Interim financial report

for the six-month period ended 30 June 2008

TALENTED TOGETHER

Contents

Sopra Group

Interim financial report for the six-month period ended 30 June 2008

Société anonyme
With share capital of €46,686,124
326 820 065 RCS Annecy
Registered office: PAE Les Glaisins - FR 74940 Annecy-le-Vieux
Head office: 9 bis, rue de Presbourg - FR 75116 Paris

1. Report of the Board of Directors

General environment

The IT services market in the first half of 2008 was characterised by:

a. A market which remains active in France but is slowing down in the United States

- this market is very active in France with a growth rate of between 6 and 8%, i.e. between three and four times the growth rate of the French economy;
- a lower growth rate in the United Kingdom and Spain, representing a change from the trend observed over the last few years.

b. An apparent contrast between a less dynamic economy and the very robust performance of our market

This contrast is attributable to:

- the need to innovate both to develop new offers and reduce internal costs, to compete with offers from low-cost countries or competitors;
- increased outsourcing of our clients' major application work in order to cut costs;
- a significant evolution of regulations (financial sector, health and safety, food security, etc.);
- the healthy dynamism of public sector activity in order to accommodate:
  - the non-replacement of certain public sector retirees,
  - major modernisation projects (France is catching up with its neighbours);
- a very rapid upturn in embedded IT (automotive, defence, aerospace, etc.);
- the widespread use of technologies to support the whole range of sustainable development initiatives (energy savings, optimisation of resources, lower utilisation of transport by developing tele-communications, etc.).

c. Ongoing development of offshore

The use of offshore is starting to evolve, in response to the lessons learned from the initial successes and difficulties: our clients are becoming more selective about projects produced offshore and avoid sending offshore all or part of the development work for new applications that are deemed strategic.

Alongside this phenomenon, we observe an increased demand for offshore production in French speaking countries (Morocco, etc.).

d. Concentration in competitive tenders

Major IT services clients conduct competitive tender procedures with an increasingly select group of service providers in every area of work. With regard to our businesses, this generally involves about half a dozen service providers, among whom Sopra Group is practically always present.

We also note the participation of a small number of Indian actors in certain competitive tenders as a result of the slowdown of the UK/US market.

e. Human Resources under considerable pressure

This high level of pressure is even more apparent for certain accredited high-tech profiles (Siebel, SAP, Oracle, Java, intranet and internet, etc.).

Group results

Sopra Group achieved consolidated revenue for the first half of 2008 of €549.6 million, representing total growth of +13.7% and organic growth of +12.3%. Operating profit amounted to €40.4 million, with a 7.4% operating margin, up +19.5% from the first half of 2007. The Group's net profit was €24.7 million, with a net margin of 4.5%, up +17.1% compared to the first half of 2007.

This performance is in line with the high revenue growth and profit improvement objectives for the financial year as a whole.

Key financial data:

	30/06/2008	30/06/2007	Change (%)
Key income statement data			
Revenue	€549.6m	€483.3m	+13.7%
Profit from recurring operations	€40.4m	€34.5m	+17.1%
as % of revenue	*7.4%*	*7.1%*	
Operating profit	€40.4m	€33.8m	+19.5%
as % of revenue	*7.4%*	*7.0%*	
Consolidated net profit	€24.7m	€21.1m	+17.1%
as % of revenue	*4.5%*	*4.4%*	
Per share data			
Basic earnings per share	€2.12	€1.84	+15.2%
Key balance sheet data			
Net debt	€156.6m	€148.9m	
Equity (Group share)	€246.0m	€221.6m	
Net debt/Equity	64%	67%	

Information by division for the first half of 2008

(€m/%)	First half 2008					First half 2007			Full year 2007		
	Revenue	Growth total	Growth organic	Profit from recurring operations	% Margin	Revenue	Profit from recurring operations	% Margin	Revenue	Profit from recurring operations	% Margin
Management Consulting	24.7	+8.8%	+8.8%	2.5	10.1%	22.7	2.2	9.7%	43.9	4.5	10.3%
SSI France	338.8	+17.5%	+15.6%	27.6	8.1%	288.4	23.0	8.0%	597.5	52.3	8.8%
SSI Europe	113.8	+9.0%	+6.6%	8.0	7.0%	104.4	7.0	6.7%	214.9	19.5	9.1%
Axway	72.3	+6.6%	+8.2%	2.3	3.2%	67.8	2.3	3.4%	145.1	14.5	10.0%
TOTAL GROUP	**549.6**	**+13.7%**	**+12.3%**	**40.4**	**7.4%**	**483.3**	**34.5**	**7.1%**	**1,001.4**	**90.8**	**9.1%**

Management Consulting (Orga Consultants): revenue rose +8.8% to €24.7 million. Profit from recurring operations was €2.5 million, up +13.6% year-on-year. Given the level of orders recorded, it is reasonable to expect a similar, or higher, growth rate in the second half-year period.

SSI France: this division recorded revenue of €338.8 million with total growth of +17.5% and organic growth of +15.6% for the half-year period. This excellent performance was achieved thanks to all of the offers, particularly major projects and major application outsourcing and application solution contracts. In sector terms, it was driven by the strong improvement of revenue recognised, particularly in the public sector, utilities, telecommunications, at certain major manufacturing accounts and the robust performance of activity in financial services. The pace of order intake reflects the confidence of the major clients in the production process set up by the Group on-shore, near-shore and off-shore and provides a source of optimism for the second half of the year. Profit from recurring operations rose +20.0% to €27.6 million, representing a current operating margin of 8.1%. The high level of activity provides a source of confidence about growth in addition to the improvement in margins in the second half of the year.

SSI Europe: with revenue of €113.8 million in the first half, total growth of +9.0% and organic growth of +6.6%, the Group's European business performed in line with forecasts. Profit from recurring operations rose +14.3% to €8 million. The Group forecasts that organic growth will be maintained in the second half.

Axway: revenue was €72.3 million, representing organic growth of +8.2% for the half-year period. Given that this business is subject to seasonal fluctuations, profit from recurring operations was €2.3 million, in line with the prior year. The targets for organic growth and operating margin improvements, which were set at the beginning of the year, have been maintained.

Results of Sopra Group SA (parent company)

Sopra Group brings together the Systems & Solutions Integration business in France as well as the full complement of the Group's functional services.

First-half revenue amounted to €347.4 million compared to €298.7 million for the same period in 2007.

Operating profit (before employee profit sharing) was €30.6 million compared to €26.8 million in first half 2007.

Pre-tax profit from recurring operations was €24.7 million, compared to €23.9 million a year earlier.

Net profit was €17.6 million, compared to €16.1 million in first half 2007.

Financial position

At 30 June 2008, the Group's financial position remains healthy, with net debt kept under control at €156.6 million and a gearing ratio of 64%, compared to 67% at 30 June 2007. No events that occurred during the period are expected to have a significant impact on the Group's financial position.

Workforce

At 30 June 2008, Sopra Group's total workforce comprised 12,110 employees, including 3,890 outside France. The net increase in the workforce for the first half of the year was 680 people, excluding acquisitions.

Related party transactions

Relations between related parties, notably the Group's two shareholders (Société Générale and Crédit Agricole) remained substantially the same as at 31 December 2007 (see Note 34 of the 2007 Reference Document).

Acquisition of Tumbleweed

Axway's acquisition of Tumbleweed Communications (USA) is expected to be finalised during the third quarter as announced. The activities of Tumbleweed would be integrated with those of Axway. Together, Axway and Tumbleweed would have a base of over 11,000 clients throughout the world in the area of Collaborative Business Solutions.

Outlook

Despite Sopra Group's excellent performance for the six-month period and the strong order book, precise annual performance guidance will not be issued in the uncertain economic environment. However, on the basis of data currently available, Sopra Group is confident in its ability to exceed the market average organic growth rate for full-year 2008. Moreover, the Group remains committed to its ongoing objective of enhancing its operating margin.

2. Interim consolidated financial statements

Consolidated balance sheet

ASSETS *(in thousands of euros)*	*Notes*	30/06/2008	30/06/2007	31/12/2007
Goodwill	4	299,692	297,245	300,558
Intangible assets	5	7,070	1,706	5,234
Property and equipment	6	33,687	31,105	32,958
Financial assets	7	3,052	4,209	4,003
Deferred tax assets	8	11,957	6,968	13,147
Non-current assets		**355,458**	**341,233**	**355,900**
Inventories		320	495	274
Trade accounts receivable	9	385,866	345,270	358,964
Other current receivables	10	34,855	28,199	23,866
Derivatives	11	3,911	4,151	3,210
Cash and cash equivalents	12	25,740	26,348	26,573
Current assets		**450,692**	**404,463**	**412,887**
TOTAL ASSETS		**806,150**	**745,696**	**768,787**

LIABILITIES AND EQUITY *(in thousands of euros)*	*Notes*	30/06/2008	30/06/2007	31/12/2007
Share capital		46,686	45,867	46,686
Capital reserves		52,317	47,612	51,681
Consolidated reserves		146,527	110,854	110,774
Profit for the period		24,746	21,089	55,097
Losses taken directly to equity		-24,307	-3,871	-15,433
Equity – Group share		**245,969**	**221,551**	**248,805**
Minority interests		**2**	**2**	**2**
TOTAL EQUITY	13	**245,971**	**221,553**	**248,807**
Financial debt – long term portion	14	122,400	148,593	134,428
Deferred tax liabilities	15	2,428	1,250	1,028
Provisions for post-employment benefits	16	26,567	15,483	25,520
Non-current provisions	17	4,119	4,815	4,505
Other non-current liabilities	18	3,350	9,258	13,686
Non-current liabilities		**158,864**	**179,399**	**179,167**
Financial debt – short-term portion	14	59,912	26,660	22,416
Trade accounts payable	19	46,422	43,539	48,459
Other current liabilities	20	294,055	273,091	268,833
Derivatives	21	926	1,454	1,105
Current liabilities		**401,315**	**344,744**	**340,813**
TOTAL LIABILITIES		**560,179**	**524,143**	**519,980**
TOTAL LIABILITIES AND EQUITY		**806,150**	**745,696**	**768,787**

Consolidated income statement

(in thousands of euros)	*Notes*	1st half 2008		1st half 2007		Financial year 2007	
		Amount	**%**	**Amount**	**%**	**Amount**	**%**
Revenue	22	549,593	100.0%	483,280	100.0%	1,001,440	100.0%
Purchases consumed	23	-67,944	-12.4%	-52,354	-10.8%	-114,727	-11.5%
Staff costs	24	-360,776	-65.6%	-324,676	-67.2%	-647,881	-64.7%
External expenses	25	-63,063	-11.5%	-55,895	-11.6%	-115,212	-11.5%
Tax other than corporate income tax		-10,771	-2.0%	-9,738	-2.0%	-20,290	-2.0%
Depreciation and amortisation	26	-6,020	-1.1%	-5,326	-1.1%	-11,694	-1.2%
Provisions and impairment	26	-2,044	-0.4%	-1,459	-0.3%	-2,915	-0.3%
Other operating income and expenses from recurring operations		1,423	0.3%	675	0.1%	2,105	0.2%
Profit from recurring operations		**40,398**	**7.4%**	**34,507**	**7.1%**	**90,826**	**9.1%**
Other operating income and expenses	27	-	0.0%	-673	-0.1%	-673	-0.1%
Operating profit		**40,398**	**7.4%**	**33,834**	**7.0%**	**90,153**	**9.0%**
Income from cash and cash equivalents	28	70	0.0%	158	0.0%	169	0.0%
Cost of gross financial debt	28	-4,206	-0.8%	-3,667	-0.8%	-7,994	-0.8%
Cost of net financial debt		**-4,136**	**-0.8%**	**-3,509**	**-0.7%**	**-7,825**	**-0.8%**
Other financial income and expense	28	268	0.0%	3,011	0.6%	-2,000	-0.2%
Income tax expense	29	-11,784	-2.1%	-12,247	-2.5%	-25,231	-2.5%
Net profit for the year from continuing operations		**24,746**	**4.5%**	**21,089**	**4.4%**	**55,097**	**5.5%**
Net profit for the year from discontinued operations		-	-	-	-	-	-
NET PROFIT		24,746	4.5%	21,089	4.4%	55,097	5.5%
Attributable to: Group		**24,746**	**4.5%**	**21,089**	**4.4%**	**55,097**	**5.5%**
Attributable to: Minority interests		-	-	-	-	-	-

EARNINGS PER SHARE *(in euros)*	*Notes*	1st half 2008	1st half 2007	Financial year 2007
Basic earnings per share	30	2.12	1.84	4.80
Fully diluted earnings per share	30	2.11	1.80	4.75

Statement of recognised income and expenses

(in thousands of euros)	1st half 2008	1st half 2007	Full year 2007
Actuarial differences related to pension commitments	511	-	-7,637
Deferred tax	-176	-	2,629
Translation adjustments	-9,209	-996	-7,550
Income and expenses taken directly to equity	**-8,874**	**-996**	**-12,558**
Net profit for the financial period	**24,746**	**21,089**	**55,097**
TOTAL INCOME AND EXPENSES RECOGNISED DURING THE PERIOD	15,872	20,093	42,539

Consolidated statement of changes in equity

(in thousands of euros)	Share capital	Capital reserves	Consolidated reserves	Profit for the period	Losses taken directly to equity	Total Group share	Minority interests	Total
EQUITY AT 31 DECEMBER 2006	**45,867**	**46,886**	**82,136**	**44,206**	**-2,875**	**216,220**	**1**	**216,221**
Net profit for the period	-	-	-	21,089	-	21,089	-	**21,089**
Income and expenses taken directly to equity	-	-	-	-	-996	-996	-	**-996**
Total income and expenses recognised	**-**	**-**	**-**	**21,089**	**-996**	**20,093**	**-**	**20,093**
Capital transactions	-	262	-	-	-	262	-	**262**
Share-based payments	-	455	-	-	-	455	-	**455**
Treasury share transactions	-	-	-	-	-	-	-	**-**
Appropriation of profit	-	9	28,718	-44,206	-	-15,479	-	**-15,479**
Changes in consolidation scope	-	-	-	-	-	-	1	**1**
Other changes	-	-	-	-	-	-	-	**-**
EQUITY AT 30 JUNE 2007	**45,867**	**47,612**	**110,854**	**21,089**	**-3,871**	**221,551**	**2**	**221,553**
Net profit for the period	-	-	-	34,008	-	34,008	-	**34,008**
Income and expenses taken directly to equity	-	-	-	-	-11,562	-11,562	-	**-11,562**
Total income and expenses recognised	**-**	**-**	**-**	**34,008**	**-11,562**	**22,446**	**-**	**22,446**
Capital transactions	819	3,665	-	-	-	4,484	-	**4,484**
Share-based payments	-	404	-	-	-	404	-	**404**
Treasury share transactions	-	-	-80	-	-	-80	-	**-80**
Net profit for the period	-	-	-	-	-	-	-	**-**
Changes in consolidation scope	-	-	-	-	-	-	-	**-**
Other changes	-	-	-	-	-	-	-	**-**
EQUITY AT 31 DECEMBER 2007	**46,686**	**51,681**	**110,774**	**55,097**	**-15,433**	**248,805**	**2**	**248,807**
Net profit for the period	-	-	-	24,746	-	24,746	-	**24,746**
Income and expenses taken directly to equity	-	-	-	-	-8,874	-8,874	-	**-8,874**
Total income and expenses recognised	**-**	**-**	**-**	**24,746**	**-8,874**	**15,872**	**-**	**15,872**
Capital transactions	-	411	-	-	-	411	-	**411**
Share-based payments	-	143	-	-	-	143	-	**143**
Treasury share transactions	-	-	-7	-	-	-7	-	**-7**
Net profit for the period	-	82	35,760	-55,097	-	-19,255	-	**-19,255**
Changes in consolidation scope	-	-	-	-	-	-	-	**-**
Other changes	-	-	-	-	-	-	-	**-**
EQUITY AT 30 JUNE 2008	**46,686**	**52,317**	**146,527**	**24,746**	**-24,307**	**245,969**	**2**	**245,971**

Consolidated cash flow statement

(in thousands of euros)	1st half 2008	1st half 2007	Financial year 2007
Consolidated net profit (including minority interests)	**24,746**	**21,089**	**55,097**
Net increase in depreciation, amortisation and provisions	6,743	4,637	12,055
Unrealised gains and losses related to changes in fair value	-	-	-
Calculated income and expenses related to stock options and similar derivatives	143	455	859
Other calculated income and expenses	-5,674	-1,648	3,523
Gains and losses on disposal	108	1	7
Cash from operations before changes in working capital	**26,066**	**24,534**	**71,541**
Cost of net financial debt	4,136	3,509	7,825
Income tax expense (including deferred tax)	11,784	12,247	25,231
Net cash from operating activities before changes in working capital (A)	**41,986**	**40,290**	**104,597**
Tax paid (B)	-10,145	-22,746	-38,166
Changes in operating working capital requirements (including liabilities related to employee benefits) (C)	-12,757	-7,901	-14,704
Net cash from operating activities (D) = (A + B + C)	**19,084**	**9,643**	**51,727**
Purchase of tangible and intangible fixed assets	-3,400	-3,481	-9,009
Proceeds from sale of tangible and intangible fixed assets	-	8	13
Purchase of financial assets	-200	-152	-383
Proceeds from sale of financial assets	960	254	556
Impact of changes in consolidation scope	-15,209	-34,542	-49,119
Net cash from (used in) investing activities (E)	**-17,849**	**-37,913**	**-57,942**
Proceeds on issue of shares	-	-	-
Proceeds on the exercise of stock options	411	262	4,746
Purchase and proceeds from disposal of treasury shares	-3	-	-80
Dividends paid during the period			
■ Dividends paid to shareholders of Sopra Group SA	-19,255	-15,479	-15,479
■ Dividends paid to minority interests of consolidated companies	-	-	-
Change in borrowings	-6,581	7,559	-4,961
Net interest paid (including finance leases)	-4,145	-3,505	-7,873
Other cash flow items relating to financing activities	35	-120	-120
Net cash from (used in) financing activities (F)	**-29,538**	**-11,283**	**-23,767**
Effect of foreign exchange rate changes (G)	-490	-61	-154
NET CHANGE IN CASH AND CASH EQUIVALENTS (D + E + F + G)	**-28,793**	**-39,614**	**-30,136**
Opening cash position	16,759	46,895	46,895
Closing cash position	-12,034	7,281	16,759

Notes to the consolidated financial statements

Notes to the consolidated financial statements

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

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

It is listed on compartment B, Euronext Paris.

The consolidated financial statements for the six-month period ended 30 June 2008 of Sopra Group were approved by the Board of Directors' meeting of 29 August 2008.

ACCOUNTING PRINCIPLES AND POLICIES

Note 1 | Summary of the main accounting policies

1.1. Basis of preparation of the financial statements

The consolidated financial statements for the six-month period ended 30 June 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_fr.htm#adopted-commission;
- IFRS as published by the IASB.

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

The consolidated financial statements for the six-month period ended 30 June 2008 are consistent with the provisions of *IAS 34 – Interim Financial Reporting.* They correspond to summary interim financial statements and do not include all of the information necessary for annual financial statements. They should be read in conjunction with the 2007 Annual Report.

The main accounting policies applied by the Group in the consolidated financial statements for the six-month period ended 30 June 2008 are identical to those applied in the consolidated financial statements published for the year ended 31 December 2007.

The impacts of the change in recognition method of actuarial differences relating to pension commitments (application of the SoRIE option) compared to 30 June 2007 are presented in Note 1.2.c.

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

1.2. Application of new standards and interpretations

a. New obligatory standards and interpretations

- *IFRIC 11 IFRS 2 – Group and Treasury Share Transactions* (applicable to financial years commencing as of 1 March 2007).

b. Standards and interpretations subject to early application

- *IFRS 8 Operating segments* adopted by the European Union as of 14 November 2007 enters into force as of 1 January 2009. The Group has chosen not to apply this standard early at 30 June 2008. The impacts of the application of *IFRS 8* will not be very significant to the extent that the current segment information reflects the Group's internal reporting.
- The standards and interpretations published by the IASB but not yet adopted by the European Union have not been subject to early application. These relate to:
  - *IAS 1 (revised version dated 09/2007) – Presentation of Financial Statements*;
  - *IAS 23 Amendment – Borrowing Costs*;
  - *IAS 27 (revised version dated 01/2008) – Consolidated and Separate Financial Statements;*
  - *Amendments to IAS 32 and IAS 1 Financial Instruments Puttable at Fair Value and Obligations Arising on Liquidation;*
  - *Amendments to IFRS 1 and IAS 27 Cost of an Investment in a Subsidiary, Jointly-Controlled Entity or Associate;*
  - *Amendment to IFRS 2 Vesting Conditions and Cancellations;*

- *IFRS 3 (revised version dated 01/2008) – Business Combinations;*
- *IFRIC 12 Service Concession Arrangement;*
- *IFRIC 13 Client Loyalty Programmes;*
- *IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.*

c. Comparative periods

In connection with the application of the amendment to *IAS 19-Employee Benefits*, and in order to improve the way that the implications of the 2008 Social Security financing law in France are taken into account, the Group opted on 31 December 2007 to recognise under equity all of the actuarial gains and losses determined as part of the evaluation of the defined benefit retirement schemes, during the period in which they occur.

This SoRIE (Statement of Recognized Income and Expense) method replaced the corridor method, which was used until 30 June 2007.

The application of the option for recognising actuarial differences in equity did not have a material impact on the consolidated financial statements for the first half of 2007, as evidenced by the tables below. This is the reason the financial statements for the year ended 30 June 2008 include as comparative information the data for previously published financial statements.

BALANCE SHEET

(in thousands of euros)	**30/06/2008**	30/06/2007		31/12/2007
		Published	Pro forma	
Deferred tax assets	11,957	6,968	7,416	13,147
Non-current assets	**355,458**	**341,233**	**341,681**	**355,900**
TOTAL ASSETS	**806,150**	**745,696**	**746,144**	**768,787**
Consolidated reserves	146,527	110,854	110,854	110,774
Losses taken directly to equity	-24,307	-3,871	-4,725	15,433
Total equity	**245,971**	**221,553**	**220,699**	**248,807**
Provision for post-employment benefits	26,567	15,483	16,785	25,520
Non-current liabilities	**158,864**	**179,399**	**180,701**	**179,167**
Total liabilities	**560,179**	**524,143**	**525,445**	**519,980**
TOTAL EQUITY AND LIABILITIES	**806,150**	**745,696**	**746,144**	**768,787**

INCOME STATEMENT

(in thousands of euros)	**1st half 2008**	1st half 2007		31/12/2007
		Published	Pro forma	
Provisions and impairment	-2,044	-1,459	-1,464	-2,915
Profit from recurring operations	**40,398**	**34,507**	**34,502**	**90,826**
Operating profit	**40,398**	**33,834**	**33,829**	**90,153**
NET PROFIT	**24,746**	**21,089**	**21,084**	**55,097**

Note 2 | Scope of consolidation

2.1. List of consolidated companies in the first half of 2008

Company	Country	% control	% interest	Consolidation method
Systems and 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	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 Gestão 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 Software 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
Beler 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
Consulting				
Orga Consultants	France	100.0%	100.0%	FC

FC: full consolidation

2.2. Changes in the consolidation scope

a. First consolidation

- **CIBF – Compagnie d'Ingénierie Bancaire et Financière** – In early 2008 Sopra Group acquired in cash the entire share capital of CIBF. Based in the French city of Nantes, CIBF is a highly-reputed software and solutions provider for major groups (means of payment, management of financial flows, factoring of receivables and management of risks related to banking commitments). CIBF was subject to dissolution with a transfer of net assets as of end-June 2008.
- **G2i** – In early 2008 Sopra Group acquired in cash the entire share capital of G2i. A specialist in technical and IT engineering, G2i provides consulting and services in the area of embedded software and testing methods in the aerospace vertical market, particularly with Airbus. G2i was subject to dissolution with a transfer of net assets as of end-June 2008.

b. Removals from the scope of consolidation

No Sopra Group entities were deconsolidated during the first half of 2008.

Note 3 | Comparability of the accounts

Changes in the scope of consolidation

The acquisition of CIBF and G2i in January 2008 had an impact on the income statement and the Group's principal business indicators that was below that materiality threshold (25%) required by the Prospectus Regulation for establishing pro forma information.

The main impacts of these acquisitions on the accounts for the first half of 2008 are the following:

- **Impact on revenue and operating profit**

(in millions of euros)	1st half 2008			1st half 2007
	Excluding acquisitions	Contribution of acquisitions	Published	Published
Revenue	543.7	5.9	**549.6**	**483.3**
Operating profit	40.2	0.2	**40.4**	**33.8**

- **Impact of changes in consolidation scope on net debt**

See Note 14.2.

NOTES ON THE CONSOLIDATED BALANCE SHEET

Note 4 | Goodwill

4.1. Changes in goodwill

Movements in the first half of 2008 are as follows:

(in thousands of euros)	Gross	Amortisation	Net
1 January 2008	**334,700**	**34,142**	**300,558**
Acquisitions			
CIBF	5,262	-	5,262
G2i	1,315	-	1,315
Adjustments in respect of business combinations			
Fair value adjustment for software acquired	-400	-	-400
Translation differential	-7,739	-696	-7,043
30 JUNE 2008	**333,138**	**33,446**	**299,692**

4.2. Determination of goodwill recognised in respect of business combinations performed during the financial period

The only items of goodwill recognised in respect of the first half of 2008 relate to the acquisitions of CIBF and G2i. They are valued at their acquisition date using the method presented in Note 1.7 of the 2007 Reference Document. These valuations are provisional and will become definitive on the closing of the accounts at 31 December 2008.

(in thousands of euros)	CIBF	G2i
Acquisition price	6,259	1,200
Present value of earnouts	1,000	800
Expenses related to the acquisition	-	-
Acquisition cost	**7,259**	**2,000**
Fair value of net assets acquired by the Group	-1,997	-685
GOODWILL	**5,262**	**1,315**

4.3. Adjustments to business combinations recognised in prior years

Axway Software GmbH – The fair value of Axway Software GmbH software acquired in February 2007 was remeasured from €0.8 million to €1.2 million.

4.4. Translation adjustments

The €7.0 million decrease relating to foreign exchange variations is essentially attributable to the evolution of the euro with respect to:

- USD: Cyclone Commerce for €1.8 million;
- GBP: Sopra Newell & Budge for €4.7 million;
- INR: Sopra Group India for €0.5 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)		30/06/2008	30/06/2007	31/12/2007
Consulting	France – Orga Consultants	3,876	3,876	3,876
Systems and Solutions Integration	France	55,360	49,144	49,245
	United Kingdom	58,950	69,292	63,684
	Spain	81,297	81,297	81,297
	Italy	8,119	7,630	8,120
	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	73,126	80,006	75,372
TOTAL		**299,692**	**297,245**	**300,558**

No impairment tests were carried out at 30 June 2008 due to the absence of indications of material impairment loss. These tests will be carried out for the balance sheet date of 31 December 2008.

Note 5 | Intangible assets

(in thousands of euros)	Gross	Amortisation	Net
1 January 2008	**26,481**	**21,247**	**5,234**
Changes in scope	2,244	332	1,912
Acquisitions	540	-	540
Disposals	-345	-338	-7
Fair value adjustments for software acquired	400	-	400
Translation differential	-192	-162	-30
Amortisation	-	979	-979
30 JUNE 2008	**29,128**	**22,058**	**7,070**

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

Changes in the scope of consolidation (€1.912 million) correspond essentially to development costs for software appearing in the accounts of CIBF acquired in January 2008.

The fair value adjustment (€0.400 million) corresponds to a revaluation of Axway Software GmbH software (see Note 4.3).

No expense incurred in developing the Group’s solutions and software was capitalised, either in the first half of 2008 or in previous years.

Note 6 | Property and equipment

(in thousands of euros)	Land and buildings	Fixtures, furniture and other equipment	IT equipment	TOTAL
GROSS VALUE				
1 January 2008	**10,851**	**51,110**	**39,336**	**101,297**
Translation differential	-	-305	-582	-887
Acquisitions	2	2,328	3,500	5,830
Disposals	-	-85	-3,465	-3,550
Changes in scope	-	489	200	689
30 JUNE 2008	**10,853**	**53,537**	**38,989**	**103,379**
DEPRECIATION				
1 January 2008	**8,055**	**33,035**	**27,249**	**68,339**
Translation differential	-	-237	-480	-717
Charge for the year	122	1,814	3,104	5,040
Reversals	-	-68	-3,445	-3,513
Changes in scope	-	355	188	543
30 JUNE 2008	**8,177**	**34,899**	**26,616**	**69,692**
Net value				
1 January 2008	**2,796**	**18,075**	**12,087**	**32,958**
30 JUNE 2008	**2,676**	**18,638**	**12,373**	**33,687**

- Investments made by the Group in property and equipment (€5.8 million) primarily include office equipment in France and abroad, in the amount of €2.3 million and information technology equipment (central systems, work stations and networks) in the amount of €3.5 million.
- Amounts included under disposals during the period (€3.5 million, virtually fully depreciated) correspond primarily to the scrapping of computer equipment each year after taking inventory, and premises for which leases were not renewed that the Group no longer occupies.
- Land and buildings include Sopra Group's registered office at Annecy-le-Vieux. A portion of these premises was acquired as part of a property finance lease arrangement completed in 2003. These contracts have, since their inception, been restated in the consolidated financial statements and are included in the balance sheets for the following amounts:

(in thousands of euros)	**30/06/2008**	30/06/2007	31/12/2007
Land	255	255	255
Buildings	3,861	3,861	3,861
Depreciation	-3,504	-3,416	-3,471
NET VALUE	**612**	**700**	**645**

- Finance lease contracts relating to IT investments (see Note 1.11 of the Reference Document 2007) are presented in the balance sheet in the following amounts:

(in thousands of euros)	**30/06/2008**	30/06/2007	31/12/2007
Gross value	23,458	20,196	23,909
Depreciation	-13,298	-11,957	-14,121
NET VALUE	**10,160**	**8,239**	**9,788**

Note 7 | Financial assets

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

(in thousands of euros)	30/06/2008	30/06/2007	31/12/2007
Assets at fair value through profit and loss	-	-	-
Held to maturity assets	-	-	-
Available for sale assets	195	1,301	1,301
Loans and receivables	2,857	2,908	2,702
TOTAL	**3,052**	**4,209**	**4,003**

7.1. Available for sale assets

(in thousands of euros)	Gross	Impairment	Net
1 January 2008	**30,498**	**29,197**	**1,301**
Increase	-	-	-
Decrease	-1,126	-20	-1,106
Reclassifications	-5,485	-5,485	-
Translation differential	-10	-10	-
30 JUNE 2008	**23,877**	**23,682**	**195**

Available for sale financial assets, as defined by *IAS 39*, consist primarily of non-consolidated equity investments in Valoris' subsidiaries that were in the process of being wound up or divested at the date that Valoris was acquired by Sopra Group, in the amount of €23.718 million, depreciated in the amount of €23.527 million.

The investment in the German company Sopra Group GmbH (in the amount of €5.485 million, which has been fully impaired) has been reconsolidated by the Group. This structure has been reactivated in order to meet the operating requirements of a major international group.

The investment in Cosmosbay-Vectis, in which the Group holds a 7.56% stake, in the amount of €0.946 million, has been divested.

7.2. Loans and receivables

(in thousands of euros)	30/06/2008	30/06/2007	31/12/2007
Receivables from unconsolidated equity interests – gross value	4,731	7,829	5,484
Impairment of receivables from unconsolidated equity interests	-4,731	-7,829	-5,484
Receivables from unconsolidated equity interests – net value	**-**	**-**	**-**
Loans	46	42	44
Deposits and other non-current financial assets	2,828	2,897	2,741
Impairment of loans, deposits and other non-current financial assets	-17	-31	-83
Loans, deposits and other non-current financial assets – net value	**2,857**	**2,908**	**2,702**
TOTAL	**2,857**	**2,908**	**2,702**

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

Deposits and other non-current financial assets (€2.828 million) consist mainly of guarantees given for the leased offices. Non-remunerated deposits are maintained at their nominal value, given that the effect of discounting is not significant.

Note 8 | Deferred tax assets and liabilities

8.1. Breakdown by maturity

(in thousands of euros)	30/06/2008	30/06/2007	31/12/2007
Deferred tax assets (DTA)			
- Less than one year	1,570	1,470	2,733
- More than one year	10,387	5,498	10,414
TOTAL DTA	**11,957**	**6,968**	**13,147**
Deferred tax liabilities (DTL)			
- Less than one year	-	-	-
- More than one year	-2,428	-1,250	-1,028
TOTAL DTL	**-2,428**	**-1,250**	**-1,028**
NET DEFERRED TAX	**9,529**	**5,718**	**12,119**

8.2. Change in net deferred tax

(in thousands of euros)	30/06/2008	30/06/2007	31/12/2007
Beginning of period	**12,119**	**8,273**	**8,273**
Reclassification of tax receivables as deferred tax assets	-	-	796
Changes in scope	538	-	197
Tax – income statement impact	-2,908	-2,560	211
Tax – equity impact	-176	-	2,629
Translation differential	-44	5	13
END OF PERIOD	**9,529**	**5,718**	**12,119**

8.3. Breakdown of net deferred tax by type

(in thousands of euros)	30/06/2008	30/06/2007	31/12/2007
Differences related to consolidation adjustments			
Actuarial differences on pension commitments	2,201	-	2,450
Amortisation of re-valued software	446	524	669
Restatement of derivatives	-995	-929	-725
Restatement of finance leases	-8	-59	-33
Discounting of employee profit sharing	539	494	559
Tax-driven provisions	-234	-316	-308
Foreign exchange differences recognised in equity	-1,198	-	-
Tax losses carried forward	-	-	-
Temporary differences from tax returns			
Provision for pensions	5,916	4,540	5,331
Provision for employee profit sharing	1,027	973	2,358
Provision for organic tax	575	206	413
Impairment of shares	740	-	841
Difference in depreciation period	355	291	383
Capitalised tax losses	198	-	214
Other	-33	-6	-33
TOTAL	**9,529**	**5,718**	**12,119**

8.4. Deferred tax assets not recognised by the Group

(in thousands of euros)	30/06/2008	30/06/2007	31/12/2007
Tax losses carried forward	13,514	20,330	13,687
Temporary differences	-	-	-
TOTAL	**13,514**	**20,330**	**13,687**

8.5. Maturity of tax losses carried forward

(in thousands of euros)	30/06/2008	30/06/2007	31/12/2007
N+1	2,752	4,442	4,188
N+2	5,402	5,407	5,131
N+3	2,174	3,787	3,517
N+4	1,513	3,616	3,350
N+5 and subsequent years	16,196	20,415	14,674
Tax losses carried forward with a specific maturity date	**28,037**	**37,667**	**30,860**
Tax losses which may be carried forward indefinitely	**16,974**	**28,987**	**16,385**
TOTAL	**45,011**	**66,654**	**47,245**
Deferred tax basis – capitalised	659	-	712
Deferred tax basis – not capitalised	44,352	66,654	46,533
Deferred tax – capitalised	198	-	214
Deferred tax – not capitalised	13,514	20,330	13,687

Note 9 | Trade accounts receivable

(in thousands of euros)	30/06/2008	30/06/2007	31/12/2007
Trade accounts receivable	253,690	235,712	280,982
Unbilled revenue	145,379	122,987	93,577
Doubtful debtors	4,641	3,302	3,903
Accrued credit notes	-13,913	-13,864	-16,108
Provision for doubtful debtors	-3,931	-2,867	-3,390
TOTAL	**385,866**	**345,270**	**358,964**

Unbilled revenue is comprised essentially of work performed in respect of fixed-price projects recognised using the percentage-of-completion method (see Note 1.22.a of the 2007 Reference Document). Invoices are generally prepared for these contracts upon completion of the services rendered and the latter are paid over the lifespan of the projects through payments on account.

Working capital requirements (WCR)-Trade accounts receivable at 30 June 2008 represents about 2.7 months, the same as at 30 June 2007. This ratio is calculated by comparing the WCR with the revenue generated in the final quarter of the period. The WCR is 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)	30/06/2008	30/06/2007	31/12/2007
Staff and social security	3,377	2,591	2,430
Tax receivables (other than corporate income tax)	17,866	13,072	14,176
Corporate income tax	5,388	3,935	2,360
Leased equipment	608	1,886	491
Other receivables	809	492	654
Prepayments	6,807	6,223	3,755
TOTAL	**34,855**	**28,199**	**23,866**

Tax receivables of €17.866 million relate mainly to deductible VAT (of €15.835 million).

Note 11 | Derivatives

(in thousands of euros)	30/06/2008	30/06/2007	31/12/2007
Asset derivatives	3,911	4,151	3,210
Liability derivatives	-926	-1,454	-1,105
NET AMOUNT	**2,985**	**2,697**	**2,105**

Asset derivatives included under assets in the amount of €3.911 million essentially correspond to an interest rate swap agreement that swaps the variable Euribor six-month rate of the syndicated loan against a fixed rate of 3.16%. A second swap is included in *Liability derivatives* for the amount of €0.926 million. This second agreement swaps the fixed rate of 3.16% against a variable Euribor 12-month post-fixed rate (see Note 32.2.a). These two instruments were put in place in connection with the syndicated loan signed in October 2005 (see Note 14.1).

The net change in fair value from these two interest rate instruments between 31 December 2007 and 30 June 2008 is recognised under *Other financial income (expense)* for an amount of +€0.787 million.

Note 12 | Cash and cash equivalents

The cash flow statement is presented on page 9.

(in thousands of euros)	30/06/2008	30/06/2007	31/12/2007
Investment securities	719	284	152
Cash	25,021	26,064	26,421
Cash and cash equivalents	**25,740**	**26,348**	**26,573**
Overdrafts	-37,774	-19,067	-9,814
TOTAL	**-12,034**	**7,281**	**16,759**

Net cash and cash equivalents include available liquid funds (cash and positive bank balances), liquid marketable securities that meet the definition of cash equivalents as indicated in Note 1.16 of the 2007 Reference Document, bills of exchange presented for collection and falling due before the balance sheet date and temporary bank overdrafts. It is closely related to the mobilisation of medium term loans (mainly the syndicated loan set up at the end of October 2005) at the end of the financial period. Net debt, presented in Note 14.1, is more representative of the Group's financial position.

Note 13 | Consolidated equity

The consolidated statement of changes in equity is presented on page 8.

13.1. Changes in share capital

At 30 June 2008 Sopra Group had share capital of €46,686,124 comprising 11,671,531 fully-paid shares with a nominal value of €4 each.

13.2. Share subscription option plans

Grant date	Number of options allocated initially	Start date of exercise period	End of exercise period	Exercise price	Number of shares cancelled at 30/06/2008	o/w cancelled in 2008	Number of options exercised at 30/06/2008	o/w options exercised in 2008	Number of options remaining to be exercised at 30/06/2008	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	3,000	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**	**3,000**	**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	48,750	-	147,596	15,750	106,854	€6.36
03/09/2003	88,000	04/09/2008	02/09/2011	€32.50	10,800	-	-	-	77,200	€12.15
13/01/2004	23,000	14/01/2009	12/01/2012	€35.90	4,000	-	-	-	19,000	€11.36
TOTAL	**790,200**				**418,450**	**-**	**147,596**	**15,750**	**224,154**	
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	10,000	5,000	-	-	57,000	€17.47
08/01/2007	5,000	09/01/2012	07/01/2015	€60.37	5,000	-	-	-	-	€15.28
18/03/2008	31,000	19/03/2013	17/03/2016	€45.30	-	-	-	-	31,000	€10.98
TOTAL	**133,000**				**45,000**	**35,000**	**-**	**-**	**88,000**	
TOTAL FOR ALL PLANS						**38,000**		**18,250**	**319,204**	

- 18,250 share subscription options were exercised in first half 2008. The amount subscribed is included under *Capital reserves* for a total amount of €0.411 million, comprising capital (€73 thousand) and the share issue premium (€0.338 million). The amount relating to capital is recognised under this line at the end of the period.
- In first half 2008, 31,000 share subscription options were awarded at a subscription price of €45.30.
- 38,000 options were retired, their beneficiaries having left the company before completing their vesting period.
- The number of shares that may be created by exercising options already allocated amounts to 319,204, with the number of options that may still be awarded at 30 June 2008 totalling 233,958, representing a total maximum number of shares that may be created of 553,162 shares.

13.3. Capital reserves

(in thousands of euros)	30/06/2008	30/06/2007	31/12/2007
Share issue, merger and contribution premiums	47,648	43,025	47,094
Legal reserve	4,669	4,587	4,587
TOTAL	**52,317**	**47,612**	**51,681**

The following movements occurred in the first half of 2008:

- exercise of share subscription options: €0.411 million;
- value of past services related to share subscription options: €0.143 million;
- appropriation of Sopra Group's 2007 net profit to the legal reserve: €82 thousand.

13.4. Dividends

Sopra Group's General Meeting of 15 May 2008, resolved to distribute a dividend of €19.258 million, i.e. €1.65 per share. This dividend was paid on 30 May 2008. The dividend paid the previous financial year totalled €15.480 million, i.e. €1.35 per share.

Note 14 | Financial debt

14.1. Net debt

(in thousands of euros)	Current	Non-current	30/06/2008	30/06/2007	31/12/2007
Bank loans	15,824	101,082	116,906	131,043	120,868
Liabilities on finance lease contracts	4,197	5,830	10,027	8,164	9,675
Employee profit sharing	1,996	15,478	17,474	16,575	16,300
Other financial debt	121	10	131	404	187
Bank overdrafts	37,774	-	37,774	19,067	9,814
FINANCIAL DEBT	**59,912**	**122,400**	**182,312**	**175,253**	**156,844**
Investment securities	-719	-	-719	-284	-152
Cash and equivalents	-25,021	-	-25,021	-26,064	-26,421
NET DEBT	**34,172**	**122,400**	**156,572**	**148,905**	**130,271**

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. The authorised amount is €130 million at 30 June 2008 and €115 million at 31 December 2008.

The applicable interest rate is the Euribor rate for the drawdown period concerned plus a margin adjusted on a half yearly basis as a function of the leverage ratio (net debt to EBITDA). The net debt in question does not take into account the employee profit sharing liability but does include liabilities related to earnouts. The margin may range from 0.30% to 0.65%. The margin applied for the first part of 2008 was 0.35%. A commitment fee equivalent to 0.35% of the margin also applies.

A second loan of €132 million with a 6-year term, which may be extended by one year, was contracted in April 2008 under the same conditions.

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 30 June 2008, these targets were amply achieved since the three ratios came to 1.36, 0.60 and 11.4, respectively.

Liabilities on finance lease contracts

The carrying amount of liabilities on finance lease contracts is €10.027 million, and the corresponding future financial expense amounts to €0.535 million, representing a total minimum future payment for finance leases of €10.562 million.

(in thousands of euros)	30/06/2008			30/06/2007	31/12/2007
	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	4,500	303	4,197	3,722	4,137
One to five years	6,062	232	5,830	4,442	5,538
More than five years	-	-	-	-	-
TOTAL	**10,562**	**535**	**10,027**	**8,164**	**9,675**

Employee profit sharing

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

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

14.2. Statement of changes in net debt

(in thousands of euros)	30/06/2008	30/06/2007	31/12/2007
NET DEBT OF BEGINNING OF PERIOD (A)	**130,271**	**97,729**	**97,729**
Net cash from operating activities before changes in working capital	**26,066**	**24,534**	**71,541**
Cost of net financial debt	4,136	3,509	7,825
Income taxes (including deferred tax)	11,784	12,247	25,231
Cash from operations before changes in working capital	**41,986**	**40,290**	**104,597**
Tax paid	-10,145	-22,746	-38,166
Changes in working capital requirements	-12,757	-7,901	-14,704
Net cash from operating activities	**19,084**	**9,643**	**51,727**
Change related to investing activity	-6,234	-4,623	-13,869
Available net cash flow	-4,145	-3,505	-7,873
Net available cash flow	**8,705**	**1,515**	**29,985**
Impact of changes in scope	-15,424	-34,668	-49,218
Financial investments	760	102	173
Dividends	-19,255	-15,479	-15,479
Capital increase in cash	411	262	4,746
Employee profit sharing	-1,174	-2,754	-2,479
Other changes	166	-93	-116
TOTAL NET CHANGE DURING THE PERIOD (B)	**-25,811**	**-51,115**	**-32,388**
Impact of changes in foreign exchange rates	-490	-61	-154
NET DEBT AT END OF PERIOD (A-B)	**156,572**	**148,905**	**130,271**

Tax paid: -10.145 million

The tax paid in first half 2008 (-€10.145 million) marks the return to a normal disbursement cycle for interim and final corporate income tax payments. There was a double disbursement in financial year 2007 due to a merger transaction with Valoris.

The corporate income tax which would have normally been paid in the absence of these transactions is therefore:

(in thousands of euros)	30/06/2008	30/06/2007	31/12/2007
Tax paid	-10,145	-22,746	-38,166
Theoretical 2006 instalments	-	10,912	10,912
Restated tax paid	**-10,145**	**-11,834**	**-27,254**

Impact of changes in consolidation scope: -€15.424 million

(in thousands of euros)	30/06/2008	30/06/2007	31/12/2007
Acquisition costs (excluding earnouts)	7,459	23,398	60,919
Portion remunerated in Sopra Group shares	-	-	-
Net debt/Net cash of companies acquired	-35	-4,218	-27,116
Deferred payments	-	-	-
Earnouts paid in respect of previous acquisitions	8,000	15,488	15,415
TOTAL	**15,424**	**34,668**	**49,218**

This corresponds to:

- the acquisition of CIBF in January 2008 for an amount of €6.259 million decreased by the amount of cash in the balance sheet of the entity acquired for €0.161 million, i.e. a net amount of €6.098 million;
- the acquisition of G2i in January 2008 for an amount of €1.200 million supplemented by the amount of debt in the balance sheet of the entity acquired for €0.126 million, i.e. a net amount of €1.326 million;
- the payment of earnouts in respect of financial year 2007 for PROFit and Axway Software GmbH for a total amount of €8.000 million.

Employee profit sharing: -€1.174 million

This amount corresponds 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 pensions and similar commitments

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

(in thousands of euros)	01/01/2008	Changes in scope	Charge for the period	Recovery for the period (provision used)	Change in actuarial differences	30/06/2008
France	22,598	343	1,482	-336	-511	23,576
Italy	2,922	-	355	-286	-	2,991
TOTAL	**25,520**	**343**	**1,837**	**-622**	**-511**	**26,567**
Impact (net of expenses incurred)						
Profit from recurring operations			1,264			
Financial income (expense)			573			
TOTAL			**1,837**			

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 1.19 of the 2007 Reference Document.

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

	30/06/2008	30/06/2007	31/12/2007
Discount rate of commitments	5.00%	4.85%	4.70%
Future salary growth rate	2.50%	2.50%	2.50%
Retirement age	65 years	65 years	65 years
Mortality table	Insee 2000-2002	Insee 2000-2002	Insee 2000-2002

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 (balance sheet)	Recognised in the income statement
1 January 2008	**22,598**	**-**	**22,598**	**-**
Changes in scope	343	-	343	-
Past service cost	909	-	909	909
Financial cost	573	-	573	573
Benefits paid to employees	-336	-	-336	-336
Change in actuarial differences 2008	-511	-	-511	-
30 JUNE 2008	**23,576**	**-**	**23,576**	**1,146**

In Italy, these provisions represent post-employment benefits *(Trattamento di Fine Rapporto)*.

Note 17 | Non-current provisions

(in thousands of euros)	01/01/2008	Change in scope of consolidation	Charge for the period	Recovery for the year (provision used)	Recovery for the year (provision not used)	30/06/2008
Provisions for disputes	1,093	-	191	-149	-145	990
Provisions for guarantees	980	-	-	-	-	980
Provisions for contingencies – Non-consolidated subsidiaries	132	-	-	-	-30	102
Other provisions for contingencies	971	20	104	-343	-20	732
Sub-total provisions for contingencies	**3,176**	**20**	**295**	**-492**	**-195**	**2,804**
Other provisions for losses	1,329	-	4	-3	-15	1,315
Sub-total provisions for losses	**1,329**	**-**	**4**	**-3**	**-15**	**1,315**
TOTAL	**4,505**	**20**	**299**	**-495**	**-210**	**4,119**
Impact (net of expenses incurred)						
Profit from recurring operations			299		-180	
Financial income/(expense)			-		-30	
TOTAL			**299**		**-210**	

- Provisions for disputes mainly relate to labour arbitration proceedings, severance pay and a few trade disputes.
- Provisions for non-consolidated subsidiaries relate to the Valoris subsidiaries.

Note 18 | Other non-current liabilities

(in thousands of euros)	30/06/2008	30/06/2007	31/12/2007
Fixed asset liabilities – portion due in more than one year	-	6,569	6,692
Employee profit sharing during the period	2,862	2,537	6,842
Conditional advances	488	152	152
TOTAL	**3,350**	**9,258**	**13,686**

- Employee profit sharing represents amounts booked to staff costs for the period by Sopra Group SA. These amounts increase financial debt for the following period.
- Conditional advances correspond to subsidies (€22 thousand) received from OSEO by Acanthis, which was acquired by Sopra Group in January 2005 and merged in 2005, and conditional advances (€0.466 million) of CIBF acquired by Sopra Group in January 2008.

Note 19 | Trade accounts payable

(in thousands of euros)	30/06/2008	30/06/2007	31/12/2007
Trade accounts payable	46,533	43,662	49,502
Trade accounts payable – advances and payments on account, accrued credit notes	-111	-123	-1,043
TOTAL	**46,422**	**43,539**	**48,459**

Note 20 | Other current liabilities

(in thousands of euros)	30/06/2008	30/06/2007	31/12/2007
Fixed asset liabilities – portion due in less than one year	10,198	9,764	9,403
Staff cost liabilities	129,091	118,763	129,921
Tax liabilities (excluding corporate income tax)	78,002	66,135	72,723
Corporate income tax	4,748	3,427	3,150
Deferred income	71,214	73,516	52,564
Other liabilities	802	1,486	1,072
TOTAL	**294,055**	**273,091**	**268,833**

Fixed asset liabilities – portion due in less than one year comprise €9.115 million in earnouts related to the acquisitions of PROFit, Methosystem, CIBF and G2i.

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

Tax liabilities correspond essentially to value added tax collected from clients: the amount due for June, and the amount included under trade accounts receivable.

Deferred income corresponds essentially to services invoiced but not yet performed, based on their stage of completion (see Note 1.22 of the 2007 Reference Document).

Note 21 | Derivatives

Derivatives correspond to interest rate hedging instruments (see Notes 11 and 32.3.a).

NOTES TO THE CONSOLIDATED INCOME STATEMENT

Note 22 | Revenue

22.1. Revenue by division

(in millions of euros)	1st half 2008		1st half 2007		Financial year 2007	
Consulting	24.7	4.5%	22.7	4.7%	43.9	4.4%
SSI France	338.8	61.6%	288.4	59.7%	597.5	59.7%
SSI Europe	113.8	20.7%	104.4	21.6%	214.9	21.4%
Axway	72.3	13.2%	67.8	14.0%	145.1	14.5%
TOTAL	**549.6**	**100.0%**	**483.3**	**100.0%**	**1,001.4**	**100.0%**

SSI: Systems and Solutions Integration.

22.2. International revenue

(in millions of euros)	1st half 2008		1st half 2007		Financial year 2007	
Systems Integration – European subsidiaries	113.8	20.7%	104.4	21.6%	214.9	21.4%
Systems Integration – Excluding European subsidiaries	21.3	3.9%	14.4	3.0%	30.1	3.0%
Axway	41.0	7.4%	38.8	8.0%	83.9	8.4%
International revenue	**176.1**	**32.0%**	**157.6**	**32.6%**	**328.9**	**32.8%**
TOTAL REVENUE	**549.6**	**100.0%**	**483.3**	**100.0%**	**1,001.4**	**100.0%**

Note 23 | Purchases consumed

(in thousands of euros)	1st half 2008	% revenue	1st half 2007	% revenue	Financial year 2007	% revenue
Subcontracting purchases	58,829	10.7%	44,373	9.2%	97,067	9.7%
Purchases of equipment and supplies not held in inventory	3,311	0.6%	3,507	0.7%	7,417	0.7%
Purchases of merchandise and change in the inventory of merchandise	5,804	1.1%	4,474	0.9%	10,243	1.0%
TOTAL	**67,944**	**12.4%**	**52,354**	**10.8%**	**114,727**	**11.5%**

Note 24 | Staff costs

24.1. Analysis

(in thousands of euros)	1st half 2008	1st half 2007	Financial year 2007
Salaries	259,461	233,995	465,353
Social charges	98,069	87,622	175,053
Employee profit sharing	3,246	3,059	7,475
TOTAL	**360,776**	**324,676**	**647,881**

24.2. Staff costs

Workforce at the end of the period	1st half 2008	1st half 2007	Financial year 2007
France	8,220	7,360	7,580
International	3,890	3,400	3,740
TOTAL	**12,110**	**10,760**	**11,320**

24.3. Employee profit sharing

In compliance with *IAS 32 and 39*, the employee profit sharing liability was restated as described in Note 14.1.

Employee profit sharing totalled €2.862 million for Sopra Group and €0.384 million 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 €0.143 million for the first half of 2008 (see *Consolidated statement of changes in equity*).

Note 25 | External expenses

(in thousands of euros)	1st half 2008		1st half 2007		Financial year 2007	
Leases and charges	14,753	23.4%	12,974	23.2%	27,148	23.6%
Maintenance and repairs	3,190	5.1%	3,067	5.5%	6,017	5.2%
External personnel	1,088	1.7%	1,238	2.2%	2,667	2.3%
Remuneration and intermediaries and fees	4,526	7.2%	3,506	6.3%	7,337	6.4%
Advertising and public relations	2,732	4.3%	2,431	4.3%	5,392	4.7%
Travel and entertainment	26,736	42.4%	23,645	42.3%	47,726	41.4%
Telecommunications	3,134	5.0%	2,758	4.9%	6,035	5.2%
Other	6,904	10.9%	6,276	11.2%	12,890	11.2%
TOTAL	**63,063**	**100%**	**55,895**	**100%**	**115,212**	**100%**

The amount of external expenses as a proportion of revenue remains stable: it is 11.47% at 30 June 2008, 11.57% at 30 June 2007, and 11.50% at 31 December 2007.

Note 26 | Depreciation, amortisation, provisions and impairment

(in thousands of euros)	1st half 2008	1st half 2007	Financial year 2007
Amortisation of intangible assets	979	370	1,086
Depreciation of property and equipment	2,558	2,886	6,319
Depreciation of assets held under finance lease	2,483	2,070	4,289
Depreciation and amortisation	**6,020**	**5,326**	**11,694**
Impairment of current assets net of unused reversals	661	206	-15
Provisions for contingencies and losses net of unused reversals	1,383	1,253	2,930
Provisions and impairment	**2,044**	**1,459**	**2,915**
TOTAL	**8,064**	**6,785**	**14,609**

Note 27 | Other operating income and expenses

In 2007, it included an amount of €0.673 million, of exceptional expenses related to the acquisition of Atos Origin's B2B activity: these are expenses that were committed to give this activity an administrative, technical and logistics structure which allows for a normal operation, following the withdrawal of the Atos Group, which performed these functions centrally.

Note 28 | Financial income and expense

28.1. Cost of net financial debt

(in thousands of euros)	**1st half 2008**	1st half 2007	Financial year 2007
Income from cash and cash equivalents	70	158	169
Interest charges	-4,326	-3,679	-7,983
Impact of change in the value of the syndicated loan	120	12	-11
TOTAL	**-4,136**	**-3,509**	**-7,825**

The change in the financial expense is primarily due to the increase in debt as a result of the different acquisitions as well as to higher interest rates, although the latter were hedged by the interest rate swap agreement put in place at the signing of the syndicated loan.

28.2. Other financial income and expense

(in thousands of euros)	**1st half 2008**	1st half 2007	Financial year 2007
Charges and reversals of provisions	116	1,410	1,759
Discounting of retirement commitments	-573	-356	-1,038
Discounting of employee profit sharing	344	236	439
Discounting of earnouts in respect of companies acquired	-187	-118	-373
Change in the value of derivatives	93	1,269	677
Foreign exchange gains and losses – realised	75	-144	-597
Foreign exchange gains and losses – unrealised	-39	485	-3,817
Other financial charges and expense	439	229	950
TOTAL	**268**	**3,011**	**-2,000**

Charges and reversals of provisions: the financial year 2007 accounts comprised a provision reversal of €1.400 million designed to deal with the forecast impairment in value 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 shows a net change (€0.787 million) in the first half of 2008, in the fair value of the two interest rate hedging instruments related to the syndicated credit facility set up in October 2005, and the change in the value of a US dollar foreign exchange hedging instrument (-€0.694 million).

Unrealised foreign exchange gains and losses relate essentially to the intercompany accounts in GBP (significant depreciation of this currency as of mid-November 2007) and in USD.

Management has reviewed the classification of certain intercompany loans which were until then considered as being reimbursable in the mid-term. These intercompany loans are now considered to be an integral part of the Group's net investment in the foreign subsidiaries concerned, since their settlement is neither planned nor is it likely to occur within the foreseeable future.

Pursuant to IAS 21, the foreign exchange differences relating to these intercompany loans were recognised as a distinct component of equity at 30 June 2008.

Note 29 | Tax charge

29.1. Analysis

(in thousands of euros)	1st half 2008	1st half 2007	Financial year 2007
Current tax	8,876	9,687	25,441
Deferred tax	2,908	2,560	-210
TOTAL	**11,784**	**12,247**	**25,231**

29.2. Reconciliation between the theoretical and effective tax charge

(in thousands of euros)	1st half 2008	1st half 2007	Financial year 2007
Net profit	24,746	21,089	55,097
Tax charge	-11,784	-12,247	-25,231
Profit before tax	36,530	33,336	80,328
Theoretical tax rate	**34.43%**	**34.43%**	**34.43%**
Theoretical tax charge	**-12,577**	**-11,478**	**-27,657**
Reconciliation			
Permanent differences	-84	18	-249
Impact of non-capitalised losses for the period	-334	-1,731	-2,246
Utilisation of non-capitalised losses carried forward	544	306	3,574
Impact of research tax credits	344	258	779
Tax rate differences – France/Other countries	370	230	608
Tax adjustments in respect of prior periods	-49	-	-38
Other	2	150	-2
Actual tax charge	**-11,784**	**-12,247**	**-25,231**
Effective tax rate	**32.26%**	**36.74%**	**31.41%**

29.3. Tax inspections

Sopra Group and Axway Software are currently subject to verifications of their accounts relating to 2005 and 2006 for Sopra Group and 2005 for Axway. Sopra Group's tax inspection has just begun and there does not currently appear to be a reassessment risk for which a provision is required.

With respect to Axway, the tax administration has issued a proposed reassessment, which elicited the following response:

- reassessment accepted and provisioned in the accounts for the period ended 30 June 2008: €0.240 million;
- reassessment refused and not provisioned: €2.620 million (principal and supplements). The case deals with the classification of the financial or commercial nature of relinquished receivables granted by Axway to certain of its international distribution subsidiaries. Axway, supported by the opinions of its tax advisors, formally contests the way these transactions have been classified by the administration.

Note 30 | Earnings per share

(in euros)	1st half 2008	1st half 2007	Financial year 2007
Net profit – Group share	24,745,409	21,089,218	55,096,763
Weighted average number of ordinary shares in issue	11,671,531	11,466,835	11,477,548
BASIC NET EARNINGS PER SHARE	**2.12**	**1.84**	**4.80**

(in euros)	1st half 2008	1st half 2007	Financial year 2007
Net profit – Group share	24,745,409	21,089,218	55,096,763
Weighted average number of ordinary shares in issue	11,671,531	11,466,835	11,477,548
Weighted average number of securities retained in respect of dilutive items	50,144	270,375	123,862
Weighted average number of shares retained for the calculation of diluted net earnings per share	11,721,675	11,737,210	11,601,410
DILUTED NET EARNINGS PER SHARE	**2.11**	**1.80**	**4.75**

The methods of calculation earnings per share are described in Note 1.24 of the 2007 Reference Document.

The only diluting items are share subscription options, the detail of which is presented in Note 13.2.

OTHER INFORMATION

Note 31 | Segment information

31.1. Results by division

a. Systems and Solutions Integration – France

(in millions of euros)	1st half 2008		1st half 2007		Financial year 2007	
Revenue	338.8		288.4		597.5	
Profit from recurring operations	27.6	*8.1%*	23.0	*8.0%*	52.3	*8.8%*
Operating profit	27.6	*8.1%*	23.0	*8.0%*	52.3	*8.8%*

b. Consulting

(in millions of euros)	1st half 2008		1st half 2007		Financial year 2007	
Revenue	24.7		22.7		43.9	
Profit from recurring operations	2.5	*10.1%*	2.2	*9.7%*	4.5	*10.3%*
Operating profit	2.5	*10.1%*	2.2	*9.7%*	4.5	*10.3%*

c. Systems and Solutions Integration – Europe

(in millions of euros)	1st half 2008		1st half 2007		Financial year 2007	
Revenue	113.8		104.4		214.9	
Profit from recurring operations	8.0	*7.0%*	7.0	*6.7%*	19.5	*9.1%*
Operating profit	8.0	*7.0%*	7.0	*6.7%*	19.5	*9.1%*

d. Axway

(in millions of euros)	1st half 2008		1st half 2007		Financial year 2007	
Revenue	72.3		67.8		145.1	
Profit from recurring operations	2.3	*3.2%*	2.3	*3.4%*	14.5	*10.0%*
Operating profit	2.3	*3.2%*	1.6	*2.4%*	13.8	*9.5%*

e. Group

(in millions of euros)	1st half 2008		1st half 2007		Financial year 2007	
Revenue	549.6		483.3		1 001.4	
Profit from recurring operations	40.4	*7.4%*	34.5	*7.1%*	90.8	*9.1%*
Operating profit	40.4	*7.4%*	33.8	*7.0%*	90.1	*9.0%*

31.2. Geographic breakdown of revenue

(in millions of euros)	France	United Kingdom	Spain	Other European countries	Other regions	TOTAL
Revenue	373.4	41.8	48.9	61.6	23.9	**549.6**

31.3. Breakdown by division of main balance sheet items

(in thousands of euros)	Consulting	SSI France	SSI Europe	Axway	TOTAL
Goodwill	3,876	55,360	167,330	73,126	**299,692**
Property and equipment	-	27,693	4,746	1,248	**33,687**
Trade accounts receivable	16,703	245,330	76,938	46,895	**385,866**

31.4. Breakdown by geographic region of main balance sheet items

(in thousands of euros)	France	United Kingdom	Spain	Other European countries	Other regions	TOTAL
Goodwill	56,882	58,950	84,297	71,360	28,203	**299,692**
Property and equipment	26,993	669	3,502	1,423	1,100	**33,687**
Trade accounts receivable	270,431	21,309	35,207	51,525	7,394	**385,866**

Note 32 | Financial risk factors

32.1. Credit risk

(in thousands of euros)	Carrying amount	Of which: impaired	Of which: neither impaired nor expired at period-end	Of which: not impaired at period-end but expiring during the following periods					
				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
Trade accounts receivable (including doubtful receivables)	258,330	3,931	146,351	56,643	22,645	11,696	12,083	3,833	1,148

32.2. Liquidity risk

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

Consolidated net debt by maturity is presented in the table below:

(in thousands of euros)	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	TOTAL
Bank loans	15,824	29,054	29,028	29,000	14,000	-	116,906
Finance lease liabilities	4,197	3,092	2,047	691	-	-	10,027
Employee profit sharing	1,996	2,222	2,891	4,734	5,631	-	17,474
Other financial debt	121	-	-	-	-	10	131
Bank overdrafts	37,774	-	-	-	-	-	37,774
Total financial debt	**59,912**	**34,368**	**33,966**	**34,425**	**19,631**	**10**	**182,312**
Investment securities	-719	-	-	-	-	-	-719
Cash and equivalents	-25,021	-	-	-	-	-	-25,021
CONSOLIDATED NET DEBT	**34,172**	**34,368**	**33,966**	**34,425**	**19,631**	**10**	**156,572**

32.3. 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)	30/06/2008	Rate	Interest/exchange rate hedges
Bank loans	116,906	Variable	Swaps
Finance lease liabilities	10,027	Fixed	None
Employee profit sharing	17,474	Fixed	None
Other financial debt	131	Fixed	None
Bank overdrafts	37,774	Variable	None
Total financial debt	**182,312**		
Investment securities	-719	Variable	None
Cash and equivalents	-25,021	Variable	None
CONSOLIDATED NET DEBT	**156,572**		

At 30 June 2008, net debt amounted to €156.6 million and was composed for 82.31% (€128.9 million) of debt at variable interest rates, generally based on the Euribor rate, and for 17.69% (€27.7 million) of debt at fixed interest rates. A ± 1 point change in interest rates applied to all variable-rate debt over a full year would have an impact of ± €1.3 million, in the absence of interest rate hedging.

When the Group set up the €200 million syndicated credit loan in October 2005, it contracted an interest rate hedge applying to two thirds of the loan, for a period of seven years.

This hedge consists of two instruments:

- a first agreement that swaps the variable Euribor six-month rate of the syndicated loan against a fixed rate of 3.16%;
- a second agreement that swaps the fixed rate of 3.16% against:
  - 3% if the Euribor 12-month post-fixed rate (E12M post) is less than 1.99%,
  - E12M post if 1.99% <= E12M post < 3.68%,
  - 3.68% if 3.68% <= E12M post.

At 30 June 2008, the net valuation of these two swaps is €2.9 million:

- Swap 1: +€3.8 million
- Swap 2: –€0.9 million
- Net: **+€2.9 million**

This coverage does not qualify as a perfect hedge under the definition provided in *IAS 39* and is therefore considered as a transaction to be taken directly to the income statement.

b. Foreign exchange risk

Foreign exchange risk mainly concerns the conversion of the financial statements of UK and US companies. This risk is not subject to any specific hedging.

The risk relating to commercial transactions is not very significant, with each of the entities conducting the vast majority of their business in its country and currency.

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	116,906	-	-	-	-	-	-	116,906
Finance lease liabilities	10,027	-	-	-	-	-	-	10,027
Employee profit sharing	17,474	-	-	-	-	-	-	17,474
Other financial debt	110	-	-	-	-	21	-	131
Bank overdrafts	37,774	-	-	-	-	-	-	37,774
Total financial debt	**182,291**	**-**	**-**	**-**	**-**	**21**	**-**	**182,312**
Investment securities	-719	-	-	-	-	-	-	-719
Cash and equivalents	-14,131	-5,334	-531	-1,191	-1,147	-699	-1,988	-25,021
CONSOLIDATED NET DEBT	**167,441**	**-5,334**	**-531**	**-1,191**	**-1,147**	**-678**	**-1,988**	**156,572**

The exposure of net debt to foreign exchange risk mainly concerns subsidiaries located in non-Euro zone European countries (the United Kingdom, Switzerland and Sweden), and to a lesser extent, those located in the Asia-Pacific region (Axway's distribution subsidiaries) and in the United States, following the acquisition of Cyclone Commerce in early 2006.

The Group does not systematically contract hedges for foreign exchange risk. However, the Group contracts specific hedges for all large individual foreign currency transactions.

c. Equity risk

At 30 June 2008, Sopra Group held 2,400 of its own shares, which were acquired under the repurchase programme authorised by the General Meeting, for a total amount of €119,592, representing an average purchase price of €49.83.

All treasury share transactions are offset directly against equity. The impact on the first half of 2008 is -€7 thousand (see *Statement of changes in consolidated equity).*

Note 33 | Off balance sheet commitments and contingent liabilities

33.1. Contractual obligations

Contractual obligations	Payments due per period			30/06/2008	30/06/2007	31/12/2007
(in thousands of euros)	Less than one year	One to five years	More than five years			
Long-term liabilities	15,824	101,082	-	116,906	131,043	120,868
Finance lease obligations	4,197	5,830	-	10,027	8,164	9,675
Irrevocable purchase obligations	-	-	-	-	-	-
Employee profit sharing	1,996	15,478	-	17,474	16,575	16,300
Other financial debt	121	-	10	131	404	187
Current bank overdrafts	37,774	-	-	37,774	19,067	9,814
TOTAL	**59,912**	**122,390**	**10**	**182,312**	**175,253**	**156,844**

33.2. 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	% of capital pledged
Sopra GMT	Lyonnaise de Banque	October 2007	October 2008	Repayment of loan for €9 million	250,000	2.14%
Sopra GMT	Natexis	March 2007	March 2010	Repayment of loan for €5.0 million	120,000	1.03%
Sopra GMT	Natexis	January 2008	January 2011	Repayment of loan for €3.0 million	100,000	0.86%
Sopra GMT	BNP Paribas	September 2004	September 2008	Repayment of loan for €5.0 million	228,600	1.96%
TOTAL					**698,600**	**5.99%**

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

No such assets were pledged in this manner.

33.3. Real collateral given in guarantee

No real collateral was given to guarantee bank financing.

33.4. Covenants

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

- total Net Financial Debt divided by EBITDA shall remain below 3.5 until 31 December 2005, and after that date and for the entire duration of the loan, below 3. At 31 December 2007, this ratio was equal to 1.27. The ratio was 1.36 at 30 June 2008;
- total Net Financial Debt divided by Equity shall remain below 1 for the entire duration of the loan. At 31 December 2007, this ratio was equal to 0.52. The ratio was 0.60 at 30 June 2008;
- total Operating Profit divided by the Cost of Net Financial Debt shall remain above 5 for the entire duration of the loan. At 31 December 2007, this ratio was equal to 11.5. The ratio was 11.4 at 30 June 2008.

Net financial debt applied in these calculations includes the earnouts relating to the acquisitions recognised under fixed asset liabilities (see Note 16), and does not include employee profit sharing.

33.5. Contingent liabilities

No contingent liabilities need to be taken into account other than the risk related to the tax inspection described in Note 29.3.

Note 34 | 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 35 | Post-balance sheet events

On 6 June 2008, Sopra Group announced a plan of merger in which Sopra Group, via its subsidiary Axway, would acquire all the outstanding Tumbleweed stock in cash. The proposed transaction is subject to customary closing conditions including regulatory and Tumbleweed stockholder approvals, and is expected to close in the third calendar quarter of 2008. Tumbleweed's operations will then be combined with those of Axway.

Tumbleweed provides Secure Content Delivery Solutions to more than 3,300 customers in various industries including financial services, healthcare and government. Tumbleweed reported revenue of 57 million US dollars (approximately €38 million) in 2007.

Note 36 | Rates of conversion of foreign currencies

€1/currency	Average rate for the period			Period-end rate		
	1st half 2008	1st half 2007	Financial year 2007	30/06/2008	30/06/2007	31/12/2007
Swiss franc	1.6024	1.6346	1.6459	1.6056	1.6553	1.6547
Pound sterling	0.7791	0.6755	0.6873	0.7923	0.6740	0.7334
Swedish krona	9.4029	9.2279	9.2647	9.4703	9.2525	9.4415
Romanian leu	3.6866	3.3127	3.3410	3.6415	3.1340	3.6077
Moroccan dirham	11.4495	-	11.2275	11.4917	-	11.3437
US dollar	1.5436	1.3338	1.3797	1.5764	1.3505	1.4721
Canadian dollar	1.5480	1.4973	1.4662	1.5942	1.4245	1.4449
Australian dollar	1.6565	1.6430	1.6365	1.6371	1.5885	1.6757
Hong Kong dollar	12.0308	10.4208	10.7610	12.2943	10.5569	11.4800
Singapore dollar	2.1303	2.0368	2.0691	2.1446	2.0664	2.1163
Yuan (China)	10.8284	10.2721	10.4551	10.8051	10.2816	10.7524
Rupee (India)	63.0517	56.4635	56.6764	67.8916	54.8112	57.9856
Ringgit (Malaysia)	4.9635	4.6091	4.7229	5.1509	4.6626	4.8682
Korean Won	1,538.4615	1,246.2934	1,280.1108	1,652.2200	1,247.7300	1,377.9600

3. Statutory auditors' report on the interim consolidated financial statements

To the shareholders,

In our capacity as Statutory auditors, and in accordance with Article L.232-7 of French Company Law (*Code de Commerce*) and L. 451-1-2 III of the *Code monétaire et financier*, we have performed the following procedures:

- a limited review of the consolidated financial statements of Sopra Group for the six-month period from 1 January to 30 June 2008, which precede this report;
- the verification of the information provided in the report of the Board of Directors for the six-month period ended 30 June 2008.

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

Conclusion on the financial statements

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

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

Specific verification

We have also examined, in accordance with French professional standards, the information contained in the *Rapport financier semestriel* for the six-month period ended 30 June 2008 submitted to our limited review.

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

Paris and Courbevoie, 29 August 2008

The Statutory Auditors

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

4. Statement by the company officer responsible for the interim financial report

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

Paris, 29 August 2008

Pierre Pasquier

Chairman and Chief Executive Officer

Design and creation:

Labrador 00 33 1 53 06 30 80

Head office
9bis, rue de Presbourg
FR 75116 Paris
Tel.: +33 (0)1 40 67 29 29
Fax: +33 (0)1 40 67 29 30
accueil@sopragroup.com
www.sopragroup.com