Interim financial report for the six-month period ended 30 June 2011

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Contents

Sopra Group

Interim financial report for the six-month period ended 30 June 2011

This document is a free translation into English of the original French “Rapport financier semestriel au 30 juin 2011”, hereafter referred to as the “Interim financial report for the six-month period ended 30 June 2011”. 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 €11,863,245
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*	**30/06/2011**	**31/12/2010**
Goodwill	*4*	164,107	369,914
Intangible assets	*5*	2,418	23,713
Property and equipment	*6*	39,448	39,279
Equity-accounted investments	*7*	83,437	-
Financial assets	*7*	63,015	3,636
Deferred tax assets	*8*	15,835	34,369
Other non-current assets	*9*	133	127
Non-current assets		**368,393**	**471,038**
Inventories		152	797
Trade accounts receivable	*10*	336,046	368,396
Other current receivables	*11*	20,521	33,884
Cash and cash equivalents	*12*	21,018	54,897
Current assets		**377,737**	**457,974**
TOTAL ASSETS		**746,130**	**929,012**

LIABILITIES AND EQUITY *(in thousands of euros)*	*Notes*	**30/06/2011**	**31/12/2010**
Share capital		11,863	47,416
Capital reserves		7,629	57,311
Consolidated reserves		211,945	201,935
Profit for the period		36,305	74,768
Gains and losses taken directly to equity		-24,474	-16,879
Equity – Group share		**243,268**	**364,551**
Minority interests		**-**	**3**
TOTAL EQUITY	*13*	**243,268**	**364,554**
Financial debt – long-term portion	*14*	70,542	74,423
Deferred tax liabilities	*8*	78	9,300
Provision for post-employment benefits	*15*	38,813	40,934
Non-current provisions	*16*	872	1,905
Other non-current liabilities	*17*	5,969	13,080
Non-current liabilities		**116,274**	**139,642**
Financial debt – short-term portion	*14*	70,240	37,629
Trade accounts payable	*18*	48,662	53,531
Other current liabilities	*19*	267,686	333,656
Current liabilities		**386,588**	**424,816**
TOTAL LIABILITIES		**502,862**	**564,458**
TOTAL LIABILITIES AND EQUITY		**746,130**	**929,012**

Statement of comprehensive income

Income statement

(in thousands of euros)	Notes	1st half 2011 Amount	1st half 2011 %	1st half 2010 Amount	1st half 2010 %	2010 restated Amount	2010 restated %	2010 published Amount	2010 published %
Revenue	20	529,673	100.0%	475,247	100.0%	964,406	100.0%	1,169,893	100.0%
Purchases consumed	21	-68,607	-13.0%	-53,965	-11.4%	-113,208	-11.7%	-121,647	-10.4%
Staff costs	22	-357,268	-67.5%	-328,764	-69.2%	-652,113	-67.6%	-783,463	-67.0%
External expenses	23	-51,474	-9.7%	-49,489	-10.4%	-99,530	-10.3%	-131,969	-11.3%
Taxes and duties		-6,442	-1.2%	-5,056	-1.1%	-11,368	-1.2%	-12,851	-1.1%
Depreciation and amortisation	24	-5,058	-1.0%	-4,988	-1.0%	-10,040	-1.0%	-11,494	-1.0%
Provisions and impairment	24	-1,781	-0.3%	-2,045	-0.4%	-3,013	-0.3%	-3,286	-0.3%
Other operating income from recurring operations		3,997	0.8%	4,093	0.9%	12,007	1.2%	12,832	1.1%
Other operating expenses from recurring operations		-152	0.0%	-764	-0.2%	-1,456	-0.2%	-1,245	-0.1%
Operating profit on business activity		**42,888**	**8.1%**	**34,269**	**7.2%**	**85,685**	**8.9%**	**116,770**	**10.0%**
Expenses related to stock options		-185	0.0%	-179	0.0%	-197	0.0%	-197	0.0%
Amortisation of allocated intangible assets	25	-218	0.0%	-382	-0.1%	-655	-0.1%	-2,599	-0.2%
Profit from recurring operations		**42,485**	**8.0%**	**33,708**	**7.1%**	**84,833**	**8.8%**	**113,974**	**9.7%**
Other operating income and expenses	26	11,519	2.2%	-242	-0.1%	-1,090	-0.1%	-4,673	-0.4%
Operating profit		**54,004**	**10.2%**	**33,466**	**7.0%**	**83,743**	**8.7%**	**109,301**	**9.3%**
Income from cash and cash equivalents	27	5	0.0%	11	0.0%	15	0.0%	25	0.0%
Cost of gross financial debt	27	-1,810	-0.3%	-3,161	-0.7%	-5,639	-0.6%	-5,862	-0.5%
Cost of net financial debt		**-1,805**	**-0.3%**	**-3,150**	**-0.7%**	**-5,624**	**-0.6%**	**-5,837**	**-0.5%**
Foreign exchange gains and losses	27	49	0.0%	-988	-0.2%	-948	-0.1%	-1,108	-0.1%
Other financial income and expense	27	687	0.1%	444	0.1%	1,314	0.1%	-321	0.0%
Tax charge	28	-16,383	-3.1%	-12,598	-2.7%	-30,312	-3.1%	-27,266	-2.3%
Share of net profit accounted for under the equity method *	29	1,133	0.2%	-	-	-	-	-	-
Net profit for the period from continuing operations		**37,685**	**7.1%**	**17,174**	**3.6%**	**48,173**	**5.0%**	**74,769**	**6.4%**
Profit after tax from discontinued operations **	30	-1,380	-0.3%	2,648	0.6%	26,596	2.8%	-	-
Net profit		**36,305**	**6.9%**	**19,822**	**4.2%**	**74,769**	**7.8%**	**74,769**	**6.4%**
Attributable to Group		**36,305**	**6.9%**	**19,822**	**4.2%**	**74,768**	**7.8%**	**74,768**	**6.4%**
Minority interests		-	-	-	-	1	0.0%	1	0.0%

* *The impairment with respect to the Axway Software investment was recognised under Other operating income and expenses.*

** *The capital gain on Axway shares retained, i.e. €71.4 million, calculated as the difference between their market value (€101.4 million) at 14 June 2011 and their historic consolidated value (€30.0 million) was classified under Other operating income and expenses.*

EARNINGS PER SHARE *(in euros)*	*Notes*	**1st half 2011**	**1st half 2010**	**2010 restated**	**2010 published**
Basic earnings per share	*31*	3.06	1.69	6.35	6.35
Fully diluted earnings per share	*31*	3.05	1.68	6.33	6.33

Gains and losses recognised directly in equity

(in thousands of euros)	**1st half 2011**	**1st half 2010**	**2010 restated**	**2010 published**
Net profit	**36,305**	**19,822**	**74,769**	**74,769**
Translation differential	-3,282	8,148	4,161	15,744
Actuarial gains and losses on pension plans	-724	-2,697	-1,592	-1,984
Change in the value of derivatives	394	99	797	797
Gains/(losses) from discontinued operations taken directly to equity	-10,454	17,216	11,191	-
Total gains and losses recognised directly in equity	**-14,066**	**22,766**	**14,557**	**14,557**
NET PROFIT AND GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY	**22,239**	**42,588**	**89,326**	**89,326**
Attributable to Group	**22,239**	**42,588**	**89,325**	**89,325**
Minority interests	-	-	1	1

Statement of changes in equity

(in thousands of euros)	Share capital	Capital reserves	Consolida-ted reserves	Profit for the period	Trans-lation reserves	Actuarial gains and losses on pension plans	Change in the value of derivatives	Total Group share	Minori-ty inte-rests	Total
EQUITY AT 31 DECEMBER 2010	**47,416**	**57,311**	**201,935**	**74,768**	**-8,467**	**-8,195**	**-217**	**364,551**	**3**	**364,554**
Profit for the period	-	-	-	36,305	-	-	-	36,305	-	36,305
Other comprehensive income statement items	-	-	-	-	-13,736	-724	394	-14,066	-	-14,066
Total comprehensive profit for the period	**-**	**-**	**-**	**36,305**	**-13,736**	**-724**	**394**	**22,239**	**-**	**22,239**
Capital transactions – Options exercised	37	1,060	-	-	-	-	-	1,097	-	1,097
Capital transactions – Par value reduction	-35,590	35,590	-	-	-	-	-	-	-	-
Reduction of the legal reserve	-	-3,555	3,555	-	-	-	-	-	-	-
Reduction of share issue premiums	-	-86,141	86,141	-	-	-	-	-	-	-
Sopra Consulting merger premium	-	49,728	-49,728	-	-	-	-	-	-	-
Share-based payments	-	185	-	-	-	-	-	185	-	185
Treasury share transactions	-	-	-258	-	-	-	-	-258	-	-258
Appropriation of profit	-	41	65,249	-74,768	-	-	-	-9,478	-	-9,478
Extraordinary dividends	-	-46,590	-	-	-	-	-	-46,590	-	-46,590
Changes in scope	-	-	-	-	-	-	-	-	-	-
Deconsolidation of the Axway group at fair value	-	-	-392,396	-	5,266	1,205	-	-385,925	-2	-385,927
Net capital gain on Axway shares distributed			197,180					197,180	-	197,180
Revaluation of Axway shares retained	-	-	101,395	-	-	-	-	101,395	-	101,395
Other movements	-	-	-1,128	-	-	-	-	-1,128	-1	-1,129
EQUITY AT 30 JUNE 2011	**11,863**	**7,629**	**211,945**	**36,305**	**-16,937**	**-7,714**	**177**	**243,268**	**-**	**243,268**

Cash flow statement

(in thousands of euros)	1st half 2011	2010 published
Consolidated net profit (including minority interests)	**36,305**	**74,769**
Profit after tax from discontinued operations	1,380	-
Net increase in depreciation, amortisation and provisions	45,351	17,671
Unrealised gains and losses related to changes in fair value	-421	-520
Calculated income and expenses related to stock options and similar derivatives	185	841
Other calculated income and expense	51	-837
Gains and losses on disposal	-53,307	-297
Share of profit related to equity-accounted associates	-1,133	-
Cash from operations after cost of net debt and tax	**28,411**	**91,627**
Cost of net financial debt	1,805	5,837
Income taxes (including deferred tax)	16,383	27,266
Cash from operations before cost of net debt and tax (A)	**46,599**	**124,730**
Tax paid (B)	-19,018	-33,778
Changes in operating working capital requirements (including liabilities related to employee benefits) (C)	-25,692	20,870
Net cash from operating activities (D) = (A+B+C)	**1,889**	**111,822**
Purchase of tangible and intangible fixed assets	-6,074	-12,711
Proceeds from sale of tangible and intangible fixed assets	12	939
Purchase of financial assets	-111	-338
Proceeds from sale of financial assets	48	320
Impact of changes in the scope of consolidation	-	-187
Dividends received (equity-accounted companies, non-consolidated securities)	-	-
Net cash from (used in) investing activities (E)	**-6,125**	**-11,977**
Proceeds on issue of shares	-	-
Proceeds on the exercise of stock options	1,097	2,580
Purchase and proceeds from disposal of treasury shares	-7	-508
Dividends paid during the period:		
■ Dividends paid to shareholders of Sopra Group SA	-56,068	-9,402
■ Dividends paid to minority interests of consolidated expenses	-	-
Change in borrowings	-7,286	-76,413
Net interest paid (including finance leases)	-1,876	-5,987
Other cash flow relating to financing activities	4,115	-165
Net cash from (used in) financing activities (F)	**-60,025**	**-89,895**
Effect of foreign exchange rate changes (G)	-437	119
Net cash from (used in) discontinued operations (H)	**12,980**	**-**
NET CHANGE IN CASH AND CASH EQUIVALENTS (D+E+F+G+H)	**-51,718**	**10,069**
Opening cash position	53,581	43,512
Cash relating to discontinued operations	-13,470	-
Closing cash position	-11,607	53,581

Notes to the consolidated financial statements

ACCOUNTING PRINCIPLES AND POLICIES

NOTES TO THE CONSOLIDATED BALANCE SHEET

NOTES TO THE CONSOLIDATED INCOME STATEMENT

OTHER INFORMATION

Notes to the consolidated financial statements

Sopra Group and its subsidiaries constitute an IT consulting and services group with an offer spanning Consulting to Systems Integration and Application Outsourcing. On completion of the spin-off and stock market listing of Axway's business activities, Sopra Group held a 26.27% stake in Axway Software, which has a specialised offering in the area of Business Interaction Networks.

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

It is listed on compartment B, NYSE Euronext Paris.

The consolidated financial statements for the six-month ended 30 June 2011 of Sopra Group were approved by the Board of Directors' meeting of 30 August 2011.

ACCOUNTING PRINCIPLES AND POLICIES

Note 1 | Summary of the main accounting principles

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

1.1. Basis of preparation

The consolidated financial statements for the six-month period ended 30 June 2011 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 period ended 30 June 2011 were prepared pursuant to the provisions of IAS 34 *Interim Financial Reporting,* as amended in May 2010. They are condensed interim financial statements and do not include all of the information required for annual financial statements. They must be read in conjunction with Sopra Group's 2010 Reference Document, which was filed with the AMF on 8 April 2011 under number D.11-0261 and is available for download from the Group's website (www.sopragroup.com).

The 2010 Reference Document was supplemented by an update filed with the AMF on 20 May 2011 under number D.11-0261-A01 with the aim of presenting the proposed separation of the business activities of the Axway sub-group from those of Sopra Group and to simulate the impact this spin-off might have had on the Group's financial statements if the operation had taken place at 1 January 2010.

The accounting policies applied by the Group in preparing the consolidated financial statements for the period ended 30 June 2011 are identical to those applied in the published consolidated financial statements for the period ended 31 December 2010.

Values for various expense items 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 2011:

- IAS 24 *Related Party Disclosures* (as revised in 2009);
- amendments to IAS 32 *Financial Instruments: Presentation*, "Classification of Rights Issues";
- amendment to IFRS 1, "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters";
- amendments resulting from May 2010 Annual Improvements to IFRSs, affecting IAS 1, IAS 34, IFRS 1, IFRS 3, IFRS 7 and the interpretation IFRIC 13, among other standards and interpretations;
- amendment to IFRIC 14, "Prepayments of a Minimum Funding Requirement";
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments.*

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

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

None.

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

The Group did not opt for early application of any of these standards or interpretations. These primarily relate to:

- amendment to IFRS 7 "Disclosures – Transfers of financial assets";
- IFRS 9 *Financial Instruments* (Phase 1: Classification and Measurement of Financial Assets);
- IFRS 10 *Consolidated Financial Statements,* together with other standards relating to consolidation: IFRS 11, IFRS 12, IAS 27 (revised) and IAS 28 (revised);
- IFRS 13 *Fair Value Measurement.*

Note 2 | Key events and scope of consolidation

2.1. Spin-off and listing of the Axway sub-group

The spin-off and listing of Axway, which was voted and approved by the General Meeting of Sopra Group shareholders held on 8 June 2011, resulted in Axway Software's initial stock market listing on 14 June 2011.

The various steps in this process are described below.

2.1.1. Preliminary transactions

a. Distribution of a dividend by Axway Software

Axway Software proceeded with a dividend distribution in the amount of €7.9 million, as well as an exceptional distribution of reserves in the amount of €13.9 million (see Axway Prospectus § 26.1.1.4), thus a total of €21.8 million received by Sopra Group.

b. Reduction of Sopra Group's capital

At the Combined General Meeting of 10 May 2011, it was decided to reduce Sopra Group's capital by way of a €3.00 reduction in the par value of each share, from €4.00 to €1.00.

On the basis of a total share capital comprised of 11,863,245 shares at 10 May 2011, a share capital reduction of €35.6 million was recognised to offset the increase in share premiums.

A corresponding reduction in the legal reserve was made for an amount of €3.6 million, with the balancing entry being the creation of a free reserve.

2.1.2. Spin-off and listing transactions

At its meeting of 8 June 2011, the General Meeting of Sopra Group shareholders approved the distribution by Sopra Group to its shareholders, in respect of each Sopra Group share eligible for the distribution, of:

- one Axway Software share; and
- a payment in the amount of €3.92, to offset the major portion of the French tax impact from this distribution.

a. Distribution of Axway Software shares and valuation of the retained equity interest

The reference value determined for the Axway sub-group as part of the spin-off procedure voted and approved by the General Meeting of 8 June 2011 acting upon the recommendation of the Board of Directors resulted in a valuation of €18.61 per Axway Software share, which was confirmed by an independent assessment.

Under IAS 27, when control of a subsidiary is lost, all of the remaining ownership interest retained in the subsidiary must be remeasured to fair value at the date on which control is lost. The impact of this revaluation must be taken to profit for the period.

On the basis of the reference value, the 26.27% stake in Axway Software retained by Sopra Group corresponds to the amount of €78.82 million (4,235,378 shares) and would have resulted in capital gains on the shares retained in the amount of €48.83 million (pursuant to IAS 27), in relation to the corresponding Group share in previously consolidated equity.

However, IAS 39 regarding financial instruments does not permit the reference value to be applied for measuring the fair value of the remaining ownership interest retained, to the extent that the distribution of Axway Software shares has given rise to a listing of the shares. Measurement must therefore be performed on the basis of the Axway Software share's price on its first day of trading. On the basis of an average share price of €23.94 on 14 June 2011, the total value of Sopra Group's retained ownership interest amounts to €101.4 million and results in capital gains of €71.4 million in relation to the corresponding Group share in previously consolidated equity.

The Group's executive management determined that the strict application of IAS 39, based on the share price on the first day of trading, resulted in an overvaluation of the equity interest retained. This determination, based on the reference value obtained for Axway's business, was confirmed by subsequent share price performance.

Executive management considered that the significant reduction in the share price observed in the first week of the stock market listing represented an indication that this equity interest was impaired. An impairment test was therefore carried out at the balance sheet date for the interim financial statements.

According to IAS 36, the recoverable amount of an investment in an associate is the higher of the fair value of the investment less costs to sell and its value in use, calculated on the basis of the discounted present value of future cash flows:

- the value in use retained corresponds to the reference value, provided that that there is no change in the underlying assumptions;
- to determine fair value, executive management used the weighted average of the share price on the five most active trading days in the month of June 2011, prior to the granting of pre-emptive subscription rights relating to the capital increase in progress. Costs to sell were estimated at 2% of the value thus obtained. These assumptions resulted in a value of €19.70 per share being retained (net of disposal costs) and a total value for the equity interest retained of €83.4 million.

On this basis, an impairment loss was recognised at 30 June 2011 in the amount of €18.0 million.

In order to facilitate the clearest understanding of the impact of this operation, all of these items were recognised under *Other operating income and expenses* in a net amount of €53.4 million, which breaks down into capital gains on the previously held equity interest in the amount of €71.4 million and an impairment loss of €18.0 million.

Had the closing share price at 30 June 2011 been retained, and under the same assumption of disposal costs representing 2% of value, the total value of the investment retained would have amounted to €90.0 million and would have led to an impairment loss of €11.3 million.

b. Cash distribution

On the basis of a share capital comprised of 11,885,135 shares at 8 June 2011, an extraordinary dividend was distributed to Sopra Group shareholders in the amount of €46.6 million on 14 June 2011.

c. Tax impact

The dividends received by Sopra Group from Axway, together with the distribution of Axway shares by Sopra Group, generate estimated tax of €3.2 million.

2.2. Changes in the consolidation scope

There were no significant changes in the Group's scope of consolidation during the first six months of 2011 other than the deconsolidation of the sub-group consisting of Axway Software and its subsidiaries.

2.3. Reorganisation of legal entities

At 1 June 2011, Sopra Consulting was dissolved, followed by a transfer of its assets and liabilities to Sopra Group. This operation had no impact on the consolidated financial statements.

2.4. List of consolidated companies in the first half of 2011

Company	Country	% control	% held	Consolidation method
Consulting and Systems and Solutions Integration				
Sopra Group	France	-	-	Parent company
Axway Holding SA	France	100.00%	100.00%	FC
Sopra Consulting*	France	100.00%	100.00%	FC
Sopra Group Ltd	United Kingdom	100.00%	100.00%	FC
Sopra Belux	Belgium	100.00%	100.00%	FC
Business Architects International NV	Belgium	100.00%	100.00%	FC
Sopra Group Luxembourg	Luxembourg	100.00%	100.00%	FC
Valoris Luxembourg	Luxembourg	100.00%	100.00%	FC
Sopra Group GmbH	Germany	100.00%	100.00%	FC
Sopra Informatique	Switzerland	100.00%	100.00%	FC
Sopra Group SpA	Italy	100.00%	100.00%	FC
Sopra Group Informatica SA	Spain	100.00%	100.00%	FC
Sopra Group Euskadi SL	Spain	100.00%	100.00%	FC
Valoris Iberia	Spain	100.00%	100.00%	FC
CS Sopra España	Spain	100.00%	100.00%	FC
PROFit Gestão Informatic Lda	Portugal	100.00%	100.00%	FC
SOPRAntic	Morocco	100.00%	100.00%	FC
Sopra India Private Ltd	India	100.00%	100.00%	FC
Axway group**	France	26.27%	26.27%	FC/EM

FC: Fully consolidated.

EM: Equity method.

* *Company consolidated for 5 months (see Note 2.3).*

** *Full-consolidation followed by equity method as of 14 June 2011 (see Note 3).*

Note 3 | Comparability of the accounts

No Sopra Group entities were consolidated over the course of the first half of 2011.

The spin-off of Axway group following the distribution by Sopra Group of 73.73% of Axway's shares, and the recognition of those shares retained (26.27% of Axway's share capital) using the equity method with effect from 14 June 2011, mean that 2011 is an atypical accounting period and comparisons with published financial statements in respect of prior periods are not easy to perform.

The group formed by Axway Software and its subsidiaries was shown in the published financial statements as of 30 June 2010 as an operation being discontinued. In accordance with IFRS 5, income and expenses generated by the activities of Axway group were set out in a separate line in the income statement as *Profit after tax from discontinued operations.*

Following the termination in September 2010 of an initial project to spin off Axway in September 2010, Axway was not shown in Sopra Group's published financial statements as of 31 December 2010 as an operation being discontinued, since the "sale highly probable" criterion was not met as at that date. Axway's activities were included in each income and expenses item in the published income statement as of 31 December 2010.

In order to present consistent financial information over the three periods in question (financial statements as of 30 June 2010, 31 December 2010 and 30 June 2011), the income statement as of 31 December 2010 has been restated as if Axway group were an operation being discontinued as at that date.

NOTES TO THE CONSOLIDATED BALANCE SHEET

Note 4 | Goodwill

4.1. Changes in goodwill

The principal movements in the first half of 2011 are as follows:

(in thousands of euros)	Gross value	Impairment	Net
1 January 2011	**420,784**	**50,870**	**369,914**
Impairment			
SSI Spain		15,000	-15,000
SSI United Kingdom		19,982	-19,982
SSI Belgium		3,000	-3,000
Translation adjustments	**-12,405**	**-989**	**-11,416**
Discontinued operations (Axway)	**-165,232**	**-8,823**	**-156,409**
30 JUNE 2011	**243,147**	**79,040**	**164,107**

4.2. Impairment tests

Poorer than expected performance in a challenging economic environment, characterised by a decline in the IT market in some countries, has led the group's management to consider that there were indicators of impairment in the following CGUs: SSI Spain, SSI Belgium and SSI United Kingdom.

Impairment tests have therefore been carried out based on updated forecasts for the second half of 2011 and future years (assuming a five-year time horizon). These forecasts will be updated again at the end of the year based on new budget assumptions.

The tests completed give rise to an impairment loss of €38.0 million based on estimated value in use, broken down as follows:

- €20.0 million for the United Kingdom (£17.3 million);
- €15.0 million for Spain;
- €3.0 million for Belgium.

The impairment tests were performed under the conditions described in Note 1.11 of the 2010 Reference Document using the following parameters:

	Discount rate in 2011	Discount rate in 2010	Perpetuity growth rate in 2011	Perpetuity growth rate in 2010
France	9.2%	9.2%	2.5%	2.5%
United Kingdom	9.2%	9.2%	2.5%	2.5%
Spain	9.2%	9.2%	2.5%	2.5%
Other European countries	9.2%	9.2%	2.5%	2.5%
Other zones	9.2%	9.2%	2.5%	2.5%

Analysis of the sensitivity of the recoverable amount to changes in key assumptions for the first half of 2011:

	Discount rate used in 2011	Increase in the discount rate of 0.5 points
Growth rate used in 2011	-	-7.3%
Decrease in the growth rate of 0.5 points	-5.2%	-11.8%

4.3. Translation differential

The €11.4 million decrease in the translation differential prior to the Axway spin-off arises mainly from changes in the value of the euro against the following currencies:

(in millions of euros)	30/06/2011	31/12/2010
USD (Axway Inc)	-8.8	8.4
GBP (Sopra Group Ltd)	-1.9	1.7
SEK (Axway Nordic AB)	-0.5	2.8
Other	-0.2	0.4
TOTAL	**-11.4**	**13.3**

4.4. Breakdown of goodwill by CGU

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

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

(in thousands of euros)		30/06/2011	31/12/2010
Consulting and Systems and Solutions Integration	France	72,347	72,571
	United Kingdom	32,344	54,255
	Spain	51,297	66,297
	Italy	8,119	8,119
	Belgium – Sopra Belux	-	3,000
Axway	Axway	-	165,672
TOTAL		**164,107**	**369,914**

Note 5 | Intangible assets

(in thousands of euros)	Gross value	Amortisation	Net
1 January 2011	**55,118**	**31,405**	**23,713**
Changes in scope	-	-	-
Acquisitions	197	-	197
Disposals	-95	-95	-
Reclassification	-20	-	-20
Translation differential	-2,093	-607	-1,486
Amortisation	-	1,535	-1,535
Discontinued operations (Axway)	-31,183	-12,732	-18,451
30 JUNE 2011	**21,924**	**19,506**	**2,418**

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

No expense was incurred in developing the Group's solutions and software was capitalised, either in 2011 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 2011	**10,989**	**65,719**	**47,859**	**124,567**
Translation adjustments	-	-330	-778	-1,108
Acquisitions	50	5,906	4,481	10,437
Disposals	-	-192	-3,845	-4,037
Reclassification	-	1	18	19
Changes in the scope of consolidation	-	-	-	-
Discontinued operations (Axway)	-	-6,348	-13,351	-19,699
30 JUNE 2011	**11,039**	**64,756**	**34,384**	**110,179**
DEPRECIATION				
1 January 2011	**8,751**	**40,857**	**35,680**	**85,288**
Translation adjustments	-	-289	-671	-960
Charges	119	2,296	3,132	5,547
Reversals	-	-147	-3,815	-3,962
Changes in the scope of consolidation	-	-	-	-
Discontinued operations (Axway)	-	-5,585	-9,597	-15,182
30 JUNE 2011	**8,870**	**37,132**	**24,729**	**70,731**
NET VALUE				
1 January 2011	**2,238**	**24,862**	**12,179**	**39,279**
30 JUNE 2011	**2,169**	**27,624**	**9,655**	**39,448**

- Investments made by the Group in property and equipment (€10.4 million) primarily include office equipment in France and abroad, in the amount of €5.9 million and information technology equipment (central systems, work stations, and networks) in the amount of €4.5 million.
- Amounts included under disposals during the year (€4.0 million, depreciated in the amount of €4.0 million) correspond to the scrapping of computer equipment each year after taking inventory, and premises for which leases were not renewed that the Group no longer occupies.
- Land and buildings include the premises of Sopra Group's registered office at Annecy-le-Vieux. A portion of these premises was acquired as part of a property finance lease arrangement completed in 2003. These contracts have, since their inception, been restated in the consolidated financial statements and are included in the balance sheets for the following amounts:

(in thousands of euros)	**30/06/2011**	**31/12/2010**
Land	255	255
Buildings	3,861	3,861
Depreciation	-3,702	-3,669
NET VALUE	**414**	**447**

- Finance lease contracts relating to IT investments (see Note 1.10 of the 2010 Reference Document) are presented in the balance sheet in the following amounts:

(in thousands of euros)	**30/06/2011**	**31/12/2010**
Gross value	24,261	25,637
Depreciation	-16,009	-17,635
NET VALUE	**8,252**	**8,002**

Note 7 | Financial assets and equity interests accounted for under the equity method

(in thousands of euros)	**30/06/2011**	**31/12/2010**
Assets at fair value through profit and loss	-	-
Held to maturity assets	-	-
Available for sale assets	196	196
Loans and receivables	60,000	-
Other loans and receivables	2,819	3,440
Financial assets	**63,015**	**3,636**
Equity interests accounted for under the equity method	**83,437**	**-**
TOTAL	**146,452**	**3,636**

7.1. Available for sale assets

(in thousands of euros)	Gross value	Impairment	Net
1 January 2011	**10,007**	**9,811**	**196**
Increase	-	-	-
Decrease	-9,453	-9,453	-
Changes in the scope of consolidation	-	-	-
Translation differential	-5	-5	-
30 JUNE 2011	**549**	**353**	**196**

Available for sale assets, as understood in IAS 39, mainly comprise non-consolidated investments in Valoris' subsidiaries that were in the process of being wound up or divested at the date that Valoris was acquired by Sopra Group, in the amount of €0.4 million, in respect of which a provision for impairment has been set aside of €0.2 million.

The subsidiaries Valoris Consulting Europe Ltd, Valoris Europe Ltd and Abram Hawkes Associates Ltd were wound up and removed from the official companies register in March 2011. Having been fully impaired, the corresponding equity interests (totalling €9.5 million) were removed from Sopra Group's assets.

7.2. Loans and receivables

Loans and receivables totalling €60.0 million correspond to the Axway current account. This current account was reimbursed on 19 July 2011 following Axway's capital increase. The balance on this account as at 31 December 2010 was €68.4 million and was subject to an elimination for intercompany accounts and transactions, since at that time Axway was considered to be fully consolidated.

7.3. Other loans and receivables

(in thousands of euros)	30/06/2011	31/12/2010
Receivables from unconsolidated equity interests – gross value	899	899
Impairment of receivables from unconsolidated equity interests	-899	-899
Receivables from unconsolidated equity interests – net value	**-**	**-**
Loans	21	23
Deposits and other non-current financial assets	2,798	3,417
Impairment of loans, deposits and other non-current financial assets	-	-
Loans, deposits and other non-current financial assets – net value	**2,819**	**3,440**
TOTAL	**2,819**	**3,440**

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 premises. Non-remunerated deposits are maintained at their nominal value, given that the effect of discounting is not significant.

7.3. Equity-accounted investment in Axway

The Axway shares retained by Sopra Group (4,235,378 shares representing 26.27% of Axway's share capital) were valued at a total of €83.4 million as at 30 June 2011, corresponding to an estimated fair value of €19.70 per share (see Note 2.1.2.a).

The initial value of the equity-accounted shares, recognised, in accordance with IAS 27 and IAS 39, on the basis of their average price on the first day of listing (€23.94 on 14 June 2011), for a total of €101.4 million, has been written down by €18.0 million.

Note 8 | Deferred tax assets and liabilities

8.1. Breakdown by maturity

(in thousands of euros)	30/06/2011	31/12/2010
Deferred tax assets (DTA)		
■ less than one year	2,463	5,819
■ more than one year	13,372	28,550
TOTAL DTA	**15,835**	**34,369**
Deferred tax liabilities (DTL)		
■ less than one year	-	-
■ more than one year	-78	-9,300
TOTAL DTL	**-78**	**-9,300**
NET DEFERRED TAX	**15,757**	**25,069**

8.2. Change in net deferred tax

(in thousands of euros)	30/06/2011	31/12/2010
Beginning of period	**25,069**	**15,383**
Discontinued operations (Axway)	-8,760	-
Tax – income statement impact	-703	9,099
Tax – equity impact	172	623
Translation differential	-21	-36
END OF PERIOD	**15,757**	**25,069**

8.3. Breakdown of net deferred tax by type

(in thousands of euros)	30/06/2011	31/12/2010
Differences related to consolidation adjustments		
Actuarial gains and losses recognised for post-employment obligations	3,381	3,623
Amortisation of revalued software	-	4,660
Fair value of amortisable allocated intangible assets	-	-6,879
Derivatives	-23	329
Finance leases	45	46
Discounting of employee profit sharing	824	915
Regulated provisions	-	-2,304
Capitalised tax losses	-	6,879
Temporary differences from tax returns		
Provision for pensions	8,628	8,941
Provision for employee profit sharing	2,221	3,426
Provision for Organic tax	242	523
Differences in depreciation periods	134	140
Capitalised tax losses	147	4,505
Other	158	265
TOTAL	**15,757**	**25,069**

8.4. Deferred tax assets not recognised by the Group

(in thousands of euros)	30/06/2011	31/12/2010
Tax losses carried forward	3,828	52,997
Temporary differences	266	536
TOTAL	4,094	53,533

8.5. Maturity of tax losses carried forward

(in thousands of euros)	30/06/2011	31/12/2010
N+1	-	17,864
N+2	-	20,270
N+3	1,671	1,100
N+4	543	2,330
N+5 and subsequent years	8,010	111,884
Tax losses carried forward with a specific maturity date	**10,224**	**153,448**
Tax losses which may be carried forward indefinitely	**4,737**	**25,332**
TOTAL	14,961	178,780
Deferred tax basis – activated	535	33,174
Deferred tax basis – not activated	14,426	145,606
Deferred tax – activated	389	11,384
Deferred tax – not activated	3,828	52,997

At 30 June 2011, deferred tax assets not activated on tax loss carry forwards came to €3.8 million and mainly concerned the following subsidiaries: Sopra Group GmbH in Germany (€1.1 million), Valoris Iberia in Spain (€1.1 million), B.A.I. in Belgium (€0.8 million) and Sopra Group Ltd in the United Kingdom (€0.5 million).

At 31 December 2010, losses available to be carried forward and deferred tax assets not recognised by the Group mainly related to Axway's subsidiaries.

Note 9 | Other non-current assets

(in thousands of euros)	30/06/2011	31/12/2010
Derivatives	133	127
OTHER NON-CURRENT ASSETS	133	127

Derivatives consist of interest rate hedging contracts (see Note 33.3.a).

Note 10 | Trade accounts receivable

(in thousands of euros)	30/06/2011	31/12/2010
Trade accounts receivable	214,980	295,549
Accrued income	135,659	88,072
Accrued credit notes	-12,059	-12,680
Provision for doubtful debtors	-2,534	-2,545
TOTAL	**336,046**	**368,396**

Net trade receivables, expressed in terms of months of revenue, corresponded to about 2.5 months of revenue at 30 June 2011, compared to 2.3 months at 31 December 2010 and 2.7 months at 30 June 2010 (excluding Axway). This ratio is calculated by comparing Net trade receivables with the revenue generated in the final quarter of the year. Net trade receivables are 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 2010 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)	30/06/2011	31/12/2010
Staff and social security	3,771	3,667
Tax receivables (other than corporate income tax)	10,751	13,812
Corporate income tax	947	10,513
Leased equipment	520	406
Other receivables	152	1,495
Prepaid expenses	3,772	3,601
Derivatives	608	390
TOTAL	**20,521**	**33,884**

Tax receivables of €10.8 million relate mainly to deductible VAT (of €9.8 million).

Derivatives consist of exchange rate hedging contracts (see Note 33.3.b).

Note 12 | Cash and cash equivalents

The cash flow statement is presented on page 8.

(in thousands of euros)	30/06/2011	31/12/2010
Investment securities	-	-
Cash	21,018	54,897
Cash and cash equivalents	**21,018**	**54,897**
Overdrafts	-32,625	-1,316
TOTAL	**-11,607**	**53,581**

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 2010 Reference Document, bills of exchange presented for collection and falling due before the balance sheet date and temporary bank overdrafts. It is closely related to the mobilisation of 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 7.

13.1. Changes in the share capital

At 30 June 2011 Sopra Group had share capital of €11,863,245 compared to €47,415,780 at 31 December 2010, comprising 11,863,245 fully-paid shares with a nominal value of €1 each.

Changes in the first half of 2011 were as follows:

- exercise of share subscription options: 9,300 shares were created corresponding to a capital increase of €37,200 and a share premium of €265,050, for a total of €302,250;
- a €35,589,735 reduction in capital agreed at the Combined General Meeting held on 10 May 2011: the share capital was reduced by reducing the par value of each share by €3.00 from €4.00 to €1.00, based on a total of 11,863,245 shares as at 10 May 2011.

13.2. Share subscription option plans

Grant date	Number of options allocated initially	Beginning of option exercise period	End of option exercise period	Exercise price	Number of options cancelled at 30/06/2011
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
04/12/1998	25,000	25/02/2003	24/08/2006	€46.86	25,000
03/03/1999	20,000	04/03/2004	02/03/2007	€48.50	10,000
12/10/1999	51,750	13/10/2004	12/10/2007	€46.20	49,000
16/12/2002	129,250	17/12/2007	15/12/2010	€22.50	42,250
Total	**840,000**				**196,425**
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
22/03/2001	301,500	23/03/2006	22/03/2009	€61,40	301,500
19/12/2001	34,600	20/12/2006	19/12/2009	€61,40	34,600
24/04/2002	6,000	25/04/2007	23/04/2010	€61.40	6,000
16/12/2002	303,200	17/12/2007	15/12/2010	€22.50	45,750
03/09/2003	88,000	04/09/2008	02/09/2011	€32.50	13,800
13/01/2004	23,000	14/01/2009	12/01/2012	€35.90	4,000
Total	**790,200**				**439,550**
Plan No. 5 – 2005 stock option plan (General Meeting of 26/05/2005): maximum of 321,958 shares					
25/07/2006	30,000	26/07/2011	24/07/2014	€57.85	30,000
21/12/2006	67,000	22/12/2011	20/12/2014	€58.80	14,500
08/01/2007	5,000	09/01/2012	07/01/2015	€60.37	5,000
18/03/2008	50,000	19/03/2013	17/03/2016	€45.30	9,500
Total	**152,000**				**59,000**
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	-
15/04/2010	30,000	16/04/2015	16/04/2018	€53.68	-
29/03/2011	49,500	30/03/2016	29/03/2019	€72.40	-
Total	**99,500**				**-**
TOTAL FOR PLANS					

o/w cancelled in 2011	Number of options exercised at 30/06/2011	o/w options exercised in 2011	Number of options outstanding at 30/06/2011	Adjusted number of options outstanding at 30/06/2011	Adjusted exercise price at 30/06/2011	Fair value of options at the grant date
-	543,825	-	-	-	-	Not applicable
-	-	-	-	-	-	Not applicable
-	10,000	-	-	-	-	Not applicable
-	2,750	-	-	-	-	Not applicable
-	87,000	-	-	-	-	€6.36
-	**643,575**	**-**	**-**	**-**	**-**	
-	-	-	-	-	-	Not applicable
-	-	-	-	-	-	Not applicable
-	-	-	-	-	-	Not applicable
-	-	-	-	-	-	Not applicable
-	257,450	-	-	-	-	€6.36
-	67,300	28,040	6,900	7,349	29.15	€12.15
-	15,500	5,500	3,500	3,728	32.34	€11.36
-	**340,250**	**33,540**	**10,400**	**11,077**		
-	-	-	-	-	-	€13.10
-	-	-	52,500	55,923	53.84	€17.47
-	-	-	-	-	-	€15.28
-	-	-	40,500	43,142	41.16	€10.98
-	**-**	**-**	**93,000**	**99,065**		
-	-	-	20,000	21,302	24.13	€5.85
-	-	-	30,000	31,953	49.03	€13.64
-	-	-	49,500	52,720	66.61	€18.28
-	**-**	**-**	**99,500**	**105,975**		
	-	**33,540**	**202,900**	**216,117**		

- 33,540 share subscription options were exercised in the course of the first half of 2011 under Plan No. 4.
- Options may no longer be allocated under Plan No. 3, Plan No. 4 or Plan No. 5. In the first half of 2011, a total of 49,500 options were allocated under Plan No. 6.
- Adjustments were made to the exercise price and volume of Sopra Group share subscription options yet to be exercised as at 30 June 2011 to reflect the Axway spin-off and capital increase with pre-emptive rights for existing shareholders.

  Based on these adjustments, the total number of options already allocated that may be exercised comes to 216,117, with 250,645 options yet to be allocated as at 30 June 2011, bringing the maximum total number of shares that may be created to 466,762.
- The fair value of options granted during the first half of 2011 was obtained by means of the Black & Scholes model (Note 1.16 of the 2010 Reference Document) using the following calculation parameters:

Grant date	Number of options allocated initially	Exercise price	Share price at the grant date	Volatility	Interest rate	Average value of options
29/03/2011	49,500	€72.40	€75.64	23.00%	3.49%	€18.28

The average share price over the first half of 2011 was €56.08.

The amount recognised in respect of the first half of 2011, in accordance with the method indicated in Note 1.16 Share-based payment of the 2010 Reference Document, was €0.186 million.

13.3. Capital reserves

(in thousands of euros)	30/06/2011	31/12/2010
Share issue, merger and contribution premium	6,443	52,610
Legal reserve	1,186	4,701
TOTAL	**7,629**	**57,311**

Movements in the first half of 2011 are presented in the Statement of changes in equity on page 7.

13.4. Consolidated reserves

Consolidated reserves amounted to €211.9 million at 30 June 2011 compared to €201.9 million at 31 December 2010.

Movements in the first half of 2011 represented in the Statement of changes in equity on page 7.

Note 14 | Financial debt

14.1. Net debt

(in thousands of euros)	Current	Non-current	30/06/2011	31/12/2010
Bank loans	29,804	43,597	73,401	78,372
Liabilities on finance lease contracts	3,616	4,402	8,018	7,935
Employee profit sharing	4,167	22,515	26,682	24,416
Other financial debt	28	28	56	13
Overdrafts	32,625	-	32,625	1,316
FINANCIAL DEBT	**70,240**	**70,542**	**140,782**	**112,052**
Investment securities	-	-	-	-
Cash and cash equivalents	-21,018	-	-21,018	-54,897
NET DEBT	**49,222**	**70,542**	**119,764**	**57,155**

a. Bank loans

At 30 June 2011, the Group had access to three multi-currency revolving credit facilities.

In addition to the two existing credit facilities, which were set up in October 2005 and April 2008, a new credit facility was taken out with a group of partner banks in June 2011.

The first line of credit, with a notional amount of €200 million and a term of seven years, is repayable in half-yearly instalments.

The second line of credit, in a notional principal amount of €132 million, has a maturity of six years (with a one-year extension by one of the banks in the pool) and is repayable in half-yearly instalments, each corresponding to one quarter of the total amount, over the last two years of its term to maturity.

The third facility, for a notional principal amount of €150 million, with a term of five years and the option of a two-year extension, may not be reduced.

The total authorised amount as at 30 June 2011 was €325 million. This amount will reduce by €14 million on 21 October 2011, giving a total authorised amount as at the year-end of €311 million.

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 vary between 30 and 65 basis points for the first two credit facilities and between 70 and 140 basis points for the third credit facility. The margin applied for the first half of 2011 was 30 basis points.

A non-utilisation fee also applies, equating to 35% of the margin for the first and third credit facilities and 30% of the margin for the second credit facility.

Finally, a utilisation fee of 15 basis points applies to the third credit facility if the cumulative total amount drawn down exceeds 50% of the total amount committed.

Three financial ratios must be met under covenants entered into (see Note 35).

b. Liabilities on finance lease contracts

The carrying amount of liabilities on finance lease contracts is €8.018 million, and the corresponding future financial expense amounts to €0.253 million, representing a total minimum future payment for finance leases of €8.271 million.

	30/06/2011			31/12/2010
(in thousands of euros)	Minimum payments for finance leases	Future financial expense	Present value of future lease payments	Present value of future lease payments
Less than one year	3,775	159	3,616	3,825
One to five years	4,496	94	4,402	4,110
More than five years	-	-	-	-
TOTAL	**8,271**	**253**	**8,018**	**7,935**

c. 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 Consultants' profit sharing reserves are fully invested in such company mutual funds.

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

14.2. Statement of changes in net debt

(in thousands of euros)	**30/06/2011**	**31/12/2010**
NET DEBT AT BEGINNING OF PERIOD (A)	**57,155**	**137,449**
Cash from operations after cost of net debt and tax	**28,411**	**91,627**
Cost of net financial debt	1,805	5,837
Income taxes (including deferred tax)	16,383	27,266
Cash from operations before changes in working capital	**46,599**	**124,730**
Taxes paid	-19,018	-33,778
Changes in working capital requirements	-25,692	20,870
Net cash flow from operating activities	**1,889**	**111,822**
Change related to investing activity	-8,456	-15,031
Net interest paid	-1,876	-5,987
Available net cash flow	**-8,443**	**90,804**
Impact of changes in scope	-	-187
Financial investments	-63	-18
Dividends paid	-56,068	-9,402
Capital increases in cash	1,097	2,580
Other changes	-227	-3,602
Net cash inflow from discontinued operations (Axway)	12,638	-
TOTAL NET CHANGE DURING THE PERIOD (B)	**-51,066**	**80,175**
Impact of changes in foreign exchange rates (C)	-437	119
Net debt of discontinued operations (Axway) (D)	-11,106	-
NET DEBT AT PERIOD-END (A-B-C-D)	**119,764**	**57,155**

Dividends paid: -€56.1 million

This amount consists of the ordinary dividend net of the dividend in respect of treasury shares (€9.5 million) together with the extraordinary cash dividend (€46.6 million), as set out in Notes 13.4 and 13.5.

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)	01/01/2011	Charge for the period	Recovery for the period (provision used)	Recovery for the period (provision not used)	Change in actuarial differences	Discontinued operations (Axway)	30/06/2011
France	36,492	2,170	-216	-	1,104	-4,671	34,879
Italy	4,427	514	-216	-	-	-791	3,934
Germany	15	-	-	-	-	-15	-
TOTAL	**40,934**	**2,684**	**-432**	**-**	**1,104**	**-5,477**	**38,813**
Impact (net of expenses incurred)							
Profit from recurring operations		1,888		-			
Net financial income		796		-			
TOTAL		**2,684**		**-**			

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 2010 Reference Document.

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

	30/06/2011	31/12/2010
Benchmark for discounting	Bloomberg rate	Bloomberg rate
Discount rate of commitments	4.20%	4.10%
Future salary growth rate	2.50%	2.50%
Retirement date	65 years	65 years
Mortality table	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 corporate bonds (carrying a rating of AA or higher) denominated in the payment currency, the maturity period of which is close to the average estimated length of the retirement obligation concerned.

Since 31 December 2009, the Group has used Bloomberg rates for the euro zone as the benchmark for the discounting of its retirement obligations. At 30 June 2011, a discount rate of 4.20% was used by the Group.

A ±1.0 point change in the discount rate would have an impact of about (-)€4.7 million/+€5.7 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	Commitments (balance sheet)	Recgonised in the income statement
1 January 2011	**36,492**	**-**	**36,492**	**-**
Past service cost	1,374	-	1,374	1,374
Financial cost	796	-	796	796
Benefits paid to employees	-216	-	-216	-216
Change in actuarial differences in 2011	1,104	-	1,104	-
Discontinued operations (Axway)	-4,671	-	-4,671	-4,671
30 JUNE 2011	**34,879**	**-**	**34,879**	**-2,717**

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 in respect of the first half of 2011 excluding Axway group (€1.101 million) arises mainly from:

- experience impacts on liabilities (upward adjustment in the commitment amounting to €1.622 million);
- the 0.10 point increase in the discount rate used compared to 31 December 2010 (downward adjustment in the commitment amounting to €0.521 million);

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

(in thousands of euros)	**30/06/2011**	**31/12/2010**
Present value of defined benefit obligations	34,879	36,492
Experience adjustments on scheme liabilities	1,622	523
Experience adjustments on scheme liabilities (as % of obligations)	4.65%	1.43%

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)	**01/01/2011**	**Charge for the period**	**Recovery for the period (provision used)**	**Recovery for the period (provision not used)**	**Other movements**	**Discontinued operations**	**30/06/2011**
Provisions for disputes	810	215	-117	-2	-	-91	815
Provisions for guarantees	710	-	-	-	-	-710	-
Other provisions for contingencies	133	-	-	-	-	-76	57
Sub-total provisions for contingencies	**1,653**	**215**	**-117**	**-2**	**-**	**-877**	**872**
Other provisions for losses	252		-	-	-102	-150	-
Sub-total provisions for losses	**252**	**-**	**-**	**-**	**-102**	**-150**	**-**
TOTAL	**1,905**	**215**	**-117**	**-2**	**-102**	**-1,027**	**872**
Impact (net of expenses incurred)							
Profit from recurring operations		215		-2			
Financial items		-		-			
TOTAL		**215**		**-2**			

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)	30/06/2011	31/12/2010
Fixed asset liabilities – portion due in more than one year	-	-
Employee profit sharing during the period	5,172	11,198
Contingent advances	-	171
Derivatives	797	1,711
TOTAL	**5,969**	**13,080**

- Employee profit sharing at 30 June 2011 represents amounts booked to staff costs for the period by Sopra Group. At 31 December 2010, this item recorded profit sharing for the companies Sopra Group and Axway. These amounts increase financial debt for the following year.
- Contingent advances relate to subsidies received from OSEO.
- Derivatives consist of interest-rate hedge agreements (see Note 33.3.a).

Note 18 | Trade accounts payable

(in thousands of euros)	30/06/2011	31/12/2010
Trade accounts payable	48,890	53,886
Trade accounts payable – advances and payments on account, accrued credit notes	-228	-355
TOTAL	**48,662**	**53,531**

Note 19 | Other current liabilities

(in thousands of euros)	30/06/2011	31/12/2010
Fixed asset liabilities – portion due in less than one year	671	1,063
Staff cost liabilities	132,313	159,719
Tax liabilities (excluding corporate income tax)	67,914	78,399
Corporate income tax	1,129	3,652
Deferred income	65,195	90,095
Other liabilities	464	728
Derivatives	-	-
TOTAL	**267,686**	**333,656**

- Staff cost liabilities include only amounts owed to social security bodies and employees.
- Accrued taxes primarily correspond to value added tax collected from clients (€62.7 million): the amount payable in respect of the month of June and the VAT collected on trade accounts receivable.
- Deferred income corresponds essentially to services invoiced but not yet performed, based on their stage of completion (see Note 1.21 of the 2010 Reference Document).
- Derivatives consist of interest rate hedging contracts (see Note 33.3.a).

NOTES TO THE CONSOLIDATED INCOME STATEMENT

Note 20 | Revenue

20.1. Revenue by activity

(in millions of euros)	1st half 2011		1st half 2010		2010 restated		2010 published	
Consulting and SSI France	435.5	82.2%	388.3	81.7%	788.9	81.8%	786.1	67.2%
SSI Europe	94.2	17.8%	86.9	18.3%	175.5	18.2%	175.4	15.0%
Axway	-	-	-	-	-	-	208.4	17.8%
TOTAL	**529.7**	**100.0%**	**475.2**	**100.0%**	**964.4**	**100.0%**	**1,169.9**	**100.0%**

SSI: Systems and Solutions Integration.

20.2. Revenue by business sector

	1st half 2011	1st half 2010	2010 restated	2010 published
Banking	19.4%	21.5%	21.1%	21.5%
Services (including real estate)	21.0%	18.2%	19.2%	19.6%
Public sector	17.5%	18.2%	17.9%	16.3%
Manufacturing	16.9%	16.8%	16.7%	17.2%
Telecom	12.2%	11.7%	11.7%	10.2%
Retail	7.0%	6.8%	6.8%	8.4%
Insurance	6.0%	6.8%	6.6%	6.8%
TOTAL	**100.0%**	**100.0%**	**100.0%**	**100.0%**

20.3. International revenue

(in millions of euros)	1st half 2011		1st half 2010		2010 restated		2010 published	
Systems Integration – European subsidiaries	94.2	17.8%	86.9	18.3%	175.5	18.2%	175.4	15.0%
Systems Integration – excluding European subsidiaries	22.1	4.2%	21.8	4.6%	43.9	4.6%	43.9	3.8%
Axway	-	-	-	-	-	-	131.3	11.2%
International revenue	**116.3**	**22.0%**	**108.7**	**22.9%**	**219.4**	**22.7%**	**350.6**	**30.0%**
TOTAL REVENUE	**529.7**	**100.0%**	**475.2**	**100.0%**	**964.4**	**100.0%**	**1,169.9**	**100.0%**

Note 21 | Purchases consumed

(in thousands of euros)	1st half 2011	1st half 2010	2010 restated	2010 published
Purchases of subcontracting services	62,491	49,129	100,344	108,783
Purchases of equipment and supplies not held in inventory	2,704	2,198	5,409	5,409
Purchases of merchandise and change in the inventory of merchandise	3,412	2,638	7,455	7,455
TOTAL	**68,607**	**53,965**	**113,208**	**121,647**

Note 22 | Staff costs

22.1. Analysis

(in thousands of euros)	1st half 2011	1st half 2010	2010 restated	2010 published
Salaries	250,548	232,798	456,270	558,815
Social charges	102,121	93,968	184,318	211,044
Employee profit-sharing and incentive schemes	4,599	1,998	11,525	13,604
TOTAL	**357,268**	**328,764**	**652,113**	**783,463**

22.2. Workforce

Workforce at period-end	1st half 2011	1st half 2010	2010 restated	2010 published
France	8,800	8,213	8,230	8,825
International	3,480	3,180	3,420	4,485
TOTAL	**12,280**	**11,393**	**11,650**	**13,310**

Average workforce	1st half 2011	1st half 2010	2010 restated	2010 published
France	8,625	8,043	8,115	8,715
International	3,441	3,123	3,235	4,275
TOTAL	**12,066**	**11,166**	**11,350**	**12,990**

22.3. Employee profit-sharing and incentive schemes

Pursuant to the application of IAS 32 and 39, liabilities in respect of profit sharing were subject to a restatement described in Notes 1.19 and 14.1 of the 2010 Reference Document.

Employee profit sharing totalled €4.264 million for Sopra Group S.A. The total incentive amount for the first half of 2011 was €0.335 million.

Note 23 | External expenses

(in thousands of euros)	1st half 2011		1st half 2010		2010 restated		2010 published	
Leases and charges	14,066	27.3%	13,971	28.2%	27,652	27.8%	36,935	28.0%
Maintenance and repairs	3,940	7.7%	2,708	5.5%	7,126	7.2%	8,340	6.3%
External structure personnel	607	1.2%	590	1.2%	1,156	1.2%	1,521	1.2%
Remuneration of intermediaries and fees	2,517	4.9%	2,728	5.5%	6,295	6.3%	8,549	6.5%
Advertising and public relations	1,281	2.5%	1,114	2.3%	2,227	2.2%	5,350	4.1%
Travel and entertainment	21,302	41.4%	20,803	42.0%	40,038	40.2%	49,679	37.6%
Telecommunications	2,888	5.6%	3,280	6.6%	6,321	6.4%	9,130	6.9%
Sundry	4,873	9.5%	4,295	8.7%	8,715	8.8%	12,465	9.4%
TOTAL	**51,474**	**100%**	**49,489**	**100%**	**99,530**	**100%**	**131,969**	**100%**

Note 24 | Depreciation, amortisation and provisions

(in thousands of euros)	1st half 2011	1st half 2010	2010 restated	2010 published
Amortisation of intangible assets	266	339	692	990
Depreciation of property and equipment	2,627	2,373	4,910	6,066
Depreciation of assets held under finance lease	2,165	2,276	4,438	4,438
Depreciation and amortisation	**5,058**	**4,988**	**10,040**	**11,494**
Impairment of current assets net of unused reversals	1	443	32	-16
Provisions for contingencies and losses net of unused reversals	1,780	1,602	2,981	3,302
Provisions and impairment	**1,781**	**2,045**	**3,013**	**3,286**
TOTAL	**6,839**	**7,033**	**13,053**	**14,780**

Note 25 | Amortisation of allocated intangible assets

This item corresponds to the amortisation expense, in the total amount of €0.218 million, in respect of intangible assets allocated in connection with acquisitions of companies and mainly relates to the companies BAI and CIBF.

Note 26 | Other operating income and expenses

For the first half of 2011, this item shows a total of €11.5 million in unusual income and expenses generated by non-recurring events:

- a €71.4 million capital gain on Axway shares retained, calculated as the difference between their market value (€101.4 million) and their historical consolidated value (€30.0 million). The market value of the 4,235,378 Axway shares retained was calculated on the basis of the average share price on 14 June 2011, the date of the initial stock market listing, i.e. €23.94 (see Note 2.1.2.a);
- an €18.0 million impairment loss recognised on 30 June 2011 in respect of equity-accounted shares in Axway based on a fair value of €19.70 per share (see Note 2.1.2.a);
- non-recurring expenses related to the project to spin-off Axway's business in the total amount of €1.0 million. These expenses mainly consist of fees for external consultants and other costs incurred specifically by Sopra Group in connection with this project;
- a €2.9 million expense in respect of extraordinary profit sharing arising from the reduction in Sopra Group's shareholders' equity relating to the Axway spin-off operations (distribution of shares and cash);
- a €38.0 million goodwill impairment loss split between the following CGUs: United Kingdom (€20 million), Spain (€15 million) and Belgium (€3 million) (see Note 4.2).

Note 27 | Financial income and expense

27.1. Cost of net financial debt

(in thousands of euros)	1st half 2011	1st half 2010	2010 restated	2010 published
Income from cash and cash equivalents	5	11	15	25
Interest charges	-1,409	-1,471	-2,965	-3,188
Net result of hedges (yield spread)	-398	-1,438	-2,456	-2,456
Impact of the change in the value of the syndicated loan	-3	-252	-218	-218
TOTAL	**-1,805**	**-3,150**	**-5,624**	**-5,837**

The reduction in average outstanding borrowings in the first half of the year (down from €127 million in the first half of 2010 to €61 million) and improvements in interest rate hedges enabled financial expenses to be sharply reduced compared to 2010, despite the increase in interest rates.

The average cost of borrowing after hedging was 2.80% in the first half of 2011, compared with 3.18% in the first half of 2010. The average cost of financing including bank overdrafts was 2.54% in the first half of 2011, compared with 2.81% in 2010.

27.2. Foreign exchange gains and losses

Foreign exchange gains and losses mainly relate to commercial transactions denominated in foreign currencies. Foreign exchange gains and losses relating to inter-company loans are considered as an integral part of the Group's net investment in the foreign subsidiaries concerned and are recognised as a distinct component of equity under Translation reserves in application of IAS 21.

27.3. Other financial income and expense

(in thousands of euros)	1st half 2011	1st half 2010	2010 restated	2010 published
Reversals of provisions	9,453	-	-	-
Other financial income	891	882	1,741	296
Total other financial income	**10,344**	**882**	**1,741**	**296**
Charges of provisions	-	-2	-5	-18
Discounting of retirement commitments	-699	-638	-1,276	-1,458
Discounting of employee profit sharing	192	238	379	414
Change in the value of derivatives	422	-23	520	520
Net carrying amounts of financial assets sold	-9,453	-	-	-
Other financial expense	-119	-13	-45	-75
Total other financial expense	**-9,657**	**-438**	**-427**	**-617**
TOTAL OTHER FINANCIAL INCOME AND EXPENSE	**687**	**444**	**1,314**	**-321**

Reversals of provisions and carrying amounts of financial assets sold: see Note 7.1.

Discounting of retirement commitments: see Note 15.

Discounting of employee profit sharing: see Note 14.1.

Change in the value of derivatives: see Note 33.3.a.

Note 28 | Tax expense

28.1. Analysis

(in thousands of euros)	1st half 2011	1st half 2010	2010 restated	2010 published
Current tax	15,680	11,544	32,137	36,365
Deferred tax	703	1,054	-1,825	-9,099
TOTAL	**16,383**	**12,598**	**30,312**	**27,266**

28.2. Reconciliation between the theoretical and effective tax charge

(in thousands of euros)	**1st half 2011**	**1st half 2010**	**2010 restated**	**2010 published**
Net profit	36,305	19,822	74,769	74,769
Neutralisation of the following items:				
Profit after tax from discontinued operations	-1,380	2,648	26,596	-
Share of net income accounted for under the equity method	1,133	-	-	-
Capital gain on shares retained	53,457	-	-	-
Impairment of goodwill	-37,982	-	-	-
Tax charge	-16,383	-12,598	-30,312	-27,266
Profit before tax	**37,460**	**29,772**	**78,485**	**102,035**
Theoretical tax rate	**34.43%**	**34.43%**	**34.43%**	**34.43%**
Theoretical tax charge	**-12,897**	**-10,250**	**-27,022**	**-35,131**
Reconciliation				
Permanent differences	-655	143	61	792
Impact of non-activated losses for the period	-129	-280	-56	-25
Use of non-activated losses carried forward	88	78	666	5,033
Activation of prior period losses carried forward	-	-	-	4,153
Impact of research tax credits	1,011	688	2,198	3,909
CVAE reclassification (net of tax)	-4,182	-3,033	-6,110	-6,794
Tax rate differences – France/Other countries	247	162	479	1,030
Prior year tax adjustments	249	96	96	96
Other	-115	-202	-624	-329
Actual tax charge	**-16,383**	**-12,598**	**-30,312**	**-27,266**
Effective tax rate	**43.73%**	**42.31%**	**38.62%**	**26.72%**

Note 29 | Share of net profit accounted for under the equity method

This item shows a 26.27% share of profits generated by Axway group in the period from 14 to 30 June 2011, equating to €1.133 million.

A €17.958 million impairment loss in respect of the investment in Axway Software is recognised under *Other operating income and expenses* (see Note 2.1.2).

Note 30 | Profit after tax from discontinued operations

This item shows earnings generated by Axway group in the period from 1 January 2011 to 13 June 2011, equating to a €1.380 million loss.

Income of €71.415 million arising from the estimation at fair value as at 14 June 2011 of Axway Software shares retained is recognised under *Other operating income and expenses.*

Note 31 | Earnings per share

(in euros)	1st half 2011	1st half 2010	2010 restated	2010 published
Net profit – Group share	36,305,262	19,822,095	74,768,462	74,768,462
Weighted average number of ordinary shares in issue	11,858,868	11,752,543	11,780,090	11,780,090
BASIC NET EARNINGS PER SHARE	**3.06**	**1.69**	**6.35**	**6.35**

(in euros)	1st half 2011	1st half 2010	2010 restated	2010 published
Net profit – Group share	36,305,262	19,822,095	74,768,462	74,768,462
Weighted average number of ordinary shares in issue	11,858,868	11,752,543	11,780,090	11,780,090
Weighted average number of securities retained in respect of dilutive items	30,940	45,168	29,709	29,709
Weighted average number of shares retained for the calculation of diluted net earnings per share	11,889,808	11,797,711	11,809,799	11,809,799
DILUTED NET EARNINGS PER SHARE	**3.05**	**1.68**	**6.33**	**6.33**

The method used to calculate earnings per share is set out in Note 1.23 of the 2010 Reference Document. The only dilutive instruments are the stock options referred to in Note 13.2.

For the calculation of diluted earnings per share, only potential dilutive ordinary shares have been taken into account, except those that have an earnings-enhancing effect. The shares considered to have an enhancing effect are potential ordinary shares resulting from share subscription options with an exercise price above the average price of the share (€56.08) during the period. A total of 52,720 options allocated on 29 March 2011 under Plan No. 6 fall into this category, at an exercise price of €66.61.

OTHER INFORMATION

Note 32 | Segment information

32.1. Results by division

a. Consulting and Systems and Solutions Integration – France

(in millions of euros)	1st half 2011		1st half 2010		2010 restated	
Revenue	435.5		388.3		788.9	
Operating profit on business activity	39.2	9.0%	32.7	8.4%	78.1	9.9%
Profit from recurring operations	38.8	8.9%	32.1	8.3%	77.2	9.8%
Operating profit	35.9	8.2%	32.1	8.3%	76.6	9.7%

b. Systems Integration – Europe

(in millions of euros)	1st half 2011		1st half 2010		2010 restated	
Revenue	94.2		86.9		175.5	
Operating profit on business activity	3.7	3.9%	1.6	1.8%	7.6	4.3%
Profit from recurring operations	3.7	3.9%	1.6	1.8%	7.6	4.3%
Operating profit	3.7	3.9%	1.6	1.8%	7.6	4.3%

c. Not allocated

(in millions of euros)	1st half 2011		1st half 2010		2010 restated	
Revenue	-		-		-	
Operating profit on business activity	-		-		-	
Profit from recurring operations	-		-		-	
Operating profit	14.4		- 0.2		- 0.5	

d. Group

(in millions of euros)	1st half 2011		1st half 2010		2010 restated	
Revenue	529.7		475.2		964.4	
Operating profit on business activity	42.9	8.1%	34.3	7.2%	85.7	8.9%
Profit from recurring operations	42.5	8.0%	33.7	7.1%	84.8	8.8%
Operating profit	54.0	10.2%	33.5	7.0%	83.7	8.7%

Operating profit for the unallocated segment may be broken down as follows:

- a €71.4 million capital gain on Axway shares retained;
- an €18.0 million impairment loss on equity-accounted Axway shares;
- non-recurring expenses related to the project to spin-off Axway's business in the total amount of €1.0 million;
- a €38.0 million goodwill impairment loss split between the following CGUs: United Kingdom (€20 million), Spain (€15 million) and Belgium (€3 million).

32.2. Geographical breakdown of revenue

(in millions of euros)	France	United Kingdom	Spain	Other European countries	Other zones	TOTAL
Revenue	413.4	30.8	36.7	44.6	4.2	**529.7**

32.3. Breakdown of the main assets per division

(in thousands of euros)	CSSI France	SI Europe	TOTAL
Goodwill	72,347	91,760	**164,107**
Intangible assets	1,969	449	**2,418**
Property and equipment	32,668	6,780	**39,448**
Trade accounts receivable	278,145	57,901	**336,046**

CSSI: Consulting and Systems and Solutions Integration.

SI: Systems Integration.

32.4. Geographical breakdown of the main assets

(in thousands of euros)	France	United Kingdom	Spain	Other European countries	Other zones	TOTAL
Goodwill	56,584	32,344	51,297	21,083	2,799	**164,107**
Intangible assets	635	-	30	1,669	84	**2,418**
Property and equipment	31,836	529	5,902	424	757	**39,448**
Trade accounts receivable	275,474	11,830	24,950	22,802	990	**336,046**

Note 33 | Financial risk factors

33.1. Credit risk

a. Ageing balance of trade accounts receivable

(in thousands of euros)	Carrying value	Of which impaired	Of which: neither impaired nor past due at the balance sheet date	Of which: not impaired at the balance sheet date but past due, with the following breakdown					
				Less than 30 days	Between 30 and 60 days	Between 61 and 90 days	Between 91 and 180 days	Between 181 and 360 days	More than 360 days
Receivables (including doubtful debtors)	214,980	2,585	150,760	32,865	14,579	7,523	4,526	1,800	342

b. Statement of changes in provisions for doubtful receivables

(in thousands of euros)	1st half 2011	2010 published
Provisions for trade accounts receivable at 1 January	**2,545**	**2,891**
Charges	873	193
Reversals	-413	-579
Changes in scope	-	-
Translation adjustments	-19	40
Discontinued operations	-451	-
PROVISIONS FOR TRADE ACCOUNTS RECEIVABLE AT END OF PERIOD	**2,535**	**2,545**

33.2. Liquidity risk

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

The Group carried out a specific review of its liquidity risk and considers that it is in a position to meet its cash disbursement obligations.

At 30 June 2011, the Group had access to credit facilities in the amount of €325 million (of which €73 million was used) and bank overdrafts in the amount of €70 million (of which €32.6 million was used), making a total of €395 million. The Group also had €21 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	73,401	75,283	30,084	14,625	16,952	13,622	-	-
Finance lease liabilities	8,018	8,271	3,776	2,565	1,428	502	-	-
Employee profit sharing	26,682	30,542	4,307	5,182	6,613	5,669	8,771	-
Other sundry financial liabilities	56	56	28	12	6	-	-	10
Current bank overdrafts	32,625	32,625	32,625	-	-	-	-	-
Loans and financial liabilities	**140,782**	**146,777**	**70,820**	**22,384**	**24,999**	**19,793**	**8,771**	**10**
Investment securities	-	-	-	-	-	-	-	-
Cash and cash equivalents	-21,018	-21,018	-21,018	-	-	-	-	-
CONSOLIDATED NET DEBT	**119,764**	**125,759**	**49,802**	**22,384**	**24,999**	**19,793**	**8,771**	**10**

33.3. Market risk

a. Interest rate risk

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

Hedging of borrowings

Sopra Group entered into hedging contracts in connection with taking out reducible, multi-currency, revolving credit facilities.

The interest rate applicable to these facilities is Euribor: the purpose of the hedging contracts is to protect against the risk of a rise in this rate.

At 30 June 2011, four swap agreements were in place. These relate to the first reducible, multi-currency, revolving credit facility (€200 million, October 2005) for a notional amount equal to the amount of the total credit commitment (€43 million at 30 June 2011). They mature in October 2012.

The details are as follows:

- for 2/3 of the notional amount: Euribor 1-month +0.3075% swap against Euribor 12-month post-fixed rate (E12M post) with a ceiling of 3.68% and a floor of 3.00%, if E12M post is less than 1.99%;
- for 1/3 of the notional amount: swap of 1-month Euribor against a fixed rate (4.55%).

At 30 June 2011, the valuation of these various hedging contracts was a net expense of €0.7 million (€0.1 million in assets and €0.8 million in liabilities), versus a net expense of €1.6 million at 31 December 2010.

The difference in valuation of +€0.9 million, impacts:

- the income statement *(Other financial income and expense)* for agreements not benefiting from the qualification of perfect hedge as defined in IAS 39, i.e. €0.5 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

The table below summarises the Group's exposure to interest rate risk on the basis of commitments at 30 June 2011.

	Rate	30/06/2011	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Cash and cash equivalents	Fixed rate	21,018	21,018	-	-	-	-	-
Financial assets	**Fixed rate**	**21,018**	**21,018**	**-**	**-**	**-**	**-**	**-**
Bank loans	Variable rate	-73,401	-29,804	-14,316	-16,311	-12,970		-
Finance lease liabilities	Fixed rate	-8,018	-3,617	-2,497	-1,404	-500	-	-
Employee profit sharing	Fixed rate	-26,682	-4,168	-4,798	-5,838	-4,789	-7,089	-
Other financial liabilities	Variable rate	-56	-56	-	-	-	-	-
Current bank overdrafts	Variable rate	-32,625	-32,625	-	-	-	-	-
Financial liabilities	**Fixed rate**	**-34,700**	**-7,785**	**-7,295**	**-7,242**	**-5,289**	**-7,089**	**-**
	Variable rate	**-106,082**	**-62,485**	**-14,316**	**-16,311**	**-12,970**	**-**	**-**
NET EXPOSURE BEFORE HEDGING	**FIXED RATE**	**-13,682**	**13,233**	**-7,295**	**-7,242**	**-5,289**	**-7,089**	**-**
	VARIABLE RATE	**-106,082**	**-62,485**	**-14,316**	**-16,311**	**-12,970**	**-**	**-**
Interest rate hedging instruments	**Fixed-rate payer swaps**	**14,627**	**9,942**	**4,685**	**-**	**-**	**-**	**-**
	Knock-in collar	**28,393**	**19,300**	**9,093**	**-**	**-**	**-**	**-**
NET EXPOSURE AFTER HEDGING	**FIXED RATE**	**-28,309**	**3,291**	**-11,980**	**-7,242**	**-5,289**	**-7,089**	**-**
	VARIABLE RATE WITH CAP AND FLOOR	**-28,393**	**-19,300**	**-9,093**	**-**	**-**	**-**	**-**
	VARIABLE RATE	**-63,062**	**-33,243**	**-538**	**-16,311**	**-12,970**	**-**	**-**

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

For the first half of 2011, on the basis of average outstanding borrowings and bank overdrafts, a rise in interest rates of 100 basis points would have had a negative impact of €0.1 million on the Group's cost of net financial debt. A fall in interest rates of 100 basis points would have had no impact on the cost of debt.

b. Foreign exchange risk

Foreign exchange risk arises mainly from currency translation of financial statements for UK- or US-based companies. No specific hedge has been arranged for this type of risk.

The exposure to risk arising from trade transactions is limited, since each of the entities involved mainly carries out business in its own country and its own currency. When this is not the case, and for contracts that are significant in nature, the Group makes use of exchange rate hedging instruments to mitigate the associated risk.

Furthermore, as part of its intra-group transactions, the Group is exposed to the risk of currency fluctuations in respect of:

- the invoicing of services provided from centres located in India, Romania and Morocco. The impact of these currency fluctuations on profit or loss is in principle negligible in view of the regularity of settlements;
- the invoicing of licence fees by the Group to subsidiaries operating in a functional currency other than the euro. The impact of these currency fluctuations on profit or loss is not significant;
- borrowings and loans in foreign currencies related to intra-group financings. The impact of these currency fluctuations is taken to equity. These money flows are not systematically hedged. However, the Group contracts specific hedges for all large individual foreign currency transactions.

At 30 June 2011, the net carrying amount of assets and liabilities recognised by Group entities in a currency other than their functional currency was as follows:

Inter-company commercial transactions

(in thousands of euros)	USD	GBP	EUR	MAD	Other	Total
Assets	47	1,211	2,793	9	122	4,182
Liabilities	20	389	288	665	69	1,431
Foreign currency commitments	-	-	-	-	-	-
Net position before hedging	**27**	**822**	**2,505**	**-656**	**53**	**2,751**
Hedging instruments	-	-	-	-	-	-
NET POSITION AFTER HEDGING	**27**	**822**	**2,505**	**-656**	**53**	**2,751**

Sensitivity analysis

(in thousands of euros)	USD	GBP	EUR	MAD	Other	Total
Currency change assumption (appreciation)	5%	5%	5%	5%	5%	
IMPACT ON PROFIT	**1**	**41**	**125**	**-33**	**3**	**137**
IMPACT ON EQUITY	**-**	**-**	**-**	**-**	**-**	**-**

Current accounts

(in thousands of euros)	USD	GBP	MAD	CHF	Other	Total
Assets	-	-	1,054	-	-	1,054
Liabilities	-	7,756	-	9,668	-	17,424
Foreign currency commitments	-	-	-	-	-	-
Net position before hedging	**-**	**-7,756**	**1,054**	**-9,668**	**-**	**-16,370**
Hedging instruments	-	-	-	-	-	-
NET POSITION AFTER HEDGING	**-**	**-7,756**	**1,054**	**-9,668**	**-**	**-16,370**

Sensitivity analysis

(in thousands of euros)	USD	GBP	EUR	CHF	Other	Total
Currency change assumption (appreciation)	5%	5%	5%	5%	5%	
IMPACT ON PROFIT	-	-	-	-	-	-
IMPACT ON EQUITY	-	-388	53	-483	-	-818

c. Equity risk

At 30 June 2011, Sopra Group held 9,600 of its own shares, acquired under the terms of the share repurchase programmes authorised by the General Meeting, for a total amount of €598,367, representing an average purchase price of €62.33.

All transactions in treasury shares are taken directly to shareholders' equity. The impact at 30 June 2011 is a deduction of €258 thousand (see *Statement of changes in consolidated shareholders' equity*).

Note 34 | Related party transactions

34.1. Transactions with the Axway group

(in thousands of euros)	1st half 2011	1st half 2010	2010 restated	2010 published
Transactions between Sopra Group and the Axway group				
Sales of goods and services	6,923	5,412	11,179	-
Purchases of goods and services	-508	-2,181	-2,970	-
Operating receivables	4,947	3,258	2,616	-
Operating payables	-667	-2,366	-329	-
Financial income	678	794	1,502	-
Financial receivables (current account)	60,000	63,943	68,432	-
Transactions between Sopra Group subsidiaries and the Axway group				
Sales of goods and services	1,572	1,232	2,727	-
Purchases of goods and services	-20	-68	-67	-
Operating receivables	759	1,099	725	-
Operating payables	-127	-154	-96	-
Financial income	-	-	-	-
Financial receivables (current account)	-	-	-	-

34.2. Subsidiaries and associated entities

Transactions and balances between Sopra Group and its subsidiaries were eliminated in full on consolidation, since all of the subsidiaries are fully consolidated.

Non-consolidated equity investments are included under *Available for sale financial assets* (see Note 17.1).

Note 35 | Covenants

Within the framework of the syndicated loans implemented in October 2005 and April 2008, Sopra Group assumed the following covenants:

- the ratio of net financial debt to EBITDA is required to be lower than 3 for the entire term of the facility. This ratio was 0.77 at 30 June 2011, compared to 0.27 at 31 December 2010;
- the ratio of net debt to equity is required to be lower than 1 for the entire term of the facility. At 30 June 2011 this ratio was 0.38, compared to 0.09 at 31 December 2010;
- the ratio of operating profit to net financial debt is required to be greater than 5 for the entire term of the facility. At 30 June 2011, this ratio was 28.48 compared to 18.73 at 31 December 2010.

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

Within the framework of the syndicated loan taken up in June 2011, Sopra Group assumed the following covenants:

- the ratio of net financial debt to EBITDA is required to be lower than 3 for the entire term of the facility. At 30 June 2011, this ratio was 0.77;
- the ratio of net debt to equity is required to be lower than 1.2 for the entire term of the facility. At 30 June 2011 this ratio was 0.38;
- the ratio of operating profit to net financial debt is required to be greater than 5 for the entire term of the facility. At 30 June 2011, this ratio was 43.75.

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

In calculating the cost of net financial debt, the impact of interest on employee profit sharing has been neutralised.

Note 36 | Exceptional events and legal disputes

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

Note 37 | Post balance sheet events

The €61.9 million capital increase launched by Axway at end-June was completed on 18 July. Sopra Group subscribed for the number of shares to which it was entitled as of right, amounting to 26.27% for a total of €16.3 million.

Following the capital increase, and in accordance with the objectives of the operation, on 19 July 2011 Axway paid off the full balance on its current account with Sopra Group, totalling €60.0 million.

Note 38 | Rates of conversion of foreign currencies

	Average rate for the period			Period-end rate		
€1/currency	**1st half 2011**	1st half 2010	2010 published	**30/06/2011**	30/06/2010	31/12/2010
Swiss franc	1.2697	1.4359	1.3795	1.2071	1.3283	1.2504
Pound sterling	0.8677	0.8694	0.8576	0.9025	0.8175	0.8608
Swedish krona	8.9366	9.7905	9.5374	9.1743	9.5259	8.9654
Romanian leu	4.1789	4.1487	4.2093	4.2436	4.3700	4.2620
Bulgarian lev	1.9558	1.9558	1.9558	1.9558	1.9558	1.9558
Moroccan dirham	11.3109	11.1396	11.1495	11.3572	10.9961	11.1744
US dollar	1.4019	1.3248	1.3244	1.4453	1.2271	1.3362
Canadian dollar	1.3698	1.3695	1.3640	1.3951	1.2890	1.3322
Australian dollar	1.3578	1.4842	1.4415	1.3485	1.4403	1.3136
Hong Kong dollar	10.9111	10.2955	10.2891	11.2473	9.5549	10.3853
Singapore dollar	1.7649	1.8502	1.8040	1.7761	1.7160	1.7136
Yuan (China)	9.1710	9.0424	8.9646	9.3414	8.3215	8.8222
Rupee (India)	63.0915	60.6428	60.5327	64.5578	56.9800	59.7729
Ringitt (Malaysia)	4.2521	4.3737	4.2589	4.3626	3.9730	4.0950
Korean won	1,538.4615	1,538.4615	1,538.4615	1,538.4615	1,492.5400	1,492.5373

2 BUSINESS REVIEW FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2011

General environment

Following a year marked mainly by a limited recovery in 2010, the IT services market in the first half of 2011 saw:

- an acceleration of this recovery in France;
- persistent pressure on prices, although increases in rates for some services have been achieved.

Market characteristics in France varied somewhat depending on the industry segment:

- recovery in the banking sector is spurred by changes in regulatory frameworks, restructuring plans (BNP – Fortis, Caisses d'Epargne – Banques Populaires, etc.) and distribution channels (new client acquisition);
- utilities are seeing above-average growth;
- other sectors are growing at a slower pace.

Without question, the main challenge faced by industry players relates to recruitment. Difficulties experienced are primarily due to the shortage of candidates as a result of the recovery and the fact that many IT services companies had reduced their staffing levels during the the crisis.

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

1.1. Significant events

1.1.1. Spin-off and listing of Axway

The first half of 2011 was marked by the completion of the process to spin-off and list Axway Software on the stock market, with an initial stock market listing on NYSE Euronext Paris on 14 June 2011.

Details of the spin-off and listing procedure were provided in Sopra Group's updated Reference Document, which was filed with the *Autorité des marchés financiers* on 20 May 2011 under number D.11-0261-A01. On completion of this operation, Sopra Group remains a shareholder of Axway Software, having retained a 26.27% stake.

1.1.2. Acquisitions

The Group did not proceed with any acquisitions during the first half of the year.

1.2. Business activity during the first six months of 2011

Sopra Group posted organic growth in excess of 11%, far outstripping the target announced early in the year. The operating results have improved over the previous year, thus underscoring the quality of the Group's business model and confirming its strong positioning, particularly in its domestic market. Lastly, the success of the Axway spin-off and listing is certain to give fresh impetus to the Group's pursuit of its strategic plans in France and in Europe organised around its core businesses.

The Group's main financial highlights for the first half of 2011 are shown in the table below:

	30/06/2011		30/06/2010 Published		Change 2011/2010
	(in €m)	(in %)	(in €m)	(in %)	(in %)
Key income statement items					
Revenue	529.7		475.2		+11.5%
organic growth					*+11.4%*
Operating profit on business activity[(1)]	42.9	8.1%	34.3	7.2%	+25.1%
Profit from recurring operations	42.5	8.0%	33.7	7.1%	+26.1%
Operating profit	54.0	10.2%	33.5	7.0%	+61.2%
Net profit before discontinued operations	37.7	7.1%	17.2	3.6%	+119.2%
Net profit – Group share	36.3	6.9%	19.8	4.2%	+83.3%
Restated net profit[(2)]	24.8	4.7%	19.8	4.2%	+25.3%
Per share data					
Net earnings per share[(3)]	3.06		1.69		+81.1%
Restated net earnings per share[(2) and (3)]	2.09		1.69		+23.7%
Key balance sheet items					
Consolidated net debt	119.8		145.9		-17.9%
Equity (Group share)	253.3		315.4		-22.9%
Net debt / Equity		47%		46%	

(1) Profit from recurring operations before expenses relating to stock options and amortisation of allocated intangible assets.

(2) Net profit - Group share adjusted for non-recurring items for the period.

(3) Calculated based on the weighted average number of ordinary shares in circulation.

At 30 June 2011, the Group reported consolidated revenue of €529.7 million, corresponding to organic growth of 11.4% (at constant structure and exchange rates).

Operating profit on business activity came to €42.9 million, representing a current operating margin of 8.1%. Profit from recurring operations came to €42.5 million, resulting in a current operating margin of 8.0%, an improvement of 90 basis points compared to the previous year.

Operating profit amounted to €54.0 million, it takes into account the following non-recurring items:

- An estimate of the investment retained by Sopra Group in Axway (26.27%):
  - At 14 June 2011: the investment retained in Axway was measured at fair value, which according to IAS 39, should be determined with reference to the stock market price on the first day of the stock market listing. Strict application of this standard led to the recognition of a gain of €71.4 million, on the basis of the average price per share observed of €23.94.
  - At 30 June 2011: the investment was subject to an estimate on the basis of an average stock market reference of €19.70 (net of disposal costs) leading to the recognition of an impairment loss of €18.0 million.
- Non-recurring costs relating to the spin-off and stock market listing of Axway:
  - Portion of professional fees and external expenses borne by Sopra Group of €1.0 million.
  - Expense of €2.9 million corresponding to the non-recurring portion of employee profit sharing due to the impact on the company's equity as a result of distribution operations.
- Impairment of goodwill of European subsidiaries for a total amount of €38.0 million, broken down as follows: United Kingdom (€20 million), Spain (€15 million) and Belgium (€3 million). These impairment losses result mainly from the fact that poorer and uncertain economic conditions have been taken into account and, to a lesser extent, that the outlook has deteriorated slightly for the United Kingdom and Belgium.

Net financial charges amounted to €1.1 million.

Net profit before discontinued operations was €37.7 million, corresponding to a margin of 7.1%.

Recognition of Axway's net profit

For the first half of 2011, Axway reported net profit of €2.9 million, including other operating income and expenses amounting to a net expense of €3.4 million (cost of the spin-off).

This net profit is comprised of the following two components:

- a loss of €1.4 million up to the date of spin-off and listing, after fully taking into account the cost of the spin-off;
- a profit of €4.3 million for the second fortnight of June as a result of a high volume of licence sales.

Share of net profit accounted for under the equity method

In the first half of 2011, the Group's share in the net profit of companies accounted for under the equity method includes its share in Axway's net profit from 14 June 2011 (date of the spin-off/listing) until 30 June 2011 (26.27% of €4.3 million), i.e. €1.1 million.

For the first half as a whole, this figure would have been €0.7 million.

Profit after tax from discontinued operations and net profit

In the first half of 2011, profit after tax from discontinued operations includes the full impact of the results of Axway's operations for the period extending from 1 January until the date of the spin-off and listing, which amounted to a loss of €1.4 million.

As a result of the preceding, the Group's **net profit** came to €36.3 million in the first half of 2011, corresponding to 6.9% of revenue, compared to €19.8 million and 4.2% of revenue a year earlier. After adjusting for other operating income and expenses, profit was €24.8 million, corresponding to a net margin of 4.7%, an improvement of 50 basis points compared to 2010.

Business review

France

	30/06/2011		30/06/2010	
	(in €m)	(in %)	(in €m)	(in %)
Revenue	435.5		388.3	
Organic growth		*+12.2%*		
Operating profit on business activity	39.2	9.0%	32.7	8.4%
Profit from recurring operations	38.8	8.9%	32.1	8.3%
Operating profit	35.9	8.2%	32.1	8,3%

The Group's businesses in France posted strong organic growth of 12.2%, with revenue of €435.5 million. Operating profit on business activity was €39.2 million, corresponding to a current operating margin of 9.0%. Profit from recurring operations came to €38.8 million, resulting in a current operating margin of 8.9%, an improvement of 60 basis points compared to the previous year.

Operating profit totalled €35.9 million, corresponding to an operating margin of 8.2%. The improvement in profit was buoyed by the Group's high value-added solutions, progress made over the last several years towards greater industrialisation and better than expected performance for licence sales.

Europe (excluding France)

	30/06/2011		30/06/2010	
	(in €m)	(in %)	(in €m)	(in %)
Revenue	94.2		86.9	
Organic growth		*+7.7%*		
Operating profit on business activity	3.7	3.9%	1.6	1.8%
Profit from recurring operations	3.7	3.9%	1.6	1.8%
of which United Kingdom				
Revenue	30.7		28.5	
Operating profit on business activity	0.4	1.3%	0.7	2.5%
Profit from recurring operations	0.4	1.3%	0.7	2.5%
of which Spain				
Revenue	36.3		33.8	
Operating profit on business activity	1.7	4.7%	0.1	0.3%
Profit from recurring operations	1.7	4.7%	0.1	0.3%
of which Italy				
Revenue	17.4		15.5	
Operating profit on business activity	0.7	4.0%	0.2	1.3%
Profit from recurring operations	0.7	4.0%	0.2	1.3%
of which other countries				
Revenue	9.8		9.1	
Operating profit on business activity	0.9	9.2%	0.6	6.6%
Profit from recurring operations	0.9	9.2%	0.6	6.6%

Revenue posted by the European CSSI subsidiaries came to €94.2 million, thus representing limited negative organic growth of 7.7%. Operating profit on business activity was €3.7 million, corresponding to a margin of 3.9%, thus improving by more than 200 basis points compared to the previous year. This improvement is the result of better application of Group processes in day-to-day management by its subsidiaries as well as slightly more favourable market conditions than in the past. However, the economic environment in these countries remains challenging, causing the Group to record certain goodwill impairment losses after implementing impairment tests.

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

	% of 2011 revenue	% of 2010 revenue
Financial services	25%	29%
Axway	17%	17%
Services/Transport/Utilities	21%	19%
Telecoms & Media	12%	10%
Public sector	18%	17%
Retail	7%	8%
TOTAL	**100%**	**100%**

Change in the Group's total workforce

At 30 June 2011, the Group's total workforce was 12,280 persons, a rise of 630 persons compared to 31 December 2010.

	30/06/2011	31/12/2010
Workforce – France	8,800	8,230
Workforce – International	3,480	3,420
TOTAL	**12,278**	**11,650**
Workforce at the start of the period	11,650	10,840
Net additions to workforce	630	810
TOTAL	**12,280**	**11,650**

Group's financial position

At 30 June 2011, the Group's financial position is sound, with respect to both debt maturity and compliance with banking covenants.

After taking into account all transactions related to the Axway spin-off, the Group's consolidated equity came to €243.3 million.

At 30 June 2011, net debt came to €119.8 million after two cash distributions totalling €56.7 million. The gearing ratio (net debt to equity) was 49%. In order to calculate banking covenant compliance, the Group is required to exclude employee profit sharing, which results in a gearing ratio of 38%.

On 19 July 2011, following the capital increase by Axway, the latter reimbursed the entirety of its current account with Sopra Group, i.e. €60 million. This payment will reduce the amount of the Group's net debt at 31 December 2011 by the same amount.

In June 2011, the Group entered into a €150 million syndicated credit facility with all of its banks. This facility raises the total of the Group's medium-term credit lines to €325 million, which is the new amount available for drawdowns over and above the Group's short-term credit lines. As a result, the Group has access to sufficient cash resources for any acquisitions it may decide to pursue in connection with its strategic plans.

1.3. Strategy

Following the successful completion of the Axway spin-off on 14 June 2011, Sopra Group's Board of Directors and Executive Management have decided to concentrate their efforts on a specific set of strategies with the aim of:

- reinforcing the Group's position as one of the French market's leading players in all of its businesses;
- building a solid foundation for further growth in Europe;
- pursuing a new client acquisition programme, especially in connection with the Evolan range of products and solutions for the banking sector;
- maintaining organic growth outstripping the market;
- ensuring high profitability.

In order to fulfil its strategic objectives, the Group may be prompted to significantly increase its size in the coming years.

2. Description of the principal risks and contingencies for the remaining six months of the 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 the signature of licence contracts, which often represent investments 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 that described in this document, in light of a certain number of risks and uncertainties, as described in the 2010 Reference Document which was filed with the *Autorité des marchés financiers* (AMF) on 8 April 2011. This document was supplemented by an update, which was filed with the AMF on 20 May 2011.

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 having taken place during the six-month period ended 30 June 2011 and which had a material impact on the issuer's financial position or the results of its operations during this period

Axway: Cash management agreement

Axway continued to benefit from credit during the period in the form of current account advances, which totalled €60 million at 30 June 2011 (€68.4 million at 31 December 2010), under a cash management agreement with Sopra Group S.A. By an instrument dated 27 April 2011, Sopra Group S.A. and Axway Software established that this agreement would be maintained in force until 31 December 2012 and that Axway Software would have access to the amounts made available by Sopra Group until that date, but that the amounts transferred would be subject to early repayment should the proposed capital increase be completed, whose proceeds should be used for the reimbursement of these amounts. This current account was fully reimbursed on 19 July 2011, following the successful completion of Axway Software's capital increase.

Axway: removal from the tax consolidation group

In addition, Axway is no longer party to the Group's tax consolidation agreement. This change has no impact on either entity since both are profit-making companies and another agreement in force already provides for the allocation of the tax expense between them in the absence of tax consolidation.

3.2. Changes affecting related-party transactions described in the latest Reference Document with a potentially material impact on the issuer's financial position or the results of its operations during the six-month period ended 30 June 2011

Axway: Continuation of service level agreements after the listing of Axway Software

For its operations in India, Axway will continue to benefit from the equipment made available and human resources (65 staff members) seconded by the Group through Sopra India Private Limited, Sopra Group S.A.'s Indian subsidiary.

Axway will also continue to use the premises made available to it by Sopra Group S.A. in Annecy-Le-Vieux and Puteaux, France under an agreement executed on 19 December 2001 and its amendment n° 3 executed on 15 December 2010.

Sopra Group S.A. has also guaranteed the lease payments of Axway Software's subsidiary Axway Inc. that are payable by the latter under the terms of a lease agreement.

Axway will also continue to benefit, to a limited extent and for a limited period of time, from various assistance services.

Axway: Expenses relating to the spin-off

An agreement has been signed for the allocation of expenses recognised in 2010 in connection with the spin-off, which involve both external and internal expenses incurred as a result of the separation of networks, to be allocated either to Axway Software or Sopra Group depending on their purpose. This agreement was renewed for 2011 and resulted in the recognition of a cost of €1.1 million for Sopra Group for the six-month period ended 30 June 2011.

4. Updated forecasts and targets

Although the Group is maintaining the performance objectives that it set at the beginning of the year for the financial year as whole, namely organic growth and a slight improvement in the operating margin on business activity, the current economic environment does not enable it to make any firm commitments.

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 main 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, 30 August 2011

Pierre Pasquier

Chairman and Chief Executive Officer

4 STATUTORY AUDITORS' REPORT ON THE GROUP'S INTERIM FINANCIAL INFORMATION

To the Shareholders,

As mandated by your General Meetings and in accordance with Article L. 451-1-2 III of the French Monetary and Financial Code, we have carried out the following procedures:

- a limited review of Sopra Group's condensed consolidated interim financial statements of Sopra Group for the six-month period from 1 January to 30 June 2011, which precede this report;
- the verification of the information provided in the Business Review for the six-month period ended 30 June 2011.

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 consolidated financial statements with IAS 34 – IFRS standard, as adopted in the European Union – relating to interim financial information.

Without qualifying the conclusion expressed above, we would like to draw your attention to Note 1.2.a of the interim financial statements, which discusses the impact of the new standards applicable for accounting periods beginning on or after 1 January 2011, and to Note 3 relating to the comparability of the accounts.

II. Specific verification

We also verified the information provided in the interim management report commenting upon the condensed consolidated interim financial statements that were the focus of our limited review.

We have no comments on the sincerity and consistency with the condensed interim consolidated financial statements.

Paris and Courbevoie, 31 August 2011

The Statutory Auditors

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

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