Sopra group

Interim financial report for the six-month period ended 30 June 2010

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Contents

Sopra Group

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This document is a free translation into English of the original French “Rapport financier semestriel au 30 juin 2010”, hereafter referred to as the “Interim financial report for the six-month period ended 30 June 2010”. 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 - FR 74940 Annecy-le-Vieux
Head office: 9 bis, rue de Presbourg - FR 75116 Paris

1 INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Statement of financial position

ASSETS *(in thousands of euros)*	Notes	**30/06/2010**	30/06/2009	31/12/2009
Goodwill	4	207,264	377,552	356,589
Intangible assets	5	3,166	27,089	25,120
Property and equipment	6	34,897	35,143	34,888
Financial assets	7	3,028	3,493	3,527
Deferred tax assets	8	14,327	14,128	22,556
Other non-current assets	9	64,114	-	209
Non-current assets		**326,796**	**457,405**	**442,889**
Inventories		42	464	447
Trade accounts receivable	10	322,746	358,022	333,865
Other current receivables	11	25,377	45,871	44,562
Cash and cash equivalents	12	15,794	25,417	43,566
Assets held for sale	35	296,341	-	-
Current assets		**660,300**	**429,774**	**422,440**
TOTAL ASSETS		**987,096**	**887,179**	**865,329**

LIABILITIES AND EQUITY *(in thousands of euros)*	Notes	**30/06/2010**	30/06/2009	31/12/2009
Share capital		47,010	46,820	47,010
Capital reserves		54,806	53,084	54,277
Consolidated reserves		202,502	183,670	184,596
Profit for the period		19,822	10,774	27,240
Gains and losses taken directly to equity		-18,678	-22,409	-24,228
Gains and losses from operations being discontinued taken directly to equity		10,008	-6,109	-7,208
Equity - Group share		**315,470**	**265,830**	**281,687**
Minority interests		**3**	**2**	**2**
TOTAL EQUITY	13	**315,473**	**265,832**	**281,689**
Financial debt - long-term portion	14	87,772	176,929	146,673
Deferred tax liabilities	8	-	177	7,173
Provisions for post-employment benefits	15	35,669	31,982	33,910
Non-current provisions	16	850	2,878	2,187
Other non-current liabilities	17	4,916	1,422	10,659
Non-current liabilities		**129,207**	**213,388**	**200,602**
Financial debt - short-term portion	14	74,004	44,504	34,342
Trade accounts payable	18	39,811	44,218	45,662
Other current liabilities	19	262,435	319,237	303,034
Liabilities held for sale	35	166,166	-	-
Current liabilities		**542,416**	**407,959**	**383,038**
TOTAL LIABILITIES		**671,623**	**621,347**	**583,640**
TOTAL LIABILITIES AND EQUITY		**987,096**	**887,179**	**865,329**

Statement of comprehensive income

Income statement

(in thousands of euros)	*Notes*	First-half 2010 Amount	First-half 2010 %	First-half 2009 restated Amount	First-half 2009 restated %	Financial year 2009 restated Amount	Financial year 2009 restated %
Revenue	*20*	475,247	100.0%	462,122	100.0%	912,702	100.0%
Purchases consumed	*21*	-53,965	-11.4%	-56,758	-12.3%	-105,756	-11.6%
Staff costs	*22*	-328,943	-69.2%	-317,225	-68.6%	-621,495	-68.1%
External expenses	*23*	-49,489	-10.4%	-46,741	-10.1%	-91,666	-10.0%
Taxes and duties		-5,056	-1.1%	-9,986	-2.2%	-19,990	-2.2%
Depreciation and amortisation	*24*	-4,988	-1.0%	-5,141	-1.1%	-10,486	-1.1%
Provisions and impairment	*24*	-2,045	-0.4%	-1,862	-0.4%	-3,755	-0.4%
Other operating income from recurring operations		4,093	0.9%	2,574	0.6%	6,332	0.7%
Other operating expenses from recurring operations		-764	-0.2%	-592	-0.1%	-1,403	-0.2%
Profit from recurring operations		**34,090**	**7.2%**	**26,391**	**5.7%**	**64,483**	**7.1%**
Amortisation of allocated intangible assets	*25*	-382	-0.1%	-382	-0.1%	-769	-
Other operating income	*25*	-	-	-	-	-	-
Other operating expenses	*25*	-242	-0.1%	-2,191	-0.5%	-17,191	-1.9%
Operating profit		**33,466**	**7.0%**	**23,818**	**5.2%**	**46,523**	**5.1%**
Income from cash and cash equivalents	*26*	11	0.0%	31	0.0%	38	0.0%
Cost of gross financial debt	*26*	-3,161	-0.7%	-4,860	-1.1%	-9,070	-1.0%
Cost of net financial debt		**-3,150**	**-0.7%**	**-4,829**	**-1.0%**	**-9,032**	**-1.0%**
Other financial income	*26*	1,174	0.2%	2,522	0.5%	2,784	0.3%
Other financial expenses	*26*	-1,718	-0.4%	-2,696	-0.6%	-3,349	-0.4%
Tax charge	*27*	-12,598	-2.7%	-6,579	-1.4%	-15,547	-1.7%
Net profit for the year from continuing operations		**17,174**	**3.6%**	**12,236**	**2.6%**	**21,379**	**2.3%**
Net profit for the year from discontinued operations or operations being discontinued	*35*	2,648	0.6%	-1,462	-0.3%	5,861	0.7%
Net profit		19,822	4.2%	10,774	2.3%	27,240	3.0%
Attributable to Group		**19,822**	**4.2%**	**10,774**	**2.3%**	**27,240**	**3.0%**
Minority interests		-	-	-	-	-	-

EARNINGS PER SHARE *(in euros)*	*Notes*	First-half 2010	First-half 2009 restated	Financial year 2009 restated
Basic earnings per share	*28*	1.69	0.92	2.33
Fully diluted earnings per share	*28*	1.68	0.92	2.33

Gains and losses recognised directly in equity

(in thousands of euros)	First-half 2010	First-half 2009 restated	Financial year 2009 restated
Net profit	**19,822**	**10,774**	**27,240**
Translation differential	8,148	6,948	4,630
Actuarial gains and losses on pension plans	-2,697	-123	-277
Change in the value of derivatives	99	165	818
Gains and losses from operations being discontinued taken directly to equity	17,216	-1,017	-2,116
Total gains and losses recognised directly in equity	**22,766**	**5,973**	**3,055**
NET GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY	42,588	16,747	30,295
o/w Group share	**42,588**	**16,747**	**30,295**
Minority interests	-	-	-

Statement of changes in equity

(in thousands of euros)	Share capital	Capital reserves	Conso-lidated reserves	Profit for the period	Translation reserves	Actuarial gains and losses on pension plans	Change in the fair value of derivatives	Total Group share	Mino-rity in-terests	Total
EQUITY AT 31 DECEMBER 2008	**46,820**	**52,918**	**144,858**	**58,198**	**-26,623**	**-6,036**	**-1,832**	**268,303**	**3**	**268,306**
Net profit for the period	-	-	-	10,774	-	-	-	10,774	-	**10,774**
Other comprehensive income statement items	-	-	-		6,948	-123	165	6,990	-	**6,990**
Other comprehensive income from operations being discontinued	-	-	-	-	-1,143	126	-	-1,017	-	**-1,017**
Total comprehensive income for the period	**-**	**-**	**-**	**10,774**	**5,805**	**3**	**165**	**16,747**	**-**	**16,747**
Capital transactions	-	-	-	-	-	-	-	-	-	**-**
Share-based payments	-	153	-	-	-	-	-	153	-	**153**
Treasury share transactions	-	-	-104	-	-	-	-	-104	-	**-104**
Appropriation of profit	-	13	38,916	-58,198	-	-	-	-19,269	-1	**-19,270**
Changes in scope	-	-	-	-	-	-	-	-	-	**-**
Other movements	-	-	-	-	-	-	-	-	-	**-**
EQUITY AT 30 JUNE 2009	**46,820**	**53,084**	**183,670**	**10,774**	**-20,818**	**-6,033**	**-1,667**	**265,830**	**2**	**265,832**
Net profit for the period	-	-	-	16,466	-	-	-	16,466		**16,466**
Other comprehensive income statement items	-	-	-	-	-2,318	-154	653	-1,819	-	**-1,819**
Other comprehensive income from operations being discontinued	-	-	-	-	-1,075	-24	-	-1,099	-	**-1,099**
Total comprehensive income for the period	**-**	**-**	**-**	**16,466**	**-3,393**	**-178**	**653**	**13,548**	**-**	**13,548**
Capital transactions	190	1,040	-	-	-	-	-	1,230	-	**1,230**
Share-based payments	-	153	-	-	-	-	-	153	-	**153**
Treasury share transactions	-	-	927	-	-	-	-	927	-	**927**
Appropriation of profit	-	-	-1	-	-	-	-	-1	-	**-1**
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**
Net profit for the period	-	-	-	19,822	-	-	-	19,822	-	**19,822**
Other comprehensive income statement items	-	-	-		8,148	-2,697	99	5,550	-	**5,550**
Other comprehensive income from operations being discontinued	-	-	-	-	17,705	-489	-	17,216	-	**17,216**
Total comprehensive income for the period	**-**	**-**	**-**	**19,822**	**25,853**	**-3,186**	**99**	**42,588**	**-**	**42,588**
Capital transactions	-	331	-	-	-	-	-	331	-	**331**
Share-based payments	-	179	-	-	-	-	-	179	-	**179**
Treasury share transactions	-	-	88	-	-	-	-	88	-	**88**
Appropriation of profit	-	19	17,819	-27,240	-	-	-	-9,402	-	**-9,402**
Changes in scope	-	-	-	-	-	-	-	-	-	**-**
Other movements	-	-	-1	-	-	-	-	-1	1	**-**
EQUITY AT 30 JUNE 2010	**47,010**	**54,806**	**202,502**	**19,822**	**1,642**	**-9,397**	**-915**	**315,470**	**3**	**315,473**

Cash flow statement

(in thousands of euros)	First-half 2010	First-half 2009 restated	Financial year 2009 restated
Consolidated net profit (including minority interests)	**19,822**	**10,774**	**27,240**
Net profit for the year from operations being discontinued	-2,648	1,462	-9,980
Net increase in depreciation, amortisation and provisions	6,840	6,958	31,335
Unrealised gains and losses related to changes in fair value	23	794	695
Calculated income and expenses related to stock options and similar derivatives	180	153	306
Other calculated income and expenses	-1,337	734	1,089
Gains and losses on disposal	-255	-12	492
Cash from operations after cost of net debt and tax	**22,625**	**20,863**	**51,177**
Cost of net financial debt	3,150	4,829	9,032
Income taxes (including deferred tax)	12,598	6,579	15,547
Cash from operating activities before changes in working capital financial interest and taxes (A)	**38,373**	**32,271**	**75,756**
Tax paid (B)	-8,854	-8,188	-22,483
Changes in operating working capital requirements (including liabilities related to employee benefits) (C)	-16,863	23,661	56,866
Net cash from operating activities (D) = (A+B+C)	**12,656**	**47,744**	**110,139**
Purchase of tangible and intangible fixed assets	-4,644	-2,588	-5,839
Proceeds from sale of tangible and intangible fixed assets	718	40	532
Purchase of financial assets	-212	-204	-254
Proceeds from sale of financial assets	103	135	224
Impact of changes in the scope of consolidation	-187	-8,800	-8,800
Net cash from (used in) investing activities (E)	**-4,222**	**-11,417**	**-14,137**
Proceeds on issue of shares	-	-	-
Proceeds on the exercise of stock options	331	-	1,230
Purchase and proceeds from disposal of treasury shares	81	-104	583
Dividends paid during the period			
■ Dividends paid to shareholders of Sopra Group SA	-	-19,270	-19,270
■ Dividends paid to minority interests of consolidated companies	-	-	-
Change in borrowings	-60,257	-19,959	-53,287
Net interest paid (including finance leases)	-3,229	-4,922	-9,228
Other cash flow items relating to financing activities	-165	-152	-154
Net cash from (used in) financing activities (F)	**-63,239**	**-44,407**	**-80,126**
Effect of foreign exchange rate changes (G)	667	410	287
Net cash from (used in) operations being discontinued (H)	**8,507**	**-3,084**	**334**
NET CHANGE IN CASH AND CASH EQUIVALENTS (D+E+F+G+H)	**-45,631**	**-10,754**	**16,497**
Opening cash position	43,512	27,015	27,015
Reclassification of cash from operations being discontinued	-19,793	-	-
Closing cash position	-21,912	16,261	43,512

Notes to the financial statements

Notes to the consolidated financial statements

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

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

It is listed on compartment B, NYSE Euronext Paris.

The consolidated financial statements of Sopra Group for the six-month period ended 30 June 2010 were approved by the Board of Directors' meeting of 3 August 2010.

ACCOUNTING PRINCIPLES AND POLICIES

Note 1 | Summary of the main accounting policies

1.1. Basis of preparation of the financial statements

The consolidated financial statements for the six-month period ended 30 June 2010 were prepared in accordance with:

- IFRS standards as adopted by the European Union. This information is available on the website of the European Commission:

  http://ec.europa.eu/internal_market/accounting/ias/index_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.

The consolidated financial statements for the six-month period ended 30 June 2010 are consistent with the provisions of IAS 34 – *Interim Financial Reporting*. They correspond to summary interim financial statements and do not include all of the information necessary for annual financial statements. They should be read in conjunction with the 2009 Reference Document, which was filed with the AMF on 27 April 2010 under no. D.10-0329 and is available on the www.sopragroup.com website.

The main accounting policies applied by the Group in the consolidated financial statements for the six-month period ended 30 June 2010 are identical to those applied in the consolidated financial statements published for the year ended 31 December 2009.

Results for the Axway sub-group have been presented in accordance with the provisions of IFRS 5 (see Note 2.2).

Various expense accounts such as annual bonuses, employee profit sharing and corporate income tax are subject to an annual estimate and are recognised during the half-year period in an amount proportional to the forecast operating results.

1.2. Application of new standards and interpretations

a. New mandatory standards and interpretations

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

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

The entry into force of the standards listed above had no significant impact on the Group's financial statements.

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

The financial statements do not take into account standards and interpretations published by the IASB and adopted by the European Union but which are applicable to periods beginning after 1 January 2010. This group of standards and interpretations includes in particular:

- Amendment to IAS 32 *Financial Instruments: Presentation,* "Classification of Rights Issues".

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, which are mainly listed below:

- IAS 24 *Related Party Disclosures* (revised version);
- IFRS 9 *Financial Instruments* (Phase 1: Classification and Measurement of Financial Assets);
- Amendment to IFRIC 14 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction,* "Prepayments of a Minimum Funding Requirement";
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*.

Note 2 | Scope of consolidation

2.1. Changes in the scope of consolidation

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

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

2.2. Application of IFRS 5 to the Axway sub-group

In its meeting of 3 August 2010, Sopra Group's Board of Directors confirmed that the assessment of the terms and conditions for the proposed spin-off of Axway from Sopra Group was ongoing, with a view to the listing of a new entity under the Axway name (please see the Sopra Group press releases dated 22 October 2009, 9 December 2009 and 15 February 2010). This proposed spin-off, which was favourably received by employee representative bodies, may be completed in the fourth quarter of 2010, unless adverse circumstances dictate otherwise. As previously announced, following the planned separation, Sopra Group would maintain an ownership interest of approximately 15% in the new entity, with the remainder of the capital (about 85%) divided among the shareholders of Sopra Group.

In application of IFRS 5, the sub-group formed by Axway Software and its subsidiaries has been presented here as an operation being discontinued.

On the balance sheet, the assets and liabilities of the Axway sub-group have been classified as current assets and liabilities held for sale and reported as separate line items. This separate presentation in the balance sheet has only been provided for the first half of 2010 and information for comparative periods has not been restated, in application of IFRS 5. The carrying amounts of these assets and liabilities have been recognised in the balance sheet, as the proposed spin-off is considered as occurring between jointly controlled entities.

In the income statement, income and expenses generated by the operations of the Axway sub-group have been presented under a separate line item, *Net profit for the year from discontinued operations or operations being discontinued*. Gains or losses generated by these operations in prior periods included for comparative purposes have also been reported under this separate line item. The consolidated income statement has thus been restated compared to earlier publications, in accordance with IFRS 5.

The reconciliations of the consolidated financial statements to statements presented in accordance with IFRS 5 are provided in Note 35.

2.3. List of consolidated companies in the first half of 2010

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
Consulting				
Sopra Consulting	France	100.0%	100.0%	FC
The following companies belonging to the Axway sub-group are affected by the application of IFRS 5:				
Axway Software	France	100.0%	100.0%	IFRS 5
Axway SAS	France	100.0%	100.0%	IFRS 5
Axway UK Ltd	United Kingdom	100.0%	100.0%	IFRS 5
Axway Nordic AB	Sweden	100.0%	100.0%	IFRS 5
Axway GmbH	Germany	100.0%	100.0%	IFRS 5
Tumbleweed Communications Holding GmbH	Switzerland	100.0%	100.0%	IFRS 5
Axway BV	Netherlands	100.0%	100.0%	IFRS 5
Axway Belgium	Belgium	100.0%	100.0%	IFRS 5
Axway Srl	Italy	100.0%	100.0%	IFRS 5
Axway Software Iberia	Spain	100.0%	100.0%	IFRS 5
Axway Romania Srl	Romania	100.0%	100.0%	IFRS 5
Axway Bulgaria EOOD	Bulgaria	100.0%	100.0%	IFRS 5
Axway Inc.	United States	100.0%	100.0%	IFRS 5
Axway Asia Pacific Pte Ltd	Singapore	100.0%	100.0%	IFRS 5
Axway Pte Ltd	Singapore	100.0%	100.0%	IFRS 5
Axway Software China	China	100.0%	100.0%	IFRS 5
Axway Ltd	Hong Kong	100.0%	100.0%	IFRS 5
Axway Software Sdn Bhd	Malaysia	100.0%	100.0%	IFRS 5
Axway Pty Ltd	Australia	100.0%	100.0%	IFRS 5
Axway Software Korea Corp. Ltd	South Korea	100.0%	100.0%	IFRS 5

FC: *Fully consolidated.*

Note 3 | Comparability of the accounts

There were no changes in the scope of consolidation in the first half of 2010. The impact of the application of IFRS 5 is described in Note 2.2.

NOTES TO THE CONSOLIDATED BALANCE SHEET

Note 4 | Goodwill

4.1. Changes in goodwill

The following movements occurred in the first half of 2010:

(in thousands of euros)	Gross value	Impairment	Net
1 January 2010	406,959	50,370	356,589
Operations being discontinued	-162,955	-8,613	-154,342
Acquisitions	-	-	-
Adjustments relating to business combinations	-	-	-
Translation differential	5,680	663	5,017
30 JUNE 2010	**249,684**	**42,420**	**207,264**

4.2. Translation differential

The translation differential mainly results from changes in the value of the euro against the following currencies:

(in millions of euros)	30/06/2010	30/06/2009	31/12/2009
■ USD (Axway Inc.)	-	-1.7	-3.8
■ GBP (Sopra Group Ltd)	4.5	5.7	3.6
■ Other	0.5	0.1	1.0
TOTAL	**5.0**	**4.1**	**0.8**

4.3. Breakdown of goodwill by CGU

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

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

(in thousands of euros)		30/06/2010	30/06/2009	31/12/2009
Consulting	France - Sopra Consulting	3,876	3,876	3,876
Systems & Solutions Integration	France	68,843	68,346	68,368
	United Kingdom	57,129	54,809	52,587
	Spain	66,297	81,297	66,297
	Italy	8,119	8,119	8,119
	Belgium - Sopra Belux	3,000	3,000	3,000
	Spain - Valoris Iberia	-	3,000	-
Axway	Axway	-	155,105	154,342
TOTAL		**207,264**	**377,552**	**356,589**

Note 5 | Intangible assets

(in thousands of euros)	Gross	Amortisation	Net
1 January 2010	**52,709**	**27,589**	**25,120**
Operations being discontinued	-31,057	-9,788	-21,269
Changes in scope	-	-	-
Acquisitions	19	-	19
Disposals	-	-	-
Translation differential	117	100	17
Amortisation	-	721	-721
30 JUNE 2010	**21,788**	**18,622**	**3,166**

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 incurred in developing the Group's solutions and software was capitalised, either in 2010 or in previous years.

Note 6 | Property and equipment

(in thousands of euros)	Land and buildings	Furniture, fixtures and fittings	IT equipment	Total
GROSS VALUE				
1 January 2010	**10,864**	**61,747**	**49,430**	**122,041**
Operations being discontinued	-	-5,919	-9,260	-15,179
Translation differential	-	246	534	780
Acquisitions	47	3,952	2,510	6,509
Disposals	-	-856	-5,030	-5,886
Other movements	-	-	-	-
Changes in scope	-	-	-	-
30 JUNE 2010	**10,911**	**59,170**	**38,184**	**108,265**
DEPRECIATION				
1 January 2010	**8,520**	**40,407**	**38,226**	**87,153**
Operations being discontinued	-	-5,114	-8,563	-13,677
Translation differential	-	200	449	649
Charges	113	1,898	2,639	4,650
Reversals	-	-404	-5,003	-5,407
Other movements	-	-	-	-
Changes in scope	-	-	-	-
30 JUNE 2010	8,633	36,987	27,748	73,368
NET VALUE				
1 January 2010	**2,344**	**21,340**	**11,204**	**34,888**
30 JUNE 2010	**2,278**	**22,183**	**10,436**	**34,897**

- Investments made by the Group in property and equipment (€6.5 million) primarily include office equipment in France and abroad, in the amount of €4.0 million and information technology equipment (central systems, work stations and networks) in the amount of €2.5 million.
- Amounts included under disposals during the period (€5.9 million, of which €5.4 million had been depreciated) correspond primarily to the scrapping of computer equipment each year after taking inventory, and premises for which leases were not renewed that the Group no longer occupies.
- Land and buildings include Sopra Group's registered office at Annecy-le-Vieux. A portion of these premises was acquired as part of a property finance lease arrangement completed in 2003. These contracts have, since their inception, been restated in the consolidated financial statements and are included in the balance sheets for the following amounts:

(in thousands of euros)	30/06/2010	30/06/2009	31/12/2009
Land	255	255	255
Buildings	3,861	3,861	3,861
Depreciation	-3,636	-3,570	-3,603
NET VALUE	**480**	**546**	**513**

- Finance lease contracts relating to IT investments (see Note 1.10 of the 2009 Reference Document) are presented in the balance sheet in the following amounts:

(in thousands of euros)	30/06/2010	30/06/2009	31/12/2009
Gross value	24,520	25,398	27,316
Depreciation	-15,506	-15,837	-18,151
NET VALUE	**9,014**	**9,561**	**9,165**

Note 7 | Financial assets

The Group's non-current financial assets comprise the following line items:

(in thousands of euros)	30/06/2010	30/06/2009	31/12/2009
Assets at fair value through profit and loss	-	-	-
Held to maturity assets	-	-	-
Available for sale assets	196	195	196
Loans and receivables	2,832	3,298	3,331
TOTAL	**3,028**	**3,493**	**3,527**

7.1. Available for sale assets

(in thousands of euros)	Gross	Impairment	Net
1 January 2010	**23,860**	**23,664**	**196**
Increase	-	-	-
Decrease	-	-	-
Changes in scope	-	-	-
Translation differential	10	10	-
30 JUNE 2010	**23,870**	**23,674**	**196**

Available for sale financial assets, as defined by IAS 39, mainly comprise non-consolidated equity investments in Valoris' subsidiaries that were in the process of being wound up or divested at the date that Valoris was acquired 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)	30/06/2010	30/06/2009	31/12/2009
Receivables from unconsolidated equity interests - gross value	899	899	899
Impairment of receivables from unconsolidated equity interests	-899	-899	-899
Receivables from unconsolidated equity interests - net value	**-**	**-**	**-**
Loans	23	42	23
Deposits and other non-current financial assets	2,809	3,273	3,308
Impairment of loans, deposits and other non-current financial assets	-	-17	-
Loans, deposits and other non-current financial assets - net value	**2,832**	**3,298**	**3,331**
TOTAL	**2,832**	**3,298**	**3,331**

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

Deposits and other non-current financial assets (€2.8 million) consist mainly of guarantees given for the leased offices. Non-remunerated deposits are maintained at their nominal value, given that the effect of discounting is not significant.

Note 8 | Deferred tax assets and liabilities

8.1. Breakdown by maturity

(in thousands of euros)	30/06/2010	30/06/2009	31/12/2009
Deferred tax assets (DTA)			
- less than one year	875	601	3,088
- more than one year	13,452	13,527	19,468
TOTAL DTA	**14,327**	**14,128**	**22,556**
Deferred tax liabilities (DTL)			
- less than one year	-	-	-
- more than one year	-	-177	-7,173
TOTAL DTL	**-**	**-177**	**-7,173**
NET DEFERRED TAX	**14,327**	**13,951**	**15,383**

8.2. Change in net deferred tax

(in thousands of euros)	30/06/2010	30/06/2009	31/12/2009
Beginning of period	**15,383**	**16,246**	**16,246**
Operations being discontinued	-1,345	-	-
Changes in scope	-	-	-
Tax - income statement impact	-1,053	-2,267	-662
Tax - equity impact	1,292	-88	-337
Translation differential	50	60	136
END OF PERIOD	**14,327**	**13,951**	**15,383**

8.3. Breakdown of net deferred tax by type

(in thousands of euros)	30/06/2010	30/06/2009	31/12/2009
Differences related to consolidation adjustments			
Actuarial gains and losses recognised for post-employment obligations	3,741	2,746	2,742
Amortisation of re-valued software	-	149	-
Fair value of amortisable allocated intangible assets	-	-	-6,967
Derivatives	811	1,465	927
Finance leases	45	21	37
Discounting of employee profit sharing	601	588	717
Tax-driven provisions	-	-177	-206
Activated tax losses	-	-	6,967
Temporary differences from tax returns			
Provision for pensions	7,368	7,050	7,616
Provision for employee profit sharing	656	344	2,581
Provision for organic tax	218	257	507
Differences in depreciation periods	227	266	209
Provision for investments	-	-	-
Tax reassessment: reintegrated provisions not taxable in future periods	-	992	-
Activated tax losses	389	-	-
Other	271	250	253
TOTAL	**14,327**	**13,951**	**15,383**

8.4. Deferred tax assets not recognised by the Group

(in thousands of euros)	30/06/2010	30/06/2009	31/12/2009
Tax losses carried forward	4,013	53,825	45,560
Temporary differences	-	-	2,464
TOTAL	**4,013**	**53,825**	**48,024**

The significant decrease in tax losses between 2009 and 2010 is due to the classification at 30 June 2010 of the Axway sub-group as an operation being discontinued (see Note 2.2).

8.5. Maturity of tax losses carried forward

(in thousands of euros)	30/06/2010	30/06/2009	31/12/2009
N+1	-	6,580	19,035
N+2	-	7,456	15,534
N+3	-	6,772	19,380
N+4	1,758	7,515	1,777
N+5 and subsequent years	8,635	119,474	107,140
Tax losses carried forward with a specific maturity date	**10,393**	**147,797**	**162,866**
Tax losses which may be carried forward indefinitely	**4,719**	**10,874**	**11,471**
TOTAL	**15,112**	**158,671**	**174,337**
Deferred tax basis - activated	1,414	-	19,907
Deferred tax basis - not activated	13,698	158,671	154,430
Deferred tax - activated	389	-	6,967
Deferred tax - not activated	4,013	53,825	45,560

At 30 June 2010, deferred tax assets not activated on tax loss carry forwards came to €4.0 million and mainly concerned the following countries: Spain (€1.5 million), Germany (€1.1 million) and the Benelux countries (€1.2 million).

Note 9 | Other non-current assets

(in thousands of euros)	30/06/2010	30/06/2009	31/12/2009
Asset derivatives	171	-	209
Axway Software current account	63,943	-	-
OTHER NON-CURRENT ASSETS	**64,114**	**-**	**209**

Note 10 | Trade accounts receivable

(in thousands of euros)	30/06/2010	30/06/2009	31/12/2009
Trade accounts receivable	209,692	225,492	253,510
Accrued income	127,884	148,412	100,526
Accrued credit notes	-12,334	-12,330	-17,280
Provision for doubtful debtors	-2,496	-3,552	-2,891
TOTAL	**322,746**	**358,022**	**333,865**

Net trade receivables, expressed in terms of months of revenue, corresponded to about 2.2 months of revenue at 30 June 2010, compared to 2.1 months at 31 December 2009 and 2.3 months at 30 June 2009. This ratio is calculated by comparing *Net trade receivables* with the revenue generated in the final quarter of the period. *Net trade receivables* 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 of the 2009 Reference Document). Invoices are generally prepared for these contracts upon completion of the services rendered and the latter are paid over the lifespan of the projects through payments on account.

Note 11 | Other current receivables

(in thousands of euros)	30/06/2010	30/06/2009	31/12/2009
Staff and social security	3,797	4,055	2,807
Tax receivables other than corporate income tax	10,111	18,795	22,197
Corporate income tax	7,178	12,567	12,749
Leased equipment	103	1,283	713
Other receivables	411	555	547
Prepaid expenses	3,777	8,382	5,549
Derivatives	-	234	-
TOTAL	**25,377**	**45,871**	**44,562**

Tax receivables of €10.1 million relate mainly to deductible VAT (of €9.1 million).

Note 12 | Cash and cash equivalents

The cash flow statement is presented on page 7.

(in thousands of euros)	30/06/2010	30/06/2009	31/12/2009
Investment securities	32	2 722	-
Cash	15,762	22,695	43,566
Cash and cash equivalents	**15,794**	**25,417**	**43,566**
Overdrafts	-37,706	-9,156	-54
TOTAL	**-21,912**	**16,261**	**43,512**

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 of the 2009 Reference Document, bills of exchange presented for collection and temporary bank overdrafts. It is closely related to the mobilisation of medium-term loans at the end of the financial period. Net debt, presented in Note 14.1, is more representative of the Group's financial position.

Note 13 | Equity

The consolidated statement of changes in equity is presented on page 6.

13.1. Changes in share capital

At 30 June 2010 Sopra Group had share capital of €47,010,172 comprising 11,72,543 fully-paid shares with a nominal value of €4 each.

13.2. Share subscription option plans

Grant date	Number of options allocated initially	Beginning of option exercise period	End of exercise period	Exercise price	Number of options cancelled at 30/06/2010	o/w cancelled in 2010	Number of options exercised at 30/06/2010	o/w options exercised in 2010	Number of options outstanding at 30/06/2010	Fair value of options at the grant date
Plan No. 3 - 1998 stock option plan (General Meeting of 07/01/1998): maximum of 721,250 shares										
13/01/1998	614,000	01/10/2002	12/01/2006	€15.37	70,175	-	543,825	-	-	Not applicable
04/12/1998	25,000	25/02/2003	24/08/2006	€46.86	25,000	-	-	-	-	Not applicable
03/03/1999	20,000	04/03/2004	03/03/2007	€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	-	3,000	€6.36
TOTAL	**840,000**				**194,425**	**-**	**642,575**	**-**	**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	-	-	-	-	Not applicable
22/03/2001	301,500	23/03/2006	22/03/2009	€61.40	301,500	-	-	-	-	Not applicable
19/12/2001	34,600	20/12/2006	19/12/2009	€61.40	34,600	-	-	-	-	Not applicable
24/04/2002	6,000	25/04/2007	23/04/2010	€61.40	6,000	3,000	-	-	-	Not applicable
16/12/2002	303,200	17/12/2007	15/12/2010	€22.50	43,550	-	192,928	8,060	66,722	€6.36
03/09/2003	88,000	04/09/2008	02/09/2011	€32.50	13,800	-	21,140	3,700	53,060	€12.15
13/01/2004	23,000	14/01/2009	12/01/2012	€35.90	4,000	-	5,000	1,000	14,000	€11.36
TOTAL	**790,200**				**437,350**	**3,000**	**219,068**	**12,760**	**133,782**	
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
15/04/2010	30,000	16/04/2015	16/04/2018	€53.68	-	-	-	-	30,000	€13.64
TOTAL	**50,000**				**-**	**-**	**-**	**-**	**50,000**	
TOTAL FOR PLANS						**3,000**		**12,760**	**282,782**	

- 12,760 share subscription options were exercised during the first half of 2010 under Plan No. 4.
- A total of 3,000 options were cancelled, their beneficiaries having left the Company before completing their vesting period.
- Options may no longer be allocated under Plan No. 3, Plan No. 4 or Plan No. 5. 30,000 share subscription options were granted during the first half of 2010 under Plan No. 6.
- The number of shares that may be created by exercising options already allocated amounts to 282,742, with the number of options that may still be awarded at 30 June 2010 totalling 300,145, representing a maximum total number of shares that may be created of 582,927 shares.

- The fair value of options granted during the financial period was obtained by means of the Black & Scholes model (Note 1.16 of the 2009 Reference Document) using the following calculation parameters:

Grant date	Number of options allocated initially	Exercise price	Share price at the grant date	Volatility for a 5-year maturity	Volatility for an 8-year maturity	5-year interest rate	8-year interest rate	Value of options for a 5-year maturity	Value of options for an 8-year maturity	Average value of options
15/04/2010	30,000	€53.68	€58.83	25.00%	25.00%	2.43%	3.04%	€11.88	€15.40	€13.64

The average share price in the first half of 2010 was €47.11.

The amount recognised for the first half of 2010, in accordance with the method indicated in Note 1.16 of the 2009 Reference Document, *Share-based payments*, is €0.179 million.

13.3. Capital reserves

(in thousands of euros)	30/06/2010	30/06/2009	31/12/2009
Share issue, merger and contribution premiums	50,105	48,402	49,595
Legal reserve	4,701	4,682	4,682
TOTAL	**54,806**	**53,084**	**54,277**

The following movements occurred in the first half of 2010:

- share subscription options exercised: €0.331 million;
- value of past services related to share subscription options: €0.179 million;
- appropriation of Sopra Group's 2009 net profit to the legal reserve: €19 thousand.

13.4. Dividends

Sopra Group's General Meeting of 22 June 2010 resolved to distribute a dividend of €9.402 million, i.e. €0.80 per share. This dividend was paid on 7 July 2010. The dividend paid the previous financial year totalled €19.313 million, i.e. €1.65 per share.

Note 14 | Financial debt

14.1. Net debt

(in thousands of euros)	Current	Non-current	30/06/2010	30/06/2009	31/12/2009
Bank loans	29,655	62,751	92,406	181,093	150,164
Liabilities on finance lease contracts	4,061	4,887	8,948	9,476	9,089
Employee profit sharing	2,582	20,124	22,706	21,698	21,698
Other financial debt	-	10	10	10	10
Bank overdrafts	37,706	-	37,706	9,156	54
FINANCIAL DEBT	**74,004**	**87,772**	**161,776**	**221,433**	**181,015**
Investment securities	-32	-	-32	-2,722	-
Cash and cash equivalents	-15,762	-	-15,762	-22,695	-43,566
NET DEBT	**58,210**	**87,772**	**145,982**	**196,016**	**137,449**

Bank loans

At 30 June 2010, the Group had access to two reducible, multi-currency revolving credit facilities.

The aim of these credit facilities set up with the Group's six partner banks, the first in October 2005 and the second in April 2008, is to ensure the financing of acquisitions and internal growth, lengthen debt maturity, and optimise repayment conditions.

The first line of credit, in an initial principal amount of €200 million, has a maturity of seven years and is repayable in half-yearly instalments.

The second line of credit, in an initial principal amount of €132 million, has a maturity of six years 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.

The authorised amount is €204 million at 30 June 2010. Reductions will amount to €14 million at 21 October 2010, leading to 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 net debt in question does not take into account the employee profit sharing liability but does include liabilities related to earnouts. The margin may range from 0.30% to 0.65%. The margin applied for the first half of 2010 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 (see Note 32.3).

Liabilities on finance lease contracts

	30/06/2010			30/06/2009	31/12/2009
(in thousands of euros)	Minimum lease payments	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	4,287	226	4,061	4,066	3,952
One to five years	5,010	123	4,887	5,410	5,137
More than five years	-	-	-	-	-
TOTAL	**9,297**	**349**	**8,948**	**9,476**	**9,089**

Employee profit sharing

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

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

14.2. Statement of changes in net debt

(in thousands of euros)	30/06/2010	30/06/2009 restated	31/12/2009 restated
NET DEBT AT BEGINNING OF PERIOD (A)	**146,926**	**207,526**	**207,526**
Cash from operations after cost of net debt and tax	**22,625**	**20,863**	**51,177**
Cost of net financial debt	3,150	4,829	9,032
Income taxes (including deferred tax)	12,598	6,579	15,547
Cash from operations before changes in working capital	**38,373**	**32,271**	**75,756**
Taxes paid	-8,854	-8,188	-22,483
Changes in working capital requirements	-16,863	23,661	56,866
Net cash from operating activities	**12,656**	**47,744**	**110,139**
Change related to investing activity	-6,043	-5,339	-10,039
Net interest paid	-3,229	-4,922	-9,228
Available net cash flow	**3,384**	**37,483**	**90,872**
Impact of changes in scope	-187	-8,800	-8,800
Financial investments	-109	-69	-30
Dividends	-	-19,270	-19,270
Capital increase in cash	331	-	1,230
Employee profit sharing	-2,818	-4,135	-4,125
Other changes	-324	-178	437
TOTAL NET CHANGE DURING THE PERIOD (B)	**277**	**5,031**	**60,314**
Impact of changes in foreign exchange rates	667	410	286
NET DEBT AT END OF PERIOD (A - B)	**145,982**	**202,085**	**146,926**

Impact of the application of IFRS 5

(in thousands of euros)	30/06/2010	30/06/2009	31/12/2009
Net debt at period-end prior to the application of IFRS 5	**128,206**	**196,016**	**137,449**
Reclassification of assets and liabilities held for sale	-46,167	-58,439	-67,123
Neutralisation of the Axway Software current account	63,943	64,508	76,600
Net debt at period-end restated under IFRS 5	**145,982**	**202,085**	**146,926**

Impact of changes in the scope of consolidation: -€0.187 million

(in thousands of euros)	30/06/2010	30/06/2009	31/12/2009
Cost of acquisitions (excluding earnouts)	-	-	-
Portion remunerated in Sopra Group shares	-	-	-
Net debt/net cash of acquired companies	-	-	-
Deferred payments	-187	-	-
Earnouts paid in respect of prior year acquisitions	-	-8,800	-8,800
TOTAL	**-187**	**-8,800**	**-8,800**

Employee profit sharing: -€2.818 million

This amount corresponds mainly to the difference between the profit sharing for 2009 transferred to reserves in 2010 and the profit sharing for 2004 released in 2010.

Note 15 | Provisions for post-employment benefits

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

(in thousands of euros)	01/01/2010	Change in scope	Operations being discontinued	Charge for the period	Recovery for the period (provision used)	Recovery for the period (provision not used)	Change in actuarial differences	30/06/2010
France	30,085	-	-3,418	1,651	-169	-	4,113	32,262
Italy	3,812	-	-693	371	-83	-	-	3,407
Germany	13	-	-13	-	-	-	-	-
TOTAL	**33,910**	**-**	**-4,124**	**2,022**	**-252**	**-**	**4,113**	**35,669**
Impact (net of expenses incurred)								
Profit from recurring operations				1,385		-		
Financial items				637		-		
TOTAL				**2,022**		**-**		

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 of the 2009 Reference Document.

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

	30/06/2010	30/06/2009	31/12/2009
Benchmark for discounting	Bloomberg rate	10-year OAT	Bloomberg rate
Discount rate of commitments	3.90%	4.00%	4.50%
Future salary growth rate	2.50%	2.50%	2.50%
Retirement age	65 years	65 years	65 years
Mortality table	Insee 2004-2006	Insee 2004-2006	Insee 2004-2006

Assumptions referring to mortality rates are based on published statistical data.

Turnover tables are established for each company concerned by five-year age groups and are updated at each balance sheet date to reflect separation data for the last five years.

These commitments are discounted using a discount rate corresponding to the interest rate of prime (AA) corporate bonds denominated in the payment currency, the maturity period of which is close to the average estimated length of the retirement obligation concerned.

Since 31 December 2009, the Group has used Bloomberg rates for the euro zone as the benchmark for the discounting of its retirement obligations. At 30 June 2010, Bloomberg's 10-year rates were around 4%: a discount rate of 3.90% was used by the Group.

A ±1.0 point change in the discount rate would have an impact of about -€4.4 million/+€5.4 million on the total commitment.

Change in provision for retirement indemnities (France)

(in thousands of euros)	Present value of the obligation not financed	Unrecognised actuarial differences	Net commitments (balance sheet)	Recognised in the income statement
1 January 2010	**30,085**	**-**	**30,085**	**-**
Change in scope	-	-	-	-
Operations being discontinued	-3,418		-3,418	208
Past service cost	1,014	-	1,014	1,014
Financial cost	637	-	637	637
Benefits paid to employees	-169	-	-169	-169
Change in actuarial differences	4,113	-	4,113	-
30 JUNE 2010	**32,262**	**-**	**32,262**	**1,482**

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 as at 30 June 2010 (€4.113 million) arises mainly from:

- experience impacts on liabilities (upward adjustment in the commitment amounting to €0.761 million);
- the 0.60 point decrease in the discount rate used compared to 31 December 2009 (upward adjustment in the commitment amounting to €2.772 million);
- updating of five-year workforce attrition rates and assumptions relating to departure procedures (upward adjustment in the commitment amounting to €0.580 million).

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

(in thousands of euros)	30/06/2010	30/06/2009	31/12/2009
Present value of defined benefit obligations	32,262	28,451	30,085
Experience adjustments on scheme liabilities	761	-660	-1,685
Experience adjustments on scheme liabilities (as % of obligations)	2.36%	-2.32%	-5.60%

In Italy, the defined benefits scheme relates to the payment of regulatory termination benefits (*Trattamento di Fine Rapporto*). These payments are calculated as a proportion of the employee's gross annual salary and are linked to the price index issued by the Italian Institute of Statistics (ISTAT).

Note 16 | Non-current provisions

(in thousands of euros)	01/01/2010	Change in scope	Operations being discontinued	Charge for the period	Recovery for the period (provision used)	Recovery for the period (provision not used)	30/06/2010
Provisions for disputes	810	-	-117	288	-119	-70	792
Provisions for guarantees	680	-	-680	-	-	-	-
Provisions for contingencies - Non-consolidated subsidiaries	-	-	-	-	-	-	-
Other provisions for contingencies	522	-	-65	-	-400	-	57
Sub-total provisions for contingencies	**2,012**	**-**	**-862**	**288**	**-519**	**-70**	**849**
Other provisions for losses	175	-	-175	-	-	-	-
Sub-total provisions for losses	**175**	**-**	**-175**	**-**	**-**	**-**	**-**
TOTAL	**2,187**	**-**	**-1,037**	**288**	**-519**	**-70**	**849**
Impact (net of expenses incurred)							
Profit from recurring operations				288		-70	
Financial items				-		-	
TOTAL				**288**		**-70**	

- 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)	30/06/2010	30/06/2009	31/12/2009
Fixed asset liabilities - portion due in more than one year	-	-	-
Employee profit sharing during the period	1,998	1,086	7,286
Conditional advances	171	336	336
Derivatives	2,747	-	3,037
TOTAL	**4,916**	**1,422**	**10,659**

- Employee profit sharing represents amounts booked to staff costs for the period by Sopra Group. These amounts increase financial debt for the following period.
- Conditional advances correspond to subsidies received from OSEO.
- Derivatives consist of interest-rate hedge agreements (Note 30.3.a).

Note 18 | Trade accounts payable

(in thousands of euros)	30/06/2010	30/06/2009	31/12/2009
Trade accounts payable	40,088	44,513	46,038
Trade accounts payable - advances and payments on account, accrued credit notes	-277	-295	-376
TOTAL	**39,811**	**44,218**	**45,662**

Note 19 | Other current liabilities

(in thousands of euros)	30/06/2010	30/06/2009	31/12/2009
Fixed asset liabilities - portion due in less than one year	767	401	1,277
Dividends payable	9,402	-	-
Staff cost liabilities	122,393	132,678	142,581
Tax liabilities (excluding corporate income tax)	65,076	81,630	82,102
Corporate income tax	2,946	6,081	3,303
Deferred income	60,844	92,853	72,810
Other liabilities	775	1,106	717
Derivatives	232	4,488	244
TOTAL	**262,435**	**319,237**	**303,034**

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

Tax liabilities correspond essentially to value added tax collected from clients: the amount payable in respect of the month of June, and the amount included in trade accounts receivable.

Deferred income corresponds essentially to services invoiced but not yet performed, based on their stage of completion (see Note 1.21 of the 2009 Reference Document).

Derivatives consist of interest-rate hedge agreements (Note 30.3.a).

NOTES TO THE CONSOLIDATED INCOME STATEMENT

Note 20 | Revenue

20.1. Revenue by activity

(in millions of euros)	First-half 2010		First-half 2009		Financial year 2009	
Consulting	22.1	4.6%	19.0	4.1%	37.1	4.1%
SSI France	366.2	77.1%	353.6	76.5%	705.1	77.2%
SSI Europe	86.9	18.3%	89.5	19.4%	170.5	18.7%
TOTAL	475.2	100.0%	462.1	100.0%	912.7	100.0%

SSI: Systems & Solutions Integration.

20.2. Revenue by business sector

	First-half 2010	First-half 2009	Financial year 2009
Banking	21.5%	21.8%	22.0%
Manufacturing	16.8%	18.7%	17.4%
Services (including real estate)	18.2%	16.9%	17.2%
Telecom	11.7%	13.0%	12.6%
Public sector	18.2%	16.9%	17.9%
Insurance	6.8%	6.5%	6.6%
Retail	6.8%	6.2%	6.3%
TOTAL	100.0%	100.0%	100.0%

20.3. International revenue

(in millions of euros)	First-half 2010		First-half 2009		Financial year 2009	
Systems Integration - European subsidiaries	86.9	18.3%	89.9	19.5%	171.1	18.7%
Systems Integration - excluding European subsidiaries	21.8	4.6%	19.9	4.3%	42.3	4.6%
International revenue	**108.7**	**22.9%**	**109.8**	**23.8%**	**213.4**	**23.4%**
TOTAL REVENUE	475.2	100.0%	462.1	100.0%	912.7	100.0%

Note 21 | Purchases consumed

(in thousands of euros)	First-half 2010	First-half 2009	Financial year 2009
Purchases of subcontracting services	49,129	50,905	94,345
Purchases of equipment and supplies not held in inventory	2,198	2,157	5,167
Purchases of merchandise and change in the inventory of merchandise	2,638	3,696	6,244
TOTAL	53,965	56,758	105,756

Note 22 | Staff costs

22.1. Analysis

(in thousands of euros)	First-half 2010	First-half 2009	Financial year 2009
Salaries	232,977	225,249	436,874
Social charges	93,968	90,875	177,487
Employee profit sharing	1,998	1,101	7,134
TOTAL	**328,943**	**317,225**	**621,495**

22.2. Workforce

Workforce at period-end	30 June 2010	30 June 2009	31 December 2009
France	8,213	7,981	7,737
International	3,180	3,129	3,099
TOTAL	**11,393**	**11,110**	**10,836**

Average workforce	First-half 2010	First-half 2009	Financial year 2009
France	8,043	7,879	7,839
International	3,123	3,162	3,133
TOTAL	**11,166**	**11,041**	**10,972**

22.3. Employee profit-sharing and incentive schemes

Pursuant to the application of IAS 32 and IAS 39, liabilities in respect of profit sharing were subject to a restatement described in Note 14.1.

Employee profit sharing totalled €1.998 million for Sopra Group SA.

A Group-wide incentive agreement was concluded in 2009 for a term of three years. It covers the companies Sopra Group, Axway Software and Sopra Consulting.

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 €0.179 million for first-half 2010 (see Note 1.16 of the 2009 Reference Document and *Statement of changes in equity*).

Information on outstanding share subscription option plans is provided in Note 13.2.

Note 23 | External expenses

(in thousands of euros)	First-half 2010		First-half 2009		Financial year 2009	
Leases and charges	13,971	28.2%	12,071	25.8%	24,113	26.3%
Maintenance and repairs	2,708	5.5%	3,098	6.6%	6,268	6.8%
External structure personnel	590	1.2%	574	1.2%	1,196	1.3%
Remuneration of intermediaries and fees	2,728	5.5%	1,740	3.7%	4,919	5.4%
Advertising and public relations	1,114	2.3%	1,547	3.3%	2,495	2.7%
Travel and entertainment	20,803	42.0%	20,016	42.8%	37,219	40.6%
Telecommunications	3,280	6.6%	2,381	5.1%	5,616	6.1%
Sundry	4,295	8.7%	5,314	11.4%	9,840	10.7%
TOTAL	**49,489**	**100%**	**46,741**	**100%**	**91,666**	**100%**

Note 24 | Depreciation, amortisation and provisions

(in thousands of euros)	First-half 2010	First-half 2009	Financial year 2009
Amortisation of intangible assets	339	528	939
Depreciation of property and equipment	2,373	2,251	4,839
Depreciation of assets held under finance lease	2,276	2,362	4,708
Depreciation and amortisation	**4,988**	**5,141**	**10,486**
Impairment of current assets net of unused reversals	443	86	331
Provisions for contingencies and losses net of unused reversals	1,602	1,776	3,424
Provisions and impairment	**2,045**	**1,862**	**3,755**
TOTAL	**7,033**	**7,003**	**14,241**

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

25.1. Amortisation of intangible assets acquired

This item corresponds to the amortisation expense in respect of intangible assets acquired as part of business combinations for a total of €0.382 million.

25.2. Other operating income and expenses

At 30 June 2010, non-recurring expenses related to the proposed spin-off of Axway in the amount of €0.242 million were recognised by Sopra Group. These expenses mainly consist of fees for external consultants and other costs incurred specifically in connection with this planned separation.

In 2009, this item included:

- non-recurring expenses in the amount of €2.191 million for the Spanish subsidiary, comprising 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.

Note 26 | Financial income and expense

26.1. Cost of net financial debt

(in thousands of euros)	First-half 2010	First-half 2009	Financial year 2009
Income from cash and cash equivalents	11	31	38
Interest charges	-1,471	-4,821	-4,634
Net result of hedges (interest rate differential)	-1,438	-	-4,309
Impact of the change in the value of the syndicated loan	-252	-39	-127
TOTAL	**-3,150**	**-4,829**	**-9,032**

The steep decline in the average outstanding borrowings in the first half of 2010 (€127.1 million, compared to €189.5 million in the first half of 2009) and the positive performance of interest rate hedges resulted in an improvement in finance costs compared to 2009.

The average cost of borrowings after hedging was 3.18% in the first half of 2010, compared to 3.83% in 2009.

26.2. Other financial charges and expense

(in thousands of euros)	First-half 2010	First-half 2009	Financial year 2009
Reversals of provisions	-	-	-
Foreign exchange gains	291	1,619	1,431
Proceeds on the disposal of financial assets sold	-	-	-
Other financial charges	883	903	1,353
TOTAL OTHER FINANCIAL CHARGES	**1,174**	**2,522**	**2,784**
Charges of provisions	-2	-68	-70
Discounting of retirement commitments	-638	-462	-925
Discounting of employee profit sharing	238	378	592
Discounting of earnouts in respect of companies acquired	-	-61	-61
Change in the value of derivatives	-23	-794	-695
Foreign exchange losses	-1,280	-1,496	-1,739
Net carrying amounts of financial assets sold	-	-	-37
Other financial expense	-13	-193	-414
TOTAL OTHER FINANCIAL EXPENSE	**-1,718**	**-2,696**	**-3,349**
TOTAL OTHER FINANCIAL CHARGES AND EXPENSE	**-544**	**-174**	**-565**

Discounting of retirement commitments: see Note 15.

Discounting of employee profit sharing: see Note 14.1.

Change in the value of derivatives: see Note 30.3.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)	First-half 2010	First-half 2009	Financial year 2009
Current tax	11,544	4,952	15,977
Deferred tax	1,054	1,627	-430
TOTAL	**12,598**	**6,579**	**15,547**

27.2. Reconciliation between the theoretical and effective tax charge

(in thousands of euros)	**First-half 2010**	**First-half 2009**	**Financial year 2009**
Net profit for the year from operations being discontinued	17,174	12,236	17,260
Tax charge	-12,598	-6,579	-15,547
CVAE *(cotisation sur la valeur ajoutée des enterprises)*	4,625	-	-
Impairment of goodwill	-	-	-18,000
Profit before tax	25,147	18,815	50,807
Theoretical tax rate	**34.43%**	**34.43%**	**34.43%**
Theoretical tax charge	**-8,658**	**-6,478**	**-17,493**
Reconciliation			
Permanent differences	143	-92	878
Impact of non-activated losses for the period	-280	-717	-855
Use of non-activated losses carried forward	78	33	259
Impact of research tax credits	688	517	1,412
Tax rate differences - France/Other countries	162	88	665
Prior year tax adjustments	96	-56	-18
Other	-202	126	-395
Tax charge (excluding CVAE)	**-7,973**	**-6,579**	**-15,547**
Effective tax charge (excluding CVAE)	**31.71%**	**34.97%**	**30.60%**
CVAE	-4,625	-	-
Actual tax charge	**-12,598**	**-6,579**	**-15,547**
Apparent tax rate	**42.31%**	**34.97%**	**30.60%**

The Group has decided to recognise the CVAE (*cotisation sur la valeur ajoutée des entreprises*), a component of the new CET (*contribution économique territoriale*) introduced by the French Finance Act for 2010, under corporate income tax in keeping with the treatment of similar taxes in other countries. This approach is also consistent with the position adopted by Syntec Informatique and made public on 10 February 2010.

Note 28 | Earnings per share

(in euros)	**First-half 2010**	**First-half 2009**	**Financial year 2009**
Net profit - Group share	19,822,095	10,773,910	27,239,774
Weighted average number of ordinary shares in issue	11,752,543	11,704,991	11,679,079
BASIC EARNINGS PER SHARE	**1.69**	**0.92**	**2.33**

(in euros)	**First-half 2010**	**First-half 2009**	**Financial year 2009**
Net profit - Group share	19,822,095	10,773,910	27,239,774
Weighted average number of ordinary shares in issue	11,752,543	11,704,991	11,679,079
Weighted average number of securities retained in respect of dilutive items	45,168	9,597	12,079
Weighted average number of shares retained for the calculation of diluted net earnings per share	11,797,711	11,714,588	11,691,158
FULLY DILUTED EARNINGS PER SHARE	**1.68**	**0.92**	**2.33**

The methods of calculating earnings per share are described in Note 1.23 of the 2009 Reference Document.

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. 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 (€47.11) during the financial period (see Note 13.2).

OTHER INFORMATION

Note 29 | Segment information

29.1. Results by division

a. Systems and Solutions Integration - France

(in millions of euros)	First-half 2010		First-half 2009		Financial year 2009	
Revenue	366.2		353.6		705.1	
Profit from recurring operations	31.3	*8.5%*	23.2	*6.6%*	58.5	*8.3%*
Operating profit	30.8	*8.4%*	22.8	*6.4%*	57.8	*8.2%*

b. Consulting

(in millions of euros)	First-half 2010		First-half 2009		Financial year 2009	
Revenue	22.1		19.0		37.1	
Profit from recurring operations	1.1	*5.0%*	0.8	*4.2%*	0.8	*2.2%*
Operating profit	1.1	*5.0%*	0.8	*4.2%*	0.8	*2.2%*

c. Systems and Solutions Integration - Europe

(in millions of euros)	First-half 2010		First-half 2009		Financial year 2009	
Revenue	86.9		89.5		170.5	
Profit from recurring operations	1.6	*1.8%*	2.4	*2.7%*	5.2	*3.0%*
Operating profit	1.6	*1.8%*	0.2	*0.2%*	-12.0	*-7.0%*

d. Group total

(in millions of euros)	First-half 2010		First-half 2009		Financial year 2009	
Revenue	475.2		462.1		912.7	
Profit from recurring operations	34.0	*7.2%*	26.4	*5.7%*	64.5	*7.1%*
Operating profit	33.5	*7.0%*	23.8	*5.2%*	46.6	*5.1%*

The results of the Axway sub-group are not included within Group results at 30 June 2010 as presented above. For information, Axway's results for the first half of 2010 are as follows:

(in millions of euros)	First-half 2010		First-half 2009		Financial year 2009	
Revenue	95.3		83.1		182.2	
Profit from recurring operations	8.2	*8.6%*	0.1	*0.1%*	18.5	*10.2%*
Operating profit	5.3	*5.6%*	-0.9	*-1.1%*	16.6	*9.1%*

29.2. Geographical breakdown of revenue

(in millions of euros)	France	United Kingdom	Spain	Other European countries	United States	Other zones	TOTAL
Revenue	366.5	28.5	34.1	41.2	0.1	4.8	**475.2**

29.3. Breakdown of the main assets by division

(in thousands of euros)	Consulting	SSI France	SSI Europe	TOTAL
Goodwill	3,876	68,843	134,545	**207,264**
Intangible assets	-	2,702	464	**3,166**
Property and equipment	-	30,839	4,058	**34,897**
Trade accounts receivable	12,783	250,218	59,745	**322,746**

SSI: Systems & Solutions Integration.

29.4. Geographical breakdown of the main assets

(in thousands of euros)	France	United Kingdom	Spain	Other European countries	Other zones	TOTAL
Goodwill	56,583	57,129	66,297	24,083	3,172	**207,264**
Intangible assets	1,135	26	50	1,849	106	**3,166**
Property and equipment	29,948	519	3,224	419	787	**34,897**
Trade accounts receivable	247,528	13,688	25,163	35,169	1,198	**322,746**

Note 30 | Financial risk factors

30.1. 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)	209,692	2,585	136,054	42,651	12,380	4,034	8,838	2,956	194

b. Statement of changes in provisions for doubtful receivables

(in thousands of euros)	First-half 2010	First-half 2009	Financial year 2009
Provisions for trade accounts receivable at 1 January	**2,891**	**3,463**	**3,463**
Operations being discontinued	-788	-	-
Charges	696	691	1,180
Reversals	-345	-643	-1,778
Change in scope	-	-	-
Translation differential	42	42	26
PROVISIONS FOR TRADE ACCOUNTS RECEIVABLE AT 30 JUNE	**2,496**	**3,553**	**2,891**

30.2. 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 14), and its capacity to mobilise additional financing if necessary.

At 30 June 2010, the Group had access to credit facilities in the amount of €204 million (of which €92 million was used) and authorised bank overdrafts in the amount of €82 million (of which €37.8 million was used), making a total of €286 million. The Group also had €35.6 million in liquidities.

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	92,406	93,841	29,793	29,561	14,318	20,169	-	-
Finance lease liabilities	8,948	9,297	4,287	2,875	1,664	471	-	-
Employee profit sharing	22,706	26,042	6,122	7,118	5,586	4,548	2,668	-
Other financial debt	10	10	-	-	-	-	-	10
Current bank overdrafts	37,706	37,706	37,706	-	-	-	-	-
Financial debt	**161,776**	**166,896**	**77,908**	**39,554**	**21,568**	**25,188**	**2,668**	**10**
Investment securities	-32	-	-	-	-	-	-	-
Cash and cash equivalents	-15,762	-15,794	-15,794	-	-	-	-	-
CONSOLIDATED NET DEBT	**145,982**	**151,102**	**62,114**	**39,554**	**21,568**	**25,188**	**2,668**	**10**

30.3. Market risk

a. Interest rate risk

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

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 objective being to hedge against the risks of rises in Euribor.

At 30 June 2010, seven swap agreements were in place for a total of €172 million with maturities ranging from 4 to 28 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 (€72 million at 30 June 2010).

  They mature in October 2010 or October 2012. Their detailed impact is 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 1/3 of the notional amount up to maturity in October 2012: swap of 1-month Euribor against a fixed rate (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. This consists in a swap of 1-month Euribor against a fixed rate (0.98%).

At 30 June 2010, the valuation of these various hedging contracts was a net expense of €2.7 million (€0.2 million in assets and €2.9 million in liabilities), versus a net expense of €3.1 million at 31 December 2009.

The difference in valuation, i.e. €0.4 million, impacts the following:

- the income statement (in *Other financial income and expenses*) for agreements not benefiting from the qualification of perfect hedge as defined in IAS 39, i.e. -€0.02 million;
- equity capital for agreements benefiting from the qualification of perfect hedge as defined in IAS 39, i.e. €0.4 million.

Summary of exposure to interest rate risk

(in thousands of euros)	30/06/2010	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	**92,000**	**29,000**	**29,000**	**14,000**	**20,000**	**-**
Fixed interest rate	-	-	-	-	-	-
Floating interest rate	92,000	29,000	29,000	14,000	20,000	
Notional amount of hedging instruments	**172,000**	**129,000**	**29,000**	**14,000**	**-**	**-**
Fixed-rate payer swaps	124,143	109,857	9,857	4,429	-	-
Post-determined floating-rate payer swaps with cap and floor	47,857	19,143	19,143	9,571	-	-
Notional amount of borrowings after hedging	**92,000**	**29,000**	**29,000**	**14,000**	**20,000**	**-**
Fixed interest rate	44,143	9,857	9,857	4,429	-	-
Post-determined floating rate with cap and floor	47,857	19,143	19,143	9,571	-	-
Floating interest rate	-	-	-	-	20,000	-

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 the first half of 2010, and in a context whereby hedges of borrowings would be activated, a rise in interest rates of 100 basis points would have reduced the Group's cost of net financial debt for the first half of 2010 by €0.2 million. In contrast, a fall in interest rates of 100 basis points would have increased the Group's cost of net financial debt for the first half of 2010 by €0.1 million.

b. Foreign exchange risk

Foreign exchange risk arises mainly from currency translation of financial statements for the UK -based company. 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 by 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;
- borrowings and loans in foreign currencies related to intra-group financings. The impact of these currency fluctuations is taken to equity. These financial flows are not systematically hedged. However, the Group contracts specific hedges for all large individual foreign currency transactions.

At 30 June 2010, the net carrying amount of assets and liabilities recognised by Group entities in a currency other than their functional currency was as follows:

Inter-company commercial transactions

(in thousands of euros)	GBP	EUR	MAD	Other	Total
Assets	1,090	4,236	31	160	5,517
Liabilities	641	241	428	56	1,366
Foreign currency commitments	-	-	-	-	-
Net position before hedging	**449**	**3,995**	**-397**	**104**	**4,151**
Hedging instruments	-	-	-	-	-
NET POSITION AFTER HEDGING	**449**	**3,995**	**-397**	**104**	**4,151**

Sensitivity analysis

(in thousands of euros)	GBP	EUR	MAD	Other	Total
Currency change assumption (appreciation)	5%	5%	5%	5%	
IMPACT ON PROFIT	**22**	**200**	**-20**	**5**	**207**
IMPACT ON EQUITY	**-**	**-**	**-**	**-**	**-**

Current accounts

(in thousands of euros)	GBP	CHF	MAD	Other	Total
Assets	-	-	1,434	-	1,434
Liabilities	6,756	9,153	-	-9	15,900
Foreign currency commitments	-	-	-	-	-
Net position before hedging	**-6,756**	**-9,153**	**1,434**	**9**	**-14,466**
Hedging instruments	-	-	-	-	-
NET POSITION AFTER HEDGING	**-6,756**	**-9,153**	**1,434**	**9**	**-14,466**

Sensitivity analysis

(in thousands of euros)	GBP	CHF	MAD	Other	Total
Currency change assumption (appreciation)	5%	5%	5%	5%	
IMPACT ON PROFIT	-	-	-	-	-
IMPACT ON EQUITY	-338	-458	72	-	-724

c. Equity risk

At 30 June 2010, Sopra Group held 28 of its own shares, acquired under the terms of the share repurchase programmes authorised by the General Meeting, for a total amount of €1,394, representing an average purchase price of €49.79.

All transactions in treasury shares are taken directly to shareholders' equity. The impact on the six-month period ended 30 June 2010 is €88 thousand (see *Statement of changes in consolidated shareholders' equity*).

Note 31 | Related party transactions

31.1. Transactions with the Axway sub-group (spin-off in preparation)

(in thousands of euros)	30/06/2010	30/06/2009	31/12/2009
Transactions between Sopra Group and the Axway sub-group			
Sales of goods and services	5,412	5,238	10,139
Purchases of goods and services	-2,181	-1,122	-1,958
Operating receivables	3,258	4,930	3,152
Operating payables	-2,366	-630	-494
Financial income	794	653	1,026
Financial receivables (current account)	63,943	64,508	76,600
Transactions between Sopra Group subsidiaries and the Axway sub-group			
Sales of goods and services	1,232	1,434	2,918
Purchases of goods and services	-68	-153	-254
Operating receivables	1,099	1,462	1,243
Operating payables	-154	-241	-128
Financial income	-	-	-
Financial receivables (current account)	-	-	-

31.2. Subsidiaries and associated entities

Transactions and balances between Sopra Group and its subsidiaries are eliminated in full on consolidation. On the other hand, transactions between entities belonging to the Axway sub-group (presented under operations being discontinued in application of IFRS 5) and either Sopra Group or its Consulting and Systems Integration subsidiaries are not eliminated.

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.

Note 32 | Off balance sheet commitments and contingent liabilities

32.1. Collateral, guarantees and surety

a. Registered shares used as collateral

Name of registered shareholder	Beneficiary	Starting date	Expiry date	Conditions for freeing shares	Number of shares pledged by the issuer	% of capital pledged
Sopra GMT	Lyonnaise de Banque	November 2009	July 2014	Repayment of loan for €5 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.

32.2. Real collateral given in guarantee

No real collateral was given to guarantee bank financing.

32.3. 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 debt to EBITDA is required to be lower than 3 for the entire term of the facility. This ratio was 0.98 at 30 June 2010, compared to 1.28 at 31 December 2009;
- the ratio of net debt to equity is required to be lower than 1 for the entire term of the facility. This ratio was 0.33 at 30 June 2010, compared to 0.41 at 31 December 2009;
- the ratio of operating profit to net borrowing cost is required to be greater than 5 for the entire term of the facility. This ratio was 10.46 at 30 June 2010, compared to 6.86 at 31 December 2009.

Net financial debt included in these calculations does not take into account employee profit sharing.

The ratios indicated above were established on the basis of consolidated financial information and do not take into account the application of IFRS 5.

32.4. Contingent liabilities

No contingent liabilities need to be taken into account.

Note 33 | 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 34 | Rates of conversion of foreign currencies

	Average rate for the period			Period-end rate		
€1/currency	First-half 2010	First-half 2009	Financial year 2009	30/06/2010	30/06/2009	31/12/2009
Swiss franc	1.4359	1.5052	1.5075	1.3283	1.5265	1.4836
Pound sterling	0.8694	0.8894	0.8895	0.8175	0.8521	0.8881
Swedish krona	9.7905	10.8550	10.5766	9.5259	10.8125	10.2520
Romanian leu	4.1487	4.2375	4.2413	4.3700	4.2072	4.2363
Bulgarian lev	1.9558	1.9558	1.9558	1.9558	1.9558	1.9558
Moroccan dirham	11.1396	11.1628	11.2546	10.9961	11.2615	11.3329
US dollar	1.3248	1.3355	1.3923	1.2271	1.4134	1.4406
Canadian dollar	1.3695	1.6012	1.5809	1.2890	1.6275	1.5128
Australian dollar	1.4842	1.8672	1.7559	1.4403	1.7359	1.6008
Hong Kong dollar	10.2955	10.3529	10.7921	9.5549	10.9540	11.1709
Singapore dollar	1.8502	1.9916	2.0228	1.7160	2.0441	2.0194
Yuan (China)	9.0424	9.1246	9.5098	8.3215	9.6545	9.8350
Rupee (India)	60.6428	65.7123	67.3164	56.9800	67.5180	67.0400
Ringgit (Malaysia)	4.3737	4.7918	4.9057	3.9730	4.9681	4.9326
Korean won	1,538.4615	1,803.8522	1,767.3245	1,492.5400	1,802.4300	1,666.9700

Note 35 | Impact of the application of IFRS 5

Balance sheet

The assets and liabilities of Axway's operations, for which a spin-off is in preparation, are detailed in the following two tables.

ASSETS *(in thousands of euros)*	**30/06/2010 prior to the application of IFRS 5**	**IFRS 5 Reclassification of discontinued operations**	**Inter-company**	**30/06/2010 under IFRS 5**
Goodwill	381,925	-174,661	-	207,264
Intangible assets	26,806	-23,640	-	3,166
Property and equipment	37,837	-2,940	-	34,897
Financial assets	3,648	-620	-	3,028
Deferred tax assets	24,448	-10,121	-	14,327
Other non-current assets	171	-	63,943	64,114
Non-current assets	**474,835**	**-211,982**	**63,943**	**326,796**
Inventories	467	-425	-	42
Trade accounts receivable	371,138	-55,269	6,877	322,746
Other current receivables	34,194	-8,817	-	25,377
Cash and cash equivalents	35,642	-19,848	-	15,794
Assets held for sale	-	296,341	-	296,341
Current assets	**441,441**	**211,982**	**6,877**	**660,300**
TOTAL ASSETS	**916,276**	**-**	**70,820**	**987,096**

LIABILITIES AND EQUITY *(in thousands of euros)*	**30/06/2010 prior to the application of IFRS 5**	**IFRS 5 Reclassification of discontinued operations**	**Inter-company**	**30/06/2010 under IFRS 5**
Share capital	47,010	-	-	47,010
Capital reserves	54,806	-	-	54,806
Consolidated reserves	202,502	-	-	202,502
Profit for the period	19,822	-	-	19,822
Gains and losses taken directly to equity	-8,670	-	-	-8,670
Equity - Group share	**315,470**	**-**	**-**	**315,470**
Minority interests	**3**	**-**	**-**	**3**
TOTAL EQUITY	**315,473**	**-**	**-**	**315,473**
Financial debt - long-term portion	89,545	-65,716	63,943	87,772
Deferred tax liabilities	8,029	-8,029	-	-
Provisions for post-employment benefits	40,762	-5,093	-	35,669
Non-current provisions	1,886	-1,036	-	850
Other non-current liabilities	6,804	-1,888	-	4,916
Non-current liabilities	**147,026**	**-81,762**	**63,943**	**129,207**
Financial debt - short-term portion	74,303	-299	-	74,004
Trade accounts payable	42,561	-9,627	6,877	39,811
Other current liabilities	336,913	-74,478	-	262,435
Liabilities held for sale	-	166,166	-	166,166
Current liabilities	**453,777**	**81,762**	**6,877**	**542,416**
TOTAL LIABILITIES	**600,803**	**-**	**70,820**	**671,623**
TOTAL LIABILITIES AND EQUITY	**916,276**	**-**	**70,820**	**987,096**

Income statement

The results of Axway's operations, for which a spin-off is in preparation, are shown in the reconciliation tables below.

a. First-half 2010

(in thousands of euros)	First-half 2010 prior to the application of IFRS 5 Amount	IFRS 5 Reclassification of discontinued operations Amount	Inter-company Amount	First-half 2010 under IFRS 5 Amount
Revenue	569,024	-95,311	1,534	475,247
Purchases consumed	-57,967	5,787	-1,785	-53,965
Staff costs	-393,061	63,888	230	-328,943
External expenses	-66,147	17,692	-1,034	-49,489
Taxes and duties	-5,814	756	2	-5,056
Depreciation and amortisation	-5,655	667		-4,988
Provisions and impairment	-2,339	294		-2,045
Other operating income from recurring operations	4,831	-1,791	1,053	4,093
Other operating expenses from recurring operations	-630	-134	-	-764
Profit from recurring operations	**42,242**	**-8,152**	-	**34,090**
Amortisation of allocated intangible assets	-1,354	972		-382
Other operating income	-	-		-
Other operating expenses	-2,122	1,880		-242
Operating profit	**38,766**	**-5,300**	-	**33,466**
Income from cash and cash equivalents	11	-		11
Cost of gross financial debt	-3,280	913	-794	-3,161
Cost of net financial debt	**-3,269**	**913**	**-794**	**-3,150**
Other financial income	855	-475	794	1,174
Other financial expense	-1,850	132		-1,718
Tax charge	-14,680	2,082		-12,598
Net profit for the year from continuing operations	**19,822**	**-2,648**	**-**	**17,174**
Net profit for the year from discontinued operations or operations being discontinued	-	2,648	-	2,648
Net profit	**19,822**	**-**	**-**	**19,822**
Attributable to Group	**19,822**	**-**	**-**	**19,822**
Minority interests	-	-	-	-

b. First-half 2009

(in thousands of euros)	First-half 2009 Reported Amount	IFRS 5 Reclassification of discontinued operations Amount	Inter-company Amount	First-half 2009 under IFRS 5 Amount
Revenue	544,752	-83,107	477	462,122
Purchases consumed	-63,665	7,384	-477	-56,758
Staff costs	-374,608	57,383	-	-317,225
External expenses	-63,598	16,857	-	-46,741
Taxes and duties	-11,059	1,073	-	-9,986
Depreciation and amortisation	-5,904	763	-	-5,141
Provisions and impairment	-2,110	248	-	-1,862
Other operating income from recurring operations	3,472	-898	-	2,574
Other operating expenses from recurring operations	-818	226	-	-592
Profit from recurring operations	**26,462**	**-71**	-	**26,391**
Amortisation of allocated intangible assets	-1,380	998	-	-382
Other operating income	-	-	-	-
Other operating expenses	-2,191	-	-	-2,191
Operating profit	**22,891**	**927**	-	**23,818**
Income from cash and cash equivalents	31	-	-	31
Cost of gross financial debt	-4,953	746	-653	-4,860
Cost of net financial debt	**-4,922**	**746**	**-653**	**-4,829**
Other financial income	3,027	-1,158	653	2,522
Other financial expense	-3,960	1,264	-	-2,696
Tax charge	-6,262	-317	-	-6,579
Net profit for the year from continuing operations	**10,774**	**1,462**	**-**	**12,236**
Net profit for the year from discontinued operations or operations being discontinued	-	-1,462	-	-1,462
Net profit	**10,774**	**-**	**-**	**10,774**
Attributable to Group	**10,774**	**-**	**-**	**10,774**
Minority interests	-	-	-	-

c. Financial year 2009

(in thousands of euros)	Financial year 2009 Reported	IFRS 5 Reclassification of discontinued operations	Inter-company	Financial year 2009 under IFRS 5
	Amount	Amount	Amount	Amount
Revenue	1,094,261	-182,218	659	912,702
Purchases consumed	-119,057	13,960	-659	-105,756
Staff costs	-737,415	115,920	-	-621,495
External expenses	-123,735	32,069	-	-91,666
Taxes and duties	-22,279	2,289	-	-19,990
Depreciation and amortisation	-11,944	1,458	-	-10,486
Provisions and impairment	-3,913	158	-	-3,755
Other operating income from recurring operations	9,179	-2,847	-	6,332
Other operating expenses from recurring operations	-2,125	722	-	-1,403
Profit from recurring operations	**82,972**	**-18,489**	-	**64,483**
Amortisation of allocated intangible assets	-2,625	1,856	-	-769
Other operating income	-	-	-	-
Other operating expenses	-17,191	-	-	-17,191
Operating profit	**63,156**	**-16,633**	-	**46,523**
Income from cash and cash equivalents	39	-1	-	38
Cost of gross financial debt	-9,251	1,208	-1,027	-9,070
Cost of net financial debt	**-9,212**	**1,207**	**-1,027**	**-9,032**
Other financial income	3,363	-1,606	1,027	2,784
Other financial expense	-5,036	1,687	-	-3,349
Tax charge	-20,912	5,365	-	-15,547
Net profit for the year from continuing operations	**31,359**	**-9,980**	**-**	**21,379**
Net profit for the year from discontinued operations or operations being discontinued	-4,119	9,980	-	5,861
Net profit	**27,240**	**-**	**-**	**27,240**
Attributable to Group	**27,240**	**-**	**-**	**27,240**
Minority interests	-	-	-	-

Cash flow statement

Cash flow information for Axway's operations, for which a spin-off is in preparation, is shown in the reconciliation tables below.

a. First-half 2010

(in thousands of euros)	First-half 2010 prior to the application of IFRS 5	IFRS 5 Reclassification of discontinued operations	Inter-company	First-half 2010 under IFRS 5
Consolidated net profit (including minority interests)	**19,822**	**-2,648**	**-**	**17,174**
Net increase in depreciation, amortisation and provisions	8,702	-1,862	-	6,840
Unrealised gains and losses related to changes in fair value	23	-	-	23
Calculated income and expenses related to stock options and similar derivatives	180	-	-	180
Other calculated income and expenses	8,155	-9,492	-	-1,337
Gains and losses on disposal	-254	-1	-	-255
Cash from operations after cost of net debt and tax	**36,628**	**-14,003**	**-**	**22,625**
Cost of net financial debt	3,269	-913	794	3,150
Income taxes (including deferred tax)	14,680	-2,082	-	12,598
Net cash from operating activities before changes in working capital (A)	**54,577**	**-16,998**	**794**	**38,373**
Tax paid (B)	-5,341	-3,513	-	-8,854
Changes in operating working capital requirements (including liabilities related to employee benefits) (C)	-27,561	-1,959	12,657	-16,863
Net cash from operating activities (D) = (A+B+C)	**21,675**	**-22,470**	**13,451**	**12,656**
Purchase of tangible and intangible fixed assets	-5,927	1,283	-	-4,644
Proceeds from sale of tangible and intangible fixed assets	718	-	-	718
Purchase of financial assets	-243	31	-	-212
Proceeds from sale of financial assets	269	-166	-	103
Impact of changes in the scope of consolidation	-187	-	-	-187
Net cash from (used in) investing activities (E)	**-5,370**	**1,148**	**-**	**-4,222**
Proceeds on issue of shares	-	-	-	-
Proceeds on the exercise of stock options	331	-	-	331
Purchase and proceeds from disposal of treasury shares	81	-	-	81
Dividends paid during the period				
■ Dividends paid to shareholders of Sopra Group SA	-	-	-	-
■ Dividends paid to minority interests of consolidated companies	-	-	-	-
Change in borrowings	-60,257	-	-	-60,257
Net interest paid (including finance leases)	-3,348	913	-794	-3,229
Other cash flow items relating to financing activities	-165	12,657	-12,657	-165
Net cash from (used in) financing activities (F)	**-63,358**	**13,570**	**-13,451**	**-63,239**
Effect of foreign exchange rate changes (G)	1,422	-755	-	667
Net cash from (used in) operations being discontinued (H)	-	8,507	-	8,507
NET CHANGE IN CASH AND CASH EQUIVALENTS (D + E + F + G + H)	**-45,631**	**-**	**-**	**-45,631**

b. First-half 2009

(in thousands of euros)	First-half 2009 Reported	IFRS 5 Reclassification of discontinued operations	Inter-company	First-half 2009 under IFRS 5
Consolidated net profit (including minority interests)	**10,774**	**1,462**	**-**	**12,236**
Net increase in depreciation, amortisation and provisions	8,912	-1,954	-	6,958
Unrealised gains and losses related to changes in fair value	794	-	-	794
Calculated income and expenses related to stock options and similar derivatives	153	-	-	153
Other calculated income and expenses	528	206	-	734
Gains and losses on disposal	-4	-8	-	-12
Cash from operations after cost of net debt and tax	**21,157**	**-294**	**-**	**20,863**
Cost of net financial debt	4,922	-746	653	4,829
Income taxes (including deferred tax)	6,262	317	-	6,579
Net cash from operating activities before changes in working capital (A)	**32,341**	**-723**	**653**	**32,271**
Tax paid (B)	-12,865	4,677	-	-8,188
Changes in operating working capital requirements (including liabilities related to employee benefits) (C)	26,440	-16,747	13,968	23,661
Net cash from operating activities (D) = (A+B+C)	**45,916**	**-12,793**	**14,621**	**47,744**
Purchase of tangible and intangible fixed assets	-4,096	1,508	-	-2,588
Proceeds from sale of tangible and intangible fixed assets	40	-	-	40
Purchase of financial assets	-253	49	-	-204
Proceeds from sale of financial assets	194	-59	-	135
Impact of changes in the scope of consolidation	-8,800	-	-	-8,800
Net cash from (used in) investing activities (E)	**-12,915**	**1,498**	**-**	**-11,417**
Proceeds on issue of shares	-	-	-	-
Proceeds on the exercise of stock options	-	-	-	-
Purchase and proceeds from disposal of treasury shares	-104	-	-	-104
Dividends paid during the period				
■ Dividends paid to shareholders of Sopra Group SA	-19,270	-	-	-19,270
■ Dividends paid to minority interests of consolidated companies	-	-	-	-
Change in borrowings	-20,058	99	-	-19,959
Net interest paid (including finance leases)	-5,015	746	-653	-4,922
Other cash flow items relating to financing activities	-152	13,968	-13,968	-152
Net cash from (used in) financing activities (F)	**-44,599**	**14,813**	**-14,621**	**-44,407**
Effect of foreign exchange rate changes (G)	844	-434	-	410
Net cash from (used in) operations being discontinued (H)	-	-3,084	-	-3,084
NET CHANGE IN CASH AND CASH EQUIVALENTS (D + E + F + G + H)	**-10,754**	**-**	**-**	**-10,754**

c. Financial year 2009

(in thousands of euros)	Financial year 2009 Reported	IFRS 5 Reclassification of discontinued operations	Inter-company	Financial year 2009 under IFRS 5
Consolidated net profit (including minority interests)	**27,240**	**-9,980**	**-**	**17,260**
Net increase in depreciation, amortisation and provisions	35,146	-3,811	-	31,335
Unrealised gains and losses related to changes in fair value	695	-	-	695
Calculated income and expenses related to stock options and similar derivatives	306	-	-	306
Other calculated income and expenses	636	453	-	1,089
Gains and losses on disposal	500	-8	-	492
Cash from operations after cost of net debt and tax	**64,523**	**-13,346**	**-**	**51,177**
Cost of net financial debt	9,212	-1,207	1,027	9,032
Income taxes (including deferred tax)	20,912	-5,365	-	15,547
Net cash from operating activities before changes in working capital (A)	**94,647**	**-19,918**	**1,027**	**75,756**
Tax paid (B)	-32,176	9,693	-	-22,483
Changes in operating working capital requirements (including liabilities related to employee benefits) (C)	50,148	4,842	1,876	56,866
Net cash from operating activities (D) = (A+B+C)	**112,619**	**-5,383**	**2,903**	**110,139**
Purchase of tangible and intangible fixed assets	-7,788	1,949	-	-5,839
Proceeds from sale of tangible and intangible fixed assets	532	-	-	532
Purchase of financial assets	-444	190	-	-254
Proceeds from sale of financial assets	323	-99	-	224
Impact of changes in the scope of consolidation	-8,800	-	-	-8,800
Net cash from (used in) investing activities (E)	**-16,177**	**2,040**	**-**	**-14,137**
Proceeds on issue of shares	-	-	-	-
Proceeds on the exercise of stock options	1,230	-	-	1,230
Purchase and proceeds from disposal of treasury shares	583	-	-	583
Dividends paid during the period				
■ Dividends paid to shareholders of Sopra Group SA	-19,270	-	-	-19,270
■ Dividends paid to minority interests of consolidated companies	-	-	-	-
Change in borrowings	-53,386	99	-	-53,287
Net interest paid (including finance leases)	-9,408	1,207	-1,027	-9,228
Other cash flow items relating to financing activities	-152	1,874	-1,876	-154
Net cash from (used in) financing activities (F)	**-80,403**	**3,180**	**-2,903**	**-80,126**
Effect of foreign exchange rate changes (G)	458	-171	-	287
Net cash from (used in) operations being discontinued (H)	-	334	-	334
NET CHANGE IN CASH AND CASH EQUIVALENTS (D + E + F + G + H)	**16,497**	**-**	**-**	**16,497**

2 BUSINESS REVIEW FOR THE PERIOD ENDED 30 JUNE 2010

General environment

Following a year impacted by the economic crisis in 2009, in the first half of 2010 the IT services market saw:

- a degree of recovery;
- considerable pressure on prices;
- clients continuing to apply protracted decision-making processes for their IT investments;
- the continued resilience of commercial activities.

The main highlight of the first half of the year was the rapid growth in **major multi-year application outsourcing projects**, which only the five or six leading French IT services companies, including Sopra Group, are equipped to handle. This makes the market difficult for medium-sized companies, since they may only participate in such projects as sub-contractors for the top-ranking providers.

Business performance varied depending on the **market segment**:

- The banking sector has seen a strong recovery following its contraction in 2009. This recovery is spurred by changes in regulatory frameworks, restructuring plans (BNP – Fortis, Caisses d'Epargne – Banques Populaires, etc.) and distribution channels (new client acquisition);
- The public sector remains very active, but given the status of public financing in various European countries, the development of this segment of the market may prove to be uncertain;
- The telecoms sector remained lacklustre during the first half of the year;
- Thanks to its strategy resolutely focused on major accounts, Sopra Group grew its revenue in the manufacturing, utilities and services verticals.

Software vendors and distributors returned to growth beginning in early 2010, which might mean that a broad-based recovery for the IT services sector is not too far off. However, only a significant recovery in investments combined with sustainable economic growth in France and neighbouring countries will make this potential turnaround a reality. It is therefore wise to remain prudent with respect to near-term changes in the IT services market landscape.

1. Significant events of the first six months of the year having an impact on the interim financial statements

1.1. Significant events

There were no events of this kind in the first half of 2010.

1.2. First-half 2010 business performance

The information presented and discussed below consists of financial data before the restatements occasioned by the application of IFRS 5 in the condensed interim consolidated financial statements for the six-month period ended 30 June 2010. Reconciliations between information before and after the restatements in application of IFRS 5 are presented in Note 35 to the condensed interim consolidated financial statements.

Sopra Group (Consulting, Systems & Solutions Integration, Axway) posted organic growth of more than 4% for the period ended 30 June 2010, in line with Group forecasts, as well as a considerable improvement in its current operating margin, largely exceeding the target announced at the beginning of the year:

- Profit from recurring operations: €42.2 million, representing a 7.4% margin;
- Net profit: €19.8 million, representing a 3.5% margin;
- France: Profit from recurring operations of €32.4 million, representing an 8.4% margin;
- Axway: Profit from recurring operations of €8.2 million, representing an 8.6% margin.

	30/06/2010		30/06/2009		Variation 2010/2009
	(in €m)	(in %)	(in €m)	(in %)	(in %)
Key income statement items					
Revenue	569.0		544.8		+4.4%
Organic growth					*+4.3%*
Profit from recurring operations	42.2	7.4%	26.5	4.9%	+59.2%
Operating profit	38.8	6.8%	22.9	4.2%	+69.4%
Net profit	19.8	3.5%	10.8	2.0%	+83.3%
	(in €)		**(in €)**		**(in %)**
Net earnings per share					
Basic net earnings per share (1)	1.69		0.92		+83.7%
	(in €m)	**(in %)**	**(in €m)**	**(in %)**	**(in %)**
Key balance sheet items					
Free cash flow (2)	11.0		34.1		-67.7%
Net debt	128.2		196.0		-34.6%
Equity - Group share	315.5		265.8		+18.7%
Net debt/Equity		41%		74%	

(1) Calculation based on the weighted average number of ordinary shares in issue.

(2) Gross cash flow from operations less net financial interest and tax paid as well as changes in operatingworking capital requirements and capital expenditures, net of disposals.

Sopra Group posted revenue of €569.0 million in the first half of 2010, representing organic growth of 4.3%. Profit from recurring operations came to €42.2 million, corresponding to a current operating margin of 7.4%. Operating profit came to €38.8 million, corresponding to an operating margin of 6.8%. Net profit was €19.8 million, corresponding to a margin of 3.5%.

With effect from the 2010 financial year, the *taxe professionnelle* (a local business tax) has been eliminated in France. It has been replaced by a new tax, which includes a component known as the CVAE (*cotisation sur la valeur ajoutée des entreprises*). In accordance with the position adopted by Syntec Informatique, Sopra Group has decided to recognise this component under corporate income tax, in keeping with the treatment of similar taxes in other countries. For Sopra Group, the impact on profit from recurring operations represents 90 basis points for all of the Group's activities.

In the table below, the CVAE has been reclassified, as shown in the column "30/06/2010 CVAE" from the line item Tax charge to the line item *Operating expenses from recurring operations* in order to facilitate comparison with the first half of the previous year.

	30/06/2010		30/06/2010 CVAE		30/06/2009		Variation 2010/2009	
CONSOLIDATED INCOME STATEMENT	(in €m)	(in %)	(in €m)	(in %)	(in €m)	(in %)	(in %)	
Revenue	**569.0**		**569.0**		**544.8**		**+4.4**	
Staff costs – Employees	-393.1		-393.1		-374.6		+4.9	+3.9
Staff costs – Contractors	-37.4		-37.4		-39.6		-5.6	
Operating expenses from recurring operations	-88.3		-93.4		-96.1		-8.1	
Depreciation, amortisation and provisions	-8.0		-8.0		-8.0		+0.0	
Profit from recurring operations	**42.2**	**7.4%**	**37.1**	**6.5%**	**26.5**	**4.9%**	**+59.2%**	
Amortisation of allocated intangible assets	-1.3		-1.3		-1.4			
Other operating income and expenses	-2.1		-2.1		-2.2			
Operating profit	**38.8**	**6.8%**	**33.7**	**5.9%**	**22.9**	**4.2%**	**+69.4%**	
Cost of net financial debt	-3.3		-3.3		-4.9			
Other financial charges and expense	-1.0		-1.0		-0.9			
Tax charge	-14.7		-9.6		-6.3			
Net profit	**19.8**	**3.5%**	**19.8**	**3.5%**	**10.8**	**2.0%**	**+83.3%**	
Attributable to Group	19.8		19.8		10.8			
Minority interests	-		-		-			

The Group's revenue breakdown by industry segment changed as follows:

	% of 2010 revenue	% of 2009 revenue
Banking/Finance	22%	22%
Insurance	7%	7%
Manufacturing	17%	18%
Services/Transport/Utilities	19%	18%
Telecoms	10%	12%
Public sector	17%	16%
Retail	8%	7%
	100%	100%

Consulting and Systems & Solutions Integration (CSSI)

Revenue for all CSSI businesses taken together came to €473.8 million, representing organic growth of 2.5%. Profit from recurring operations was €34.0 million, corresponding to a current operating margin of 7.2%. Operating profit amounted to €33.5 million, representing an operating margin of 7.1%.

	First-half 2010		First-half 2009	
Sopra Group CSSI	**(in €m)**	**(in %)**	**(in €m)**	**(in %)**
Revenue	473.8		461.7	
Organic growth		*2.5%*		
Profit from recurring operations	34.0	7.2%	26.4	5.7%
Operating profit	33.5	7.1%	23.8	5.2%
of which CSSI France				
Revenue	386.9		372.2	
Organic growth		*3.9%*		
Profit from recurring operations	32.4	8.4%	24.0	6.4%
Operating profit	31.9	8.2%	23.6	6.3%
of which CSSI Europe				
Revenue	86.9		89.5	
Organic growth		*-3.3%*		
Profit from recurring operations	1.6	1.8%	2.4	2.7%
Operating profit	1.6	1.8%	0.2	0.2%

In France, these businesses posted organic growth of 3.9%, with revenue of €386.9 million. Profit from recurring operations came to €32.4 million, corresponding to a current operating margin of 8.4%, and operating profit of €31.9 million, representing an operating margin of 8.2%. Given the number of major contract signings in the first half of the year, it is reasonable to conclude that growth may accelerate in the second half of the year. Many competitive tenders are in progress, particularly in financial services, the public sector and utilities verticals where Sopra Group has gained strong positions, and may also contribute to the Group's performance in France.

Revenue posted by the European CSSI subsidiaries came to €86.9 million, thus representing limited negative organic growth of 3.3%. In the second quarter, these businesses exhibited stability (organic growth of 0%), indicating a possible return to growth in the second half of the year. Profit from recurring operations came to €1.6 million, corresponding to a current operating margin of 1.8%. Operating profit, which does not include exceptional expenses, was €1.6 million, representing an operating margin of 1.8%, an increase of 140 basis points.

Axway

Axway	First-half 2010 (in €m)	First-half 2010 (in %)	First-half 2009 (in €m)	First-half 2009 (in %)
Revenue	95.2		83.1	
Organic growth		*13.7%*		
Profit from recurring operations	8.2	8.6%	0.1	0.1%
Operating profit	5.3	5.6%	-0.9	-1.1%

Revenue for this division was €95.2 million, with positive total growth of 14.6% and organic growth of 13.7%.

Profit from recurring operations came to €8.2 million, corresponding to a current operating margin of 8.6%. Operating profit totalled €5.3 million, representing an operating margin of 5.6%, after taking into account the amortisation of allocated intangible assets and exceptional expenses related to the proposed spin-off.

This excellent performance, in relation to growth as well as operating profit, is atypically high for the first half of the year. It is attributable in part to a strong operating performance, coupled with the conclusion of a number of licence sales in the first half of 2010 that had been postponed by the crisis in 2009.

Change in the Group's total workforce

At 30 June 2010, the Group had a total workforce of 13,030, a rise of 580 staff compared to 31 December 2009.

	30/06/2010	31/12/2009
Workforce - France	8,820	8,335
Workforce - International	4,210	4,115
TOTAL	**13,030**	**12,450**
Workforce at the start of the period	12,450	12,450
Net additions to workforce	580	-
TOTAL	**13,030**	**12,450**

The Group's financial position

At 30 June 2010, the Group's financial position is sound, with respect to both debt maturity and compliance with banking covenants. Equity amounted to €315.5 million. The currency translation differential, in the amount of €25.9 million, generated a significant increase in equity.

Net debt totalled €128.2 million, declining by 35% compared to its level at 30 June 2009, and the gearing ratio (net debt to equity) was 41%. In order to calculate banking covenant compliance, the Group is required to exclude employee profit sharing, which results in a gearing ratio of 33%.

Free cash flow amounted to €11.0 million for the period, despite the deferral of several client payments that were expected to have been received in June.

1.3. Strategy: Proposed spin-off of Axway from Sopra Group

An assessment of the terms and conditions of the proposed spin-off of Axway's operations from Sopra Group is ongoing and is expected to be submitted to Sopra Group's Board of Directors in September, with a view to being presented to shareholders for approval at the end of the year unless adverse circumstances dictate otherwise, on the basis of a prospectus describing the terms and conditions of the planned separation and providing the information necessary for the shareholders of the new listed company (Axway). This prospectus will be published no later than one month before the General Meeting, after the AMF's visa has been obtained.

2. Description of the principal risks and contingencies for the remaining six months of the financial year

This document contains forecasts in respect of which there are risks and uncertainties concerning the Group's future growth and profitability. The Group highlights the fact that licence contracts, which often represent an investment for clients, are more significant in the second half of the year, and as a result, may lead to more or less favourable impacts on the end-of-year performance.

The actual sequence of events or results may differ from those described in this document in light of a certain number of risks and uncertainties which are described in the 2009 Reference Document, which was filed with the Autorité des Marchés Financiers (AMF) on 27 April 2010.

As of this writing, there are no elements likely to have a material impact on the issuer's financial position or performance.

The nature and level of risks to which the Company is currently exposed are still those presented in its most recent Reference Document.

3. Principal related party transactions

3.1. Transactions between related parties which occurred during the first six months of the current financial year and which significantly influenced the financial position or results of the issuer during this period

No transactions between related parties significantly influenced the financial position or results of the Group during the first six months of the current financial year.

3.2. Modifications affecting transactions between related parties described in the most recent annual report, which could significantly influence the financial position or results of the issuer during the first six months of the current financial year

No modifications between related parties significantly influenced the financial position or results of the Group during the first six months of the current financial year.

4. Updates to forecasts and objectives

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

For 2010, Sopra Group confirms its forecast for organic growth as well as slight current operating margin improvements for both its CSSI businesses and Axway.

Finally, the Group anticipates a further significant improvement in its cash position once again this year, which should bring its net debt down to about €70 million at year-end.

3 STATEMENT BY THE COMPANY OFFICER RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

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

Paris, 5 August 2010

Pierre Pasquier

Chairman and Chief Executive Officer

4 STATUTORY AUDITORS' REPORT ON THE INTERIM FINANCIAL INFORMATION

To the shareholders,

In compliance with the assignment entrusted to us by the Shareholders' Meetings and in accordance with the requirements of the Article L.451-1-2 III of the Code monétaire et financier, we have performed the following procedures:

- a limited review of the interim condensed consolidated financial statements of Sopra Group for the six-month period from 1 January to 30 June 2010, which precede this report;
- the verification of the information provided in the Business Review for the six-month period ended 30 June 2010.

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

I. Conclusion on the financial statements

We conducted our limited review in accordance with French professional standards.

A limited review of the interim financial statements consists of obtaining the information deemed necessary, primarily from staff responsible, concerning accounting and financial aspects, and of implementing analytical procedures. Such a review does not comprise all of the verifications carried out in an audit performed in accordance with professional standards applicable in France. It does not therefore provide the assurance of having identified all of the significant issues that could have been identified in the course of an audit.

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

II. Specific verification

We have also examined, in accordance with French professional standards, the information contained in the Business Review for the period ended 30 June 2010 commenting on the condensed consolidated interim financial statements submitted to our limited review.

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

Paris and Courbevoie, 5 August 2010

The Statutory Auditors

Auditeurs & Conseils Associés	**Mazars**
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