-	-	-	-	-
NET POSITION AFTER HEDGING	**67,357**	**-5,575**	**592**	**-7,886**	**2,717**	**57,205**

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	**3,368**	**-279**	**30**	**-394**	**136**	**2,861**

c. Equity risk

At 31 December 2009, Sopra Group held 1,700 of its own shares, acquired under the terms of the share repurchase programmes authorised by the General Meeting, for a total amount of €82,573, representing an average purchase price of €48.57.

All transactions in treasury shares are taken directly to shareholders' equity. The impact at 31 December 2009 is a deduction of €0.823 million (see *Statement of changes in consolidated shareholders' equity*).

Note 33 | Related-party transactions

33.1. Remuneration of senior management

The items shown in the remuneration table concern the directors and Executive Management.

(in thousands of euros)	2009	2008	2007
Short-term employee benefits	1,049	1,516	1,258
Post-employment benefits	12	12	9
Other long-term employee benefits	-	-	-
Termination benefits	151	-	-
Equity compensation benefits	67	35	-
TOTAL	**1,279**	**1,563**	**1,267**

The Ordinary General Meeting of 7 May 2009 set the amount of fees to be apportioned among the directors at €135,000.

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.

On 12 January 2009, José Sancho Garcia's position as Managing Director of Sopra PROFit was terminated. In application of the terms of his employment contract, José Sancho Garcia received a severance payment amounting to €151,195, including payment for a six-month notice period not worked. His compensation for the month of January amounted to €10,684.

In its meeting of 17 March 2009, 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.

No loans were granted either to directors or to members of Executive Management (nor to any of their close family members).

33.2. 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.

33.3. 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 2009, these two banking groups respectively held 12.21% and 1.00% of the company's capital.

Société Générale and Crédit Agricole are both major clients and important banking partners for Sopra Group.

Note 34 | Off balance sheet commitments and contingent liabilities

34.1. Contractual obligations

Contractual obligations *(in thousands of euros)*	Payments due per period: Less than one year	One to five years	More than five years	2009	2008	2007
Long-term liabilities	28,164	122,000	-	150,164	198,767	120,868
Finance lease obligations	3,952	5,137	-	9,089	9,049	9,675
Employee profit sharing	2,172	19,526	-	21,698	17,285	16,300
Other sundry financial debt	-	-	10	10	109	187
Current bank overdrafts	54	-	-	54	5,994	9,814
TOTAL	**34,342**	**146,663**	**10**	**181,015**	**231,204**	**156,844**

Other commercial commitments *(in thousands of euros)*	Amount of commitments per period Less than one year	One to five years	More than five years	2009	2008	2007
Credit lines	-	-	-	-	-	-
Letters of credit	-	-	-	-	-	-
Guarantees	-	3,129	-	3,129	2,751	2,737
Purchase obligations	-	-	-	-	-	-
Other commercial commitments	3,593	-	-	3,593	2,311	4,170
TOTAL	**3,593**	**3,129**	**-**	**6,722**	**5,062**	**6,907**

34.2. Commitments given related to recurring operations

(in thousands of euros)	2009	2008	2007
Discounted notes not yet due	-	-	-
Bank guarantees / deposits on leased premises	3,129	2,751	2,737
Bank guarantees for effective project completion	3,593	2,311	4,170
Collateral, mortgages and sureties	-	-	-
Exchange rate hedging instruments	-	-	-

34.3. 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 2010	Repayment of loan for €6 million	220,000	1.87%
TOTAL					**220,000**	**1.87%**

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

No such assets were pledged in this manner.

34.4. Real collateral given in guarantee

No real collateral was given to guarantee bank financing.

34.5. 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 1.28 at 31 December 2009, compared to 1.72 at 31 December 2008;
- 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 2009 this ratio was 0.41 and at 31 December 2008 it was 0.71;
- 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 2009, this ratio was 6.86 compared to 10.0 at 31 December 2008.

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.

34.6. Contingent liabilities

No contingent liabilities need to be taken into account.

Note 35 | 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 36 | Post balance sheet events

In recognition of the specific characteristics of Axway's business and its worldwide positioning, Sopra Group's Board of Directors has decided to reinforce its autonomy. A proposal for the separation of Axway's business from that of Sopra Group was announced in the fourth quarter of 2009, which is expected to result in the listing of Axway as a separate entity in 2010.

Sopra Group will continue to hold approximately 15% of the share capital of Axway. The remainder of the capital will revert directly to Sopra Group's shareholders.

Note 37 | Rates of conversion of foreign currencies

	Average rate for the period			Period-end rate		
€1/currency	2009	2008	2007	2009	2008	2007
Swiss franc	1.5075	1.5769	1.6459	1.4836	1.4850	1.6547
Pound sterling	0.8895	0.7999	0.6873	0.8881	0.9525	0.7334
Swedish krona	10.5766	9.6637	9.2647	10.2520	10.8696	9.4415
Romanian leu	4.2413	3.6963	3.3410	4.2363	4.0225	3.6077
Bulgarian lev	1.9558	1.9558	-	1.9558	1.9558	-
Moroccan dirham	11.2546	11.3456	11.2275	11.3329	11.2778	11.3437
US dollar	1.3923	1.4646	1.3797	1.4406	1.3917	1.4721
Canadian dollar	1.5809	1.5635	1.4662	1.5128	1.6998	1.4449
Australian dollar	1.7559	1.7389	1.6365	1.6008	2.0274	1.6757
Hong Kong dollar	10.7921	11.3960	10.7610	11.1709	10.7863	11.4800
Singapore dollar	2.0228	2.0686	2.0691	2.0194	2.0040	2.1163
Yuan (China)	9.5098	10.1348	10.4551	9.8350	9.4958	10.7524
Rupee (India)	67.3164	64.3915	56.6764	67.0400	69.0608	57.9856
Ringgit (Malaysia)	4.9057	4.8893	4.7229	4.9326	4.8047	4.8682
Korean won	1,767.3245	1,612.9032	1,280.1108	1,666.9700	1,851.8519	1,377.9600

Statutory Auditors' report on the consolidated financial statements

To the shareholders,

In accordance with our appointment as Statutory Auditors by your General Meeting, we hereby report to you for the year ended 31 December 2009 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 2009.

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 and 4.3 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.
- 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, 16 April 2010

The Statutory Auditors

Auditeurs & Conseils Associés	**Mazars**
Philippe Ronin	Christine Dubus

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2009 INDIVIDUAL FINANCIAL STATEMENTS

Balance sheet

ASSETS *(in thousands of euros)*	2009	2008
Intangible assets	56,139	57,625
Property and equipment	19,818	18,562
Financial investments	446,052	453,203
Non-current assets	**522,009**	**529,390**
Stocks and work in progress	15	15
Trade accounts receivable	239,549	283,239
Other receivables, prepayments and accrued income	32,224	18,459
Cash and cash equivalents	18,634	11,998
Current assets	**290,422**	**313,711**
TOTAL ASSETS	812,431	843,101

LIABILITIES AND EQUITY *(in thousands of euros)*	2009	2008
Share capital	47,010	46,820
Premiums	94,702	93,662
Reserves	85,644	67,857
Net profit for the year	44,463	37,058
Equity	**271,819**	**245,397**
Provisions	**20,030**	**18,764**
Financial debt	169,458	215,380
Trade payables	45,284	48,977
Tax and social charge payables	174,229	178,928
Other liabilities, accruals and deferred income	131,611	135,655
Payables	**520,582**	**578,940**
TOTAL LIABILITIES AND EQUITY	812,431	843,101

Income statement

(in thousands of euros)	**2009**	**2008**
Net revenue	723,829	715,263
Other operating income	2,364	1,406
Operating income	**726,193**	**716,669**
Purchases consumed	3,696	5,703
Staff costs	456,430	439,111
Other operating expenses	180,197	178,970
Taxes and duties	21,714	21,950
Depreciation and provisions	6,991	6,375
Operating expenses	**669,028**	**652,109**
Operating profit	**57,165**	**64,560**
Financial income and charges	4,839	-6,748
Pre-tax profit on ordinary activities	**62,004**	**57,812**
Exceptional income and expenses	-689	348
Employee profit-sharing and incentive schemes	-6,480	-6,937
Corporate income tax	-10,372	-14,165
NET PROFIT	**44,463**	**37,058**

Notes to the individual financial statements

1 | Significant events, intra-group relations, accounting policies and valuation rules

1.1. Significant events

1.1.1. Incentive agreement

A Group-wide incentive agreement was concluded in 2009 for a term of three years. It covers the companies Sopra Group, Axway Software and Orga Consultants. The total incentive amount for 2009 was €0.628 million, of which €0.565 million for Sopra Group. In accordance with French law, this new agreement entitles beneficiaries to a tax credit of 20%.

1.1.2. Termination of the business of Valoris Iberia

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), the Group decided to definitively terminate this subsidiary's business and to lay off its entire workforce.

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 Orga Consultants.

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 2009.

- 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 real cost of each of these functions pro rated to the missions actually performed.
- 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.
- As from 1 January 2002, Axway Software is considered as belonging with Orga Consultants 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. Orga Consultants

- Sopra Group provides Orga Consultants with:
  - fully equipped offices, at the Lyon-Ecully 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 Orga Consultants, determined by means of regular inventories.

- Sopra Group invoices Orga Consultants 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 real cost of each of these functions pro rated to the missions actually performed.
- 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 Orga Consultants' revenue for its contribution to the development of Orga Consultants' business.

As from 1 January 2002, Orga Consultants 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 2009 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 9.0%.

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 2009	**17,081**	**57,810**	**74,891**
Acquisitions	-	-	-
Disposals	-347	-	-347
At 31 December 2009	**16,734**	**57,810**	**74,544**
DEPRECIATION			
At 1 January 2009	**13,916**	**3,350**	**17,266**
Charges	1,484	-	1,484
Reversals	-345	-	-345
At 31 December 2009	**15,055**	**3,350**	**18,405**
NET VALUE			
At 1 January 2009	3,165	54,460	57,625
At 31 December 2009	**1,679**	**54,460**	**56,139**

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 €12.810 million in 2009, 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 2009	**323**	**6,489**	**706**	**24,750**	**82**	**14,481**	**3,043**	**49,874**
Acquisitions	-	11	51	3,127	-	1,706	-	4,895
Disposals	-	-	-582	-893	-	-103	-	-1,578
At 31 December 2009	**323**	**6,500**	**175**	**26,984**	**82**	**16,084**	**3,043**	**53,191**
DEPRECIATION								
At 1 January 2009	**58**	**4,698**	**687**	**13,373**	**9**	**9,458**	**3,029**	**31,312**
Charges	9	152	48	1,889	20	921	-	3,039
Reversals	-	-	-579	-300	-	-99	-	-978
At 31 December 2009	**67**	**4,850**	**156**	**14,962**	**29**	**10,280**	**3,029**	**33,373**
NET VALUE								
At 1 January 2009	265	1,791	19	11,377	73	5,023	14	18,562
At 31 December 2009	**256**	**1,650**	**19**	**12,022**	**53**	**5,804**	**14**	**19,818**

Property and equipment consists of:

- land/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 2009	**471,897**	**80,840**	**2,272**	**555,009**
Acquisitions - Increases	190	-	232	422
Disposals - Decreases	-	-1,943	-733	-2,676
At 31 December 2009	**472,087**	**78,897**	**1,771**	**552,755**
IMPAIRMENT				
At 1 January 2009	**99,405**	**2,364**	**37**	**101,806**
Charges	5,000	-	-	5,000
Reversals	-	-67	-36	-103
At 31 December 2009	**104,405**	**2,297**	**1**	**106,703**
NET VALUE				
At 1 January 2009	372,492	78,476	2,235	453,203
At 31 December 2009	**367,682**	**76,600**	**1,770**	**446,052**

Details concerning equity interests are provided in the “Subsidiaries and associated entities” tables presented in Note 4.9.

a. Gross amounts

In 2009, the increase in investments in associates arose from an adjustment of the price of BAI for an amount of €0.187 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:

- Orga Consultants: €35.062 million en 2002;
- Sopra Group Ltd: €16.395 million in 2003.

Provisions for impairment were also recorded with respect to the European subsidiaries of Valoris for the amount of €15.914 million prior to the acquisition of Groupe Valoris by Sopra Group. The termination of the Valoris Iberia business at year-end 2009 led to the recognition of an additional impairment of €1.000 million.

Impairment tests are performed annually and gave rise in 2009 to the recognition of provisions in the amount of €4.000 million for shares in Sopra Group Informatica.

2.2. Other assets

2.2.1. Trade receivables

(in thousands of euros)	2009	2008
Non-Group clients	155,454	186,748
Accrued income	81,942	93,046
Group clients	2,127	3,412
Doubtful debtors	211	249
Provision for doubtful debtors	-185	-216
TOTAL	**239,549**	**283,239**

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.

2.2.2. Other receivables, prepayments and accrued income

(in thousands of euros)	2009	2008
Staff costs and related payables	43	91
Social security	347	387
State and public bodies		
■ Corporate income tax	6,085	1,248
■ VAT	7,182	8,047
■ Other tax	1,290	788
Group and associates	12,187	2,351
Impairment of current accounts	-2,491	-329
Other receivables	4,271	2,656
Impairment of sundry debtors	-103	-187
Prepaid expenses	2,838	2,588
Translation differential – Asset	575	819
TOTAL	**32,224**	**18,459**

The balance of the corporate income tax receivable at 31 December 2009 is attributable to the surplus of advance payments made compared to the tax due following the decline in 2009 earnings as compared with 2008 earnings.

The increase in Group current accounts stems from advances made, mainly to the subsidiaries Sopra Group SpA (Italy), SOPRAntic (Morocco) and Valoris Iberia.

2.2.3. Impairment of current assets

(in thousands of euros)	At 01/01/2009	Charges	Reversals	At 31/12/2009
Impairment of trade receivables	216	19	50	185
Impairment of current accounts	329	2,330	168	2,491
Impairment of sundry debtors	187	70	153	104
TOTAL	**732**	**2,419**	**371**	**2,780**

The principal movement in 2009 involved the impairment of the Valoris Iberia current account for an amount of €2.330 million.

2.3. Equity

2.3.1. Share capital

At 31 December 2009, Sopra Group had share capital of €47,010,172 comprising 11,752,543 shares with a nominal value of €4.

As a result of subscription options exercised, 47,552 shares with a par value of €4 were created, corresponding to an increase in share capital of €0.190 million and a share premium of €1.040 million.

The number of treasury shares held by the Company amounts to 1,700.

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 2009	**46,820**	**93,662**	**4,669**	**63,184**	**4**	**37,058**	**245,397**
Appropriation of 2008 earnings and dividends	-	-	13	17,735	39	-37,058	-19,271
Exercise of share subscription options	190	1,040	-	-	-	-	1,230
Profit for the year	-	-	-	-	-	44,463	44,463
At 31 December 2009	**47,010**	**94,702**	**4,682**	**80,919**	**43**	**44,463**	**271,819**

The amount of dividends paid in 2009 in respect of net profit for 2008 was €19.271 million.

2.3.3. Share subscription option plans

As noted above, 47,552 shares were exercised in 2009 under Plans No. 3 and 4.

A total of 19,200 shares were retired, their beneficiaries having left the company before completing their vesting period.

In 2009, 20,000 share subscription options were allocated under Plan No. 6 at the subscription price of €27.16.

At 31 December 2009, the total number of exercisable options was 265,542 and the total number of options that could still be allocated at this date was 330,145, making a maximum total number of shares that may be created of 595,687.

Grant date	Number of options allocated initially	Beginning of option exercise period	End of option exercise period	Exercise price	Number of lapsed options at 31/12/2009	o/w cancelled in 2009	Number of options exercised at 31/12/2009	o/w options exercised in 2009	Number of options outstand-ing at 31/12/2009
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	-	-
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	40,250	-	86,000	4,050	3,000
Total	**840,000**				**194,425**	**-**	**642,575**	**4,050**	**3,000**
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	100	-	-	-
22/03/2001	301,500	23/03/2006	22/03/2009	€61.40	301,500	18,000	-	-	-
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	3,000	-	-	-	3,000
16/12/2002	303,200	17/12/2007	15/12/2010	€22.50	46,550	100	184,868	28,862	71,782
03/09/2003	88,000	04/09/2008	02/09/2011	€32.50	13,800	1,000	17,440	10,640	56,760
13/01/2004	23,000	14/01/2009	12/01/2012	€35.90	4,000	-	4,000	4,000	15,000
Total	**790,200**				**437,350**	**19,200**	**206,308**	**43,502**	**146,542**
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	-	-	-	-
21/12/2006	67,000	22/12/2011	20/12/2014	€58.80	11,500	-	-	-	55,500
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**				**56,000**	**-**	**-**	**-**	**96,000**
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
Total	**20,000**				**-**	**-**	**-**	**-**	**20 000**
TOTAL FOR ALL PLANS						**19,200**		**47,552**	**265,542**

2.4. Provisions

(in thousands of euros)	At 01/01/2009	Charge for the year	Recoveries for the year (provision used)	Recoveries for the year (provision not used)	At 31/12/2009
Provisions for retirement benefits	16,219	3,141	402	-	18,958
Provisions for commercial disputes	154	-	154	-	-
Provisions for employee disputes	390	209	167	27	405
Provisions for foreign exchange losses	819	575	819	-	575
Provisions for risks relating to subsidiaries	1,182	45	1,135	-	92
TOTAL	**18,764**	**3,970**	**2,677**	**27**	**20,030**

Provisions were recorded chiefly for retirement benefit commitments and risks related to various disputes.

To calculate the provision for retirement benefits, the main actuarial assumptions used by Sopra Group are as follows:

- an annual increase in salaries of 2.5%;
- 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. At 31 December 2009, Bloomberg's 10-year rates were in the range of 4.30% to 4.75%: thus a rate of 4.50% was used by the Group;
- application of a social security contribution rate of 50% for all employees. 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% but is limited to 25% for benefits paid between 11 October 2007 and 31 December 2008. It applies irrespective of the age of the employee (whether retirement occurs before or after the age of 65). 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;
- staff turnover tables are updated annually based on historical data of leavers over the last five years;
- the mortality tables used are those prepared by the French national institute of statistics and economic studies (INSEE) for 2004-2006.

The past service cost is taken to the income statement, in an amount corresponding to the increase in the obligation linked to the purchase of an additional year of service *(Provision allocations)* and the interest expense in respect of the obligation *(Finance costs)*.

Actuarial gains and losses are amortised in the income statement beginning in the financial year following recognition for the portion exceeding a corridor set at 10% of the amount of the obligation.

The total commitment for retirement benefits amounted to €25.986 million. The cumulative amount of unrealised actuarial differences on the balance sheet at year-end 2009 was €7.029 million, versus €7.093 million at year-end 2008.

2.5. Payables

2.5.1. Financial debt

(in thousands of euros)	At 01/01/2009	Increase	Decrease	At 31/12/2009
Syndicated loan	198,593	-	48,593	150,000
Employee profit sharing	14,762	7,277	3,412	18,627
Contingent advances	488	-	152	336
Other financial debt	281	-	271	10
Accrued interest on financial debt	1,256	485	1,256	485
TOTAL	**215,380**	**7,762**	**53,684**	**169,458**

At 31 December 2009, 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 and 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 2009, the total authorised amount was €218 million. Reductions will be of €14 million on 21 April 2010 and €14 million on 21 October 2010, representing an authorised amount of €190 million at year-end 2010.

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 margin applied in 2009 was 0.40%. 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 1.28 at 31 December 2009, compared to 1.72 at 31 December 2008;
- 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 2009 this ratio was 0.41 and at 31 December 2008 it was 0.71;
- 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 2009, this ratio was 6.86 compared to 10.0 at 31 December 2008.

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 2009, seven swap agreements were in place worth a total of €186 million with maturities ranging from 10 to 34 months:

- five agreements 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 (€86 million at 31 December 2009). They mature in October 2010 or October 2012. The details are as follows:
  - for 2/3 of the notional amount:
    - up to maturity in October 2010: Euribor 1-month + 0.34% 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%,
    - from October 2010 up to maturity in October 2012: Euribor 6-month swap against 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 up to maturity in October 2012: Euribor 1-month swap against a fixed rate of 4.55%;
- 2 agreements relate to the second reducible, multi-currency, revolving credit facility (€132 million, April 2008) for a notional amount of €100 million. They mature in October 2010 and swap Euribor 1-month against a fixed rate of 0.98%.

2.5.2. Trade payables

(in thousands of euros)	2009	2008
Trade accounts payable and related accounts	20,200	23,146
Accrued expenses	17,141	21,722
Trade accounts payable – Group	7,943	4,109
TOTAL	**45,284**	**48,977**

2.5.3. Tax and social charge payables

(in thousands of euros)	2009	2008
Staff costs and related payables	54,222	54,544
Social security	62,286	60,348
State and public bodies		
■ Corporate income tax	-	-
■ VAT	55,521	61,245
■ Other tax	2,200	2,791
TOTAL	**174,229**	**178,928**

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)	2009	2008
Client deposits	2,741	2,932
Liabilities in respect of fixed assets	1,373	9,509
Group and associates	67,785	71,696
Other liabilities	18,530	13,759
Deferred income	41,125	37,131
Translation differential – Liability	57	628
TOTAL	**131,611**	**135,655**

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:

	2009	2008
Banking and Insurance	26.3%	26.9%
Manufacturing	20.4%	23.9%
Services (including real estate)	15.8%	14.6%
Telecom	13.9%	14.2%
Public sector	17.2%	13.9%
Retail	6.4%	6.5%
TOTAL	**100.0%**	**100.0%**

Of the €723.8 million in revenue generated in 2009, €32.1 million derived from international operations.

3.2. Compensation allocated to the members of governing bodies

Directors' fees for financial year 2009 amounted to €0.135 million.

Compensation paid in 2009 to executive management bodies was €1.024 million.

3.3. Financial items

(in thousands of euros)	2009	2008
Dividends received from equity interests	18,060	9,487
Interest on bank borrowings and similar charges	-7,403	-7,636
Interest on employee profit sharing	-1,169	-998
Discounting of the pension provision	-900	-959
Losses on receivables from associated entities	-67	-4,182
Interest received and paid on Group current accounts	686	1,576
Positive and negative foreign exchange impact (including provision)	474	-5,469
Other charges to and reversals of financial provisions	-4,932	1,145
Other financial charges and expense	90	288
FINANCIAL ITEMS	**4,839**	**-6,748**

The detail of dividends received is listed in the table of subsidiaries and associated entities (see Note 4.9).

At year-end 2009, charges to and reversals of provisions include, among other items, the impairment of equity investments, in the amount of €4.000 million for Sopra Group Informatica and €1.000 million for Valoris Iberia.

3.4. Exceptional items

In 2009, exceptional items mainly comprised:

- a capital loss on the sale of property and equipment for (-)€97 thousand and financial disposals for (-)€37 thousand;
- an expense of (-)€2.375 million associated with closing Valoris Iberia;
- a capital gain on treasury stock for (+)€0.366 million;
- net exceptional income on various transactions for (+)€0.188 million.

3.5. Employee profit sharing

The reserve for employee profit sharing amounted to €5.915 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 an 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

A Group-wide incentive agreement was concluded in 2009 for a term of three years. It covers the companies Sopra Group, Axway Software and Orga Consultants. The total incentive amount for 2009 was €0.626 million, of which €0.565 million for Sopra Group. In accordance with French law, this new agreement entitles beneficiaries to a tax credit of 20%.

3.7. Corporate income tax

3.7.1. Tax consolidation group

Since 2002, Sopra Group and its two wholly owned subsidiaries, Axway Software and Orga Consultants, 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 2009 due to deductibility of the share of costs and expenses from dividends received from the consolidated subsidiary Orga Consultants. A tax expense was recorded because only one deduction is applied to calculate social security contributions.

Sopra Group bears a net expense of €10 thousand for the tax consolidation group for financial year 2009.

3.7.2. Research tax credit

Sopra Group benefited in 2009 from a research tax credit of €3.989 million.

3.7.3. Tax audits and reassessments

In 2008, Sopra Group's accounts covering the years 2005 and 2006 were audited by the French tax authorities. At 31 December 2008, a provision of €0.753 million was set aside for the tax reassessments accepted, which chiefly relate to contested provisions for which the eventual reversal will not therefore be taxed. In 2009, amended corporate income tax returns were filed for reversals of provisions during financial years 2007 and 2008, generating a reversal of this provision in the amount of €0.338 million.

3.7.4. Breakdown of tax between recurring and exceptional operations

Corporate income tax breaks down as follows:

(in thousands of euros)	2009	2008
Tax on recurring operations	15,753	16,824
Tax on exceptional operations	-616	120
Change in tax provisions for tax audit	-388	753
Research tax credit	-3,989	-3,238
Other tax credits	-388	-294
TOTAL	**10,372**	**14,165**

3.7.5. Deferred and latent tax position

(in thousands of euros)	Basis					
	At 01/01/2009		Change		At 31/12/2009	
	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	6,937	-	-1,022	-	5,915	-
- incentive scheme	-	-	565	-	565	-
- Organic tax	1,126	-	138	-	1,264	-
■ To be deducted thereafter						
- provision for retirement commitments	16,219	-	2,739	-	18,958	-
- 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	-	-	-	-	-	-
IT equipment Total	**24,282**	**-**	**2,420**	**-**	**26,702**	**-**
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	78,897	78,897	-
Other non-current financial assets	1,771	83	1,688
Current assets			
Doubtful debts or disputes	211	-	211
Other trade receivables	239,523	239,523	-
Staff costs and related payables	43	43	-
Social security	347	347	-
State and public bodies			
■ Corporate income tax	6,085	6,085	-
■ VAT	7,182	7,182	-
■ Other tax	1,290	1,290	-
Group and associates	12,187	12,187	-
Other receivables	4,271	4,271	-
Prepaid expenses	2,838	2,838	-
TOTAL	**354,645**	**352,746**	**1,899**

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	485	485	-	-
■ More than 2 years at origin	150,336	28,165	89,171	33,000
Other financial debt	18,637	1,962	16,665	10
Trade payables	45,284	45,284	-	-
Staff costs and related payables	54,222	48,307	5,915	-
Social security	62,286	62,286	-	-
State and public bodies				
■ Corporate income tax	-	-	-	-
■ VAT	55,521	55,521	-	-
■ Other tax	2,200	2,200	-	-
Liabilities in respect of fixed assets	1,373	1,373	-	-
Group and associates	67,785	67,785	-	-
Other liabilities	18,530	18,530	-	-
Deferred income	41,125	41,125	-	-
TOTAL	**517,784**	**373,023**	**111,751**	**33,010**

4.2. Information concerning related parties

(in thousands of euros)	Related parties
ASSETS	
Advances and payments on account for fixed assets	-
Equity investments	367,486
Receivables related to equity investments	76,600
Loans	-
Trade receivables	8,357
Other receivables	9,696
Translation differential – Asset	571
LIABILITIES	
Convertible bonds	-
Other bonds	-
Bank debt	-
Other financial debt	-
Liabilities in respect of fixed assets	-
Trade payables	10,786
Other liabilities	67,785
Translation differential – Liability	1
INCOME STATEMENT	
Income from equity investments	18,060
Other financial income	2,088
Financial expense	6,240

4.3. Information on finance leases

4.3.1. Finance leases

		Depreciation		
(in thousands of euros)	Original value	for the period	accumulated	Net value
IT equipment	26,658	4,642	18,151	8,507

4.3.2. Finance lease commitments

	Actual lease payments		Lease payments remaining			
(in thousands of euros)	for the period	accumulated	less than 1 year	1 to 5 years	Total payable	Residual purchase price
IT equipment	5,045	14,604	3,998	4,648	8,646	180

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	2,785
Bank guarantees for effective project completion	275
Post-employment obligations not provisioned (actuarial gains and losses)	7,029
Collateral, mortgages and sureties	Nil
Interest rate hedging instruments	See 2.5.1
Exchange rate hedging instruments	Nil

4.4.2. Individual training rights (DIF)

In 2009, 140,354 hours were acquired and 72,881 DIF hours were consumed.

The cumulative balance of training that was not consumed amounted to 286,831 hours at 31 December 2009.

4.5. Accrued income and expenses

(in thousands of euros)

ACCRUED INCOME	
Trade accounts payable – Credit notes to be received	280
Trade accounts receivable	81,942
Tax and social charge receivables	790
Other receivables	18
Cash and cash equivalents	18
TOTAL	**83,048**
ACCRUED EXPENSES	
Accrued interest on financial debt	485
Trade accounts payable	17,141
Trade accounts receivable – Credit notes to be issued	13,107
Tax and social charge payables	66,127
Other liabilities	12
TOTAL	**96,872**

4.6. Workforce

The average workforce for 2009 comprised 7,596 employees, including 7,175 executive-level staff. The workforce at 31 December 2009 comprised 7,506 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 recognition of the specific characteristics of Axway's business and its worldwide positioning, Sopra Group's Board of Directors has decided to reinforce its autonomy. A proposal for the separation of Axway's business from that of Sopra Group was announced in the fourth quarter of 2009, which is expected to result in the listing of Axway as a separate entity in 2010.

Sopra Group will continue to hold approximately 15% of the share capital of Axway. The remainder of the share capital will revert directly to Sopra Group's shareholders.

4.9. List of subsidiaries and associated entities

				Book value							
Company	Share capital	Other shareholders' equity	% of capital held	Gross	Net	Loans and advances granted by the company and not yet repaid	Surety and guarantees given by the company	Latest financial year revenue (excl. VAT)	Latest financial year profit or loss	Dividends received by the company during the financial year
Axway Software	€76,620,000	€17,013,829	100.0%	€75,619,772	€75,619,772	€76,600,195	-	€94,393,785	-€5,369,853	-
Orga Consultants	€51,086,700	€17,579,428	100.0%	€85,061,843	€50,000,000	-	-	€39,932,143	€503,569	€1,459,620
Sopra Group Ltd (United Kingdom)	GBP 50,700,000	-GBP 7,148,486	100.0%	€83,955,430	€67,560,041	-	-	GBP 51,997,354	GBP 605,668	-
Sopra Belux (Belgium)	€2,638,082	-€1,358,616	100.0%	€3,052,485	€3,052,485	€360,000	-	€10,074,301	€2,358	-
Sopra BAI (Belgium)	€11,426,364	€2,989,866	100.0%	€37,666,542	€37,666,542	-	-	€5,073,528	€299,345	€1,500,000
Sopra Luxembourg	€100,000	€108,659	100.0%	€99,900	€99,900	-	-	€823,445	€60,717	€20,000
Valoris Luxembourg	€894,000	-€2,343,830	100.0%	€1,154,068	-	€1,397,099	-	-	-€5,605	-
Sopra Group GmbH (Germany)	€1,200,000	-€1,361,261	100.0%	€5,484,691	-	€764,500	-	€1,979,904	€133,210	-
Sopra Informatique (Switzerland)	CHF 100,000	€13,968,733	100.0%	€58,380	€58,380	-	-	CHF 13,604,954	CHF 1,640,193	CHF 6,000,000
Sopra Group SpA (Italy)	€3,660,000	-€646,425	100.0%	€12,502,516	€12,502,516	€7,306,926	-	€27,918,914	-€2,338,890	-
Sopra Group Informatica SAU (Spain)	€24,000,000	€24,743,014	100.0%	€113,487,256	€109,487,256	-	-	€67,010,074	-€244,969	€11,000,000
Valoris Iberia (Spain)	€70,000	-€2,445,241	100.0%	€18,759,981	-	€2,330,000	-	€788,397	-€2,219,430	-
CS Sopra España (Spain)	€3,260,200	€37,328	100.0%	€3,260,200	€3,260,200	-	-	€10,056,365	-€110,219	-
SOPRAntic (Morocco)	MAD 3,000,000	-MAD 4,519,268	100.0%	€267,004	€267,004	MAD 16,157,885	-	MAD 30,029,837	MAD 2,730,276	-
Sopra India (India)	INR 203,020,180	INR 438,044,754	100.0%	€7,910,275	€7,910,275	-	-	INR 888,309,648	INR 210,201,129	INR 13,906,382

Statutory Auditors' Report on the individual financial statements

To the shareholders,

In accordance with our appointment as Statutory Auditors by your General Meeting, we hereby report to you for the year ended 31 December 2009 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 required 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, 2009 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 matters:

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.

Paris and Courbevoie, 16 April 2010

The Statutory Auditors

Auditeurs & Conseils Associés	**Mazars**
Philippe Ronin	Christine Dubus

Special report of the Statutory Auditors on regulated agreements and commitments

To the shareholders,

As the Statutory Auditors of your Company, we present our report on the regulated agreements and commitments which have been brought to our attention.

We are not required to determine whether any such agreements exist, but to provide, on the basis of the information given to us, the main features and conditions of those agreements about which we have been informed, without having to express an opinion on their usefulness or appropriateness. 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.

Absence of notice of agreements and commitments

We inform you that we have not been advised of the existence of any agreements or commitments entered into during the financial year and subject to the terms of Articles L. 225-38 and L. 225-42-1 of the French Commercial Code.

Agreements and commitments approved during previous years

Moreover, pursuant to the French Commercial Code, we were informed that the execution of the following agreements and commitments approved during prior years continued in 2009.

Agreements between your company and Orga Consultants:

Agreement	Impact on the 2009 financial statements
Provision of premises	€1,530,030 revenue
Expense recharge Sopra Group charges Orga Consultants the proportion of various expenses relating to the shared premises (telecoms, etc.)	€61,725 revenue
Provision of IT resources	€173,852 revenue
Assistance provided by functional divisions	€2,003,400 revenue
Commercial support Payment of management fees for commercial support by Sopra Group. 2% of Orga Consultants' revenue	€743,100 revenue
Tax consolidation The tax charge is apportioned as if no tax consolidation agreement applied	€15,342 revenue

Agreements between your company and Axway Software:

Agreement	Impact on the 2009 financial statements
Provision of premises	€3,118,352 revenue
Expense recharge Sopra Group charges Axway Software the proportion of the various expenses relating to the shared premises (telecoms, etc.)	€214,605 revenue
Provision of IT resources	€2,403,673 revenue
Assistance provided by functional divisions	€2,125,700 revenue
Commercial support Payment of management fees for commercial support by Sopra Group	No impact: not applied in 2009
Tax consolidation The tax charge is apportioned as if no tax consolidation agreement applied	€25,179 expense

Cash management and debt forgiveness agreements

Company concerned	Balance of current account held with Sopra Group at 31 December 2009 (CB: credit balance; DB: debit balance)		Expense (-)/ Income (+)	Debts forgiven
Axway	DB	€76,600,195	€1,026,413	
Orga Consultants	CB	€17,546,578	-€73,516	
Sopra Group Ltd	CB	€5,629,997	-€3,647	
Sopra Belux	DB	€360,000	€3,317	
Sopra Group GmbH	DB	€764,500	€10,795	
Sopra Group SpA	DB	€7,306,926	€199,017	
Valoris Iberia	DB	€2,330,000	€11,840	
Sopra Ntic	DB	€1,425,618	€38,431	
Sopra Informatique	CB	€7,886,092	-€228,785	
Sopra Informatica	CB	€23,301,711	-€110,873	
Sopra Luxembourg	CB	€51,753	-€586	
BAI	CB	€13,368,917	-€186,217	

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 of checking that the information given to us was consistent with the basic documents from which it derives.

Paris and Courbevoie, 16 April 2010

The Statutory Auditors

Auditeurs & Conseils Associés

Philippe Ronin

Mazars

Christine Dubus

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COMBINED GENERAL MEETING OF 22 JUNE 2010

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 2009;
- approval of the Sopra Group SA individual financial statements for the financial year ended 31 December 2009 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;
- 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;
- renewal of the appointments of a Statutory Auditor and of an Alternate Auditor.

Requiring the approval of the Extraordinary General Meeting

- delegation of authority granted to the Board of Directors to increase the Company's share capital, through the issue of ordinary shares or any other securities giving access to the Company's share capital, maintaining the pre-emptive right of existing shareholders to subscribe to new shares;
- delegation of authority granted to the Board of Directors to increase the Company's share capital, through the issue of ordinary shares or any other securities giving access to the Company's share capital, excluding the pre-emptive right of existing shareholders to subscribe to new shares;
- delegation of authority granted to the Board of Directors to increase the Company's share capital, through the issue of ordinary shares or any other securities giving access to the Company's share capital, excluding the pre-emptive right of existing shareholders to subscribe to new shares, as part of an offering provided in paragraph II of Article L. 411-2 of the French Monetary and Financial Code;
- authorisation given to the Board of Directors to increase the amount of shares issued up to the limit of 15% of the initial issue and at the same price in the case of surplus demand;
- delegation of authority granted to the Board of Directors to increase the Company's share capital, through the issue of ordinary shares or any other securities giving access to the Company's share capital, excluding the pre-emptive right of existing shareholders to subscribe to new shares, subject to a limit of 10% of the share capital, with the authorisation granted to the Board of Directors to determine the issue price;
- delegation of authority granted to the Board of Directors to increase the Company's share capital, excluding the pre-emptive right of existing shareholders to subscribe to new shares, in order to remunerate securities contributed to the Company as part of a public exchange offer or contribution in kind relating to the Company's shares, through the issue of shares or securities giving access to the Company's share capital, subject to a limit of 10% of the share capital;
- delegation of authority granted to the Board of Directors to carry out capital increases reserved for employees of the Company or of any of its affiliated undertakings who are members of company savings plans;
- increasing the age limit associated with the function of Chief Executive Officer and the corresponding amendment to the Articles of Association;
- elimination, under condition precedent, of the double voting right provided in the Articles of Association and the corresponding amendment to the Articles of Association;
- institution of an advisory board and the corresponding amendment to the Articles of Association.

Requiring the approval of the Ordinary General Meeting

- appointment of an advisor;
- ratification of the co-option of a Director.

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 2009, which show a consolidated net profit (Group share) of €27,239,774 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 2009, showing a profit of €44,462,843.94. 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 €208,291 and the corresponding tax charge of €71,715.

Third resolution

Appropriation of earnings

The General Meeting notes that Sopra Group's profit available for distribution, determined as follows, is €44,505,578.94:

Profit for the year	€44,462,843.94
Retained earnings: dividends not paid on treasury shares	€42,735.00
TOTAL	**€44,505,578.94**

In consideration of the consolidated net profit amounting to €27,239,774, we propose that you appropriate the profit available for distribution in the following manner:

Legal reserve	€19,020.80
Dividend	€9,402,034.40
Discretionary reserves	€35,084,523.74
TOTAL	**€44,505,578.94**

Thus increasing the legal reserve to €4,701,017.20, 10% of the Company's share capital.

As the number of shares comprising the share capital at 31 December 2009 was 11,752,543, the dividend allocated per share would be €0.80. The dividend would be paid as of 7 July 2010.

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 18% provided for under Article 117 quater of the French Tax Code, and is subject to social levies and additional contributions at the rate of 12.10% deducted at source by the Company.

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

	2006	2007	2008
Total dividend	€15,480,227.25	€19,258,026.15	€19,313,235.15
Number of dividend bearing shares	11,466,835	11,671,531	11,704,991
Dividend paid	€1.35	€1.65	€1.65

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

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.

Sixth 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 587,627 shares on the basis of the current share capital.

This authorisation is given for a period of eighteen months as from this date, and terminates the authorisation given to the Board of Directors by the Ordinary General Meeting of 7 May 2009.

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 €58,762,700.

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.

Seventh resolution

Renewal of the appointments of a Statutory Auditor and an Alternate Auditor

The General Meeting, having heard the Report of the Board of Directors stating that their appointments are expiring, decided to renew the appointments of:

- the firm of Auditeurs et Conseils Associés, 33, rue Daru, F-75008 Paris, as Statutory Auditor;
- and the firm of AEG Finances, 4, rue de Châtillon, F-75014 Paris, as Alternate Auditor,

for a period of six financial years, until the end of the General Meeting convened to approve the financial statements for the year ending 31 December 2015.

Resolutions presented for the approval of the Extraordinary General Meeting

Eighth resolution

Delegation of authority granted to the Board of Directors to increase the Company's share capital, subject to the limit of €7 million at par value, through the issue of ordinary shares or any other securities giving access to the Company's share capital, maintaining the pre-emptive right of existing shareholders to subscribe to new shares

Having examined the report presented by the Board of Directors, the Statutory Auditors' special report, and pursuant to the provisions of Articles L. 225-129-2 and L. 228-92 of the French Commercial Code, the General Meeting hereby:

- delegates the authority to the Board of Directors in order to increase the share capital, in one or several stages, through the issue in euros, on the French and/or international markets, of ordinary shares or any other securities conferring immediate or future entitlement to shares in the Company. Such securities may also be denominated in any currency or with reference to a basket of currencies. This delegation is granted to the Board of Directors for a twenty-six month period as from the date of this General Meeting;
- decides that the total amount of increases in share capital that may be carried out immediately and/or in the future, on the basis of the ninth and tenth resolutions presented for the approval of this General Meeting, may not exceed €7 million at par value. This ceiling excludes the total par value of any additional shares which may be issued to preserve the rights of holders of securities conferring entitlement to shares in accordance with the law;
- further decides that the par value of any debt securities conferring entitlement to shares in the Company issued under this authorisation may not exceed €150 million;
- decides that securities issued by virtue of this resolution shall be reserved in preference to shareholders subscribing in proportion to their existing shareholding;
- decides that where subscriptions in proportion to existing shareholdings, and where applicable, secondary priority rights, do not absorb the entire issue of shares or other securities as defined above, the Board of Directors may take, in the order it deems appropriate, any of the following courses of action:
  - limit the amount of the issue to the subscriptions received, provided that this represents at least three-quarters of the amount of the issue initially decided,
  - freely allocate all or a portion of the unsubscribed securities among the persons of its choice,
  - offer all or a part of the issued securities not subscribed to the public;
- delegates to the Board of Directors, for the same validity period of twenty-six months, the authority to decide to increase the Company's share capital, in one or several stages, via the capitalisation of share premium accounts, reserves, earnings or other items which may be capitalised according to the law

and the Articles of association, by awarding bonus shares or increasing the par value of existing shares; and decides that the total amount of any resulting capital increase, supplemented by the amount required to maintain the rights of holders of securities in accordance with the law, independently of the ceiling determined by the second point above, may not exceed the amount of premiums, reserves and earnings specified above at the date of the capital increase;

- takes due note that this delegation supplants any previously granted delegation established for the same purpose.

Ninth resolution

Delegation of authority granted to the Board of Directors to increase the Company's share capital, subject to the limit of €7 million at par value, through the issue of ordinary shares or any other securities giving access to the Company's share capital, maintaining the pre-emptive right of existing shareholders to subscribe to new shares

Having examined the report presented by the Board of Directors, the Statutory Auditors' special report, and pursuant to the provisions of Articles L. 225-129-2, L. 225-135, L. 225-136, L. 228-92 and L. 228-93 of the French Commercial Code, the General Meeting hereby:

- delegates the authority to the Board of Directors in order to increase the share capital, in one or several stages, through the issue in euros, on the French and/or international markets, of ordinary shares or any other securities conferring immediate or future entitlement to shares in the Company or in any other company in which it holds, either directly or indirectly, more than one-half of the share capital. Such securities may also be denominated in any currency or with reference to a basket of currencies. This delegation is granted to the Board of Directors for a twenty-six month period as from the date of this General Meeting;
- decides that the total amount of increases in share capital that may be carried out immediately and/or in the future may not exceed €7 million at par value, with this amount being deducted from the ceiling imposed by the eighth resolution presented for the approval of this General Meeting;
- further decides that the par value of any debt securities conferring entitlement to shares in the Company issued under this authorisation may not exceed €150 million, with this amount being deducted from the ceiling imposed by the eighth resolution presented for the approval of this General Meeting;
- decides to exclude the pre-emptive right of existing shareholders to subscribe to securities covered by this resolution to be issued in accordance with the law and grants the power to the Board of Directors to confer upon shareholders a secondary priority right to subscribe to these securities pursuant to the provisions of Article L. 225-135 of the French Commercial Code;
- decides that the amount that is or will become receivable by the Company for each share issued or to be issued, after taking into consideration, in the event of the issue of detachable share subscription or allotment warrants, the issue price of such warrants, shall be greater than or equal to the minimum price imposed by legal and/or regulatory provisions on the date of issue, irrespective of whether the securities to be issued, immediately or in the future, may be deemed to be equivalent to shares that have already been issued;
- takes due note that this delegation supplants any previously granted delegation established for the same purpose.

Tenth resolution

Delegation of authority granted to the Board of Directors to increase the Company's share capital, excluding the pre-emptive right of existing shareholders to subscribe to new shares, as part of an offering provided in paragraph II of Article L. 411-2 of the French Monetary and Financial Code

Having examined the report presented by the Board of Directors, the Statutory Auditors' special report, and pursuant to the provisions of Articles L. 225-135, L. 225-136, L. 225-197-1 and L. 225-197-2 et seq. of the French Commercial Code and Article 411-2 of the French Monetary and Financial Code, the General Meeting hereby:

- delegates to the Board of Directors, for a term of twenty-six months as from this General Meeting, the authority to proceed with one or more capital increases reserved in favour of qualified investors or a limited circle of investors under the conditions provided in Article L. 225-136 of the French Commercial Code;
- decides that the issue price of shares issued directly will be at least equal to the minimum provided by applicable regulatory provisions on the day of the issue as part of an issue without pre-emptive subscription rights (as of this writing, this minimum is equal to the weighted average of the opening price on the three trading days for Eurolist by Euronext preceding the setting of the subscription price for the capital increase, less 5%), after, as applicable, adjustment of this average in case of a difference between the dates from which these shares will carry dividend rights;
- decides that the total amount of any capital increases that may be realised accordingly is limited to 15% of the share capital per annum;
- in all cases, the amount of the capital increases carried out pursuant to this resolution is subject to the limits established by the eighth and ninth resolutions.

Eleventh resolution

Authorisation given to the Board of Directors to increase the amount of shares issued up to the limit of 15% of the initial issue and at the same price in the case of surplus demand

The General Meeting, having examined the report presented by the Board of Directors and the Statutory Auditors' special report, hereby authorises the Board of Directors, when it becomes apparent that an issue carried out in connection with a capital increase decided in application of the eighth, ninth or tenth resolution presented for the approval of this General Meeting is oversubscribed, to raise the number of shares or securities to be issued, on one or more occasions over a twenty-six month period as of this Meeting, with or without the pre-emptive right of existing shareholders to subscribe to new shares, in accordance with Article L. 225-135-1 of the French Commercial Code, within the limits set forth in the eighth, ninth and tenth resolutions, at the same price as that determined for the original issue, with these additional shares or securities available for subscription for 30 days as from the expiration of the initial subscription period and in an amount not to exceed 15% of the original issue.

Twelfth resolution

Delegation of authority granted to the Board of Directors, in connection with delegations for the purposes of increasing the Company's share capital, excluding the pre-emptive right of shareholders to subscribe to new shares, to determine the issue price of shares or securities giving access to the Company's share capital, subject to an annual limit of 10% of the share capital

The General Meeting, having examined the report presented by the Board of Directors and the Statutory Auditors' special report, and pursuant to the provisions of Article L. 225-136-1 of the French Commercial Code, hereby authorises the Board of Directors, under the terms of the delegations granted under the ninth and tenth resolutions presented for the approval of this General Meeting and subject to the annual limit of 10% of the Company's share capital (at the date of this General Meeting), to set the issue price of shares and/or securities conferring entitlement to ordinary shares to be issued, with the understanding that this price will be greater than or equal to the weighted average of the opening price on the three trading days preceding the date on which it is set, after deducting, if deemed necessary, a maximum discount of 5%.

The Board of Directors will need to prepare and submit a supplementary report, on which the Statutory Auditors will issue an opinion, describing the definitive conditions for the operation and including an assessment of the actual impact of the operation on shareholder positions.

This authorisation is granted for a twenty-six month period as from the date of this Meeting.

Thirteenth resolution

Delegation of authority granted to the Board of Directors, in connection with the delegation for the purposes of increasing the Company's share capital, maintaining the pre-emptive right of existing shareholders to subscribe to new shares, to remunerate securities contributed to the Company as part of a public exchange offer or contribution in kind relating to the Company's shares

The General Meeting, having examined the report presented by the Board of Directors as well as the Statutory Auditors' special report, hereby decides that the issues carried out in accordance with the tenth resolution presented for the approval of this General Meeting may be used to remunerate securities contributed to the Company as part of a public exchange offer pursuant to the provisions of Article L. 225-148 of the French Commercial Code.

Similarly, the General Meeting authorises the Board of Directors, for the same twenty-six month period, to decide, based on the report of the auditor appointed to control non-cash contributions, to carry out capital increases, pursuant to the delegation provided by the ninth resolution presented for the approval of this General Meeting, in one or several stages, subject to the limit of 10% of the share capital, in order to remunerate contributions in kind made to the Company consisting of shares or any other securities giving access to the Company's share capital, insofar as the provisions of Article L. 225-148 do not apply.

In any event, the amount of capital increases carried out under this resolution is deducted from the ceiling imposed by the eighth and ninth resolutions presented for the approval of this General Meeting.

The Meeting takes due note that this delegation supplants any previously granted delegation established for the same purpose.

Fourteenth resolution

Delegation of authority granted to the Board of Directors to carry out capital increases reserved for employees who are members of company savings plans

The General Meeting, having examined the report presented by the Board of Directors as well as the Statutory Auditors' special report, in accordance with Articles L. 3332-18 et seq. of the French Labour Code and Articles L. 225-129-6 and L. 225-138-1 of the French Commercial Code and pursuant to the provisions of this same code:

- delegates full power to the Board of Directors, for a period of twenty-six months as from the date of this decision, in order to increase the share capital, at its sole discretion, in one or several stages, through issues of shares or securities giving access to the Company's share capital reserved for the members of company saving plans established by affiliated French or foreign undertakings as defined under Article L. 225-180 of the French Commercial Code and Article L. 3332-19 of the French Labour Code, not to exceed 3% of the par value of the Company's share capital on the implementation date of this authorisation;
- decides to set the maximum discount to be offered under company savings plans at 5% of the average of the opening prices of the Company's shares on the Eurolist by Euronext market over the twenty trading days preceding the date on which the decision to set the opening date for the subscription period is made. However, the General Meeting expressly authorises the Board of Directors to reduce the above-mentioned discount, subject to legal and regulatory limits;
- decides that the characteristics of the other securities conferring entitlement to the Company's share capital will be determined by the Board of Directors in accordance with applicable regulatory conditions;
- decides to exclude the pre-emptive right of employees who are members of company savings plans to subscribe to shares to which the issued shares, or other securities giving access to the Company's share capital, will confer entitlement, immediately or in the future, and to require the waiver of any rights to receive shares or other securities to be allotted under the terms of this resolution;
- decides to grant the Board of Directors full power to implement this delegation, including the option to subdelegate this power in accordance with the law, subject to the limitations and under the conditions specified above, particularly in order to:
  - determine the characteristics of the securities to be issued, the amounts proposed on subscription and notably set the issue prices, dates, terms and conditions relating to the subscription, settlement, delivery and vesting of securities, in accordance with applicable laws and regulations,
  - recognise the completion of the capital increases in the amount of the shares which will be effectively subscribed or other securities issued under the terms of this authorisation,
  - where applicable, charge the costs of the capital increase against the related premium and deduct this amount from the sums required to adjust the legal reserve to one-tenth of the new share capital after each capital increase,

- conclude any agreements, carry out all transactions and fulfil all conditions, including carrying out formalities arising from capital increases and making the necessary amendments to the Company's Articles of Association, either directly or by means of a representative, and more generally, do anything that may be required in this regard,
- generally, make any agreement, notably in order to successfully complete the planned issues, take all measures and perform all formalities with respect to the issue, listing and custodial services of shares issued by virtue of this delegation, in addition to exercising the associated rights.

- takes due note that this delegation supplants any previously granted delegation established for the same purpose.

Fifteenth resolution

Increase of the age limit associated with the function of Chief Executive Officer and corresponding amendment to the Articles of Association

After examining the Report of the Board of Directors, the General Meeting decides to amend Article 19, paragraph 2 "Executive Management", 3rd sub-paragraph, of the Articles of Association as follows: No one over the age of seventy-seven years may be appointed as Chief Executive Officer. Once the Chief Executive Officer has reached this age limit, he or she is deemed to have resigned from office.

Sixteenth resolution

Elimination, under condition precedent, of the double voting right provided in the Articles of Association and the corresponding amendment to Article 28 of the Articles of Association entitled "Voting Rights"

After examining the Report of the Board of Directors, the Extraordinary General Meeting decides:

- to eliminate the double voting right granted to all fully paid-up shares that have been registered for at least four years in the name of a given shareholder, subject to the approval of this resolution by the Special General Meeting of the holders of this category of shares convened upon first notice on 22 June 2010;
- to amend Article 28 of the Articles of Association, "Voting Rights" accordingly as follows:

"ARTICLE 28 – 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."

Seventeenth resolution

Institution of an advisory board and the corresponding amendment to the Articles of Association to create an advisory board

The Extraordinary General Meeting, having heard the Report of the Board of Directors, decides to institute an advisory board.

Consequently, it decides to introduce an article in the Articles of Association entitled "Advisory Board" worded as follows:

"ARTICLE 23 – Advisory Board

The Ordinary General Meeting may proceed with appointing advisors, who may or may not be shareholders, upon the recommendation of the Board of Directors.

No more than five advisors may be appointed at any one time.

Advisors are appointed for a term of six years. The functions of each advisor are terminated at the end of the Ordinary General Meeting convened to approve the financial statements of the year just ended and held in the year during which the advisor's appointment expires.

Advisors may be re-appointed at the end of their term.

In the event of a vacancy due to the death or resignation of one or more advisors, the Board of Directors may proceed with provisional appointments. Such appointments are subject to ratification of the next Ordinary General Meeting.

Advisors participate in Board of Directors' meetings that they are convened to attend under the same conditions as directors. They may also serve on Committees created by the Board of Directors, at the latter's initiative.

They receive all documents provided to the Board of Directors. They are held to the obligation of confidentiality regarding deliberations.

Advisors have no decision-making authority, but they are available to the Board of Directors and to its Chairman to offer advice on issues of any type that are submitted to them, particularly in technical, commercial, administrative or financial matters. They take part in the deliberations in an advisory capacity and do not participate in votes; their absence may not adversely affect the validity of the deliberations.

The Board of Directors may compensate the advisors by deducting from the amount of directors' fees allocated by the General Meeting to its members."

Considering the introduction of this new article, the former Article 23 becomes Article 24 and the following article numbers are amended as a consequence.

Resolutions presented for the approval of the Ordinary General Meeting

Eighteenth resolution

Appointment of an advisor

As from this date, the General Meeting appoints as director Bernard Michel for a term of six years, which shall thus expire at the conclusion of the Ordinary General Meeting convened in 2016 to approve the financial statements for the year ended 31 December 2015.

Nineteenth resolution

Ratification of the co-option of a director

The General Meeting ratifies the co-option of Jean-François Sammarcelli to replace Bernard Michel, who is resigning, in the latter's functions as director for the remainder of his term, that is, until the General Meeting convened to approve the financial statements for the year ending 31 December 2011.

Resolution presented for the approval of the Combined General Meeting

Twentieth 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. Company name: Sopra Group

Company name: Sopra Group

Registered office: PAE Les Glaisins, 74940 Annecy-le-Vieux, France

Head office: 9 bis, rue de Presbourg, 75116 Paris, France

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

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 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 Supervisory Board 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

Jean-Claude Debray, Director of Communication

Persons responsible for auditing the financial statements

Statutory Auditors

- Auditeurs et Conseils Associés, 33, rue Daru, F-75008 Paris

  Represented by François Mahé

  Term of office expires at the General Meeting convened to approve the 2015 financial statements (subject to the vote of the Ordinary General Meeting of 22 June 2010).

  First appointed: June 1986.

- Cabinet Mazars, 61, rue Henri-Regnault, F-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, F-75014 Paris

  Term of office expires at the General Meeting convened to approve the 2015 financial statements (subject to the vote of the Ordinary General Meeting of 22 June 2010).

- Jean-Louis Simon, 61, rue Henri-Regnault, F-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
4 May 2010 after market close	Revenue for the first quarter of 2010	-
4 August 2010 after market close	Revenue for the first half of 2010	5 August 2010
29 October 2010 after market close	Revenue for the first nine months of 2010	-

The full-year and half-year results are released 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 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 our 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 48, 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 presented (consolidated financial statements for the 2007 financial year) in the Reference Document filed with the Autorité des Marchés Financiers on 23 April 2008 under No. D.08-0277 was subject to a report by the Statutory Auditors appearing on page 105, which contains an observation relating to a change in the accounting method arising from the application of the amendment to IAS 19. Furthermore, the consolidated financial statements presented in this document are subject to a report by the Statutory Auditors, appearing on page 114, which contains a technical observation relating to changes in accounting methods and the presentation of the financial statements.

Paris, 27 April 2010

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.

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n.a.: not applicable.

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