Sopra group

Reference Document 2008

TALENTED TOGETHER

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Sopra Group

Reference Document 2008

The original French-language version of this Reference Document was registered with the Autorité des Marchés Financiers on 20 April 2009, pursuant to article 212-13 of its General Regulations. The French-language original may be used as a basis for a financial transaction if it is supplemented by a prospectus authorised by the Autorité des Marchés Financiers.

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

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

1. Relating to financial year 2006:

- the management report and the consolidated financial statements, in addition to the Statutory Auditors' report on the consolidated financial statements, included in the Reference Document filed on 27 April 2007 under number D.07-0400 (pages 41 to 52 and 53 to 95, respectively);
- the individual company financial statements of Sopra Group in addition to the Statutory Auditors' general report on the individual company financial statements included in the Reference Document filed on 27 April 2007 under number D.07-0400 (pages 97 to 114);
- the Statutory Auditors' special report on regulated agreements and commitments included in the Reference Document filed on 27 April 2007 under number D.07-0400 (pages 115 and 116).

2. Relating to financial year 2007:

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

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

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

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1

Sopra Group: OUR BUSINESS

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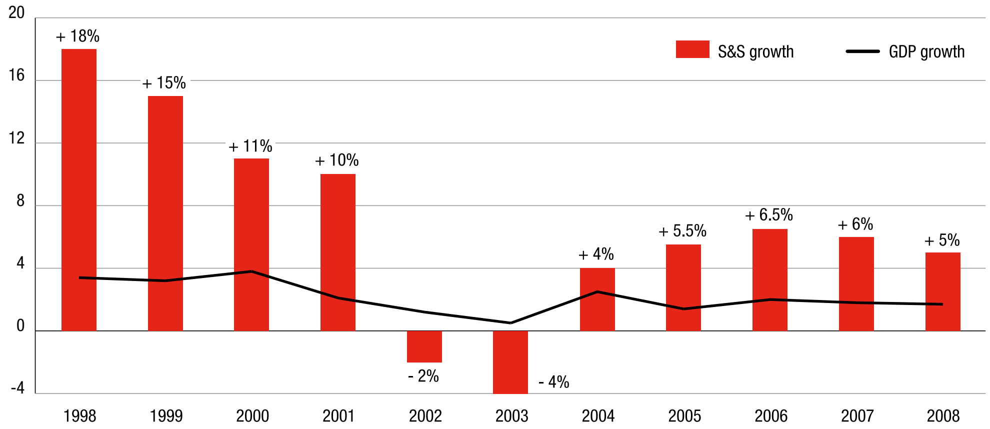
1. An overview of the IT services sector

1.1. Sustained growth in 2008 followed by a more modest performance in 2009

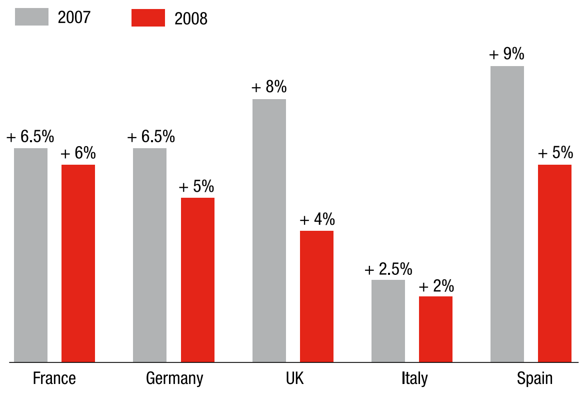
In Europe, 2008 was a fifth year of growth for the Software and Services sector, one in which companies with 10 employees or more posted a 5% increase in revenue.

Between 1999 and 2008, revenue for companies in the sector grew about three times faster than the French GDP, as shown in the table below:



Source: Syntec Informatique.

In Western Europe, growth in revenue for the Software and Services sector varied from one country to the next in 2008.



Source: PAC, Syntec Informatique, EITO.

For IT services companies and software publishers, the current crisis differs from the crisis in 2002. At that time, information technology investment had reached excessively high levels worldwide due to the series of transformations between 1998 and 2001 (Y2K, euro, Internet, widespread adoption of major ERP solutions, development of mobile telephony).

Sector growth rates were in the region of 15%, compared to between 5% and 7% today. Moreover, information technology had become especially critical to the success of many organisations with the development of the Internet and e-commerce.

Finally, between 2003 and 2008, IT services clients underwent a complete transformation: **by industrialising their information systems, they obtained a major competitive advantage**.

Three issues are significant for 2009:

- limited visibility. At present, forecasts can only encompass the first half of the year. At end-2008, Syntec anticipated growth of 2–4% in France over this period for both the IT services sector and software publishers and declined to make any pronouncements for the second half;
- differing results by business segment:
  - all of our business segments are expected to record lower growth but outsourcing will remain very active, as clients are likely to resort to this approach as a means to reduce their costs,
  - services, with the exception of major projects, are expected to see only slight growth,
  - software publishing will also see its growth slow considerably;
- varied performance by industry sector:
  - in France, the public sector is expected to continue to make further investments, with growth in excess of 6%, while the same sector should see weaker growth in the United Kingdom due to the level of investments already made,
  - utilities and the energy sector are expected to hold up well,

- the remaining sectors will see only modest growth; manufacturing is expected to record very limited and widely contrasting growth (the automobile sector should see a steep decline whereas the pharmaceutical industry should remain strong).

The overall contraction in the economy is not expected to result in negative growth for our sector in 2009.

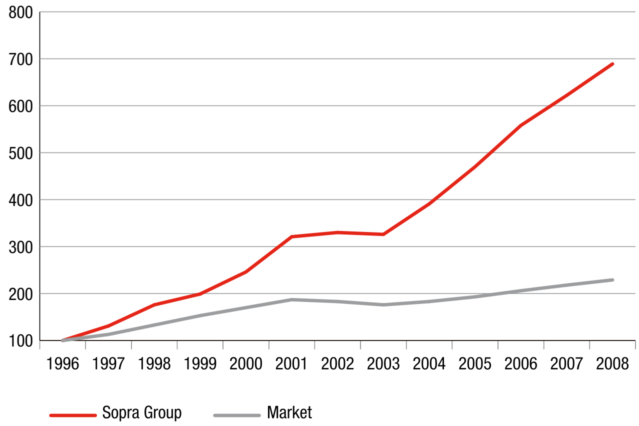
1.2. Factors supporting sustainable growth

We note three factors contributing to sustainable growth:

- IT investments related to external constraints:
  - new regulatory frameworks,
  - deregulation in the energy and transportation sectors,
  - mergers, particularly in the banking, transportation and energy fields (e.g., Gaz de France-Suez), etc.;
- projects enabling companies to enhance their competitiveness and increase differentiation through innovation so as to exit the crisis more rapidly than their competitors:
  - e-commerce, which is seeing rapid growth in all business sectors (growth > 20%),
  - embedded information systems in aeronautics, telecoms, retail and defence,
  - mobile applications,
  - modernisation of administrative processes by governments (e.g., paperless systems);
  - internal control tools making use of decision support software;
- the last factor is counter-cyclical: this refers to segments that see stronger growth when the economy is in recession; these projects, which offer a very high return on investment, include the rationalisation of information systems and outsourcing, together representing a very high portion of our market.

In conclusion, the strength of these factors as bulwarks is significant and should allow our sector to maintain slightly positive growth rates in 2009.

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



Sources: Syntec - Sopra Group.

In recent years, Sopra Group has proven its capacity to outperform its sector. Over the last ten years, its revenue performance has been three times better than the market. Today, the Group is fully aware of the challenges faced by the IT services sector and constantly adapts its strategy in order to remain among the sector's best performing companies.

2. History of Sopra Group

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

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

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

2.1. The most significant acquisitions

2.1.1. France

- in 1996, Sopra Group acquired SG2 Ingénierie, bringing Société Générale into the group's capital as well as adding 650 members to its workforce. This influx of personnel considerably strengthened the Company's presence in Paris, the French provinces and Belgium;
- in 2000, Sopra Group acquired Orga Consultants, which specialises in strategy, management and organisational consulting, and has a workforce of 200. This acquisition enabled Sopra Group to develop a high-level consulting business;

- in December 2003, Sopra Group acquired Inforsud Ingénierie from Crédit Agricole. This acquisition reaffirmed Sopra Group's dominant position in the banking sector and solidified its uncontested leadership in lending management and smartcard technologies;
- in July 2004, Sopra Group acquired Valoris, a European consulting and IT services company employing a staff of nearly 500. Its offer of services ranges from strategy consulting to the management of IT architectures. Valoris is a market leader in the following areas: Business Intelligence (BI), Client Relationship Management (CRM), Portals and Content Management.

2.1.2. Europe

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

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

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

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

2.2. Axway Software subsidiary

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

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

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

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

3. Sopra Group's businesses and strategy

3.1. Solid foundations and prospects

To a significant extent, Sopra Group owes its satisfactory performance in 2008 to the relevance of its business model and the continued progress it has made with its major transformation projects.

These solid foundations give the Group ample reason to feel confident in its ability to adapt well to worsening economic conditions in 2009.

The market also provides sources of confidence.

For instance, many of our clients will be prompted, as in the previous years, to make investments necessitated by new regulatory frameworks, mergers and restructuring and, in a general sense, by their desire to rationalise their information systems.

Sopra Group is also heavily involved in projects designed to enhance competitiveness, such as e-commerce, embedded information systems and paperless systems.

Last but not least, Application Outsourcing, one of Sopra Group's core businesses, meets the increasing need among users to outsource either certain functions or their entire information systems. This need grows stronger in times of crisis.

Sopra Group is therefore extremely well equipped to weather the current crisis.

3.2. The relevance of Sopra Group's business model

Large and medium-sized IT services companies have each developed their own business models and for this reason these firms are no longer directly comparable. The challenge for each is to select and develop the most relevant model.

Sopra Group's business model is built around four specifically delineated divisions with high potential for growth, all of which leverage our know-how: Consulting, Systems Integration and Application Outsourcing, Industry-Specific Solutions (banking, human resources, real estate) and finally Axway, the leading provider of collaborative business solutions.

This business model is furthered not only by technology development, but also by growth in outsourcing and sector consolidation affecting various business segments. In our view, it is not affected by cyclical risk factors and represents a powerful strategic growth driver for Sopra Group.

3.3. Major transformation projects

3.3.1. Industrialisation

In 2008, Sopra Group made further progress in the industrialisation of its services with the aim of reinforcing its competitive advantage.

In particular, efforts were directed towards enhancing the appeal of the production function and accelerating the development of methods, tools and processes. Furthermore, the Group's network of Service Centres, both nearshore (in France) and offshore (Spain, Morocco, India), meets the aim of ensuring capacity adequate to serve the needs of our clients.

3.3.2. Partnerships, major client accounts

Application Outsourcing saw robust growth in 2008, as did our major client accounts and partnerships involving X-net technologies, Oracle and SAP. The Group's "major account" strategy was very successful and will be reinforced in 2009 by greater internationalisation.

3.3.3. Banking Solutions: a European ambition

In 2008, a software publishing model was implemented for Evolan banking solutions. The aim is to take advantage of our position in the banking sector to promote the development of all of our services: Consulting, Products & Projects, Application Outsourcing.

3.3.4. Consulting: strengthening our positions

The objective is to achieve greater integration of the Group's Consulting entities in order to offer a high value-added solution able to be deployed for major projects.

3.3.5. European businesses: building on success

In light of the difficult market environment for Sopra Group's European subsidiaries, the aim is to ensure that they benefit from all possible Group synergies in terms of solutions, the major client account approach and industrialisation.

3.4. Services

Sopra Group's mission is to guide the choices of clients without slavishly following the latest trends and to manage their major transformation programmes by aligning their information systems with their corporate strategies.

The Group proposes a total solution characterised by a set of values and behaviours whose key elements are:

- the guarantee of a total commitment with a view to establishing a long-lasting partnership;
- the development of a strategy based on proximity (both intellectual and geographic);
- innovation;
- expertise and knowledge of our clients' businesses;
- high quality of service performance;
- the industrialisation of services;
- striving to offer the optimal price/quality ratio.

3.4.1. Consulting

The offering encompasses two main areas: (i) strategy and management consulting and (ii) technology and business consulting.

- Strategy and management consulting services are provided by Orga Consultants, a Sopra Group company. Orga Consultants assists high-level managers in defining their strategic plans. It is primarily active in marketing and sales strategy, industrial and logistics performance, mergers/migrations, information system strategy and governance, economic control and performance and human resources management. Orga Consultants provides assistance to clients in many sectors, chief among which are banking and financial institutions, insurance and social welfare, manufacturing and services.
- Technology and business consulting is provided by Sopra Group's Business Consulting division. Its ambition is to significantly improve the operating performance of organisations and information systems by acting on its main drivers: processes, systems, human resources and control. Sopra Group's teams assume responsibility for project management as well as project execution on behalf of its clients. Sopra Group's Business Consulting teams demonstrate their excellence through their capacity to combine knowledge of clients' businesses, expertise in key enterprise functions and proven proficiency in the delivery and management of technology solutions.

3.4.2. Systems integration

The market favours suppliers who can add value to each phase in a project lifecycle. Sopra Group, whose traditional core business is Systems Integration, accompanies its clients throughout the entire project lifecycle, from design to maintenance and beyond, including application portfolio management. Sopra Group's sense of professionalism and the rigorous criteria applied in the implementation of its offerings are major strengths. Sopra Group's distinctive characteristic is its ability to understand its clients' businesses. Its key competitive advantage resides in the quality of its workforce. Through forty years of experience, these men and women have contributed to the development of a deep-rooted corporate culture and shared professional values, the building blocks of the Group's reliability and performance.

The Systems Integration business offers expertise in the following key technology areas:

- testing services: In the area of testing services, Sopra Group is expanding its coverage through an approach driven by the analysis of risk, offering meaningful and efficient testing at the lowest possible cost. This offer involves three segments: consulting, production and outsourcing;
- X-Net services: Implementing enterprise portals, e-commerce websites, intranets, extranets and supplier websites;
- integration of industry-leading ERP systems: These are based on market-standard technologies and are generally the core component to be implemented for enterprise management solutions. ERP integration requires high-level project management skills, specialist knowledge of system modules, and an ability to integrate ERP modules with legacy systems. Sopra Group is the fourth largest integrator of SAP systems, the leading Oracle integrator for E-business Suite clients, and QAD's European partner. As a Microsoft Gold Certified Partner, Sopra Group has assembled a team certified in Microsoft Dynamics AX and Microsoft Dynamics CRM;
- CRM (client relationship management): Improving the client performance and focus of a company may take many forms and often relies upon cutting-edge information and communications technologies. In this area, Sopra Group offers expertise for a wide variety of projects: the launching of contact centres, developing new channels of communication or implementing client knowledge databases, among others. Sopra Group's teams work closely with clients at all CRM project stages, from the formulation of strategy to the implementation of solutions;
- business intelligence applications: Analytic and decision support tools are used in a variety of business processes, from CRM through to price modelling, financial reporting and management control. Their design requires specialist IT skills and in-depth industry knowledge. Sopra Group is able to satisfy the growing demand for business intelligence solutions by pairing the extensive experience and skills of its design engineers with the proven and focused expertise of its consultants;
- embedded systems: Sopra Group participates in the largest European programmes in this area, especially in the field of aeronautics, with the aim of providing the benefit of its added value (industrialisation and major projects);
- proprietary solutions development: the Group's expertise encompasses a broad spectrum of capabilities, experience and comprehensive skills in design and implementation underpinned by its strengths in methodology, technology and specialist knowledge of particular subjects or business sectors. Sopra Group is therefore able to assume complete responsibility for major specialised projects for companies or public sector organisations covering all their technological dimensions and sector-specific components;
- finally, in all sectors Sopra Group offers industry-specific expertise and technical assistance.

3.4.3. Application outsourcing

One of the main areas of development for Sopra Group is to provide application portfolio management services for its clients.

This underlying trend took root in 2002 with the transformation of project-based services provided under time and materials contracts into Application Management services provided under long-term fixed-price agreements. Sopra Group very quickly positioned itself in this emerging market and has become one of its leading providers. These services, initially provided on the premises of clients, have increasingly been moved to dedicated Sopra Group Service Centres. These centres are industrialised and equipped.

One of the main vectors of this development is the industrialisation of processes as well as production and tooling methods. With the industrialisation of production methods, a "critical mass" point is reached, prompting our clients to outsource entire functions or information systems.

The need to ensure responsiveness and quality at reduced cost quickly inspired Sopra Group to create nearshore and offshore production centres. Sopra Group thus benefits from an infrastructure tailored to client demand that functions perfectly.

3.4.4. Industry application solutions

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

Sopra Group's solutions focus on three areas:

- financial services: more than 800 clients in France and abroad, for its Evolan banking solutions (loans, payments, risks and reporting, multi-channel banking);
- real estate management: with 200 clients and more than 25 years of industry experience, Sopra Group is the leading provider of real estate management solutions in France (residences, offices, shopping centres, warehouses, etc.);
- human resources management: our clients manage a total of over 2 million employees using Sopra Group solutions. Sopra Group provides a complete HRIS solution, including payroll, HR management, time and labour management and facilities management.

3.5. Axway

Axway is a wholly owned subsidiary of Sopra Group, but it applies its own specific business model tailored to the characteristics of its solution and its status as a software publisher with a significant technical component, as well as the global nature of its business. Axway is headquartered in Scottsdale, Arizona, but it maintains a network of offices located in some twenty countries worldwide.

With the integration of Tumbleweed in September 2008, Axway became the leading supplier of collaborative business solutions with two main delivery regions: Europe and the United States.

Synchrony™, its comprehensive core offering, is backed by a team of 800 experts and is deployed via an extensive network of partners. It consists of a software platform implementing the full complement of integration technologies (EAI, B2B, BPM, BAM, SOA), a portfolio of services tailored to collaborative business projects and a set of industry-specific solutions.

More than 11,000 organisations in some 100 countries around the world, representing a wide range of sectors, use Axway's solutions to manage, monitor and secure their exchanges of internal and external information. Users thus build value chain efficiency, ensure compliance with regulations and promote service quality.

Axway's offering, which meets a vital requirement of organisations while providing an appreciable competitive advantage, has enjoyed considerable success and a steadily growing reputation wherever it has been marketed.

4. Investments in 2008

4.1. Main acquisitions

4.2.1. Axway's acquisition of Tumbleweed in the United States

As mentioned above, Axway, a wholly owned subsidiary of Sopra Group, acquired Tumbleweed in 2008. Tumbleweed's businesses were integrated with those of Axway. Together, Axway and Tumbleweed offer collaborative business solutions to more than 11,000 customers worldwide.

Tumbleweed provides secure content delivery solutions to more than 3,300 customers in various sectors, especially financial services, health care and government agencies. This acquisition is certain to consolidate Axway's leadership position in the B2B and file transfer market, and is expected to more than double its revenue in North America.

Tumbleweed also brings to Axway an offshore development centre in Bulgaria.

The synergies generated by this combination will result in stronger growth and margins.

4.2.2. Acquisition of CIBF

In January 2008, Sopra Group acquired Compagnie d'Ingénierie Bancaire et Financière (CIBF). This acquisition strengthens the Group's European presence in the financial services sector.

The complementarity of Sopra Group and CIBF, firstly in terms of their geographic presence, and secondly through their shared expertise in payment methods, especially with respect to SEPA (Single European Payment Area) flows, will allow Sopra Group, in particular, to further develop its European presence and reinforce its Evolan™ industry application solution offerings.

4.2.3. Acquisition of G2i

In January 2008, Sopra Group acquired 100% of the share capital of G2i. This acquisition is in keeping with Sopra Group's declared strategy of consolidating its presence in France by strengthening its positions among major clients. G2i provides consulting and services in the field of embedded software and testing resources for the aerospace industry, primarily for Airbus.

4.2. Research and development

The Group continued to pursue R&D initiatives during 2008 and set aside €50.1 million to develop and expand its Axway services and proprietary solutions for banking, real estate and human resources applications, compared with €38.8 million in 2007.

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

4.3. Facilities

A total of €12.1 million against €11.2 million in 2007 was invested in infrastructure and technical facilities.

5. Key figures

5.1. Financial summary

(in millions of euros)	2008	2007	2006
Revenue	1,129.5	1,001.4	897.7
EBITDA	110.4	101.9	84.7
Profit from recurring operations	102.3	90.8	75.1
Current operating margin	9.1%	9.1%	8.4%
Operating profit	99.7	90.1	73.9
Operating margin	8.8%	9.0%	8.2%
Net profit attributable to the Group	58.2	55.1	44.2
Net profit	5.2%	5.5%	4.9%
Total assets	924.4	768.8	722.9
Total non-current assets	456.6	355.9	324.8
Equity – Group share	268.3	248.8	216.2
Minority interests	0.0	0.0	0.0
Number of shares at 31 December	11,704,991	11,671,531	11,466,835
Basic earnings per share (in euros)	4.98	4.80	3.86
Diluted earnings per share (in euros)	4.96	4.75	3.78
Net dividend per share (in euros)	1.65*	1.65	1.35
Staff at 31 December	12,450	11,320	9,910

* *Amount proposed to the General Meeting of 7 May 2009.*

5.2. Revenue by activity

(in millions of euros)	2008		2007		2006	
Consulting	44.8	4.0%	43.9	4.4%	41.0	4.6%
SSI France	694.6	61.5%	597.5	59.7%	537.9	59.9%
SSI Europe	218.9	19.4%	214.9	21.4%	201.9	22.5%
Axway	171.2	15.1%	145.1	14.5%	116.9	13.0%
TOTAL	**1,129.5**	**100.0%**	**1,001.4**	**100.0%**	**897.7**	**100.0%**

SSI: Systems & Solutions Integration.

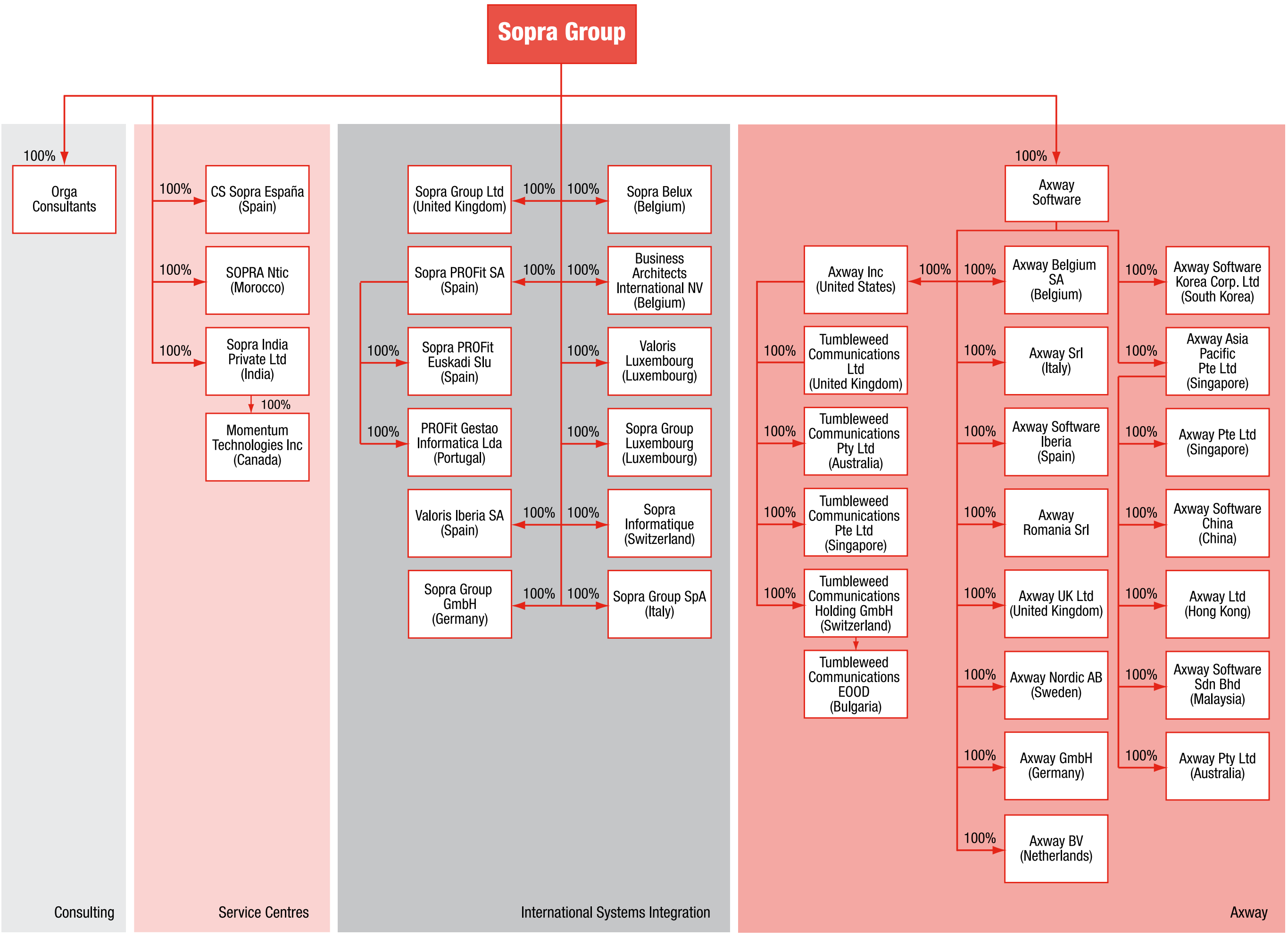
5.3. Revenue by business sector

	2008	2007	2006
Banking	24.0%	24.5%	23.2%
Manufacturing	19.7%	16.2%	15.9%
Services (including real estate)	18.0%	18.7%	21.0%
Telecom	12.0%	12.6%	12.6%
Public sector	13.6%	15.8%	14.1%
Insurance	6.4%	6.2%	7.3%
Retail	6.3%	6.0%	5.9%
TOTAL	**100.0%**	**100.0%**	**100.0%**

5.4. International revenue

(in millions of euros)	2008		2007		2006	
Systems Integration – European subsidiaries	218.9	19.4%	214.9	21.4%	201.9	22.5%
Systems Integration – excluding European subsidiaries	39.8	3.5%	30.1	3.0%	27.4	3.0%
Axway	103.9	9.2%	83.9	8.4%	60.7	6.8%
International revenue	**362.6**	**32.1%**	**328.9**	**32.8%**	**290.0**	**32.3%**
TOTAL REVENUE	**1,129.5**	**100.0%**	**1,001.4**	**100.0%**	**897.7**	**100.0%**

6. Simplified group structure at 31 December 2008



7. Group organisation

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

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

7.1. Ongoing structure

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

7.1.1. Tier 1: Executive Management

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

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

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

7.1.2. Tier 2: Divisions and subsidiaries

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

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

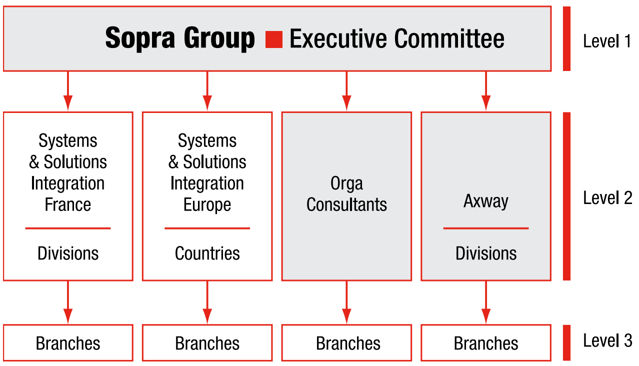
Tier 2 is the core level of the ongoing structure. The component entities of each division are autonomous branches with their own management, sales force and production teams.

7.1.3. Tier 3: Branches

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

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

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



7.1.4. Operational support functions

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

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

7.1.5. Functional structures

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

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

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

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

7.2. Temporary mission structure for business and projects

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

Projects are handled by temporary mission teams and are supervised:

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

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

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

8. Human resources

8.1. Sopra Group's corporate culture

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

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

8.1.1. Sopra Group's values

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

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

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

Sopra Group's system of values and fundamentals must be shared by our entire workforce, which consisted of 12,450 employees at 31 December 2008. A programme has been set up specifically to communicate and ensure the commitment of all staff to these values, especially among the 2,990 new members we welcomed in 2008.

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

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

8.1.3. Welcoming seminars and staff integration

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

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

8.1.4. Management training

As part of its schedule of training programmes, Sopra Group has developed a specific course covering the fundamentals of the Group's corporate culture with respect to management, which has involved the participation of over 700 managers to date.

This training programme consists of residential seminars.

8.2. Change in the Group's total workforce

	2008	2007	2006	2005	2004
Workforce	12,450	11,320	9,910	9,100	7,500
o/w executive level	12,070	10,950	9,600	8,800	7,250

In 2008, the Group recruited 1,840 new staff in France and 1,150 at its international subsidiaries. At 31 December 2008, the Group had a total of 12,450 staff, of which almost 4,240 were employed outside France.

8.3. Recruitment

In terms of recruitment policy, Sopra Group continued its partnerships with a group of prestigious engineering schools and internships (almost 80% of which were end-of-study internships with a very high proportion of permanent recruitment). The recruitment of certain experienced professionals (SAP, SOA, business intelligence, architecture and project management) was also stepped up.

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

The workforce attrition rate, of around 10.7% in France, saw a slight reduction in comparison to 2007. Given the competitive environment, this rate remains reasonable; the overall rate is not necessarily a compelling indicator due to wide disparities between Paris and the rest of France.

8.4. Analysis of workforce by age and length of service

At 31 December 2008, the average length of service in France for Sopra Group's productive employees was 6.2 years. This indicator remained at the level reached in 2007 mainly as a result of a large number of new recruits in 2008.

The average age of productive employees decreased only slightly, from 34.6 years in 2007 to 34.5 years in 2008. The maintenance of the average age at this level is the direct result of a recruitment policy targeting young graduates, with an average age of 29.5 years for newly recruited staff.

8.5. Development of human resources

8.5.1. Core Competency Reference Guide

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

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

The Core Competency Reference Guide describes all of the Group's business lines and helps employees grasp the demands of their positions as well as the possible career paths within the different areas (production, sales, management, etc.).

8.5.2. Evaluation

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

These evaluations, in which the staff member plays an active role, are then discussed at HR department meetings held every six months, where decisions are made about promotion, training and compensation.

8.5.3. Skills development

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

In 2008, Sopra Group Academy concentrated on the consolidation of training programmes by overall business segment skills and the development of the knowledge management dimension so as to promote the exchange of knowledge and know-how, as well as the leveraging of best practices.

Efforts were directed in particular towards technology areas, industrialisation methods and tools, ERP packages (a major focus) and the acquisition of core competencies.

The key figures relating to our 2008 training actions in France are as follows:

- 32,500 training days;
- more than 7,000 staff members trained;
- more than half of the training was devoted to technological skills acquisition.

8.5.4. Compensation

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

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

In 2008, as in 2007, the rate of salary increases was greater than the average for the sector. The principle of individually-tailored compensation packages was maintained.

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

Sopra Group has signed a profit sharing agreement and has established an employee savings plan.

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

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

8.7. Equality between men and women

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

Women represented 26% of the Group's workforce in 2008, equivalent to the level recorded in 2007.

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

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

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

9. Sustainable development

9.1. Our approach to sustainable development

Approaches to sustainable development aim to reconcile economic efficiency, social equity and preservation of the environment.

In 2008, Sopra Group launched a project to determine how sustainable development might be incorporated within its operations. This project culminated in the appointment of a Sustainable Development Manager, who reports to the Group's Executive Management, responsible for developing an approach to progress in this area as well as a related action plan.

Sopra Group renewed its commitment to the United Nations Global Compact in 2008. With this commitment, the Group undertakes to comply with this document's ten principles in the areas of human rights, labour standards, protection of the environment and anti-corruption. These principles are fully compatible with the values and fundamentals espoused by Sopra Group since its creation.

9.2. A business model viable for the long term

Amid an increasingly complex economic environment, Sopra Group's business model has proved its relevance, in terms of its selection of core businesses, its offerings and its production methods. This model is characterised by a simple three-tier organisation and a rigorous internal control system with monitoring and decision-making sessions held on a weekly, monthly and yearly basis.

See Part I of the Reference Document, Chapters 2 *History of Sopra Group*, 3 *Sopra Group's businesses and strategy* and 7 *Group organisation*.

9.3. Building long-lasting client relationships

Sopra Group aims to guide its clients in the management of their major transformation programmes. In order to best meet their expectations, Sopra Group has developed a set of values backed by a code of professional ethics and relies on established fundamentals that govern the Group's operations and service activities on a permanent basis.

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

This approach to the management of our client relationships and our assignments on their behalf has allowed Sopra Group to acquire the status of a long-lasting and preferred partner for major organisations that place their trust in the Group for assistance in developing their businesses.

See Part I of the Reference Document, Chapter 3 *Sopra Group's businesses and strategy*, §3.2 and §3.4.

9.4. An exemplary corporate citizen

Sopra Group, which has grown steadily over its more than four decades of existence, is a well-established player in its field, offering its 12,500 employees a stable working environment with stimulating career prospects. These opportunities are made possible within a Group whose businesses involve a wide variety of professions, with operations in France and abroad, and a strong company culture.

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

The Group's human resources policy guarantees the proper management of this function in accordance with the Enterprise Project and involves:

- the successful integration of new employees in a Group that has doubled the size of its workforce since end-2003;
- a high level of training guaranteeing the excellence and adaptability of both employees and management, with a skills development plan revised each year and implemented by a dedicated structure, Sopra Group Academy;
- frequent evaluation of skills and revisions to our Core Competency Reference Guide so as to adapt to changes in the Group and in our clients' requirements;
- a recruitment policy organised in particular around long-lasting partnerships with prestigious engineering schools and a highly successful programme of internships.

Sopra Group is committed to ensuring non-discriminatory recruitment practices and equality between men and women. Accordingly, these two aspects are very closely monitored, particularly through the special commission of the Group's works council established for this purpose.

See Part I of the Reference Document, Chapter 8 *Human resources*.

9.5 Ethical principles for supplier relations

Sopra Group has defined purchasing rules and procedures based on ethical principles in its relations with suppliers and sub-contractors, in compliance with the ten principles of the United Nations Global Compact.

These principles are based on transparency and fairness, with the aim of driving the quality of products and services offered, in line with the Group's economic and operational efficiency constraints.

9.6 Awareness of our environmental impact

The service and consultancy activities pursued by Sopra Group do not have as significant an impact on the environment as the activities of industrial companies. Nevertheless, our businesses can have an environmental impact. We strive to make constant progress and improve our performance in this area, ensuring that we respect our corporate values and economic constraints.

As the limitation of our environmental impact is understood to be a matter of concern for all parties involved, the Group's employees play a key role in this eco-responsibility process. At Sopra Group, we encourage employee initiatives in the area of environmental protection and discourage excess consumption of non-renewable energy resources in our day-to-day work.

9.6.1. Travel and commuting

Sopra Group has put in place a deliberate policy encouraging the use of public transport, in particular by reimbursing a portion of public transportation expenses in the French provinces. At the same time, and also so as to limit the number of business trips, a plan for the installation of videoconferencing equipment throughout the Group has been established with the result that, today, most of the Group's major sites are so equipped.

9.6.2. Management of business premises

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

- furnishing of premises with ergonomic workstations enhancing the quality of working conditions for its staff;
- installation of energy-efficient and environmentally friendly heating and air-conditioning systems whenever these systems require replacement;
- preventive maintenance of installations to conserve energy;
- use of non-toxic and non-hazardous products by the cleaning services;
- installation of fountains dispensing purified water;
- commitment by site managers to observe and encourage respect for the environment on a day-to-day basis.

9.6.3. Waste management

Sopra Group makes every effort to recycle its waste and particularly with respect to the following areas:

- scrapping of computer equipment by specialised companies or by way of gifts to charitable associations;
- special containers for toner and ink cartridges and removal by accredited companies.

Furthermore, in addition to any measures taken by municipal authorities, Sopra Group pursues its policy of waste separation for recycling at new sites.

9.6.4. Paperless processes

Sopra Group frequently urges its employees to avoid printing whenever possible and has implemented tangible actions for the establishment of paperless processes. These actions allow the Group to reduce its use of paper but also its energy consumption.

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

10. Risk factors

10.1. Legal risks

10.1.1. Intellectual property

a. Brands

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

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

b. Patents

Neither Sopra Group nor its subsidiaries (excluding Axway) have filed patent protection for software.

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

c. Software licences

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

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

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

10.1.2. Software distribution

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

10.1.3. Specific regulations

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

10.1.4. Significant disputes and financial impact on the Company

Provisions are recognised in respect of disputes, as described in Notes 17 and 36 of the notes to the consolidated financial statements.

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

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

10.2. Industrial and environmental risks

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

10.3. Market risks

This issue is discussed in Note 33.3 of the consolidated financial statements.

Sopra Group has entered into two syndicated credit facilities with its banks, one in the amount of €200 million in October 2005 and another in the amount of €132 million in April 2008. The Group has undertaken to comply with the covenants described in Note 35.5 of the consolidated financial statements.

10.4. Business risks

Sopra Group is exposed to specific risks inherent in its particular business as an integrator and software developer. The primary risk relates to its capacity to execute commitments *vis à vis* clients in terms of quality, delivery date and cost: delivering products and services in conformity with specifications, meeting agreed deadlines and operating within the budget allocated.

Controlling such risks requires a perfect knowledge of numerous constantly evolving technical and business environments, implementing a prior validation procedure covering technical, legal and financial aspects and a tried and tested project management system for monitoring and controlling technical and accounting aspects.

10.4.1. Risks related to the nature of contracts

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

% of Group's total revenue	2007	2008
Consulting	11%	12%
Fixed-price projects	14%	14%
Technical assistance	18%	17%
Application Management	30%	29%
Industry application solutions	12%	13%
Axway	15%	15%
TOTAL	**100%**	**100%**

Fixed-price revenue includes:

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

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

10.4.2. Downtime

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

This rate was approximately 3% in 2007 and 2008.

10.5. Risk of client or supplier dependency

10.5.1. Risk of client dependency

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

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

10.5.2. Risk of supplier dependency

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

10.6. Insurance and risk coverage

10.6.1. Liability insurance

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

This contract provides world-wide cover for the period from 1 January 2008 to 31 December 2008.

The amounts of the cover and excesses are as follows:

a. Premises and operations liability

- All-inclusive (bodily injury, property damage and financial losses, whether consecutive or not): €40,000,000 per year of insurance, of which:
  - accidental environmental damage: €1,500,000 per year of insurance;
- Excess: €15,000 for all damage claims except bodily injury.

b. Commercial general liability

- All-inclusive (bodily injury, property damage and financial losses, whether consecutive or not): €40,000,000 per year of insurance, of which:
  - additional expenses: €10,000,000 per year of insurance,
  - computer virus: €5,000,000 per year of insurance;
- Excess: €200,000 for all damage claims except bodily injury.

10.6.2. Liability relating to aeronautic products

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

10.6.3. Managers' liability

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

2 Sopra Group
AND THE STOCK MARKET

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1. General information

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

The capital of Sopra Group comprises 11,704,991 shares with a nominal value of €4 as of 31 December 2008, representing a total amount of €46,819,964.

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

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

2. Current ownership

	At 31/12/2008				At 31/12/2007				At 31/12/2006			
Shareholders	**Shares**	**% of capital**	**Voting rights**	**% voting rights**	**Shares**	**% of capital**	**Voting rights**	**% voting rights**	**Shares**	**% of capital**	**Voting rights**	**% voting rights**
Sopra GMT	4,356,535	37.22%	8,649,387	47.59%	4,356,535	37.33%	8,649,387	47.87%	4,356,535	37.99%	8,649,387	48.31%
Pasquier Family	168,245	1.44%	288,708	1.59%	168,245	1.44%	288,708	1.60%	190,745	1.66%	321,208	1.79%
Odin Family	361,170	3.09%	433,032	2.38%	336,670	2.88%	408,532	2.26%	327,670	2.86%	399,532	2.23%
Caravelle	292,971	2.50%	292,971	1.61%	69,672	0.60%	101,774	0.56%	69,672	0.61%	69,672	0.39%
Geninfo (Groupe SG)	1,434,700	12.26%	2,869,400	15.79%	1,434,700	12.29%	2,869,400	15.88%	1,434,700	12.51%	2,869,400	16.03%
IBI	837,414	7.15%	837,414	4.61%	602,784	5.17%	602,784	3.34%	594,356	5.18%	594,356	3.32%
Groupe Crédit Agricole	235,000	2.01%	352,500	1.94%	235,000	2.01%	235,000	1.30%	235,000	2.05%	235,000	1.31%
Free float	3,993,631	34.11%	4,452,836	24.49%	4,465,750	38.26%	4,911,399	27.19%	4,257,657	37.13%	4,766,352	26.62%
Treasury shares	25,325	0.22%	-	-	2,175	0.02%	-	-	500	0.00%	-	-
TOTAL	**11,704,991**	**100.00%**	**18,176,248**	**100.00%**	**11,671,531**	**100.00%**	**18,066,984**	**100.00%**	**11,466,835**	**100.0%**	**17,904,907**	**100.00%**

Sopra GMT, a French *société anonyme*, is a financial holding company whose sole corporate purpose is the ownership of Sopra Group shares. Its ownership structure is as follows:

	31/12/2008	
Shareholders	**Shares**	**% of capital**
Pierre Pasquier family	318,050	48.23%
François Odin family	132,050	20.02%
Caravelle	186,000	28.21%
Sopra Group management	23,320	3.54%
TOTAL	**659,420**	**100.00%**

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

IBI is a financial holding company governed by Luxembourg law owned by Mr. José Sancho Garcia (Managing Director of Sopra PROFit, the Spanish-Portuguese division of the Group's Systems and Solutions Integration business).

Crédit Agricole group became a shareholder of Sopra Group following the Inforsud Ingénierie acquisition in December 2003.

Caravelle is a diversified holding company controlled by Mr. Pierre-André Martel, who is also a director of Sopra Group and Sopra GMT.

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

On 31 December 2008, Sopra Group did not own any treasury shares other than those held under the liquidity contract (25,325 shares).

2.1. Share ownership thresholds

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

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

2.2. Approximate number of shareholders

At 28 February 2009, Sopra Group had 351 registered shareholders who owned an aggregate total of 8,385,675 registered shares out of a total share capital of 11,704,991 shares.

On the basis of the most recent data in the Company's possession, the total number of Sopra Group shareholders can be estimated at more than 10,000.

2.3. Shareholders' agreements notified to the stock market authorities

2.3.1. Pact between Sopra GMT, Messrs. Pasquier and Odin and Geninfo

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

Under this agreement made when Sopra Group was governed by a Supervisory Board and Management Board:

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

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

2.3.2. Pact between the Pasquier and Odin families and Caravelle

A shareholders' agreement was signed on 29 September 2004 between the Pasquier and Odin families and the holding company Caravelle who certify that they are acting in concert for the purposes of the agreement concluded with respect to Sopra GMT and Sopra Group. This agreement governs their relationship within Sopra GMT and is concluded for a period of 10 years. It is renewable automatically for subsequent terms of five years. This agreement was approved by the French stock market authorities (*Conseil des Marchés Financiers*).

This notably includes the following provisions:

- Sopra GMT share transfers

  Reciprocal pre-emption rights in the event of a sale of Sopra GMT shares are granted between (i) the Pasquier and Odin families and (ii) Caravelle.

  In addition, as a preferred shareholder Caravelle is granted a tag-along right enabling this company to sell all or a portion of its Sopra GMT shares should one or more members of one of the abovementioned families consider selling their Sopra GMT shares to one or more members of the other family or to a third party;
- protection of Caravelle's investment in Sopra GMT and Sopra Group

  The Pasquier and Odin families and Caravelle agree to ensure that: Sopra GMT does not sell any of its shares in Sopra Group without the express prior consent of Caravelle, does not acquire debt or increase its capital, does not enter into any merger or other transaction having an impact on its capital, without the express prior consent of Caravelle, and that the financial situation of Sopra GMT reported at the Extraordinary General Meetings of Sopra Group be established by mutual agreement among the parties;
- membership of the Board of Directors

  Caravelle is granted one seat on the Board of Directors of Sopra GMT, which will thus be composed of five members, including four representatives of the Pasquier and Odin families. The membership of this Board is subject to future modification should changes in share ownership arise, with the stipulation that as long as the Pasquier family and the Odin family hold the majority of the capital and voting rights of Sopra GMT, the majority of the members of its Board of Directors will be nominated subject to mutual agreement of these two groups;
- corporate governance and Sopra Group management

  The Pasquier family and the Odin family agree to ensure that Pierre-André Martel, Chairman and Chief Executive Officer of Caravelle, retains the seat he currently holds on the Supervisory Board of Sopra Group and that members of either family serving on the Supervisory Board of Sopra Group neither propose nor accept the nomination, renewal or removal of a member of the Board without prior agreement among themselves and the prior consent of Caravelle, whose opinion may not be discounted without adequate justification. Moreover, the Pasquier and Odin families and Caravelle agree to ensure that Pierre Pasquier is appointed as Chairman of the Supervisory Board upon relinquishing the chairmanship of the Management Board of Sopra Group;
- possible merger of Sopra GMT and Sopra Group

The Pasquier and Odin families and Caravelle will entertain the possibility of a merger of Sopra GMT and Sopra Group as from 1 January 2009. With effect from this date, should one or more parties to this agreement holding at least 5% of the voting rights of Sopra GMT, whether individually or as a group, request such an operation, the remaining parties agree to make every effort to bring this operation to a successful conclusion, provided that such a move is in the interest of Sopra GMT.

3. Changes in share capital

At 31 December 2008 Sopra Group had share capital of €46,818,964 comprising 11,704,991 shares with a nominal value of €4. The following changes were made to the capital since 1999:

Year	Description	Capital after operation	Nominal value	Number of shares		Contributions	
				Created	Total	Nominal value	Premiums or reserves
1999	Increase in capital by capitalisation of reserves, conversion into euro and reduction of nominal value	€36,762,640	€4	7,352,528	9,190,660	€22,751,569	-€22,751,569
1999	Capital increase through the exercise of options	€37,985,140	€4	305,625	9,496,285	€1,222,500	€928,517
2000	Capital increase through contributions in kind of shares of companies of the Orga Consultants group	€40,549,140	€4	641,000	10,137,285	€2,564,000	€79,612,200
2000	Capital increase through the exercise of options	€40,680,940	€4	32,950	10,170,235	€131,800	€124,330
2001	Capital increase through the exercise of options	€40,709,540	€4	7,150	10,177,385	€28,600	€29,315
2002	Capital increase through the exercise of options	€40,855,440	€4	36,475	10,213,860	€145,900	€188,165
2003	Capital increase through contributions in kind of shares of companies of Inforsud Ingénierie tendered by Crédit Agricole Group	€41,795,440	€4	235,000	10,448,860	€940,000	€7,192,000
2003	Capital increase through the exercise of options	€42,194,100	€4	99,665	10,548,525	€398,660	€1,067,356
2004	Capital increase through the exercise of options	€42,927,800	€4	183,425	10,731,950	€733,700	€2,088,547
2005	Capital increase through contributions in kind of shares of PROFit tendered by IBI	€44,726,000	€4	449,550	11,181,500	€1,798,200	€22,176,302
2005	Capital increase through the exercise of options	€45,776,380	€4	262,595	11,444,095	€1,050,380	€3,047,365
2006	Capital increase through the exercise of options	€45,867,340	€4	22,740	11,466,835	€90,960	€434,074
2007	Capital increase through the exercise of options	€46,686,124	€4	204,696	11,671,531	€818,784	€3,927,276
2008	Capital increase through the exercise of options	€46,819,964	€4	33,460	11,704,991	€133,840	€687,010

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

	Nominal amount	Expiry date	Maximum number of shares
Sopra Group shares	€20 million	14/07/2010	5,000,000
Convertible bonds or equivalent	€300 million	14/07/2010	5,000,000

5. Share subscription options

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

The table below summarises share subscription option plans at 31 December 2008 granted by Sopra Group to its employees:

Grant date	Number of options allocated initially	Beginning of option exercise period	End of option exercise period	Exercise price	Number of lapsed options at 31/12/2008	o/w cancelled in 2008	Number of options exercised at 31/12/2008	o/w options exercised in 2008	Number of options outstanding at 31/12/2008
Plan No. 3 - 1998 stock option plan (General Meeting of 07/01/1998): maximum of 721,250 shares									
13/01/98	614,000	1/10/02	12/01/06	€15.37	70,175	-	543,825	-	-
4/12/98	25,000	25/02/03	24/08/06	€46.86	25,000	-	-	-	-
3/03/99	20,000	4/03/04	2/03/07	€48.50	10,000	-	10,000	-	-
12/10/99	51,750	13/10/04	12/10/07	€46.20	49,000	-	2,750	-	-
16/12/02	129,250	17/12/07	15/12/10	€22.50	40,250	-	81,950	2,500	7,050
TOTAL	**840,000**				**194,425**	**-**	**638,525**	**2,500**	**7,050**
Plan No. 4 - 2000 stock option plan (General Meeting of 29/06/2000): maximum of 714,774 shares									
29/06/00	33,900	30/06/05	29/06/08	€73.00	33,800	-	-	-	100
22/03/01	301,500	23/03/06	22/03/09	€61.40	283,500	-	-	-	18,000
19/12/01	34,600	20/12/06	19/12/09	€61.40	34,600	-	-	-	-
24/04/02	6,000	25/04/07	23/04/10	€61.40	3,000	-	-	-	3,000
16/12/02	303,200	17/12/07	15/12/10	€22.50	48,450	2,200	156,006	24,160	98,744
3/09/03	88,000	4/09/08	2/09/11	€32.50	12,800	2,000	6,800	6,800	68,400
13/01/04	23,000	14/01/09	12/01/12	€35.90	4,000	-	-	-	19,000
TOTAL	**790,200**				**420,150**	**4,200**	**162,806**	**30,960**	**207,244**
Plan No. 5 - 2005 stock option plan (General Meeting of 26/05/2005): maximum of 321,958 shares									
25/07/06	30,000	26/07/11	24/07/14	€57.85	30,000	30,000	-	-	-
21/12/06	67,000	22/12/11	20/12/14	€58.80	11,500	6,500	-	-	55,500
8/01/07	5,000	9/01/12	7/01/15	€60.37	5,000	-	-	-	-
18/03/08	50,000	19/03/13	17/03/16	€45.30	9,500	9,500	-	-	40,500
TOTAL	**152,000**				**56,000**	**46,000**	**-**	**-**	96,000
Plan No. 6 - 2008 stock option plan (General Meeting of 15/05/2008): maximum of 350,145 shares									
To date, no options have been allocated under this plan.									
TOTAL FOR ALL PLANS						**50,200**		**33,460**	**310,294**

At 31 December 2008, Sopra Group's earnings per share would be diluted by a total of 2.84% if all of the 310,294 outstanding share subscription options were exercised.

Information concerning share subscription or purchase options

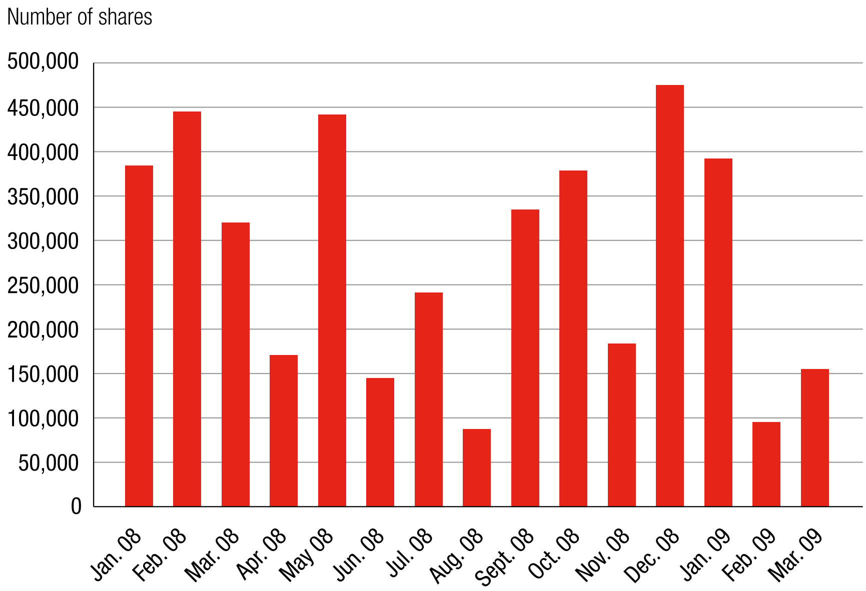
Options granted to company officers and options exercised by company officers	Number of options allocated/number of shares subscribed or purchased	Price	Expiry	Plan
Dominique ILLIEN (grant)	20,000	€45.30	17/03/2016	No. 5

Ten largest stock option allocations to employees and options exercised by said employees	Number of options allocated/number of shares subscribed or purchased	Weighted average price	Expiry	Plan
Ten largest stock option allocations to employees granted by the issuer company within the scope of the stock option plan during the year	18,505	€45.30	17/02/2016	No. 5
Options exercised by said employees during the year	2,500	€22.50	15/12/2010	No. 3
	5,000	€32.50	02/09/2011	No. 4
	17,000	€22.50	15/12/2010	No. 4

6. Share price

Source Euronext Paris: issuers' brochure.

7. Monthly trading volume



Source Euronext Paris: issuers' brochure.

8. Share price performance

Month	Number of trading days	Price (in euros)			Trading volumes	
		High	Low	Average closing price	Number of shares bearing a dividend	Capital *(in millions of euros)*
Jan-08	22	54.21	38.00	44.16	384,339	16.63
Feb-08	21	48.54	40.00	44.07	445,015	19.31
Mar-08	19	47.35	42.10	44.82	320,262	14.23
Apr-08	22	51.90	45.60	48.10	170,702	8.26
May-08	21	57.00	49.30	53.61	441,471	23.50
Jun-08	21	55.35	48.26	51.33	145,094	7.33
Jul-08	23	51.50	43.00	48.52	241,118	11.74
Aug-08	21	56.80	48.59	52.86	87,557	4.63
Sep-08	22	55.80	39.40	48.02	334,768	15.91
Oct-08	23	43.10	32.11	37.92	378,461	13.96
Nov-08	20	35.50	26.26	31.12	183,968	5.73
Dec-08	21	27.90	23.11	24.83	475,181	11.73
Jan-09	21	32.00	24.90	27.55	392,356	10.65
Feb-09	20	32.99	28.00	30.93	95,261	2.97
Mar-09	22	28.19	23.00	24.90	155,060	3.87

9. Earnings per share

Year	Number of shares bearing a dividend	Dividend
2004	10,731,950	€0.80
2005	11,444,095	€1.10
2006	11,466,835	€1.35
2007	11,671,531	€1.65
2008*	11,704,991	€1.65

* *Amount proposed to the General Meeting of 7 May 2009.*

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

3

CORPORATE GOVERNANCE

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1. Board of Directors and Executive Management

1.1. Membership of the Board of Directors as of 17 March 2009

First name and surname (Age)	Shares in the Company owned personally	Position held on the Board of Directors	Date of appointment	Expiration of term*	Other positions and appointments held
Pierre PASQUIER (73 years)	120,463 *See Chap. 2*	Chairman of the Board of Directors	30/05/2006	2011	■ **CEO, Sopra Group** ■ Chairman, Axway Software ■ MD, Orga Consultants ■ MD, SOPRA GMT ■ Director or company officer of the Group's foreign subsidiaries (direct and indirect)
Alain BRODELLE (66 years)	100	Membership of the Board of Directors Membership of the Compensation Committee Membership of the Nomination Committee	30/05/2006	2011	■ Nil
Philippe CITERNE (59 years)	100	Membership of the Board of Directors Chairman of the Compensation Committee Chairman of the Nomination Committee	30/05/2006	2011	■ **Managing Director, Société Générale** ■ Chairman, Systèmes Technologiques d'Echange et de Traitement (STET) ■ Chairman, Rosbank ■ Director, Accor ■ Director, Généval ■ Director, SG Hambros Bank & Trust Ltd ■ Director, Grosvenor Continental Europe SAS ■ Director, TCW Group
Gérard JEAN (61 years)	1	Membership of the Board of Directors Membership of the Compensation Committee Membership of the Nomination Committee	30/05/2006	2011	■ **Managing Director, Altime SA** ■ Chairman of the Supervisory Board, Altime Finances SA ■ Chairman of the Supervisory Board, Altime Industrie et Services SA
Dominique ILLIEN (55 years)	11,250	Membership of the Board of Directors	15/05/2008	2013	■ **Managing Director, Sopra Group** ■ Director or company officer of the Group's foreign subsidiaries (direct and indirect)
Pierre-André MARTEL (55 years)	110 *See Chap. 2*	Membership of the Board of Directors Membership of the Compensation Committee Membership of the Nomination Committee Membership of the Audit Committee	30/05/2006	2011	■ **Chairman of the Board of Directors, Caravelle SA** ■ Chairman and Chief Executive Officer, Cooper ■ CEO, Nina SAS ■ CEO, PX Holding SAS ■ Chairman, Marrel SAS ■ Chairman, Edbro Pic (UK) ■ Chairman of the Management Board, Arcole Industries ■ Member of the Board of Directors of Sopra GMT ■ Member of the Supervisory Board, Groupe Norbert Dentressangle

First name and surname (Age)	Shares in the Company owned personally	Position held on the Board of Directors	Date of appointment	Expiration of term*	Other positions and appointments held
Bernard MICHEL (61 years)	101	Membership of the Board of Directors Membership of the Audit Committee	30/05/2006	2011	■ **Director Crédit Agricole Assurances** ■ **Member of the Executive Committee, Crédit Agricole SA** ■ Chairman, Aeprim ■ Chairman of the Board of Directors, Crédit Agricole Immobilier ■ Chairman of the Board of Directors, Unimo ■ Chairman, Commission de Gestion Provisoire Caisse Régionale Corse ■ Chairman of the Supervisory Board, France Capital ■ Chairman of the Supervisory Board, Systèmes Technologiques d'Échange et de Traitement (STET) ■ Vice-Chairman of the Supervisory Board, CPR Billets ■ Director, Vice-Chairman, Predica SA ■ Director, Attica (GIE) ■ Director, Caam Real Estate ■ Director, Cholet Dupont ■ Director, Crédit Agricole Leasing SA ■ Director, Crédit Agricole Reinsurance SA (Luxembourg) ■ Director, Crédit Agricole Risk insurance SA (Luxembourg) ■ Non-voting board member, Sacam Square Habitat ■ Member of the Board of Directors, Litho Promotion SARL ■ Permanent Representative, Crédit Agricole SA ■ Member of the Supervisory Board, Fonds de Garantie des Dépôts ■ Permanent Representative, Crédit Agricole SA ■ Member of the Supervisory Board, Systèmes Technologiques d'Echange et de Traitement
François ODIN (76 years)	52,742 *See Chap. 2*	Membership of the Board of Directors Membership of the Audit Committee	30/05/2006	2011	■ **Managing Director, Sopra GMT** ■ Director, Axway Software ■ Chairman, Régence SAS ■ Chairman, Sopra Profit SAU (Spain) ■ Director or company officer of the Group's foreign subsidiaries (direct and indirect)
Hervé SAINT-SAUVEUR (64 years)	100	Membership of the Board of Directors Chairman of the Audit Committee	30/05/2006	2011	■ Director and Vice-Chairman, LCH Clearnet Group Limited (United Kingdom) ■ Director, LCH Clearnet SA ■ Director, Fondation de France ■ Director, Sogécap ■ Elected member, Paris Chamber of Commerce and Industry ■ Vice-Chairman, Finance Innovation (French financial services competitiveness cluster)
José SANCHO GARCIA (60 years)	*See Chap. 2*	Membership of the Board of Directors	30/05/2006	2011	■ Director, Information Business Integration SA ■ Member of the Board of FINAVES II ■ Director, Panda Security ■ Director, Bkool
Gérard VINCENT (67 years)	5,000	Membership of the Board of Directors Membership of the Audit Committee	30/05/2006	2011	■ Consular delegate, Lyon Chamber of Commerce and Industry ■ Assessor, Lyon Social Security Administrative Court

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

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

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

All of the members of the Board of Directors are experienced managers.

In addition, none has declared:

- any familial relationship with another member of the Board of Directors;
- any conviction during the last five years in relation to fraudulent offences or official public sanctions;
- involvement in any bankruptcy proceedings during the last five years as a member of a board of directors, a management body or a supervisory board;
- any conflict of interest affecting the exercise of his duties and responsibilities.

1.2. Compensation paid to company officers

The company officers employed within the Group who received fixed and variable compensation in respect of financial year 2008 are as follows:

- Mr. Pierre PASQUIER, Chairman and Chief Executive Officer;
- Mr. Dominique ILLIEN, Managing Director;
- Mr. José SANCHO GARCIA, a member of the Board of Directors having received compensation in Spain in connection with his position as Managing Director of Sopra PROFit, which was terminated as of 12 January 2009.

The members of the Board of Directors employed within the Group received a variable component of compensation, in 2008 based on 2007 earnings and in 2009 based on 2008 earnings calculated as follows:

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

There are no specific supplementary pension schemes.

1.2.1. Compensation payable and options and shares allocated to Mr. Pierre Pasquier, Chairman and CEO

	2008	2007
Compensation payable in respect of the financial year	€390,603	€362,695
Valuation of options allocated during the year	-	-
Valuation of performance-based shares allocated during the year	-	-
TOTAL	**€390,603**	**€362,695**

1.2.2. Compensation paid to Mr. Pierre Pasquier, Chairman and CEO

	2008		2007	
	Amount due	Amount paid	Amount due	Amount paid
Fixed compensation	€250,510	€250,510	€231,010	€231,010
Variable compensation	€125,000	€115,505	€115,505	€59,455
Exceptional compensation	-	-	-	-
Directors' fees	€8,481	€9,321	€9,321	€5,813
Benefits in kind	€6,612	€6,612	€6,859	€6,859
TOTAL	**€390,603**	**€381,948**	**€362,695**	**€303,137**

1.2.3. Compensation payable and options and shares allocated to Mr. Dominique Illien, Managing Director

	2008	2007
Compensation payable in respect of the financial year	€629,633	€404,824
Valuation of options allocated during the year*	€219,600	-
Valuation of performance-based shares allocated during the year	-	-
TOTAL	**€849,233**	**€404,824**

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

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

1.2.4. Compensation paid to Dominique Illien, Managing Director

	2008		2007	
	Amount due	Amount paid	Amount due	Amount paid
Fixed compensation	€504,872	€504,872	€254,248	€254,248
Variable compensation	€110,242	€145,833	€145,833	-
Exceptional compensation	-	-	-	-
Directors' fees	€6,392	-	-	-
Benefits in kind	€8,127	€8,127	€4,743	€4,743
TOTAL	**€629,633**	**€658,832**	**€404,824**	**€258,991**

1.2.5. Compensation payable and options and shares allocated to Mr. José Sancho Garcia, Managing Director of Sopra PROFit (Spain)

	2008	2007
Compensation payable in respect of the financial year	€383,089	€408,086
Valuation of options allocated during the year	-	-
Valuation of performance-based shares allocated during the year	-	-
TOTAL	**€383,089**	**€408,086**

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

1.2.6. Compensation paid to José Sancho Garcia, Managing Director of Sopra PROFit (Spain)

	2008		2007	
	Amount due	Amount paid	Amount due	Amount paid
Fixed compensation	€250,000	€250,000	€250,000	€250,000
Variable compensation	€126,000	€150,000	€150,000	€75,000
Exceptional compensation	-	-	-	-
Directors' fees	€7,089	€8,086	€8,086	€4,875
Benefits in kind	-	-	-	-
TOTAL	**€383,089**	**€408,086**	**€408,086**	**€329,875**

1.2.7. Directors' fees payable in respect of financial years 2008 and 2007

(Members of the Audit Committee are shown in italics)	2008	2007
Alain BRODELLE	€11,266	€9,938
Philippe CITERNE	€7,785	€7,469
Gérard JEAN	€10,570	€11,173
Dominique ILLIEN	€6,392	-
Pierre-André MARTEL	*€17,658*	*€11,173*
Bernard MICHEL	*€16,962*	*€9,938*
François ODIN	*€15,570*	*€11,173*
Pierre PASQUIER	€8,481	€9,321
Hervé SAINT-SAUVEUR	*€16,962*	*€10,556*
José SANCHO GARCIA	€7,089	€8,086
Gérard VINCENT	*€16,266*	*€11,173*
TOTAL	**€135,000**	**€100,000**

The total amount of directors' fees to be allocated with respect to the 2008 financial year was €135,000 (sixth resolution of the Combined General Meeting of 15 May 2008):

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

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

Executive officer concerned	Number and date of plan	Type of options	Valuation	Number of options allocated during the year	Exercise price	Exercise period
Dominique ILLIEN	Plan no. 5 of 26/05/2005	Subscription	€219,600*	20,000	€45.30	19/03/2013-17/03/2016

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

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

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

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

1.2.10. Performance-based shares allocated to executive officers

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

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

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

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

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

2. External audit

2.1. Statutory Auditors and Alternate Auditors

- **Cabinet Mazars** represented by Pierre SARDET, Statutory Auditor;
- **Jean-Louis SIMON,** Alternate Auditor;
- **Auditeurs & Conseils Associés SA** represented by Philippe RONIN, Statutory Auditor;
- **AEG Finances,** Alternate Auditor.

2.2. Fees for Statutory Auditors and members of their networks

	Mazars				Auditeurs & Conseils Associés (NEXIA)			
(in thousands of euros)	Amount (excl. VAT)		%		Amount (excl. VAT)		%	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
Audit								
Statutory audit, certification, of the individual company and consolidated financial statements								
■ Issuer	293	279	39%	45%	150	143	50%	49%
■ Fully consolidated subsidiaries	343	299	46%	47%	116	96	39%	33%
Other work and services directly related to the statutory audit								
■ Issuer		-	-	-	-	-	-	-
■ Fully consolidated subsidiaries	66	12	9%	2%	10	18	3%	6%
Subtotal	**702**	**590**	**95%**	**94%**	**276**	**257**	**92%**	**89%**
Other services provided by the networks to fully consolidated subsidiaries								
Legal, tax and employee-related	40	40	5%	6%	15	20	5%	7%
Other	-	-	-	-	10	12	3%	4%
Subtotal	**40**	**40**	**5%**	**6%**	**25**	**32**	**8%**	**11%**
TOTAL	**742**	**630**	**100%**	**100%**	**301**	**289**	**100%**	**100%**

3. Regulated agreements

3.1. New agreements concluded in 2008

Nil.

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

The execution of the following agreements which were approved in previous years continued in 2008:

3.2.1. Agreements concluded between Sopra Group and Mr. Dominique ILLIEN

Agreement relating to the separation benefit to be received by Mr. Dominique ILLIEN, Managing Director, in the event of termination (authorisation of the Board of Directors, 20 June 2007), which is no longer valid.

Nature and purpose: guarantee in the event of a departure before 31 December 2008 on the initiative of Sopra Group, except in cases of serious or gross misconduct.

Terms and conditions: this agreement provided for:

- a separation benefit equivalent to 16 times the gross amount of the most recent monthly fixed salary received prior to the termination of the position as company officer, thus €652,000;
- exemption from the attendance conditions normally required in order to exercise at the proper date half of the options to subscribe to Sopra Group shares acquired at the end of the term in office.

3.2.2. Agreements between Sopra Group and Orga Consultants

Agreement	Impact on the 2008 financial statements
Provision of premises	€1,580,980 revenue
Expense recharge Sopra Group charges Orga Consultants the proportion of various expenses relating to the shared premises (telecoms, postage, professional tax, etc.)	€61,534 revenue
Provision of IT resources	€226,800 revenue
Assistance (Functional Management)	€1,041,500 revenue
Commercial support Payment of management fees for commercial support by Sopra Group. 1.5% of Orga Consultants' revenue	€675,900 revenue
Tax consolidation The tax charge is apportioned as if no tax consolidation agreement applied	€17,255 expense

3.2.3. Agreements between Sopra Group and Axway Software

Agreement	Impact on the 2008 financial statements
Provision of premises	€2,842,044 revenue
Expense recharge Sopra Group charges Axway Software the proportion of the various expenses relating to the shared premises (telecoms, postage, professional tax, etc.)	€274,818 revenue
Provision of IT resources	€2,205,053 revenue
Assistance (Functional Management)	€2,623,000 revenue
Commercial support Payment of management fees for commercial support by Sopra Group	No impact: not applied in 2008
Tax consolidation The tax charge is apportioned as if no tax consolidation agreement applied	€25,179 expense

3.2.4. Cash management agreements and receivables relinquished

Company concerned		Balance of current account held with Sopra Group at 31 December 2008 (CB: credit balance; DB: debit balance)	Expense (-)/ Income (+)	Relinquished debt
Axway	DB	€78,476,565	€3,130,956	
Orga Consultants	CB	€16,934,156	-€583,224	
Sopra Group Ltd	DB	€0	€742,813	
Sopra Belux	DB	€55,000	€11,836	
Sopra Group GmbH	DB	€764,500	€24,968	
Sopra Group SpA	DB	€0	€42,547	
Valoris Iberia	DB	€990,000	€26,798	
CS Sopra España	DB	€0	€57,832	-€477,527
SopraNtic	DB	€448,306	€13,516	
Sopra Informatique	CB	€10,302,889	-€237,159	
Sopra PROFit	CB	€29,800,000	-€821,933	
Sopra Luxembourg	CB	€170,238	-€4,344	
Business Architects International NV	CB	€14,488,917	-€828,590	
Sopra India Private Ltd	DB	€93,155	€0	

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

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

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

The first section, which deals with the Board of Directors, applies the recommendations of the *Code of Corporate Governance for Listed Companies* published in December 2008 by AFEP and MEDEF (this document may be viewed on the MEDEF website). The second section refers to the provisions of the Articles of Association relating to General Meetings and the rights of shareholders. The third section, which presents the Group's internal control and risk management procedures, is based on the recommendations of the workgroup officially established by the Autorité des Marchés Financiers as well as the application guide relating to internal control and the presentation of accounting and financial information published in January 2007.

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

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

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

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

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

Legal provisions

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

Provisions included in the Articles of Association

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

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

Internal rules and regulations of the Board of Directors

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

Board of Directors' charter

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

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

4.1.3. Meetings of the Board of Directors

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

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

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

The Board of Directors met five times in 2008. The attendance rate was 85%, representing a total roll call of 45 out of a possible 53 (by decision of the General Meeting of 15 May 2008, the Board is now composed of 11 members).

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

Issues discussed

The main issues discussed in 2008 were:

- organisation of and calendar for meetings;
- quarterly performance;
- 2008 budget and major strategies;
- approval of the financial statements for the year ended 31 December 2007;
- approval of the interim financial statements for the first half of 2008;
- approval of the recommendations of the Compensation Committee;
- authorisation of regulated agreements and commitments;
- capital increase following the exercise of options to subscribe to shares occurring in 2007;
- preparation of the Ordinary General Meeting for 2008;
- approval of financial information and planning documents;
- acquisition projects.

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

Dissemination of information – Preparatory materials

Article 4 of the internal regulations states that:

- each member of the Board shall receive all information required in the performance of his or her mission and is authorised to request any documents deemed pertinent;
- in advance of each meeting of the Board, a set of preparatory materials shall be addressed to members presenting the items on the agenda requiring special analysis and preliminary reflection, provided that confidentiality guidelines allow the communication of this information;
- the members of the Board shall also receive, in the intervals between meetings, all pertinent and critical information concerning significant events or operations. This information shall include copies of all press releases disseminated by the Company.

Training

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

Given the experience and length of service of the members of the Board of Directors, no training was deemed to be required in 2008.

4.1.5. Committees of the Board of Directors

Audit Committee

The Audit Committee was created on 2 March 2004 and had its mandate renewed on 30 May 2006. Its members are:

- Hervé Saint-Sauveur, Chairman;
- Pierre-André Martel;
- Bernard Michel;
- François Odin;
- Gérard Vincent.

The Audit Committee has the following main responsibilities:

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

- ensuring compliance with the requirement for the independence of Statutory Auditors.

It was convened five times in 2008 in the presence of the Statutory Auditors. The main items of business at these meetings were as follows:

- the 2007 impairment tests;
- approval of the financial statements for the year ended 31 December 2007;
- the assignment scope and procedures for the Statutory Auditors;
- the organisation and 2008 work programme for the Group's internal audit function;
- the Group's exposure to currency risk;
- financial debt;
- the examination of the financial statements for the first half of 2008;
- transfer prices and head office costs.

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

Compensation and Nomination Committees

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

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

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

This Committee has three main missions:

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

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

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

These two committees meet according to the same schedule. They met four times in 2008. The main subjects discussed were the following:

- application of earnout clauses involved in the acquisitions of Newell & Budge and PROFit;
- fixed and variable components of compensation paid to the COMEX members: principles, access conditions and decisions in accordance with the performance of each member;
- allocation of directors' fees with respect to the 2007 financial year;
- the status of the Managing Director;
- the award of share subscription option plans;
- the Group's compensation policy for 2009.

4.1.6. Evaluation of the Board of Directors

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

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

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

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

Definition of internal control

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

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

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

In April 2006, the Executive Management of the Group launched an adaptation process relating to its internal control system, which took into account the reference framework published by the Working Group from the date of its publication. This adaptation did not alter any of the essential aspects of the system in place within the Company, which has been in use for many years, but has reinforced the existing system with a number of additional features.

This approach involves the entire Group. Taking as its initial focus Systems & Solutions Integration in France, it will gradually be extended to cover all subsidiaries (all countries, all segments).

Approved presentation format

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

- Organisation (a);
- Internal communication of information (b);
- System for the identification and management of risks (c);
- Control activities (d);
- Monitoring of the internal control system (e).

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

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

4.3.1. Components of the internal control system

a. Organisation

Organisation refers to the Group's legal, operational and functional organisation as commonly defined, the Human Resources function, the information system, procedures and tools.

Corporate, operational and functional organisation

Corporate organisation

Sopra Group's legal structure is designed to be as simple as possible, involving a single entity per business segment and per country, with the exception of short periods following acquisitions, rapidly succeeded by merger-absorption operations, or in the case of specific agreements providing for the participation, for a limited time, of company managers in the capital of certain subsidiaries.

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

Operational structure

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

- Tier 1 is composed of the members of the Sopra Group Executive Committee. It is situated at strategic level, and supervises operational matters (organisation, management control and development of major client accounts, etc.). Organised around Executive Management, the Executive Committee is currently composed of about ten individuals;
- Tier 2 consists of:
  - Divisions, for Systems & Solutions Integration France; each division is centred on a market, an offer, a solution or a region,
  - Countries, for Systems & Solutions Integration outside France,
  - Subsidiaries, for Consulting (Orga Consultants) and Axway.

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

Functional organisation

Cross-functional structures (Industrialisation Department, Major Commercial Programmes) or strictly functional departments (Purchasing, Logistics and Transport, Finance and Administration, Communications, Internal Control, Internal IT, Legal Affairs, Human Resources, IT Resources & Security) are centralised within Sopra Group SA for the entire Group and report directly to Executive Management. The functional capacity of international subsidiaries is strictly limited to the local business environment. Functional managers contribute to overall Group control and enable operational entities to devote the entirety of their resources to their business.

Human resources

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

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

The transmission of the Group's fundamentals (values, best practices) represents around 20% of total training efforts. A major training programme conducted specifically for managerial staff in 2008 enabled some 800 participants to review once again the Group's value system, update their knowledge of the organisation and improve their management techniques.

Information system

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

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

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

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

Procedures

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

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

These procedures are accessible on a permanent basis via a dedicated intranet.

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

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

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

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

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

The Group's expanding internationalisation is increasing the need to consider the language issue. The three languages used in the Group's tools and communication are French, English and Spanish. However, at present not all of the Reference Documents are made available in all three languages.

Tools

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

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

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

b. Internal dissemination of information

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

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

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

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

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

Application of the SIPC to all entities of the Group

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

c. Risk listing and management process

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

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

With respect to structural risks, a risk-mapping procedure (defined as the listing, definition and ranking of risks) is nearing completion. Led by a member of Executive Management, the steps consist of the initial production, through the use of working groups involving both operating and functional managers, of a risk-map, internal control objectives, an evaluation of existing processes and, finally, recommendations for improvements permitting the reduction of inherent business risk. The risk-map will be regularly updated and presented annually to the Audit Committee.

d. Control

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

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

Finance and Administration Department (Management Accounting)

Management Accounting is performed by the Finance and Administration Department. It currently comprises approximately twenty-five employees. The principal tasks of Management Accounting are the consolidation and analysis of monthly results produced by the internal management system, overseeing the consistency of monthly forecasts, supervising the application of Group controls and procedures, assisting operating managers, training management system users, performing quarterly reviews of operating units (220 reviews conducted in 2008) and performing the reconciliation between the internal management accounts and the financial accounts.

Industrialisation Department (Quality System management)

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

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

Eighteen structural audits were performed in 2008 so as to verify the application and effectiveness of the Quality System among the Sopra Group staff members concerned (management, sales, operational quality unit).

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

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

Projects are reviewed on a regular basis, at key phases in their life cycle. Organised by the Industrialisation Department, or by the Quality System's local representatives, these reviews provide an external perspective on the status and organisation of projects. In 2008, about 1,100 reviews of this type were conducted.

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

e. Supervision of the internal control system

Internal supervision system

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

Chairman and Chief Executive Officer (Internal Control Department)

The Chairman and Chief Executive Officer continuously monitors the internal control system and an Internal Control Department has been created to assist him (operational since the 2008 financial year).

The Internal Control Department, which has a staff of three, has the following tasks:

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

Executive Management validates the audit plan in particular on the basis of the risk-map and the priorities it has adopted for the year.

Board of Directors (Audit Committee)

The Audit Committee is informed of the activities of the Internal Control Department in its meetings with the Director of the Internal Control Department twice a year, which are also attended by the Statutory Auditors.

These meetings mainly involve presentations of the mapping of risks and the annual internal audit programme.

External procedures

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

External audit

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

AFAQ AFNOR Certification Inspectors

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

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

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

4.3.2. Production of accounting and financial information

a. Coordination of the accounting and financial function

Organisation of the accounting and financial function

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

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

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

Supervision of the accounting and finance function

Involvement of Executive Management

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

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

Role of the Board of Directors

The Board of Directors is responsible for the oversight of accounting and financial information. It approves the annual accounts and reviews the interim accounts. It relies on the Audit Committee, which is comprised of five of its members (cf. Paragraph 4.1.5 above).

Organisation of the accounting information system

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

Monthly cash flow forecasts are prepared for all companies.

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

They were subject to a special review procedure by the Audit Committee.

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

b. Preparation of the published accounting and financial information

Reconciliation with the internal management system accounting data

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

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

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

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

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

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

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

Procedures for the preparation of the consolidated financial statements

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

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

c. Improvement projects

The Group plans to conduct an amalgamation of the various existing notes and procedures into a single document covering the significant accounting policies and procedures. The new document will serve as a common reference for the various internal and external operators involved in the production or use of financial and accounting data.

4.3.3. Assessment and control of the principal risks identified

At the start of 2008, Executive Management, after consultation with the Executive Committee, had adopted working practices aimed at controlling risks in three major areas:

a. Human resources risks

In a high growth service business, which also faces certain skill shortages, human resources risks are naturally critical.

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

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

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

An ambitious programme, which aims to favour the emergence within the Group of its future leaders (project managers, architects, experts, etc.) led to a rethinking of the career paths, skill use opportunities and employment conditions of a portion of the Group's staff employed in productive subdivisions.

b. Production risks

The primary risk relates to the capacity to execute commitments *vis à vis* clients in terms of quality, delivery date and cost: delivering products and services that meet the specifications, within the time limits agreed and within the budgets forecast, in particular in connection with major client projects.

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

The revamping of the Group's engineering method gave rise to a training programme addressing these issues, which involved over 6,000 participants in 2008.

c. Commercial risks

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

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

In addition, the selection of these risks has informed the choice of internal audit missions. These priorities remain valid for 2009.

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

This report was approved by the Board of Directors in its meeting of 17 March 2009.

17 March 2009

Pierre Pasquier

Chairman of the Board of Directors

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

To the shareholders,

In our capacity of Statutory Auditors of Sopra Group, and in compliance with the provisions of the last paragraph of article L. 225-235 of the Commercial Code, we hereby present our report on the Report of the Chairman of the Board of Directors, pursuant to the provisions of article L. 225-37 of the Commercial Code, in respect of the financial year ended 31 December 2008.

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

It is our responsibility to:

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

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

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

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

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

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

Other information

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

Paris and Courbevoie, 9 April 2009

The Statutory Auditors

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

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REPORT OF THE BOARD OF DIRECTORS

1. Sopra Group's business and key events in 2008

1.1. Business in 2008 – General environment

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

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

Growth for the IT services sector was satisfactory in 2008, with revenue of companies in the sector growing by approximately 6% in France (Source: Syntec).

With annual revenue of €1.129 billion in 2008, Sopra Group recorded strong growth, in line with its objectives set at the beginning of the year. Total growth was 12.8% and organic growth was 10.5%, a performance significantly outstripping the sector average.

Profit from recurring operations was €102.3 million, an increase of 12.7%, representing a current operating margin of 9.1%. Although this margin is identical to that posted last year, given the economic climate at the end of the year this constitutes an excellent performance.

Operating profit came in at €99.7 million, an increase of 10.7%.

Net profit improved by 5.6% to reach €58.2 million or 5.2% of revenue.

1.2. Key events of the year

1.2.1. Continuation of the worldwide project for Axway with the acquisition of Tumbleweed in the United States

In September 2008, Axway, a Sopra Group subsidiary, acquired Tumbleweed Communications Corp, whose businesses were immediately integrated with those of Axway. Together, Axway and Tumbleweed offer collaborative business solutions to 11,000 customers worldwide.

Tumbleweed provides secure content delivery solutions to more than 3,300 customers in various sectors, especially financial services, health care and government agencies. This acquisition consolidates Axway's leadership position in the B2B and file transfer market and is expected to result in a doubling of Axway's revenue in North America.

Tumbleweed also brings to Axway an offshore development centre in Bulgaria.

The synergies generated by this combination will drive stronger growth and margins.

1.2.2. Reinforced presence in payment methods with the acquisition of CIBF

In January 2008, Sopra Group acquired Compagnie d'Ingénierie Bancaire et Financière (CIBF). This acquisition strengthens the Group's European presence in the financial services sector.

The complementarity of Sopra Group and CIBF, first in terms of their geographic presence, and secondly through their shared expertise in payment methods, especially with respect to SEPA (Single European Payment Area) flows, will allow Sopra Group, in particular, to further develop its European presence and reinforce its Evolan™ industry application solution offerings.

CIBF's businesses were immediately integrated within Sopra Group's Financial Services division and the two companies were merged in June 2008.

1.2.3. Acquisition of G2i

In January 2008, Sopra Group acquired G2i as part of its strategy of consolidating its presence in France by strengthening its positions among major clients. G2i provides consulting and services in the field of embedded software and testing resources for the aerospace industry, primarily for Airbus.

2. Consolidated financial statements

2.1. Consolidated income statement

2.1.1. Group results

Consolidated revenue amounted to €1,129.5 million in 2008, representing total growth of 12.8% and organic growth of 10.5%. This compares to organic growth of 9.4% in 2007. This represents an improvement in the Group's growth performance, despite a difficult economic environment in the second half of the year, thus placing Sopra Group above the 6–8% range anticipated by Syntec for 2008.

Changes in the scope of consolidation correspond to the acquisitions of:

- CIBF in France consolidated from 1 January 2008 (€8.9 million);
- G2i in France consolidated from 1 January 2008 (€3.2 million);
- Tumbleweed in the United States consolidated from September 2008 (€16.9 million).

These three acquisitions contributed in total up to €29.0 million to revenue in 2008.

It is worth noting that changes in foreign exchange rates represent a negative growth impact of 1.5 percentage points, or €15.4 million, three-quarters of which relates to the pound sterling.

Total staff costs, for both employees and contractors, grew by 12.5%, slightly less than the growth in revenue (12.8%) and represented 72.5% of the latter, nearly identical to the percentage in 2007 (72.8%), reflecting good control of salaries and costs of external contractors: this growth was achieved without a major adverse impact on this item, which often occurs during periods of strong growth.

These costs include €50.1 million in research and development expenses for software packages and solutions.

Operating expenses as a percentage of revenue increased due to the greater recourse to sub-contracting: 17.2% compared to 16.7% in the previous year.

Depreciation, amortisation and provisions (1.2% of revenue) decreased slightly due to non-recurring items recorded in the 2007 financial statements (€1.7 million).

Profit from recurring operations amounted to €102.3 million, corresponding to 9.1% of revenue compared to €90.8 million and 9.1% of revenue in 2007, an increase of 12.7%.

Operating profit came in at €99.7 million, after taking into account:

- the amortisation of intangible assets acquired as a result of business combinations for an amount of €1.4 million;
- non-recurring expenses (€1.2 million) related to the acquisition of Tumbleweed in the United States in September 2008: these are provisions for severance payments and retirement benefits. In 2007, non-recurring expenses were recognised (€0.7 million) to provide Atos Origin's B2B business in Germany, acquired at the start of the year, with an administrative, technical and logistics structure.

Operating profit thus grew by 10.7% and remains at 8.8% of revenue.

Net financial expenses rose to €13.2 million in 2008 versus €9.8 million a year earlier, mainly as a result of the cost of financial debt, which amounted to €9.9 million, up from €7.8 million in 2007. This increase is due principally to the growth in debt generated by external growth transactions. Other financial income and expenses, which amounted to a net expense of €3.3 million, mainly include:

- discounting expenses relating to:
  - the provision for retirement benefits in the amount of (-)€1.1 million,
  - earnouts related to acquisitions for (-)€0.3 million,
  - employee profit sharing, which had a positive impact of €0.6 million;
- the change in the value of interest rate hedging instruments affected by the drop in the Euribor rate at the year-end for (-)€3.0 million;
- realised and unrealised gains and losses for a net amount of (-)€0.1 million;
- other financial income and expense for a net gain of €1 million.

Total tax expense amounted to €28.3 million, or 32.7% of pre-tax profit compared to €25.2 million in 2007, which represented 31.4% of pre-tax profit.

Net profit was €58.2 million or 5.2% of revenue compared to €55.1 million and 5.5% in 2007, an improvement of 5.6%.

Basic earnings per share (calculated on the basis of the weighted number of shares outstanding during the financial year) increased to €4.98 from €4.80 in 2007.

2.1.2. Performance by division

(in millions of euros)	2008					2007		
	Revenue	Total growth	Organic growth	Profit from recurring operations	% Margin	Revenue	Profit from recurring operations	% Margin
Management consulting	44.8	+2.1%	+2.1%	2.3	5.1%	43.9	4.5	10.3%
Systems & Solutions Integration – France	694.6	+16.3%	+14.2%	61.6	8.9%	597.5	52.3	8.8%
Systems & Solutions Integration – Europe	218.9	+1.9%	+2.6%	18.2	8.3%	214.9	19.5	9.1%
Axway	171.2	+18.0%	+9.4%	20.2	11.8%	145.1	14.5	10.0%
GROUP TOTAL	**1,129.5**	**+12.8%**	**+10.5%**	**102.3**	**9.1%**	**1,001.4**	**90.8**	**9.1%**

Management consulting (Orga Consultants): revenue for this division was €44.8 million, representing organic growth of 2.1%. Profit from recurring operations came to €2.3 million, corresponding to a current operating margin of 5.1%. Until the end of September, the Group had anticipated a more favourable fourth quarter. Measures were taken to improve the occupation rate of consultants.

SSI France: revenue for this division amounted to €694.6 million, representing organic growth of 14.2%. Profit from recurring operations came to €61.6 million, representing a current operating margin of 8.9%. The Group's strong positioning in France and the signing of contracts for a number of major projects were key drivers of growth throughout the year, even during the fourth quarter, which saw revenue rise by 11.7%. Ongoing efforts to promote delivery process industrialisation helped to protect the margin.

SSI Europe: this division posted organic growth of 2.6%, with revenue of €218.9 million. Profit from recurring operations was €18.2 million, representing a current operating margin of 8.3%. The Group was able to protect its margins despite a difficult economic environment.

- In the United Kingdom, where business was hit hard over the year as a whole by contract cancellations in the banking sector, revenue came to €72.7 million, corresponding to organic growth of 1.7%. The current operating margin for these activities was 4.7%.
- In Spain, revenue amounted to €85.9 million, corresponding to organic growth of 8.7% and a current operating margin of 13.7%. This performance confirms the Group's ability in 2008 to withstand the current downturn in the Spanish market.
- In Italy, revenue came in at €31.2 million, representing organic growth of 7.6%. The current operating margin was 8.0%.

Axway: revenue for this division was €171.2 million, with organic growth of 9.4% and total growth of 18.0%. Profit from recurring operations came to €20.2 million, corresponding to a current operating margin of 11.8%. Amid a challenging economic climate at the end of the year, Axway's performance was excellent. Furthermore, the integration of Tumbleweed in the United States was carried out under very satisfactory conditions:

- the operating margin for four months of activity was on a par with that of Axway, which meant that the Tumbleweed acquisition was earnings enhancing as of 2008;
- actual economies of scale exceeded those forecast at the time of the acquisition;
- the staff have been successfully integrated.

2.2. Balance sheet and financial structure

Non-current assets were €456.6 million at 31 December 2008, up from €355.9 million the previous year. This is mainly the result of the increase:

- in goodwill (€372.7 million compared to €300.6 million in 2007), mainly due to the acquisition of Tumbleweed;
- in intangible assets (€28.9 million compared to €5.2 million in 2007), mainly as a result of the (provisional) allocation of Tumbleweed's intangible assets (software packages, customer relations, distributor relations);
- in property and equipment (€35.1 million compared to €33.0 million in 2007);
- and deferred tax assets (€16.5 million compared to €13.1 million in 2007).

Trade accounts receivable, stated net of all client-related credit and debit balances and including VAT, amounted to €401.5 million, compared to €359.0 million in 2007.

Cash and cash equivalents amounted to €33.0 million compared to €26.6 million in 2007.

At 31 December 2008, consolidated shareholders' equity totalled €268.3 million compared to €248.8 million in 2007. The statement of changes in consolidated shareholders' equity included in Chapter 5 provides a detailed presentation of the principal movements in 2008.

Long-term liabilities and borrowings amounted to €231.2 million versus €156.8 million in 2007 and were essentially comprised of bank loans for €198.9 million, borrowings made to cover restatement expenses for IT lease finance agreements for €9.0 million, additions to the special employee profit sharing reserve for €17.3 million and bank overdrafts for €6.0 million.

The Group's free cash flow was €52.9 million, compared to €30.0 million in 2007, a significant improvement attributable to better management of working capital requirements.

Due principally to cash outflows related to acquisitions for the amount of €101.6 million, net debt amounted to €198.2 million at 31 December 2008 compared to €130.3 million the previous year.

At 31 December 2008, net debt was 1.79 times the gross operating profit (EBITDA) and the gearing ratio was 74%. Net debt represents the balance of the items "Long-term liabilities and borrowings" and "Cash and cash equivalents". A breakdown of the change in net debt is provided in Note 14.2 of the notes to the consolidated financial statements.

Other current liabilities, which totalled €317.9 million, mainly comprised:

- employee-related liabilities (personnel and social security) for €144.8 million;
- tax liabilities for €85.0 million, essentially corresponding to value added tax included in client receivables;
- accrued income for €71.5 million, comprising the portion of billing revenue already issued but not yet booked as revenue;
- liabilities on fixed assets, corresponding mainly to earnouts to be paid in 2009 for €9.6 million (the Group has no liabilities for earnouts with maturities extending past 2009).

3. 2008 Sopra Group SA company financial statements

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

3.1. Income statement

Revenue increased by 16.1% to €715.3 million versus €616.1 million in 2007.

Operating profit rose to €64.6 million, up from €54.5 million a year earlier.

Net financial expenses were €6.7 million compared to €9.2 million in 2007.

Pre-tax profit on ordinary activities was €57.8 million, compared to €45.3 million one year earlier.

Net exceptional income for 2008 was €0.3 million, as in 2007.

The employee profit sharing expense was €6.9 million compared to €5.4 million in 2007 and the corporate income tax expense increased from €13.1 million to €14.2 million.

There was a net profit of €37.1 million, versus €27.0 million in 2007.

3.2. Balance sheet

Shareholders' equity was €245.4 million at 31 December 2008, compared to €226.5 million at end 2007.

This change was due primarily to the following factors:

- the net profit for the year of €37.1 million;
- exercise of share subscription options amounting to €0.8 million;
- a G2i merger surplus amounting to €0.3 million;
- payment of dividends in respect of the 2007 financial year amounting to (-)€19.3 million.

Fixed assets increased to €529.4 million, from €403.9 million in 2007. These consisted mainly of €453.2 million in non-current financial assets, €57.6 million in intangible assets and property and equipment of €18.6 million.

4. Strategy and objectives, recent developments and 2009 outlook

4.1. Group strategy and objectives

4.1.1. Targets set for 2008

For 2008, the Group set itself the following objectives:

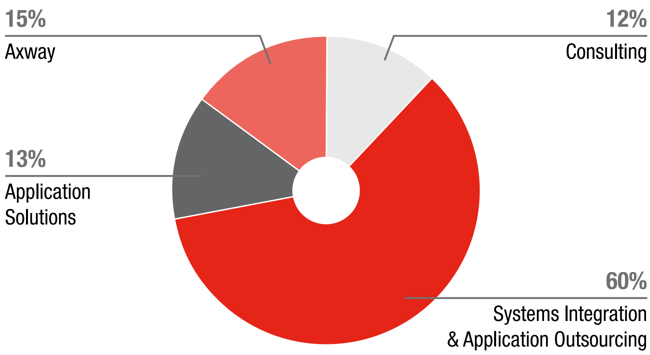
- **organic growth outstripping the market**

  This objective was achieved, as our growth topped 10%, a double-digit increase not seen since 1998–99;
- **an improvement in the operating margin**

  The operating margin held firm, which constitutes a very satisfactory performance given the worsening economic environment during the fourth quarter;
- **confirmation of our business model (see §4.1.2);**
- **further progress with our major transformation projects (see §4.1.3).**

4.1.2. Confirmation of our business model

Sopra Group's business model is organised around four specifically delineated divisions with the potential to generate high margins, all of which leverage our know-how. The Group's revenue breakdown for these four divisions is as shown below:



4.1.3. Ongoing implementation of major transformation programmes

Industrialisation

In 2008, the industrialisation project involved structuring efforts focused on Service Centres and on pursuing the concept of Global Project Management (management of international projects, when some of the work is carried out at on- or off-shore Service Centres). The Group invested €10 million and recorded an operating expense of €7 million in connection with this project.

This priority will also be addressed in 2009. We will build on our achievements in 2008 with respect to the methods, tools and processes used by IT teams with further work in these areas in 2009. Sopra Group wishes to maintain the competitive edge it has created thanks to its capacity to deliver. Sopra Group's approach is founded upon a network of Service Centres, which employ one-third of the Group's workforce in the French provinces and nearshore in several European countries, but also offshore in India. It encompasses a range of activities, including R&D, client support services and application outsourcing. These Service Centres allow us to meet the needs of our major clients, ensuring flexibility and rapid response times.

At 31 December 2008, 3,700 employees were posted to these Centres, including 1,200 offshore, equivalent to 10% of the Group's workforce.

Offerings and partnerships

Efforts focusing on our offerings, partnerships with software publishers, and major client accounts also helped to propel growth in 2008, attributable in large part to our Application Outsourcing business. The main source of our internal growth – in the upper portion of the market – has been our larger major client accounts and they have been the focus of our marketing efforts. Our goal in 2009 is to use this same approach on an international scale.

Banking solutions

Banking solutions – which account for 8% of our revenue – encompass four product lines: lending, payments, reporting and multi-channel banking.

The Group forecasts growth in 2009, particularly through its ability to sell its existing clientele a continuum of offerings based around consulting and long-term support for the implementation of projects combining a product, integration services and application outsourcing. As before, our target clientele consists of leading banks with operations in several countries.

We will devote considerable resources to product R&D in 2009.

Consulting

Sopra Group's Consulting business – which accounts for 12% of Group revenue – comprises Orga Consultants and the Business Consulting teams.

Orga Consultants is affected by the economic slowdown but enjoys good short-term visibility.

The Group's Business Consulting teams help to drive the Group's added value upward. This unit rounds out the Group's offering, bridging the gap between management consulting and Sopra Group's traditional business in managing major transformation projects, by proposing industry-related, architecture and technology consulting. Our objective in 2009 will be to offer a set of services enabling clients to meet all of their service needs through Sopra. Our efforts will therefore concentrate on offerings and production capacity.

European operations

Outside France, the Group is present – in the area of systems integration – in the United Kingdom, Spain, Italy, Belgium and Switzerland. In 2008, these activities held up well despite a difficult market environment. The motivation for expanding internationally lies in our ability to serve our major clients on the local level. The idea is also to reap the benefits of greater industrialisation and to spread the word about our offerings. Given the current context, these businesses will be subject to much tighter management control in 2009.

4.1.4. An update on Axway

At the start of 2008, Axway's objectives were to update its offering and align its distribution system with its current strategy. Both of these goals were achieved. The company's offering has made advances through internal development as well as acquisitions. Axway now benefits from a vertical distribution system, whereas it had previously been organised largely by country. The acquisition of Tumbleweed in the United States has been a success. The new entity formed in the United States quickly reaped the anticipated economies of scale, amounting to $9 million on a full-year basis. The teams of both companies were rapidly integrated and their profitability was ensured. With respect to growth and margin improvement targets, the former came in at more than 9% while the latter amounted to nearly 12%.

4.2. Context in 2009

Information technology lies at the heart of our clients' activities, as information systems represent the key building blocks for all their management processes. In comparison with previous crises, Sopra Group is better equipped and now has a different approach to the structuring of its business:

- the recurring portion of our business has increased;
- our production methods have been industrialised to a great extent;
- the Group benefits from increased flexibility in adjusting its operating expenses.

Sopra Group is better geared to weather potential downturns. The market is buoyed by the mandatory nature of client investments, in response to changes in regulatory frameworks, mergers, restructuring efforts or the rationalisation of information systems, which drives much of the demand, particularly in the banking vertical but also in the public sector, an area where the Group pursued expansion in 2008. Demand of the part of IT services clients remains strong for competitivity- and innovation-enhancing projects, e-commerce, embedded information systems, mobile applications, modernisation of administrative processes by governments (paperless systems), business intelligence (BI) decision support systems, among others.

The crisis has compelled clients to seek cost savings via application outsourcing. Sectors that, in the past, were reluctant to enter into long-term client-supplier partnerships requiring a certain level of initial investment but positioned to create value in the future, are now pursuing this type of relationship. This is certainly true of the banking sector, which is expected to be a key driver of demand.

Following the acquisition of Tumbleweed and on the basis of a one-to-one parity between the US dollar and the euro, Axway generates 38% of its full-year revenue in the United States, 33% in France, 27% in Europe outside France and 2% in Asia. Maintenance, which accounted for 32% of 2008 revenue, now represents 37%, since half of Tumbleweed's revenue is generated through its maintenance activities. Services now represent 27% of revenue, while licences account for 36%.

4.3. Recent developments

The Group has not carried out any new acquisitions since 1 January 2009.

Pursuant to the provisions of the shareholders' agreement of 29 September 2004, Caravelle has requested the merger of Sopra GMT and Sopra Group. This possibility is currently being examined, together with measures that might be implemented to ensure the stability of the Group's capital structure.

4.4. Outlook for 2009

The strategic decisions made by Sopra Group for its businesses, vertical markets and geographic positioning have been confirmed. The Group had announced a project for a revenue target of €1.5 billion in 2010. The timeframe within which this goal will be achieved will depend on the duration of the current crisis. The Group's market environment will certainly undergo transformations and new opportunities may present themselves.

Financial year 2009 will be a difficult one and growth will be tied to the state of the economy. The Group will monitor its operating margin indicators very closely and will adopt any measures that may become necessary. The Group introduced measures to cut costs as early as September 2008.

5. Subsidiaries and associated entities

5.1. Acquisitions of equity interests in subsidiaries and associated entities

5.1.1. First consolidation

CIBF – Compagnie d'Ingénierie Bancaire et Financière – In early 2008, Sopra Group acquired 100% of the share capital of CIBF, in a cash transaction. Based in Nantes, CIBF enjoys wide recognition as a publisher of software packages and solutions for major banking groups and financial services providers (payment methods, financial flow management, factoring of receivables and risk management related to banking commitments). CIBF was dissolved followed by a transfer of assets and liabilities at end-June 2008.

G2i – In early 2008, Sopra Group acquired 100% of the share capital of G2i in a cash transaction. G2i provides consulting and services in the field of embedded software and testing resources for the aerospace industry, primarily for Airbus. G2i was dissolved followed by a transfer of assets and liabilities at end-June 2008.

Tumbleweed Communications Corp – In September 2008, Axway acquired 100% of the share capital of Tumbleweed Communications Corp in a cash transaction. Tumbleweed is an industry leader in managed file transfer, e-mail security and identity validation and has more than 3,300 customers worldwide, including blue-chip companies across an array of industries such as technology, retail, finance, healthcare, manufacturing, consumer packaged goods, telecoms, energy and US government agencies. Tumbleweed's businesses were integrated with those of Axway. Tumbleweed has been consolidated since 1 September 2008.

5.1.2. Deconsolidated entities

No Sopra Group entities were deconsolidated over the course of financial year 2008.

5.1.3. Internal reorganisation

Axway GmbH and Axway Software GmbH – On 18 August 2008, Axway GmbH absorbed Axway Software GmbH, effective retroactively from 1 January 2008. This merger had no impact on the consolidated financial statements.

Beler Ing Srl and Axway Romania Srl – On 11 November 2008, Axway Romania Srl absorbed the company Beler Ing Srl, a wholly owned subsidiary of Sopra Group. This merger had no impact on the consolidated financial statements.

CIBF and G2i – These two companies, acquired in early 2008, were dissolved, followed by a transfer of their assets and liabilities to Sopra Group.

Axway Inc and Tumbleweed Communications Corp – At end-2008, Axway Inc absorbed Tumbleweed Communications Corp. This merger had no impact on the consolidated financial statements.

5.2. List of direct subsidiaries

Company	Share capital	Other shareholders' equity	% of capital held	Book value (in euros)		Loans and advances granted by the company and not yet repaid	Surety and guarantees given by the company	Latest financial year revenue ex VAT	Latest fiscal year profit or loss	Dividends received by the Company during the financial year	Observa-tions
				Gross	Net						
Axway Software	€75,620,000	€23,383,684	100.0%	€75,619,772	€75,619,772	€78,476,565	-	€91,386,491	€10,623,944	-	
Orga Consultants	€51,086,700	€18,535,478	100.0%	€85,061,843	€50,000,000	-	-	€46,797,964	€1,606,482	-	
Sopra Group Ltd (United Kingdom)	GBP 50,700,000	-GBP 7,743,960	100.0%	€83,955,430	€67,560,041	-	-	GBP 59,215,921	GBP 40,773	-	
Sopra Belux (Belgium)	€2,638,082	-€1,323,393	100.0%	€3,052,485	€3,052,485	€55,000	-	€11,060,686	-€149,985	-	
Business Architects International NV (Belgium)	€11,426,364	€4,137,338	100.0%	€37,479,247	€37,479,247	-	-	€8,024,995	€1,835,179	€9,293,564	
Sopra Luxembourg	€100,000	€67,942	100.0%	€99,900	€99,900	-	-	€777,103	€42,519	€100,000	
Valoris Luxembourg	€894,000	-€2,338,226	100.0%	€1,154,068	€0	€1,397,099	-	€0	-€4,627	-	
Sopra Informatique (Switzerland)	CHF 100,000	CHF 18,328,539	100.0%	€58,380	€58,380	-	-	CHF 14,021,164	CHF 1,460,182	-	
Sopra Group SpA (Italy)	€3,660,000	€2,396,201	100.0%	€12,502,516	€12,502,516	-	-	€31,456,627	€955,627	-	
Sopra PROFit (Spain)	€24,000,000	€36,691,250	100.0%	€113,487,256	€113,487,256	-	-	€83,040,854	€8,501,617	-	
Valoris Iberia (Spain)	€70,000	-€225,811	100.0%	€18,759,981	€1,000,000	€990,000	-	€2,851,774	-€1,241,073	-	
CS Sopra España (Spain)	€3,260,200	€147,546	100.0%	€3,260,200	€3,260,200	-	-	€10,374,961	€150,885	-	
SOPRAntic (Morocco)	MAD 3,000,000	-MAD 4,211,009	100.0%	€267,004	€267,004	MAD 5,055,890	-	MAD 13,060,928	MAD -1,787,125	-	
Sopra India Private Ltd (India)	INR 203,020,180	INR 236,584,881	100.0%	€7,910,275	€7,910,275	€93,155	-	INR 738,649,075	INR 85,501,165	-	
Sopra Group GmbH	€1,200,000	-€1,521,637	100.0%	€5,484,691	€0	€764,500	-	€1,399,410	€6,101		

5.3. List of indirect subsidiaries

Parent company – Subsidiaries	Share capital	Other shareholders' equity	% of capital held	Book value Gross	Book value Net	Loans and advances granted by the company and not yet repaid	Surety and guarantees given by the company	Latest financial year revenue ex VAT	Latest fiscal year profit or loss	Dividends received by the Company during the financial year	Observations
Axway Software											
Axway UK Ltd (United Kingdom)	GBP 100,000	GBP 83,678	100.0%	€148,270	€0	€1,008,365		GBP 7,259,309	GBP 183,063	-	
Axway GmbH (Germany)	€425,000	€20,823,669	100.0%	€23,038,194	€23,038,194	-		€21,622,845	€1,118,118	-	
Axway Srl (Italy)	€98,040	€76	100.0%	€98,127	€98,127	-		€4,233,278	-€62,890	-	
Axway Software Iberia (Spain)	€1,000,000	€712,624	100.0%	€1,000,000	€1,000,000	-		€4,459,720	€879,458	-	
Axway Nordic (Sweden)	SEK 100,000	SEK 14,144,268	100.0%	€20,706,081	€20,706,081	-		SEK 56,094,376	SEK 2,373,835	€4,839,074	
Axway Inc. (United States)	USD 1	USD 38,728,492	100.0%	€65,332,542	€65,332,542	€64,412,866		USD 42,353,419	-USD 9,521,327	-	
Axway B. V (Holland)	€18,200	€444,906	100.0%	€200,000	€200,000	-		€3,503,932	€64,241	€100,000	
Axway Belgium (Belgium)	€1,000,000	€1,960,783	99.9%	€999,000	€999,000	-		€8,456,846	€1,365,426	-	
Axway Asia Pacific Pte Ltd (Singapore)	SGD 100	-SGD 331,995	100.0%	€908,431	€0	€792,268		-	-SGD 86,526	-	
Axway Romania Srl (Romania)	RON 52,490	RON 8,128,470	100.0%	€1,972,250	€1,972,250	-		RON 21,329,763	RON 3,008,666	€202,500	
Axway Software Korea corporation Ltd (South Korea)	KRW 50,000,000	-KRW 49,274,601	100.0%	€40,486	€0	€78,045		KRW 265,626,088	KRW 1,887	-	
Axway Asia Pacific Pte Ltd (Singapore)											
Axway Software China (China)	CNY 11,358,640	-CNY 11,404,168	100.0%	SGD 847,385	SGD 847,385			CNY 2,051,872	CNY 9,963,353	-	
Axway Pte Ltd (Singapore)	SGD 200,000	-SGD 199,601	100.0%	SGD 1	SGD 1	€489,020		SGD 2,054,971	-SGD 566	-	
Axway Sdn Bhd (Malaysia)	MYR 250,000	-MYR 249,793	100.0%	SGD 106,768	SGD 106,768	€76,661		MYR 1,899,178	-MYR 43	-	
Axway Pty Ltd (Australia)	AUD 100,000	AUD 121,857	100.0%	SGD1	SGD 1			-	-	-	
Axway Ltd (Hong Kong)	HKD 100,000	-HKD 99,758	100.0%	SGD 2	SGD 2	€77,876		HKD 7,154,712	-HKD 3,719	-	
Axway Inc. (United States)											
Tumbleweed Communications Corp. (United States)	USD 2	USD 150,865,446	100.0%	USD 150,573,560	USD 150,573,560	-		USD 22,298,748	USD 3,353,293	-	*
Tumbleweed Communications Holding GmbH (Switzerland)	CHF 20,000	CHF 67,642	100.0%	USD 12,252	USD 12,252	-		-	CHF 2,910	-	*
Tumbleweed Communications Ltd (United Kingdom)	GBP 2	GBP 1,115,654	100.0%	USD 2	USD 2	-		GBP 1,273,690	-GBP 86,286	-	*
Tumbleweed Communications EOOD (Bulgaria)	BGN 5,000	BGN 1,231,682	100.0%	CHF 4,024	CHF 4,024	-		BGN 2,906,222	BGN 176,151	-	*
Sopra India Private Ltd (India)											
Momentum Technologies Inc.	CAD 900,100	-CAD 1,165,881	100.0%	INR 38,172,160	INR 0	-		CAD 1,788,834	-CAD 584,065	-	
Sopra PROFit (Spain)											
Sopra PROFit Euskadi	€6,010	€1,092,527	100.0%	€3,254,484	€3,254,484	-		€2,717,536	€430,787	-	
PROFit Gestao Informatica Lda	€17,500	€1,571,703	100.0%	€1,400,000	€1,400,000	-		€626,902	€144,984	-	

* *Portion consolidated over four months.*

6. Proposed appropriation of earnings

Sopra Group's profit available for distribution, determined as follows, is €37,062,015.79:

Profit for the year	€37,058,468.29
Retained earnings: dividends not paid on treasury shares	€3,547.50
TOTAL	**€37,062,015.79**

In consideration of the consolidated net profit amounting to €58,197,823, we propose that shareholders appropriate the profit available for distribution in the following manner:

Legal reserve	€13,384.00
Dividend	€19,313,235.15
Discretionary reserves	€17,735,396.64
TOTAL	**€37,062,015.79**

thus increasing the legal reserve to €4,681,996.40, 10% of the Company's share capital.

Based on the number of shares composing the share capital at 31 December 2008 (11,704,991), the dividend allocated per share would be €1.65. The dividend would be paid as of 22 May 2009.

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

Moreover, as of 1 January 2008 it is now possible for individual shareholders resident in France for tax purposes, who receive dividends entitling them to the 40% tax allowance as part of the management of their personal assets, to elect to subject the dividends received to an 18% levy at source (excluding social contributions) as full payment for the corresponding income tax. The levy is calculated on the total amount of the dividends received, i.e. without deducting expenses, applying tax base allowances or the capped tax credit. If the option to have the levy at source applied to a portion of the dividends received during the course of the same year is exercised, this will result in the loss of the tax base allowances and capped tax credit for other dividends received during the same year for which the option to apply this levy was not taken up. The option must be explicitly exercised no later than at the time of the receipt of the income.

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

	2005	2006	2007
Total dividend	€12,588,504.50	€15,480,227.25	€19,258,026.15
Number of dividend bearing shares	11,444,095	11,466,835	11,671,531
Dividend paid	€1.10	€1.35	€1.65

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

The Combined General Meeting of 15 May 2008, acting in accordance with the provisions of Article L. 225-209 of the Commercial Code, authorised the Board of Directors to trade the Company's shares on the stock exchange under a liquidity contract.

- At 31 December 2007, Sopra Group held a total of 2,175 treasury shares acquired at an average price of €53.73 managed under an AFEI liquidity contract by an investment services provider.
- During 2008, Sopra Group bought 191,089 of its own shares at an average price of €41.96 and sold 167,939 shares at an average price of €44.58.
- At 31 December 2008, Sopra Group owned 25,325 treasury shares purchased at an average price of €25.41.

The General Meeting is requested to authorise the Board of Directors, for a period of eighteen months, with the option to sub-delegate this authorisation, to buy back shares in the company, in one or several stages, in accordance with Articles L. 225-209 et seq. of the Commercial Code, up to limit of 5% of the shares making up the company's share capital, thus 585,250 shares on the basis of the current share capital.

The shares may be bought back for the following purposes:

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

- to implement any market practice that would come to be accepted by the AMF, and in general, to perform any operation that complies with regulations in force.

The maximum price at which shares may be bought back is set to €50 which, given the current number of shares making up 5% of the company's share capital, results in a maximum total price of €29,262,500.

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

This authorisation would be valid until 6 November 2010 inclusive.

8. Information concerning company officers

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

9. Setting of directors' fees

We propose that directors' fees for the Board of Directors for financial year 2009 be set at €135,000 (€10,000 per director and €5,000 for each member of the Audit Committee).

10. Information on transactions in securities by directors or persons designated by Article L. 621-18-2 of the *Code monétaire et financier*

Pursuant to Article 223-26 of the general regulations of the AMF, the transactions referred to in Article L. 681-18-2 of the *Code monétaire et financier* during financial year 2008, relating to Sopra Group shares, were as follows:

Category (1)	Name	Function	Transaction type (2)	Transaction date	Number of securities	Unit price in euros	Transaction amount in euros
a	IBI (3)	Director	A	08/01/2008	2,063	48.661	100,388
a	IBI	Director	A	09/01/2008	6,404	47.722	305,610
a	IBI	Director	A	10/01/2008	4,097	46.060	188,709
a	IBI	Director	A	11/01/2008	5,000	44.938	224,691
a	IBI	Director	A	14/01/2008	2,379	43.837	104,288
a	IBI	Director	A	15/01/2008	3,000	44.430	133,290
a	IBI	Director	A	16/01/2008	2,638	41.753	110,145
a	IBI	Director	A	17/01/2008	4,542	42.356	192,380
a	IBI	Director	A	18/01/2008	5,000	42.059	210,295
a	Caravelle (4)	Director	A	21/01/2008	20,000	40.320	806,400
a	IBI	Director	A	21/01/2008	5,000	39.602	198,009
a	Caravelle	Director	A	23/01/2008	1,996	40.860	81,557
a	IBI	Director	A	23/01/2008	3,272	39.709	129,927
a	IBI	Director	A	24/01/2008	8,692	40.454	351,626
a	IBI	Director	A	25/01/2008	8,102	41.833	338,929
a	IBI	Director	A	28/01/2008	311	41.206	12,815
a	IBI	Director	A	28/01/2008	1,930	41.522	80,138
a	Regence (5)	Director	A	28/01/2008	3,000	39.906	119,718
a	IBI	Director	A	29/01/2008	6,207	41.817	259,557

Category [1]	Name	Function	Transaction type [2]	Transaction date	Number of securities	Unit price in euros	Transaction amount in euros
a	IBI	Director	A	29/01/2008	4,712	42.115	198,447
a	Regence	Director	A	30/01/2008	9,500	42.136	400,289
a	Regence	Director	A	01/02/2008	12,000	42.607	511,286
a	Dominique Illien	Director and MD	A	15/02/2008	11,250	43.870	493,532
a	IBI	Director	A	15/02/2008	3,655	43.933	160,576
a	IBI	Director	A	18/02/2008	4,933	44.426	219,151
a	IBI	Director	A	19/02/2008	7,287	44.037	320,898
a	IBI	Director	A	20/02/2008	7,350	44.575	327,623
a	IBI	Director	A	21/02/2008	761	45.774	34,834
a	IBI	Director	A	03/03/2008	1,002	45.131	45,221
a	IBI	Director	A	04/03/2008	4,456	44.070	196,374
a	IBI	Director	A	05/03/2008	2,537	44.216	112,175
a	Caravelle	Director	A	06/03/2008	4,256	44.200	188,115
a	IBI	Director	A	06/03/2008	2,688	43.985	118,230
a	Caravelle	Director	A	07/03/2008	5,000	44.320	221,600
a	IBI	Director	A	07/03/2008	3,675	44.451	163,358
a	Caravelle	Director	A	10/03/2008	4,227	44.150	186,622
a	IBI	Director	A	10/03/2008	10,000	44.152	441,519
a	IBI	Director	A	11/03/2008	10,000	44.379	443,788
a	IBI	Director	A	17/03/2008	2,099	43.464	91,230
a	IBI	Director	A	18/03/2008	413	43.427	17,935
a	IBI	Director	A	08/04/2008	346	47.759	16,525
a	IBI	Director	A	09/04/2008	1,400	47.736	66,831
a	IBI	Director	A	10/04/2008	368	47.931	17,639
a	IBI	Director	A	11/04/2008	292	48.047	14,030
a	IBI	Director	A	05/05/2008	1,117	49.945	55,789
a	IBI	Director	A	06/05/2008	960	49.629	47,644
a	IBI	Director	A	12/06/2008	5,000	50.435	252,173
a	IBI	Director	A	13/06/2008	678	48.916	33,165
a	IBI	Director	A	13/06/2008	1,067	48.450	51,696
a	IBI	Director	A	16/06/2008	726	49.148	35,681
a	IBI	Director	A	17/06/2008	2,488	49.297	122,651
a	Caravelle	Director	A	18/06/2008	1,911	49.941	95,437
a	IBI	Director	A	18/06/2008	1,693	49.900	84,481
a	Caravelle	Director	A	20/06/2008	3,040	49.981	151,942
a	IBI	Director	A	20/06/2008	1,995	49.820	99,390
a	IBI	Director	A	24/06/2008	335	49.976	16,742
a	Caravelle	Director	A	25/06/2008	4,788	49.960	239,208
a	IBI	Director	A	25/06/2008	1,964	49.646	97,505
a	IBI	Director	A	26/06/2008	1,534	49.776	76,356
a	Caravelle	Director	A	27/06/2008	2,812	49.760	139,925
a	IBI	Director	A	30/06/2008	276	49.990	13,797
a	IBI	Director	A	01/07/2008	2,685	49.613	133,210
a	IBI	Director	A	02/07/2008	5,000	48.965	244,824
a	IBI	Director	A	03/07/2008	367	47.813	17,547
a	IBI	Director	A	07/07/2008	895	47.996	42,957
a	Caravelle	Director	A	08/07/2008	5,200	47.670	247,884
a	IBI	Director	A	08/07/2008	2,236	47.511	106,234

Category [1]	Name	Function	Transaction type [2]	Transaction date	Number of securities	Unit price in euros	Transaction amount in euros
a	Caravelle	Director	A	10/07/2008	1,189	48.000	57,072
a	Caravelle	Director	A	11/07/2008	5,000	47.520	237,600
a	IBI	Director	A	10/09/2008	3,000	48.343	145,028
a	IBI	Director	A	11/09/2008	1,410	47.324	66,727
a	IBI	Director	A	12/09/2008	2,712	48.194	130,701
a	IBI	Director	A	16/09/2008	2,455	47.534	116,697
a	IBI	Director	A	17/09/2008	5,000	47.874	239,369
a	Caravelle	Director	A	18/09/2008	35,250	46.997	1,656,644
a	IBI	Director	A	18/09/2008	5,000	47.108	235,542
a	Caravelle	Director	A	22/09/2008	577	46.982	27,109
a	Caravelle	Director	A	23/09/2008	3,193	46.962	149,950
a	IBI	Director	A	23/09/2008	2,939	47.101	138,429
a	IBI	Director	A	24/09/2008	3,261	46.742	152,425
a	IBI	Director	A	25/09/2008	2,969	45.024	133,677
a	IBI	Director	A	26/09/2008	1,427	42.431	60,548
a	Caravelle	Director	A	29/09/2008	3,683	41.000	151,003
a	IBI	Director	A	29/09/2008	2,688	41.191	110,720
a	IBI	Director	A	30/09/2008	1,468	42.496	62,384
a	IBI	Director	A	02/10/2008	2,396	42.474	101,767
a	IBI	Director	A	03/10/2008	897	41.654	37,364
a	IBI	Director	A	06/10/2008	2,027	39.983	81,046
a	Caravelle	Director	A	07/10/2008	3,086	38.812	119,774
a	IBI	Director	A	07/10/2008	1,847	38.944	71,929
a	Caravelle	Director	A	08/10/2008	200	36.394	7,279
a	IBI	Director	A	08/10/2008	2,560	38.273	97,979
a	IBI	Director	A	09/10/2008	3,215	39.444	126,811
a	IBI	Director	A	10/10/2008	3,162	37.674	119,125
a	IBI	Director	A	13/10/2008	1,795	39.278	70,504
a	IBI	Director	A	14/10/2008	2,654	40.945	108,668
a	IBI	Director	A	15/10/2008	5,000	40.206	201,029
a	Caravelle	Director	A	16/10/2008	27,075	38.982	1,055,438
a	IBI	Director	A	22/10/2008	424	36.313	15,397
a	IBI	Director	A	23/10/2008	3,748	35.173	131,829
a	Caravelle	Director	A	24/10/2008	2,243	33.983	76,224
a	IBI	Director	A	24/10/2008	2,949	34.241	100,976
a	Caravelle	Director	A	27/10/2008	54,159	33.710	1,825,700
a	Caravelle	Director	A	28/10/2008	5,352	33.750	180,630
a	Caravelle	Director	A	07/11/2008	10,000	33.970	339,700
a	Caravelle	Director	A	13/11/2008	1,062	32.460	34,473
a	Caravelle	Director	A	18/11/2008	10,000	30.880	308,800
a	Caravelle	Director	A	19/11/2008	8,000	30.600	244,800

(1) Category:

a: members of the Board of Directors, CEO, Unique CEO, Managing Director;

(2) Type of transaction:

A: Acquisition;

D: Disposal;

S: Subscription;

E: Exchange.

(3) IBI is a financial holding company subject to Luxembourg law and owned by Mr. José Sancho Garcia.

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

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

11. Employee share ownership

Pursuant to the provisions of Article L. 225-102 of the Commercial Code, we hereby inform you that, at 31 December 2008, no shares in the Company were held by:

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

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

1. The Company's ownership structure is presented in paragraph 2 of Chapter 2 of the Reference Document.
2. There are no restrictions in the Articles of Association:

- on voting rights, but a double voting right is granted to shares held in registered form for at least four years (Article 28 of the Articles of Association),
- on share transfers: shares are freely tradable, other than as specified by applicable laws or regulations (Article 11 of the Articles of Association).

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

3. Any direct or indirect participating interests in the capital of the Company of which the latter has been informed pursuant to Articles L. 233-7 and L. 233-12 are presented in paragraph 2 of Chapter 2 of the Reference Document.
4. There are no special controlling rights other than the double voting rights granted to certain registered shares, subject to the conditions described in the second paragraph above.
5. There is no control mechanism provided under an employee share ownership scheme.
6. Agreements between shareholders of which the Company is aware and which may give rise to restrictions on share transfers and voting rights are presented in paragraph 2 of Chapter 2 of the Reference Document.
7. The regulations applicable to the appointment and replacement of the members of the Board of Directors are set forth in Article 14 of the Articles of Association. The regulations relating to the amendment of the Company's Articles of Association are contained within Article 32 of the Articles of Association, which states that *"the Extraordinary General Meeting alone shall be authorised to amend any and all provisions of the Memorandum and Articles of Association"*.
8. The powers of the Board of Directors are those described in Article 17 of the Articles of Association: *"The Board of Directors determines the overall business strategy of the Company and supervises its implementation. It examines any and all matters related to the efficiency and effectiveness of business operations and reaches decisions about any and all issues concerning the Company, within the limits of the corporate purpose and except for those matters which, by law, can only be decided on by the shareholders in a General Meeting."*

   In addition, the Board of Directors has been granted authorisations by the Combined General Meeting of 15 May 2008 in its resolutions 9 to 16.
9. Agreements concluded by the Company that might be amended or cease to apply in the event of a change in the ownership of the Company mainly concern the syndicated credit facilities concluded at the end of October 2005 and April 2008.
10. There are no agreements providing for the payment of compensation to the members of the Board of Directors or to employees upon their resignation or their dismissal without just cause or should their employment contract be terminated due to a public offer.

13. Risk factors

This chapter is developed in Chapter 1 paragraph 10 of the Reference Document.

14. Sustainable development

This chapter is developed in Chapter 1 paragraph 9 of the Reference Document.

15. Other information

In accordance with Article 223 *quater* of the Tax Code, we bring to your attention that the accounts for the year ended 31 December 2008 include €230,316 in respect of non-deductible expenses (Article 39-4 of the Tax Code).

Paris, 17 March 2009

The Board of Directors

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

(in euros)	**2008**	2007	2006	2005	2004
Share capital at the end of the financial year					
■ Share capital	46,819,964	46,686,124	45,867,340	45,776,380	42,927,800
■ Number of ordinary shares outstanding	11,704,991	11,671,531	11,466,835	11,444,095	10,731,950
■ Maximum number of future shares to be created at 31 December by the exercise of share subscription rights	536,252	571,412	791,258	833,914	1,126,759
Operations and results for the financial year					
■ Revenue excluding VAT	715,262,937	616,050,938	555,168,681	488,560,636	441,875,318
■ Profit before tax, employee profit sharing, depreciation, amortisation and provisions	60,097,206	50,412,360	49,137,832	39,907,156	32,970,372
■ Corporate income tax	14,165,356	13,076,862	14,062,506	10,464,395	8,857,977
■ Employee profit sharing for the financial year	6,936,524	5,406,486	6,073,471	4,010,364	3,186,532
■ Profit after tax, employee profit sharing, depreciation, amortisation and provisions	37,058,468	27,011,997	30,637,832	18,524,198	15,586,882
■ Profit distributed	19,313,235	19,258,026	15,480,227	12,588,505	8,585,560
Earnings per share					
■ Profit after tax, employee profit sharing, but before depreciation, amortisation and provisions	3.33	2.74	2.53	2.22	1.95
■ Profit after tax, employee profit sharing, depreciation, amortisation and provisions	3.17	2.31	2.67	1.62	1.45
■ Dividend per share	1.65	1.65	1.35	1.10	0.80
Employee data					
■ Average workforce for the financial year	7,237	6,521	5,990	5,460	5,157
■ Total payroll for the financial year	301,772,567	272,414,673	248,535,330	220,321,024	200,428,358
■ Social and social benefit charges paid during the year (social security, social bodies, etc.)	137,337,953	123,794,263	113,489,000	100,215,289	92,009,448

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

- The delegation of powers to the Board of Directors by the **ninth resolution**, to increase the Company's share capital, subject to the limit of €20 million in par value, through the issue of ordinary shares or any other securities conferring entitlement to shares in the Company, with shareholders' pre-emptive subscription rights being maintained, **was not used.**
- The delegation of powers to the Board of Directors by the **tenth resolution**, to increase the Company's share capital, subject to the limit of €20 million in par value, through the issue of ordinary shares or any other securities conferring entitlement to shares in the Company, without shareholders' pre-emptive subscription rights being maintained, **was not used.**
- The authorisation granted to the Board of Directors by the **eleventh resolution**, in the form of a delegation for the purpose of increasing the amount of an issue by no more than 15% of the original issue amount and at the same price in the event of oversubscription, **was not used**.
- The authorisation granted to the Board of Directors by the **twelfth resolution**, as part of the delegation for the purposes of increasing the Company's capital, without shareholders' pre-emptive subscription rights being maintained, to determine the issue price of shares or securities conferring access to the Company's shares, subject to an annual limit of 10% of the share capital, **was not used.**
- The authorisation granted to the Board of Directors by the **thirteenth resolution**, as part of the delegation for the purposes of increasing the Company's capital, without shareholders' pre-emptive subscription rights being maintained, to remunerate securities contributed to the Company as part of a public exchange offer or contribution in kind relating to the Company**, was not used.**
- The authorisation granted to the Board of Directors by the **fourteenth resolution**, in the form of a delegation to effect capital increases reserved for employees who are members of the company savings plan, **was not used**.

Paris, 17 March 2009

The Board of Directors

REPORT OF THE BOARD OF DIRECTORS RELATING TO SHARE SUBSCRIPTION OPTIONS

The Board of Directors used the authorisation provided by the **twelfth resolution** of the Combined General Meeting of **26 May 2005** to grant share subscription options in favour of members of personnel, as follows:

- allocation of 50,000 share subscription options on 18 March 2008 with an issue price of €45.30, including 20,000 options awarded to Dominique Illien, Managing Director of Sopra Group and a member of its Board of Directors. Of these 50,000 options allocated, 9,500 were cancelled during the year.

The Board of Directors did not make use of the authorisation granted by the Combined General Meeting of **15 May 2008** in its **fifteenth resolution** to allocate share subscription options in favour of staff members.

Paris, 17 March 2009

The Board of Directors

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

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

Paris, 17 March 2009

The Board of Directors

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Consolidated balance sheet

ASSETS *(in thousands of euros)*	*Notes*	**2008**	**2007**	**2006**
Goodwill	4	372,686	300,558	278,654
Intangible assets	5	28,891	5,234	1,538
Property and equipment	6	35,091	32,958	31,968
Financial assets	7	3,430	4,003	4,068
Deferred tax assets	8	16,459	13,147	8,557
Non-current assets		**456,557**	**355,900**	**324,785**
Stocks and work in progress		404	274	23
Trade accounts receivable	9	401,539	358,964	323,819
Other current receivables	10	32,614	23,866	20,750
Derivatives	11	286	3,210	2,824
Cash and cash equivalents	12	33,009	26,573	50,693
Current assets		**467,852**	**412,887**	**398,109**
TOTAL ASSETS		**924,409**	**768,787**	**722,894**

LIABILITIES AND EQUITY *(in thousands of euros)*	*Notes*	**2008**	**2007**	**2006**
Share capital		46,820	46,686	45,867
Capital reserves		52,918	51,681	46,886
Consolidated reserves		144,858	110,774	82,136
Profit for the year		58,198	55,097	44,206
Gains and losses taken directly to equity		-34,491	-15,433	-2,875
Equity – Group share		**268,303**	**248,805**	**216,220**
Minority interests		**3**	**2**	**1**
TOTAL EQUITY	13	**268,306**	**248,807**	**216,221**
Financial debt – long-term portion	14	189,969	134,428	136,487
Deferred tax liabilities	15	213	1,028	284
Provision for post-employment benefits	16	30,220	25,520	14,515
Non-current provisions	17	3,012	4,505	3,989
Other non-current liabilities	18	9,955	13,686	25,098
Non-current liabilities		**233,369**	**179,167**	**180,373**
Financial debt – short-term portion	14	41,234	22,416	11,935
Trade payables	19	59,620	48,459	41,766
Other current liabilities	20	317,904	268,833	271,203
Derivatives	21	3,976	1,105	1,396
Current liabilities		**422,734**	**340,813**	**326,300**
TOTAL LIABILITIES		**656,103**	**519,980**	**506,673**
TOTAL LIABILITIES AND EQUITY		**924,409**	**768,787**	**722,894**

Consolidated income statement

(in thousands of euros)	*Notes*	2008		2007		2006	
		Amount	%	Amount	%	Amount	%
Revenue	22	1,129,477	100.0%	1,001,440	100.0%	897,668	100.0%
Purchases consumed	23	-143,788	-12.7%	-114,727	-11.5%	-107,894	-12.0%
Staff costs	24	-721,825	-63.9%	-647,881	-64.7%	-582,569	-64.9%
External expenses	25	-129,606	-11.5%	-115,212	-11.5%	-102,761	-11.4%
Taxes and duties		-22,780	-2.0%	-20,290	-2.0%	-17,900	-2.0%
Depreciation	26	-11,747	-1.0%	-11,694	-1.2%	-10,391	-1.2%
Provisions and impairment	26	-2,230	-0.2%	-2,915	-0.3%	-2,439	-0.3%
Other operating income and expenses from recurring operations		4,821	0.4%	2,105	0.2%	1,337	0.1%
Profit from recurring operations		**102,322**	**9.1%**	**90,826**	**9.1%**	**75,051**	**8.4%**
Amortisation of allocated intangible assets	27	-1,409	-0.1%	-	-	-	-
Other operating income and expenses	27	-1,168	-0.1%	-673	-0.1%	-1,127	-0.1%
Operating profit		**99,745**	**8.8%**	**90,153**	**9.0%**	**73,924**	**8.2%**
Income from cash and cash equivalents	28	165	0.0%	169	-	411	0.0%
Cost of gross financial debt	28	-10,094	-0.9%	-7,994	-0.8%	-6,758	-0.8%
Cost of net financial debt		**-9,929**	**-0.9%**	**-7,825**	**-0.8%**	**-6,347**	**-0.7%**
Other financial charges and expense	28	-3,279	-0.3%	-2,000	-0.2%	-1,301	-0.1%
Tax charge	29	-28,338	-2.5%	-25,231	-2.5%	-22,070	-2.5%
Net profit for the year from continuing operations		**58,199**	**5.2%**	**55,097**	**5.5%**	**44,206**	**4.9%**
Net profit from the year from discontinued operations or operations being discontinued		-	-	-	-	-	-
Net profit		**58,199**	**5.2%**	**55,097**	**5.5%**	**44,206**	**4.9%**
Attributable to Group		**58,198**	**5.2%**	**55,097**	**5.5%**	**44,206**	**4.9%**
Minority interests		1	-	-	-	-	-

EARNINGS PER SHARE *(in euros)*	*Notes*	2008	2007	2006
Basic earnings per share	30	4.98	4.80	3.86
Fully diluted earnings per share	30	4.96	4.75	3.78

Statement of recognised gains and losses

(in thousands of euros)	2008	2007	2006
Actuarial gains and losses on pension plans	-1,568	-7,637	-
Change in the value of derivatives	-2,794	-	-
Deferred tax	1,502	2,629	-
Translation differential	-16,198	-7,550	-1,889
Gains and losses recognised directly in equity	**-19,058**	**-12,558**	**-1,889**
Profit for the year	58,198	55,097	44,206
TOTAL RECOGNISED INCOME AND EXPENSES FOR THE PERIOD	**39,140**	**42,539**	**42,317**

Consolidated statement of changes in equity

(in thousands of euros)	Capital	Capital reserves	Consolidated reserves	Profit for the year	Losses taken directly to equity	Total Group share	Minority interests	Total
EQUITY AT 31 DECEMBER 2005	**45,776**	**45,541**	**59,753**	**35,259**	**-986**	**185,343**	**1**	**185,344**
Profit for the year	-	-	-	44,206	-	44,206	-	**44,206**
Gains and losses recognised directly in equity	-	-	-	-	-1,889	-1,889	-	**-1,889**
Total gains and losses recognised	**-**	**-**	**-**	**44,206**	**-1,889**	**42,317**	**-**	**42,317**
Capital transactions	91	434	26	-	-	551	-	**551**
Share-based payments	-	626	-	-	-	626	-	**626**
Transactions in treasury shares	-	-	-31	-	-	-31	-	**-31**
Appropriation of earnings	-	285	22,388	-35,259	-	-12,586	-	**-12,586**
Change in scope	-	-	-	-	-	-	-	**-**
Other movements	-	-	-	-	-	-	-	**-**
EQUITY AT 31 DECEMBER 2006	**45,867**	**46,886**	**82,136**	**44,206**	**-2,875**	**216,220**	**1**	**216,221**
Profit for the year	-	-	-	55,097	-	55,097	-	**55,097**
Gains and losses recognised directly in equity	-	-	-	-	-12,558	-12,558	-	**-12,558**
Total gains and losses recognised	**-**	**-**	**-**	**55,097**	**-12,558**	**42,539**	**-**	**42,539**
Capital transactions	819	3,927	-	-	-	4,746	-	**4,746**
Share-based payments	-	859	-	-	-	859	-	**859**
Transactions in treasury shares	-	-	-80	-	-	-80	-	**-80**
Appropriation of earnings	-	9	28,718	-44,206	-	-15,479	1	**-15,478**
Changes in scope	-	-	-	-	-	-	-	**-**
Other movements	-	-	-	-	-	-	-	**-**
EQUITY AT 31 DECEMBER 2007	**46,686**	**51,681**	**110,774**	**55,097**	**-15,433**	**248,805**	**2**	**248,807**
Profit for the year	-	-	-	58,198	-	58,198	1	**58,199**
Gains and losses recognised directly in equity	-	-	-	-	-19,058	-19,058	-	**-19,058**
Total gains and losses recognised	**-**	**-**	**-**	**58,198**	**-19,058**	**39,140**	**1**	**39,141**
Capital transactions	134	687	-	-	-	821	-	**821**
Share-based payments	-	185	-	-	-	185	-	**185**
Transactions in treasury shares	-	-	-636	-	-	-636	-	**-636**
Appropriation of earnings	-	365	35,477	-55,097	-	-19,255	-	**-19,255**
Changes in scope	-	-	-	-	-	-	-	**-**
Other movements	-	-	-757	-	-	-757	-	**-757**
EQUITY AT 31 DECEMBER 2008	**46,820**	**52,918**	**144,858**	**58,198**	**-34,491**	**268,303**	**3**	**268,306**

Consolidated cash flow statement

(in thousands of euros)	2008	2007	2006
Consolidated net profit (including minority interests)	**58,199**	**55,097**	**44,206**
Net increase in depreciation, amortisation and provisions	14,342	12,055	12,668
Unrealised gains and losses relating to changes in fair value	3,000	-677	-
Share-based payment expense	185	859	627
Other calculated income and expense	-5,763	4,200	-827
Gains and losses on disposal	202	7	1,279
Cash from operations after cost of net debt and tax	**70,165**	**71,541**	**57,953**
Cost of net financial debt	9,929	7,825	6,347
Income taxes (including deferred tax)	28,338	25,231	22,070
Cash from operations before cost of net debt and tax (A)	**108,432**	**104,597**	**86,370**
Tax paid (B)	-29,302	-38,166	-1,325
Changes in operating working capital requirements (included liabilities related to employee benefits) (C)	-2,835	-14,704	5,242
Net cash from operating activities (D) = (A+B+C)	**76,295**	**51,727**	**90,287**
Purchase of tangible and intangible fixed assets	-8,620	-9,009	-8,352
Proceeds from sale of tangible and intangible fixed assets	44	13	144
Purchase of financial assets	-359	-383	-1,063
Proceeds from sale of financial assets	1,222	556	1,431
Impact of changes in scope	-101,392	-49,119	-23,366
Net cash from (used in) investing activities (E)	**-109,105**	**-57,942**	**-31,206**
Proceeds on issue of shares	-	-	-
Proceeds on the exercise of stock options	821	4,746	525
Purchase and proceeds from disposal of treasury shares	-637	-80	-32
Dividends paid during the year			
■ Dividends paid to shareholders of Sopra Group SA	-19,255	-15,479	-12,586
■ Dividends paid to minority interests of consolidated expenses	-	-	-
Change in borrowings	73,521	-4,961	-44,925
Net interest paid (including finance leases)	-10,728	-7,873	-6,005
Other cash flow relating to financing activities	35	-120	-82
Net cash from (used in) financing activities (F)	**43,757**	**-23,767**	**-63,105**
Effect of foreign exchange rate changes (G)	-691	-154	-434
NET CHANGE IN CASH AND CASH EQUIVALENTS (D + E + F + G)	**10,256**	**-30,136**	**-4,458**
Opening cash position	16,759	46,895	51,353
Closing cash position	27,015	16,759	46,895

Notes to the consolidated financial statements

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Notes to the consolidated financial statements

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

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

It is listed on compartment B, Euronext Paris.

The consolidated financial statements for the year ended 31 December 2008 of Sopra Group were approved by the Board of Directors' meeting of 11 February 2009.

ACCOUNTING PRINCIPLES AND POLICIES

Note 1 | Summary of the main accounting policies

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

1.1. Basis of preparation

The consolidated financial statements for the year ended 31 December 2008 were prepared in accordance with:

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

They were prepared mainly using the historical cost convention, except for employee benefits, share subscription options, financial debt and derivatives which are measured at fair value.

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

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

1.2. Application of new standards and interpretations

a. New mandatory standards and interpretations

With effect from 1 January 2008, Sopra Group has applied IFRIC 11 *IFRS 2 – Group and Treasury Share Transactions*.

b. Standards and interpretations subject to early application

Sopra Group has decided against early adoption of the following standards and interpretations:

- Amendment to IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures*, "Reclassification of Financial Assets" (effective for annual periods beginning on or after 1 July 2008);
- IAS 1 (revised) *Presentation of Financial Statements* (revised version issued in September 2007 and adopted by the European Union on 18 December 2008, effective for annual periods beginning on or after 1 January 2009);
- IFRS 8 *Operating Segments* (adopted by the European Union on 22 November 2007, effective for annual periods beginning on or after 1 January 2009). The impact of the application of IFRS 8 will be inconsequential since the Group's current segment information reflects its internal reporting;
- Amendment to IAS 23 *Borrowing Costs* (adopted by the European Union on 17 December 2008, effective for annual periods beginning on or after 1 January 2009);

- Amendment to IFRS 2 *Share-Based Payment*, *"Vesting Conditions and Cancellations"* (adopted by the European Union on 17 December 2008, effective for annual periods beginning on or after 1 January 2009);
- IFRIC 13 *Client Loyalty Programmes.* This interpretation has no bearing on the Group.

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

The Group did not opt for early application of any of these standards or interpretations, which are listed below:

- Amendment to IAS 32 *Financial Instruments: Presentation* and IAS 1 *Presentation of Financial Statements*, "Puttable Financial Instruments and Obligations Arising on Liquidation";
- Revision of IFRS 3 *Business Combinations* in connection with the Business Combinations Phase II project;
- Revision of IAS 27 *Consolidated and Separate Financial Statements* in connection with the Business Combinations Phase II project;
- Amendment to IFRS 1 *First-Time Adoption of International Financial Reporting Standards* and IAS 27 *Consolidated and Separate Financial Statements*, "Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate";
- Amendment to IFRS 1 *First-Time Adoption of International Reporting Standards* (revision to the structure of this standard);
- IFRIC 12, 14, 15, 16, 17 and 18.

d. Comparative periods

Information for the comparative periods 2007 and 2006 complies with IFRS.

e. Format of the financial statements

With regard to the presentation of the consolidated financial statements, Sopra Group has decided to apply CNC Recommendation 2004-R.02, dated 27 October 2004, dealing with the format of the income statement, the cash flow statement and the statement of changes in shareholders' equity.

1.3. Consolidation methods

- Sopra Group is the consolidating company.
- The companies over which Sopra Group has full control have been consolidated using the full consolidation method. Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than one half of the voting power of an enterprise unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control. Control also exists even when the parent owns one-half or less of the voting power of an enterprise when there is:
  - power over more than one-half of the voting rights by virtue of an agreement with other investors;
  - power to govern the financial and operating policies of the enterprise under a statute or an agreement;
  - power to appoint or remove the majority of the members of the board of directors or equivalent governing body, if control over the enterprise is exercised by this board or governing body;
  - or power to cast the majority of votes at meetings of the board of directors or equivalent governing body, if control over the enterprise is exercised by this board or governing body.
- Sopra Group does not exert significant influence or joint control over any entity.
- Sopra Group does not, directly or indirectly, control any *ad hoc* company.
- Inter-company transactions as well as unrealised balances and profits on operations between Group companies are eliminated.
- The accounts of all consolidated companies are prepared as at 31 December. These accounts have, where applicable, been restated to ensure the consistency of accounting and valuation rules applied by the Group.
- The scope of consolidation is presented in Note 2.

1.4. Foreign currency translation

a. Functional and presentation currencies

Items included in the financial statements of each Group entity are measured using the currency of the primary economic environment in which each entity operates, i.e. its "functional currency".

The consolidated financial statements are presented in euros, the functional and presentation currency of the parent company, Sopra Group SA.

b. Translation of the financial statements of foreign subsidiaries

Group subsidiaries' functional currencies are their local currencies in which most of their transactions are denominated. The accounts of all Group entities whose functional currency differs from the Group's presentation currency are translated into euros as follows:

- assets and liabilities are translated at rates applying at the balance sheet date;
- income, expenses and cash flows are translated at average rates for the period;
- all resulting foreign exchange differences are recognised as a distinct equity component: "Translation differential".

Foreign exchange differences arising from the translation of net investments in foreign operations are recognised in equity on consolidation. When a foreign operation is divested, the applicable accumulated translation difference is transferred to profit or loss as part of the gain or loss arising on disposal.

Goodwill and fair value adjustments arising on acquisition of foreign operations are treated as assets and liabilities of the operation and, as such, are translated at rates applying at the balance sheet date.

The Group does not own any consolidated entities operating in a hyperinflationary economy.

The applicable rates of exchange are presented in Note 38.

c. Translation of foreign currency transactions

Transactions denominated in foreign currencies are translated to entities' functional currencies at rates applying on the transaction dates. The foreign exchange gains and losses arising on settlement, as well as those arising from the adjustment of foreign currency denominated monetary assets and liabilities to rates applying at the balance sheet date, are recognised in profit or loss with the exception of amounts recognised directly in equity in respect of cash flow hedging or hedging of the net investment in foreign operations.

1.5. Significant estimates and accounting judgments

The preparation of financial statements implies the use of estimates and assumptions in measuring certain consolidated assets and liabilities as well as certain income statement items. Management are also required to exercise judgment in the application of the Group's accounting policies.

Such estimates and judgments, which are continually updated, are based both on historical information and on reasonable anticipation of future events according to the circumstances. However given the uncertainty implicit in assumptions as to future events, the related accounting estimates may differ from the ultimate actual results.

Significant assumptions and accounting estimates

The main assumptions and accounting estimates liable to leave scope for material adjustments to the carrying amount of assets and liabilities in subsequent periods are as follows:

- the measurement of goodwill (see Notes 1.7 and 4);
- the measurement of retirement commitments (see Notes 1.18 and 16);
- the recognition of income (see Note 1.21).

Significant judgments in the application of accounting policies

With the exception of those policies requiring accounting estimates, no judgment exercised by Management has had a material impact on the amounts recognised in the financial statements.

1.6. Business combinations

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

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

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

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

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

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

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

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

If the initial accounting for a business combination can only be determined provisionally for the reporting period in which the combination was effected, the acquirer recognises the combination using provisional values. The acquirer must then recognise adjustments to these provisional values related to the completion of initial accounting within 12 months of the acquisition date.

1.7. Goodwill

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

Goodwill is allocated over cash-generating units for the purposes of the impairment tests described in Note 1.11, which are performed as soon as any indication of impairment is noted and systematically at the balance sheet date of 31 December.

1.8. Intangible assets

a. Assets acquired externally

These relate to software packages recorded at cost as well as software packages, customer relations and distributor relations recognised at fair value in connection with the allocation of the purchase prices of entities acquired in business combinations. These assets are amortised using the straight-line method over three to fifteen years, depending on their estimated useful lives.

b. Assets generated internally

In application of *IAS 38 Intangible assets*:

- all research and development costs are charged to the income statement in the year they are incurred;
- project development costs are capitalised if, and only if, all of the following can be demonstrated:
  - the technical feasibility of completing the intangible asset so that it will be available for use or sale,
  - the intention to complete the intangible asset and use or sell it,
  - the ability to use or sell the intangible asset,
  - the manner in which the intangible asset will generate probable future economic benefits,
  - the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and,
  - the ability to measure reliably the expenditure attributable to the intangible asset during its development.

None of the development expenses for software and solutions (Axway, Banking, Human Resources and Real Estate) are recognised under intangible assets, since all of the conditions described above were not fulfilled.

1.9. Property and equipment

Property and equipment essentially comprises land and buildings, fixtures, office furniture and equipment and IT equipment.

Property and equipment is measured at acquisition cost (excluding any borrowing costs) less accumulated depreciation and any impairment losses. No amounts have been revalued.

Depreciation is based on the straight-line method according to the expected useful economic lives of each fixed asset category as follows:

Buildings	25 years
Fixtures and fittings	10 years
Equipment and tooling	3 to 5 years
Vehicles	5 years
Office furniture and equipment	5 to 10 years

Depreciation is applied against assets' acquisition cost after deduction of any residual value. Assets' residual values and expected useful lives are reviewed at each balance sheet date.

1.10. Leases

a. Finance leases

Leases of tangible fixed assets under which the Group retains substantially all the risks and rewards incidental to ownership of the assets are treated as finance leases. The related assets are recognised at the leased assets' fair value or, if less, at the present value of the minimum payments due under the leases.

Each lease payment is allocated between interest and capital repayment elements in order to reflect a constant periodic rate of return on the outstanding capital balance. The aggregate future capital repayment elements are included within *Financial debt*, while the aggregate interest elements are recognised in profit or loss over the period of each lease.

Assets acquired under finance leases are depreciated over their estimated useful lives or, if shorter, over the applicable lease terms.

- Property under finance lease is depreciated on a straight-line basis over 25 years.
- IT equipment under finance lease is depreciated on a straight-line basis over 4 years, i.e. the most common duration of the associated leases.

b. Operating leases

Leases of tangible fixed assets under which the Group retains substantially all the risks and rewards incidental to ownership of the assets are treated as finance leases, the payments in respect of which are recognised as an expense on a straight-line basis over the duration of the applicable leases.

1.11. Impairment of assets

IAS 36 Impairment of assets requires that an entity assess at each reporting date whether there is any indication that an asset may be impaired; if so, the asset's recoverable amount must be estimated.

Irrespective of whether there is any indication of impairment, an entity must also:

- test intangible assets with indefinite useful lives annually;
- test goodwill acquired in a business combination annually.

In practice, impairment testing is above all relevant to goodwill which comprises the essential portion of Sopra Group's consolidated non-current assets.

Impairment testing is performed at the level of the cash-generating units (CGUs) to which assets are allocated. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The Group's segmentation into cash-generating units is consistent with the operating structure of its businesses, its management and reporting structure and its segment reporting structure. Impairment testing involves comparing cash-generating units' carrying amounts with their recoverable amounts. A cash-generating unit's recoverable amount is the higher of its fair (generally market) value, less costs to sell, and its value in use.

The value in use of a CGU is determined using the present value of future cash flow method:

- cash flows for a plan period of five years, with cash flows for the first year of the plan based on the budget;
- cash flows beyond the five-year plan period used in value-in-use calculations are increased in line with historic long-term growth rates adjusted for inflation.

Cash flow projections for the explicit period are determined by taking into account:

- the general growth rate of the economy;
- the impact of technological advances in the sector;
- transfers of IT functions engendered by the rise of outsourcing benefiting the IT services sector.

The cash flows are discounted using a discount rate equal to:

- the ten-year risk-free money rate;
- supplemented by the market's risk premium multiplied by a sensitivity coefficient (ß) specific to the entity.

Impairment losses are recognised to the extent of any excess of a CGU's carrying amount over its recoverable amount. Impairment losses are first allocated against goodwill and are charged to profit or loss as part of *Other operating expenses*.

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

1.12. Financial assets

The Group classifies its financial assets into the following categories:

- assets measured at fair value through profit or loss;
- assets held to maturity;
- loans and receivables;
- and assets available for sale.

Classification depends on the purposes for which financial assets were acquired. Management decides on the appropriate classification at the time of initial recognition and performs a reassessment at each interim or annual reporting date.

Financial assets are initially measured at their fair value; they are subsequently measured, depending on their classification, at fair value or at amortised cost.

a. Assets measured at fair value through profit or loss

This category comprises both financial assets held for trading (i.e. acquired with a view to resale in the near term) and those designated upon initial recognition as at fair value through profit or loss. Changes in the fair value of assets of this category are recognised in profit or loss.

Despite the fact that they are held for trading, the Group's current investments are not accounted for in accordance with *IAS 39* because, given they comprise highly liquid investments meeting the definition of cash equivalents provided by *IAS 7*, they are instead consolidated as part of *Cash and cash equivalents* (see Note 1.15).

b. Held to maturity assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments that the Group has the intention and ability to hold to maturity. If any such asset is disposed of prior to maturity all other assets of the category must obligatorily be reclassified as available for sale. Assets held to maturity are otherwise measured, after initial recognition, at amortised cost.

The Group currently holds no assets classified within this category.

c. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They comprise the financial assets arising when the Group remits funds, or provides goods and services, to an individual or entity. Loans and receivables are initially recognised at fair value then subsequently measured at amortised cost using the effective interest rate method.

The Group has distinguished within this category:

- non-current financial assets comprising receivables associated with non-consolidated investments as well as guarantee deposits for leased property. Impairment losses are recognised for receivables associated with non-consolidated investments whenever their estimated recoverable amounts are lower than their carrying amounts;
- and current trade receivables which are initially measured at the nominal amounts invoiced which generally equate with the fair value of the consideration to be received. The impact of discounting would be negligible given that the Group's average credit period is of the order of sixty days. If necessary, impairment losses are recognised on an individual basis reflecting any problems of recovery.

d. Available for sale assets

Assets available for sale are those non-derivative financial assets not entering any of the above categories, whether or not the Group intends to dispose of them. Changes in the fair value of these assets are recognised directly in equity with the exception of impairment losses and foreign exchange gains and losses which are recognised in profit or loss.

The Group has included in this category its investments in non-consolidated entities over which it exercises neither control nor any significant influence.

As such investments comprise equity instruments whose price is not quoted in an active market, and whose fair value cannot otherwise be reliably measured, they are maintained at cost less any impairment losses. Their recoverable amount is estimated based on criteria such as the Group's share of entities' net assets and their outlook for growth and profitability. Any impairment losses recognised cannot subsequently be reversed.

1.13. Deferred tax

Deferred tax is recognised using the balance sheet liability method based on temporary differences between the carrying amount of assets and liabilities in the consolidated balance sheet and their tax base.

Deferred tax assets and liabilities are measured for each entity or taxable unit on the basis of the tax rates in force, or substantially adopted, at the balance sheet date and expected to apply when assets will be realised or liabilities settled.

Deferred tax assets relating to both temporary differences and tax losses carried forward are recognised only to the extent that it appears probable that the future tax savings they represent will be achieved.

1.14. Derivatives

Derivative financial instruments are initially recognised for their fair value at the date that the derivative contracts are entered into; they are subsequently adjusted to their fair value. The accounting treatment of the associated profit or loss depends on whether the derivative has been designated as a hedging instrument and, if so, on the nature of the hedged item.

The Group designates certain derivatives as:

- hedges of the fair value of assets or liabilities recognised in the balance sheet, or of firm forward commitments;
- or cash flow hedges of specific risks attaching to assets or liabilities recognised in the balance sheet or highly probable future transactions;
- or hedges of net investments in foreign operations.

The fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is in excess of 12 months, and as a current asset or liability if the remaining maturity of the hedged item does not exceed 12 months.

Derivatives held for trading are classified as current assets or liabilities. The Group also includes within this category derivatives which do not qualify for hedge accounting in accordance with *IAS 39*. In this case, any changes in their fair value are recognised in profit or loss as part of *Other financial income and expense* (see Note 28.2).

1.15. Cash and cash equivalents

Cash and cash equivalents comprise liquidities, bank demand deposits, other highly liquid investments with maturities not exceeding three months and bank overdrafts. Bank overdrafts are included as part of *Short-term financial debt*.

Under *IAS 7* cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The Group applies the classification of UCITS proposed by the *Association française de gestion* (AFG) and *Association française des trésoriers d'entreprise* (AFTE) and adopted as the reasonable basis for recognition by the *Autorité des marchés financiers* (AMF):

- UCITS classified by the AMF as euro-denominated money-market instruments are presumed to satisfy the four criteria to be defined as cash equivalents under *IAS 7*;
- the eligibility of other UCITS to be considered as "cash equivalents" is not automatic but must be established with reference to the four criteria.

Cash equivalents are recognised at their fair value; changes in fair value are recognised in the income statement under *Other financial income and expense.*

1.16. Share-based payments

a. IFRS 2

Its application to Sopra Group relates purely to options for share subscription granted to employees. As allowed under the standard, the Group will only adjust its financial statements for options granted on or after 7 November 2002 and exercisable after 1 January 2005.

The beneficiaries of the options concerned may exercise their rights five years after options are granted and during a period of three years, i.e. at any time during the sixth to eighth years following attribution.

The fair value of these options at their date of attribution is performed by a third party specialist using a Black & Scholes based method taking into account discrete dividends, using a yield curve and anticipated exercise. This value is constant over a plan's duration.

The value attributed to the options is analysed as a cost of services rendered by employees in return for the options and is recognised on a linear basis over the vesting period, i.e. on the basis of one fifth per year.

Recognition takes place via a charge to *Staff costs* balanced by a credit to an *Issue premium account* within shareholders' equity. There is thus no net impact on shareholders' equity.

The calculation performed reflects the total number of options held at each balance sheet date by eligible employees, taking into account the very high rate of exercise of the options.

b. Sale or conversion to bearer shares during blocked periods

Under the regulations governing the various stock option plans, shares resulting from the exercise of options may not be sold or converted into bearer shares during the statutory blocked period. Accordingly no provision is required.

1.17. Treasury shares

All of the treasury shares held by Sopra Group are recognised at their acquisition cost, deducted from shareholders' equity.

Gains or losses on the sale of treasury shares are added or deducted net of tax from consolidated reserves.

1.18. Employee benefits

a. Short-term employee benefits and defined contribution post-employment benefits

The Group recognises the amount of short-term employee benefits, as well as the contributions due in respect of mandatory state-sponsored pension plans, in *Staff costs*. As the Group has no commitments beyond these contributions, no provision was recognised for these plans.

b. Defined benefit plans and other long-term employee benefits

These plans relate mainly to France, for the payment of pensions in accordance with collective bargaining agreements, and to a lesser extent Italy, for the payment of legally required post-employment benefits (*Trattamento di Fine Rapporto*).

The defined benefit plans are borne directly by the Group, which provides for the cost of the future benefits based on conditions below.

The Group uses the projected credit method to determine the value of its defined benefit obligation: this method stipulates that each period of service gives rise to an additional unit of benefit rights and values separately each of the units to obtain the final obligation.

The above calculations reflect various actuarial assumptions relating to matters such as the estimated periods of future service of employees, future salary levels, life expectancy and staff turnover.

The resulting benefit obligation is then discounted using an appropriate interest rate for first-rate corporate bonds denominated in the currency of payment of benefits and with a maturity approximating with the estimated average maturity of the benefit obligation. In practice, the rate used is the French 10-year Treasury bond (OAT) rate +0.25%, recognised at year-end.

A change in these estimates and hypotheses may lead to a significant change in the amount of the commitment.

The amount of the provision recognised for retirement and similar commitments corresponds to the present value of the obligation in respect of defined benefits, less unrecognised actuarial differences. Actuarial differences resulting from changes in the value of the discounted obligation in respect of defined benefits include on the one hand, the effects of differences between previous actuarial assumptions and actual data, and on the other hand, the effect of changes in actuarial assumptions.

From the financial year ended 31 December 2007 onwards, actuarial differences are fully recognised in equity, for all of the Group defined benefit plans, in conformity with the SoRIE option introduced by the amendment to IAS 19.

There are no pension commitments, medical cover, or long-service awards. No new benefits or changes in regime resulting from legal, collective-bargaining or contractual provisions occurred during the financial year.

c. Individual training rights (DIF)

Following the opinion rendered by the CNC's Urgent Issues Committee on 13 October 2004, and based on the general view that individual training benefit obligations are to be distinguished from other employee benefits inasmuch as they imply a future benefit for the employer entity, the Group has decided that no provision should be recognised in this respect at 31 December 2008. The Group equally has no requirement for provision in respect of special cases such as training agreed for of no future benefit to the Group, disputed amounts going back more than two years or training unrelated to the employment held.

1.19. Financial debt

Financial debt essentially comprises:

- bank borrowings which are initially recognised at their fair value, net of any transaction costs, and subsequently at amortised cost with any difference between the capital amounts borrowed, net of transaction costs, and the amounts repayable recognised in profit or loss over the duration of the borrowings using the effective interest rate method;
- liabilities on finance lease contracts finance lease debt which is recognised at the inception of each lease based on the present value of future lease payments discounted using the interest rates implicit in each lease;
- profit-sharing debt towards employees for amounts blocked in current accounts: such debt is adjusted for any difference between the contractual interest rate applied to balances and the applicable minimum rate. Any such differential for a given year is recognised as part of financial debt and balanced by an additional charge to staff costs, then amortised as a deduction from financial expense over the following five years;
- current bank overdraft facilities.

Financial debt repayable within twelve months of the balance sheet date is classified within current liabilities.

1.20. Provisions

A provision is recognised when an obligation exists with respect to a third party originating subsequent to the balance sheet date and when the loss or liability is probable and may be reliably estimated.

To the extent that this loss or liability is not probable or may not be reliably estimated, a contingent liability is disclosed by the Group among its commitments given.

1.21. Revenue recognition

The applicable IAS is *IAS 18 Revenue*.

a. Systems Integration and Consulting services

- **Technical assistance, consulting, training and projects provided on an ongoing contract basis**

These services are recognised when performed, i.e. in general at the time of invoicing.

Operations are reviewed at each balance sheet date:

- services already performed but not yet, or only partially, invoiced are measured on the basis of billable time and the contractual billing rates. They are recognised as revenue and are included in the balance sheet under the *Accrued income* caption of *Trade accounts receivable*;
- services already billed but not yet entirely performed are deducted from invoiced revenue and included in the balance sheet under the *Deferred revenue* caption of *Other current liabilities*.

- **Services covered by lump sum contracts**

Under such contracts the group commits itself to a price, a result and a deadline. Services performed under such contracts are recognised as follows using the percentage of completion method:

- revenue and profit generated by a contract are recognised on the basis of a technical assessment, in line with the group's quality procedures, of the contract's degree of completion. During performance of a project, this assessment is based on 90% of the contract amount with the remaining 10% deferred until completion;
- the amount of revenue recognised at each balance sheet date is based on the difference between 90% of the contract value and the amount required to cover the total number of man-days remaining to be performed. This amount is included in the balance sheet under the *Accrued income* caption of *Trade accounts receivable*. Payments on account received are deducted from the amount of *Trade accounts receivable* which are therefore disclosed for their net amount.

b. Software and Solutions

Services provided within the scope of the Group's Software (Axway) and Solutions (Banking, Real Estate, Human Resources) operations include:

- the right of use under licence of the software and solutions provided;
- maintenance;
- financial services: installation, settings, adaptation, training, etc.

- **In general, separate contracts are concluded with clients for licences and maintenance on the one hand and ancillary services on the other hand**

In this situation, the various elements comprising contracts are accounted for as follows:

- the licence fee is recognised when delivery takes place, which is reputed to be the case when all contractual obligations have been fulfilled, i.e. when any remaining services to be provided are insignificant and not liable to endanger the client's acceptance of goods supplied or services rendered;
- maintenance is generally billed in advance and is recognised on a time basis;
- ancillary services are generally provided on the basis of time spent and are recognised when performed, i.e. in general when invoiced. They are sometimes performed within the scope of lump sum contracts in which case they are recognised using the percentage of completion method described in paragraph 1.21.a.

- **Sometimes, contracts comprising multiple elements (licence, maintenance, ancillary services, etc.) may be negotiated on a lump sum basis**

In this situation, the amount of revenue attributable to the licence is obtained by the difference between the total contract amount and the fair value of its other components, i.e. maintenance and ancillary services. The fair value of the other components is determined when possible on the basis of the list prices applying in the case of a separate sale or alternatively, on the basis of management's best estimate. The residual amount attributed to the licence is recognised at the time of delivery.

- **In fairly rare instances, ancillary services may be considered indispensable to a software package's functioning**

This may be the case for very complex projects, the completion of which may be subject to particular risks. In this situation projects, assessed as a whole and specifically monitored by the group's quality department, are accounted for using the percentage of completion method described in paragraph 1.21.a.

1.22. Segment information

The Group has decided to apply IFRS 8 from 2009 onwards. This change will not have a significant impact since the segmentation of business sectors is already consistent with the internal reporting system used by management. Only the activity of the Belgian company BAI will be allocated to the Financial Services Department of SSI France.

There will be no impact as a result of a possible further amortisation of goodwill due to changes of allocation to CGU groups.

In 2008, segment information was based on the provisions of IAS 14.

A business segment is a distinguishable component of the Group engaged in providing products or services and subject to risks and returns that are different from those of other business segments.

A geographic segment is a distinguishable component of the Group engaged in providing products or services within a particular economic environment and subject to risks and returns that are different from those of components operating in other economic environments.

The Group organisational structure reflects both its businesses (principal segmentation) and the geographic distribution of its activities (secondary segmentation).

The divisions comprise:

- strategic and management consulting services provided by its Orga Consultants subsidiary in France;
- systems and solutions integration and applications outsourcing carried out in France by Sopra Group and in Europe by a combination of subsidiaries;
- Axway's activities in the area of application integration.

1.23. Earnings per share

Earnings per share as stated in the income statement are calculated on the basis of the Group's share in the net profit as follows:

- basic earnings per share are based on the weighted average number of shares in issue during the financial year, calculated according to the dates when the funds arising from cash share issues were received and, in respect of shares issued for contributions in kind via equity, the date on which the corresponding new group companies were consolidated for the first time;
- diluted earnings per share are calculated by adjusting the Group share of net profit and the weighted average number of shares outstanding for the diluting effect of exercising share subscription option plans in force at the end of the financial year. The share buyback method has been applied at the market price, based on the average share price throughout the year.

Note 2 | Scope of consolidation

2.1. List of consolidated companies in 2008

Company	Country	% Control	% Held	Consolidation method
Systems & Solutions Integration				
Sopra Group	France	-	-	Parent company
Sopra Group Ltd	United Kingdom	100.0%	100.0%	FC
Sopra Belux	Belgium	100.0%	100.0%	FC
Business Architects International NV	Belgium	100.0%	100.0%	FC
Sopra Group Luxembourg	Luxembourg	100.0%	100.0%	FC
Valoris Luxembourg	Luxembourg	100.0%	100.0%	FC
Sopra Group GmbH	Germany	100.0%	100.0%	FC
Sopra Informatique	Switzerland	100.0%	100.0%	FC
Sopra Group SpA	Italy	100.0%	100.0%	FC
Sopra PROFit	Spain	100.0%	100.0%	FC
Sopra PROFit Euskadi	Spain	100.0%	100.0%	FC
Valoris Iberia	Spain	100.0%	100.0%	FC
CS Sopra España	Spain	100.0%	100.0%	FC
PROFit Gestao Informatica Lda	Portugal	100.0%	100.0%	FC
SOPRAntic	Morocco	100.0%	100.0%	FC
Momentum Technologies Inc	Canada	100.0%	100.0%	FC
Sopra India Private Ltd	India	100.0%	100.0%	FC
Axway				
Axway Software	France	100.0%	100.0%	FC
Axway UK Ltd	United Kingdom	100.0%	100.0%	FC
Axway Nordic AB	Sweden	100.0%	100.0%	FC
Axway GmbH	Germany	100.0%	100.0%	FC
Axway BV	Netherlands	100.0%	100.0%	FC
Axway Belgium	Belgium	100.0%	100.0%	FC
Axway Srl	Italy	100.0%	100.0%	FC
Axway Software Iberia	Spain	100.0%	100.0%	FC
Axway Inc.	United States	100.0%	100.0%	FC
Axway Romania Srl	Romania	100.0%	100.0%	FC
Axway Asia Pacific Pte Ltd	Singapore	100.0%	100.0%	FC
Axway Pte Ltd	Singapore	100.0%	100.0%	FC
Axway Software China	China	100.0%	100.0%	FC
Axway Ltd	Hong Kong	100.0%	100.0%	FC
Axway Software Sdn Bhd	Malaysia	100.0%	100.0%	FC
Axway Pty Ltd	Australia	100.0%	100.0%	FC
Axway Software Korea Corp. Ltd	South Korea	100.0%	100.0%	FC
Tumbleweed Communications Corp.	United States	100.0%	100.0%	FC
Tumbleweed Communications Ltd	United Kingdom	100.0%	100.0%	FC
Tumbleweed Communications Holding GmbH	Switzerland	100.0%	100.0%	FC
Tumbleweed Communications EOOD	Bulgaria	100.0%	100.0%	FC
Tumbleweed Communications Pte Ltd	Singapore	100.0%	100.0%	FC
Tumbleweed Communications Pty Ltd	Australia	100.0%	100.0%	FC
Consulting				
Orga Consultants	France	100.0%	100.0%	FC

FC: Fully consolidated.

2.2. Changes in the consolidation scope

a. First consolidation

- **CIBF – Compagnie d'Ingénierie Bancaire et Financière –** In early 2008, Sopra Group acquired 100% of the share capital of CIBF, in a cash transaction. Based in Nantes, CIBF enjoys wide recognition as a publisher of software packages and solutions for major banking groups and financial services providers (payment methods, financial flow management, factoring of receivables and risk management related to banking commitments). CIBF was dissolved followed by a transfer of assets and liabilities at end-June 2008.
- **G2i –** In early 2008, Sopra Group acquired 100% of the share capital of G2i, in a cash transaction. G2i provides consulting and services in the field of embedded software and testing resources for the aerospace industry, primarily for Airbus. G2i was dissolved followed by a transfer of assets and liabilities at end-June 2008.
- **Sopra Group GmbH –** In order to meet the operational requirements of major international clients, Sopra Group has decided to reactivate this subsidiary based in Germany. Sopra Group GmbH has been consolidated since May 2008.
- **Tumbleweed Communications –** In September 2008, Axway acquired 100% of the share capital of Tumbleweed Communications, in a cash transaction. Tumbleweed is an industry leader in managed file transfer, e-mail security and identity validation and has more than 3,300 customers worldwide, including blue-chip companies across an array of industries such as technology, retail, finance, healthcare, manufacturing, consumer packaged goods, telecoms, energy and US government agencies. Tumbleweed's businesses were integrated with those of Axway. Tumbleweed has been consolidated since 1 September 2008.

b. Deconsolidated entities

No Sopra Group entities were deconsolidated over the course of financial year 2008.

c. Reorganisation of legal entities

- **Axway GmbH and Axway Software GmbH –** On 18 August 2008, Axway GmbH absorbed Axway Software GmbH, effective retroactively from 1 January 2008. This merger had no impact on the consolidated financial statements.
- **Beler Ing Srl and Axway Romania Srl –** On 11 November 2008, Axway Romania Srl absorbed Beler Ing Srl, a wholly owned subsidiary of Sopra Group. This merger had no impact on the consolidated financial statements.
- **CIBF and G2i –** These two companies, acquired in early 2008, were dissolved, followed by a transfer of their assets and liabilities to Sopra Group.
- **Axway Inc and Tumbleweed Communications Corp –** At end-2008, Axway Inc absorbed Tumbleweed Communications Corp. This merger had no impact on the consolidated financial statements.

Note 3 | Comparability of the accounts

The impact of the acquisitions of CIBF and G2i in January 2008 and of Tumbleweed in September 2008 on the Group's income statement and key performance indicators was below the materiality threshold (25%) set forth in the General Regulations of the AMF (Article 222-2) for the preparation of pro forma information.

The main impacts of this acquisition on the 2008 financial statements are presented below:

- **Contribution to revenue and profit from recurring operations**

(in millions of euros)	**2008 (published)**	**2008 Including full-year impact of acquisitions**
Revenue	1,129.5	1,155.5
Profit from recurring operations	102.3	104.9

Following the acquisition of CIBF and G2i as of 1 January, these impacts only relate to the impact of the acquisition of Tumbleweed on a full-year basis.

Impact of changes in the scope of consolidation on net debt

(in millions of euros)	2008	2007	2006
Cost of acquisitions (excluding earnouts)	109.7	60.9	25.7
Portion remunerated in Sopra Group shares	-	-	-
Net debt/net cash of acquired companies	-16.6	-27.1	-1.4
Deferred payments	-	-	1.0
Earnouts paid in respect of prior year acquisitions	8.5	15.4	0.3
TOTAL	**101.6**	**49.2**	**25.6**

NOTES TO THE CONSOLIDATED BALANCE SHEET

Note 4 | Goodwill

4.1. Changes in goodwill

Movements in financial year 2008 are described in Note 2.2 Changes in the consolidation scope.

(in thousands of euros)	Gross value	Impairment	Net
1 January 2007	**315,312**	**36,658**	**278,654**
Acquisitions			
Axway Software GmbH	20,604	-	20,604
Methosystem	2,190	-	2,190
Business Architects International	12,964	-	12,964
Business goodwill – Interface	285	-	285
Adjustments relating to business combinations			
Newell & Budge - earnout adjustment	-3,935	-	-3,935
Cyclone - earnout adjustment	-37	-	-37
Crinsoft - earnout adjustment	17	-	17
Other movements			
Valoris Belgium – removal of fully-amortised business goodwill	-1,575	-1,575	-
Sopra Group Ltd – reclassification of business goodwill - XPT Solutions Limited	-29	-	-29
Translation differential	**-11,096**	**-941**	**-10,155**
31 December 2007	**334,700**	**34,142**	**300,558**
Acquisitions			
CIBF	5,262	-	5,262
G2i	1,319	-	1,319
Tumbleweed Communications	77,969	-	77,969
Adjustments relating to business combinations			
Axway Software GmbH – adjustment to the fair value of software packages acquired	-400	-	-400
Translation differential	**-14,414**	**-2,392**	**-12,022**
31 DECEMBER 2008	**404,436**	**31,750**	**372,686**

4.2. Determination of goodwill recorded for business combinations during the year

Goodwill recognised during the 2008 financial year relates to the acquisitions of CIBF, G2i and Tumbleweed Communications. It was measured at the acquisition dates using the method presented under Note 1.6.

The acquisition cost of Tumbleweed has been provisionally allocated, since the various intangible assets acquired (software, customer relations, distribution networks) are still being evaluated.

Furthermore, an ongoing tax review in the US may lead to the recognition of deferred tax assets in respect of tax loss carry forwards and the recognition of deferred tax liabilities in amortisable intangible assets.

The definitive acquisition cost will be recognised in the accounts for the year ending 31 December 2009.

(in thousands of euros)	CIBF	G2i	Tumbleweed
Acquisition price	6,259	1,200	100,535
Present value of earnouts	1,000	800	-
Expenses related to the acquisition	-	-	1,749
Cost of acquisition	**7,259**	**2,000**	**102,284**
Net assets acquired, excluding existing goodwill	-1,997	-681	-2,645
Intangible assets allocated	-	-	-21,670
GOODWILL	**5,262**	**1,319**	**77,969**

4.3. Adjustments to business combinations recognised in prior years

Axway Software GmbH – The fair value of software packages acquired in February 2007 from Axway Software GmbH was re-estimated from €0.800 million to €1.200 million.

4.4. Translation differential

The decrease of €12.0 million in the translation differential results from changes in the value of the euro against:

■ the US dollar (USD): Axway Inc and Tumbleweed	€6.0 million
■ the pound sterling (GBP): Sopra Group Ltd	-€14.7 million
■ the Swedish krona (SEK): Axway Nordic	-€2.6 million
■ the Indian rupee (INR): Sopra India	-€0.5 million
■ other currencies:	-€0.2 million
TOTAL	**-€12 MILLION**

4.5. Breakdown of goodwill by CGU

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

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

(in thousands of euros)		2008	2007	2006
Consulting	France - Orga Consultants	3,876	3,876	3,876
Systems and Solutions Integration	France	55,324	49,246	48,948
	United Kingdom	49,032	63,684	73,604
	Spain	81,297	81,297	81,297
	Italy	8,119	8,119	5,930
	Belgium - Sopra Belux	3,000	3,000	3,000
	Belgium - BAI	12,964	12,964	-
	Spain - Valoris Iberia	3,000	3,000	3,000
Axway	Axway	156,074	75,372	58,999
TOTAL		**372,686**	**300,558**	**278,654**

Impairment tests as of 31 December 2008 did not give rise to the recognition of any impairment. These tests were performed under the conditions described in Note 1.11 using the following parameters:

- a perpetual growth rate of 2.5% and a discount rate of 9.5%;
- the value in use thus obtained was subjected to sensitivity testing, which indicated a range for the perpetual growth rate between 2.0% and 3.0% and for the discount rate between 9% and 10%.

A change of +/-0.5 percentage points in the perpetual growth rate and discount rate would represent an impact of €3 million and €1 million respectively on the amount of recoverable values and may lead to a recognition of impairment.

Note 5 | Intangible assets

(in thousands of euros)	Gross value	Amortisation	Net
1 January 2007	**21,939**	**20,401**	**1,538**
Changes in scope	658	582	76
Fair value measurements in respect of business combinations	2,800	-	2,800
Acquisitions	1,940	-	1,940
Disposals	-472	-472	-
Reclassification of business goodwill – Sopra Group Ltd	29	-	29
Reclassification as property and equipment	-161	-118	-43
Translation differential	-252	-232	-20
Amortisation	-	1,086	-1,086
31 December 2007	**26,481**	**21,247**	**5,234**
Changes in scope	12,690	10,269	2,421
Fair value measurements in respect of business combinations	21,670	-	21,670
Adjustments to the fair value of acquired software packages	400	-	400
Acquisitions	671	-	671
Disposals	-2,031	-2,012	-19
Translation differential	1,783	517	1,266
Amortisation	-	2,752	-2,752
31 DECEMBER 2008	**61,664**	**32,773**	**28,891**

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

The changes in scope (€2.421 million) mainly relate to the software development costs appearing in CIBF's individual company accounts (€1.912 million) at the acquisition date.

As indicated in Note 4.2, the allocation of the acquisition cost of Tumbleweed Communications has not yet been finalised. An amount of €21.670 million has been provisionally allocated for software, customer relations and distributor relations developed by the company. The provisional amortisation periods for these assets are as follows:

- technological assets (Mailgate, Secure Messenger, Secure Transport, Validation Authority): 15 years;
- customer base: 12 years;
- distribution network: 8 years.

The fair value adjustment (€0.4 million) corresponds to a revaluation of the software developed by Axway Software GmbH, acquired in 2007 (see Note 4.3).

No expense was incurred in developing the Group's solutions and software was capitalised, either in 2008 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 2007	**10,768**	**45,184**	**36,701**	**92,653**
Translation differential	-	-414	-675	-1,089
Acquisitions	83	4,843	6,322	11,248
Disposals	-	-584	-4,476	-5,060
Reclassification of intangible assets	-	-	161	161
Changes in scope	-	2,081	1,303	3,384
31 December 2007	**10,851**	**51,110**	**39,336**	**101,297**
Translation differential		-446	-838	-1,284
Acquisitions	2	6,953	5,120	12,075
Disposals	-	-1,584	-4,862	-6,446
Changes in scope	-	1,953	7,176	9,129
31 DECEMBER 2008	**10,853**	**57,986**	**45,932**	**114,771**
DEPRECIATION				
1 January 2007	**7,687**	**27,490**	**25,508**	**60,685**
Translation differential	-	-350	-590	-940
Charges	368	4,700	5,540	10,608
Reversals	-	-519	-4,481	-5,000
Reclassification of intangible assets	-	-	118	118
Changes in scope	-	1,714	1,154	2,868
31 December 2007	**8,055**	**33,035**	**27,249**	**68,339**
Translation differential	-	-327	-735	-1,062
Charges	238	3,879	6,285	10,402
Reversals	-	-1,449	-4,800	-6,249
Changes in scope	-	1,686	6,564	8,250
31 DECEMBER 2008	**8,293**	**36,824**	**34,563**	**79,680**
NET VALUE				
1 January 2008	**2,796**	**18,075**	**12,087**	**32,958**
31 DECEMBER 2008	**2,560**	**21,162**	**11,369**	**35,091**

- Investments made by the Group in fixed assets (€12.1 million) primarily include office equipment in France and abroad, in the amount of €7.0 million and information technology equipment (central systems, work stations, and networks) in the amount of €5.1 million.
- Amounts included under disposals during the year (€6.4 million depreciated in the amount of €6.2 million) correspond primarily to the scrapping of computer equipment each year after taking inventory, and premises for which leases were not renewed that the Group no longer occupies.
- Land and buildings include the premises of Sopra Group's registered office at Annecy-le-Vieux. A portion of these premises was acquired as part of a property finance lease arrangement completed in 2003. These contracts have, since their inception, been restated in the consolidated financial statements and are included in the balance sheets for the following amounts:

(in thousands of euros)	2008	2007	2006
Land	255	255	255
Buildings	3,861	3,861	3,861
Depreciation	-3,537	-3,471	-3,339
NET VALUE	**579**	**645**	**777**

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

(in thousands of euros)	2008	2007	2006
Gross value	24,742	23,909	22,794
Depreciation	-15,629	-14,121	-13,702
NET VALUE	**9,113**	**9,788**	**9,092**

Note 7 | Financial assets

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

(in thousands of euros)	2008	2007	2006
Assets at fair value through profit and loss	-	-	-
Held to maturity assets	-	-	-
Available for sale assets	195	1,301	1,301
Loans and receivables	3,235	2,702	2,767
TOTAL	**3,430**	**4,003**	**4,068**

7.1. Available for sale assets

(in thousands of euros)	Gross value	Impairment	Net
1 January 2007	**31,617**	**30,316**	**1,301**
Increase	-	-	-
Decrease	-1,106	-1,106	-
Translation differential	-13	-13	-
31 December 2007	**30,498**	**29,197**	**1,301**
Increase	-	-	-
Decrease	-1,130	-24	-1,106
Changes in scope	-5,485	-5,485	-
Translation differential	-31	-31	-
31 DECEMBER 2008	**23,852**	**23,657**	**195**

Available for sale assets, as understood in *IAS 39*, mainly comprise non-consolidated investments in Valoris' subsidiaries that were in the process of being wound up or divested at the date that Valoris was acquired by Sopra Group, in the amount of €23.714 million, in respect of which a provision for impairment has been set aside of €23.523 million.

The changes in scope concern the German company Sopra Group GmbH (equity stake of €5.485 million, fully impaired), which was re-consolidated by the Group (see Note 2.2).

The equity stake in Cosmosbay-Vectis, in which the Group held 7.56% of the capital, in the amount of €0.946 million, was divested in 2008 with no significant income statement impact.

7.2. Loans and receivables

(in thousands of euros)	2008	2007	2006
Receivables from unconsolidated equity interests – gross value	967	5,484	7,846
Provisions for receivables from unconsolidated equity interests	-967	-5,484	-7,846
Receivables from unconsolidated equity interests – net value	**-**	**-**	**-**
Loans	44	44	43
Deposits and other non-current financial assets	3,208	2,741	2,755
Provisions for loans, deposits and other non-current financial assets	-17	-83	-31
Loans, deposits and other non-current financial assets – net value	**3,235**	**2,702**	**2,767**
TOTAL	**3,235**	**2,702**	**2,767**

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

Deposits and other non-current financial assets (€3.208 million) consist mainly of guarantees given for the leased premises. Non-remunerated deposits are maintained at their nominal value, given that the effect of discounting is not significant.

Note 8 | Deferred assets and liabilities

8.1. Breakdown by maturity

(in thousands of euros)	2008	2007	2006
Deferred tax assets (DTA)			
- less than one year	3,426	2,733	3,005
- more than one year	13,033	10,414	5,552
TOTAL DTA	**16,459**	**13,147**	**8,557**
Deferred tax liabilities (DTL)			
- less than one year	-	-	-
- more than one year	-213	-1,028	-284
TOTAL DTL	**-213**	**-1,028**	**-284**
NET DEFERRED TAX	**16,246**	**12,119**	**8,273**

8.2. Change in net deferred tax

(in thousands of euros)	2008	2007	2006
At 1 January	**12,119**	**8,273**	**7,572**
Reclassification of tax receivables as deferred tax assets	-	796	-
Changes in scope	534	197	3
Tax – income statement impact	2,954	211	702
Tax – equity impact	745	2,629	5
Translation differential	-106	13	-9
AT 31 DECEMBER	**16,246**	**12,119**	**8,273**

8.3. Breakdown of net deferred tax by type

(in thousands of euros)	2008	2007	2006
Differences related to consolidation adjustments			
Actuarial gains and losses recognised for post-employment obligations	2,844	2,450	-
Software depreciation and amortisation of revalued software	298	669	892
Derivatives	1,270	-725	-
Finance leases	2	-33	-95
Discounting of employee profit sharing	687	559	522
Tax-driven provisions	-213	-308	-284
Activated tax losses	-	-	-
Temporary differences from tax returns			
Provision for pensions	6,484	5,331	4,232
Provision for employee profit sharing	2,954	2,358	2,466
Provision for Organic tax	472	413	379
Differences in amortisation periods	238	383	117
Provisions for investments	-	841	-
Tax reassessment: reintegrated provisions not taxable in future periods	992	-	-
Activated tax losses	-	214	-
Other	218	-33	44
TOTAL	**16,246**	**12,119**	**8,273**

8.4. Deferred tax assets not recognised by the Group

(in thousands of euros)	2008	2007	2006
Tax losses carried forward	48,175	13,687	22,762
Temporary differences	-	-	-
TOTAL	**48,175**	**13,687**	**22,762**

8.5. Maturity of tax losses carried forward

(in thousands of euros)	2008	2007	2006
N+1	11,169	4,188	2,197
N+2	8,358	5,131	2,437
N+3	7,471	3,517	2,393
N+4	7,250	3,350	2,532
N+5 and subsequent years	92,197	14,674	21,271
Tax losses carried forward with a maturity date	**126,445**	**30,860**	**30,830**
Tax losses which may be carried forward indefinitely	**15,400**	**16,385**	**42,172**
TOTAL	**141,845**	**47,245**	**73,002**
Deferred tax basis - activated	-	712	-
Deferred tax basis - not activated	141,845	46,533	73,002
Deferred tax - activated	-	214	-
Deferred tax - not activated	48,175	13,687	22,762

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

At 31 December 2008, deferred tax assets not activated on tax loss carry forwards came to €48.2 million and mainly concerned the following countries: the US (€39.3 million), Italy (€3.1 million) and the UK (€2.6 million). In view of the provisional allocation of the cost of acquiring Tumbleweed Communications Corp., no deferred tax asset in respect of tax loss carry forwards has been recognised to date.

Note 9 | Trade accounts receivable

(in thousands of euros)	2008	2007	2006
Trade accounts receivable	300,572	280,982	252,395
Accrued income	114,021	93,577	84,520
Doubtful debtors	4,034	3,903	3,024
Accrued credit notes	-13,625	-16,108	-13,530
Provision for doubtful debtors	-3,463	-3,390	-2,590
TOTAL	**401,539**	**358,964**	**323,819**

Unbilled revenue is comprised essentially of work performed in respect of fixed-price projects recognised using the percentage-of-completion method (see Note 1.21.a). Invoices are generally prepared for these contracts upon completion of the services rendered and the latter are paid over the lifespan of the projects through payments on account.

The significant increase in trade accounts receivable is partly offset by the increase in deferred income appearing under *Other current liabilities* (Note 20). *Deferred income* corresponds essentially to services invoiced but not yet performed, based on their stage of completion. It totalled €57.3 million at end-2006, €52.7 million at end-2007 and €71.5 million at end-2008.

At 31 December 2008, net trade accounts receivable correspond to around 2.5 months' revenue, compared with 2.6 months at 31 December 2007. This ratio is calculated by comparing the WCR with the revenue generated in the final quarter of the year. Net trade accounts receivable are obtained by stripping out VAT from the *Trade accounts receivable* balance and subtracting the *deferred income* balance appearing under liabilities. The average settlement period of invoices issued is approximately 60 days.

Note 10 | Other current receivables

(in thousands of euros)	2008	2007	2006
Staff and social security	2,420	2,430	1,212
Tax receivables (other than corporate income tax)	18,353	14,176	12,101
Corporate income tax	3,614	2,360	3,035
Leased equipment	1,438	491	331
Other receivables	616	654	336
Prepaid expenses	6,173	3,755	3,735
TOTAL	**32,614**	**23,866**	**20,750**

Tax receivables of €18.353 million relate mainly to deductible VAT (of €16.011 million).

Note 11 | Derivatives included under assets

Derivatives included under assets are presented along with derivatives included under liabilities at Note 21.

Note 12 | Cash and cash equivalents

The cash flow statement is presented on page 67.

12.1. Statement of net cash and cash equivalents

(in thousands of euros)	2008	2007	2006
Investment securities	1,190	152	20,685
Cash	31,819	26,421	30,008
Cash and cash equivalents	**33,009**	**26,573**	**50,693**
Current bank overdrafts	-5,994	-9,814	-3,798
TOTAL	**27,015**	**16,759**	**46,895**

Net cash and cash equivalents include available liquid funds (cash and positive bank balances), liquid marketable securities that meet the definition of cash equivalents as indicated in Note 1.15, bills of exchange presented for collection and falling due before the balance sheet date and temporary bank overdrafts. It is closely related to the mobilisation of the medium term loans at the end of the financial year. Net debt, presented in Note 14.1, is more representative of the Group's financial position.

12.2. Investment securities

Type of security *(in thousands of euros)*	2008	2007	2006
Monétaire Euro OPCVM money-market fund units	-	-	20,241
Other	1,190	152	444
TOTAL	**1,190**	**152**	**20,685**

Note 13 | Consolidated equity

The consolidated statement of changes in equity is presented on page 66.

13.1. Changes in the share capital

At 31 December 2008 Sopra Group had share capital of €46,819,964 comprising 11,704,991 fully-paid shares with a nominal value of €4 each.

Movements occurring in 2008 included the exercise of share subscription options: 33,460 shares were created corresponding to a capital increase of €133,840 and a share premium of €687,010, for a total of €820,850.

13.2. Share subscription option plans

Grant date	Number of options granted initially	Beginning of option exercise period	End of option exercise period	Exercise price	Number of lapsed options at 31/12/2008	o/w cancelled in 2008	Number of options exercised at 31/12/2008	o/w options exercised in 2008	Number of options outstanding at 31/12/2008	Fair value of options at the grant date
Plan No. 3 – 1998 stock option plan (General Meeting of 07/01/1998): maximum of 721,250 shares										
13/01/1998	614,000	01/10/2002	12/01/2006	€15.37	70,175	-	543,825	-	-	Not applicable
04/12/1998	25,000	25/02/2003	24/08/2006	€46.86	25,000	-	-	-	-	Not applicable
03/03/1999	20,000	04/03/2004	02/03/2007	€48.50	10,000	-	10,000	-	-	Not applicable
12/10/1999	51,750	13/10/2004	12/10/2007	€46.20	49,000	-	2,750	-	-	Not applicable
16/12/2002	129,250	17/12/2007	15/12/2010	€22.50	40,250	-	81,950	2,500	7,050	€6.36
Total	**840,000**				**194,425**	**-**	**638,525**	**2,500**	**7,050**	
Plan No. 4 – 2000 stock option plan (General Meeting of 29/06/2000): maximum of 714,774 shares										
29/06/2000	33,900	30/06/2005	29/06/2008	€73.00	33,800	-	-	-	100	Not applicable
22/03/2001	301,500	23/03/2006	22/03/2009	€61.40	283,500	-	-	-	18,000	Not applicable
19/12/2001	34,600	20/12/2006	19/12/2009	€61.40	34,600	-	-	-	-	Not applicable
24/04/2002	6,000	25/04/2007	23/04/2010	€61.40	3,000	-	-	-	3,000	Not applicable
16/12/2002	303,200	17/12/2007	15/12/2010	€22.50	48,450	2,200	156,006	24,160	98,744	€6.36
03/09/2003	88,000	04/09/2008	02/09/2011	€32.50	12,800	2,000	6,800	6,800	68,400	€12.15
13/01/2004	23,000	14/01/2009	12/01/2012	€35.90	4,000	-	-	-	19,000	€11.36
Total	**790,200**				**420,150**	**4,200**	**162,806**	**30,960**	**207,244**	
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	30,000	-	-	-	€13.10
21/12/2006	67,000	22/12/2011	20/12/2014	€58.80	11,500	6,500	-	-	55,500	€17.47
08/01/2007	5,000	09/01/2012	07/01/2015	€60.37	5,000	-	-	-	-	€15.28
18/03/2008	50,000	19/03/2013	17/03/2016	€45.30	9,500	9,500	-	-	40,500	€10.98
Total	**152,000**				**56,000**	**46,000**	**-**	**-**	**96,000**	
Plan No. 6 – 2008 stock option plan (General Meeting of 15/05/2008): maximum of 350,145 shares										
To date, no options have been allocated under this plan.										
TOTAL FOR PLANS						**50,200**		**33,460**	**310,294**	

- As noted above, 33,460 subscription options were exercised in 2008 under Plans No. 3 and No. 4.
- A total of 50,200 shares were retired, their beneficiaries having left the company before completing their vesting period.
- 50,000 share subscription options were allocated in 2008 under Plan No. 5, at a subscription price of €45.30.
- The total number of options already allocated that may be exercised comes to 310,294, with 350,145 options remaining to be allocated at 31 December 2008, bringing the maximum total number of shares that may be created to 660,439.
- No more options may be allocated under Plans No. 3, 4 and 5.

13.3. Capital reserves

(in thousands of euros)	2008	2007	2006
Share issue, merger and contribution premium	48,249	47,094	42,309
Legal reserve	4,669	4,587	4,577
TOTAL	**52,918**	**51,681**	**46,886**

The principal movements in 2008 are as follows:

- exercise of share options: €687 thousand;
- value of services rendered related to the share options: €185 thousand;
- appropriation of 2007 Sopra Group profit to the legal reserve: €82 thousand.

13.4. Transactions in treasury shares

At 31 December 2008, Sopra Group held 25,325 of its own shares, acquired under the terms of the share repurchase programmes authorised by the General Meeting, for a total amount of €665,566, representing an average purchase price of €26.28.

All transactions in treasury shares are taken directly to shareholders' equity. The impact at 31 December 2008 is a deduction of €636 thousand (see *Statement of changes in consolidated shareholders' equity*).

13.5. Dividends

Sopra Group's General Meeting of 15 May 2008, resolved to distribute a dividend of €19,258 thousand, i.e. €1.65 per share. This dividend was paid on 30 May 2008. The dividend paid the previous financial year totalled €15,480 thousand, i.e. €1.35 per share.

Upon approval of the financial statements for financial year 2008, the 2009 General Meeting is invited to distribute a dividend of €1.65 per share, representing a total of €19,313 thousand.

13.6. Capital management objectives, policy and procedures

The company's capital is uniquely comprised of the items disclosed in the balance sheet. There are no financial liabilities considered as components of capital and, conversely, there are no equity components not considered to be part of the company's capital.

The company does not operate under any external capital constraints, with the exception of the covenant contained within the current syndicated loan agreement that its gearing ratio (net debt to equity) must remain below 1 over the entire term of the loan. At 31 December 2008, this ratio was 0.71.

Note 14 | Financial debt

14.1. Consolidated net debt

(in thousands of euros)	Current	Non- current	2008	2007	2006
Bank loans	29,174	169,593	198,767	120,868	121,485
Liabilities on finance lease contracts	3,973	5,076	9,049	9,675	8,972
Employee profit sharing	1,995	15,290	17,285	16,300	13,821
Other sundry financial debt	99	10	109	187	346
Current bank overdrafts	5,994	-	5,994	9,814	3,798
FINANCIAL DEBT	**41,235**	**189,969**	**231,204**	**156,844**	**148,422**
Investment securities	-1,190	-	-1,190	-152	-20,685
Cash and cash equivalents	-31,819	-	-31,819	-26,421	-30,008
CONSOLIDATED NET DEBT	**8,226**	**189,969**	**198,195**	**130,271**	**97,729**

Bank loans

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

A second credit facility of €132 million over 6 years and extendable for a further year was contracted on the same terms in April 2008.

It is repayable semi-annually in quarters over the last two years.

At 31 December 2008, the total authorised amount was €247 million. The reductions will be €14 million at 21 April 2009 and €15 million at 21 October 2009, resulting in an authorised amount of €218 million at 31 December 2009.

The applicable interest rate is the Euribor rate for the drawdown period concerned plus a margin adjusted on a half yearly basis as a function of the leverage ratio (net debt to EBITDA). The net debt in question does not take into account the employee profit sharing liability but does include liabilities related to earnouts. The margin may range from 0.30% to 0.65%. The margin applied in 2008 was 0.35%. A non-use fee equivalent to 0.35% of the margin is also applicable.

Three financial ratios must be met:

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

At 31 December 2008, these targets were amply achieved since the three ratios came to 1.72, 0.71 and 10.0, respectively.

Liabilities on finance lease contracts

The carrying amount of liabilities on finance lease contracts is €9.049 million, and the corresponding future financial expense amounts to €0.488 million, representing a total minimum future payment for finance leases of €9.537 million.

(in thousands of euros)	2008			2007	2006
	Minimum payments for finance leases	**Future financial expense**	**Present value of future lease payments**	**Present value of future lease payments**	**Present value of future lease payments**
Less than one year	4,259	287	3,972	4,137	3,674
One to five years	5,278	201	5,077	5,538	5,298
More than five years	-	-	-	-	-
TOTAL	**9,537**	**488**	**9,049**	**9,675**	**8,972**

Employee profit sharing

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

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

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

14.2. Statement of changes in net debt

(in thousands of euros)	2008	2007	2006
NET DEBT AT 1 JANUARY (A)	**130,271**	**97,729**	**128,729**
Cash from operations after cost of net debt and tax	**70,165**	**71,541**	**57,953**
Cost of net financial debt	9,929	7,825	6,347
Income taxes (including deferred tax)	28,338	25,231	22,070
Cash from operations before cost of net debt and tax	**108,432**	**104,597**	**86,370**
Income taxes paid	-29,302	-38,166	-1,325
Changes in working capital requirements	-2,835	-14,704	5,242
Net cash from operating activities	**76,295**	**51,727**	**90,287**
Change related to investing activity	-12,732	-13,869	-13,116
Net interest paid	-10,728	-7,873	-6,005
Available net cash flow	**52,835**	**29,985**	**71,166**
Impact of changes in scope	-101,607	-49,218	-25,554
Financial investments	863	173	368
Dividends	-19,255	-15,479	-12,586
Capital increase in cash	821	4,746	525
Employee profit sharing	-985	-2,479	-1,854
Other changes	95	-116	-631
TOTAL NET CHANGE DURING THE YEAR (B)	**-67,233**	**-32,388**	**31,434**
Impact of changes in foreign exchange rates	-691	-154	-434
NET DEBT AT 31 DECEMBER (A-B)	**198,195**	**130,271**	**97,729**

Tax paid: -€29.302 million

The tax paid in 2008 (-€29.302 million) marked a return to the normal cycle of advances and payments on account of corporate income tax. In 2007, a double payment was incurred due to the merger with Valoris at end-2005, while the 2006 fiscal year benefited from the carry forward of Valoris's tax losses as part of the merger operation.

The amount of corporate income tax that would normally have been paid in the absence of this operation is therefore:

(in thousands of euros)	2008	2007	2006
Income taxes paid	-29,302	-38,166	-1,325
Valoris tax credit reimbursement	-	-	-8,788
Theoretical provisional payments for 2006	-	10,912	-10,912
Restated income taxes paid	**-29,302**	**-27,254**	**-21,025**

Impact of changes in the scope of consolidation: -€101.607 million

(in thousands of euros)	2008	2007	2006
Cost of acquisitions (excluding earnouts)	109,744	60,919	25,656
Portion remunerated in Sopra Group shares	-	-	-
Net debt/net cash of acquired companies	-16,637	-27,116	-1,438
Deferred payments	-	-	1,000
Earnouts paid in respect of prior year acquisitions	8,500	15,415	336
TOTAL	101,607	49,218	25,554

This amount takes into account:

- the acquisition of CIBF in January 2008 for €6.259 million, plus net debt included in the balance sheet of the acquired entity for €0.126 million, thus a net amount of €6.385 million;
- the acquisition of G2i in January 2008 for €1.200 million, less cash and cash equivalents included in the balance sheet of the acquired entity for €0.161 million, thus a net amount of €1.039 million;
- the acquisition of Tumbleweed in September 2008 for €102.285 million, less cash and cash equivalents included in the balance sheet of the acquired entity for €16.602 million, thus a net amount of €85.683 million;
- the payment of earnouts in respect of the 2007 financial year for PROFit, Axway Software GmbH and Methosystem for a total amount of €8.500 million.

Employee profit sharing: -€0.985 million

This amount corresponds mainly to the difference between the profit sharing for 2007 transferred to reserves in 2008 and the profit sharing for 2002 released in 2008.

Note 15 | Deferred tax liabilities

See Note 8.

Note 16 | Provisions for post-employment benefits

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

(in thousands of euros)	01/01/2008	Change in scope	Charge for the year	Recovery for the year (provision used)	Recovery for the year (provision not used)	Other movements	Change in actuarial differences	31/12/2008
France	22,598	343	2,920	-336	-	-	1,568	27,093
Italy	2,922	-	686	-510	-	-	-	3,098
Germany	-	-	45	-	-107	91	-	29
TOTAL	**25,520**		**3,651**	**-846**	**-107**	**91**	**1,568**	**30,220**
Impact (net of expenses incurred)								
Profit from recurring operations			2,521		-107			
Financial items			1,130		-			
TOTAL			**3,651**		**-107**			

In France, the defined benefits scheme relates to the payment of retirement benefits. The Group provides for its commitments to employees in accordance with the provisions of the Syntec collective bargaining agreement with respect to the retirement scheme modified in 2004 pursuant to the retirement reform measures introduced by the Loi Fillon of 21 August 2003. Provisions for retirement benefits are recognised in accordance with the conditions in Note 1.18.

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

	2008	2007	2006
Discount rate of commitments	3.70%	4.70%	4.25%
Future salary growth rate	2.50%	2.50%	2.50%
Retirement date	65 years	65 years	65 years
Mortality table	Insee 2004-2006	Insee 2000-2002	Insee 2000-2002

Assumptions referring to mortality rates are based on published statistical data. The mortality table used was updated in 2008 but did not have a significant impact. 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.

As in previous years, the discount rate used in 2008 was the 10-year OAT rate +0.25%, recognised at year-end. A ±1.0 point change in the discount rate would have an impact of about ±€3.7 million on the total commitment.

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

The Social Security Financing Act for 2008 introduced a contribution to be paid by the employer as part of the benefits due to an employee whose retirement is at the request of the employer. This contribution amounts to 50% but is limited to 25% for benefits paid between 11 October 2007 and 31 December 2008. It applies irrespective of the age of the employee (whether retirement occurs before or after the age of 65).

Given the procedures for departures within the company, this 50% contribution was deemed to apply to all staff members.

The changes entailed by these new legal provisions have been considered by the Group as changes in actuarial assumptions for the following reasons:

- the changes introduced by the new legal provisions do not have a direct impact on the gross amount received by employees;
- the agreements in force at the date of entry into application of the Act have not yet been amended: benefits awarded to employees may change at a later date once a new agreement has been concluded;
- the abandonment of an existing departure procedure and the introduction of a new contribution to the benefits paid in the event of retirement at the request of the employer entail the adjustment by the Group of its actuarial assumptions as defined under IAS 19.

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

(in thousands of euros)	Present value of the obligation not financed	Unrecognised actuarial differences	Net commitments	Unrecognised actuarial differences
1 January 2006	**11,838**	**-1,285**	**10,553**	**1,290**
Past service cost	1,071	-	1,071	1,071
Financial cost	587	-	587	587
Net actuarial gains/losses recognised in profit and loss	81	-	81	81
Benefits paid to employees	-	-	-	-
Change in actuarial differences not recognised	825	-825	-	-
31 December 2006	**14,402**	**-2,110**	**12,292**	**1,739**
Past service cost	1,641	-	1,641	1,641
Financial cost	1,038	-	1,038	1,038
Benefits paid to employees	-10	-	-10	-10
Actuarial differences not recognised at 01/01/2007	-	2,110	2,110	-
Change in actuarial differences in 2007	5,527	-	5,527	-
31 December 2007	**22,598**	**-**	**22,598**	**2,669**
Change in scope	343	-	343	-
Past service cost	1,791	-	1,791	1,791
Financial cost	1,129	-	1,129	1,129
Benefits paid to employees	-336	-	-336	-336
Change in actuarial differences in 2008	1,568	-	1,568	-
31 DECEMBER 2008	**27,093**	**-**	**27,093**	**2,584**

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 2008 (€1.568 million) was mainly the result of the 1 percentage point fall in the discount rate used compared with 2007 (increase in liabilities of around €3.400 million), partially offset by an actuarial gain resulting from the updating of turnover rates over five years (decrease in the obligation of around €1.800 million).

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

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

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

The breakdown by maturity of the French retirement benefit commitment, discounted to the present value of 3.70%, is shown in the table below:

(in thousands of euros)	2008
Present value of theoretical benefits to be paid by the employer:	
- less than one year	399
- 1 to 2 years	321
- 2 to 3 years	222
- 3 to 4 years	496
- 4 to 5 years	940
- 5 to 10 years	6,560
- 10 to 20	11,656
- more than 20 years	6,499
TOTAL COMMITMENT	**27,093**

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). The method used to determine the Group's commitments in respect of these termination payments differs from the projected unit credit method since it is based on acquired rather than projected entitlements. The variance between the two methods is not material.

Note 17 | Non-current provisions

(in thousands of euros)	01/01/2008	Change in scope	Charge for the year	Recovery for the year (provision used)	Recovery for the year (provision not used)	Other movements	31/12/2008
Provisions for disputes	1,093	20	352	-228	-297	-	940
Provisions for guarantees	980	-	510	-	-880	-	610
Provisions for contingencies – Non-consolidated subsidiaries	132	-	-	-	-50	-	82
Other provisions for contingencies	971	-	-	-378	-470	-	123
Sub-total provisions for contingencies	**3,176**	**20**	**862**	**-606**	**-1,697**	**-**	**1,755**
Other provisions for losses	1,329	-	16	-6	9	-91	1,257
Sub-total provisions for losses	**1,329**	**-**	**16**	**-6**	**9**	**-91**	**1,257**
TOTAL	**4,505**	**20**	**878**	**-612**	**-1,688**	**-91**	**3,012**
Impact (net of expenses incurred)							
Profit from recurring operations			878		-1,688		
Financial items			-		-		
TOTAL			**878**		**-1,688**		

- Provisions for disputes mainly relate to labour arbitration proceedings, severance pay and a few trade disputes.
- Provisions for non-consolidated subsidiaries relate to the subsidiaries of Valoris.

Note 18 | Other non-current liabilities

(in thousands of euros)	2008	2007	2006
Fixed asset liabilities – portion due in more than one year	-	6,692	17,393
Employee profit sharing during the year	9,467	6,842	7,433
Contingent advances	488	152	272
TOTAL	**9,955**	**13,686**	**25,098**

- Fixed asset liabilities include the portion due in more than one year of amounts that the Group estimates it will need to pay under the earnout clauses included in the acquisition agreements (in 2008, there are no longer any liabilities due in more than one year). The portion due in less than one year, recognised in *Other current liabilities*, was €8.738 million.
- Employee profit sharing represents amounts booked to staff costs for the year by Sopra Group and Axway. These amounts increase financial debt for the following year.
- Contingent advances relate to subsidies of €22 thousand received from OSEO by Acanthis, a company acquired by Sopra Group in January 2005 and merged during that year, and contingent advances of €0.466 million from CIBF acquired by Sopra Group in January 2008.

Note 19 | Trade accounts payable

(in thousands of euros)	2008	2007	2006
Trade accounts payable	59,737	49,502	42,019
Trade accounts payable – advances and payments on account, accrued credit notes	-117	-1,043	-253
TOTAL	**59,620**	**48,459**	**41,766**

Note 20 | Other current liabilities

(in thousands of euros)	2008	2007	2006
Fixed asset liabilities – portion due in less than one year	9,603	9,403	17,181
Staff cost liabilities	144,781	129,921	116,813
Tax liabilities (excluding corporate income tax)	85,021	72,723	63,645
Corporate income tax	5,576	3,150	15,604
Deferred income	71,496	52,564	57,331
Other liabilities	1,427	1,072	629
TOTAL	**317,904**	**268,833**	**271,203**

Fixed asset liabilities – portion due in less than one year, comprise €8.738 million in earnouts related to the acquisitions of PROFit, CIBF and G2i.

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

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

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

Note 21 | Derivatives included under liabilities

(in thousands of euros)	2008	2007	2006
Asset derivatives	286	3,210	2,824
Liability derivatives	-3,976	-1,105	-1,396
NET AMOUNT	**-3,690**	**2,105**	**1,428**

Derivatives consist of interest-rate hedge agreements.

These agreements were set up when the two reducible, multi-currency, revolving credit facilities were arranged. The interest rate applicable to these facilities is Euribor, the objective being to hedge against the risks of rises in Euribor.

At 31 December 2008, eight swap agreements were in place for a total of €195 million with maturities ranging from 10 to 46 months:

- five agreements relate to the first reducible, multi-currency, revolving credit facility (€200 million, October 2005) for a notional amount equal to the amount of the total credit commitment (€115 million at 31/12/2008). They mature in October 2010 or October 2012. The details are as follows:
  - for 1/3 of the notional amount up to maturity in October 2012: Euribor 1-month swap against a fixed rate of 4.55%,
  - for 2/3 of the notional amount:
    - up to maturity in October 2010: Euribor 1-month + 0.34% swap against Euribor 12-month post-fixed rate (E12M post) with a ceiling of 3.68% and a floor of 3.00%, if E12M post is less than 1.99%;
    - from October 2010 up to maturity in October 2012: Euribor 6-month swap against E12M post with a ceiling of 3.68% and a floor of 3.00%, if E12M post is less than 1.99%;
- three agreements relate to the second reducible, multi-currency, revolving credit facility (€132 million, April 2008) for a notional amount of €80 million. They mature in October 2009 and entail swapping Euribor 1-month against a fixed rate of 4.04%.

At 31 December 2008, the net valuation of these derivatives was negative in the amount of €3.7 million, i.e. €0.3 million in assets and €4.0 million in liabilities.

The difference in valuation compared with 31 December 2007, i.e. (-)€5.8 million, impacts:

- the income statement for agreements not benefiting from the qualification of perfect hedge as defined in IAS 39, i.e. (-)€3.0 million,
- equity capital for agreements benefiting from the qualification of perfect hedge as defined in IAS 39, i.e. (-)€2.8 million.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

Note 22 | Revenue

22.1. Revenue by activity

(in millions of euros)	2008		2007		2006	
Consulting	44.8	4.0%	43.9	4.4%	41.0	4.6%
SSI France	694.6	61.5%	597.5	59.7%	537.9	59.9%
SSI Europe	218.9	19.4%	214.9	21.4%	201.9	22.5%
Axway	171.2	15.1%	145.1	14.5%	116.9	13.0%
TOTAL	**1,129.5**	**100.0%**	**1,001.4**	**100.0%**	**897.7**	**100.0%**

SSI: Systems & Solutions Integration.

22.2. Revenue by business sector

	2008	2007	2006
Banking	24.0%	24.5%	23.2%
Manufacturing	19.7%	16.2%	15.9%
Services (including real estate)	18.0%	18.7%	21.0%
Telecom	12.0%	12.6%	12.6%
Public sector	13.6%	15.8%	14.1%
Insurance	6.4%	6.2%	7.3%
Retail	6.3%	6.0%	5.9%
TOTAL	100.0%	100.0%	100.0%

22.3. International revenue

(in millions of euros)	2008		2007		2006	
Systems Integration – European subsidiaries	218.9	19.4%	214.9	21.4%	201.9	22.5%
Systems Integration – excluding European subsidiaries	39.8	3.5%	30.1	3.0%	27.4	3.0%
Axway	103.9	9.2%	83.9	8.4%	60.7	6.8%
International revenue	**362.6**	**32.1%**	**328.9**	**32.8%**	**290.0**	**32.3%**
TOTAL REVENUE	1,129.5	100.0%	1,001.4	100.0%	897.7	100.0%

Note 23 | Purchases consumed

(in thousands of euros)	2008	% Revenue	2007	% Revenue	2006	% Revenue
Purchases of subcontracting services	123,201	10.9%	97,067	9.7%	87,668	9.8%
Purchases of equipment and supplies not held in inventory	8,986	0.8%	7,417	0.7%	3,950	0.4%
Purchases of merchandise and change in the inventory of merchandise	11,601	1.0%	10,243	1.0%	16,276	1.8%
TOTAL	143,788	12.7%	114,727	11.5%	107,894	12.0%

Note 24 | Staff costs

24.1. Analysis

(in thousands of euros)	2008	2007	2006
Salaries	516,260	465,353	415,974
Social charges	196,086	175,053	158,643
Employee profit sharing	9,479	7,475	7,952
TOTAL	721,825	647,881	582,569

24.2. Workforce

Workforce at year end	2008	2007	2006
France	8,210	7,580	6,750
International	4,240	3,740	3,160
TOTAL	12,450	11,320	9,910

Average workforce	2008	2007	2006
France	8,147	7,296	6,702
International	3,933	3,460	2,900
TOTAL	12,080	10,756	9,602

24.3. Employee profit sharing

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

Employee profit sharing totalled €7.659 million for Sopra Group SA, €1.808 million for Axway Software and €12 thousand for Orga Consultants.

24.4. Share subscription options

The cost of services rendered by staff in exchange for options received was booked to staff costs, in the amount of €0.185 million for financial year 2008 (see Note 1.16 and *Statement of changes in consolidated shareholders' equity*).

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

Note 25 | External expenses

(in thousands of euros)	2008		2007		2006	
Leases and charges	30,990	23.9%	27,148	23.6%	24,805	23.3%
Maintenance and repairs	6,834	5.3%	6,017	5.2%	5,422	5.1%
External structure personnel	2,287	1.8%	2,667	2.3%	2,548	2.4%
Remuneration of intermediaries and fees	10,599	8.2%	7,337	6.4%	6,262	5.9%
Advertising and public relations	6,246	4.8%	5,392	4.7%	4,756	4.5%
Travel and entertainment	52,257	40.3%	47,726	41.4%	42,599	40.0%
Telecommunications	6,684	5.2%	6,035	5.2%	5,486	5.1%
Sundry	13,709	10.6%	12,890	11.2%	10,883	10.2%
TOTAL	129,606	100%	115,212	100%	102,761	97%

Total external expenses compared with revenue are stable: they came to 11.47% at 31 December 2008, 11.50% at 31 December 2007 and 11.45% at 31 December 2006.

Note 26 | Depreciation, amortisation and provisions

(in thousands of euros)	2008	2007	2006
Amortisation of intangible assets	1,344	1,086	1,138
Depreciation of property and equipment	5,556	6,319	5,327
Depreciation of assets held under finance lease	4,847	4,289	3,926
Depreciation and amortisation	**11,747**	**11,694**	**10,391**
Impairment of current assets net of unused reversals	527	-15	476
Provisions for contingencies and losses net of unused reversals	1,703	2,930	1,963
Provisions and impairment	**2,230**	**2,915**	**2,439**
TOTAL	**13,977**	**14,609**	**12,830**

Note 27 | Amortisation of intangible assets acquired and other operating income and expenses

27.1. Amortisation of intangible assets acquired

This item corresponds to the amortisation expense in respect of intangible assets acquired as part of business combinations for a total of €1.409 million. The allocation of the acquisition price of Tumbleweed and the amortisation periods used are provisional.

27.2. Other operating income and expenses

In 2008, this item includes non-recurring expenses (€1.168 million) arising on the acquisition of Tumbleweed in the United States in September 2008: these expenses are provisions for severance pay and the costs of administrative staff leaving the company.

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

Note 28 | Financial income and expense

28.1. Cost of net financial debt

(in thousands of euros)	2008	2007	2006
Income from cash and cash equivalents	165	169	411
Interest charges	-10,196	-7,983	-6,438
Impact of the change in the value of the syndicated loan	102	-11	-320
TOTAL	**-9,929**	**-7,825**	**-6,347**

The change in the net financial expense is mainly due to the increase in debt occasioned by the various acquisitions during the year.

28.2. Other financial charges and expense

(in thousands of euros)	2008	2007	2006
Charges and reversals of provisions	-258	1,759	-1,519
Discounting of retirement commitments	-1,131	-1,038	-587
Discounting of employee profit sharing	550	439	338
Discounting of earnouts in respect of companies acquired	-310	-373	-1,132
Change in the value of derivatives	-3,000	677	1,428
Foreign exchange gains and losses	-109	-4,414	609
Other financial charges and expense	979	950	-438
TOTAL	**-3,279**	**-2,000**	**-1,301**

Charges and reversals of provisions: the 2007 financial statements recorded a reversal of the charge of €1.400 million intended to cover the anticipated impairment of interest rate hedging instruments at 31 December 2006.

Discounting of retirement commitments: see Note 16

Discounting of employee profit sharing: see Note 14.1

Discounting of earnouts in respect of companies acquired: see Note 20.

Change in the value of derivatives: the valuation of the various hedge agreements (as described in Note 21) is analysed in the following manner at end-December 2008:

- the fair value of these hedges at end-December 2008 is (-)€3.7 million compared with +€2.1 million at end-December 2007;
- the difference in valuation of (-)€5.8 million was taken to:
  - equity capital for the hedges deemed non-speculative as defined in IAS 39, i.e. (-)€2.8 million. They are the fixed-rate swaps performed on the final third of the first tranche of syndicated credit and on €80 million of the second tranche,
  - profit or loss for the other hedges deemed speculative, i.e. (-)€3.0 million.

The *Foreign exchange gains and losses* in 2007 mainly relate to intra-group current accounts with US- and UK-based companies.

Executive Management has reviewed for 2008 the qualification of some intra-group loans hitherto considered as repayable in the medium term. Such loans are now considered an integral part of the Group's net investment in the foreign subsidiaries concerned and repayment of them is neither planned nor likely to take place in the foreseeable future.

In application of IAS 21, currency translation differences arising on these intra-group loans are treated as a distinct component of equity capital at 31 December 2008.

Note 29 | Tax charge

29.1. Analysis

(in thousands of euros)	2008	2007	2006
Current tax	31,292	25,442	22,772
Deferred tax	-2,954	-211	-702
TOTAL	**28,338**	**25,231**	**22,070**

29.2. Reconciliation between the theoretical and effective tax charge

(in thousands of euros)	2008	2007	2006
Net profit	58,199	55,097	44,206
Tax charge	-28,338	-25,231	-22,070
Profit before tax	86,537	80,328	66,276
Theoretical tax rate	**34.43%**	**34.43%**	**34.43%**
Theoretical tax charge	**-29,795**	**-27,657**	**-22,819**
Reconciliation			
Permanent differences	-407	236	-258
Impact of non-activated losses for the year	-3,330	-2,246	-552
Use of non-activated losses carried forward	2,922	3,574	755
Impact of tax credits	1,627	779	738
Tax rate differences – France/Other countries	1,282	608	531
Prior year tax adjustments	-49	-38	-
Other	-588	-487	-465
Actual tax charge	**-28,338**	**-25,231**	**-22,070**
Effective tax rate	**32.75%**	**31.41%**	**33.30%**

The effective tax rate for 2008 (32.8%) is slightly above the rate for 2007 (31.4%).

29.3. Tax reassessments

Following an examination of Sopra Group's accounts covering the years 2005 and 2006, the tax authorities have issued a proposed tax reassessment. A provision of €0.753 million has been set aside for the tax reassessments accepted. Deferred tax amounting to €0.308 million has been recognised for the contested amounts involving provisions for which the eventual reversal will not be taxed, i.e. a net impact of €0.445 million.

Following an examination of Axway Software's accounts for 2005, the tax authorities have issued a proposed tax reassessment. A provision of €1.112 million has been set aside for the tax reassessments accepted. Deferred tax amounting to €0.684 million has been recognised for the contested amounts involving provisions for which the eventual reversal will not be taxed, i.e. a net impact of €0.428 million. Agreement with the tax authorities on these bases was reached in February 2009.

Note 30 | Earnings per share

(in euros)	2008	2007	2006
Net profit – Group share	58,197,823	55,096,763	44,206,004
Weighted average number of ordinary shares in issue	11,691,044	11,477,548	11,461,664
BASIC EARNINGS PER SHARE	**4.98**	**4.80**	**3.86**

(in euros)	2008	2007	2006
Net profit – Group share	58,197,823	55,096,763	44,206,004
Weighted average number of ordinary shares in issue	11,691,044	11,477,548	11,461,664
Weighted average number of securities retained in respect of dilutive items	52,007	123,862	239,379
Weighted average number of shares retained for the calculation of diluted net earnings per share	11,743,051	11,601,410	11,701,043
FULLY DILUTED EARNINGS PER SHARE	**4.96**	**4.75**	**3.78**

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

For the calculation of diluted earnings per share, only potential dilutive ordinary shares have been taken into account, except those that have an earnings-enhancing effect. The shares considered to have an enhancing effect are potential ordinary shares resulting from share subscription options with an exercise price above the average price of the share (€44.175) during the financial year (see Note 13.2).

OTHER INFORMATION

Note 31 | Segment information

31.1. Results by division

a. Systems & Solutions Integration - France

(in millions of euros)	2008		2007		2006	
Revenue	694.6		597.5		537.9	
Profit from recurring operations	61.6	*8.9%*	52.3	*8.8%*	44.1	*8.2%*
Operating profit	61.1	*8.8%*	52.3	*8.8%*	43.0	*8.0%*

b. Consulting

(in millions of euros)	2008		2007		2006	
Revenue	44.8		43.9		41.0	
Profit from recurring operations	2.3	*5.1%*	4.5	*10.3%*	4.0	*9.8%*
Operating profit	2.3	*5.1%*	4.5	*10.3%*	4.0	*9.8%*

c. Systems & Solutions Integration - Europe

(in millions of euros)	2008		2007		2006	
Revenue	218.9		214.9		201.9	
Profit from recurring operations	18.2	*8.3%*	19.5	*9.1%*	15.1	*7.5%*
Operating profit	18.0	*8.2%*	19.5	*9.1%*	15.1	*7.5%*

d. Axway

(in millions of euros)	2008		2007		2006	
Revenue	171.2		145.1		116.9	
Profit from recurring operations	20.2	*11.8%*	14.5	*10.0%*	11.8	*10.1%*
Operating profit	18.3	*10.7%*	13.8	*9.5%*	11.8	*10.1%*

e. Group

(in millions of euros)	2008		2007		2006	
Revenue	1,129.5		1,001.4		897.7	
Profit from recurring operations	102.3	*9.1%*	90.8	*9.1%*	75.0	*8.4%*
Operating profit	99.7	*8.8%*	90.1	*9.0%*	73.9	*8.2%*

31.2. Geographical breakdown of revenue

(in millions of euros)	France	United Kingdom	Spain	Other European countries	United States	Other zones	TOTAL
Revenue	766.9	78.1	97.5	123.0	47.4	16.6	**1,129.5**

31.3. Breakdown of the main assets per division

(in thousands of euros)	Consulting	SSI France	SSI Europe	Axway	TOTAL
Goodwill	3,876	55,324	157,412	156,074	**372,686**
Intangible assets	-	2,978	2,044	23,869	**28,891**
Property and equipment	-	28,949	4,246	1,896	**35,091**
Trade accounts receivable	13,170	260,685	74,401	53,283	**401,539**

SSI: Systems & Solutions Integration

31.4. Geographical breakdown of the main assets

(in thousands of euros)	France	United Kingdom	Spain	Other European countries	United States	Other zones	TOTAL
Goodwill	56,887	49,032	84,297	68,494	110,365	3,611	**372,686**
Intangible assets	2,953	91	111	2,823	22,865	48	**28,891**
Property and equipment	28,178	554	3,307	1,273	953	826	**35,091**
Trade accounts receivable	282,627	15,328	38,051	49,362	15,052	1,119	**401,539**

Note 32 | Financial instruments

32.1. Derivatives reported in the balance sheet

a. At 31 December 2008

(in thousands of euros)	31/12/2008		Breakdown by class of derivative instrument			
	Balance sheet value	Fair value	Assets and liabilities at fair value through profit and loss	Assets available for sale	Loans and receivables	Financial debt at amortised cost
Financial assets	3,430	3,430	-	195	3,235	-
Trade accounts receivable	401,539	401,539	-	-	401,539	-
Other current receivables	32,614	32,614	-	-	32,614	-
Derivatives	286	286	286	-	-	-
Cash and cash equivalents	33,009	33,009	33,009	-	-	-
FINANCIAL ASSETS	**470,878**	**470,878**	**33,295**	**195**	**437,388**	**-**
Financial debt – long-term portion	189,969	189,969	-	-	-	189,969
Other non-current liabilities	9,955	9,955	-	-	488	9,467
Financial debt – short-term portion	41,234	41,234	-	-	-	41,234
Trade payables	59,620	59,620	-	-	59,620	-
Other current liabilities	317,904	317,904	-	-	317,904	-
Derivatives	3,976	3,976	3,976	-	-	-
FINANCIAL LIABILITIES	**622,658**	**622,658**	**3,976**	**-**	**378,012**	**240,670**

Fair value of financial assets and liabilities

The fair value of trade accounts receivable, other current receivables, trade payables and other current liabilities is the same as the balance sheet value, owing to their very short settlement times.

The fair value of financial debt is considered as close to its book value, since most of it is bank borrowing at variable rates of interest.

Derivatives are accounted for at their fair value and taken either directly to profit or loss or to equity capital, based on the hedge accounting method.

b. At 31 December 2007

(in thousands of euros)	31/12/2007		Breakdown by class of derivative instrument			
	Balance sheet value	Fair value	Assets and liabilities at fair value through profit and loss	Available for sale assets	Loans and receivables	Financial debt at amortised cost
Financial assets	4,003	4,003	-	1,301	2,702	-
Trade accounts receivable	358,964	358,964	-	-	358,964	-
Other current receivables	23,866	23,866	-	-	23,866	-
Derivatives	3,210	3,210	3,210	-	-	-
Cash and cash equivalents	26,573	26,573	26,573	-	-	-
FINANCIAL ASSETS	**416,616**	**416,616**	**29,783**	**1,301**	**385,532**	**-**
Financial debt – long-term portion	134,428	134,428	-	-	-	134,428
Other non-current liabilities	6,994	6,994	-	-	152	6,842
Financial debt – short-term portion	22,416	22,416	-	-	-	22,416
Trade payables	48,459	48,459	-	-	48,459	-
Other current liabilities	260,397	260,397	-	-	260,397	-
Derivatives	1,105	1,105	1,105	-	-	-
FINANCIAL LIABILITIES	**473,799**	**473,799**	**1,105**	**-**	**309,008**	**163,686**

32.2. Impact of derivatives on profit or loss

The impact of the change in value of syndicated borrowing (see Note 28.1) on profit or loss is +€0.102 million.

The impact of derivatives on profit or loss is described in Notes 21 and 28.2.

Note 33 | Financial risk factors

33.1. Credit risk

(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)	304,606	3,463	196,465	71,640	17,615	6,658	5,130	2,647	988

The statement of changes in provisions for doubtful receivables is as follows:

(in thousands of euros)	2008
Provisions for trade accounts receivable at 1 January	**3,390**
Charges	1,024
Reversals used	-482
Reversals not used	-577
Changes in scope	180
Translation differential	-72
PROVISIONS FOR TRADE ACCOUNTS RECEIVABLE AT 31 DECEMBER	**3,463**

33.2. Liquidity risk

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

The Group considers that it is not exposed to this type of risk in view of its overall financial structure, the level and structure of current assets and debt (see Note 14), and its capacity to mobilise additional financing if necessary. At 31 December 2008, the Group had access to credit facilities in the amount of €247 million (of which €198.8 million was used) and authorised bank overdrafts in the amount of €80 million (of which €6.0 million was used), making a total of €327 million. The Group also had €33 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	198,767	219,935	35,095	33,175	33,247	32,312	52,752	33,354
Finance lease liabilities	9,049	9,537	4,259	2,964	1,904	410	-	-
Employee profit sharing	17,285	19,364	1,983	2,136	3,145	5,385	6,715	-
Other sundry financial debt	109	109	99	-	-	-	-	10
Current bank overdrafts	5,994	5,994	5,994	-	-	-	-	-
Financial debt	**231,204**	**254,939**	**47,430**	**38,275**	**38,296**	**38,107**	**59,467**	**33,364**
Investment securities	-1,190	-1,190	-1,190	-	-	-	-	-
Cash and cash equivalents	-31,819	-31,819	- 31,819	-	-	-	-	-
CONSOLIDATED NET DEBT	**198,195**	**221,930**	**14,421**	**38,275**	**38,296**	**38,107**	**59,467**	**33,364**

33.3. Market risk

a. Interest rate risk

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

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

(in thousands of euros)	2008	Rate	Interest rate hedges
Bank loans	198,767	Variable	Swaps
Finance lease liabilities	9,049	Fixed	Nil
Employee profit sharing	17,285	Fixed	Nil
Other sundry financial debt	109	Fixed	Nil
Current bank overdrafts	5,994	Variable	Nil
Financial debt	**231,204**		
Investment securities	-1,190	Variable	Nil
Cash and cash equivalents	-31,819	Variable	Nil
CONSOLIDATED NET DEBT	**198,195**		

Interest rate hedges were contracted according to the conditions indicated in Note 21. Their impact is described in Note 28.2.

The hedges contracted limit the rate of interest (excluding margin) to a maximum of 3.87% for bank credit facilities up to €195 million until 21 April 2009, to €181 million until 21 October 2009 and to €86 million until 31 December 2009.

The interest rate (excluding margin) applied to unhedged credit facilities, i.e. €52 million up to 21 October 2009 then €132 million up to 31 December 2009, is Euribor. The interest rate (excluding margin) applied to bank overdrafts is Eonia.

In view of the hedges contracted and the downward trend in European interest rates in 2009, there are no specific interest rate risks for financial year 2009.

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. A 5% fluctuation of the UK and US currencies would cause equity to vary by €3.1 million and €6.3 million, respectively.

The exposure to risk arising from trade transactions is limited, since each of the entities involved mainly carries out business in its own country and its own currency.

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

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

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

(in thousands of euros)	Euro	Pound sterling	Swiss franc	Swedish krona	Indian rupee	US dollar	Other	TOTAL
Bank loans	195,174	-	-	-	-	**3,59**	-	198,767
Finance lease liabilities	9,049	-	-	-	-	-	-	9,049
Employee profit sharing	17,285	-	-	-	-	-	-	17,285
Other sundry financial debt	109	-	-	-	-	-	-	109
Current bank overdrafts	5,993	1	-	-	-	-	-	5,994
Financial debt	**227,610**	**1**	**-**	**-**	**-**	**3,593**	**-**	**231,204**
Investment securities	-176	-	-	-	-1,014	-	-	-1,190
Cash and cash equivalents	-18,135	-7,245	-738	-408	-669	-3,580	-1,044	-31,819
CONSOLIDATED NET DEBT	**209,299**	**-7,244**	**-738**	**-408**	**-1,683**	**13**	**-1,044**	**198,195**

c. Equity risk

At 31 December 2008, Sopra Group held 25,325 of its own shares, acquired under the terms of the share repurchase programmes authorised by the General Meeting, for a total amount of €665,566, representing an average purchase price of €26.28.

All transactions in treasury shares are taken directly to shareholders' equity. The impact at 31 December 2008 is a deduction of €636 thousand (see *Statement of changes in consolidated shareholders' equity*).

Note 34 | Related-party transactions

34.1. Remuneration of senior management

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

(in thousands of euros)	2008	2007	2006
Short-term employee benefits	1,516	1,258	1,311
Post-employment benefits	12	9	20
Other long-term employee benefits	-	-	-
Termination benefits	-	-	-
Equity compensation benefits	35	-	34
TOTAL	**1,563**	**1,267**	**1,365**

The Ordinary General Meeting of 15 May 2008 set the amount of fees to be apportioned among the directors at €135,000.

Post-employment benefits correspond to retirement benefits established in accordance with collective bargaining agreements (see Notes 1.18 and 16). There are no commitments in favour of executive managers with respect to post-employment benefits or other long-term employee benefits.

In 2008, 20,000 share subscription options were allocated to Dominique Ilien, Managing Director, at the subscription price of €45.30 (option exercise period: 19 March 2013 to 19 March 2016).

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

34.2. Subsidiaries and associated entities

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

Non-consolidated equity investments are included under *Available for sale financial assets*. These all relate to companies in the process of liquidation, for which no significant transactions have been undertaken since 2005.

34.3. Relationships with other related parties

Sopra Group maintains material relationships with two of its shareholders: Société Générale Group and Crédit Agricole Group. At 31 December 2008, these two banking groups respectively held 12.26% and 2.01% of the company's capital.

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

Note 35 | Off balance sheet commitments and contingent liabilities

35.1. Contractual obligations

Contractual obligations *(in thousands of euros)*	**Payments due per period**			2008	2007	2006
	Less than one year	**One to five years**	**More than five years**			
Long-term liabilities	29,174	136,593	33,000	198,767	120,868	121,831
Finance lease obligations	3,973	5,076	-	9,049	9,675	8,972
Irrevocable purchase obligations	-	-	-	-	-	-
Employee profit sharing	1,995	9,719	5,571	17,285	16,300	13,821
Other sundry financial debt	99	-	10	109	187	-
Current bank overdrafts	5,993	-	-	5,993	9,814	3,798
TOTAL	**41,234**	**151,388**	**38,581**	**231,203**	**156,844**	**148,422**

Other commercial commitments *(in thousands of euros)*	Amount of commitments per period: Less than one year	One to five years	More than five years	2008	2007	2006
Credit lines	-	-	-	-	-	-
Letters of credit	-	-	-	-	-	-
Guarantees	-	2,751	-	2,751	2,737	2,080
Purchase obligations	-	-	-	-	-	-
Other commercial commitments	2,311	-	-	2,311	4,170	3,596
TOTAL	**2,311**	**2,751**	**-**	**5,062**	**6,907**	**5,676**

35.2. Commitments given related to recurring operations

(in thousands of euros)	2008	2007	2006
Discounted notes not yet due	-	-	-
Bank guarantees/deposits on leased premises	2,751	2,737	2,080
Bank guarantees for effective project completion	2,311	4,170	3,596
Collateral, mortgages and sureties	-	-	-
Exchange rate hedging instruments	-	-	-

35.3. Collateral, guarantees and surety

a. Registered shares used as collateral

Name of registered shareholder	Beneficiary	Starting date	Expiry date	Conditions for freeing shares	Number of shares pledged by the issuer	% of capital pledged
Sopra GMT	Lyonnaise de Banque	October 2008	October 2009	Repayment of loan for €6 million	220,000	1.88%
Sopra GMT	Natixis	March 2007	March 2010	Repayment of loan for €5 million	120,000	1.03%
Sopra GMT	BNP Paribas	September 2008	September 2010	Repayment of loan for €3 million	228,600	1.95%
TOTAL					**568,600**	**4.86%**

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

No such assets were pledged in this manner.

35.4. Real collateral given in guarantee

No real collateral was given to guarantee bank financing.

35.5. Covenants

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

- the ratio of net debt to EBITDA is required to be lower than 3.5 until 31 December 2005 and lower than 3 as from this date and for the entire term of the facility. At 31 December 2007 this ratio was 1.27 and at 31 December 2008 it was 1.72;
- the ratio of net debt to equity is required to be lower than 1 for the entire term of the facility. At 31 December 2007 this ratio was 0.52 and at 31 December 2008 it was 0.71;
- the ratio of operating profit to net borrowing cost is required to be greater than 5 for the entire term of the facility. At 31 December 2007 this ratio was 11.5 and at 31 December 2008 it was 10.0.

Net financial debt applied in these calculations includes the earnouts relating to the acquisitions recognised under fixed asset liabilities (see Note 18), and does not include employee profit sharing.

35.6. Contingent liabilities

No contingent liabilities, other than the risk related to the tax reassessment described in Note 29.3, need to be taken into account.

35.7. Individual training rights (DIF)

Over the course of the 2008 financial year, with respect to individual training rights, 129,442 hours were acquired and 63,860 hours were consumed.

The cumulative balance of training that was not consumed amounts to 235,298 hours at 31 December 2008.

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

No material events have occurred since the balance sheet date.

Note 38 | Rates of conversion of foreign currencies

€1/currency	Average rate for the period			Period-end rate		
	2008	2007	2006	2008	2007	2006
Swiss franc	1.5769	1.6459	1.5766	1.4850	1.6547	1.6069
Pound sterling	0.7999	0.6873	0.6818	0.9525	0.7334	0.6715
Swedish krona	9.6637	9.2647	9.2515	10.8696	9.4415	9.0408
Romanian leu	3.6963	3.3410	3.5115	4.0225	3.6077	3.3835
Bulgarian lev	1.9558	-	-	1.9558	-	-
Moroccan dirham	11.3456	11.2275	-	11.2778	11.3437	-
US dollar	1.4646	1.3797	1.2617	1.3917	1.4721	1.3170
Canadian dollar	1.5635	1.4662	1.4253	1.6998	1.4449	1.5281
Australian dollar	1.7389	1.6365	1.6678	2.0274	1.6757	1.6691
Hong Kong dollar	11.3960	10.7610	9.8020	10.7863	11.4800	10.2407
Singapore dollar	2.0686	2.0691	1.9962	2.0040	2.1163	2.0202
Yuan (China)	10.1348	10.4551	10.0422	9.4958	10.7524	10.2796
Rupee (India)	64.3915	56.6764	57.1429	69.0608	57.9856	58.3090
Ringgit (Malaysia)	4.8893	4.7229	4.6170	4.8047	4.8682	4.6490
Korean won	1,612.9032	1,280.1108	-	1,851.8519	1,377.9600	-

Statutory Auditors' report on the consolidated financial statements

To the shareholders,

In accordance with our appointment as Statutory Auditors by your General Meeting, we hereby report to you for the year ended 31 December 2008 on:

- the audit of the accompanying consolidated financial statements of Sopra Group SA;
- the justification of our assessments;
- the specific procedures required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I - Opinion on the consolidated financial statements

We performed our audit in accordance with generally accepted French auditing standards. These standards require that we perform our audit in such a way as to obtain reasonable assurance that the consolidated financial statements are free from material misstatement. An audit involves the verification, on a test basis or through the use of any other selection methods, of the evidence supporting the amounts and disclosures included in the consolidated financial statements. An audit also includes an assessment of the accounting policies used and significant estimates made by the management, as well as an evaluation of the overall presentation of the financial statements. We believe that the evidence we have been able to gather provides a sufficient and appropriate basis to express our audit opinion.

We certify that the consolidated financial statements are, with respect to IFRS as adopted in the European Union, true and fair and provide a true and fair view of the net worth, financial situation and earnings of the consolidated entity at the end of the financial year under review.

II - Justification of assessments

In accordance with Article L. 823-9 of the French Commercial Code governing the justification of our assessments, we hereby report on the following matters:

- In early September 2008, Axway, a subsidiary of the Company, acquired Tumbleweed Communications Corp. at a total acquisition cost of €100 million. As indicated in Note 4.2 of the consolidated financial statements, the acquisition cost was subject to a provisional allocation, since evaluations relating to the various intangible assets acquired and a US tax audit are still in progress. As part of our assessments, we have been informed of the procedures implemented by the Group concerning the provisional allocation of the acquisition price.
- At each balance sheet date, the company systematically performs an impairment test of goodwill and assets with indefinite useful lives, based on the methods described in Notes 1.11 and 4.5 of the consolidated financial statements. In the course of our assessments, we examined the appropriateness of the approach adopted in addition to the implementation methods of this impairment test and the overall consistency of the assumptions used and the resulting assessments.

These assessments form part of our overall audit approach of the consolidated financial statements and thus contributed to the formulation of our unqualified opinion expressed in the first section of this report.

III - Specific verification

We also performed the specific procedures required by law in relation to the information contained in the Group's management report.

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

Paris and Courbevoie, 9 April 2009

The Statutory Auditors

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

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Balance sheet

ASSETS *(in thousands of euros)*	**2008**	**2007**
Intangible assets	57,625	49,612
Property and equipment	18,562	15,676
Financial investments	453,203	338,616
Non-current assets	**529,390**	**403,904**
Stocks and work in progress	15	27
Trade accounts receivable	283,239	237,073
Other receivables, prepayments and accrued income	18,459	55,818
Cash and cash equivalents	11,998	8,704
Current assets	**313,711**	**301,622**
TOTAL ASSETS	**843,101**	**705,526**

LIABILITIES AND EQUITY *(in thousands of euros)*	**2008**	**2007**
Share capital	46,820	46,686
Premiums	93,662	92,693
Reserves	67,857	60,099
Net profit for the year	37,058	27,012
Equity	**245,397**	**226,490**
Provisions	**18,764**	**19,077**
Financial debt	215,380	138,686
Trade payables	48,977	37,031
Tax and social security liabilities	178,928	154,485
Other liabilities, accruals and deferred income	135,655	129,757
Liabilities	**578,940**	**459,959**
TOTAL LIABILITIES AND EQUITY	**843,101**	**705,526**

Income statement

(in thousands of euros)	2008	2007
Net revenue	715,263	616,051
Other operating income	1,406	1,445
Operating income	**716,669**	**617,496**
Purchases consumed	5,703	4,738
Staff costs	439,111	396,209
Other operating expenses	178,970	135,241
Taxes and duties	21,950	19,191
Depreciation and provisions	6,375	7,629
Operating expenses	**652,109**	**563,008**
Operating profit	**64,560**	**54,488**
Financial income and charges	-6,748	-9,224
Pre-tax profit on recurring operations	**57,812**	**45,264**
Exceptional income and expenses	348	231
Employee profit sharing	-6,937	-5,406
Corporate income tax	-14,165	-13,077
NET PROFIT	**37,058**	**27,012**

Notes to the individual financial statements

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

1.1. Significant events

1.1.1. Acquisition of CIBF – Compagnie d'Ingénierie Bancaire et Financière

In early 2008, Sopra Group acquired 100% of the share capital of CIBF in a cash transaction. Based in Nantes, CIBF enjoys wide recognition as a publisher of software packages and solutions for major banking groups and financial services providers (payment methods, financial flow management, factoring of receivables and risk management related to banking commitments). CIBF was dissolved followed by a transfer of assets and liabilities at end-June 2008.

1.1.2. Acquisition of G2i

In early 2008, Sopra Group acquired 100% of the share capital of G2i, in a cash transaction. Specialising in scientific, technical and information technology engineering, G2i provides consulting and services in the field of embedded software and testing resources for the aerospace industry, primarily for Airbus. G2i was dissolved followed by a transfer of assets and liabilities at end-June 2008.

1.1.3. Acquisition/financing of Tumbleweed Communications Corp

In September 2008, Axway Software, a wholly owned subsidiary of Sopra Group, acquired 100% of the share capital of Tumbleweed Communications Corp, in a cash transaction. Based in the United States, Tumbleweed is an industry leader in managed file transfer, e-mail security and identity validation. This acquisition was financed in large part by way of an increase in the share capital of Axway Software SA in the amount of €55.7 million, which was fully subscribed by Sopra Group, and through current account advances in the amount of €34.9 million. At the same time, Sopra Group drew down available lines under its syndicated credit facilities.

1.2. Intra-group relations

Analysis of Sopra Group SA's individual accounts is difficult due to the high level of supply chain integration of the French companies at functional and logistics levels. There are a large number of major intra-group relations between Sopra Group and its wholly owned subsidiaries Axway Software and Orga Consultants.

1.2.1. Axway Software

The agreements concluded following the spin-off of the EAI division in 2001 continued to apply in 2008.

- Sopra Group provides Axway Software with:
  - fully equipped offices, chiefly at the Annecy-le-Vieux and Puteaux sites,
  - computer equipment (mainframes, workstations, networks).

These items are invoiced on the basis of the real costs incurred by Sopra Group and with respect to the equipment effectively used by Axway Software, determined by means of regular inventories.

- Sopra Group invoices Axway Software for the services rendered on its behalf by the central functions (Finance and Administration, Financial Control, Human Resources, Internal Information Systems, Legal Affairs, etc.) on the basis of the real cost of each of these functions pro rated to the missions actually performed.
- Staff exchanges are billed on the basis of the salaries charged, or at selling price, depending on the nature of the work undertaken.
- Cash accounting is managed as a central function within Sopra Group.
- As from 1 January 2002, Axway Software is considered as belonging with Orga Consultants to the consolidated tax group formed by Sopra Group.

These agreements have been authorised by the Board of Directors of each company and are described in the Statutory Auditors' special report.

1.2.2. Orga Consultants

- Sopra Group provides Orga Consultants with:
  - fully equipped offices, at the Lyon-Ecully site and at the Paris-Neuilly site,
  - computer equipment (mainframes, workstations, networks).

These items are invoiced on the basis of the real costs incurred by Sopra Group and with respect to the equipment effectively used by Orga Consultants, determined by means of regular inventories.

- Sopra Group invoices Orga Consultants for the services rendered on its behalf by the central functions (Finance and Administration, Management Audit, Human Resources, Internal Information Systems, Legal Affairs, etc.) on the basis of the real cost of each of these functions pro rated to the missions actually performed.
- Staff exchanges are billed on the basis of the salaries charged, or at selling price, depending on the nature of the work undertaken.

- Cash accounting is managed as a central function within Sopra Group.
- Sopra Group charges a fee equal to 1.5% of Orga Consultants' revenue for its contribution to the development of Orga Consultants' business.
- As from 1 January 2002, Orga Consultants is considered as belonging with Axway Software to the consolidated tax group formed by Sopra Group.

These agreements have been authorised by the Board of Directors of each company and are described in the Statutory Auditors' special report.

1.3. Accounting policies and valuation rules

The 2008 Sopra Group SA individual financial statements were prepared in accordance with French generally accepted accounting principles.

These principles were applied on a prudent basis and in accordance with the following underlying assumptions:

- going concern basis;
- consistency of accounting methods from one year to the next;
- accrual basis;

and in accordance with general guidelines for the preparation and presentation of annual financial statements.

No change has been made in accounting policies during the periods under review.

1.3.1. Software development expenses

All research and development costs are charged to the income statement in the year they are incurred.

Software and solutions development costs may be capitalised if all of the following can be demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the manner in which the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

None of the development expenses for software and solutions (Banking, Human Resources and Real Estate) have been recognised under intangible assets, since the conditions described above were not satisfied in their entirety.

1.3.2. Software acquired

Software is recognised at its acquisition cost. Straight-line amortisation is applied over 3, 5 or 10 years.

1.3.3. Business goodwill

Mergers of companies carried out prior to 2000 in connection with internal restructuring operations were conducted the basis of the net assets of the companies. The difference between the value of the securities and the net assets contributed has been allocated to intangible assets.

Mergers of companies carried out in 2000 in connection with a major operation to simplify the legal structures were conducted on the basis of values generally similar to the consolidated net worth. This resulted in items related to the business goodwill and software packages contributed being valued separately in the contribution agreement.

Since 2000, business goodwill is no longer amortized but if appropriate a provision may be made for impairment of business goodwill. Amortization applied prior to 1 January 2000 has been retained in the balance sheet.

The Company conducts goodwill impairment tests during year-end closing and each time that there is an indication of an impairment loss. It writes down the value of an asset if its current value (either the monetary value or the economic value, whichever is highest) is less than its carrying amount.

1.3.4. Property and equipment

Tangible fixed assets are stated in the balance sheet at their acquisition cost.

Depreciation is calculated using the straight-line method, based on the useful life of the type of fixed asset concerned.

Buildings	25 years
Fixtures and fittings	10 years
Equipment and tooling	3 to 5 years
Vehicles	5 years
Office furniture and equipment	5 to 10 years

1.3.5. Equity interests

Equity interests are recognised at their acquisition cost.

The value in use of the securities has been their economic value, calculated using the discounted cash flow approach. An impairment expense is recognised when the value in use calculated in this way is less than the acquisition cost.

Cash flows are determined on the basis of available data and five-year forecasts. A growth rate to infinity of 2.5% was applied from the start of the sixth year. The cash flows resulting from these forecasts were then discounted using a discount rate of 9.5%.

1.3.6. Revenue

a. Systems Integration and Consulting services

■ **Technical assistance, consulting, training and projects provided on an ongoing contract basis**

These services are recognised when performed, i.e. in general at the time of invoicing.

Operations are reviewed at each balance sheet date:

- Services already performed but not yet, or only partially, invoiced are measured on the basis of billable time and the contractual billing rates. They are recognised as revenue and are included in the balance sheet under the Accrued income caption of *Trade accounts receivable*;
- Services already billed but not yet entirely performed are deducted from invoiced revenue and included in the balance sheet under the *Deferred income* caption of *Other liabilities.*

■ **Services covered by lump sum contracts**

Under such contracts the group commits itself to a price, a result and a deadline. Services performed under such contracts are recognised as follows using the percentage of completion method:

- revenue and profit generated by a contract are recognised on the basis of a technical assessment, in line with the group's quality procedures, of the contract's degree of completion. During performance of a project, this assessment is based on 90% of the contract amount with the remaining 10% deferred until completion;
- the amount of revenue recognised at each balance sheet date is based on the difference between 90% of the contract value and the amount required to cover the total number of man-days remaining to be performed. This amount is included in the balance sheet under the *Accrued income* caption of *Trade accounts receivable*. Payments on account received are included under *Other liabilities*.

b. Software and Solutions

Services provided within the scope of the group's Software and Solutions operations include:

- the right of use under licence of the software and solutions provided;
- maintenance;
- ancillary services: installation, configuration, adaptation, training, etc.

■ **In general, separate contracts are concluded with clients for licences and maintenance on the one hand and ancillary services on the other hand**

In this situation, the various elements comprising contracts are accounted for as follows:

- the licence fee is recognised when delivery takes place, which is reputed to be the case when all contractual obligations have been fulfilled, i.e. when any remaining services to be provided are insignificant and not liable to endanger the client's acceptance of goods supplied or services rendered;
- maintenance is generally billed in advance and is recognised on a time basis;
- ancillary services are generally provided on the basis of time spent and are recognised when performed, i.e. in general when invoiced. They are sometimes performed within the scope of lump sum contracts in which case they are recognised using the percentage of completion method described in the paragraph above.

■ **Sometimes, contracts comprising multiple elements (licence, maintenance, ancillary services, etc.) may be negotiated on a lump sum basis**

In this situation, the amount of revenue attributable to the licence is obtained by the difference between the total contract amount and the fair value of its other components, i.e. maintenance and ancillary services. The fair value of the other components is determined when possible on the basis of the list prices applying in the case of a separate sale or alternatively, on the basis of management's best estimate. The residual amount attributed to the licence is recognised at the time of delivery.

■ **In fairly rare instances, ancillary services may be considered indispensable to a software package's functioning**

This may be the case for very complex projects, the completion of which may be subject to particular risks. The project is then examined as a whole and is the focus of specific monitoring by the Quality Department. Such projects are recognised according to the percentage of completion method described above.

1.3.7. Trade accounts receivable

Trade accounts receivable are recognised using the methods specified above.

A separate estimate is carried out for each trade receivable at the end of the financial year and a provision is made in the event of a risk of non-recovery linked to collective proceedings. Doubtful debts for which legal proceedings have not been instigated are treated as accrued credit notes.

1.3.8. Retirement benefits

Since 2004, Sopra Group has provided for all of its retirement commitments in accordance with the provisions of the Syntec collective bargaining agreement regarding retirement and pensions.

Sopra Group's obligation towards its employees is determined on an actuarial basis, using the projected credit method: the employer's discounted obligation is recognised in proportion to the probable length of service of the employees, taking into account actuarial assumptions such as the level of future salary, life expectancy and staff turnover. Changes in actuarial assumptions that affect the valuation of the obligation are recognized as actuarial gains and losses.

The main actuarial assumptions applied by Sopra Group are:

- an annual increase in salaries of 2.5%;
- a discount rate corresponding to the interest rate of prime corporate bonds denominated in the payment currency, the maturity period of which is close to the average estimated length of the retirement obligation concerned. In practice, this rate is the year-end rate for 10-year French Treasury bonds (OAT), plus 0.25%, thus 3.70% for the 2008 financial year;
- application of a social security contribution rate of 50% for all employees. The Social Security Financing Act for 2008 introduced a contribution to be paid by the employer as part of the benefits due to an employee whose retirement is at the request of the employer. This contribution amounts to 50% but is limited to 25% for benefits paid between 11 October 2007 and 31 December 2008. It applies irrespective of the age of the employee (whether retirement occurs before or after the age of 65);
- staff turnover tables are updated annually based on historical data of leavers over the last five years;
- the mortality tables used are those prepared by the French national institute of statistics and economic studies (INSEE) for 2004-2006.

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

Actuarial differences are amortized in the income statement as of the financial period following their recognition, to the extent of the portion exceeding a corridor fixed at 10% of the amount of the obligation.

1.3.9. Individual training rights

On the basis of the recommendation of the Emergency Committee of the French National Accounting Council (CNC) of 13 October 2004 and current consensus, according to which the commitments in respect of individual training rights are to be distinguished from other employee benefits since they represent a future benefit for the company, it is deemed that no provision should be made in the accounts as of 31 December 2008. Moreover, there are no special cases justifying a provision, such as agreements already signed regarding training that does not represent a future benefit for the company, conflicts having lasted for more than two years or training courses unrelated to the position held.

2 | Notes on the balance sheet

2.1. Non-current assets

2.1.1. Intangible assets

(in thousands of euros)	**Concessions, patents, similar rights**	**Business goodwill**	**Total**
GROSS VALUE			
At 1 January 2008	**14,497**	**50,654**	**65,151**
Mergers*	2,219	7,156	9,375
Acquisitions	428	-	428
Disposals	-63	-	-63
At 31 December 2008	**17,081**	**57,810**	**74,891**
AMORTISATION			
At 1 January 2008	**12,189**	**3,350**	**15,539**
Mergers*	554	-	554
Charges	1,225	-	1,225
Reversals	-52	-	-52
At 31 December 2008	**13,916**	**3,350**	**17,266**
NET VALUE			
At 1 January 2008	2,308	47,304	49,612
At 31 December 2008	3,165	54,460	57,625

* *Complete transfer of assets and liabilities (transmission universelle de patrimoine, TUP) for CIBF and G2i.*

Intangible assets comprise:

- software acquired or contributed;
- business goodwill acquired or contributed during mergers.

Software acquisitions mainly relate to workstation software as well as development and industrialisation tools.

Software development costs, which totalled €16.590 million in 2008, are recorded as expenses (see Note 1.3.1).

The principal movements of the financial year relate to the mergers of CIBF and G2i.

2.1.2. Property and equipment

(in thousands of euros)	Land	Buildings	Technical installations	Sundry fittings	Vehicles	Furniture and office equipment	Other property and equipment	Total
GROSS VALUE								
At 1 January 2008	**323**	**6,487**	**647**	**21,206**	**67**	**12,515**	**3,043**	**44,288**
Mergers*	-	-	68	200	55	127	-	450
Acquisitions	-	2	24	3,756	82	1,929	-	5,793
Disposals	-	-	-33	-412	-122	-90	-	-657
At 31 December 2008	**323**	**6,489**	**706**	**24,750**	**82**	**14,481**	**3,043**	**49,874**
DEPRECIATION								
At 1 January 2008	**48**	**4,535**	**608**	**11,769**	**67**	**8,556**	**3,029**	**28,612**
Mergers*	-	-	60	111	43	114	-	328
Charges	10	163	52	1,815	14	871	-	2,925
Reversals	-	-	-33	-322	-115	-83	-	-553
At 31 December 2008	**58**	**4,698**	**687**	**13,373**	**9**	**9,458**	**3,029**	**31,312**
NET VALUE								
At 1 January 2008	275	1,952	39	9,437	-	3,959	14	15,676
At 31 December 2008	**265**	**1,791**	**19**	**11,377**	**73**	**5,023**	**14**	**18,562**

* *Complete transfer of assets and liabilities (transmission universelle de patrimoine, TUP) for CIBF and G2i.*

Property and equipment consists of:

- land/buildings: Sopra Group became the owner of two buildings on the Annecy-le-Vieux site, at the expiration of the corresponding property finance lease contracts. A third wholly owned building was added to this property asset;
- office furniture, fixtures and equipment: this refers to equipment on premises leased by Sopra Group in the major cities of France.

Computer hardware is for the most part acquired on four-year leases and is not included under property and equipment in the individual accounts.

2.1.3. Financial investments

(in thousands of euros)	Equity investments and non-current securities	Receivables in respect of equity investments	Loans and other financial investments	Total
GROSS VALUE				
At 1 January 2008	**380,633**	**59,832**	**1,527**	**441,992**
Acquisitions – Increases	91,961	25,525	873	118,359
Disposals – Decreases	-697	-4,517	-128	-5,342
At 31 December 2008	**471,897**	**80,840**	**2,272**	**555,009**
IMPAIRMENT				
At 1 January 2008	**96,430**	**6,881**	**65**	**103,376**
Charges	3,000	-	37	3,037
Reversals	-25	-4,517	-65	-4,607
At 31 December 2008	**99,405**	**2,364**	**37**	**101,806**
NET VALUE				
At 1 January 2008	284,203	52,951	1,462	338,616
At 31 December 2008	**372,492**	**78,476**	**2,235**	**453,203**

Details concerning equity interests are provided in the “Subsidiaries and associated entities” tables presented in Note 4.8.

a. Gross amounts

The principal movements in 2008 relating to investments in associates resulted from the following capital increases:

- Axway Software for a total amount of €55.720 million;
- Sopra Group Ltd for a total amount of €30.041 million;
- Sopra Group SpA for a total amount of €3.000 million;
- CS Sopra España for a total amount of €3.200 million.

The increase in receivables from associated entities mainly corresponds to the contributions made to Axway Software to finance the acquisition by the latter of Tumbleweed Communications.

b. Impairment of equity interests

As a result of the application of CRC Regulation 2002-10 relating to fixed asset depreciation and impairment, the following provisions were recorded for impairment with respect to previous financial years:

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

Provisions for impairment were also recorded with respect to the European subsidiaries of Valoris for the amount of €15.914 million prior to the acquisition of Valoris by Sopra Group.

Impairment tests are performed annually and gave rise in 2008 to the recognition of additional provisions in the amount of €3.000 million for shares in Valoris Iberia.

2.2. Other assets

2.2.1. Trade receivables

(in thousands of euros)	2008	2007
Non-Group clients	186,748	160,932
Accrued income	93,046	68,161
Group clients	3,412	7,973
Doubtful debtors	249	92
Provision for doubtful debtors	-216	-85
TOTAL	**283,239**	**237,073**

Trade receivables are recognised as assets and are stated net of all client-related debit and credit balances.

Unbilled revenue is comprised essentially of production recognised for fixed-price projects using the percentage-of-completion method. Invoices are generally prepared for these contracts upon completion of the services rendered and the latter are paid over the lifespan of the projects through payments on account.

2.2.2. Other receivables, prepayments and accrued income

(in thousands of euros)	2008	2007
Staff costs and related payables	91	46
Social security	387	319
State and public bodies		
■ Corporate income tax	1,248	1,807
■ VAT	8,047	6,629
■ Other tax	788	554
Group and associates	2,351	39,076
Impairment of current accounts	-329	-329
Other receivables	2,656	2,057
Impairment of sundry debtors	-187	-206
Prepaid expenses	2,588	2,177
Translation differential – Asset	819	3,688
TOTAL	**18,459**	**55,818**

The capital increases for Sopra Group Ltd, Sopra Group SpA and CS Sopra España (see Note 2.1.3) were paid up in compensation for current account advances granted to these subsidiaries, which explains the substantial decrease in the Group and associates item.

2.2.3. Impairment of current assets

(in thousands of euros)	At 01/01/2008	Mergers*	Charges	Reversals	At 31/12/2008
Impairment of inventories and work in progress	-	-	-	-	-
Impairment of trade receivables	85	58	134	61	216
Impairment of current accounts	329	-	-	-	329
Impairment of sundry debtors	206	-	-	19	187
Impairment of investment securities	-	-	-	-	-
TOTAL	**620**	**58**	**134**	**80**	**732**

* *Complete transfer of assets and liabilities (transmission universelle de patrimoine, TUP) for CIBF and G2i.*

The principal movements in 2008 involved the charges and reversals of provisions for trade accounts receivable written off during the year. The expenses incurred in connection with the writing off of these receivables were fully offset by these reversals of provisions.

2.3. Equity

2.3.1. Share capital

At 31 December 2008, Sopra Group had share capital of €46,819,964 comprising 11,704,991 shares with a nominal value of €4. As a result of subscription options exercised, 33,460 shares with a par value of €4 were created, corresponding to an increase in share capital of €134 thousand and a share premium of €0.687 million.

2.3.2. Change in shareholders' equity

(in thousands of euros)	Company	Issue, merger and contribution premiums	Legal reserve	Discretionary reserves	Retained earnings	Net profit for the year	Total
At 1 January 2008	**46,686**	**92,693**	**4,587**	**55,511**	**1**	**27,012**	**226,490**
Appropriation of 2007 earnings and dividends	-	-	82	7,673	3	-27,012	-19,254
Exercise of share subscription options	134	687	-	-	-	-	821
G2i merger surplus	-	282	-	-	-	-	282
Profit for the year	-	-	-	-	-	37,058	37,058
At 31 December 2008	**46,820**	**93,662**	**4,669**	**63,184**	**4**	**37,058**	**245,397**

The amount of dividends paid in 2008 in respect of net profit for 2007 was €19.254 million.

2.3.3. Share subscription option plans

As noted above, 33,460 shares were exercised in 2008 under Plans No. 3 and 4.

A total of 50,200 shares were retired, their beneficiaries having left the company before completing their vesting period.

In 2008, 50,000 share subscription options were allocated under Plan No. 5 at the subscription price of €45.30.

No options were allocated in 2008 under Plan No. 6.

At 31 December 2008, the total number of exercisable options was 310,294 and the total number of options that could still be allocated at this date was 350,145, making a maximum total number of shares that may be created of 660,439.

Grant date	Number of options allocated initially	Beginning of option exercise period	End of option exercise period	Exercise price	Number of lapsed options at 31/12/2008	o/w cancelled in 2008	Number of options exercised at 31/12/2008	o/w options exercised in 2008	Number of options outstanding at 31/12/2008
Plan No. 3 – 1998 stock option plan (General Meeting of 07/01/1998): maximum of 721,250 shares									
13/01/1998	614,000	01/10/2002	12/01/2006	€15.37	70,175	-	543,825	-	-
04/12/1998	25,000	25/02/2003	24/08/2006	€46.86	25,000	-	-	-	-
03/03/1999	20,000	04/03/2004	02/03/2007	€48.50	10,000	-	10,000	-	-
12/10/1999	51,750	13/10/2004	12/10/2007	€46.20	49,000	-	2,750	-	-
16/12/2002	129,250	17/12/2007	15/12/2010	€22.50	40,250	-	81,950	2,500	7,050
TOTAL	**840,000**				**194,425**	**-**	**638,525**	**2,500**	**7,050**
Plan No. 4 – 2000 stock option plan (General Meeting of 29/06/2000): maximum of 714,774 shares									
29/06/2000	33,900	30/06/2005	29/06/2008	€73.00	33,800	-	-	-	100
22/03/2001	301,500	23/03/2006	22/03/2009	€61.40	283,500	-	-	-	18,000
19/12/2001	34,600	20/12/2006	19/12/2009	€61.40	34,600	-	-	-	-
24/04/2002	6,000	25/04/2007	23/04/2010	€61.40	3,000	-	-	-	3,000
16/12/2002	303,200	17/12/2007	15/12/2010	€22.50	48,450	2,200	156,006	24,160	98,744
03/09/2003	88,000	04/09/2008	02/09/2011	€32.50	12,800	2,000	6,800	6,800	68,400
13/01/2004	23,000	14/01/2009	12/01/2012	€35.90	4,000	-	-	-	19,000
TOTAL	**790,200**				**420,150**	**4,200**	**162,806**	**30,960**	**207,244**
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	30,000	-	-	-
21/12/2006	67,000	22/12/2011	20/12/2014	€58.80	11,500	6,500	-	-	55,500
08/01/2007	5,000	09/01/2012	07/01/2015	€60.37	5,000	-	-	-	-
18/03/2008	50,000	19/03/2013	17/03/2016	€45.30	9,500	9,500	-	-	40,500
TOTAL	**152,000**				**56,000**	**46,000**	**-**	**-**	**96,000**
Plan No. 6 – 2008 stock option plan (General Meeting of 15/05/2008): maximum of 350,145 shares									
To date, no options have been allocated under this plan.									
TOTAL FOR PLANS						**50,200**		**33,460**	**310,294**

2.4. Provisions

(in thousands of euros)	At 01/01/2008	Mergers*	Charge for the year	Recoveries for the year (provision used)	Recoveries for the year (provision not used)	At 31/12/2008
Provisions for retirement benefits	13,363	364	2,827	335	-	16,219
Provisions for commercial disputes	497	-	-	45	298	154
Provisions for employee disputes	297	20	224	138	13	390
Provisions for foreign exchange losses	3,688	-	819	3,688	-	819
Provisions for risks relating to subsidiaries	1,232	-	-	50	-	1,182
TOTAL	**19,077**	**384**	**3,870**	**4,256**	**311**	**18,764**

* *Complete transfer of assets and liabilities (transmission universelle de patrimoine, TUP) for CIBF and G2i.*

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

The total commitment for retirement benefits amounted to €23.312 million. The cumulative amount of actuarial gains and losses not recognised in the balance sheet was €7.093 million, whereas this same item totalled €6.024 million at 31 December 2007. Actuarial gains and losses are amortised in the income statement beginning in the financial year following recognition for the portion exceeding a corridor set at 10% of the amount of the obligation.

Provisions for foreign exchange losses mainly relate to receivables from associates and GBP-denominated current accounts.

2.5. Payables

2.5.1. Financial debt

(in thousands of euros)	At 01/01/2008	Mergers*	Increase	Decrease	At 31/12/2008
Syndicated loan	120,000	-	83,593	5,000	198,593
Employee profit sharing	14,022	-	5,280	4,540	14,762
Contingent advances	152	466	-	130	488
Other financial debt	3,344	167	-	3,230	281
Accrued interest on financial debt	1,168	-	1,256	1,168	1,256
TOTAL	**138,686**	**633**	**90,129**	**14,068**	**215,380**

* *Complete transfer of assets and liabilities (transmission universelle de patrimoine, TUP) for CIBF and G2i.*

In October 2005 Sopra Group negotiated an agreement with a pool of banks to obtain a €200 million syndicated credit facility. This syndicated credit facility replaced previously existing lines of credit. The agreement was concluded for a term of seven years and calls for half yearly repayments.

A second credit facility of €132 million over six years and extendable for a further year was contracted in April 2008 on the same terms.

At 31 December 2008, a drawdown on this syndicated credit facility, in the amount of €198.6 million, was recorded under financial debt.

In connection with obtaining these syndicated credit facilities, Sopra Group agreed to the following covenants, on the basis of consolidated information:

- the ratio of net debt to EBITDA is required to be lower than 3. At 31 December 2007 this ratio was 1.27 and at 31 December 2008 it was 1.72;
- the ratio of net debt to equity is required to be lower than 1. At 31 December 2007 this ratio was 0.52 and at 31 December 2008 it was 0.71;
- the ratio of operating profit to net borrowing cost is required to be greater than 5. At 31 December 2007 this ratio was 11.5 and at 31 December 2008 it was 10.0.

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

These facilities include interest rate hedges in order to ensure protection against the risks of rises in interest rates. At 31 December 2008, eight swap agreements were in place worth a total of €195 million with maturities ranging from 10 to 46 months:

- five agreements relate to the first reducible, multi-currency, revolving credit facility (€200 million, October 2005) for a notional amount equal to the amount of the total credit commitment (€115 million at 31/12/2008). They mature in October 2010 or October 2012. The details are as follows:
  - for 1/3 of the notional amount up to maturity in October 2012: the agreements swap Euribor 1-month against a fixed rate of 4.55%,
  - for 2/3 of the notional amount:
    - up to maturity in October 2010: the agreements swap Euribor 1-month + 0.34% against Euribor 12-month post-fixed rate (E12M post) with a ceiling of 3.68% and a floor of 3.00%, if E12M post is less than 1.99%,
    - from October 2010 up to maturity in October 2012: the agreements swap Euribor 6-month against E12M post with a ceiling of 3.68% and a floor of 3.00%, if E12M post is less than 1.99%;
- three agreements relate to the second reducible, multi-currency, revolving credit facility (€132 million, April 2008) for a notional amount of €80 million. They mature in October 2009 and swap Euribor 1-month against a fixed rate of 4.04%.

Other loans and financial debt correspond mainly to the special reserve for employee profit sharing managed by Sopra Group in the form of blocked current accounts in the amount of €14.7 million. Since 2002, employees have also been able to opt for external management of profit sharing through multi-company mutual funds.

2.5.2. Trade payables

(in thousands of euros)	**2008**	**2007**
Trade accounts payable and related accounts	23,146	15,188
Accrued expenses	21,722	18,529
Trade accounts payable - Group	4,109	3,314
TOTAL	**48,977**	**37,031**

2.5.3. Tax and social charge payables

(in thousands of euros)	**2008**	**2007**
Staff costs and related payables	54,544	47,798
Social security	60,348	54,248
State and public bodies		
■ Corporate income tax	-	-
■ VAT	61,245	50,729
■ Other tax	2,791	1,710
TOTAL	**178,928**	**154,485**

Accrued taxes primarily correspond to value added tax collected from clients: the amount payable in respect of the month of December and the amount included in trade accounts receivables.

2.5.4. Other liabilities, accruals and deferred income

(in thousands of euros)	**2008**	**2007**
Client deposits	2,932	2,728
Liabilities in respect of fixed assets	9,509	15,000
Group and associates	71,696	65,941
Other liabilities	13,759	15,939
Deferred income	37,131	29,673
Translation differential – Liability	628	476
TOTAL	**135,655**	**129,757**

Deferred income comprises the portion of billings issued in advance on fixed-price and maintenance contracts.

Liabilities in respect of fixed assets and related accounts totalling €8.9 million comprise the earnouts payable at the beginning of 2009 for the acquisitions of Sopra PROFit, CIBF and G2i.

3 | Notes to the income statement

3.1. Revenue

Revenue breaks down as follows by market:

	2008	2007
Banking and Insurance	26.9%	27.1%
Manufacturing	23.9%	21.2%
Services (including real estate)	14.6%	16.3%
Telecom	14.2%	14.0%
Public sector	13.9%	14.8%
Retail	6.5%	6.6%
TOTAL	**100.0%**	**100.0%**

Of the €715.3 million in revenue generated in 2008, €34.9 million derived from international operations.

3.2. Compensation allocated to the members of governing bodies

Directors' fees in 2008 for financial year 2007 amounted to €0.100 million.

Compensation paid in 2008 to executive management bodies was €1.031 million.

3.3. Financial items

Interest on medium-term loans drawn down in 2008 and 2007 amounted to €7.266 million and €5.694 million, respectively.

At 31 December 2008, unrealised foreign exchange losses, mainly denominated in pounds sterling, resulted in the recognition of a provision for contingencies and losses in the amount of €0.819 million.

The method for accounting for retirement commitments presented in Note 1.3.8 entails the recognition of a finance charge to discount the provision to present value in the amount of €0.959 million for 2008 compared to €0.895 million for 2007.

3.4. Exceptional items

In 2008, exceptional items mainly comprised:

- a capital loss on the sale of property and equipment for (-)€89 thousand;
- an expense of (-)€88 thousand for the market-making contract in respect of Sopra Group shares;
- a capital gain on the sale of Cosmosbay shares for (+)€102 thousand;
- exceptional income resulting from a customer dispute for (+)€427 thousand.

3.5. Employee profit sharing

Employee profit sharing amounted to €6.937 million. This amount is determined under the conditions laid down by law. It is then pooled with that of Axway Software, a wholly owned subsidiary of Sopra Group, under an agreement signed in 2002 by the management of both companies and by the representatives of the employees of the *Unité Economique et Social* (economic and employee unit). The total amount is then shared out among the employees of the two companies according to the same criteria.

3.6. Corporate income tax

3.6.1. Tax consolidation group

Since 2002, Sopra Group and its two wholly owned subsidiaries, Axway Software and Orga Consultants, have opted to file as a tax consolidation group. Each of the companies calculates and recognises its tax charge as if the tax consolidation group did not exist. Any tax savings that may result from this method benefit the parent company, Sopra Group SA. No tax savings were achieved in 2008.

Due to the application of a single deduction for the calculation of social security contributions, Sopra Group incurred a charge of €25 thousand per consolidated subsidiary.

3.6.2. Research tax credit

Sopra Group benefited in 2008 from a research tax credit of €3.238 million, which now takes into account 30% of the volume of eligible expenditures rather than 10% of the volume and their increase.

3.6.3. Tax reassessment

Following an examination of Sopra Group's accounts covering the years 2005 and 2006, the tax authorities issued a proposed tax reassessment. A provision of €0.753 million was set aside for the tax reassessments accepted, which chiefly relate to contested provisions for which the eventual reversal will not therefore be taxed.

3.6.4. Breakdown of tax between recurring and exceptional operations

Corporate income tax breaks down as follows:

(in thousands of euros)	2008	2007
Tax on recurring operations	16,824	14,859
Tax on exceptional operations	120	-160
Provision for taxes resulting from tax reassessments	753	-
Research tax credit	-3,238	-1,249
Family tax credit	-294	-373
TOTAL	**14,165**	**13,077**

3.6.5. Deferred and latent tax position

(in thousands of euros)	Basis					
	At 01/01/2008		Change		At 31/12/2008	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
I. CERTAIN OR CONTINGENT DIFFERENCES						
Tax-driven provisions	-	-	-	-	-	-
Investment grants	-	-	-	-	-	-
Temporary non-deductible expenses						
■ To be deducted the following year						
- employee profit sharing	5,406	-	1,531	-	6,937	-
- Organic	1,014	-	112	-	1,126	-
■ To be deducted thereafter						
- provision for retirement commitments	13,363	-	2,856	-	16,219	-
- other	-	-	-	-	-	-
Temporary non-taxable income						
- net short-term capital gains	-	-	-	-	-	-
- capital gains on mergers	-	-	-	-	-	-
- long-term deferred capital gains	-	-	-	-	-	-
Deducted expenses (or taxed income) for tax purposes that has not been recognised						
- deferred charges	-	-	-	-	-	-
TOTAL	**19,783**	**-**	**4,499**	**-**	**24,282**	**-**
II. ITEMS TO BE OFFSET						
Losses that may be carried forward for tax offset	-	-	-	-	-	-
Long-term capital losses	-	-	-	-	-	-
Other	-	-	-	-	-	-
III. CONTINGENT TAX ITEMS						
Capital gains on non-depreciable assets contributed on merger	-	45,169	-	7,095	-	52,264
Special reserve for construction profits	-	-	-	-	-	-
Other	-	-	-	-	-	-

4 | Other information

4.1. Maturities of receivables and payables at the balance sheet date

4.1.1. Receivables

(in thousands of euros)	Gross amount	within 1 year	more than 1 year
Non-current assets			
Receivables related to equity investments	80,840	80,840	-
Other non-current financial assets	2,272	666	1,606
Current assets			
Doubtful debts or disputes	249	-	249
Other trade receivables	283,206	283,206	-
Staff costs and related payables	91	91	-
Social security	387	387	-
State and public bodies			
■ Corporate income tax	2,029	2,029	-
■ VAT	8,047	8,047	-
■ Other tax	7	7	-
Group and associates	2,351	2,351	-
Other receivables	2,656	2,656	-
Prepaid expenses	2,588	2,588	-
TOTAL	**384,723**	**382,868**	**1,855**

4.1.2. Payables

(in thousands of euros)	Gross amount	within 1 year	1 to 5 years	more than 5 years
Bank debt				
■ 2 years maximum at origin	1,525	1,525	-	-
■ More than 2 years at origin	199,083	29,154	136,929	33,000
Other financial debt	14,772	1,800	12,962	10
Trade payables	48,977	48,977	-	-
Staff costs and related payables	54,544	47,607	6,937	-
Social security	60,347	60,347	-	-
State and public bodies				
■ Corporate income tax	-	-	-	-
■ VAT	61,246	61,246	-	-
■ Other tax	2,791	2,791	-	-
Liabilities in respect of fixed assets	9,509	9,509	-	-
Group and associates	71,696	71,696	-	-
Other liabilities	13,759	13,759	-	-
Deferred income	37,131	37,131	-	-
TOTAL	**575,380**	**385,542**	**156,828**	**33,010**

4.2. Information concerning related parties

(in thousands of euros)	Related parties
ASSETS	
Advances and payments on account for fixed assets	-
Equity investments	372,297
Receivables related to equity investments	78,477
Loans	-
Trade receivables	8,130
Other receivables	2,021
Translation differential – Asset	819
LIABILITIES	
Convertible bonds	-
Other bonds	-
Bank debt	-
Other financial debt	-
Liabilities in respect of fixed assets	-
Trade payables	8,005
Other liabilities	71,696
Translation differential – Liability	628
INCOME STATEMENT	
Income from equity investments	9,487
Other financial income	11,855
Financial expense	14,023

4.3. Information on finance leases

4.3.1. Finance leases

(in thousands of euros)	Initial value	Depreciation		Net value
		for the period	accumulated	
IT equipment	24,742	4,781	15,629	9,113

4.3.2. Finance lease commitments

(in thousands of euros)	Actual lease payments		Lease payments remaining			Residual purchase price
	for the period	accumulated	less than 1 year	1 to 5 years	Total payable	
IT equipment	5,116	14,761	4,221	5,139	9,360	177

4.4. Other off balance sheet commitments

4.4.1. Other off balance sheet commitments

(in thousands of euros)	
Discounted notes not yet due	Nil
Bank guarantees in lieu of guarantee deposits for leased premises	2,556
Bank guarantees for effective project completion	748
Post-employment obligations not provisioned	Nil
Collateral, mortgages and sureties	Nil
Interest rate hedging instruments	See 2.5.1
Exchange rate hedging instruments	Nil

4.4.2. Individual training rights (DIF)

In 2008, 129,442 hours were acquired and 63,860 DIF hours were consumed.

The cumulative balance of training that was not consumed amounts to 235,298 hours at 31 December 2008.

4.5. Accrued income and expenses

(in thousands of euros)	
ACCRUED INCOME	
Trade accounts payable – Credit notes to be received	352
Trade accounts receivable	93,046
Tax and social charge receivables	433
Other receivables	45
Cash and cash equivalents	384
TOTAL	**94,260**
ACCRUED EXPENSES	
Accrued interest on financial debt	1,256
Trade accounts payable	21,722
Trade accounts receivable – Credit notes to be issued	15,186
Tax and social charge payables	67,083
Other liabilities	-
TOTAL	**105,247**

4.6. Workforce

The average workforce for 2008 comprised 7,237 employees, including 6,932 executive-level staff. The workforce at 31 December 2008 comprised 7,365 employees.

4.7. Exceptional events and legal disputes

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

4.8. List of subsidiaries and associated entities

Company	Share capital	Other shareholders' equity	% of capital held	Book value		Loans and advances granted by the company and not yet repaid	Surety and guarantees given by the company	Latest fiscal year revenue ex VAT	Latest fiscal year profit or loss	Dividends received by the company during the financial year
				Gross	Net					
Axway Software	€75,620,000	€23,383,684	100.0%	€75,619,772	€75,619,772	€78,476,565	-	€91,386,491	€10,623,944	-
Orga Consultants	€51,086,700	€18,535,478	100.0%	€85,061,843	€50,000,000	-	-	€46,797,964	€1,606,482	-
Sopra Group Ltd (United Kingdom)	GBP 50,700,000	-GBP 7,743,960	100.0%	€83,955,430	€67,560,041	-	-	GBP 59,215,921	GBP 40,773	-
Sopra Belux (Belgium)	€2,638,082	-€1,323,393	100.0%	€3,052,485	€3,052,485	€55,000	-	€11,060,686	-€149,985	-
Business Architects International NV (Belgium)	€11,426,364	€4,137,338	100.0%	€37,479,247	€37,479,247	-	-	€8,024,995	€1,835,179	€9,293,564
Sopra Luxembourg	€100,000	€67,942	100.0%	€99,900	€99,900	-	-	€777,103	€42,519	€100,000
Valoris Luxembourg	€894,000	-€2,338,226	100.0%	€1,154,068	€0	€1,397,099	-	€0	-€4,627	-
Sopra Informatique (Switzerland)	CHF 100,000	CHF 18,328,539	100.0%	€58,380	€58,380	-	-	CHF 14,021,164	CHF 1,460,182	-
Sopra Group SpA (Italy)	€3,660,000	€2,396,201	100.0%	€12,502,516	€12,502,516	-	-	€31,456,627	€955,627	-
Sopra PROFit (Spain)	€24,000,000	€36,691,250	100.0%	€113,487,256	€113,487,256	-	-	€83,040,854	€8,501,617	-
Valoris Iberia (Spain)	€70,000	-€225,811	100.0%	€18,759,981	€1,000,000	€990,000	-	€2,851,774	-€1,241,073	-
CS Sopra España (Spain)	€3,260,200	€147,546	100.0%	€3,260,200	€3,260,200	-	-	€10,374,961	€150,885	-
SOPRAntic (Morocco)	MAD 3,000,000	-MAD 4,211,009	100.0%	€267,004	€267,004	MAD 5,055,890	-	MAD 13,060,928	-MAD 1,787,125	-
Sopra India Private Ltd (India)	INR 203,020,189	INR 236,584,872	100.0%	€7,910,275	€7,910,275	€93,155	-	INR 738,649,075	INR 85,501,165	-
Sopra Group GmbH	€1,200,000	-€1,521,637	100.0%	€5,484,691	€0	€764,500	-	€1,399,410	€6,101	-

Statutory Auditors' Report on the individual financial statements

To the shareholders,

In accordance with our appointment as Statutory Auditors by your Ordinary General Meeting, we hereby report to you for the year ended 31 December 2008 on:

- the audit of the accompanying financial statements of Sopra Group SA;
- the justification of our assessments;
- specific procedures and disclosures required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I - Opinion of the financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves the verification, on a test basis or through the use of any other selection methods, of the evidence supporting the amounts and disclosures included in the individual financial statements. An audit also includes an assessment of the accounting policies used and significant estimates made by the management, as well as an evaluation of the overall presentation of the financial statements. We believe that the evidence we have been able to gather provides a sufficient and appropriate basis to express our audit opinion.

In our opinion, the financial statements give a true and fair view of the financial position and the assets and liabilities of the company at December 31, 2008 and of the results of operations for the year then ended, in accordance with French accounting regulations.

II - Justification of assessments

In accordance with Article L. 823-9 of the French Commercial Code governing the justification of our assessments, we hereby report on the following matters:

The assets of Sopra Group SA include equity investments, for which the accounting policies are described in Note 1.3.5. Our work involved assessing the criteria used to estimate the book value of these securities. In the context of our assessments, we verified the rationale for the approach adopted as well as the consistency of all of the hypotheses used and the resulting valuations.

The assessments made in this way form part of our audit approach with respect to the individual financial statements, taken together, and therefore contributed to the formation of our opinion, as expressed in the first section of this report.

III - Specific procedures and disclosures

We also performed the other procedures required by law.

We have no matters to report as to:

- the fair presentation and consistency with the financial statements of the information provided in the management report of the Board of Directors and in the documents addressed to shareholders with respect to the financial position and the financial statements;
- the fair presentation of information provided in the management report on the compensation and benefits in kind paid to company officers as well as commitments granted in their favour when they assumed, changed or terminated duties or subsequent thereto.

Pursuant to the law, we have verified that the management report contains the applicable disclosures as to the owners of shares and voting rights.

Paris and Courbevoie, 9 April 2009

The Statutory Auditors

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

Special report of the Statutory Auditors on regulated agreements and commitments

To the shareholders,

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

We are not required to determine whether any such agreements exist, but to provide, on the basis of the information given to us, the main features and conditions of those agreements about which we have been informed, without having to express an opinion on their usefulness or appropriateness. In accordance with the terms of Article R. 225-31 of the French Commercial Code, it is your responsibility to assess the interest of entering into such agreements and commitments when they are submitted for your approval.

Absence of opinion on agreements and commitments

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

Agreements and commitments approved during previous years that continued to be applicable during the year under review

Moreover, pursuant to the French Commercial Code, we were informed that the execution of the following agreements and commitments approved during prior years continued in 2008.

1. Agreements between your company and Orga Consultants:

Agreement	Impact on the 2008 financial statements
Provision of premises	€1,580,980 revenue
Expense recharge Sopra Group charges Orga Consultants the proportion of various expenses relating to the shared premises (telecoms, postage, professional tax, etc.)	€61,534 revenue
Provision of IT resources	€226,800 revenue
Assistance (Functional Management)	€1,041,500 revenue
Commercial support Payment of management fees for commercial support by Sopra Group. 1.5% of Orga Consultants' revenue	€675,900 revenue
Tax consolidation The tax charge is apportioned as if no tax consolidation agreement applied	€17,255 expense

2. Agreements between your company and Axway Software:

Agreement	Impact on the 2008 financial statements
Provision of premises	€2,842,044 revenue
Expense recharge Sopra Group charges Axway Software the proportion of the various expenses relating to the shared premises (telecoms, postage, professional tax, etc.)	€274,818 revenue
Provision of IT resources	€2,205,053 revenue
Assistance (Functional Management)	€2,263,000 revenue
Commercial support Payment of management fees for commercial support by Sopra Group	No impact: not applied in 2008
Tax consolidation The tax charge is apportioned as if no tax consolidation agreement applied	€25,179 expense

3. Cash management agreements and receivables relinquished:

Company concerned	Balance of current account held with Sopra Group at 31 December 2008 (CB: credit balance; DB: debit balance)		Expense (-)/ Income (+)	Receivables relinquished
Axway	DB	€78,476,565	€3,130,956	
Orga Consultants	CB	€16,934,156	-€583,224	
Sopra Group Ltd	DB	€0	€742,813	
Sopra Belux	DB	€55,000	€11,836	
Sopra Group GmbH	DB	€764,500	€24,968	
Sopra Group SpA	DB	€0	€42,547	
Valoris Iberia	DB	€990,000	€26,798	
CS Sopra España	DB	€0	€57,832	€477,527
SOPRAntic	DB	€448,306	€13,516	
Sopra Informatique	CB	€10,302,889	-€237,159	
Sopra PROFit	CB	€29,800,000	-€821,933	
Sopra Luxembourg	CB	€170,238	-€4,344	
Business Architects International NV	CB	€14,488,917	-€828,590	
Sopra India Private Ltd	DB	€93,155	€0	

We have carried out the verifications we deemed necessary in accordance with the professional standards and doctrine of the National Auditors' Association (*Compagnie Nationale des Commissaires aux Comptes* – CNCC) relating to this assignment. The verifications consisted of checking that the information given to us was consistent with the basic documents from which it derives.

Paris and Courbevoie, 9 April 2009

The Statutory Auditors

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

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ORDINARY GENERAL MEETING OF 7 MAY 2009

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Agenda

Ladies and Gentlemen,

We have convened this Ordinary General Meeting to submit the following items of business for your approval:

- approval of the Sopra Group SA individual financial statements for the financial year ended 31 December 2008 and the granting of final discharge to members of the Board of Directors;
- approval of Sopra Group's consolidated financial statements for the financial year ended 31 December 2008;
- appropriation of earnings;
- approval of agreements governed by article L. 225-38 of the Commercial Code;
- setting of directors' fees;
- transactions by Sopra Group in its own shares under the terms of Article L. 225-209 of the Commercial Code;
- necessary powers granted to carry out formalities.

Those submitted for the approval of the Ordinary General Meeting require a quorum representing at least one-fifth of the total voting shares and a simple majority of the votes of the shareholders present or represented by proxy-holders.

Proposed resolutions

First resolution

Approval of the individual financial statements

The General Meeting, having heard the Management Report of the Board of Directors, the Report of the Chairman of the Board of Directors (Article L. 225-37 of the Commercial Code) and the Reports of the Statutory Auditors, approves the individual financial statements for the year ended 31 December 2008, showing a profit of €37,058,468.29. It also approves the transactions reflected in those accounts and summarised in those reports.

It consequently gives the members of the Board of Directors full and unconditional discharge from their duties for the aforementioned financial year.

The General Meeting also approves the non tax deductible expenses, covered by Article 39-4 of the General Tax Code, incurred during the year amounting to €230,316 and the corresponding tax charge of €79,298.

Second resolution

Approval of the consolidated financial statements

The General Meeting, having heard the report of the statutory auditors, approves the consolidated financial statements for the year ended 31 December 2008, which show a consolidated net profit (Group share) of €58,197,823 as well as the transactions reflected in these financial statements or summarised in the management report.

Third resolution

Appropriation of earnings

The General Meeting notes that Sopra Group's profit available for distribution, determined as follows, is €37,062,015.79:

Profit for the year	€37,058,468.29
Retained earnings: dividends not paid on treasury shares	€3,547.50
TOTAL	**€37,062,015.79**

In consideration of the consolidated net profit amounting to €58,197,823, we propose that you appropriate the profit available for distribution in the following manner:

Legal reserve	€13,384.00
Dividend	€19,313,235.15
Discretionary reserves	€17,735,396.64
TOTAL	**€37,062,015.79**

thus increasing the legal reserve to €4,681,996.40, 10% of the company's share capital.

As the number of shares comprising the share capital at 31 December 2008 was 11,704,991, the dividend allocated per share would be €1.65. The dividend would be paid as of 22 May 2009.

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

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

	2005	2006	2007
Total dividend	€12,588,504.50	€15,480,227.25	€19,258,026.15
Number of dividend bearing shares	11,444,095	11,466,835	11,671,531
Dividend per share	€1.10	€1.35	€1.65

Fourth resolution

Approval of agreements governed by Article L. 225-38 of the Commercial Code

The General Meeting, having heard the special report of the statutory auditors on agreements pursuant to Article L. 225-38 et seq. of the Commercial Code, hereby approves the conclusions of said report and the agreements described therein.

Fifth resolution

Setting of directors' fees

The General Meeting sets at €135,000 the amount of directors' fees to be allocated between the members of the Board of Directors for the financial year in progress.

Sixth resolution

Authorisation granted to Sopra Group to trade its own shares

The General Meeting, pursuant to the provisions of articles L. 225-209 et seq. of the Commercial Code, and Title IV of Book II of the general regulations of the Autorité des marchés financiers in addition to its application guidelines, hereby authorises the Board of Directors with immediate effect, with the option to sub-delegate this authorisation, to buy back shares in the company, in one or several stages, in accordance with Articles L. 225-209 et seq. of the Commercial Code, up to limit of 5% of the shares making up the company's share capital, thus 585,250 shares on the basis of the current share capital.

This authorisation is granted for an eighteen-month period as from this date.

The General Meeting hereby decides that shares may be bought back for the following purposes:

- in order to obtain market-making services to be rendered by an investment services provider, acting in complete independence under the terms of a liquidity contract concluded in compliance with the Code of Ethics of the AFEI (French association of investment firms) recognised by the AMF;

- to cover share purchase option plans, under the conditions and in accordance with the procedures stipulated by law;
- to hold the shares bought back in order to exchange them or present them as consideration at a later date for external growth operations;
- to cede the shares in the company, upon the exercise of the rights attached to securities giving access to the company's share capital through redemption, conversion, exchange, presentation of warrants or any other means;
- to implement any market practice that would come to be accepted by the AMF, and in general, to perform any operation that complies with regulations in force.

The maximum price at which shares may be bought back is set to €50 which, given the current number of shares making up 5% of the company's share capital, results in a maximum total price of €29,262,500.

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

The General Meeting grants full power to the Board of Directors, including the option to sub-delegate this power, in order to implement this authorisation, to determine the conditions and procedures for this implementation, to make the necessary adjustments, to conclude any and all agreements, to carry out all formalities and file all declarations with the AMF, and generally to take any and all other actions required.

Seventh resolution

Powers to perform formalities

The General Meeting gives full authority to the bearer of an original or copy of these minutes to carry out all legally required formalities.

We hope that you accept these proposals and that you vote in favour of the corresponding resolutions.

The Board of Directors

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1. General Information

Company name: Sopra Group

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

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

Legal status: a *Société Anonyme*

Date of incorporation: 5 January 1968, with a term of 50 years as from 25 January 1968. The company's term will therefore expire on 25 January 2018 unless it is dissolved before that date or the term is extended.

Corporate purpose: "The company's purpose shall be:

To engage, in France and elsewhere, in consulting, expertise, research and training with regard to corporate organisation and information processing, in computer analysis and programming and in the performance of customised work.

The design and creation of automation and management systems, including the purchase and assembly of components and equipment, and appropriate software.

The creation or acquisition of and the operation of other businesses or establishments of a similar type.

And, generally, all commercial or financial transactions, movable or immovable, directly or indirectly related to said corporate purpose or in partnership or in association with other companies or persons." (Article 2 of the Articles of Association).

Registration No.: 326 820 065 RCS Annecy

Place where legal documents may be consulted: Registered office.

Financial year: From 1 January to 31 December of each year.

Statutory allocation of profits:

"In respect of profits for the year minus any prior year losses, at least five per cent is allocated to the legal reserve. Said allocation shall no longer be mandatory when this reserve represents one-tenth of the capital.

Profit available for distribution comprises the profit for the year less any losses carried forward and amounts allocated to reserves, pursuant to the law and the Articles of Association, plus retained earnings.

The General Meeting may deduct from this profit all amounts that it deems appropriate for allocation to all optional, ordinary or extraordinary reserves, or to retained earnings.

The balance, if any, is apportioned by the General Meeting between all shareholders in proportion to the number of shares that they own" (Extract of Article 36 of the Articles of Association).

2. Board of Directors

Article 14 – Board of Directors

The Company is administered by a Board of Directors comprising a minimum of three members and a maximum of eighteen, subject to the exception provided for by law in the event of a merger.

During the life of the Company, the directors are appointed, reappointed or dismissed by the Ordinary General Meeting. They are always eligible for re-election.

The term of office of directors is six years, expiring at the end of the Ordinary General Meeting convened to approve the accounts for the financial year then ended and held in the year in which their term of office comes to an end.

No-one can be appointed a director if, having exceeded the age of seventy-five years, his/her appointment results in more than one third of Board members exceeding this age. Once the age limit is reached, the oldest director is deemed to have resigned from office.

Directors may be natural persons or legal persons. When a legal person is nominated, he appoints a permanent representative who is subject to the same conditions, obligations and liabilities as a natural person director, without prejudice to the joint and several liability of the legal entity he represents.

In the event of one or more directors' positions becoming vacant, the Board of Directors may, between two General Meetings, carry out temporary appointments in accordance with the conditions set forth in Article L. 225-24 of the Commercial Code. The director appointed to replace another performs his duties for the remainder of his predecessor's term of office.

An employee of the Company may only be appointed as a director if his employment contract corresponds to an actual post. The number of directors tied to the Company by an employment contract cannot exceed one third of the directors in office.

Each director must own one share.

Article 15 – Organisation of the Board of Directors

The Board of Directors elects from among its members a Chairman, who must be a natural person in order for the appointment to be valid. The Board determines his remuneration.

The Chairman is appointed for a duration that cannot exceed his term of office as a director. He is eligible for re-election. The Board of Directors can dismiss him at any time.

No one over the age of eighty can be appointed Chairman. If the Chairman in office has reached this age, he is deemed to have resigned from office.

The Board of Directors may appoint one or two Vice-Chairmen from among the directors.

It can also appoint a secretary who need not be a director or shareholder.

In the event of the Chairman's absence, Board Meetings are chaired by the eldest Vice-Chairman. Failing this, the Meeting shall elect its own Chairman.

Article 16 – Deliberations of the Board of Directors

The Board of Directors meets as often as the Company's interests require it to do so, at the request of its Chairman. The Chief Executive Officer, or if the Board has not met for more than two months, at least one third of the directors, may request the Chairman, who is bound by such request, to convene a Meeting of the Board of Directors on the basis of a predetermined agenda.

Convening notices are issued by any and all means including verbally.

General Meetings shall take place at the registered office or in any other place specified in the convening notice.

The Board can only validly deliberate in the presence of at least half the directors. Decisions are taken on the basis of a majority of votes of members present or represented.

In the event of a tie in voting, the Chairman has the casting vote.

An attendance sheet is signed by the directors taking part in the Board Meeting, either in person or by proxy.

Policies and procedures shall be defined.

The policies and procedures may include a provision whereby directors who participate in the Meeting by videoconference or any other means of telecommunication that enables them to be identified as required by law, shall be considered to be present for the purpose of calculating the quorum and majority.

This provision does not apply should the following decision be adopted:

- the closing of the annual accounts and consolidated accounts and the drafting of the Management Report and Group Management Report.

The deliberations of the Board of Directors are recorded in the minutes, which are prepared in accordance with the legal provisions in force and signed by the Meeting Chairman and at least one director. In the absence of the Meeting Chairman, it is signed by at least two directors.

The copies or extracts of the minutes are certified by the Chairman of the Board of Directors, the Chief Executive Officer, the director temporarily carrying out the duties of Chairman or an officer authorised for this purpose.

Article 17 – Powers of the Board of Directors

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

In its dealings with third parties, the Company is committed even by actions of the Board of Directors falling outside the scope of the corporate purpose, unless it can prove that the third party knew that the action exceeded the corporate purpose or that it could not ignore it in the circumstances, it being excluded that publication of the Memorandum and Articles of Association alone constitutes such proof.

The Board of Directors undertakes all the checks and verifications it deems necessary. Each director is entitled to receive all the documents and information necessary to carry out his duties.

The Board of Directors may confer on any and all proxy-holders of its choice, any and all delegations of powers within the limits of those defined by the law and the present Memorandum and Articles of Association.

It can decide to set up committees to examine questions submitted to them by it or its Chairman.

Article 18 – Powers of the Chairman of the Board of Directors

The Chairman of the Board of Directors organises and directs the work of the Board of Directors, on which he reports to the General Meeting. He ensures the smooth running of the Company's managerial bodies and, in particular, that the directors are able to carry out their duties.

Article 19 – Executive Management

1. Modus operandi

Responsibility for the Company's executive management is assumed by either the Chairman of the Board of Directors or by another natural person appointed by the Board of Directors and holding the title of Chief Executive Officer.

The Board of Directors chooses one or other of the aforementioned methods of executive management.

The decision of the Board of Directors relating to the choice of management method is taken on the basis of a majority of directors present or represented. The shareholders and third parties are informed of this choice in the conditions provided for by the regulations in force.

The choice made by the Board of Directors applies for an unlimited period.

2. Executive Management

The Chief Executive Officer is a natural person who may or may not be a director.

The term of office of the Chief Executive Officer is determined by the Board of Directors at the time of his appointment. However, if the Chief Executive Officer is also a director, his term of office cannot exceed that of his directorship.

No one over the age of seventy-five years can be appointed Chief Executive Officer. Once the Chief Executive Officer has reached the age limit, he is deemed to have resigned from office.

The Chief Executive Officer can be dismissed at any time by the Board of Directors. In the event of unfair dismissal, he may be entitled to damages, except when he also performs the function of Chairman of the Board of Directors.

The Chief Executive Officer is vested with the broadest powers to act in all circumstances on behalf of the Company. He exercises his powers within the limits of the corporate purpose and subject to those expressly granted to Shareholders' Meetings and the Board of Directors by the law.

He represents the Company in its dealings with third parties. The Company is committed even by the actions of the Chief Executive Officer falling outside the scope of the corporate purpose, unless it can prove that the third party knew that such action exceeded the corporate purpose or that it could not ignore it in the circumstances, it being excluded that publication of the Memorandum and Articles of Association alone constitutes such proof.

3. Managing Directors

On a proposal from the Chief Executive Officer, whether this function is performed by the Chairman of the Board of Directors or by another person, the Board may appoint one or more natural persons to assist the Chief Executive Officer, with the title of Managing Director.

The Board of Directors may or may not choose the Managing Directors from among the directors up to a maximum of five.

The age limit is set at sixty-five years. Once a Managing Director has reached the age limit, he is deemed to have resigned from office.

The Managing Directors may be dismissed at any time by the Board of Directors on a proposal from the Chief Executive Officer. In the event of unfair dismissal, the Managing Directors may be entitled to damages.

When the Chief Executive Officer ceases to carry out or is prevented from carrying out his duties, the Managing Directors, unless decided otherwise by the Board of Directors, retain their duties and remits until the appointment of a new Chief Executive Officer.

In agreement with the Chief Executive Officer, the Board of Directors determines the scope and duration of the powers conferred on the Managing Directors. In their dealings with third parties, the Managing Directors have the same powers as the Chief Executive Officer.

Article 20 – Remuneration of senior executives

1. The General Meeting may award directors a fixed annual sum in the form of directors' fees, which are treated as operating expenses; the amount remains unchanged until further notice. The apportionment of the sum between directors is determined by the Board of Directors.
2. The Board of Directors determines the remuneration of the Chairman of the Board of Directors, the Chief Executive Officer and the Managing Directors. Such remuneration may be fixed and/or variable.
3. For assignments or mandates entrusted to directors, the Board of Directors may also award exceptional payments that will be submitted for the approval of the Ordinary General Meeting.

The directors may not receive from the Company remuneration, whether permanent or not, other than that set out in the previous paragraphs, unless they are tied to the Company by an employment contract in conditions authorised by the law.

Article 21 – Concurrently held mandates

A single individual may not serve as a director or supervisory board member of more than five French-based public listed companies (*sociétés anonymes*).

Excluded from the aforementioned provisions are the mandates of director or supervisory board member held by this person in the companies controlled, within the meaning of Article L. 233-16 of the Commercial Code, by the Company of which he is a director.

In application of the above provisions, the mandates of directors of companies whose shares are not traded on a regulated market or are controlled, within the meaning of Article L. 233-16 du Commercial Code, by the same company only count as one mandate, provided the number of such mandates held does not exceed five.

A single individual may not serve as a director or supervisory board member of more than five French-based public listed companies (*sociétés anonymes*). Exceptionally, a second mandate of Chief Executive Officer or a mandate of Management Board member or sole Chief Executive Officer may be held in a company controlled, within the meaning of Article L. 233-16 of the Commercial Code, by the Company of which he is Chief Executive Officer. Another mandate of Chief Executive Officer, Management Board member or sole Chief Executive Officer can be held in one company, provided such company's shares are not traded on a regulated market.

Any natural person in breach of the provisions in respect of concurrently held mandates must relinquish one of the mandates within three months of his appointment, or the mandate in question within three months of the event that led to the lapse of one of the conditions defined by law in the case of exceptions. On expiry of the three-month period, the person is automatically dismissed and must return the remunerations received, although the validity of the deliberations in which he took part is not called into question.

3. General Meetings

Article 24 – General Meetings

General Meetings are convened and held in the conditions laid down by the law.

The decisions collectively made by the shareholders shall be taken in General Meetings characterised either as Ordinary General Meetings, Extraordinary General Meetings or Special General Meetings depending on the nature of the decision to be taken.

Special General Meetings are called for the holders of shares of a given category to decide upon any changes to the rights attached to shares in this category.

The decisions taken by General Meetings are binding for all the shareholders, including absentee and dissenting shareholders and those lacking legal capacity.

Article 25 – Venue and procedure for convening General Meetings

General Meetings shall be convened by the Management Board. Failing this, they may also be convened by the Statutory Auditors or by a court-appointed agent, in accordance with the law.

General Meetings shall take place at the registered office or in any other place specified in the convening notice.

General Meetings shall be convened by means of a notice published either in a journal authorised to publish legal announcements in the area where the registered office is located, or in the *Bulletin des annonces légales obligatoires* (journal of official legal announcements: BALO), at least two weeks before the General Meeting.

However, if all the shares are registered, these publications are not obligatory, and the General Meeting may be convened by giving notice to each shareholder by registered letter, at the Company's expense.

At least thirty-five days before the date of any General Meeting of shareholders, the company shall publish, in the Bulletin des annonces légales obligatoires, the notice specified in Article R. 225-73 of the Commercial Code.

Shareholders who have held registered shares for at least one month on the date a convening notice is published shall be invited to attend the General Meeting by ordinary letter.

However, they may give the Company a written authorisation to communicate by electronic mail instead of by letter. In this case, they must communicate their electronic address to the Company. They may, at any time, by registered letter, request the company to communicate by letter instead.

Shareholders may also ask to be notified of any General Meeting by registered letter if they have forwarded to the Company the amount necessary to cover the cost of sending such a letter.

When a General Meeting has not been able to deliberate due to the lack of the required quorum, a second General Meeting — extended, if necessary — shall be convened with at least six days' notice, in the same way as the first.

The notice and the letters inviting the shareholders to this second General Meeting shall feature the date and agenda of the first General Meeting. If a meeting is postponed by court decision, the court may set an alternative date.

The notice and letters convening the Meeting must contain all the information required by law.

Article 26 – Agenda

The agenda for the General Meeting is decided by the convening body.

A shareholder or group of shareholders, representing at least 5% of the share capital, and acting under the conditions and within the time periods determined by the law, can request the inclusion, by registered letter with proof of receipt, of draft resolutions in the agenda for the meeting.

The workers' council may also request the inclusion of proposed resolutions in the agenda.

The General Meeting may not decide upon any issues that are not on the agenda. It may, however, at any time and in any circumstances, dismiss and replace one or more directors.

Article 27 – Access to General Meetings - Powers - Composition

The General Meeting shall be composed of all shareholders, regardless of the number of shares they hold, who attend the meeting either in person or by proxy.

Shareholders are entitled to take part in general meetings provided they are able to justify their status with an entry in their own name or in the name of the intermediary duly registered on their behalf, in application of paragraph 7 of Article L. 228-1 of the Commercial Code, either in the accounts of registered shares maintained by the company or in the accounts of bearer shares maintained by the officially authorised financial intermediary, no later than the fourth business day before the date of the meeting at midnight Paris time.

A shareholder may be represented only by his or her spouse or by another shareholder, who must prove that he or she has been mandated to act as proxy. If a shareholder does not name a proxy-holder in a form of proxy, the chairman of the General Meeting shall vote in favour of proposed resolutions submitted for approval by the Board of Directors, and against any other proposed resolution. For any other vote, the shareholder shall choose a proxy-holder who agrees to vote as directed by the shareholder.

The legal representatives of legally incapable shareholders and the persons representing legal entities that hold shares in the Company may attend General Meetings whether they are shareholders or not.

If so decided by the Board of Directors when convening the Meeting, shareholders may also take part by videoconference or any other means of telecommunication, including the Internet, that permits them to be identified as provided by the law.

Shareholders who participate in the Meeting via videoconference or any other means of telecommunication that enables them to be identified as required by law shall be considered to be present for the purpose of calculating the quorum and majority.

All shareholders may vote by correspondence by filling in a form addressed to the Company, under the conditions provided for by the law and the regulations; to be taken into account, this form must reach the Company at least three days before the date of the General Meeting.

Two members of the Workers' Council, to be named by the Council in compliance with the law, may attend General Meetings. They must, upon their request, be heard when decisions requiring shareholder unanimity are voted.

Article 28 – Voting rights

The voting right attached to capital-only shares or dividend-bearing shares shall be proportional to the portion of the capital they represent. With the same par value, each share shall entitle the holder to the same number of votes, with a minimum of one vote. However, double voting rights are given to:

a) all fully paid-up shares that have been registered for at least four years in the name of a given shareholder of French nationality or a citizen of a European Union Member State;

b) registered shares allocated to a shareholder, in the event of an increase in capital by capitalisation of reserves, profits or share premiums, on the basis of old shares giving the holder such right.

Nonetheless, the aforesaid period is not interrupted and rights remain acquired in the event of any transfer following inheritance, liquidation of marital property between spouses, or donation *inter vivos* in favour of a spouse or relative entitled to inherit.

Article 29 – Rights to shareholder information - disclosure obligations

All shareholders are entitled to receive all the information necessary for them to take an informed decision relating to the management and situation of the Company.

The documentation required and its availability to shareholders is laid down by the law.

Any shareholder who holds more than 3% or more than 4% of the company's capital shall inform the company in the same manner and based on the same methods of calculation as required with respect to legal thresholds.

Article 30 – Attendance sheet - officers - minutes

The attendance sheet, duly initialled by the shareholders present and by proxy-holders and including the names of shareholders attending the meeting via a telecommunication channel, accompanied by the authorisations granted to proxy-holders, and, where appropriate, voting forms, shall be certified as accurate by the officers of the General Meeting.

The General Meeting shall be chaired by the Chairman of the Supervisory Board or, in the Chairman's absence, by a Vice-Chairman. Failing this, the Meeting shall elect its own Chairman.

The duties of vote-teller shall be performed by the two shareholders, present and accepting such duties, who hold the largest number of shares, either on their own behalf or as proxy-holders.

The officers of the meeting thus appointed shall designate a secretary, who may be a shareholder or not.

The minutes are kept and copies or extracts of these minutes are delivered and certified in accordance with the law.

Article 31 – Ordinary General Meetings

An Ordinary General Meeting is a meeting called to take decisions which do not amend the Memorandum and Articles of association.

It shall be held at least once a year, in the conditions provided for by law, to approve the accounts for the financial year then ended.

Decisions are valid only if, when the meeting is convened for the first time, the shareholders attending the meeting or represented by proxy or having voted by mail represent at least one quarter of the total voting rights. No quorum is required for a second meeting.

The Meeting issues decisions by simple majority of the votes of the shareholders present or represented by proxy-holders, including the votes of shareholders who have voted by mail.

Article 32 – Extraordinary General Meetings

The Extraordinary General Meeting alone shall be authorised to amend the Memorandum and Articles of Association. However, it may not increase shareholders' commitments, subject to transactions arising from any grouping together of shares, duly and properly carried out.

Decisions are valid only if the shareholders attending the meeting or represented by proxy or having voted by mail represent at least one third of the total voting rights, in the case of a first meeting, and one quarter of the total voting rights in the case of a second meeting. In the event of this quorum not being reached, the second meeting may be deferred to a date not more than two months later than the date on which it was originally convened; the quorum of one-fifth is also required for this second meeting.

The Meeting issues decisions by a majority of two-thirds of the votes of the shareholders present or represented by proxy-holders, including the votes of shareholders who have voted by mail, except in the event of a legal derogation.

Article 33 – Special General Meetings

When there are several categories of shares, no changes may be made to the rights of a given category of shares unless approved by an Extraordinary General Meeting open to all shareholders and also by a Special General Meeting of the holders of the category of shares in question.

Decisions taken by Special General Meetings are valid only if the shareholders attending the meeting or represented by proxy represent at least one-third of the total voting rights, in the case of a first meeting, and one-fifth of the total voting rights in the case of a second meeting.

In all other respects, Special General Meetings are convened and deliberate in the same way as Extraordinary General Meetings.

4. Preparation and supervision of the Reference Document and the information contained therein

Name and position of the person responsible for the Reference Document

Mr. Pierre Pasquier, Chairman and Chief Executive Officer

Information Officer

Mr. Jean-Claude Debray, Director of Communication

Persons responsible for auditing the financial statements

Statutory Auditors

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

  Represented by Philippe Ronin.

  Term of office expires at the General Meeting called to approve the 2009 financial statements.

  First appointed: June 1986.

- Cabinet Mazars - 61, rue Henri-Regnault, 92400 Courbevoie

  Represented by Mr. Pierre Sardet.

  Term of office expires at the General Meeting called to approve the 2011 financial statements.

  First appointed: June 2000.

Alternate Auditors

- AEG Finances - 4, rue de Châtillon, 75014 Paris

  Term of office expires at the General Meeting called to approve the 2009 financial statements.

- Mr. Jean-Louis Simon – 61, rue Henri-Regnault, 92400 Courbevoie

  Term of office expires at the General Meeting called to approve the 2011 financial statements.

5. Provisional reporting timetable

Publication Date	Event	SFAF Meeting date
6 May 2009 after market close	Revenue for the third quarter of 2009	-
31 August 2009 before market opening	Half year results to 30 June 2009	31 August 2009
5 November 2009 after market close	Revenue for the third quarter of 2009	-

The full-year and half-year results are released at analysts' meetings.

6. Documents on display

The legal documents relating to the Company, in particular its articles of association, financial statements and reports presented to its Meetings by the Board of Directors and the Statutory Auditors may be requested from the Director of Communication, Sopra Group, 9 bis rue de Presbourg, 75116 Paris, France. All published financial information is available on group's website: www.sopragroup.com.

CERTIFICATION BY THE PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT

I declare, having taken all reasonable care to ensure that such is the case, that the information contained in this Reference Document is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

I hereby declare that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and provide a true and fair view of the assets, liabilities, financial positions and results of operations of the parent company and of all entities included in the scope of consolidation, and that the management report included in this document, beginning on page 48, provides a true and fair presentation of the development of the businesses, results of operations and financial positions of the parent company and of all entities included in the scope of consolidation, as well as a description of the main risks and uncertainties to which these companies are exposed.

I have obtained a letter from the Statutory Auditors certifying that they have verified, in accordance with professional standards and doctrine applicable in France, the financial and accounting information provided in this Reference Document and that they have read the document as a whole.

The Statutory Auditors’ report on the financial statements for the year ended 31 December 2007 includes an observation relating to a change in accounting method arising from the application of the amendment to IAS 19.

The historical financial information presented (consolidated financial statements for the 2007 financial year) in the Reference Document filed with the *Autorité des Marchés Financiers* on 23 April 2008 under No. D.08-0277 was subject to a report by the Statutory Auditors appearing on page 105, which contains the following observation: “Without qualifying this opinion, we draw your attention to the discussion under Note 1.2 relating to the change in accounting method arising from the application of the amendment to IAS 19.”

Paris, 20 April 2009

Pierre Pasquier

Chairman and Chief Executive Officer

In order to enhance the readability of the Annual Report filed as a Reference Document, the following theme-based table allows the reader to identify the headings required by Commission Regulation (EC) 809/2004 of 29 April 2004.

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n.a.: not applicable.

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